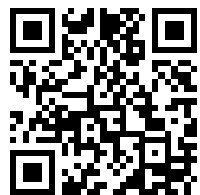


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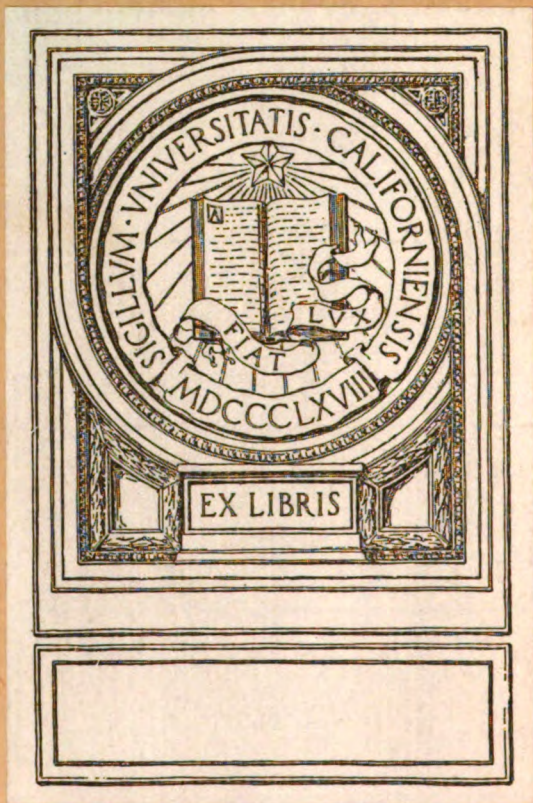
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*The* **BANKERS**  
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81st



YEAR

JAN 26 1927

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That all through 1927 we will continue to be immensely useful to our correspondents.

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**Kansas City**



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drop in to see us. It often pays to be  
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Who knows but what we may have something your way some day, or you have some important matters to be looked after here.—Let's get together !

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**The bank with the**  
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**Resources \$15,000,000.00**



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*from the Orient*

# Credits...

*from the Occident*



THE social and industrial life of the Orient and the Occident differs quite as much as the bamboo huts of Nanking differ from the sky-scrapers of New York. These basic differences have kept, largely, the *raising of raw silk* a home industry of China and Japan, and have developed the *manufacturing of silk products* in America.

To unite these two industries of the Old World and the New, we have a two-way bridge—carrying imports in one direction, and payments in the other.

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Importers whose business is as firmly established in their field as our business is in our field will find wholehearted support at the Seaboard.

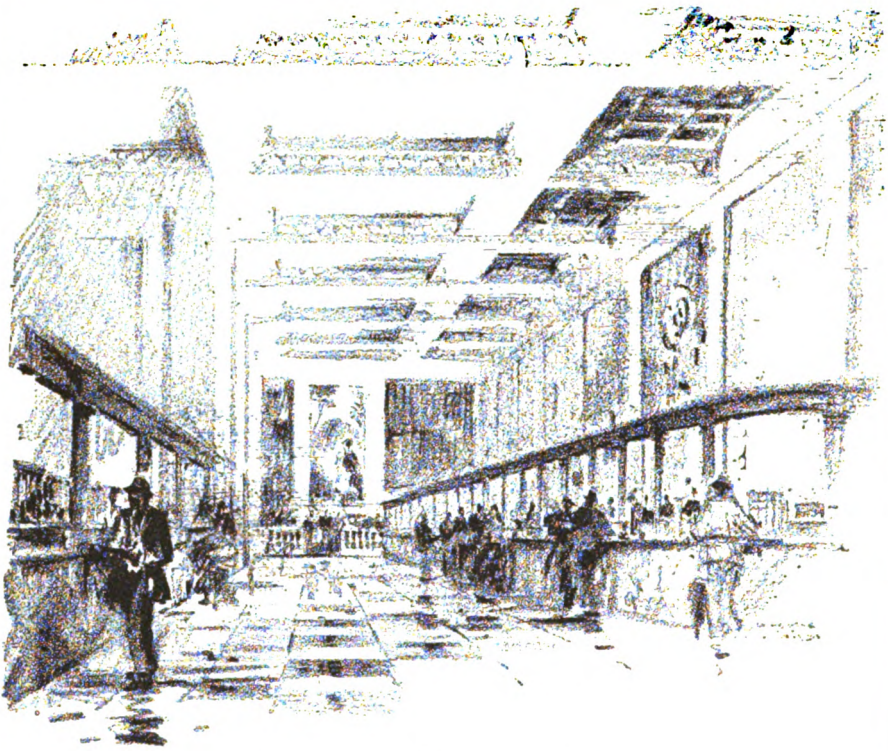
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*of the City of New York*

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## The Publisher's Page

**I**NCLUDED in the next number of **THE BANKERS MAGAZINE** will be a special section devoted to "Texas—our Southwestern Empire." The editor of this Magazine has spent the last few months traveling throughout the state gathering data for this article which will be a comprehensive review of the economic and financial importance of this vast territory. The article will be liberally illustrated.

Beginning in the February number there will appear during the coming year a series of articles on the investment problems of American banks. The first article of the series comes from the pen of **DR. GEORGE W. EDWARDS**, professor of banking in New York University and author of a number of books on banking and economic subjects. **DR. EDWARDS** will point out that whereas before the war the earning assets of American banks consisted largely of commercial paper, they now include a large percentage of securities. As a result the American banker is forced to become a student of investment as well as commercial finance and he must give attention to his bond account as well as his commercial portfolio. Consideration should, therefore, be given to some of the general policies which a banker should follow in directing a satisfactory long-term credit policy. **DR. EDWARDS'** article will also consider such questions as, "Why have bankers in the past been poor bond buyers and how can they avoid the errors of the past?" Also the question: "Is this combination of commercial and investment banking unsatisfactory from the broader standpoint of public policy?"

The series will also include articles on public utility bonds, equipment bonds, industrial bonds, foreign securities, U. S. Government bonds, municipal securities and railroad securities. There will also be articles on the subjects: "Should Commercial Banks Have a Bond Department," and "Organizing the Bond Department in a Commercial Bank or Trust Company." These articles will all be written by authorities in each particular field. Names of writers will be announced later.

Another series which will start with the February number will cover all phases of the organization and operation of the safe deposit department. The first article covering the historical background of the safe deposit business is written by **GEORGE G. BRADFORD**, former president of the Massachusetts Safe Deposit Association

[Continued on page xiv]



ON the books of THE BANK OF AMERICA are the names of customers whose accounts have been here for more than a century,—tangible evidence of confidence earned by a record of sound, conservative and progressive management.

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*Capital, Surplus and Undivided Profits Over \$11,000,000*



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## ARGENTINA — thirteen branches

Our thirteen branches throughout Argentina furnish the utmost co-operation to American business. Years of actual residence in Latin-American countries enable our officers to supply accurate trade information to our clients.

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*38 Years of Foreign and General Banking*

*Represented by*

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—If so, she will thank your Bank for an unexpected Personal Service on her travels abroad.

Depositors' good-will is the first interest of all progressive banks. In securing it, in developing it, American banks today practice the fine art of Personal Service.

A notable branch of this Service, one widely accepted and fully appreciated, is the personal care and protection banks now extend to their Depositors, on their travels abroad, through the *Hand of a Great Service*.

At the important ports of the world, at the railway stations of foreign cities, wherever and whenever assistance is needed—your Depositors will always find this "Helpful Hand" of the American Express Company.

Their travel money is made safe against loss or theft—and the *Hand of a Great Service* is assured them, to the full extent, when you sell them

## AMERICAN EXPRESS TRAVELERS CHEQUES

[Continued from page xi]

and manager of the Union Safe Deposit Vaults, Boston, Mass. Other articles will appear in subsequent numbers on the following topics: Organizing the Department; Vault Equipment; Layout of the Department; Qualities Necessary in a Manager; Ethics of the Safe Deposit Business; Accounting and Costs; Legal Pitfalls to be Avoided; Newspaper Advertising; Direct Mail Advertising; Records and Filing.

What should be the attitude of the commercial banker toward the building and loan associations? T. N. T., writing on the subject in the February number, relates the following anecdote:

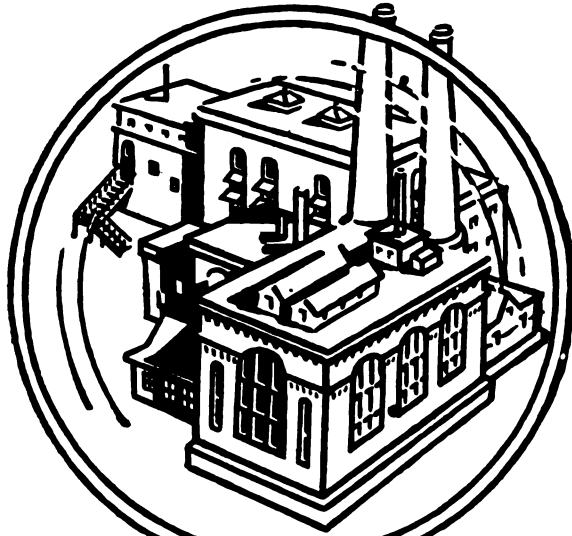
“There was an old Roman, Cato the elder, who used to end up every speech he made in the Roman Senate with the injunction *Carthago delenda est*, meaning, ‘Carthage must be destroyed.’ No matter whether he spoke about the right way to raise bees, or the Roman drainage system, or the high price of labor, his final conclusion was, ‘Moreover, Carthage must be destroyed.’

“The Carthage of the banking situation at the present time seems to be the building and loan company—and among bankers there is many a financial Cato going about, shaking his head, and ending all arguments with the refrain, ‘Besides, we ought to do something about the building and loan companies.’”

T. N. T. points out why there seems to be some banking antipathy toward building and loan associations and what can be done to eliminate it.

In the present number, CARLTON P. FULLER is an occasional contributor to THE BANKERS MAGAZINE. He is on the statistical staff of the Western Electric Company. THEODORE TEFFT WELDON begins in this issue his series on the public relations of trust companies. He is a former publicity manager of the Northern Trust Company of Chicago. RICHARD W. SAUNDERS is well known to the readers of this Magazine. HENRY C. VON ELM is a vice-president of the Manufacturers Trust Company of New York. PAUL M. ATKINS is an occasional contributor to these pages. He is a student of economic conditions and was a specialist on the American Commission to Negotiate Peace. ROBERT H. BEAN is executive secretary of the American Acceptance Council.

Readers will be interested in the announcement of a new \$500 prize contest conducted by THE BANKERS MAGAZINE for the best essays on banking subjects. The announcement appears on page 83 of this issue. Also in the back of this issue readers will find BOOK TALKS, a section devoted to reviews of new books on banking and economic subjects.



# Finding bond values



SOME of the values behind investment bonds are tangible, others are intangible; some values are more certain than others. The soundness of any issue can be determined only by gathering and sifting all the facts.

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If you are not personally acquainted with the length and breadth of "*Republic*" Service, you will be particularly interested in our new booklet—just off the press. It covers 116 outstanding features of our specialized service to correspondents—everything from our loan policy on down to the act of making a hotel reservation for you in Chicago, New York or Paris. Merely write for a copy of "*A Directory of Services Rendered to Correspondents.*"

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Capital, Surplus and Profits - \$28,000,000



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The Atlantic National Bank is a Florida bank. Its bond department is manned by men with years of experience in Florida investments; its Trust department by specialists in Florida fiduciary matters; it has direct connections with every banking point in the state; its information on Florida is current.

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***The* CONTINENTAL *and*  
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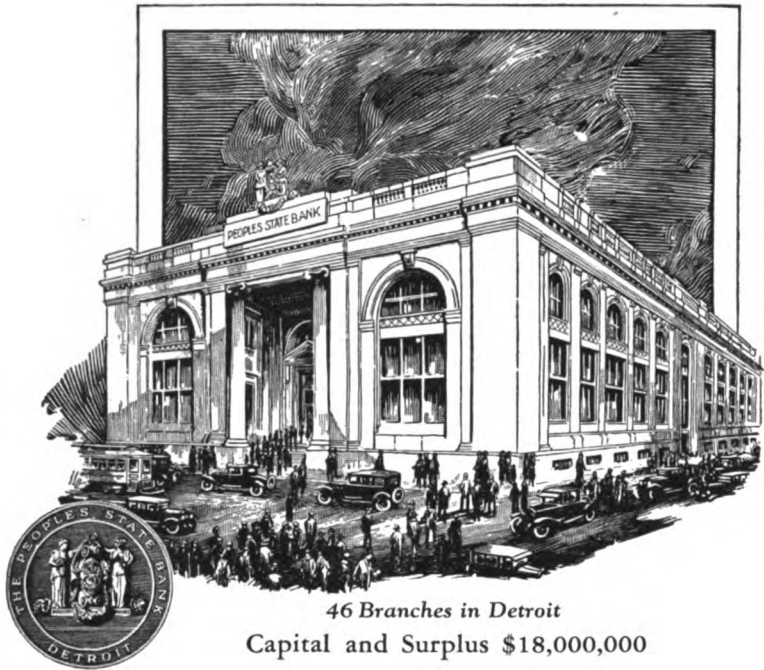


*Corporate Trusts*  
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(186)

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Capital and Surplus \$18,000,000

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**Citizens Bank & Trust Co.**

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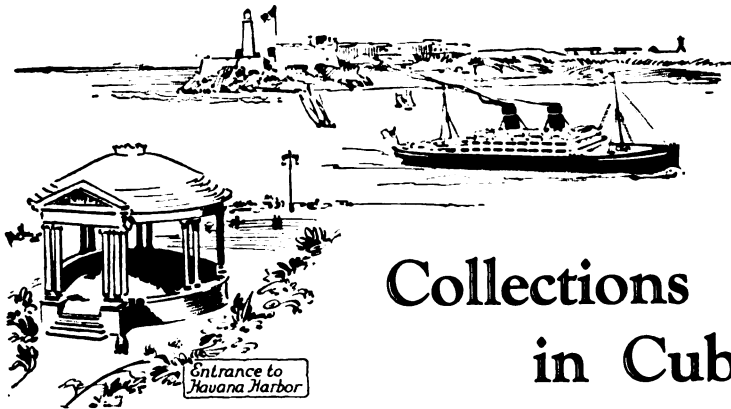
Capital - - - - \$1,000,000.00

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Capital Paid Up and Reserves .....	21,686,230
Deposits, etc., at 31st Dec., 1925 ...	299,098,130

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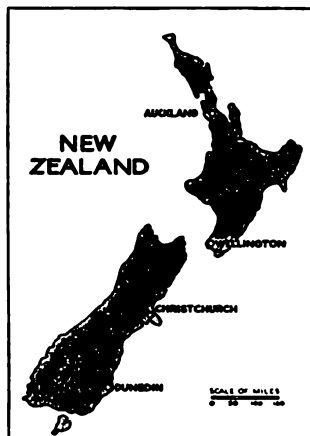
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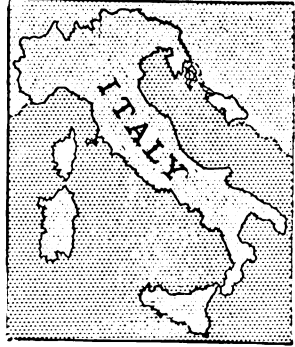
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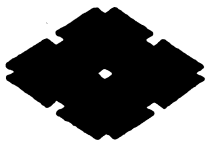
**Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.**

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(Successors to The Sumitomo Bank)

Capital Subscribed . . . . . Yen 70,000,000

Capital paid up . . . . . " 50,000,000



## Head Office : OSAKA, JAPAN

N. YATSUSHIRO, Esq., Chief Managing Director  
S. IMAMURA, Esq., Managing Director K. OHDAIRA, Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

### HOME OFFICES

Osaka (18)	Tokyo (15)	Yokohama	Kobe (3)	Kyoto (3)	Niijima
Shimonoseki	Moji	Hiroshima (2)	Hakata	Yana	Onomichi
Kurume	Kure	Wakamatsu	Kokura	Nagoya	Kumamoto
					Okayama

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

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

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

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

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

# THE MITSUI BANK, LTD.

Capital Subscribed . . . . . Yen 100,000,000.00

Capital Paid-Up . . . . . Yen 60,000,000.00

Reserve Funds (June 1926). . . . . Yen 53,400,000.00



## Head Office : TOKYO, JAPAN

(No. 5 Honkawayacho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

### Home Branches:

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

### Foreign Branches:

Bombay London New York Shanghai Sourabaya



# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed		Yen 40,000,000
Capital Paid-Up		Yen 25,000,000
Total Resources		Yen 547,000,000

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

FOREIGN EXCHANGE DEPARTMENT: TOKYO

Governor, S. SUZUKI

Deputy Governor, J. YOKOBE

Y. KATAYAMA

I. IUCHI

Directors

M. HASHIMOTO

T. KAKIUCHI

Branches

Japan Proper

Tokyo

Osaka

Kobe

Seoul  
Kunsan  
Wonsan

Fusan  
Chemulpo  
Chungjin

Korea

Taiku  
Pyengyana  
Hollyong

Mokpo  
Chinnampo

Dairen  
Liaoyang  
Harbin

Antung  
Mukden  
Fuchiatien

Manchuria

Ryojun  
Tiehling  
Kalyuan

Yingkow  
Changchun  
Lungchingtaun

China Proper

Tsingtao

Shanghai

Tientsin

Siberia

Vladivostok

London Representative: 34 Old Broad Street, London, E. C. 2.

**New York Agency, 165 Broadway**

K. HIYAMUTA, Agent

# The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP		18,875,000.00
RESERVE FUNDS		6,400,000.00
DEPOSITS (June 30, 1926)		183,906,201.99

Chusuke Yoshii, Esq., Managing Director  
Seishichi Kawakami, Esq., Managing Dir.  
Seijiro Glon, Esq., Director  
Shikazo Sato, Esq., Director  
Gihel Hoshijima, Esq., Auditor

Keizo Hirooka, Esq., President

Manroku Matsui, Esq., Managing Director  
Yukinori Hoshino, Esq., Director  
Hikotaro Omura, Esq., Director  
Kyuemon Hirooka, Esq., Auditor  
Tadanosuke Emura, Esq., Auditor

Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

General Banking, Foreign Exchange and Trust  
Business Transacted

New York Correspondents

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
American Express Co.  
American Exchange Irving Trust Co.  
Guaranty Trust Company of New York

London Correspondents

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
Midland Bank Ltd.  
Bank of London and South America, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG      STOCKHOLM      MALMÖ

Branches  
In All Parts of Sweden

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

*Head Office: Athens*

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

**ASSOCIATED BANK in LONDON**

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

4 London Wall Buildings, E. C. 2

*with branch in CONSTANTINOPLE*

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

**GENERAL BANKING BUSINESS TRANSACTED**

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

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

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

# Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

## BANKERS

Capital Paid up.....	f.80,000,000	Neth. Currency	(£6,666,666)
Statutory Reserve Fund.....	f.21,117,340	“ “	(£1,759,778)
Extraordinary Reserve Fund	f.22,660,000	“ “	(£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

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

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

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

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

# The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

CAPITAL AUTHORIZED AND ISSUED .....	£10,500,000	
PAID-UP CAPITAL .....	£3,500,000	} together £7,700,000
RESERVE FUND .....	£4,200,000	
RESERVE LIABILITY of Proprietors £7,000,000		

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

Manager—W. A. LAING      Assistant Manager—G. S. GODDEN  
Secretary—F. H. McINTYRE

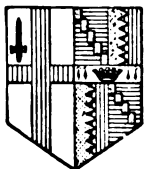
197 Branches throughout Australia and New Zealand, viz.:—

In Victoria, 47; South Australia, 15; New South Wales, 45; Western Australia, 21; Queensland, 18; Tasmania, 3; New Zealand, 48.

*Agents and Correspondents in all parts of the World*

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

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



## A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. Together with its affiliations it operates 2,250 branches in Great Britain and Northern Ireland, and has agents and correspondents in all parts of the world. The Bank has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

# MIDLAND BANK

LIMITED

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

Affiliated Banks: Belfast Banking Co. Ltd., Northern Ireland; The Clydesdale Bank Ltd., and North of Scotland Bank Ltd., Scotland.



# GLYN, MILLS & Co.

(Established 1753.)

Registered with unlimited liability 1885.

Incorporating

**Child & Co.** — and — **Holt & Co.**  
(Established before 1800) (Established 1809)

### BANKERS

Army and Air Force Agents

Navy and Prize Agents

#### Managing Partners

LORD WOLVERTON

LAURENCE CURRIE

LORD HILLINGDON

General The Hon. Sir H. A. LAWRENCE, K.C.B.

Brigadier-General A. MAXWELL, C.B., C.M.G., D.S.O.

ERIC GORE BROWNE, D.S.O.

FREDERICK WILLIAM FANE

*Head Office:* 67, LOMBARD STREET, LONDON, E. C. 3

*Childs Branch:* 1, FLEET STREET, LONDON, E. C. 4

*Holts Branch:* 3 & 4, WHITEHALL PLACE, LONDON, S. W. 1

The Bank, which is represented by Agents and Correspondents in all the principal Cities and Towns of the United Kingdom and throughout the World, conducts every description of Banking business, both British and Foreign.

Letters of Credit issued.

Home and Foreign Credits established.

Executorships and Trusteeships undertaken.



# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

## HEAD OFFICE, SYDNEY



Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,432 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

### *Agents and Correspondents throughout the World*

#### Banking and Exchange Business

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

June 30th, 1926

General Bank Deposits	-	-	\$183,646,534.89
Other Items	-	-	57,020,820.09
Savings Bank Deposits	-	-	227,088,026.54
Note Issue Department	-	-	209,651,132.50
			<u>\$738,606,514.02</u>

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Governor**



# THE NATIONAL BANK OF AUSTRALASIA LTD.

HEAD OFFICE  
MELBOURNE

Chief Manager:  
E. H. WREFORD

Deputy Chief Manager:  
JAMES WILSON

Chief Inspector:  
J. A. G. HADLEY

Inspector and Manager  
Foreign Department:  
E. J. OSBORNE

LONDON OFFICE:  
7 LOTHBURY, E.C.2

With its 471 well distributed offices provides a complete banking service throughout Australia, and is well equipped for the transaction of all classes of foreign business.

<b>Authorized Capital (@ \$5 to £1)</b>	<b>\$50,000,000</b>
<b>Capital Paid Up</b>	<b>- \$20,000,000</b>
<b>Reserve Fund</b>	<b>- \$12,050,000</b>
<b>Total Assets March 1926</b>	<b>- \$203,530,085</b>

## English, Scottish & Australian Bank, Limited

Authorized Capital . . . . .	\$18,750,000
Paid-up Capital . . . . .	\$11,250,000
Further Liability of Shareholders . . . . .	\$7,500,000
Reserve Fund . . . . .	\$10,250,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3  
and 401 Branches and Agencies in Australia

Chief Office in Australia—Collins Street, Melbourne

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

### Chief Agents in United States

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

E. M. JANION, Manager.





# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

**Paid-up Capital - - - - - £4,000,000**  
**Reserve Fund - - - - - £3,760,000**  
**Reserve Liability of Proprietors**  
**under the Charter - - - - - £4,000,000**  
**£11,760,000**

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

**EDMUND GODWARD, Manager**

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

**Branches in Australia**

**VICTORIA**

Melbourne : 394 &  
 396 Collins St. ; 384  
 Elizabeth St. ; 71  
 Collins St. East  
 Brunswick  
 Burnley  
 Coburg  
 Collingwood  
 Elsternwick  
 Footscray  
 Malvern  
 Middle Brighton  
 Port Melbourne  
 Prahran  
 St. Kilda  
 Williamstown

Batrnadale  
 Ballarat  
 Benalla  
 Bendigo  
 Bright  
 Castlemaine  
 Charlton  
 Chiltern  
 Cobram  
 Corryong  
 Drouin  
 Euroa  
 Fish Creek  
 Foster  
 Geelong  
 Katamatite  
 Kingston  
 Korait  
 Korong Vale  
 Korumburra  
 Leonatha  
 Mirboo North  
 Mooroopna  
 Morwell  
 Nathalia  
 Numurkah  
 Port Fairy  
 Rutherglen

**Victoria, Contd.**

St. James  
 Sale  
 Shepparton  
 Stawell  
 Strathmerton  
 Tallangatta  
 Terang  
 Traralgon  
 Tungamah  
 Walwa  
 Warragul  
 Warrambour  
 Wedderburn  
 Welshpool  
 Wycheeproof  
 Yaakandandah  
 Yarram  
 Yarrowonga

**NEW SO. WALES**

Sydney : Martin  
 Place ; 85 Pitt St. ;  
 555 George St. So. ;  
 Wentworth Ave. ;  
 236 William Street  
 Bondi Junction  
 Castlereagh St.  
 Hurstville  
 Kogarah  
 Leichhardt  
 Marrickville  
 Newtown  
 North Sydney  
 (84 Mount St.)  
 Petersham

Albury  
 Ballina  
 Bathurst  
 Bega  
 Bellingen  
 Berrigan  
 Blayney  
 Broken Hill  
 Cessnock

**N. S. Wales, Contd.**

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

**QUEENSLAND**

Brisbane  
 Fortitude Valley  
 Cairns  
 Charters Towers  
 Chillagoe  
 Cooyar  
 Crow's Nest  
 Herberton

**Queensland, Contd.**

Inghenden  
 Ipawich  
 Kingaroy  
 Longreach  
 Maryborough  
 Oakey  
 Richmond  
 Rockhampton  
 Roma  
 Toogoolawah  
 Toowoomba  
 Townsville  
**SO. AUSTRALIA**  
 Adelaide  
 Kooronga  
 Mount Barker  
 Port Lincoln  
 Port Pirie  
 Wirrabara  
**WESTERN AUSTRALIA**  
 Perth  
 Albany  
 Beverley  
 Bunbury  
 Fremantle  
 Gnowangerup  
 Kalgoorlie  
 Moora  
 Northam  
 Wagin  
 Wickiepin  
**TASMANIA**  
 Hobart  
 Burnie  
 Deloraine  
 Devonport  
 Fingah  
 Latrobe  
 Launceston  
 Sheffield  
 Stanley  
 Ulverstone  
 Wynyard

**Branches in New Zealand**

Wellington  
 Aahburton  
 Auckland  
 Hekelme  
 Christchurch  
 Dannevirke  
 Dunedin  
 Eltham  
 Featherston  
 Feilding  
 Gisborne  
 Gore

Hamilton  
 Hastings  
 Hawera  
 Invercargill  
 Kaitia  
 Levin  
 Mania  
 Mangonui  
 Marton  
 Masterton  
 Matamata  
 Morrinsville

Napier  
 New Plymouth  
 Otaki  
 Palmerston Nth.  
 Patea  
 Raefifi  
 Rotorna  
 Stratford  
 Taihape  
 Taumarunui  
 Tauranga  
 Te Aroha

Te Kuiti  
 Temuka  
 Te Puke  
 Timaru  
 Waipawa  
 Waipukurau  
 Waiporo  
 Wanganui  
 Waverley  
 Whakatane  
 Whangarei

**Principal Correspondents in North America**

**CANADA :**

Bank of Montreal  
 Canadian Bank of Commerce

**UNITED STATES :**

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

**UNITED STATES, Contd. :**

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

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

# THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the  
AFRICAN BANKING CORPORATION, LIMITED)

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

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

**BANKING BUSINESS TRANSACTED  
IN ALL PARTS OF THE WORLD**

**HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.**

London Wall Branch : 63, London Wall, E. C. 2

West End Branch: 9 Northumberland Avenue, W.C. 2 (Opposite the Royal Colonial Institute)

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

Branches and Agencies Throughout  
SOUTH, SOUTH WEST and EAST AFRICA

**New York Agency: 67 Wall Street**

ROWLAND SMITH and R. GIBSON, Agents

*Also representing* } Bank of British West Africa, Ltd.  
*in New York* } Bank of New South Wales

**The New York Agency**

offers to Bankers and Merchants throughout the United States and  
Canada its unsurpassed service for facilitating trade with  
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

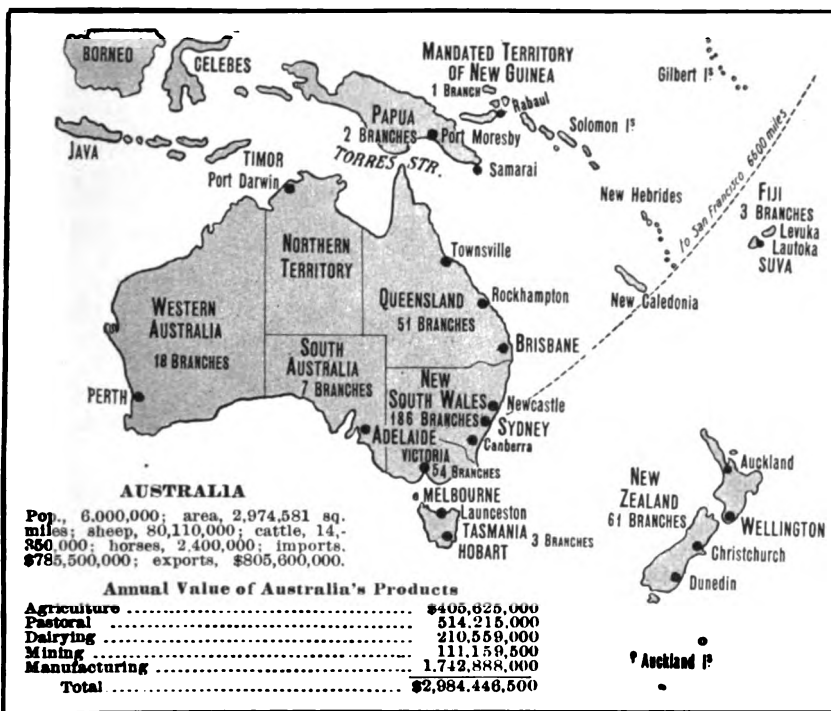
# BANK OF NEW SOUTH WALES

## AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		22,000,000
Reserve Liability of Proprietors . . .		30,000,000
		<b>\$82,000,000</b>

Aggregate Assets, 30th Sept., 1925, \$400,047,015

OSCAR LINES, General Manager



428 BRANCHES AND AGENCIES

428 BRANCHES AND AGENCIES

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

## 428 BRANCHES AND AGENCIES

In all Australian States, New Zealand, Fiji, Papua, Manded Territory of New Guinea and London  
 Cable remittances made to and drafts drawn on Foreign Places DIRECT  
 Foreign Bills Negotiated and Collected.      Letters of Credit Issued.

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

**Agents in New York :** Standard Bank of South Africa, Ltd.  
 National City Bank of New York  
 National Bank of Commerce in New York

Agents in San Francisco, Bank of California National Association, Crocker First  
 National Bank and Anglo and London Paris National Bank



## “The Most Distinctive Banking Service”

**I**N a foreign exchange transaction involving \$1,000,000, the facilities of the Guaranty's foreign offices, combined with our advice, saved a depositor from possible loss.

Time was the vital factor and we arranged to hold open a telephone line between our London and Paris Offices, subject to cable instructions from New York. This unusual set-up attained the necessary speed of transmission.

The depositor called it the most distinctive banking service ever rendered to him.

When you unite facilities such as this Company possesses with the personal service of experienced officers, you have a combination most desirable in your New York banking connection.

# Guaranty Trust Company of New York

NEW YORK

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

# THE BANKERS MAGAZINE

ESTABLISHED 1846

ELMER H. YOUNGMAN, *Editor*

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VOLUME CXIV

JANUARY, 1927

NO. 1

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## *Editorial Comment*

### A NEGLECTED PHASE OF BANKING

**I**NSISTENCE must be placed on the fact that not enough attention has been paid in this country to improving the safety of the banking system. There is no lack of legislation looking to this end, but the conclusion cannot be escaped that it has proved ineffective. So far as the desired result can be attained by legislation, the need would seem to be not for more laws but better laws, and especially for a better administration of the regulations designed to assure banking safety.

In considering this subject one must not lose sight of the fact that "free banking" must inevitably be accompanied by a high percentage of weak banking. It is the price paid for freedom. But since our banks have developed to such large proportions numerically, the question must occur as to whether or not we wish to continue to pay so high a price for a banking freedom which no longer seems desirable or necessary. This is not to say that banking monopoly or anything remotely approaching it is a desirable substitute for our free banking system. Such a substitution will not be tolerated. But it may be entirely practicable, while maintaining a very large degree of liberty in the organization of banks, to impose restrictions that will tend to greater safety.

Manifestly, a good many of the supervising officials of banks are either incompetent or are not strict enough in administering the banking laws. We shall not have better banking until there is more efficient bank supervision. Even when the highest attainable degree of

official bank supervision shall have been reached, it will probably be found that the real difficulty has not been remedied. It would be altogether too much to say that governmental supervision of banking has been worthless; but, in view of conditions existing for several years, it would not be too much to say that its effectiveness is seriously open to question. The reply will be made that the high bank mortality of the last five years has been due chiefly to agricultural depression. But 1925 and 1926 were years of general prosperity, and if banks are to go on failing as they have in these two years, what will happen in years of depression must be much worse.

It is time that this subject should be given some very serious thought.

The Federal Reserve Act has been much praised, and with justice, but one cannot discern reliable evidence of better banking than prevailed before its enactment. This measure made rediscounting fashionable and stimulated borrowing by banks. It did little or nothing to raise the general standard of banking in the United States.

There are two methods that promise improvement in bank management: The creation of a public opinion that will demand the appointment of competent officials to supervise the banks, and the holding of these officials to a stricter performance of their duties; and the extension of the system of clearing house supervision.

The facts on which the foregoing considerations are based are too plain longer to be ignored. They should have re-

ceived attention long before now. At the time this is written a bill is before Congress making several changes in the laws relating to national banks. It is open to doubt whether there is a line in the bill that will make banking safer. On the contrary, some of its provisions will tend to a banking expansion which, under existing circumstances, is without warrant. There is in this bill a flat proposal to recharter the Federal Reserve Banks. Before this additional grant of power is made to these institutions, their effect upon the banking system as a whole should be rigorously examined.

Congress, the state legislatures and the bankers of the United States are confronted by a serious problem—to raise the standard of banking.

### HELPING THE FARMER

FEDERAL aid to the farmer will occupy a leading place in the legislative program of the short session of Congress which assembled at Washington December 6. In connection with legislation of this character it must be borne in mind that a presidential election is not far away, and that the disgruntled farmers demand that they be placated if they are not to kick over the traces which hold them within present party affiliations.

On the face of things the farmer can make out a pretty good case for legislative assistance. He sees the manufacturer subsidized by the protective tariff, the labor unions putting up wages, with the result that the things the farmer has to buy cost more and more, while the things he has to sell tend to bring in less returns. Perhaps a careful study of the whole situation might reveal some flaws in this view of the matter, though it contains much truth. At any rate, the farmer feels that he has a grievance, and he means to put the responsibility for it upon the shoulders of the ruling party.

An examination of the laws passed in recent years will show that the interests of the farmers have not been overlooked.

They are given special consideration in the Federal Reserve Act, and the Federal Farm Loan Banks and other agricultural credit institutions have been created for the farmers' benefit. In fact, it may be that too much rather than too little has been done in this direction. Some proof of the correctness of this view is found in the speculation in farm lands and in the overproduction of certain crops. Abundant agricultural credit has contributed to bring about these results, from whose ill effects relief is to be afforded by a grant of further credit. The efficacy of the remedy may well be challenged.

Farmers are not much different from men engaged in other lines of business. Sound and cool judgment is a quality lacking in most men, as witness the large number of banking and commercial failures annually taking place. Just as these business mortalities may be ascribed to poor judgment, so may the present plight of the farmer be ascribed to the like cause. In neither case can the requisite degree of wisdom be supplied from Washington. It is to be regretted, rather, that any attempt should be made to mix the so-called "farm problem" up with politics, for this means the transference of the matter from the realm of practical things, where it clearly belongs, to that of legislative and political juggling.

Whatever real difficulties may face the farmers of the United States are to be solved by the farmers themselves. Individually they can do much, and by proper organization—as has been abundantly demonstrated in certain lines of agricultural production—they can do more. They will be prompted more certainly to help themselves if Congress refrains from the attempt to relieve them of the consequences of past mistakes. Farming is a rich and powerful industry, possessing the means and the intelligence for putting its house in order without legislative coddling.

It is recognized that a program of this character will fail as a vote-catching

device, but it should commend itself to millions of farmers too intelligent to be fooled by Washington.

### PROSPEROUS AMERICA

**P**ROPHETS of gloom and despair will find small consolation in the annual report of the Secretary of Commerce. Commenting on the condition of the country, Secretary Hoover says:

"The fiscal year 1925-26 has been one never surpassed in our history in the volume of production and consumption, in the physical quantity of exports and imports, and in the rate of wages. There has been practically no unemployment. Further progress has been made in the efficiency of management and labor and in scientific research and invention. As in the preceding year, there were a few points where conditions were less satisfactory, as in the New England textile industry, two or three sections of the agricultural industry, and the bituminous coal industry. On the whole, however, the country was able to maintain the highest standard of living in its history, a standard far above that in most other countries of the world at this or any other time. This represents a remarkable recovery from the great losses incurred by the nation in the World War."

This glowing statement, if unsupported by probative facts, might sound something like a political speech; but Secretary Hoover presents statistics which prove the truth of what he says.

### DEATH OF WILLIAM H. PORTER

**O**PPORTUNITIES open to young men in banking are recalled by the career of William H. Porter, whose death occurred in New York a short time ago. At seventeen Mr. Porter came to New York, his birthplace having been Middlebury, Vt. He was fortunate in obtaining employment in the Fifth Avenue Bank, where

many good bankers received their early training. Beginning as an ordinary clerk, by the end of eight years he had worked his way through the various departments, and had become familiar with their operations. He became in turn cashier and vice-president of the Chase National Bank, and later went to the Chemical National Bank as vice-president, succeeding to the presidency of that institution on the death of Mr. Williams. On January 1, 1911, Mr. Porter entered the banking house of J. P. Morgan & Co., where he remained until his death. He was a director in many important financial institutions.

Mr. Porter had a keen interest in the education of young men for a banking career, and gave freely of his time and experience in helping others to win success in a profession he himself followed for nearly half a century.

It may be truly said that his rise to a very high position in banking was due to his own sterling qualities. He was born in a state noted for giving one a good physical and moral equipment with which to begin life. His education was obtained at Middlebury Academy, in his native town, and at the Saratoga High School. He began his banking career early, under good auspices, and stuck to his chosen line of work throughout his life.

Although he had attained one of the most coveted positions in banking, he remained always a very modest gentleman. His career is worthy of careful study by those who would become successful bankers.

### FEDERAL GUARANTY OF DEPOSITS PROPOSED

**C**ONGRESS had barely assembled when proposals were introduced to appropriate \$50,000,000 out of the Federal Treasury for the purpose of guaranteeing the payment of deposits in failed national banks. In effect, this is a proposal to foist upon the entire



country the bank-deposit guaranty scheme which has been tried in a number of states and has failed in practically every case.

Should this bill become a law—and, of course, it will not—and assuming that it did not stimulate the failures of national banks, the Treasury might find sufficient funds to pay the losses of the failed banks. What justice there would be in taxing the people for such a purpose does not appear. Nobody is compelled to put his money in a bank, much less is he compelled to keep on depositing in a bank known to be weak and unsafe, as many do. The obligation of the Federal Government to relieve the people from the consequences of their own folly has not been established, although this is substantially what is proposed in most of the schemes for legislative relief of the farmer.

If people are not to suffer from bank failures, they should use more discretion in choosing their banks. The childlike confidence displayed toward any concern using the title of a bank is one of the surprising characteristics of the American people. This has made it easy for men with no knowledge of banking to get together a few thousand dollars, put up a sign, and open a bank. People are blamable for encouraging an undue expansion of banking. In places where one bank could handle all the business, three or four are found. A good many bankers are open to criticism in conducting many of their banking operations without any regard to profit. They take pride in rendering free service. It is a kind of philanthropy for which, in the end, somebody must pay.

There are a few significant indications in our present banking situation:

1. Greater care should be exercised in granting bank charters.

2. The minimum capital for banks should be largely increased, and the ratio of capital to deposits maintained at a higher level.

3. Something analogous to clearing house supervision should be extended to all banks, since governmental supervision has proved ineffective.

### MAINTAINING CAPITAL STRENGTH

THERE are two phases of the recent announcement respecting increase in the capital of the Corn Exchange Bank of New York worthy of special notice. One is the fact that this bank, which has long engaged extensively in branch banking, now leads all other state banks in New York State in point of capital and surplus. Another point to be noted is the statement made by President Walter E. Frew, in his letter to the stockholders, to the effect "that the guaranty to our depositors in the amount of capital should keep pace with the enlargement of our business."

This safe rule is too frequently disregarded, with the result that as deposits increase the strength of the bank is relatively weakened. No doubt there are some bankers who take a great deal of satisfaction in being able to do business chiefly on the public's money with so little of their own invested. With great skill in making loans, a bank may run along safely enough on this plan so long as the financial skies are clear. But in stormy weather trouble is likely to arise. Growth of deposits requires that capital shall be increased sufficiently to assure at all times a reasonable margin of safety.



# ARE BANKERS MAKING THE BEST USE OF THEIR ACCEPTANCE PRIVILEGE?

BY ROBERT H. BEAN

The author of this article is executive secretary of the American Acceptance Council. In this article he comments on the interesting fact that less than 100 banks are making more than 80 per cent. of the total of \$700,000,000 in bankers' acceptances now outstanding. He urges the banks that are qualified to write acceptances to educate their depositors to make greater use of this form of credit.

IN spite of the intensive effort of the last ten or twelve years to educate American bankers concerning the principles and practices of bankers' acceptances, their useful and profitable service in banking and their importance to international commerce, one has only to study the reports received from all banks in the country to realize that apparently the great potential credit power of the bankers' acceptance system is to many an unappreciated element of strength to the nation. Prior to 1910 this country was getting along very well with its old methods of financing. We had the long sufficient national banking system, we were buying and selling sterling through London in the settlement of financial requirements of our foreign trade and the dollar was almost exclusively used for domestic purposes, but as recurring periods of credit stringency made their appearance with increasing frequency it became apparent that, financially speaking, the young man needed a new and larger suit of clothes.

The Federal Reserve Act was the answer to the problem. With it, among many needed reforms in currency and banking, came, first, the orderly mobilization and use of banking cash resources and second, a provision for a kind of credit, new to America, but well known abroad, the bankers' acceptance. Up to the date of the passage of the Act, December 23, 1913, national banks were not empowered to accept bills of exchange or, in other words, to loan their credit. Credit was obtained by merchants in

other ways, by direct promissory note borrowing, by the purchase of exchange of the country where the trades were to be settled for, or by arrangements for the negotiation of sight exchange on an American bank. To be able to arrange for the financing of the importation or exportation of goods through a bank's credit in dollars, such as was provided for in the Federal Reserve Act, was to the American merchant and banker a hitherto unknown credit practice. It marked the beginning of a new credit system in this country and an international position for the dollar.

## MAJOR PURPOSE OF CREDIT SYSTEM

The major purpose of any credit system is to facilitate the short term current operations of commerce. The economy and efficiency resulting from the use of such a system is the surest evidence of its worth. To the authors of the Federal Reserve Act in 1913 it was clear that the natural development of this country and its rapidly expanding trade with the rest of the world would require the use of every credit method consistent with sound banking which would at the same time advance the principles of economical lending and the scientific financing of commerce.

Building such a system of international credit as the Federal Reserve Act provided was of prime importance to both the banks of the country and their trade customers requiring credit. The American Acceptance Council was formed to

hasten and direct the education in the fundamentals of this important addition to our credit facilities. It was joined by the American Bankers Association, the National Association of Credit Men, the National Foreign Trade Council, the Chamber of Commerce of the United States and other similar organizations. Every phase of the subject was treated and the provisions of the Federal Reserve Act were carefully analyzed and explained to the banker and the international merchant.

After ten years it is interesting to note the splendid progress that already has been made while at the same time we must consider seriously the much greater progress that might have been recorded at this time had the outstanding banks in every part of the country been as fully alive to the opportunities of the bankers' acceptance system as the bankers of the six or eight largest cities that now handle all but a small percentage of the total acceptance business.

In developing the use of the dollar acceptance in the United States, many difficulties have been encountered, due mainly to two principal causes: One, having to do with the natural complexities of our banking system, and the other the fact that while there are many cities in the United States where a fair amount of foreign business originates at intervals during the year, they cannot be classed as essentially foreign trade centers where there is a constant demand for credit accommodation for overseas commerce such as always exists in ten or twelve of our largest commercial and financial centers.

Our system of banking includes nearly 30,000 banks ranging in size from the very small country institution with a total of capital, surplus, profits and deposits of only a few thousand dollars to the giant bank with resources of approximately a billion dollars. It should be noted at once that of these 30,000 institutions that make up our banking system only a comparatively small number of them have any occasion at all in the ordinary conduct of their business to

issue their own acceptances and only about 9000 of the 30,000 are members of the Federal Reserve System and therefore potential acceptors even if the opportunity was ever open to them to do this kind of banking.

#### ACCEPTANCE PRIVILEGE OPEN TO ALL MEMBERS OF FEDERAL RESERVE

It was deemed advisable, however, in framing the Federal Reserve Act to grant the authority to accept to all banks, members of the system, regardless of size, location or their opportunity to accept. The reason for this general application of the acceptance privilege is obvious. While the law could, of course, have been so worded as to limit the exercise of the acceptance privilege to only such outstanding banks as were specifically designated from time to time by the Federal Reserve Board, a difficult situation would have arisen if later on the board had been moved to refuse the request for authority to accept by any member bank in good standing, so that it was unquestionably better to grant the permission generally and then surround the operation of the system with strict regulations, during the period, at least, when a thorough understanding of the principles and practices was being developed.

During the first three or four years after the passage of the act only a comparatively few banks availed themselves of the new privilege. This method was new and not yet fully explained or understood. Merchants used to the practice of settling foreign trade obligations in sterling were not easily converted and no active bill market such as we have now, to deal in acceptances, had been created.

By 1917, however, the dollar acceptance system of American banks was well under way, creating a highly specialized form of credit instrument particularly adapted to transactions which grew out of a sale and shipment of goods and which, as in foreign trade, could be evidenced by a bill of exchange accompanied

by documents. It was readily adopted by many of the banks all over the country that for many years had been acquainted with foreign trade operations in foreign currencies and from this originally limited group the importance of the dollar acceptance became known to other banks whose interests up to that time were more closely confined to domestic transactions.

Beginning with 1919, figures are available to show the extent of the use of acceptances and they indicate that in the spring of that year more than 500 banks were accepting a total of more than \$1,000,000,000. These banks represented all of the principal cities of the country and as a result the acceptance market had a wide assortment of names to offer. This condition was present through 1919, 1920 and part of 1921, during which time the keenest interest was shown in the possibilities of this recently acquired acceptance privilege.

As may always be expected, when any new instrument of credit is made available, some abuses were evident, but these were soon checked and the business was thereafter conducted in strict compliance with the regulations of the Federal Reserve Board, so amended from time to time as to fit the requirements of business and to make previous necessary restrictions less burdensome. The supervision of the Federal Reserve Banks and the dealers in the acceptance market, through whose hands the bills passed, served well to encourage the creation and marketing of correctly drawn bills of the best known and strongest banks, at the same time advising smaller, comparatively unknown though none the less strong banks, against a too free use of their acceptance privilege. In other words the dollar acceptance system has passed through periods successively of creation, early interest, rapid expansion, curtailment and concentration, so that today the business more nearly approaches one of the strongest characteristics of the great British system, namely a great

volume of prime acceptances made by a small number of banks.

HAS CONCENTRATION GONE TOO FAR?

If, however, as we have pointed out, we had over 500 banks accepting in 1917-1922 and have, as shown by recent inquiries, only 175 banks accepting in the fall of 1926, has not this movement toward concentration gone further than advisable for the position of the United States as an international trade power or than is good and profitable for some of the 325 banks no longer active acceptors though capable by reason of their strength in resources, geographical location and the commodities, crops or manufactures they finance, to make a bank acceptance that would command a prime rate in the discount market at all times? The writer believes it has.

To a moderate extent this concentration was expected and we may say desirable as in the early days of the system's operations there were banks who were offering their credit in foreign markets when, as a matter of fact, their credit was unknown except locally in this country. Acceptance credits of such banks would naturally not be attractive abroad. It was quickly realized by the heads of such institutions that this was a field in which they had small chance to play an active part and they wisely withdrew. It is to the strong, nationally and internationally known bank, taking no active part in building an acceptance system, and thus not assisting in the purpose to permanently establish the dollar in foreign trade, that this article is directed.

On October 31 of last year 175 banks in this country had outstanding a total of \$681,000,000 in dollar acceptances, which compares with the figures for the same date in previous years as follows:

Year	Banks	Total in dollar acceptances
1925 .....	250	\$675,000,000
1924 .....	275	645,000,000
1923 .....	325	600,000,000
1922 .....	375	525,000,000

These figures bring out the important point that while there are about 200 fewer accepting banks now than in 1922, the total acceptances of the smaller number today are \$150,000,000 more than was outstanding for the 375 banks in 1922. We are furthermore confronted with figures which tell us that, at the present time, 80 per cent. of the total accepting is done by fifty of the largest institutions, most of which are located in New York City.

#### COMPARISON OF TOTALS

Further light on the shifting of acceptance business in the last five years is found in the comparison of totals as of April 1, 1926, and of April 1, 1920, for several of the larger cities. This date is chosen, as the grand total for all accepting banks is very nearly the same for both dates.

	April 1, 1920	April 1, 1926
Boston .....	\$98,000,000	\$96,000,000
New York .....	446,000,000	543,000,000
Philadelphia .....	26,000,000	9,000,000
Pittsburgh .....	9,000,000	281,000
Cleveland .....	7,000,000	10,000,000
Detroit .....	4,000,000	435,000
Chicago .....	61,000,000	25,000,000
St. Louis .....	14,000,000	800,000
Minneapolis .....	10,000,000	3,000,000
San Francisco .....	22,000,000	16,000,000

Here we find a gain in acceptances created in New York City of more than \$100,000,000 while such important commercial centers as Philadelphia, Pittsburgh, Detroit, Chicago, St. Louis and Minneapolis, where the sources of our immense foreign trade may be found, have only a combined total in 1926 of \$38,000,000 against a total of \$124,000,000 in 1920. Other important industrial and agricultural centers such as Indianapolis, Toledo, Grand Rapids, Buffalo, Kansas City and Omaha have at no time taken more than a slight total of the available acceptance credit business. The banks of the City of Cleveland have always found a steady volume of this kind of business open to them and the totals for this city have on many oc-

casions exceeded those of several larger cities also in the interior.

The natural question then, after surveying the above statistics, is what has caused so many of the strong interior banks to make no use whatever of their acceptance privilege or having done so freely at one time to reduce the total to such unimportant amounts. These banks are permitted under the law to finance the following general types of business by acceptance credits: Imports, exports, domestic shipments and goods in warehouses. All of this business requires credit and in these days of strongly competitive tendencies the credit should be of the most economical nature and of a kind recognized and understood around the world.

Faced with excellent opportunities to use bankers' acceptances in the four major divisions of commerce, the banker in our interior city too often takes the easiest way and finances such transactions as come to him by a direct loan on the promissory note of the borrower and files it away in his portfolio until maturity. He may be moved to do this by reason of a strong liquid position, suggesting the use of his resources in this way rather than to incur an obligation by creating an acceptance. He may hesitate to test the marketability of the acceptances of his bank in the open discount market, preferring to stick to the older method of note transactions, either secured or unsecured. He may not be inclined to try to change the borrowing custom of his clients by pointing out the advantages of an acceptance credit. Such a disinclination is very often due to the banker's own lack of knowledge concerning acceptances, the documents used in setting up an acceptance credit and the operations of the discount market.

#### DO NOT INVITE BORROWING

The banks do not, in so many words, advertise that they have money or credit to lend and invite merchants to come in and borrow. The chief problem is to

control the borrowing and restrain the applicant for credit within his limit. But, when legitimate demands for credit to finance trade in and beyond the country are made on the banker, the seeker of that credit should be given the best possible advice. Business men look to bankers for guidance in their financial and credit problems and if a particular piece of financing may be best handled by an acceptance credit, the banker is neglecting a real opportunity if, from one or several selfish causes, he does not urge his customer to open a bankers' dollar acceptance credit.

Assuming that the acceptance is of a well established and well known bank and the requirements of the Federal Reserve Board concerning eligibility have been carefully complied with, the market will readily absorb all bills that are offered to it, at a rate that will not be a burden to the accepting institution or to the borrower. There is a definite obligation resting on the bankers of the United States to thoroughly acquaint themselves with the whole subject of bankers' acceptance credits and to pass on this information to such of their customers as are in good credit standing and engaged in business which may have both a home and a foreign market and thus require a credit instrument of international reputation.

What now shall be the excuse for the bank that has been an active acceptor in years past but which is now nearly or wholly out of the market? For the banks located in the group of industrial cities mentioned previously in this article the excuse cannot be a lack of opportunity. The business is there if they will seek it. An analysis of \$250,000,000 in bankers' acceptances from all parts of the country showed that they were financing the shipments or storage of the following commodities: Cotton, grain, sugar, coffee, silk, wool, hides, copper, lard and meats, flour, tobacco, rubber, cotton manufactures, wood-pulp, lumber, furs, farm implements. Certainly if some progressive banks find it profitable to open

credits and accept against such commodities other equally strong and active institutions could do likewise.

#### SYSTEM NOT AN EMERGENCY MEASURE

The system of financing the importation or exportation of our foreign trade or the movement of our domestic commerce by bankers' dollar acceptances is not an emergency measure. It is one of the corner-stones of our modern financial structure that was undertaken when the Federal Reserve Act became a law and elevated this country from the customs of a corner store merchant to the position of international banker and trader. The responsibility to support it adequately, consistently and with a far ranged vision of its strength and usefulness in good times or bad, rests squarely on every banker who has the financial and commercial supremacy of his country at heart. Bankers' acceptances are always useful in facilitating our trade and are of particular importance in our foreign commerce in that credits of our best known banks and bankers instil confidence in foreign shippers and encourage the free and ready shipment of foreign goods whenever the question of credit is concerned, in that they permit the foreign merchants to secure immediate reimbursement in their own countries at fair rates. Financing our foreign trade by means of dollar acceptances gives to the American banker and merchant a far greater degree of privacy in the confidential matters of trade than was ever possible when such financing was arranged in foreign cities and in addition to this consideration the millions of dollars formerly paid to foreign banks as acceptance commissions are now available to American banks.

The American bankers' dollar acceptance is a permanent part of our system of banking. Is it to be handled in the future, with the resulting profit and prestige, by the fifty or sixty biggest banks in a half dozen of our seaboard cities or will the outstanding big commercial

banks of the interior whose names are as well known return to the steady-season, in-and-out participation in the business, learning the game themselves and performing a real banking service by studying the requirements of their customers

and putting in their hands a form of credit that will mean profit and prestige to each and permanency to the greatest boon to America's foreign and domestic trading that has been developed in this country within our time?

## THE IMPORTANCE OF TITLE INSURANCE\*

BY GEORGE S. PARSONS

**S**AVINGS banks throughout the country are becoming more and more familiar with the value of title insurance as a protection to their loans. With the growing use of this facility, has come the prevention of a great many frauds on the part of borrowers from banks. It is difficult to perpetrate a real estate fraud in the bright light which title examination throws about a transaction. Our records contain transactions from thirty-seven states in the Union, and our policy department has turned up many interesting cases of attempted trickery which title insurance has frustrated.

I do not refer to actual losses, when titles have been insured. These, of course, are part of the hazards of the business, for if there were no title losses, there would be no need for insurance. I am speaking, rather, of those cases where plans to defraud were frustrated by the alertness of title examiners.

In one case, a man owned a number of lots. He built what seemed to be a fairly substantial house on one of them, and got a mortgage for as much as he could obtain. He then moved the house onto the second lot and secured another mortgage. He tried it a third time, and, on that occasion, the borrower insisted on a title policy. Of course, the title to the land was secure enough, but it was also arranged that an inspection of the premises should be made by the title examiner. Upon inquiry as to when

the house was built, the inspector learned that it had been moved upon the lot, and further investigation disclosed the state of facts before mentioned. The man left, and has not since been heard from. Title insurance prevented the third investor, a bank, from losing money.

The following instance was reported by a savings bank in one of the larger cities of the South:

"A young man appeared with a woman he said was his mother, who executed the necessary papers for a substantial loan. The bank knew the property and that Mrs. Blank lived there. After the matter had been practically concluded, the title examiner, as a matter of precaution, decided he would make an excuse to call at the home of the 'mother' to see her. He therefore mislaid one of the papers and called within a few hours, at the house, for the avowed purpose of delivering the document.

"This is not my signature,' the real mother said, 'and I never visited your office.' The boy, who had lost money gambling, had persuaded an accomplice to pose as the owner of the property."

A man on Long Island specialized in forging signatures to deeds and recorders' stamps. He had succeeded in securing considerable amounts of money on these forged documents, until he applied to a savings bank which insisted upon title insurance. When the papers were shown to our examiner, he was familiar with the signature of the county clerk. Instantly, he detected the fraud, prevented loss on the part of the bank and instituted prosecution of the offender.

\*From an address delivered by Mr. Parsons, solicitor of the New York Title and Mortgage Company, at a real estate loan conference of the National Savings Bank Convention held in Philadelphia recently.



## FIVE MISCONCEPTIONS OF TRUSTEESHIP

BY THEODORE TEFFT WELDON

This is the first of a series of articles on the public relationships of trust companies. Other articles will cover: "Stressing the Value of Trusteeship to the Beneficiary," "Keeping the Lawyer in Mind in Trust Advertising," "Putting Trust Ideas into Investment Copy," "A Plan for Spending \$10,000 in Trust New Business Effort," "Hastening the Trust Prospect's Final Action."

TRUST officers find themselves in a business so full of romance and interest that it is difficult to know just how to depict their work and its need to the public. They see, as few others can see, the vital nature of their task, its wide scope, the great economic need for it. They have surrounded themselves with an atmosphere of professional carefulness, and each day sees the stewardship of the widow and the fatherless handled with a seasoned judgment and a human warmth which merits much praise. They must of necessity feel an impatience with the misconceptions and the erroneous notions which keep their communities from recognizing more generally the value of their services.

In their advertising, trust companies are getting and holding the attention of the public more and more as they are developing their appeal along the specific lines of those duties which they perform. In getting away from the general, the bromidic, the abstract, and working toward the very definite problems which confront testators, heirs, estates, executors and trustees, they are taking a great step forward in spreading the gospel of their services. But in doing this they are prone to omit one important attack. That is, in answering certain questions and objections which are in the minds of many people.

Perhaps it is natural for trust officers to feel that there can be no objections to corporate trusteeship, and perhaps they feel it is poor generalship to raise the question. Yet we hear objections.

and there is some foundation for the belief that stating them boldly and fearlessly, and refuting them convincingly, has its merits.

Aside from the specious arguments of the unthinking there are but five general misconceptions which need to be treated. They are:

### FIRST

*"I started with nothing. I have built my fortune with the help and support of my wife. She has gone through all the hardships and shared all my worries, my ups and downs, and what I have is as much hers as mine. I have no right to deprive her of it or tie it up in trust when I die."*

If this man and his wife can be made to see that the function of a trustee is to leave her all the benefits, all the comforts and delights of wealth, and to take from her only the grief, the hard work and worry which attend property ownership, their objection is eliminated. This is a point which requires strong handling, for this objection exists more generally than trust officers, as a rule, believe.

A further amplification of this idea is the expectancy of heirs (which is, of course, rarely if ever expressed) to buy and spend and revel in their inherited wealth, as soon as it becomes theirs. This is a very human and, after all, a natural desire. Testators can be reasoned with in this connection and the opposition of the heirs to a trust agreement can be largely eliminated. It might be difficult to deal with in adver-



tising, but it is easily handled in conference and solicitation. The trust can be set up on a basis which will permit the trustee to indulge the heirs for the first year, let them have their fling, be extravagant, squander some money. It is only a temporary insanity, and in almost every case they will settle down to a sober scale, of their own accord, before the first year is up. If not, the trustee can curb them gradually, reason with them, and with no show of force bring them to a scale of living consistent with their patrimony. Thus any sting, or any sense of disappointment from having the estate tied up in trust, is removed. If the beneficiaries are persons of good sense, too tight a rein need not be kept on them. Trust companies are human, and if left some discretionary power they can be relied upon to maintain a very nice balance between cold reality and hot human wants and passions where money is concerned. They have had long and varied experience in developing this balance.

#### SECOND

*"Trust company service costs too much. To perform the numerous duties, to employ such experienced men, to erect such elaborate buildings and to make such a profitable business of it, the fees collected must be considerable. I can't afford it."*

For some reason trust companies hesitate to publish their fees. They shroud the cost in mystery. Their very attempts to discuss it take a form which strengthens rather than dissolves this misconception. They state that "the fee is no greater than would be allowed an individual for the same work." They proclaim that the cost is "moderate." They offer to discuss the question in "confidential conference." And this reluctance to name a price means just one thing to the public. It is too high.

Why not let the community in on it, if you hope to make a sale? Why not advertise that for an estate of \$100,000, for example, the fee would vary with

the kind of property and the extent of management required, but that it rarely exceeds \$250 a year? Few men would feel that trust company service is expensive if they were informed that the most responsible and experienced management of a half-million-dollar estate costs no more than they pay the parlor maid for her duties in their household.

#### THIRD

*"Trust company service is too mechanical. The very accuracy and system which it stands for makes it apt to handle the affairs in every estate alike, in a stereotyped manner. My estate is an individual entity. It is different. Its particular needs require individual and special study."*

It should be easy indeed to explode this misconception through a plain statement of the facts. The system in trust companies which delegates those matters which are of a routine nature to a thoroughly trained staff, automatically leaves the executives freer to give their time and attention to the important matters requiring experienced judgment. Thus the trust organization prevents oversight and delay, and sees that the best minds in the institution are brought to bear on the questions and problems peculiar to each estate. It is a strong point in favor of corporate trusteeship rather than a matter for criticism. It would be as wasteful to employ an executive to attend to the great mass of routine detail incident to the management of estates as it would be dangerous to employ a clerk or junior officer to make the big decisions. In a well organized trust company one finds the ideal combination of an efficient staff, seasoned officers, and a final reviewing body in the board of directors.

#### FOURTH

*"The businesslike and impartial attitude which trust companies must take toward the beneficiaries, robs the situation of that feeling of human*

*warmth and sympathy which seems to me essential. There is apt to be a lack of personal understanding of the needs, preferences, ambitions and environment of my heirs."*

There seems to be an inexplicable feeling on the part of many intelligent people that a trust company is so much stone and marble. Trust companies are made up of human beings, just as kind, just as human, just as sympathetic, just as thoughtful and just as understanding as other human beings. Let trust advertising stress the point that each estate is assigned to an individual, an officer, a senior employe. One of his most important duties is both to know and be known by the heirs. It is his function and his privilege to take an active, intimate and personal interest in them and their financial affairs. He studies their temperaments, wants, living conditions, consults with them freely and as often as they wish or occasion arises. He gives his time and attention to helping them with their difficulties as sincerely as would a relative.

#### FIFTH

*"A trust company will earn too low a rate of income for my heirs. It is likely to sacrifice assets of good earning power for those of a more conservative nature which require less attention and which return a consequently lower yield. It might sell all the high yielding stocks and other property which I have gathered together and reinvest in high-priced low income securities of a too ultra-safe nature."*

This man needs to know that every

estate is under steady supervision from the standpoint of yield as well as safety. If it is your policy to retain advantageous investments left by the testator until such time as there are positive reasons for reinvesting, tell him so. Times change and economic conditions come about with great rapidity which may make today's investment structure, no matter how sound, unsuitable or even dangerous a few years hence. Let it be known that the trust company makes an exhaustive study of each estate situation, keeps in close touch with developments, and that when wisdom, safety and the best interests of the estate demand the switching of investments, it has the facilities and the experience to obtain the best rate of return consistent with these elements. The testator should be made to understand that he can give the trustee instructions concerning the retention or disposition of business interests and other holdings, and can allow a greater latitude in the matter than is prescribed by the statute. Few property owners are either able or willing to give the thoroughgoing attention to both the yield and the safety of their holdings that a competent trust company will give to their estates, when working under the terms of a well planned will.

These questions, objections, misconceptions clamor for an answer. Whether they are treated specifically, as outlined above, or whether they are handled as part of other trust themes, they deserve a constant and widespread emphasis. No matter how alluring your picture of trust company service, it will have little effect upon the man who entertains one or more of these erroneous notions, until you have cleared them up.

# DOUBTING THOMAS

By RICHARD W. SAUNDERS

COMING down through the ages, these words have always carried with them a measure of reproach. There is a sort of feeling that Thomas should not have doubted, that he should have acquiesced, as everyone else did, and that to doubt was a sad mistake on his part, at once stamping him as an undesirable person to have around.

Yet what a tremendous factor doubt has been in the world's progress. Some have gone so far as to say that "Doubt is the beginning of progress." Until one begins to speculate on established conditions and to doubt if they are really the absolutely perfect conditions that they are supposed to be, and more than that, until one begins to work out and discover new and better ways of doing things, how can any change be possible or any real progress be made?

This is not in any sense to be construed as an attack on the optimists. From them the great things of the world proceed. The football team that carries the ball has the chance to make the points. The other team can simply try to prevent their making them. Nor is it a valuation of pessimism to the exclusion of other things. The pessimist has his use also. He has, as a rule, few friends and yet without the great pessimists of history, how could the customs and habits of people, which easily become crystalized, be changed for the better?

The trouble seems to be that many pessimists are simply men who are dissatisfied with things as they find them, but have no constructive ideas as to what might better take their place, and simply mouth their discontent. Many of the great pessimists of history were forced to conceal their real convictions, for their own lives even, were at stake. It was necessary for them to express their doubts as far as they might safely do so, leaving to later generations the changes that they deemed necessary. And in due time such changes were made, for truth ultimately conquers although sometimes it seems to take a long while.

The banker has always been looked upon as a doubting Thomas. Filled with zeal and enthusiasm, the prospective investor counsels with the banker and oft-times—yea, many times, for unfortunate investments are as the sands of the sea—comes away with the feeling that cold water has been thrown upon a wonderful plan and that the banker is a curmudgeon anyway, and can only be tolerated because he is in the saddle. The list of losses and of failed banks is a sad proof that the banker does not always do the doubting in the right place.

Doubt, like everything else, must be scientific. All the factors for example, must be known. The King of Siam, who doubted the existence of ice because he had never seen it, was not scientifically qualified to judge of its possibility. Then again, it must be considered from the standpoint of progress as well as experience. The attitude of the banking profession to the automobile is too recent to need further commentary. New improvements, new industries, are continually being evolved and while experience is a great aid, perhaps the greatest that mankind can have, yet it often leads to a narrowness and lack of comprehensiveness that seem to justify the banker's reputation.

An optimist known to the writer, and one who has climbed high in the world's estimation and has likewise accumulated a goodly share of the dollars which spell worldly success, often has made the remark that in time of stress the banker is always the first to get the stomach-ache. It seems to affect his digestion. True or not, the merchant often has had to weather many a storm practically in the face of his banker and it is only in more recent times, when the banker himself has learned, largely, the art of merchandising, that the condition has been modified. The merchant needs the banker most in times of stress and the time for doubting would seem to be at the beginning and not in the midst of the fray.



## WILL OUR PROSPERITY LAST ?

BY CARLTON P. FULLER

The author of this article believes that we are entering into a new era in our economic history in which "informed co-operation" is to take the place of the old "laissez-faire" doctrines. He believes that an intelligent study of economic facts would result in placing prosperity on a permanent footing.

"IS this a new era in business?" "No," answered a well-known economist, "all the developments we think are so novel—this lack of forward ordering, this stability of prices, this improved banking system, this notable expansion of business—have been marveled at before. This is not a new era."

No doubt he is right, but recurrence is marked by varied form and by shifted emphasis; it would seem that a famous business school shows deeper insight in its motto quoted from Charles W. Eliot: "In industry and commerce all things are become new."

The problem of the present day certainly is unusual, if not unprecedented. It consists not of "How to attain prosperity" but of "How to retain what prosperity we have, considered by many the greatest yet known to man."

That we in the United States have arrived at such a height may be denied by some who point to the luxuries of ancient empires, but will be admitted by all who take account of the general diffusion of necessities and comforts. Well-balanced relations between classes and industries, the good things of life shared by all, form the acid test of prosperity. There exist no means of proving conclusively our present pre-eminence, any more than there can be agreement on relative intellectual or spiritual achievements, yet it is possible to compare the improvement now visible in this country with conditions in other years, and in other lands.

The true basis of material prosperity

is not, of course, dollars, but goods. Not the dollar, but what the dollar will buy, interests us in measuring the extent of physical well-being. Without presenting exact statistics (although conclusions are based upon study of such figures), we may give a rough picture of present conditions, and point out the major elements in today's prosperity:

### PROSPERITY IS NOW RELATIVELY GENERAL

A. Making allowances for the price changes which vitiate so many comparisons of economic conditions, "real wages" disclose a decided advance in purchasing power of wage-earners during recent years, far exceeding the fictitious "prosperity" of war and post-war booms. The wage-earners as a whole are doing very well, for "real wages" are probably higher than ever before.

B. But how about their employers? The numerous corporations of the country are now such an integral part of daily life that their prosperity usually sets the standard for the whole, including miners, other wage-earners, and professional workers. A little delving into Treasury Department statistics on income shows a decided increase in recent years, especially when corrected for changes in prices. Income of corporations provides further evidence of present prosperity, exceeded only in two war years when abnormal profits had far outstripped the rise in prices.

C. Yet corporations, their stockholders, and their employes, do not

comprise our entire population. Any prosperity, to be called general, must include the large class of farmers. The story revealed in their case is not so stimulating as the other two, but is one of improvement in the last four years, and of practical attainment of self-sufficiency. Except for such events as the break in cotton prices, it is evident that the farmer no longer drags heavily on general business, but in growing measure participates in the country's prosperity. While he can no longer look to increasing land values as his constant support, he can usually obtain fair returns for his crops and animals.

#### WITHIN AND WITHOUT

Within the United States, there is no doubt that comparison of the situation with former years shows definite progress. Current comparison with other countries is mostly contrast! Sometimes it is asserted that higher incomes in the United States do not offset the higher prices but, according to a study by the International Labor Office, this assertion is ill-founded. Wage-earners here get more for their money than in any other land; even Canadians fare considerably worse. While the actual values in such a study cannot be perfectly accurate, the general picture of the world situation is undoubtedly correct.

The enthusiastic acclaim of Federal tax reduction might be construed as evidence of heavy tax burdens in this country but, if this is so, then the load on some other nations is well-nigh unendurable. The cases of England and Japan are conspicuous, when price change influences are eliminated and taxes are related to income. It is the latter relation that counts, and here the United States is more fortunate than other countries.

It is a pleasant picture—for Americans—that we present, and at this peak of material prosperity we may well ponder deeply how to retain the standards we

have achieved. But before doing so, it is also well to realize that all this prosperity is merely relative. Particularly is its *diffusion* high only in comparison with previous unwholesome conditions.

This obverse side shows up in the income tax returns of even a prosperous year like 1923 when one-third were for incomes under \$2000, and another third for those between \$2000 and \$3000. When a minimum "comfort" budget for a family of five has been set up at \$2200, it is obvious that many are still on the verge of distress. Moreover, collapses in the coal industry are too frequent, and depression is too imminent in even the highly prosperous building trades to allow us any indulgence in smug satisfaction. Radios and automobiles may merely sugar-coat malnourishment and haunting debt.

Fortunately the ways to spread prosperity coincide with the ways to retain what we have. And still more fortunately, we are beginning to see the direction in which lies real progress.

#### WHAT PROSPERITY IS NOT!

To clear the way for consideration of the path to a prosperous future, it is advisable to point out two false beliefs which have long been exploded, but are still acted upon by multitudes.

Prosperity is not a limited, exact quantity; the riches of some people do not necessitate the poverty of others. Economically speaking, it is perfectly possible for everyone to be rich. "Make work" tactics and destructive redistribution of wealth plans spring from this fallacy of inelastic prosperity.

On the other hand, prosperity is not so elastic that it can be manufactured out of nothing! Uncounted times it has been tried and it is being tried today, sometimes with apparent initial success, but always with eventual disaster. Nations print paper money, thereby stimulating business for a while, only to crash into deeper depression in the end. Security prices may be manipulated until

they seem an inexhaustible gold mine, but someone pays for the mining. Real estate is sometimes inflated out of all relation to true values, but it finally "comes to earth" again!

Both these mistaken policies derive from a false notion of true wealth, which is too often confused with "money" in all its forms. Neither gold nor a bank balance possesses practical utility except as it commands goods or services.

#### PRODUCING FOR PROSPERITY.

Making more goods more available to people is the only realm in which direct effects on material prosperity may be promoted. Our primary economic object is to produce maximum quantities of goods uninterruptedly. The complementary object is to maintain the flow of these goods to consumers.

"The high standards of living enjoyed by the American people are the result of steadily mounting per capita productivity," say Herbert Hoover. "There is only one way to further advance these standards, and that is by improved methods and processes, by the elimination of waste in materials and motion in our production and distribution system."

With his initial statement, we must agree, but his suggestion for advancement is not "the only way" to improve production, although it is an important one. It emphasizes technique, while we would stress in addition what may be called managerial policy in production.

Back of any suggestion lies the realization that this country is now beyond the stage where "natural growth" can be looked upon as a perpetual Santa Claus. We approach the more settled status of Europe, in which prosperity comes only from definite efforts to improve all-round efficiency.

To assure prosperity, the managers of industry must continue to stress improved machinery, new applications of power, further laboratory research, standardization, better working conditions, as they have in the past, but there is a compar-

atively new field for development in *business control*.

Business men are no longer excusable for submitting tamely to the bullying of the seasons or the tidal waves of the cycle.

Seasons and cycles must be mastered. There lie the internal economic problems of future prosperity in American industry. Granting that the solutions are manifold, what is the soundest general approach?

#### THE PATH TO CONTINUED PROSPERITY —"INFORMED CO-OPERATION"

Economic history embraces longer swings than those forty-month affairs we call "the business cycle," and yet less stupendous than the periods we call "ages"—"The Age of Stone," "The Age of Iron." These swings may cover a generation or more, and they merge one into another without a perceptible break. We may call them eras.

*For several decades we have been turning into a new era, away from the "laissez-faire" doctrines so prominent in the nineteenth century. Our prosperity depends upon the direction which this change takes in the next decade, whether toward strict government control and eventual socialization, or toward informed co-operation. The former will slow down the wheels of progress until they stop; the latter will speed them up and oil their performance.*

Co-operation to be worth anything, must be conceived as more than a catchword. Hence we link with it "information," for no action can make headway unless based on facts. Study of economic facts will show that co-operation is to each man's best interest, and he will consequently follow his natural instinct and put the principle into practice.

The world has tried extreme competition in all lines; it has resulted in industrial strikes, in overproduction during prosperity, in wars between nations. In fact, most of the impediments to prosperity arise from insensate competition.

While rivalry will and should endure forever, there is no sound reason for the destructive competition so often in evidence.

In the era of informed competition, the emphasis must be placed continually upon "information," or co-operation between like-minded groups will result only in more gigantic clashes between the larger units. Karl Marx visualized such struggles and labor unions have unfortunately based their policies upon such antagonism. Internal co-operation has won for labor a preferred position, which now must be consolidated by co-operation with other groups, as has been proposed by President Green of the American Federation of Labor.

Indeed, there must be no boundary to the principle of *informed co-operation* and, likewise, there must be no union for the purpose of subduing other groups, no debauching of co-operation into oppressing monopoly. Thus management will develop its trade associations for the primary purpose of conquering, not labor but the business cycle and seasonal changes. Farmers will unite in co-operative associations, not to hold up the

consumer, but to promote orderly marketing. One class cannot prosper long at the expense of others. At the bottom of most general depressions will be found lack of balance between industries or classes.

And intelligent co-operation must not end with national limits, for the world is so closely knit that we can no longer live to ourselves alone. The era of imperialism must yield to the era of internationalism. No measures that can be taken to save our own prosperity will avail in the long run if world conditions continue awry. Our flood of foreign loans, our experts on important committees point the way.

Seeking prosperity is a perennial occupation. To be successful, the search demands intelligence, based on thorough study of economic facts, and aims for general improvement, not for gain at the expense of others. This country will be well on its way to sustained prosperity when labor unions, trade associations, farmers, and the national Government are all eagerly digging out sound economic facts, and are applying them for the benefit of all.

## CANADA'S GROWING FOREIGN TRADE

"THE relative importance of foreign trade in the commercial life of Canada," says the Royal Bank of Canada, Montreal, in a discussion of this subject in its December, 1926, letter, "is far greater than the part it plays in most countries." Great Britain has a foreign trade of less than \$150 per capita. The United States has less than \$100 per capita. The twelve months ending September 30, 1926, showed \$250 per capita for Canada.

While world trade is still below the volume of 1913, Canada's trade, measured at pre-war prices, is at least 25 per cent. higher than in 1913, and the dollar value of her present trade is nearly double that of 1913.

Most of her exports still go to the British Empire and to the United States,

though recently the exports to South American countries have been increasing rapidly. At the present time, the exports consist largely of agricultural and mineral products: Cattle, meat, cheese, fish, wheat, wheat flour, oats, copper, vehicles, paper, and pulp.

Canada's imports, which have been increasing rapidly, but which are still exceeded by exports by more than 33 1-3 per cent., are mostly of manufactured goods. Chemical products, sugar, rubber, iron and its products, electrical apparatus, machinery, etc. "This general demand for a wide variety of manufactured products," says the bank, "is to be expected in a country where the population is so spread out that mass production of many small items is impractical."



# UNIT BANKING—WHAT IT IS AND HOW IT OPERATES

BY HENRY A. VON ELM

In branch bank operation the problem is to retain the obvious advantages of independent banking by preserving the intimate personal relationship between the bank and its neighborhood. The author of this article, who is vice-president of the Manufacturers Trust Company of New York, tells how it can be done.

**W**HAT is unit banking? How does it work? These are questions frequently put to the officers of Manufacturers Trust Company of New York, the organization which has been given credit for the creation and development of unit banking.

Right at the start, one thing should be made plain. Unit banking is not branch banking, in the commonly accepted sense of the expression. Neither is unit banking neighborhood banking, confined to one district, class or industry. Unit banking attempts to combine the best features of both branch banking and neighborhood banking and then to add certain other distinctive features which neither possesses.

Unit banking was definitely planned and is not the result of overnight growth. The words "unit banking" are not an advertising phrase coined in an attempt to introduce something different in the banking world. In fact, the principles of unit banking were tried out for years and the phrase "unit banking" was used in intra-office communications long before unit banking ever was mentioned in advertising columns.

Unit banking began twenty-one years ago when the Citizens Trust Company, now the Manufacturers Trust Company, was founded in Brooklyn under the presidency of Nathan S. Jonas, now president of Manufacturers Trust Company.

Mr. Jonas and his associates visualized their bank of the future not as a purely neighborhood institution serving only a limited area, but as a city-wide bank

with a dozen or more offices strategically located along the line of New York's march of progress. They visualized deposits at a few hundred million dollars and capital and surplus in proportion. And in all this, one thought was constant—their bank, however great it might grow, must never expand in a way that would weaken its individual neighborhood offices. Each office, wherever located, must gain strength through its association with the other offices but must not lose the personal, intimate characteristics of a neighborhood bank.

Out of this has grown the unit system of banking. And the fact that Manufacturers Trust Company now is an institution closely approaching the dream of the founders, is, in part, a proof that the principles of unit banking have stood the tests of time.

## FROM THE CUSTOMER'S VIEWPOINT

Looking at unit banking from the customer's angle, one may ask how it differs from branch banking as conducted by many institutions. Here are some ways:

When a customer wishes to purchase bonds, he goes to his unit office and deals directly with the bond department located at *that* office. He is not referred to another office in another part of the city.

When a customer wishes trust service, he goes to his unit office and deals directly with the trust department located at *that* office. He is not referred to another office.



When a customer wants a line of credit or a loan, he goes to his unit office and, in all except extraordinary cases, his application is handled promptly at *that* office by men who personally know him and with whom he is accustomed to deal.

From the customer's viewpoint, each office, regardless of where it may be located, stands for Manufacturers Trust



HENRY A. VON ELM

Vice-president the Manufacturers Trust Company of New York.

Company and gives him every service he can obtain at every other unit office. So far as he is concerned, the unit office with which he deals is a neighborhood bank completely attuned to the needs of the district it serves—a bank with officers knowing him and understanding his needs.

#### HOW UNIT BANKING DIFFERS

But there is one important difference. Many neighborhood banks, because of their limited size, cannot attempt to give customers the credit, correspondent and other facilities possessed by large insti-

tutions having numbers of branches. Under the unit system, these facilities also are provided and the customer shares in all of the advantages of a neighborhood bank plus all the advantages of a large bank.

Looking at the unit system from a banker's standpoint, unit banking may be summed up briefly in four short paragraphs:

1. Each office is a complete separate unit—practically an independent bank. It develops men and places responsibility in many men instead of one or a few. It develops able consultants and advisers.

2. Each unit office is equipped for complete banking, trust, and investment service, not depending on the principal office for any of these services except in an advisory way.

3. Each unit office has its own directing officers who have full power to make decisions promptly.

4. Each unit office is backed by its own strength and also by the resources of the entire institution.

The words "branch bank" never are used by Manufacturers Trust Company when it refers to a unit office, and every effort is made to see that customers, officers and employes think of the institution as one large organization composed of fifteen strong, de-centralized units rather than as a main bank with fourteen scattered branches.

#### HOW THE SYSTEM BUILDS MORALE

Of necessity, there must be one office where the president and department heads are located. This is the principal office, 139 Broadway. But this office serves rather as a focal point to which reports are made and at which broad organization policies are formulated than as an office at which the fourteen other units are managed.

Officers, regardless of the offices at which they may be stationed, are encouraged and expected to pass on matters peculiar to their own offices and employes who are not stationed at the

principal office are made to feel that they are integral parts of the organization and that they have not been relegated to minor offices where good work is likely to escape commendation and reward.

A typical case showing how the unit system works is seen in the handling of an application for a line of credit. The prospective borrower applies to the unit office where he banks and where he is best known. This office may have a number of loaning officers, each with a different limit on the amount of the bank's funds he can lend. For instance, a junior loaning officer (depending on his experience), without consultation with any other officer, can lend up to a certain amount. Another more experienced officer can lend a larger amount. The senior officer in charge of the office can lend still more. If a combination of two or three officers agrees that an even larger loan is justified, it can be made—within fixed limits—without reference to any other office of the company.

As a result, routine loans are handled promptly at the office which the borrower regards as his bank and he is subjected neither to the delay nor to the possible embarrassment which might follow if the

matter were transferred to another office where he was not known.

Twelve of the fifteen unit offices of Manufacturers Trust Company were acquired in mergers. Contrary to the results which sometimes have occurred in consolidations, these mergers have given the affected districts larger, stronger banks than they formerly had instead of branch banks with most of their services transferred to main offices.

It is the policy of unit banking to "add to" instead of "take from" a merged institution. The new unit bank gives a neighborhood every service which the absorbed bank previously gave and then adds other services which individual banks of smaller resources cannot perform and which, as a rule, branch banks are not expected to perform.

These are some of the benefits of unit banking. Fifteen offices as one, one for all, and all for one—this is the way it works. Whether such a system would prove successful in any city except New York with its widely scattered business communities, is one on which the writer will not attempt to pass. But in New York, at least, it has met with great success and is only in its infancy

## THE TREND OF BUSINESS

A Forecast by the Continental and Commercial Banks of Chicago

**G**OOD business is in prospect for the first half of 1927. And this opinion can be stated with a feeling of assurance. It is based on current statistics.

Business may be good throughout 1927. But the first half of the year is a foreseeable period, whereas a prediction as to what is likely to happen during the entire year would be more of a guess than a statistical forecast.

During the first six months of the new year, the volume of business probably will not exceed the volume of the last half of 1926. It may even be some-

what less. It could be and business would still be good.

The automotive industry may produce about 4,000,000 cars in 1927, rather than 4,500,000, the record figure of 1926. New building will probably not be maintained at quite the same level as in 1926. A reduction in the money income of farmers—chiefly cotton growers—will also be a moderating influence, although farm income has not been reduced enough to cause any general unsettling of trade. Manufacturing output may not hold at the 1926 level, but there is nothing now to indicate a slump that

would result in general unemployment and drastic curtailment of the purchasing power of industrial workers. The railroads will doubtless maintain their present efficiency—an efficiency that has made possible “hand to mouth” buying and has contributed appreciably to the ease of commercial credit. Above all, there is no sign of tight money and consequent forced liquidation. The money market will sustain rather than curtail active business.

The forerunners of business depression—rising prices, increasing costs, labor inefficiency, excessive inventories, a marked decline in the number of business failures, credit stringency—these are conspicuously absent from the current statistics of business. And until such signs do appear, there need be no fear of a good, old-fashioned depression.

Business irregularities, particularly as between sections, lines of industry and individual concerns, will doubtless appear. Such irregularities are always found. But, speaking generally, somewhere near the present volume of business can be expected during the first half of 1927. And there is no reason to assume that this business will be accompanied by a disconcerting diminution of profits.

Last February, when it was fashionable to be blue about the future of business, the reasoning of the pessimists seemed cogent enough to all who were torn by doubts. It was stated that there could be a genuine depression without tight money. The building boom and real estate speculation were extremely dangerous. Building activity would slump. Unemployment would develop. Automobile buying would fall off. The backwash would hurt the iron and steel business. Production was proceeding at a rate that would result in excessive inventories. Deferred payment sales

would contribute to frozen credits and goods regarded as sold would really become inventory.

The only trouble with this prediction was that it didn't come true. And a regard for the proprieties, rather than any feeling of modesty, precludes the citation of the forecast made in the February 8 number of this summary.

Business in 1926 was even better than in 1925. We didn't call the turn on another record breaking year. Our optimism didn't go quite far enough. But the figures for car loadings, bank debits, manufacturing output, building and employment are all higher than in 1925.

Commodity prices were lower in 1926 but as stable as during the preceding year. Credit condition were again satisfactory. The stock market reached record heights.

The total money income from farm products will be somewhat lower, perhaps 5 per cent. lower, than in 1925. The big factor in this reduction of farm income has been the record cotton crop—the second bumper crop in two years. The paradox of value—larger crop, lower price—didn't affect the wheat grower, for the 1925 wheat crop in the United States was far below average. The aggregate value of wheat will be greater than in 1925. Live stock and live stock products held up again in 1926. And it must be remembered that the total value of these two items almost equals the total money income from the sale of cotton, grains, vegetables, fruits and other crops.

The value of merchandise exports—when the November and December figures are in—will doubtless be a little lower than in 1925. But the value of imports will be somewhat higher. And, everything considered, the conclusion is inevitable that 1926 has been a year of prosperity.



# FACTORS UNDERLYING THE PURCHASE OF FOREIGN SECURITIES

BY PAUL M. ATKINS

This is the first of two articles outlining the factors to be considered in judging the investment value of foreign securities. The author has made a special study of foreign securities.

IN the year 1925, about \$1,300,000,000 of foreign securities were issued in the United States, exceeding the record of 1924 by more than \$100,000,000. The official reports show that the issues marketed here during the first half of 1926 exceeded by more than \$25,000,000 the offerings for the like period of 1925. All told, more than \$10,000,000,000 of foreign securities are now held in the United States, about ten times the amount owned here before the World War, and these investments are increasing twice as fast as those of Great Britain, formerly the market—par excellence—for foreign issues.

Down to the present time these securities have been marketed in large measure either to financial institutions or wealthy individuals who are in a position to acquaint themselves readily with the relative merits of the loans which have been floated here, or by persons who have relied on the integrity and knowledge of the investment houses which have handled these securities. It is to the credit of these houses that they have offered as investments, bonds very few of which have failed to prove to be thoroughly safe and sound. Even large distributing houses have taken these securities on the same basis.

Such a condition cannot continue indefinitely, however. The number of investment bankers now underwriting foreign securities is very limited. Other investment organizations with no experience along this line are wanting to get into this field because it offers a legitimate source of profitable business to them. It is desirable also that this number

should increase as it will extend the field of profitable investment for Americans, facilitate the flotation of loans for foreigners and develop some healthy competition among the investment bankers themselves.

Such a development necessitates more knowledge on the part of the investing public of the underlying factors affecting the desirability of foreign issues. The houses which now enter the foreign investment field will find it necessary to develop expert buyers of securities, and, at the beginning, it will be difficult to procure such men in the United States, and hence their judgment, naturally, will not be as sound for the time being as that of the men of seasoned experience of the older houses.

## BEST INVESTMENTS OFFERED HERE

Moreover, down to the present, only the cream of foreign investments has been offered here. After the cream has been skimmed, it will be necessary to get along with a milk diet, securities which are fundamentally sound, but which are not protected at every possible turn from every conceivable misadventure. It will be essential to evaluate the risk involved in the purchase of such securities and to decide whether it is sufficiently compensated by the yield.

In addition, certain securities, principally foreign stocks, which can hardly be considered strictly investments but which are semi-speculative in character, are likely to be brought out.

For the purpose of studying these

factors, foreign securities may be divided into two main groups: (a) government securities, and (b) industrial securities. The preliminary analysis for each group is the same, but the second demands additional investigation not required of the first.

The first point which must be considered is the character and national integrity of the people of the country under consideration. It is well recognized in dealing with domestic loans that no business is a good risk no matter what its resources and economic possibilities may be if the executives who control its management are not of high moral character. This is equally true in the case of loans in foreign lands, for business customs are different, legal means for enforcing contracts are not so accessible to Americans and, in the case of foreign governments, contracts are practically unenforceable against the will of the government except by military force or demonstration, a means which cannot be applied except in the case of such small and backward countries as Haiti, Santo Domingo, etc.

The only way in which this character factor can be evaluated is by a study of the history of the country to see how it has conducted itself during the past. It will be found that such countries as Switzerland, Holland and Sweden have records showing a regard for international obligations, especially financial contracts, quite as good as those of Great Britain, France or the United States. There is not a country whose history as an independent political entity extends back over a century which can show an absolutely clean record in this respect, not even our own. We must not forget that not a few of our own states defaulted on their bonds within this period and that much of this loss fell on foreign investors in such securities. Our judgment respecting other countries in this regard must not be too severe.

Moreover, it is essential to distinguish the motive lying behind any default. In many cases it will be found that the

debtor would have been perfectly willing to pay the debt if it lay within his power. Situations arise in the case of nations, as well as for individuals, which are beyond the control of the contracting parties and which render impossible the repayment of the loan. It cannot be said, for example, that those countries which have refunded their debts to our Government for less than the sum specified in the original contract have defaulted since the agreement was in each case the result of an amicable accord between the two parties.

In this connection, it needs to be pointed out also that there is a marked difference between the debts contracted by foreign governments during the war and those which are now being incurred in this country. The war debts were expenditures used for destructive purposes only; there is nothing left now to show for it. Government loans at the present time are, on the contrary, being employed for constructive work of one kind or another which presumably will yield a return sufficient to make possible the payment of both interest and principal when due.

It is somewhat difficult to evaluate the "character" of the people of the "new" countries of Europe, such as Finland and Czechoslovakia, for example. Their history as independent nations is too recent to permit the same sureness of judgment as in the case of Denmark and Portugal, for instance. They need a period of "seasoning" before the same weight can be given to their records as to those of older countries, although, in passing, it may be remarked that all indications seem to show that in the case of the two new countries named, their "character" will very soon be rated as among the best of any of the European nations.

Closely related to the "character" of the people is the factor of social and political stability of the country. An excellent example of stability in these respects may be found in the case of

Great Britain during the recent coal strike and the general strike that followed. The conduct of the British people under the most provocative of internal conflicts which might have justifiably led to disorders—economic as well as political and social—is unparalleled in the history of the world and is a strong counter-balancing factor to certain other economic conditions now existing there which are far from satisfactory.

#### FRANCE DISPLAYS STABILITY

France has also displayed marked stability under conditions which have led many people to believe that she was ripe for a revolution. The recent enactment of an amendment to her constitution in the due form provided therefor is evidence of this. The fact that the passage of this amendment was marred by the cat-calls and disgraceful obstructionist tactics of members of the Communist Party supported by the Socialist Party only serves to set in relief the reserve and control of the other members of the National Assembly. The Belgians have also furnished the world with an exhibition of stability of this type by passing in due legal form a bill to make their king dictator temporarily. Such instances cannot help but strengthen the national credit in other countries for they indicate both a willingness and ability to deal with difficult problems in a predictable and reasonable fashion.

On the other hand, such events as the Pilsudski *coup d'état* in Poland or the Condolys *coup* in Greece give evidence of a lack of such stability which is immediately reflected in the countries' external financial credit. No one wishes to make an investment in a country when there is great uncertainty about the continuity of the legal existence of the institution to which the loan is made, even though the fundamental desire of the people is to pay their debts and the economic resources of the country are ample to permit its doing so.

After due consideration has been

given to this imponderable but important factor, the economic capacity of a country to meet its obligations must be investigated. Two phases of this problem demand especial attention: (a) economic resources, and (b) ability to transfer funds to United States.

The first of these is the more basic and fundamental of the two, but the second is far from negligible. The outstanding economic resources are:

- A. Nature and location of the country.
- B. Agricultural productivity.
- C. Mineral output and reserves.
- D. Industry.
- E. Commerce.
- F. Finance.

#### NATURE OF COUNTRY IMPORTANT

The nature and location of a country underlie the agricultural and mineral resources of that nation. Over and beyond this, however, they affect the economic possibilities of the country. Switzerland, for example, has capitalized and is capitalizing her scenery to the extent of millions of dollars each year. A single illustration will indicate this. Swiss imports exceed exports by about 25 per cent. each year. Switzerland has, however, a credit balance to her international payments each year available for foreign investment made up very largely of the expenditures of tourists within her frontiers. In addition, she is developing her potential hydro-electric energy to run her factories and drive her trains, thus freeing herself to a large extent from dependence on foreign countries for fuel. The same thing may be said in regard to France.

The geographical position of a country as well as the nature of its surface has influence on its economic position. Two of the most outstanding examples of this are found in the case of Holland and Belgium. Possessing some of the most important natural harbors of both Germany and France, much of their prosperity depends on the transit trade which passes through their ports.

The principal basic resources of a country are found in its fields and mines. Important as industry is, it is helpless unless it is supplied with its raw materials. Commerce, of course, would not exist if it were not for the necessity of moving these raw materials to the factories and the products of the factories to the consumers. A country like France, therefore, which is largely self-sufficing from the standpoint of food supply, is in a much stronger position in this respect than is Great Britain, which must import most of its food. It is not sufficient to have broad and fertile fields, rich in potential agricultural products; those fields must be properly cultivated if they are to be a source of economic strength to a nation. The limited surface of Belgium or of Denmark is offset to a considerable degree by the scientific fashion in which the agriculture of these countries is carried on.

The mineral output—both in respect to variety and quantity—is a factor that deserves great weight. For generations one of the most important factors in Great Britain's economic supremacy was her coal and iron, and one of the reasons why she is now gradually losing the industrial position which she once held is due to the approaching exhaustion and high cost of extraction of these minerals. On the other hand, the return of Lorraine with its rich iron mines to France has enormously increased her economic strength in this respect.

#### SECONDARY ECONOMIC RESOURCES

Secondary economic resources are found in the industrial, commercial and financial development of a country. It has been advanced that a country in which commerce holds a leading place is a better producer of revenue and a better risk than is one in which agriculture predominates, with a highly industrialized country coming between the two. A satisfactory adjustment among these factors is most to be desired, however.

The industrial strength of a country depends on: 1. Its plants and their equipment. 2. The number and quality of its workers. 3. The intelligence and progressiveness of its managers.

Of these, the least important is the first, though it is frequently the one which is most magnified in the eyes of prospective investors. The last is the most vital though it is often overlooked altogether in this regard. This sequence of importance is but natural, for if the managers are alert and seeking for new ideas they will see to it that workmen are properly trained and the plants adequately equipped. For this reason, such a country as Czechoslovakia, which is laying great emphasis on the solution of management problems and which organized the First International Management Congress, is in a stronger position than Great Britain in whose industries old-fashioned methods of control prevail and where the executives, in general, fail to take an interest in the developments of scientific management. One of the most hopeful signs at present existing in France is the interest which is developing in the policies and technique of management.

The commercial organization of a nation exerts a powerful influence over the economic stability of a country. A country like Great Britain, for example, whose commercial organization has spread to the uttermost parts of the earth, is in a position to distribute its products economically, anticipate competition, tap all desired sources of raw material and facilitate the successful operation of its industries. In this respect, it has great advantage over Czechoslovakia, which must build up its trade connections from nothing and in the face of keen competition.

The financial organization of a nation, like its commercial organization, is primarily a service activity. It can contribute mightily to the success of the country as a whole. Here again such countries as Great Britain and Holland

are tremendously strong. The United States suffers severely in its effort to become the world's money market due to the lack of men experienced in international finance and the organization which should be created around them.

#### ECONOMIC RESOURCES NOT ENOUGH

It was pointed out in a preceding paragraph that it was not enough for a country to have economic resources in order to be a good field for investment. It should have, or should have definite prospects of having, means for transferring the sums necessary for the payment of interest and principal when due. In some instances, notably new countries like those of South America, the borrowing nations may, for many years, require new loans continuously in order to provide for their economic development. In such cases, so-called "unfavorable" trade balances may exist for many years, the international balance of payments being adjusted by means of continued capital imports. In the case of older countries, however, a long continued balancing of international payments by means of capital imports is not a healthy sign. There should be indications that the country, by means of exports of goods and services, will be able to pay interest and capital when due.

A corollary to this is that the creditor country should be willing to accept payment in goods and services. This is something which the people of the United States generally fail to understand. It serves to explain also the long continued "unfavorable" trade balance of Great Britain.

It may be noted that some of the factors which many are inclined to think of first in connection with a foreign country as a possible field for investment have not as yet been discussed. Such factors as the balancing of governmental budgets, the depreciation and stability of foreign exchange tariff policies, legal restrictions on foreign capital, etc., have not been mentioned. They are important also; there is no question about it. If, however, the character of the people is sound and they are possessed of adequate economic resources, any problems which these other factors may create will be solved in the long run. They are significant because, in conjunction with the major factors, they aid greatly in determining the time element of an investment—whether it is wise to invest now, a few months or a few years from the present. The factors discussed are the fundamental controlling elements on which basic judgments in regard to the worth of foreign countries as fields for investment must be based.

## OUTLOOK FOR 1927

**I**N an address before the Portland Cement Association at Chicago recently, George Woodruff, vice-chairman of the National Bank of the Republic, Chicago, gave his views as to the "Possibilities for 1927." A portion of his remarks follows:

"Realizing that inflation does not at least now appear to be a probable development of the ensuing year, recognizing the fact that while European competition is growing, it will, however, fail to hit the bull's eye for some little time to

come, and trusting to Providence that we do not experience a major domestic disturbance, we may say with a considerable degree of safety that 1927 should be a prosperous year. Of course, it may not be quite so good as 1925 or 1926 but we can do much less than we have done in 1925 and 1926 and still be looked upon as the most prosperous and happiest nation in the world.

"We are going to continue to have easy money. We have every reason to expect a continuance of good govern-



ment. Our building boom is on the wane but on the other hand the change will doubtless be slower than some people seem to think. The outlook for agriculture is fairly good although we have developed some poor conditions in



GEORGE WOODRUFF

Vice-chairman of the National Bank  
of the Republic, Chicago.

the South. Our export trade may suffer some but the totals will still be large. Industrial peace bids fair to tarry with us for quite some time to come. Instalment buying will doubtless still maintain its active part in selling goods. Production still is on an even balance, although not quite so good as some months back. Sound and prosperous conditions in one

line will continue to develop sound and prosperous conditions in others, but probably not to quite the same extent as in 1925 and 1926.

"In 1925 we had a business scare in April and May. In 1926 we had a fit of pessimism in March. In 1927 we may very possibly develop the same ideas. While this feeling, if it should develop, may be somewhat more justified in 1927 than in 1925 and 1926, nevertheless the outcome of the year will doubtless prove that any considerable pessimism for 1927 was a horse in the wrong garage.

"Unless inflation should develop and collapse, unless European competition should gain in a sudden and spectacular way, unless we should suffer a crop calamity or a big strike, unless a scare should develop in connection with the continuance of a fair amount of construction resulting in a widespread stoppage of work, unless a panicky feeling should spread regarding instalment buying that would suddenly cut down the volume of this means of financing the purchase of goods, there is apparently no reason for a depression year in 1927.

"The somewhat popular slogan of the moment, 'Prosperity cannot go on forever,' if translated into hesitation in going ahead with the normal business of the coming year, might lead to uneven production and mix up the cogs of the business machine, but the evidence so far before the court should convince any fairly intelligent jury that this slogan is somewhat out of place, and that while there may be some waves ahead in the business sea, the tide still rolls in the right direction."



# THE RIGHT PERSON FOR YOUR WINDOW DISPLAYS

By M. E. CHASE

**H**AS your bank a good location? Do thousands of people pass your institution daily? Have you a good window for displays? Perhaps you have at some time or other decided that your window was a fine medium for advertising. You went in for window displays for a while. And found that it did pull business. You used a window display service of some outside individual or concern—perhaps you tried two or three such services. Then, feeling that it cost too much, or that the displays weren't individual enough for your particular institution, you tried creating and putting in your own displays. And you had some pretty attractive ones, too, if you do say so yourself. But, with the hundred other things on your mind, the windows got to be a holy nuisance. So you gave it up.

However, you still believed in the idea. You plan sometime to try it again . . . when you find just the right person to do the work.

In gathering data for a book on window displays for banks, the writer found this was the situation with many, many banks throughout the country. In fact, in institutions where the window displays were operating on the same steady, efficient basis as were the savings or bond departments, the stages above enumerated had been gone through.

Now, many banks never do discover that "right person" to handle their window displays, and this valuable medium of advertising goes by the boards. Banks don't find this "right person," not because a man or woman with the necessary qualifications is so rare, but because banks often fail to recognize the earmarks of such aptitude when it is right

under their gaze six days a week. For usually it is not necessary to go outside of your own working force to find the right man or woman for the job, and ninety-nine times out of a hundred, the person best qualified will be the one who can best be spared from the routine work behind the counters.

What recently occurred in one of the big trust companies in New York City brings out the point that the writer is trying to make.

Three years ago, a progressive young man in the trust department of the institution referred to, who held promise of developing into a good executive, got the idea that the company ought to use window displays to push the interest department, inasmuch as they had two windows which were well suited for displays. He spoke to his immediate superior, who likewise thought there might be something in the idea. When it became convenient, this second man mentioned the matter to his superior. They both talked it over with the progressive young man and it was suggested that he get into communication with other banks throughout the country who had gone in for that type of publicity and learn what they thought of it after their experience with it. He corresponded with forty or fifty banks, and also wrote to the main office of the Financial Advertisers' Association in Chicago. The replies he received confirmed his own judgment that window displays were good business.

## WINDOW DISPLAY FIRMS

Next he was instructed to get in touch with individuals or firms who were put-

ting out window displays. An avalanche of letters, circulars and salesmen was the response to this second set of inquiries. And after due consultation with his "higher-ups" he signed up for a three months' trial with a concern that was syndicating bank window displays. They were to take the entire burden off the shoulders of the bank—put in a new display twice a month for so much per month. But some of the bank people thought the displays were not individual enough for their trust company. Also, they seemed pretty expensive. (They found later when they began to build their own that they weren't.) At the expiration of the three months' contract, the bank tried another window display service. This organization shared the same criticism, plus the odium of their ideas being "trite."

So one day the young man gave the display a critical "once-over" on his way out to lunch, and as he ate there grew in him the conviction that he could build and install a better display than this concern specializing in that line. He knew the real inside of banking better than they, his own institution's policies in particular, and from the conglomeration of data he had collected in his quest into window displays, he had developed several corking good ideas. Again he looked at the display in his window, and decided positively that there was nothing intricate about it. He was dead certain he could do a better job than the bank had been getting from outside sources.

So he undertook the job himself. The first three, even four, displays seemed to go over well and he enjoyed the nice little variation from his other work. But about the sixth display he ran short of ideas, and began to feel that the time for a new display rolled around terribly quickly, and that there was a lot of bothersome detail to it, which ate into his time. He then took up any old idea and developed it in a sketchy fashion. But the next time, he arrived at the

realization that it was a holy nuisance that he had too much to do to be bothered with window displays. He convinced his immediate superior and the officer above him that such was the case. So the window was left empty.

Then one day the president of the trust company noticed that they hadn't had a display in the window for several weeks, and he asked what the trouble was. The president was a very broad visioned man with a finger in a dozen or more enterprises outside of the trust company and a reputation for knowing how to pick the right man for a given responsibility and how to delegate responsibility.

"See here," he said, "if window displays are good business for other institutions, as your research has disclosed, we can't be asleep at the switch on them. Let's find someone to make it their specific business to look after the windows. I'm not blaming you," he added to the young man, "you're doing fine work and I don't expect you or any one else to take on more work than he can comfortably take care of in a normal day—but let's rustle up some capable person in the bank to do the windows, relieve him of enough of his old work, so he won't be over-taxed and can give it the right attention. Anything that brings in business—and you admit that the displays did pull well—warrants the attention of a capable man."

So the young man went on a still hunt about the great institution in search of a capable man to look after the window displays. Jim Johnson had been with the bank for six years and had been graduated by easy stages from messenger to teller. He was a corking good teller too . . . he handled more business in less time with fewer inaccuracies than any teller behind the long vista of cages. The chief clerk yelled his head off when Jim Johnson, his best teller, was taken off his job. And Jim wasn't so wildly excited over the change himself. Window display work to him didn't seem

like a he-man's job. He demurred that he didn't know anything about window displays. However, he was a conscientious sort, and if the president wanted someone capable to take over that work, he'd do his best. But his best was pretty stupid, even though he posted himself on the how and the why of window displays, and had spent a good deal of time trying to find out something about them.

Again the president stopped at the desk of the progressive young man. "I don't for some reason think much of the displays we're getting lately!" he announced. "No punch to them. They lack something, I don't know just what."

"Well," sighed the young man despairingly, "we've put the best man on our force on that work."

"Help him along all you can and perhaps he'll pick up," the president suggested and went on a quiet quest about the bank himself.

He came across Jim working with meticulous care over a new display. He barely took time to answer questions civilly that the president put to him.

Away from him, the president shook his head. "He's making hard work of it—not cut out for that kind of job."

Down in the bookkeeping department he spotted a young chap, pleasant to talk with, easy to get along with, but the chief clerk complained that he was absolutely no good at figures.

#### BILL JONES MAKES GOOD

The president, who had a reputation for knowing how to pick men, didn't need to be told that this chap, Bill Jones, was no good where he was, nor that he had never held a job longer than eighteen months.

But he knew for a certainty that Bill Jones was the man who would make good on the window displays. He had him transferred to that work, to the relief of the chief clerk, who was waiting

his chance to fire him, and to Jim Johnson, who welcomed back his old work with all his tortured soul.

To the amazement of the progressive young man and most everyone else, Bill Jones made good. He took an interest in this new work such as he'd never in his life been known to in any other job he'd held. He caught on quickly and easily, to the ideas the bank was desirous of putting over to the public. Some of the most commonplace ideas, he dressed up in an astonishing manner. There was punch, point and variety to his displays.

If you happen to be looking for a man to do your window displays, it isn't so hard to spot such a man, any more than it is to spot the type of horse that will do good work on a race track. One look at him tells the story.

His build, his gestures, his natural inclinations are dependable indicators:

First, here are the indicators of the man who would *not* do himself proud on window displays or advertising. He goes about his work in a serious, methodical manner, and is perfectly happy in a job that requires a steady grind. He is accurate and can be depended upon to keep an appointment to the minute. A valuable bank employe, indeed, but back of the counters on the books or in a teller's cage.

Now to the man who *will* shine on window displays: He is easy going, graceful, meets people well and is sometimes temperamental. If he makes the money, he'll dress well, have a dozen ties where Jim Johnson would have one, and he'll dare to deviate from the safe dark blue tie and wear it without its looking like a Christmas present from the wife. He's interested in everything new, although not for long. Jim Johnson would delve to the very bottom of a subject that finally appealed to him. Bill Jones would be fascinated at once with something new and dally with it until he got the drift of what it was all about, and then he'd be through with it. He hates routine. Sitting on a

stool all day and posting a ledger is punishment to him; Jim Johnson likes that. Bills makes friends readily, has lots of them, but tires quickly of any one who shows an inclination to fasten himself to him. Bill is the "race horse" among us humans. But he'll steady down to an even gait on window display work where he'll kick over the traces or break down on book work. Because he'll enjoy getting out and chasing up properties for his displays. He thrives on cooking up a new idea for each display. He'll put his whole being into developing that idea to the n'th degree of perfection. By that the writer means that he'll give it the subtle touches of color, light and proportions, which make a display fine, whereas Jim Johnson would have each nail exactly three inches apart and nary a wrinkle in his surface, but it would never occur to him that color, light or proportion was essential to the drawing power of a display. Bill Jones will complete and install his display, and it's all a gorgeous good time for him. But then he is through with that idea. If you expected him to start over and build a dozen like it, he'd be bored to death. When he has fully spent himself on that idea, he's through with it; he's ready to start something new. And he plunges into the next display with the same enthusiasm he put into the last.

#### POSSIBILITIES FOR DISPLAYS

And he won't run dry on ideas, for the reason that just unconsciously everything he sees suggests a possibility for a display, even though it be quite irrelevant to banking. To illustrate, when he goes to the theater he sees more than just a "show." He is very conscious of the color and lighting effects, what colors are being used together, how much of each, and which are the background and the balance of the colors. Jim Johnson would naturally never give this a thought. There's gayety and life to the show, he realizes, but he believes firmly

that it is the pretty girls and the music that are solely accountable for that.

But when Bill Jones does adapt some of these suggestions he gets from the theater, he does it with a perfect appropriateness to banking—he possesses a peculiar sense of fitness.

However, if Bill is sensitive to these things which make him particularly adapted to advertising and window displays, it is only natural that he should also be oversensitive to criticism, flighty and unreasonable at times. Every asset has its drawback.

He is the very antithesis of what makes an efficient employe in any other department of the bank. He's the type of man who has been for years, regarded as a "no good" in banks, and both officers and employes have scant deference for him. Also, they have as yet not developed any great respect for advertising and window display work, the job he is peculiarly fitted to do best. Advertising is just something to clog up the works when they are hurrying through with the routine of the day's work and trying to get out fifteen minutes after the bank closes. Any advertising manager will tell you this is so. And it's the thing that makes him much less efficient than he otherwise would be. For Bill Jones must have the stimulus of approval to do his best creative work.

What's the answer? This: The bank employes watch the attitude of the officer in charge of them. If he is short and scornful with Bill Jones they'll take his cue, and being "second-lieutenants," they'll spread their scorn on twice as thick as the big boss. On the other hand, if the big boss displays a friendly interest in his window displays, so will the rest of the bank, and that moral support to the window display man is invaluable.

But, are you saying as you read this, be darned if I'm going to coddle anyone to that extent? All right, then put a Jim Johnson on the job and take what

he is capable of giving you, which isn't so much in the way of window displays. He isn't sensitive to outside opinions—much.

However, if you want to get value received out of your windows, if you want in your displays those subtleties which the president of this trust company missed in Jim Johnson's windows, and which are the things that pull the attention to your windows which are in pretty strong competition with those of department stores and others who spend thousands of dollars on their displays, in short, if you would have the best, then you'll put a Bill Jones on the job and

expect from the beginning that he'll be more difficult to handle than Jim Johnson. It takes an employer who is bigger intellectually to handle Bill Jones and get the most out of him, than Jim Johnson. The same as it takes a more skilful driver to get the speed out of a race horse, than to guide the plow horse around the field. And because human beings are more highly organized this is even more true than with animals. But somehow we are so prone to feel that we are all made after the same pattern; that we should be equally efficient in the same things.



The services of its trust department were advertised in an unusual fashion by the Guaranty Trust Company of New York in this recent display in the main corridor of its Fifth avenue office. The different phases of the duties of an executor were illustrated and described.



# SCIENTIFIC MANAGEMENT APPLIED TO BANKING

By J. B. A.

THE great advance in the standard of comfort which has been achieved during the last century was made possible by the application of science and the scientific method to industry. Many of the most successful corporations today have trained scientists on their pay-rolls and it was the close co-operation between science and industry which before the war promised to place Germany in the first rank of industrial nations.

It was left to Frederick W. Taylor, an American, however, first to employ the scientific method systematically for the solution of problems of management, that is, to substitute patient investigation and careful collaboration of facts for intuition or hunch as the basis for executive action. As a young man Taylor studied law, but owing to eye trouble he left college and went to work in a machine shop. As a mechanic he was impressed by the tremendous loss to industry as a result of the deliberate restriction of output on the part of the men, and when he became a gang boss he tried to remedy this condition. To his demand for increased output the men opposed determined resistance. In the hope of overcoming this opposition Taylor trained up unskilled laborers to run the machines on condition that they promise to do a full day's work when their training was completed. These men, however, were talked over by the other mechanics and would do no more than the rest. When some twenty men had been trained in this way Taylor called them together and told them that their position was different from that of the other mechanics, who were under no special obligation to him. They had accepted his conditions with their eyes

open, and if they would not fulfill their part in the bargain he intended to reduce their pay to that of unskilled laborers. The men continued to resist, but when month after month went by and Taylor showed no signs of weakening they finally promised to do what he asked. Then the other men played their last card. Every time a new man agreed to turn out a full day's work a machine would be broken, thus reducing the output of the shop. To meet this Taylor instituted a system of fines under which the men working on the damaged machine were fined regardless of how the damage was caused, and the proceeds turned over to a fund to furnish sick benefits for the men. Six months of this relentless fining brought the mechanics around, but while Taylor was victorious, the bitterness of the struggle, which lasted nearly three years, made an impression on him that he never forgot, and never again did he allow himself to be drawn into direct conflict with the workers.

## LEARNING HIS LESSON

It was in this way that Taylor learned the lesson which was to form the basis of his system of management, that is, that to secure the maximum output it is necessary to obtain the willing co-operation of the workers. Under the old system of management this co-operation had not been fully obtained. If the men were paid on a time basis there was no incentive to increase the output, as the good worker received no more than the slacker. If they were paid on a piece rate basis the output was restricted deliberately, as the men had learned by



experience that any increase in output would be followed by a reduction in the piece rate. How was he to escape from this dilemma? To Taylor's logical mind it was obvious that if a full day's work were to be demanded the first thing to do was to discover what constituted a reasonable task, that is, what would be a fair daily task for a man who was suited for that particular kind of work, working at a pace which could be kept up year in and year out without loss of efficiency as a result of over-fatigue. To establish such a task it was necessary that the conditions under which the work was done should be uniform, in other words, the tools, machines, equipment, etc., had to be standardized. Before a standard tool could be selected it was necessary to determine what form of tool would be the most suitable. This led to investigations into such matters as the best tool steel, the best angle for the cutting edge, the speed at which machines should be run, thickness of shavings to be cut, etc. One thing led to another, and what started as an apparently simple inquiry developed into an investigation extending over a number of years and resulted in discoveries that revolutionized the art of metal cutting and incidentally earned hundreds of thousands of dollars for Taylor himself and the Bethlehem Steel Company, for which he was working at the time his investigations were completed.

As conditions were standardized it became possible by careful motion study with the aid of a stop watch and by detailed analysis of the work to set a fair task for each man. If he accomplished this task he received a bonus in addition to the ordinary wage for workers of his class. If he fell short, a man was sent to watch his work in order to discover the reason, and if it was found to be a faulty method of working he was coached in the right way to perform each operation until he reached the required state of efficiency. If he continued to fall short in his work it was taken as evidence that he was unfitted for that

particular type of work, and an attempt was made to find him some other work for which he was better suited or, if this was impossible he was dismissed. Taylor believed that it was the duty of the management, not the man, to discover the best way in which each task should be done and once that way was discovered, it was made the standard for the whole works. This was in line with his whole philosophy of management and careful investigation as a step to standardization.

#### FEATURES OF SYSTEM

Thus we get the five outstanding features of Taylor's system:

1. Standardization of machines, tools and equipment after careful investigation to discover the best of each.
2. Standardization of the daily task of the worker after a thorough investigation of the task and the capability of the worker.
3. Selection of worker adapted to the work which is to be done.
4. Training the worker in the best way to do the work.
5. High pay as an incentive to do efficient work.

The application to the business of banking of the principles enunciated by Taylor will differ materially from the application of those same principles to the work of the machine shop. In banking, for example, the crucial question is one of profits, not output. Owing to the growth in the free services furnished to their customers, paralleling the steady increase in the cost of doing business, the margin of profit in banking is now dangerously narrow and bank executives are faced with the problem of how to place the bank's profits on a satisfactory basis. If the solution of the problem is to be found through the introduction of scientific management, it will be necessary to make a scientific study of the bank's profits and expenses on some such basis as the following:

1. A careful analysis of the annual



profits so as to determine the sources from which they are obtained.

2. A study of these sources to see which are capable of further development.

3. A careful analysis of expenses to trace each item of expense to its source.

4. A study of these expenses to determine which could be profitably reduced or eliminated.

5. A careful analysis of the assets of the bank, together with a comparison of the individual assets with the earnings derived from them, to discover whether there are any assets which are not yielding a reasonable profit.

6. An inquiry as to the means by which these unprofitable assets can be placed on an earning basis or liquidated.

7. An investigation into the finances of the bank to discover what reserves are required, to decide the best distribution of these reserves and to determine what is the most profitable investment for surplus funds.

8. A thorough investigation as to the bank's staff requirements, the type of men needed, the best way of deciding the suitability of applicants, the inducements required to attract the right type of men and the best method for training junior officers.

9. A study of the stationery forms and equipment to discover whether they can be simplified or made more suitable for the purposes for which they are intended.

10. A careful study of the routine work of the bank with a view to the simplification of the system and the elimination of any unnecessary routine requirements.

11. An analysis of the duties of the

different posts to aid in the selection of the men to fill these posts.

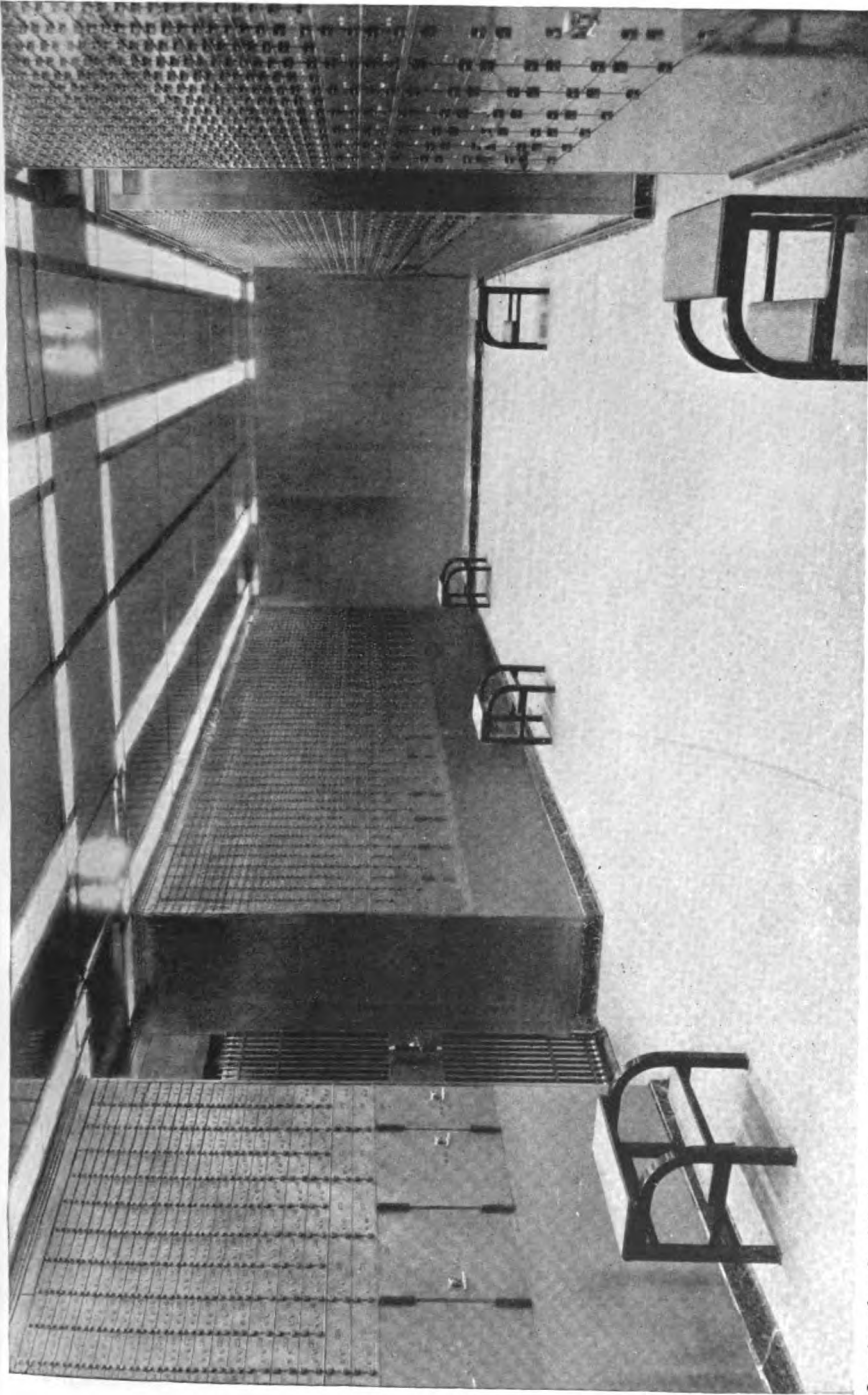
12. An inquiry as to the best means for encouraging and insuring promotion to men of outstanding qualifications before they drift away to other occupations, and how best to secure the early elimination of dead-wood.

13. An analysis of the individual customers' accounts so as to determine which are yielding a profit and to find the best means for placing unprofitable accounts on a paying basis.

14. Providing the executive officials with up-to-date information as to the trend of deposits, loans, profits, etc., so as to enable them to use this information more effectively as a basis for the decision of questions of policy.

15. The installation of a system of budgeting expenses and forecasting earnings on the lines now adopted by progressive manufacturers and sales organizations.

When this work is completed, it should enable the bank to standardize its policy with regard to finances, treatment of staff, free services, etc., and thereby increase its earnings so as to secure reasonable dividends for shareholders, increased efficiency and better pay for its staff, and more satisfactory service to the public. To produce this result, the bank's problems must be attacked with the same courage, thoroughness and patience that Taylor brought to bear in his investigations of the problems of the machine shop. It will, of course, involve a great deal of thought and painstaking work, but scientific management has been tried successfully in manufacturing and sales organizations; why should it not prove equally successful in a bank?



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## THE BRANCH BANKING BATTLE

BY WILLIAM HAYES

**T**HE legislative battle over the Hull Amendments is on. Mr. McFadden fired the first volley in an address on November 10 before the New York Board of Trade. His vigorous attack on the Hull Amendments took effect for, a little more than a week later, Mr. Hull returned a raking crossfire of comment on Mr. McFadden's remarks. This is only the opening skirmish. This sort of thing may be expected to continue throughout the sitting of Congress, or until some definite action is taken on the McFadden Bill.

Mr. McFadden's argument is for local option. He believes that, on branch banking, the states can "take it or leave it alone" and that Congress should leave them enough "personal liberty" to exercise that option. "The first objection to the Hull Amendments is that they are Congressional interference (veiled and indirect as it may be, it is interference nevertheless) with the right of the state legislators to pass such laws as their constituents want. The advocates of the Hull Amendments admit that when they claim they will discourage the passage of branch banking laws in twenty-six states. . . . In its relation to industry and commerce, branch banking is a local question. The people in some parts of the country evidently want it. If they do, it is their right to have it. The people in other parts of the country do not want it. If they do not want it, it should not be forced upon them."

According to Mr. McFadden, conditions differ. Small towns and villages have no need and no desire for branch banks. But, in the larger cities, where the state law allows state banks to have branches, whether that law is now in existence or whether it is passed some time in the future, it is only fair that

the national banks should have the same right. The Hull Amendments will forbid that right to national banks in states which do not have branch banking laws at the time the McFadden Bill is passed. "In other words, the policy of the Hull Amendments is to give a privilege to national banks in certain states and deny the same privilege to national banks in other states. Therefore, the second objection to the Hull Amendments is that they deny the equal protection of the law to all whom the law is intended to affect, thus violating one of the fundamental principles of our Government.

"If branch banking exists in twenty-two states, it is because the people of those states want it. . . . The national banks in those states are not responsible for its existence. If any banking influence is responsible it is the state banks." Therefore, it is unlikely that any restriction on national banks, so Mr. McFadden argues, in states not now having branch banking laws, will have any influence in deterring the passage of such laws in the future. Rather, it is likely to encourage such legislation for "state banks, finding their national bank competitors are helpless with respect to branch banking, would work for the passage of branch banking laws for the competitive advantage it would give them." And national banks, even though tied down by a statute, would slip that halter by converting into state banks, if they were not afforded relief by Congress. "Therefore, the third objection to the Hull Amendments is that they will not work, they will not check branch banking, but on the contrary will tend to encourage branch banking in those states where it does not exist."

"The proposed legislation, without the Hull Amendments," Mr. McFadden

concluded, "deals with practical, existing conditions that require immediate attention. The Hull Amendments attempt to deal with something that does not exist except in the minds of those who fear that certain local conditions may arise and they want Congress to attempt to influence the action of state legislatures if and when they are called to deal with these local situations. Therefore, the Hull Amendments are academic. Furthermore, they are wrong in principle, unjust in their effects, and they will not accomplish the purpose for which they are intended."

In replying to Mr. McFadden, Mr. Hull devoted a great deal of energy to the attempt to prove that the action of the recent convention of the American Bankers Association in taking a stand against the Hull Amendments was a political move, and inconclusive as an index of the sentiment of bankers in the United States.

Then, taking up Mr. McFadden's first objection—that the amendments interfere with the "personal liberty" of the states—he said that "except to equalize branch banking privileges between national and state banks in territory where state banks now engage in this practice, branch banking is not primarily a bone of contention between state banks and national banks, but between large banks and small banks.

"In the states where branch banking is permitted, there are 16,484 banks, of which 735 have engaged in branch banking—or about 4½ per cent. . . .

"In the twenty-six states where the state banking laws do not permit branch banking, one important factor is unquestionably the fact that national banks cannot now take advantage of legislation permitting state banks to operate branches.

"In each of these non-branch banking states the 4½ per cent. of banks which might desire to change the state law to enable them to engage in branch banking represents the powerful financial interests which might be expected to

wield the most influence with the state legislature. Part of this 4½ per cent. are state banks, and part are national. Their interests with respect to branch banking are now opposed, and their influence balanced. . . .

"To pass the McFadden Bill without the Hull Amendments is to place an incentive before every large national bank in non-branch banking territory to use its influence to change the existing state anti-branch banking law. This would be 'Congressional interference' neither 'veiled' nor 'indirect' as Mr. McFadden says."

#### SECOND OBJECTION INSINCERE?

Mr. Hull evidently thinks that Mr. McFadden is insincere in his second objection that the Hull Amendments deny the equal protection of the law to all whom they affect for he puts the rhetorical question, "On the one hand why does Mr. McFadden seek to legislate for all the national banks and then limit their branch banking privileges to cities of 25,000 or more population, and in other ways?

"And on the other hand why did Mr. McFadden sign the joint conference report raising this minimum population limit from 25,000 to 100,000 if he is trying to benefit all the national banks? As the bill was reported by the joint conference committee it would extend branch banking privileges to national banks of only forty-four cities, with more than 100,000 population, and deny it in the 234 cities of population between 25,000 and 100,000 as well as in all smaller cities."

Finally, Mr. Hull says that Mr. McFadden's statement that if Congress ties the hands of the national banks the state banks would work for branch banking, and the national banks would convert into state banks, is "absurd." "The Hull Amendments do not 'tie any hands'—they only perpetuate the *status quo* in the non-branch banking states—they continue the branch bank situation

in these states as it is and as it has always been—and none of the dire predictions of Mr. McFadden has either threatened or come to pass. An analysis by Senator Reed of Missouri showed that the transfer of banks from national to state charters was approximately equal in branch banking and non-branch banking territory, proving that the branch bank-

ing privilege was not a controlling influence in such transfers.”

Here are the statements of position by the two men who will probably lead the debate in Congress. Both are so logical that the side any banker will support will depend, evidently, on the angle from which he looks at the problem. Both claim to be against branch banking.



Leroy A. Mershon at right, standing, secretary of the Trust Division of the American Bankers Association for the last ten years, being presented with a gold watch in recognition and appreciation of his faithful service with the organization. The watch was presented by Lucius Teter, president of the Chicago Trust Company, at a recent meeting of the Trust Division. Mr. Mershon, prior to his work as secretary of the Trust Division, which culminated at the meeting of the A. B. A. in Los Angeles last autumn, was president of the Savings Bank Section of the association. He was publicity manager of the United States Mortgage and Trust Company before becoming associated with the A. B. A.





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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

## PAYING CHECKS SIGNED BY CORPORATE OFFICER TO ORDER OF CASH

*Broadway Boxing Club, Inc. v. Bush-  
wick Nat. Bank, New York Supreme  
Court, 216 N. Y. Supp. 713.*

A bank, which carries a corporation's checking account, is not put upon inquiry by the fact that the treasurer of the corporation signs and cashes checks drawn against the account and payable to the order of cash. Such transactions are of daily occurrence in the drawing of money for payroll and other purposes.

The plaintiff club kept a checking account in the defendant bank. The plaintiff's treasurer was authorized to draw checks against the account. The bank paid a number of checks signed by the treasurer and payable to cash, the treasurer apparently not accounting to the club for the proceeds of the checks. It was held that the bank was not negligent in paying checks in the form described, there being no circumstances present which would tend to put the bank upon notice that the proceeds of the check were not being devoted to corporation purposes.

Action by the Broadway Boxing Club, Inc., against the Bushwick National Bank. On plaintiff's motion to set aside verdict for defendant. Motion denied.

### OPINION

CARSWELL, J.—The jury was warranted in finding that the initial deposit in the bank account of the plaintiff herein was brought to the bank by Ehrlich, and that at that time he received the temporary receipt; that he returned with the temporary receipt and complied with the formalities of opening the ac-

count on the following day, at which time he represented he was the treasurer of the plaintiff and received from the bank official a signature card, with instructions to have the president sign same; that before leaving the bank he signed as treasurer, leaving space for the president, Feinberg, to sign; that the president, Feinberg (who owned all the stock of plaintiff), subsequently affixed his signature to the card at a time when Ehrlich's signature was already on it in the capacity of treasurer, and at a time when the card recited that the president or the treasurer were to have authority to sign the company checks; that Ehrlich returned the card in that condition to the defendant bank; and that from time to time Ehrlich made further deposits and wrote checks making withdrawals from the bank against the plaintiff's account.

The plaintiff asserts that the evidence of the foregoing upon which the jury acted was improperly admitted, and that as a matter of law plaintiff was entitled to a verdict. Neither side submits authority that is directly in point on any question in the case. There is, however, authority of long standing that, under the circumstances cited above, agency by estoppel arose. 2 Corpus Juris, 461, § 69. The jury was instructed from what facts such an agency might arise, and also from what facts no such agency could arise. There is also a case where this principle was applied to a state of facts substantially paralleling in the important particulars the facts in this case. *Fulton Bank v. New York & Sharon Canal Co.*, 4 Paige's Ch. 126, 136, per Chancellor Walworth. The evidence supporting this result was properly admitted under the foregoing authorities, and the agency by estoppel of Ehrlich was fully established. The jury finding to that effect should not be disturbed.



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Plaintiff also asserts that the bank was negligent as a matter of law in paying out checks drawn to the order of cash and signed by the plaintiff corporation, per Ehrlich as treasurer, when such checks were presented by Ehrlich in person. The defendant was not negligent as a matter of law in so doing. Whether it was negligent or not was at best a question of fact for the jury, and the jury have held that the bank was not negligent. The bank could only be held to be negligent in the event that it was put on notice or inquiry that the proceeds of the check were being or to be made the subject of a larceny or conversion. Such notice or being put upon inquiry arises when a check is made payable to the officer, and signed by the corporation per that self-same officer, or where, no matter how the check is made payable the bank is apprised that the proceeds are being applied to the officer's personal affairs, as when a check payable to cash is placed by the bank to the personal credit of the officer in an account the bank may have for that individual. But when a check, made payable to cash, is presented by an employe or officer of a corporation, authorized to sign for such a corporation, to a bank for payment in cash, the bank has no means of knowing from a mere inspection of the check that the proceeds are going to be subjected to larceny or conversion by the one presenting the check. It is only put on notice where the individual presenting it is the payee or is depositing such a check in his private account.

To hold otherwise would result in the court's ignoring the universal practice of long standing of treasurers and similarly authorized officers of corporations presenting checks made payable to cash for vast sums for pay roll and other purposes. Such transactions are of daily occurrence in every bank in the city, and if courts did not know this they would merely brand themselves as being ignorant of what is common knowledge

in the entire business community, and give convincing point to the criticism often made that courts have lost touch with the practical facts of life and the world, especially in their attitude on matters of common knowledge in business practice. At most it is a question of fact for a jury whether or not the circumstances surrounding the particular presentation of such a check carried with it notice of a diversion of funds from corporate purposes, and whether or not the payment thereof by a bank was or was not imprudent or negligent act within the standard of a reasonably prudent or cautious man exercising ordinary care. It has been judicially recognized, however, that a check not indorsed in form, for the credit of the person presenting it, cashed through a messenger, did not, without proof of further facts, establish any limitation on the right of the holder to receive the proceeds thereof from a bank, through a messenger or otherwise, so as to cast liability on the bank honoring the check. *Peerpot v. Mt. Morris Bank*, 120 App. Div. 247, 104 N. Y. 1045; *Madeiran Alliance Protective Association v. Lowell Trust Co.*, 237 Mass. 89, 129 N. E. 440; *Hatch v. Johnson Loan & Trust Co.* (C. C.) 79 F. 828, 829, 840, 841; *Griffin v. National Bank of Commerce* (Mo. Sup.) 246 S. W. 190.

When the checks sued upon herein made payable to cash were presented to the paying teller of the defendant bank, signed by an officer who, as to them, was authorized to sign, the bank was not required to inquire into whether the cash on the check was to be devoted to corporate purposes or not. It had a right to assume that the proceeds would be devoted to corporate purposes, unless a jury concluded that the surrounding circumstances were such that it would be negligent to so assume. Here the jury has held that the bank was not negligent on evidence that is conclusive upon this court.

Motion to set aside the verdict for the



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Woonsocket, R. I.



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defendant is denied, with exception to the plaintiff.

**CASHIER NOT LIABLE ON  
AGREEMENT TO BE RE-  
SPONSIBLE FOR DEPOSIT**

Edwards v. Bryan, Supreme Court of  
Alabama, 108 So. Rep. 9.

The plaintiff had a time deposit in a bank of which the defendant was cashier and principal stockholder. The defendant signed an instrument stating that he was personally responsible to this plaintiff for the deposit to the extent of \$5000 "until the contemplated business matters have been perfected in the sale and issue of stock has been made." In this action to recover under this instrument, it was held that it was not a direct or original undertaking by the defendant but was a collateral undertaking to answer for the debt or obligation of another (the bank). Under the statute of frauds such an agreement is not valid unless there is a sufficient memorandum of it in writing signed by the person to be charged. The instrument here sued on was deficient in that it failed to recite a consideration passing to the defendant and the cashier was accordingly held not liable.

Action by C. W. Edwards against W. J. Bryan. Plaintiff takes a nonsuit, and appeals from adverse rulings on evidence. Affirmed.

**OPINION**

GARDNER, J.—Plaintiff (appellant) was on February 15, 1924, depositor of the Bank of Flomaton, of which bank defendant (appellee) was cashier and principal stockholder. On said above named date defendant executed to plaintiff the following instrument, which forms the foundation of the present suit:

Flomaton, Ala., Feb. 15, 1924.

"This is to say that I am personally

responsible to C. W. Edwards for his time deposit in the Bank of Flomaton in the sum of \$5000.00 at the rate of 7 per cent. interest until the contemplated business matters have been perfected in the sale and issue of stock has been made.

"(Signed) W. J. Bryan, Cashier."

The sole question here presented, as conceded by counsel for the respective parties, is whether the foregoing instrument is to be construed as an original or direct obligation on the part of defendant, or merely as a collateral undertaking. If construed as collateral, failing to express any consideration, it is not questioned that it would be unenforceable as in contravention of the statute of frauds. *Lindsay v. McRea*, 22 So. 868, 116 Ala. 542; *Rigby v. Norwood*, 34 Ala. 129.

The foregoing undertaking does not pretend to discharge the bank's indebtedness to plaintiff. Its liability continues to exist. In *Puckett v. Bates*, 4 Ala. 390, speaking to this question, the court said:

"The law is certainly well established that if the person for whose debt, default or miscarriage the undertaking is made, be liable at all so that the whole responsibility does not rest upon the second promisor, the second promise is collateral, and is void by the statute if not reduced to writing."

This character of test has found frequent repetition in our subsequent case. *Boykin v. Dohlond*, 37 Ala. 577; *Clark v. Jones*, 6 So. 362, 87 Ala. 474; *Webb v. Hawkins Lumber Co.*, 14 So. 407, 101 Ala. 630; *Sanford v. Howard*, 29 Ala. 684, 68 Am. Dec. 101; *Shepherd v. Butcher Tool & Hdwe. Co.*, 73 So. 498, 198 Ala. 275.

But this instrument bears further evidence of its collateral nature, in that defendant's liability is expressly for a limited period—that is, "until the contemplated business matters have been perfected in the sale and issue of stock has been made." Upon the perfection

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**D.F. Houston, President**  
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of the business matters therein contemplated, the liability of the defendant was to cease, as a necessary consequence of the language used. Of course in such event it was not contemplated that the liability of the bank to plaintiff as a depositor was to be revived, as it were, but strongly indicates that it was the understanding and intention of the parties that the bank's responsibility was to continue and be unaffected by the agreement.

Counsel for appellant relies upon *Bates v. Starr*, 6 Ala. 697, *Scott v. Myatt*, 24 Ala. 489, 60 Am. Dec. 485, and *J. Zimmern's Co. v. Granade*, 102 So. 210, 212 Ala. 172, but the cases are readily distinguishable. In the latter case credit had been expressly withdrawn from the corporation, and no credit was to be extended to it, the plaintiff extending credit to Granade only, who accepted the same. The correspondence set out in the opinion clearly demonstrates that the liability of defendant in that case was original and direct. In *Scott v. Myatt*, supra, goods were delivered to one Orr upon the faith of defendants' order, which contained an unconditional promise to pay for such goods as plaintiff might furnish Orr in the future, and the court correctly held the writing constituted a direct obligation. So likewise with *Bates v. Starr*, supra. Defendant had obligated himself in the writing there in question to be responsible for any rental arrangement one Searll might make as to a certain storehouse. The court, observing that "it is of the essence of a guaranty, that there should be a principal debtor, for it is a collateral engagement for another," and proceeding to a discussion of the undertaking therein questioned, said:

"Here is a direct promise to be responsible for the payment of the rent, not to answer for the default of Searll. In fact, it cannot be assumed from the writing, that the latter wanted the house for his own use, or that it was expected any credit should be given to him by

the plaintiffs. From anything appearing to the contrary, Searll may have been employed by the defendant as an agent to procure the house for him."

In the instant case the writing shows the liability of the bank to plaintiff as a depositor, and nothing to indicate that such liability is to be affected by the written instrument. It continues to exist; defendant's liability continues to the happening of a certain contingency. The two liabilities are separate and distinct. Applying the test laid down in *Puckett v. Bates*, supra, and consistently followed in subsequent decisions, we find ourselves in accord with the holding of the trial court to the effect that defendant's undertaking is collateral and not original and direct.

It results that the judgment of the court below will be here affirmed.

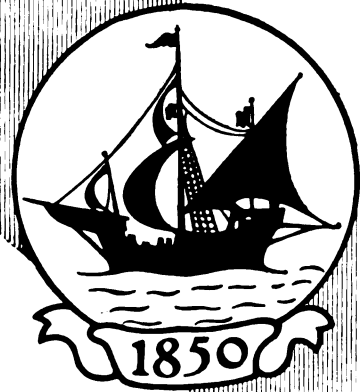
Affirmed.

#### ON REHEARING

GARDNER, J.—The foregoing fully answers, as we consider it, the argument of counsel for appellant as contained in briefs upon original consideration of this cause, but upon application for rehearing there is presented a further insistence that there was consideration for the execution of the instrument here in question, moving to defendant, and sufficient to constitute the transaction an original and independent obligation on defendant's part. Reference is made to an agreement as to the sale by defendant of some of the bank stock to plaintiff, but this was entirely conditional and a mere tentative understanding between the parties, without binding effect.

The testimony of plaintiff is somewhat uncertain as to the further insistence that a consideration for the instrument was the understanding that he leave on deposit the money he then had in the banks. But conceding the sufficiency of the evidence in this respect, the benefit to defendant as a stockholder in the

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bank would be incidental only and not direct, and would not suffice to change the character of the transaction from a collateral to an original and independent one. 27 C. J. 150; *Richardson v. Albright*, 121 N. E. 362, 224 N. Y. 497, 8 A. L. R. 1195; *Walther v. Merrell*, 6 Mo. App. 370; *Hardware Co. v. Goodman*, 69 S. E. 898, 68 W. Va. 462, 32 L. R. A. (N. S.) 598, Ann. Cas. 1912B, 218.

A careful consideration of the cases of *Uvalde Nat. Bank v. Brooks* (Tex. Civ. App.) 162 S. W. 957, and *Goodling v. Simon*, 54 Pa. Super. Ct. 125, cited by counsel for appellant, will disclose that they are not opposed to the authorities above noted.

But this additional argument is to be considered also in the light of the further fact, as noted upon original consideration, that the instrument bears upon its face evidence of its collateral character, in that the defendant's liability is expressly for a limited period. Viewed in any aspect of the case the obligation of defendant was not original and independent, but remained collateral. *Richardson v. Albright*, *supra*.

The application for rehearing is overruled.

#### DRAWER OF CHECK DISCHARGED BY DELAY IN PRESENTMENT

*Koch v. Sanford Loan & Realty Co.*,  
Springfield, Missouri, Court of  
Appeals, 286 S. W. Rep. 732.

The holder of a check must present it within a reasonable time after it is issued. His failure to do so will result in discharging the drawer of the check from liability in the event that the bank fails prior to the presentment. Under this rule, where the holder is in the same place where the drawee bank is located, he should present it not later than the day following its receipt. If the bank is in another place, he should

deposit it so that it will be forwarded for collection not later than the day after he receives it.

In the present case, the defendant delivered a check to the plaintiff on January 11th. If the check had been presented promptly, it would have been paid. The plaintiff, in the mistaken belief that the check should have been for a larger amount, mailed it to the defendant with a request that the error be corrected. The defendant mailed it back to the plaintiff without change and it was received by him on January 14th. Before the plaintiff could present the check, the drawee bank failed. It was held that the defendant was discharged from liability to the extent of the loss which it sustained as a result of the delay in presentment.

#### OPINION

BRADLEY, J.—This is a suit on a check. The case was tried before the court without a jury, and plaintiff obtained judgment for 40 per cent. of the amount of the check sued on. The judgment given was not satisfactory to plaintiff, and he appealed.

Plaintiff did some paving for defendant in the city of Springfield, Mo. On January 11, 1924, plaintiff and defendant agreed upon the balance due for the work, and on that date defendant gave to plaintiff its check for \$1374.18, the amount agreed upon as being the balance due. The settlement was made in Springfield in defendant's office. Plaintiff resided in Joplin, Mo. The check was drawn on the Holland Banking Company, a banking institution at that time in the city of Springfield. Before the check was presented the Holland Banking Company failed and had closed its doors. By arrangement made by the State bank commissioner with a bank in the city of Springfield depositors of the Holland Banking Company were paid 40 per cent., and on this fact the



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BROADWAY—LOCUST—OLIVE

court based the 40 per cent. judgment rendered. It might be here stated that the defendant in its answer tendered judgment for 40 per cent. of the amount of the check.

The defense is that plaintiff was negligent in presenting his check; that had he handled the check as he should have it could have and would have been presented for payment and paid before the Holland Banking Company closed its doors.

January 11th, the day the check was issued and delivered, was on Friday. According to defendant's evidence, the check was delivered during banking hours and could have been presented that day. After plaintiff left defendant's office on the day the check was issued and delivered to him it occurred to him that the check should have been for \$1385.20 instead of \$1374.18. With this in mind he mailed the check back to defendant suggesting that what he considered an error be corrected. Plaintiff went to his home in Joplin the night of January 11th, the day the check was issued. But whether he mailed the check in Springfield or Joplin he was not certain. Anyway the check arrived at defendant's office on Saturday, January 12th. Upon receipt of the check by defendant on the 12th it immediately mailed it back to plaintiff at Joplin reminding him of a \$11.02 item which, according to defendant, was gone over in the settlement and which was deducted by agreement. The item mentioned had its origin in this way: December 13, 1923, defendant gave plaintiff a check for \$98 for hauling rock. This included \$11.02 due one Crenshaw on the rock hauling. Plaintiff did not pay Crenshaw out of the \$98, and he, Crenshaw, came to defendant for his pay, and defendant paid him. And when plaintiff and defendant settled on January 11th this \$11.02 Crenshaw item was deducted from the amount due plaintiff, leaving the net balance as stated above.

Plaintiff received the check back from

defendant when he opened his mail in Joplin Monday morning, January 14th. Upon receipt of the check and the explanation on the 14th plaintiff on the same day deposited the check with the Conqueror Trust Company in Joplin. The trust company forwarded it to the Union National Bank in Springfield, and it was received by the Union National Bank on Tuesday morning January 15th. The Holland Banking Company failed to open for business on the morning of the 15th; hence the check was not paid.

As stated this case was tried before the court without a jury. No declarations of law were asked and none were given. In such case the judgment should be affirmed if it may be sustained on any theory supported by the evidence. *Loomis v. Realty Co.*, 212 Mo. App. 147, loc. cit. 151, 251 S. W. 735; *Sidebottom v. Sidebottom*, 215 Mo. App. 513, loc. cit. 522, 255 S. W. 353.

Plaintiff contends that the evidence does not support the finding made. Since the finding and judgment were for defendant, we take the facts to be as presented by defendant. Had this check been presented to the drawee bank at any time prior to 4 o'clock p. m. on January 14th it would have been paid, as the bank was a going concern until it closed at the usual closing hour on that day. If defendant had taken the check to Joplin with him and deposited it in his bank on Saturday the 12th, it would have, in the usual course, been presented for payment on Monday the 14th and would have been paid. Where the payee to whom a check is delivered receives it in the same place where the bank on which it is drawn is located, it is his duty to present it to the drawee bank before the closing of banking hours on the next business day. *Wear v. Lee*, 87 Mo. 358; *Rosenblatt v. Haberman*, 8 Mo. App. 486; *Dyas v. Hanson*, 14 Mo. App. 363; 8 C. J. p. 540.

Corpus Juris states the rule in this wise:

"It is well settled that, in the absence

of special circumstances, when the person receiving the check and the banker on whom it is drawn are in the same place, it must be presented for payment the same day, or at least the next business day after it is received; but where the check is received on Saturday the payee has until the close of banking hours on Monday to present it. It is not necessary to present it on the day it is received, except perhaps where the holder knows that the bank is in precarious condition."

The general rule is that a check should be presented within a reasonable time. A reasonable time, of course, depends upon the circumstances of each particular case. But it is undoubtedly the rule in this state, and generally we think, that where the payee receives the check in the place where the drawee bank is located it is his duty to present it not later than the closing of banking hours on the following business day. Had plaintiff observed this duty the check would have been presented and paid.

We are clear that the judgment below was correct and should be affirmed.

It is so ordered.

#### BANK RESPONSIBLE TO CUSTOMER FOR LOST BONDS

*Mulenix v. Fairfield National Bank*,  
Supreme Court of Iowa, 209  
N. W. Rep. 432.

The plaintiff delivered \$750 in Liberty bonds to the defendant bank for safe-keeping, the bank receiving no compensation for its services. The bonds were placed in an envelope by the bank's cashier and put in the compartment of the safe in which the funds of the bank were kept. Subsequently, the bonds disappeared and no officer or employe of the bank was able to explain what had become of them. It was held that the bank was liable for the face value of the bonds, and that direct evidence of their conversion by the bank was unnecessary.

Action in trover for the conversion of certain Liberty bonds deposited by plaintiff with the defendant bank for safe-keeping. Verdict and judgment for the plaintiff, and the defendant appeals. Affirmed.

See, also, 206 N. W. 670.

#### OPINION

STEVENS, J.—This is an action to recover the value of certain Liberty bonds which appellee alleged were deposited with the Fairfield National Bank at Fairfield, Iowa, for safe-keeping, and which the bank is alleged to have converted to its own use. After the action was commenced and before the trial, a receiver was appointed for the bank. The answer to the petition was filed by the receiver. The deposit by appellee of Liberty bonds of the aggregate face value of \$750 in the Fairfield National Bank on January 13, 1920, for safe-keeping is admitted. The bonds were placed in an envelope by the cashier and put in the compartment of the safe in which the funds of the bank were kept. Appellant, for answer to the petition, alleged that, if any bonds were deposited in the bank by appellant for safe-keeping, same were returned to him, and denied the allegations of the petition charging the conversion of the bonds. By the way of an amendment to the answer, appellant alleged that the deposit of the bonds in the bank for safe-keeping was gratuitous, that if the said bonds were appropriated or converted by any one while in the possession of the bank it was by an employe or employes thereof without any fault or negligence upon the part of the bank or its officers.

A motion to strike the amendment to the answer was sustained. This ruling is assigned as error. All of the employes, directors, and officers of the bank were called as witnesses, and denied that they had any knowledge whatever of the misappropriation of the bonds by the bank or of the conversion thereof by it or any

of its employes. Appellant also sought to show by the officers of the bank that they had never had occasion or cause to suspect or question the integrity of any of the bank's employes. This testimony was, upon objection of counsel for appellee, excluded.

The amendment to the answer apparently proceeded on the theory that it was a good defense for appellant to show that the bonds were not lost by the negligence of the officers or employes of the bank. In view of the theory upon which appellant tried the case, that is, that the bonds were in fact returned to appellee, we do not deem it necessary to pass upon the question whether or not freedom from negligence might ever be available to a gratuitous bailee as a defense to an action charging conversion. If it were conceded that the ruling of the court on the motion to strike the amendment to the petition was erroneous, the court would, nevertheless, be compelled to hold that the ruling was without prejudice.

No authorities are cited on the point except *Kubli v. First National Bank*, 199 Iowa, 194, 200 N. W. 434. The cause of action pleaded in that case was based solely upon negligence, and nothing said therein is in point here. The record will be more fully stated in another subdivision of this opinion. The evidence offered as to the character of the bank's employes tended only to establish the bank's freedom from negligence in the selection of its employes, and was therefore not relevant to any issue involved. Furthermore, the ruling of the court excluding the evidence was without prejudice to appellant.

II. At the conclusion of all of the evidence, appellant moved the court for a directed verdict upon the ground that the evidence was insufficient to sustain a verdict for appellee. The specific points of the motion were that the evidence wholly failed to show that any demand was made by appellee on the bank for the bonds prior to the com-

mencement of this action; that the bank conclusively established its freedom from negligence in caring for the bonds; that no evidence of the value thereof was introduced by appellee; and that there is a total absence of evidence to establish the charge of conversion.

We will dispose of the several grounds of the motion in the order stated. Conversion is any distinct act of dominion or control, wrongfully exerted over the chattels of another in denial of his rights thereto. *Brown v. Altar Mfg. Co.*, 163 Iowa, 343, 144 N. W. 613; *Lee v. Coon Rapids Bank*, 166 Iowa, 242, 144 N. W. 630; *Peninsular Bank v. Citizens' National Bank*, 186 Iowa, 418, 172 N. W. 293, 19 A. L. R. 547. The receipt of the bonds by the bank is admitted, and the evidence disclosed that they were at all times, while in the possession of the bank, kept in the safe to which the employes of the bank had access.

It is admitted that on or about April 3, 1920, appellee requested the cashier to give him the bonds. The cashier testified that he went to the safe and took therefrom the envelope containing the bonds, and that he believed, and was quite certain, that he then delivered them to appellee. An employe of the bank who was present corroborated the testimony of the cashier, except as to the delivery of the instruments to appellee. Both the cashier and the employe testified that appellee was asked for the receipt, which was given him for the bonds when deposited, and that he stated he did not have it with him, and that the cashier then said, in substance, "You may, or will, have to mail or send them to the bank." Appellee categorically denied that the bonds were on the occasion mentioned returned to him. The employe of the bank above referred to also testified that she did not remember having seen the bonds in the safe subsequent to the above transaction. There was evidence of a somewhat indifferent character of a further demand for the bonds. No other transaction is referred



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to by any of the officers connected with the bank in which it is claimed they might have been returned to appellee. Except as stated, the bank was unable to account for the disappearance of the bonds and their failure to return the same upon demand. We think the evidence on this issue sufficient to take the question to the jury.

It is true that no direct evidence of the actual conversion of the bonds by the bank or any one in its employ was introduced by appellee. This was not necessary. The bank was, at least, an insurer of its own conduct, and was bound to return the bonds to the appellee. If they had been stolen from the bank, without negligence upon its part, which is not claimed, the bank might not be liable therefor. *Kubli v. First National Bank*, supra.

The rule as to the measure of damages is well established in this state. The court instructed the jury to return a verdict for \$750, the face of the bonds, with interest added, if a verdict was found for plaintiff. The rule established in this state is that, in the absence of other evidence, the face value of negotiable instruments and other similar choses in action is prima facie evidence of the value thereof. *Callanan v. Brown & Co.*, 31 Iowa, 333; *Sickles v. Dallas Center Bank*, 81 Iowa, 408, 46 N. W. 1089; *Dean v. Nichols & Shepard Co.*, 95 Iowa, 89, 63 N. W. 582; *Pelley v. Walker*, 79 Iowa, 142, 44 N. W. 346; *Freeman v. Stroebehn*, 122 Iowa, 157, 97 N. W. 1094; *Hubbard v. Insurance Co.*, 129 Iowa, 13, 105 N. W. 332.

It is contended by appellant that this rule has no application to government or other bonds which are bought and sold upon the market, in which case it is the market value, and our attention is called to *Griffith v. Burden*, 35 Iowa, 138, to sustain this contention. Unless carefully analyzed in the light of the issues there presented, the cited case apparently lends support to appellant's contention. The

issue really before the court in the *Griffith Case* was whether the face, or market, value of certain municipal bonds was the true measure of the plaintiff's recovery in the absence of proof of certain specific facts. The face value of the bonds there involved was \$2000, but the jury returned a verdict in favor of plaintiff for \$535. Evidence must, therefore, have been admitted of the actual or market value of the bonds. The court in that case instructed the jury that such was the measure of damages. The plaintiff, however, requested the court to instruct the jury to return a verdict in his favor for the face value of the bonds with interest, unless it was shown by the testimony either that the state of Minnesota, which had issued the bonds, was insolvent at the time of the conversion, that the bond was illegally issued, or that it had been paid, and that the burden was on the plaintiff to so show.

The court held that the true measure of damages was the market value of the bonds, but did not have the exact point now under discussion before it. Such was the interpretation placed upon the *Griffith Case* by this court in *Independent School District v. First National Bank*, 196 Iowa, 1171, 194 N. W. 196. The point decided in *City of Memphis v. Brown*, 20 Wall. (87 U. S.) 289, 22 L. Ed. 264, in which *Griffith v. Burden*, supra, is cited, is not applicable to either the facts or issues in the case before us. The following cases from other jurisdictions are in point and support the conclusion we have reached herein: *Meixell v. Kirkpatrick*, 29 Kan. 679; *Meixell v. Kirkpatrick*, 33 Kan. 282, 6 P. 246; *First Nat. Bank v. Dickson*, 5 Dak. 286, 40 N. W. 351; *Walley v. Deseret National Bank*, 14 Utah, 305, 47 P. 147; *Hayes v. Mass. Mutual Life Ins. Co.*, 125 Ill. 626, 18 N. E. 322, 1 L. R. A. 303. The peremptory instruction was proper. We conclude on this point that the court properly instructed the jury, in the absence of any evidence

to the contrary, that the face value of the bonds was prima facie evidence of their value.

III. Several requests were made by appellant for instructions. No proper exception was preserved to the refusal of the court to give the requested instructions, and an examination of them satisfies us that the substance thereof, so far as they correctly stated the law, were embodied in the court's charge.

Certain paragraphs of the court's charge are complained of, as is the charge

as a whole. The criticism of the instructions is based almost wholly upon appellant's theory of the proof introduced and necessary to a recovery. No doubt the instructions might easily have been amplified to some extent, but we find no substantial error in any of them, either of commission or omission, or lack of clearness, that could in any way have prejudiced appellant. Finding no error in the record, the judgment of the court below is affirmed.

Affirmed.



Men who played principal roles in the sale of the Chicago, Milwaukee and St. Paul Railway to a reorganization group headed by Kuhn-Loeb and the National City Company, of New York, are: (left to right) Robert T. Swaine, attorney for reorganization managers; Jerome J. Hanauer, vice-president Kuhn-Loeb & Company; Guy Cary, counsel for bondholders' committee; F. H. Ecker, vice-president Metropolitan Life Insurance Company; Donald C. Swatland, attorney for reorganization managers; Pierpont V. Davis, vice-president National City Company.

BANKING AND FINANCE ABROAD  
AND  
INTERNATIONAL BANKING NOTES

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# THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

JUST a month ago, two American destroyers steamed cautiously up the Yangtse River, causing excited chatter among the sampans along the banks. They finally anchored at Hankow, alongside the British gunboats already there, a silent reminder to the Chinese that these two nations are vigilantly protecting the lives of their citizens. Two days later, an American destroyer was sent to Foochow, for the same purpose. Neither the United States nor Great Britain has any intention of meddling in the civil war of China, but both are determined to prevent a recurrence of the horrors which accompanied the "Boxer Rebellion." The anti-foreign sentiment in Hankow and Foochow now is almost as great as it was then.

China is not, in fact, as we usually think of her, one nation. This great race is broken up into about ten semi-governments at present, each headed by some "war lord" who is constantly striving to extend his influence, or hold what territory he has. It is a sort of feudal condition. It results in great misery in some sections, as in Sianfu, besieged since last April and now so short of food that the inhabitants are becoming cannibals.

The Cantonese faction, under the tutelage of the Bolshevists, has been gaining power rapidly of late. These people evidently decided to make China so unpleasant for foreigners as to drive them all out. No sooner had they taken Hankow than they began to organize the workers into unions similar to the soviet unions. At the same time, they fomented the anti-foreigner sentiment, which culminated in the threat of a general anti-foreigner strike and which sent the American destroyers up the river to protect American lives.

Seymour Parker Gilbert, agent general

for reparations, says in his 127-page second annual report, published on December 5, that: During the second annuity year, Germany has made the full payment of 1,200,000,000 marks provided in the Dawes plan and that all payments have been made on time. All the money so paid has been transferred to the creditor nations, and without difficulty.

The transfer committee has not yet seriously considered the proposal to sell the German railway bonds in the open market.

Though the railway company paid the interest on its bonds, it had a deficit for the year of 30,000,000 marks.

The most troublesome problem of the German budget—the payments to various states and communes—has had to be postponed for another year before it is settled.

Another development that is likely to make trouble in the future is the increasing expenditures for capital improvements, provided for by loans, thus avoiding, for the present, raising the tax rate.

The German currency is entirely stable, and the Reichbank's gold reserve is approximately equal to that of other gold standard countries.

About 3,500,000,000 marks have been brought into Germany since the Dawes plan went into effect, through foreign loans.

The business situation is hopeful, but the report warns against speculation and a too early discounting for the future.

Finally, the reparation commission has conducted its affairs with economy, spent less money this year than last, and was able to turn back into the reparation fund 144,000 marks, unexpended balance of its appropriation.

Thirty-eight professional "speculators"—men whose business it is to stand a little aloof and speculate on the laws

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which govern this complex economic world of ours today—from twenty-three nations met in Geneva in the latter part of November. They met as the preparatory committee for the International Economic Conference, to be held in May, 1927, probably in Amsterdam.

To assist them in their labors great industrial firms all over the world had sent in reports on all phases of economic activity. Altogether, there were eighty documents, representing perhaps the greatest collection of industrial and economic information ever compiled.

They divided themselves into sub-committees and set to work. After three days, they were able to agree that the International Economic Conference will not be, as hoped, a meeting to make recommendations, but merely a general consultation. All the economically important states will be asked to send five representatives, chosen for their per-

sonal qualifications, not as official ambassadors.

At one session on "The Present Economic Position" these representatives will put forth the principal features of the economic problems of their countries. At the other on "Economic Factors and Tendencies Which Affect World Peace" they will discuss customs tariffs, direct or indirect subsidies, the various problems of industries and agriculture.

"We must above all dispel the widespread misconception," said M Theunis of Belgium in his final talk to the delegates, "that we are expecting or even hoping to obtain final results from the first meeting of the conference . . . . The work of economic pacification will be long and will proceed by stages, but the aim to be achieved is worthy of our efforts. It will no doubt not be our generation which gathers the fruits of our efforts but, in the life of peoples, a few years hardly count."

### END OF BRITISH COAL STRIKE

Twenty-nine weeks after the beginning of the coal strike, the delegate conference of the Miners' Federation of Great Britain met, November 19, and passed a resolution which practically ended the strike. It recommended that the districts open negotiations with the mine owners and attempt to reach agreements. Certain rules were laid down by the federation, to guide the districts in making these agreements but, in general, the recommendation is a victory for the owners. They insisted on district agreements and they have carried their point.

The stream of men back to work was suddenly augmented and a week later it was reported that almost half a million were once more on the job, almost half the normal force.

Such a settlement cannot be viewed with any satisfaction. The men are returning only because they are starved to it. Hate and bad feeling will continue on both sides, and another outbreak may occur as soon as the miners feel strong

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enough to undertake it again. No agreement for co-operation between workers and owners was reached. Such co-operation is essential to reduce the very high cost of British mining. Until it is established, the workers will continue to suffer from disgracefully low wages, and the owners will have to be content with very small profits.

And all England is injured thereby. The economic world is now interdependent. Disturbances anywhere affect the whole structure. The lack of coal made it practically impossible to operate the iron and steel industry. All other industries had to reduce their operation. Even railways, which had had practically no unemployment, had to cut down the work of their men to three days a week. The loss of purchasing power by workers cut down retail trade. All England had to do without coal, use inferior quality, or pay a prohibitive price. The monetary loss to the country has been estimated by statisticians at from £160,000,000 to £260,000,000. From such experiences as these, nations are slowly coming to realize that industrial war is as costly to the body politic as actual war. Some method must be found for preventing it. Methods are already being sought, and we can only hope for saner action in the future.

Two results can be viewed with favor. The firm way in which the nation put down the general strike showed the

futility of that form of threat. It is hoped that it will not be used again. Second, the shortage of coal has been a great benefit to most of the depressed nations on the continent. It has stimulated the mining and shipping industries, and the increased business there has slowly spread to other industries, and may prove the basis for a permanent business revival. But these are small rewards for the loss and suffering caused by the strike.

### MORE TROUBLE WITH MEXICO

Calles is getting his government into all kinds of hot water with his policy of enforcing the Constitution of 1917. He has incurred the enmity of the Catholic Church by the discriminatory laws against it contained in that constitution.

To further enforce the Constitution of 1917, those who acquired titles to oil property before that constitution are required to apply before January 1, 1927, for confirmation of their titles, and accept concessions for not more than fifty years from the time they began to work their properties. If they do not, the properties are forfeited to the state.

This directly affects large American holdings of land. Its retroactive character is especially disagreeable. Mexico has a perfect right to legislate against foreigners owning land in that country in the future, but no right to take away

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land already purchased, without compensation. Hence, Calles risks the enmity of the United States in his enforcement of this provision.

Secretary Kellogg published November 23 a series of notes to the Calles government in which he explained in detail the American opinion that such retroactive laws are confiscatory. Furthermore, he insisted that in 1923 the Mexican Government agreed not to make these laws retroactive, by an exchange of notes "which formed the basis and moving consideration for the recognition of the Mexican government by this Government." This agreement has the force of a treaty.

"The mere retroactive character of a law," writes Aaron Saenz, Mexican foreign minister, in reply to Secretary Kellogg, "taken by itself and until it does produce confiscatory effects or is harmful in any other way when applied, cannot give rise to any objection whatsoever." Mr. Saenz flatly denies that

the 1923 agreements were a condition for the resumption of diplomatic relations, or had the binding force of a treaty. Mexican senators back the government in its stand.

The situation, according to Secretary Kellogg, is "extremely critical."

## MEASURING ANTI-AMERICAN FEELING IN EUROPE

Everywhere in the magazines one sees articles about how Europe hates America; because America is prosperous, because America was not a heavy sufferer during the war, because America insists upon repayment of the war debts, because visiting Americans in Europe are often ill bred and insulting. These statements, says Dr. Julius Klein, director of the United States Bureau of Foreign and Domestic Commerce, "do not represent the real attitude of Europe toward the United States." Here is the proof:

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opinions of competent expert observers in some twenty-five important foreign commercial centers reveal only one or two isolated instances of trade losses due to this supposed hostility to things American. . . .

"Sales to Belgium, France, Italy and Spain—countries considered typically anti-American—of commodities easily identified as American (phonographs, automobiles, canned fruits, tires, typewriters, etc.) from January 1 to October 1, 1926, amounted to just a few dollars under \$21,000,000, whereas during the corresponding period in 1925 they totaled \$20,199,000."

Or if the Europeans do hate America, they do not let it interfere with business and, sooner or later, business relations establish friendships.

## ENGLAND

While the imperial conference in London was making such "momentous" decisions as that of changing the King's title from "George V, by the Grace of

God, of the United Kingdom of Great Britain and Ireland, and of the British Dominions Beyond the Seas King, Defender of the Faith, Emperor of India," to "George V, by the Grace of God of Great Britain, Ireland," etc., and declaring the dominions free and self-governing nations, the miners got together and settled the coal strike, and business went on much as usual.

The gold drain from the continent, which was causing some concern in England, ceased late in November. In a week, it began again, this time to the United States, with a shipment of £170,000 to New York, and a later shipment of \$250,000, both on very narrow margins of profit taking advantage of declines in the price of "free" gold in London.

The money market, however, is in good shape. During the first ten months of 1926 new capital issues, according to a compilation of the Midland Bank Limited, London, were larger than at any time since 1922, and new loans are still going well in that market. The year's

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total to November 1, is £205,042,000, as compared with £166,070,000 for the same period in 1925. Most of the increase was in loans to foreign countries, which amounted to £50,095 in 1926 compared with £18,684 in 1925. It seems to indicate that London is regaining its importance as an international investment center.

Business men have viewed with envious eyes the prosperity which has accompanied the Coolidge policy of economy and tax reduction. They want their government to try it. So the Federation of British Industries sent a message to Prime Minister Baldwin, the gist of which is contained in the concluding paragraph:

"Social reform is the legitimate aim of every political party, but the time for undertaking it must be determined by economic considerations. In times of prosperity, business can adjust itself to bear the burden, as shown in the decade prior to the war. The zeal for post-war reconstruction, however, has coincided with the time when it was essential that industry should have a breathing space to set its house in order. This has not been given. Moreover, it must not be forgotten that British manufacturers have to compete in the markets of the world with the products of countries where taxation for social or other purposes is at a much lower level. The ultimate possibility of maintaining even the present publicly provided social amenities depends upon successfully meeting that competition. While the federation wishes in no way to repeat the gloomy

forebodings of certain publicists, it earnestly urges that time should be given to industry to adjust itself to the new post-war conditions before any further costly schemes are initiated by the Government."

## GERMANY

Up went the prices on the Berlin Bourse, beginning in September. Bankers who know that "what goes up must come down" began to warn their clients that a reaction was due soon. In the latter part of November it came, and continued up to the time that this was written.

Speculators evidently discounted too much the increased business which came to Germany from the British coal strike. The revival started by that still continues, but this drop of security prices evidently forecasts a recession in the near future.

For the present, however, it created an increased demand for money. There was a brisk demand for the first time in months. But the supply still exceeds the demand.

This is not true of the capital market. America can still underbid Germany for long time loans, as was shown by Dillon, Read & Co.'s taking a \$20,000,000 loan to the Berlin Electric Company away from the sharp competition by Berlin bankers.

The government does not like this foreign borrowing. President Schacht of the Reichsbank says it keeps prices up, and the prices of short time money down, for some of the funds from these loans

are put into the Berlin short time money market. Prussia has absolutely forbidden borrowing abroad, except for investment in directly productive enterprises, the profits from which will cover interest and amortization. The government has issued a decree placing a 10 per cent. tax yield on all *new* foreign loans.

Flattering the United States again by imitation, therefore, Germany is trying to make use of her abundant credit by introducing instalment buying. Tietz, the largest Berlin department store, is now selling everything except victuals on partial payments, and the Berlin Retailers' Association is about to introduce a similar plan.

If business cannot be said to be exactly good in Germany, it is certainly improving. Unemployment decreased notably in October, imports of 990,000,000 marks were the highest since November, 1925, and exports of 880,000,000 marks were the highest ever recorded, except for March, 1926.

#### FRANCE

One brisk November day last fall, Reginald McKenna, former British Chancellor of the Exchequer and now chairman of the Midland Bank Limited, paid a courtesy call on his old friend, Premier Poincare, with whom he collaborated on the Dawes Plan. At least so he said. The newspaper men saw a deeper significance behind the visit. They insist that Mr. McKenna called to congratulate the Premier on the recovery of the franc and to tell him that if it could now be stabilized, financial support would be available from British and American bankers.

Subsequent events have not tended to confirm this. The franc continued to rise, it is true, till it reached about 4 cents, but without any apparent intervention or encouragement by the Premier. It rose so fast that it began to hamper French export trade. Then stocks took a drop. Employment began to take on serious proportions. Through



A "Midsummer Day" in April

### New Orleans

XXV

#### Tennis

Tennis is only one of the many year 'round sports enjoyed in New Orleans. The courts at the tennis clubs, public parks, country clubs, playgrounds, schools and colleges provide the devotees of the game with ample facilities for its full enjoyment. The photograph (above) shows Tilden and Chapin resting between sets during their exhibition match on the New Orleans Country Club courts April 12th, 1925.

Hibernia Bank & Trust Co.

New Orleans, U. S. A.

it all, Poincare said nothing. Moreover, he refused to see delegations of business men, employers and workmen, who came to urge him to help avert the crisis that threatened the country.

Evidently, either the Premier was too busy with the budget bill, which passed the Chamber of Deputies on December 9 (the first time a budget has been voted on time by that body since 1922), or he is uncertain what to do. He leans toward complete revalorization of the franc, rather than stabilization. The effects of this may make him modify his belief, for the depressed business which is the inevitable result of an appreciating franc is already showing.

Discouraged at the failure of the legislature to ratify the debt funding agreement he negotiated with the United States, Henri Berenger resigned as Ambassador to the United States on November 23. He was succeeded by



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[Yokohama, Shokai Ginko]

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Capital paid up . . . . .		.. Yen	100,000,000
Reserve Fund . . . . .		.. Yen	89,500,000

(80.50=1 Yen)

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Batavia	Dairen	Honolulu	Manila	Peking	Shimonoseki	Tokyo
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Buenos Aires	Hamburg	Karachi	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Calcutta	Hankow	Kobe	Newchwang	Saigon	Sydney	
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Paul Louis Charles Claudel. Born in 1868, Claudel entered foreign service while still a student, as a consul. He has served in Shanghai, Peking, Prague, Frankfurt, Hamburg, Brazil, Denmark, and Tokio. He has even more repute as a writer than as a diplomat, with twenty-five books to his credit, among them a Japanese play and several books of poems, very bizarre in form. His conspicuous success in creating a spirit of friendship in Japan in place of the former suspicion prompted his latest appointment. All his skill will be needed in his new post.

ITALY

The bachelor, envied of many, has no standing in Italy. It is the duty of every man, according to the Fascist doctrine, to marry and have children, so that the state may go on. To provide a juridical punishment for those who refuse to acknowledge this moral obligation, the cabinet council has placed a tax on bachelors between 25 and 65. Spinsters are not included, on the ground

that their failure to marry is often not voluntary. The money collected from the tax will be used for the protection of matrimony and infancy, by an organization which cares for 30,000 indigent women and 29,000 needy children.

With this and the other taxes, the government revenue of Italy is higher this year than last. The treasury does not show so large a surplus as last year, 167,000,000 lire having been used to retire bank notes.

Though the use of war bread, the heavy taxation, the consolidation loan, and the redemption of bank notes have lifted the lire to over 4 cents on the exchange markets, no figure has been set for stabilization. The guesses published say that the lire will be stabilized at an even higher price—5 cents or higher.

So far, most of the revaluation measures have been beneficial to business. October foreign trade showed a balance of exports over imports in excess of 61,000,000 lire, the first export surplus in four years. The wholesale price index has declined from 691 in August, 1925,

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to 645 in the second week of November, but industry is not yet visibly affected. There is plenty of work for both men and machines. The only danger signs are in the increasing tightness of money and the rising price of capital.

### THE NETHERLANDS

Aided by easy money—plenty available at 2 to 3 per cent.—more active shipping business carrying coals to Newcastle and the rest of England, and the higher exchange value of the French and Belgian francs, The Netherlands is slowly climbing out of the mild depression of the summer. The declining prices seem to have been checked, the index of the Dutch Central Office of Statistics shows less unemployment. Until the recent advance of the francs, their cheapness gave them a considerable advantage over The Netherlands in trade and in attracting tourists.

Following the path taken by much foreign capital in its flight to The Netherlands (a gold standard country) for safety, foreign loans have been coming to the Amsterdam market in large volume. Of the total of £317,000,000 of new money raised in that market in the first nine months of 1926, more than 50 per cent. went out of the country. And most of this 50 per cent. went to Germany.

Dutch farmers have been suffering

from the same price declines that have made farming the most difficult industry in any country. Instead of government aid, however, they have tried co-operation, and the results so far have been satisfactory. More than 250,000 belong to some organization for co-operative selling of their products or buying their supplies. They own most of the butter and cheese factories, about half of the beet sugar factories, and some of the card-board factories in which straw is used. Thus, though they have but little effect on increasing selling prices, they can do a good deal toward cutting down production and distribution costs.

### NORWAY

Unprofitable accounts are a problem in Norway, too. Thus a Norwegian bank circularizes its customers:

"As you will probably be aware, the plentiful influx of money which has prevailed for some time still continues, and under existing circumstances we are unable to apply all the money which is conveyed to us; the money remains in our cash boxes or in the Bank of Norway without interest for us, and that which we allow our customers in the form of interest is thus a direct loss. We have, therefore, recently been obliged strictly to limit the amounts we can receive against interest from our individual connections, and, as conditions now are,



FULLY 65% of the imports of Porto Rico enter through the Port of San Juan. Our head office is in San Juan, our branches are at such strategic points, for commercial banking and collections, as the seaports of Arecibo, Mayaguez and Ponce with an inland branch at Caguas. We have an intimate knowledge of the people while safeguarding the interests of our clients in the United States.

*We Specialize on Collections*

## AMERICAN COLONIAL BANK OF PORTO RICO

we are unfortunately not able to pay you interest on your money from and including the 18th of this month."

How prostrate business is in Norway can be judged from this. Since the recent sudden appreciation of the krone, there has been an almost complete shut-down of industry. Add the fact that no one wants to borrow money to the increasing amount of money being sent into Norway for speculation, and a central bank rate of  $4\frac{1}{2}$  per cent., and it is easy to see why banks want no more deposits.

### BULGARIA

Homeless and jobless, the refugees in Bulgaria have been a fertile field for soviet activity. For the government had no money to relieve their plight. The League of Nations was applied to. Result: £400,000 was advanced in August, 1926, by the Bank of England, to buy seed. This is to be repaid from the proceeds of a £2,250,000 loan, to be floated soon in the London and New York markets. The balance will be used to house the refugees.

The loan is for a humanitarian rather than a business purpose, but the League is taking the same precautions as it took in the Greek refugee loan and in the Austrian and Hungarian reconstruction loans, to make it a good investment. Rene Charon of France will be placed in Bulgaria to watch over Bulgarian

finances for two years, as the League's representative. Furthermore the revenues from the salt, alcohol and match monopolies have been pledged for its service. If the yield of these falls below 150 per cent. of the amount required, additional revenues will be pledged.

This loan, according to Prime Minister Liaptcheff of Bulgaria, enables her to combat "the dragon of communism" by providing herewith "the means of cutting its claws."

### JUGOSLAVIA

After attaining distinction by presenting, for the first time in the history of Jugoslavia, a budget whose expenditures are lower than those of the previous year, Finance Minister Peritch and all his fellow ministers resigned on December 7, due to the abrupt resignation of Foreign Minister Ninchitch. He resigned, he said "because in the last few days an event has occurred which has shaken the confidence on which I based my policy." It is not clear whether it was the Minister's own confidence, or the confidence of Parliament which has been shaken.

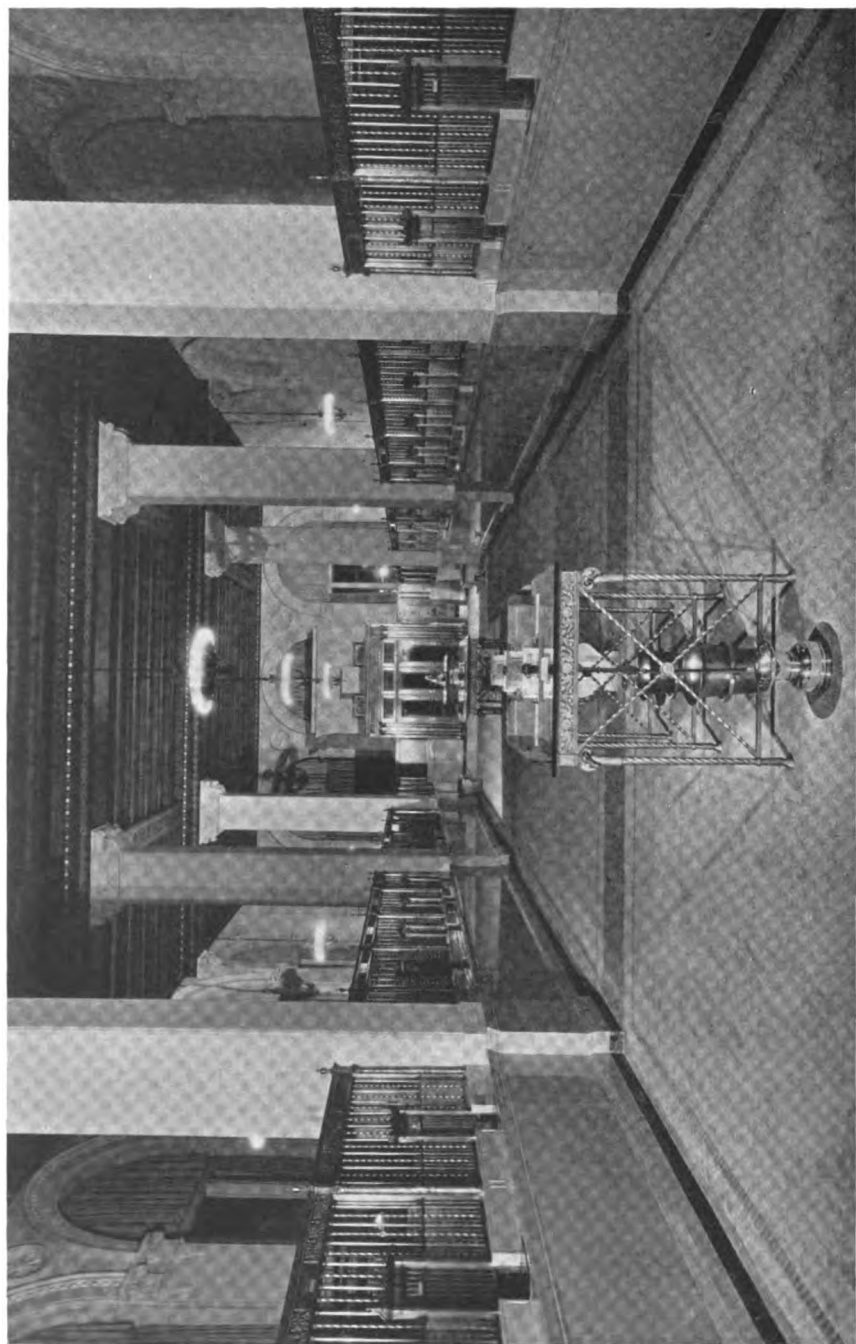
The event he referred to was the Italo-Albanian compact, a mutual agreement giving Italy a semi-protectorate over Albania, and thus complete control over the Adriatic to the exclusion of Jugoslavia. It was evidently the job of the Foreign Minister to prevent this

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Interior of the new building of the First National Bank, Tampa, Fla. The bank occupies the main and two mezzanine floors and there are twelve floors of offices above. The floor of the main banking room is laid with travertine and marble mosaic in various patterns. The walls are of travertine, the lighting fixtures are of bronze and iron in polychrome. The ceiling is painted in dull gold and polychrome.

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Reserve Fund and Profits Fmk.				123,000,000
Total Assets (31/12 '25) Fmk.	-			2,101,000,000

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compact. His inability to do so may have shaken his confidence in himself, or the confidence of the Parliament in him.

"One woe doth tread upon another's heels, so fast they follow." For within a week after the resignation ex-Premier Pashitch, the most powerful statesman in Jugoslavia, died, and was buried with all the honors and pomp possible. He was the man on whose word alone Professor Michel I. Pupin of Columbia University loaned almost his whole personal fortune of \$500,000, to the Jugoslav Government in an emergency during the war. Every penny of it was paid back.

#### GREECE

After the excitement of a revolution and a hotly contested election, mere business seems rather tame. It is even more so when there is so little of it, as in Greece. With only Turkish, German and Russian coal available for fuel, manufacturers have had to reduce

operations. An unprecedented drought holds farming and cattle feeding in its grip. These two have reduced coast-wise shipping. And so, business is looking hopefully to the new Parliament, which convened recently, to do something to make business better, or at least divert men's minds from such a depressing subject.

#### SOUTH AMERICA

Nature and man worked together for a marked improvement in Argentine trade in November. Nature matured the crops, and man had to harvest them. Man, also in Britain, settled the coal strike, thereby releasing ships for export trade in Argentina. As a result in that country, business is fair, money is easy, and exchange is rising.

Chile's acceptance "in principle" of the proposal by Secretary of State Frank B. Kellogg, that the dispute between Chile and Peru over the ownership of the Provinces of Tacna and Arica, now

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Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$8,690,600
Reserves and Undivided Profits	\$1,015,700	Total Resources	\$14,315,600

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

## GENERAL BANKING BUSINESS

held by Chile, be settled by the sale of this territory to Bolivia, has eliminated in part the political conditions which were responsible for some of the trade depression. But the more important trade factor—the lack of demand for nitrate—still exists. Business is so dull that prime commercial paper is now discounted by private banks at  $7\frac{1}{2}$  per cent., a very low rate for Chile.

About the only change in Brazil was a decline in the value of the milreis. Discount rates are still around 9 and 10 per cent., though it is reported that the Bank of Brazil is considering reducing its rate from  $11\frac{1}{2}$  per cent. to 7 per cent., at the same time adopting the Federal Reserve practice of issuing paper money against commercial bills to relieve the shortage of money.

Depression is reported in Peru, Guatemala, and the Dominican Republic. Improvement is noted in Cuba, Jamaica, Costa Rica, Haiti and Porto Rico. Venezuela and Colombia are en-

joying good business. Both these countries may thank the fact that they contain deposits of petroleum, for it is the growing exports of oil and the construction work on the oil fields that are supporting their business structure.

"The money doctor," Professor E. W. Kemmerer, has just returned from a professional call on Ecuador. What he prescribed has not yet been made public. Unpleasant as the dose may be, the "doctor's" prescriptions have the reputation of effecting marvelous cures. After a short visit to the United States, Doctor Kemmerer is scheduled to make a similar call on Bolivia. He is largely responsible for the fact that, according to the Department of Commerce, the currencies of almost all the countries of Latin America have been stabilized, frequently without foreign loans. That is also why so many of the monetary systems in South America are based on the Federal Reserve System principle.

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 D. Garcia .....Cashier  
 S. Freixas .....Chief Accountant  
 P. J. Campos .....Manager Iloilo Branch  
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### AUSTRALIA

The bill introduced in the New South Wales Parliament in November to tax the unimproved value of large holdings of land, thus forcing the division of large holdings, is so frankly socialistic that it calls to mind other experiments with socialism made in the Commonwealth.

Ten years ago, Queensland elected a Labor government, which promptly established state farms, state butcheries, state bakeries, cattle stations, brick works, timber yards, fisheries, canneries, etc., having already state railways. Casting up its accounts at the end of the last fiscal year, it frankly admits that none of these enterprises, except the monopolies, has made a profit in the last ten years. Taxes have more than doubled

during this ten years, and are higher than any other state in Australia today. In but few cases has the object of securing cheaper commodities for the consumer succeeded, and where it has succeeded, it was, as the tax burden shows, at the expense of the general body of taxpayers.

Nor has the experiment in socialism made for industrial peace. Queensland suffers more from industrial disputes than any other state except New South Wales.

Facing these facts, and a recurring budget deficit of about \$2,000,000 a year because of them, the government has determined to cut the loss, and shut down or dispose of all state enterprises that do not "give a reasonable prospect of success."



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 nourias)  
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 Amaliss  
 Amphissa  
 Argos  
 Argostoli  
 Arta  
 Astacos  
 Calamata  
 Calavryta

Candia  
 Canes  
 Carlovassi  
 Carpenissi  
 Carystos  
 Castoria  
 Castro  
 Cavalla  
 Chalcis  
 Chio  
 Comedni  
 Corfu  
 Corinth  
 Coumi  
 Cozani  
 Dadi  
 Dedeagatch  
 Didimotichon

Dimitisana  
 Drama  
 Florina  
 Gargaliani  
 Grevena  
 Gythion  
 Hydra  
 Ithaca  
 Jannina  
 Kiato  
 Kyparissia  
 Lamia  
 Larissa  
 Levadia  
 Limni  
 Megalopoli  
 Missolonghi  
 Mytilene  
 Nafpactos  
 Nigrita

Patras  
 Piraeus  
 Potamos  
 Preveza  
 Pyrgos  
 Rethyme  
 Salonica  
 Samos Vathy  
 Santa Maura  
 Sorovitch  
 Soufli  
 Sparta  
 Syra  
 Thebes  
 Trikkala  
 Tripolitza  
 Tsotyllon  
 Veria  
 Volo

Xanthi  
 Xirochorion  
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## THE PAST MONTH IN CANADA

By J. W. TYSON

COMING at a time when the financial and business community is considering the prospects for the new year and giving thought to the events of the expiring twelve months, the annual meeting of the Bank of Montreal has always attracted a great deal of interest, particularly in view of the institution's close association with the government and with many of the biggest industrial and commercial enterprises in the country. In the address of Sir Vincent Meredith, the president, and Sir Frederick Williams-Taylor, the general manager, there was evidence of carefully measured optimism, which will, undoubtedly, have its effect in maintaining confidence in the business situation of the present and of the immediate future. Sir Vincent declared that Canada has emerged from the shadow of

restricted business, unsatisfactory earnings and indifferent balance sheets, and that the trend of business is now distinctly upward in practically all lines of trade. Nor could he see any indication that this period of prosperity is soon to end, the underlying conditions are sound and the future can be viewed with confidence.

The survey of conditions by Sir Frederick was equally satisfactory. He mentioned the remarkable development of the Western Provinces from a state of raw prairie to a country with 2,000,000 prosperous people and field crops valued close to \$700,000,000. He referred to the country's vast output of manufactured products valued at about \$2,700,000,000 in 1924 or nearly twice the agricultural production. And he referred also to the remarkable development of

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**AT ALL BANKING POINTS**

the country's water powers now under way which would give Canada 4,500,000 horsepower, representing a capital investment in plant and transmission lines of \$854,000,000. These things he emphasized as indicating Canada's importance in the British Empire and opportunities for investment not being taken advantage of by British capital. Sir Frederick saw no objection to the fact that American capital is being attracted to the country in large volume so far as Canada's material development is concerned, but he evidently did feel that an opportunity for empire expansion was being neglected.

#### **BANKS SHOW INCREASED PROFITS**

The annual reports of the banks, which are now beginning to appear, are showing increased profits, reflecting improved business conditions in agriculture, manufacturing industries and commercial business throughout the country. This improvement is enjoyed particularly in Ontario and Quebec where mineral developments, the pulp and paper industry and new power projects, entailing industrial expansion, are important factors in the new prosperity. In British Columbia, in addition to mineral development, the increase in ocean traffic via the Panama Canal, and, as the result, the opening up of Far East markets, is having its effect and good business prevails. On the prairies there has been a more moderate return of prosperity with the stabilizing of prices for farm products

on a profitable basis in relation to the costs of production, and here business is also improved. The only exception to the general prosperity is found in the Maritime Provinces, which seemingly have not been able to increase their prosperity to an extent to relieve the citizens of the burden of increased taxation resulting from Canada's heavy war debt. In the Maritime Provinces a royal commission has just reported on the eco-

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### TATE'S Modern Cambist

*Edited by*  
WILLIAM F. SPALDING

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The London "Times" calls this edition the most "important reference book on monetary questions issued since the War," and says that it "should prove indispensable to every banker, foreign exchange dealer, financial house and to all those requiring an authoritative record of the world's present monetary systems and foreign exchanges."

#### *Some Press Opinions*

"In the hands of Mr. W. F. Spalding the preparation of this standard work, with the thoroughness to be expected from this author, has naturally necessitated the re-writing of much of the book, which is now up to date in every respect."—"Morning Post," December 28, 1925.

"Will be welcomed by all those whose business requires exact information regarding the money units of civilized countries. In the new edition Mr. Spalding has had to include countries never dreamt of before the War."—"Daily Telegraph," December 19, 1925.

*For sale by*  
**The Bankers Magazine**  
71 Murray Street, New York

economic situation making suggestions looking to the placing of industry in a more prosperous condition. These suggestions are largely by way of bonuses which, by Canadian business men, are regarded as a doubtful solution as compared with adjustments to develop better markets without recourse to economic palliatives.

With the expansion of business, the commercial loans of the banks have increased, but they are still about \$375,000,000 less than savings deposits. There is, therefore, no indication of any shortage of money to take care of the business expansion now in progress. On the other hand, the mortgage loaning institutions, including the insurance companies, are finding their funds rapidly increasing. Mortgage loans in sections of the country enjoying prosperity are being paid off, while there is reluctance on the part of the companies to increase their loans in other sections, particularly in those provinces which have been passing legislation undermining the security of the first mortgage.

With the turn into 1927 it is expected that the country's industrial expansion and easy money supply will result in considerable corporation financing. The insurance companies, in view of the mortgage situation, are said to be giving more and more attention to investments in industrial bonds and even sound industrial and utility preferred and common stocks.

#### GOVERNMENT CONTROL OF LIQUOR

The decision of the voters of Ontario to change to a system of government control of liquor is attracting considerable attention in the business community as to its effects on tourist and other business. One opinion is that Ontario, in drawing the tourist traffic from the central states, will seriously cut into the business now being done by Quebec. On the other hand it is submitted that Quebec will still draw from the Eastern states and that the probable effect will be an important increase in the total

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**S. N. POCHKHANAWALA, Managing Director**

amount of tourist business which will benefit the whole country. It is felt that one result will be an improvement in the service given to tourists, and that this will be a factor in increasing the total volume of such business. In Toronto several projects are already being discussed to improve hotel accommodation.

Figures obtained from the office of the chief commissioner of colonization and development of the Canadian Pacific Railway indicate that 1926 will show an increase of nearly 25 per cent. in immigration to Canada. The new arrivals are of a desirable type, mainly drawn from the British Isles, with a good percentage from the countries of Northern Europe. Hon. R. Forke, Minister of Immigration, has recently announced that the policy of the government, in view of the prosperity of agriculture in Canada, is to open the door wider so far as agricultural immigrants are concerned, and not only are settlers from Northern Europe being encouraged but those of the right type from Southern Europe are also being sought. A recent decrease in trans-Atlantic passage rates to certain classes of settlers has been a factor in the situation; the railways and the government are working together on a constructive policy to not only bring settlers into the country but to see that they are given a proper start under conditions where they have a reasonable chance for success.

The lumbering industry, which has been dull throughout Canada for some years but has been showing some im-

provement, particularly as to volume, on the Pacific will be further depressed by the failure of the British Columbia mill owners to win their case in the courts against the legislature in regard to the new 40 cent hour minimum wage law. The market is a keenly competitive one and this law, it is felt, will operate in favor of the American mills in the Pacific States. The law was put through at the instance of a small labor faction holding the balance of voting power in the legislature. Its idea is that it will favor white labor as opposed to the Oriental, but the mills reply that it will merely mean the employment of a better class of Orientals, as there is little available white labor to be attracted by the increase.

Practically all of the accepted trade indicators reflect the general improvement in Canadian business. Not since 1920 has the employment situation been so satisfactory. Foreign trade still expands, having a value of \$1,290,000,000 in the seven months ending October 31, or \$42,000,000 more than the corresponding period last year. Car loadings for the year to the end of November totaled nearly 3,000,000, an increase of 300,000. Construction contracts for the year to date exceed even the corresponding figures for 1923, which ended with the largest total for recent years by 22.7 per cent. Earnings of the railways for nine months to September amounted to \$344,800,000, an increase of \$33,300,000 for the ten months ending with October.

Should be in the foreign department of every bank doing an international business.

ALLIED WITH  
THE  
BANKERS  
MAGAZINE  
New York

**Price \$10**

## INTERNATIONAL BANKING NOTES

**T**HE annual report of the Royal Bank of Scotland, Edinburgh, as of October 9, 1926, shows net profits for the year, after deducting expenses of management at head office and 218 branch establishments, allowing for bills current and income tax, and providing for all bad and doubtful debts, of £476,545. To this amount is added the balance carried forward of £2,464,704, making a total of £2,941,249. This will be disposed of as follows:

To expenditure on bank buildings and property written off.....	20,000
To pension reserve fund .....	30,000
To dividend for half-year, paid at the rate of 16 per cent. per annum, less income tax .....	160,000
To dividend to be paid at Christmas, paid at the rate of 16 per cent. per annum, less income tax .....	160,000
To balance, being free rest or undivided profits, carried forward.....	2,941,249

Total assets of the bank are £49,679,319, capital £2,500,000, reserve fund £2,571,249 and deposits £40,457,710.

GROSS profit of the Bank of London & South America Limited, London, after providing for bad and doubtful debts, amounted to £1,840,510 for the year ended September 30, 1926, according to the annual report of the bank's directors. To this amount is added the balance carried forward, £411,300, making a total of £2,251,810 to be disposed of as follows:

To charges at head office and branches, including rent and taxes .....	1,390,586
To interim dividend .....	141,600
To balance carried forward .....	719,624

The balance sheet of the same date shows total assets of the institution to be £68,953,725, capital £3,540,000, reserve fund £3,600,000, and current accounts £36,150,554.

In addition to the branches already operating in Brazil, a branch has been opened at Juiz de Fora in the state of Minas Geraes.

NET profit of the British Overseas Bank, Limited, London, after allowing rebate of interest and providing for all bad and doubtful debts, income tax and other taxation, was

1839—1927

# Banking in the Levant

**T**HE Ionian Bank Limited since its establishment 88 years ago has always been an important factor in the economic development of the Levant.

The Organization of this British Bank is at the disposal of American Banks interested in trade and finance in the Near East.

## IONIAN BANK LIMITED

TOTAL RESOURCES OVER £6,500,000

HEAD OFFICE—LONDON

GREECE

TURKEY

EGYPT

£150,220 for the year ending October 31, 1926. To this was added the balance of £60,345 brought forward from the previous year, making a total of £210,566, which will be disposed of as follows: £

To interim dividend on "A" ordinary shares at the rate of 6 per cent. per annum and income tax thereon....30,000

To final dividend on the "A" ordinary shares at the rate of 6 per cent. per annum and income tax thereon....30,000

To dividend on "B" ordinary shares at the rate of 6 per cent. per annum and income tax thereon .....60,000

To reduction of premises account.... 5,000

To reserve fund .....25,000

To balance carried forward .....60,566

Total assets of the bank are £7,954,613, paid-in capital £2,000,000, reserve fund £150,000 and current accounts £3,296,044.

THE annual report of the English, Scottish and Australian Bank, Limited, London, showed net profits for the year ending June 30, 1926, of £1,365,859, after deductions had been made for interest on perpetual stocks and provision made for bad and doubtful debts and contingencies. This is to be disposed of as follows:

To expenses of management in Lon- £  
don and Australia, including di-  
rectors' and auditors' fees .....662,162

To income and other taxes.....161,388

To interim dividend .....112,500

To reserve fund ..... 15,000

To balance .....414,808

Paid-in capital of the bank amounts to £2,250,000, reserve fund to £1,965,000, current accounts to £12,379,945, and total assets to £37,252,627.

STATEMENT of the result of the business of the Bank of Montreal, Canada, for the year ending October 30, 1926, shows a net profit for the year, after deducting charges of management, and making full provision for all bad and doubtful debts, of \$4,978,133. To this is added the balance carried forward from the preceding year of \$596,788, making a total of \$5,574,921 to be disposed of as follows:

Quarterly dividend 3 per cent. paid  
March 1, 1926 .....\$897,501

Quarterly dividend 3 per cent. paid  
June 1, 1926 ..... 897,501

Quarterly dividend 3 per cent. paid  
September 1, 1926 ..... 897,501

Trade With Sweden

Aktiebolaget  
**Göteborgs Bank**

Gothenburg and Stockholm  
 SWEDEN

Established in 1848

**Own capital Kr. 78,750,000**  
**(over \$20,000,000)**

Through our many branches and correspondents all over Sweden we are able to offer every accommodation possible for banking transactions in Sweden.

*Cable address: Götabank*

Quarterly dividend 3 per cent. payable December 1, 1926 ..... 897,501  
 Bonus 2 per cent. payable December 1, 1926 ..... 598,334  
 Provision for taxes Dominion Government ..... 319,167  
 Reservation for bank premises ..... 300,000  
 Balance carried forward ..... 767,416

Capital stock of the bank is \$29,916,700, reserve fund \$30,684,116, current accounts \$515,925,640, and total assets \$781,525,145.

THE annual report of Ernesto Tornquist & Co., Limitada, Buenos Aires, for the year ending June 30, 1926, shows net profits, after deducting amortizations and general expenses and making due allowance for bad and doubtful debts, of \$1,268,521. This, with the addition of a balance of \$78,971 from the previous year, will be distributed as follows:

To 6 per cent. dividend on \$3,000,000 in preferred shares ..... \$180,000  
 To 8 per cent. dividend on \$9,000,000 in ordinary shares ..... 720,000

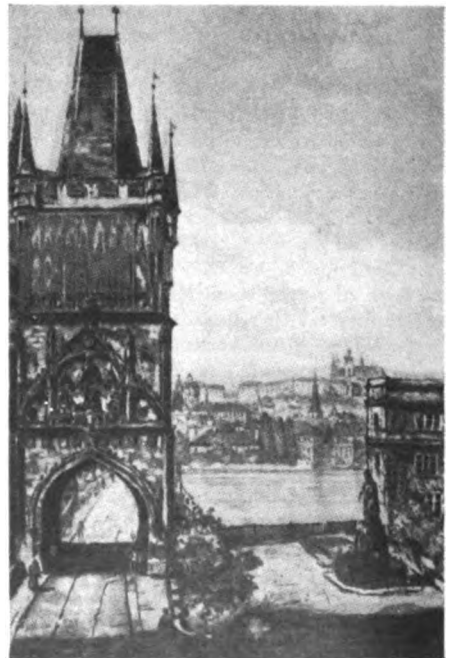
To extraordinary reserve fund..... 400,000  
 To balance carried forward to next year ..... 47,493

STATEMENT of the condition of Lietuvos Bankas, Kaunas, as of November 15, 1926, shows capital of litas 12,000,000, reserve of litas 860,000, deposits of 24,689,580 and total assets of litas 148,096,848.

THE Punjab National Bank, Limited, Lahore, in its half-yearly report for the period ending June 30, 1926, shows a net profit of Rs. 3,40,203. To this was added the amount brought forward from the last half year, Rs. 56,591, making a total of Rs. 3,96,795 to be utilized as follows:

Rs.  
 To ad interim dividend at 15 per cent. per annum for the half year under report free of income tax. 2,28,485  
 To contingent fund ..... 1,25,440  
 To balance carried forward ..... 42,869

Two new branches were established during the six months, one at Sangla Hill and a



Reproduction from the Christmas card of the Anglo-Czechoslovakian Bank, Prague.

second at Jaranwalla, making a total of forty-one offices of the institution.

Subscribed capital amounts to Rs. 50,00,000, reserve fund Rs. 24,24,559, deposits to Rs. 7,42,31,745 and total assets to Rs. 8,45,54,782.

REPORT of the directors of the Ionian Bank Limited, London, for the year ended August 31, 1926, shows net profits, after making provision for expenses of management, losses, all bad and doubtful debts, etc., of £65,058. To this has been added £13,193 brought forward from last year, making a total of £78,251 to be disposed of as follows:

	£
To interim dividend for the year ended August 31 at 3 per cent. per share, free of income tax .....	18,000
To final dividend for the said period at 3 per cent. per share, free of income tax .....	18,000
To bonus at 2 per cent. per share, free of income tax .....	12,000
To reserve fund, making a fund of £235,000 .....	15,000
To balance carried forward .....	15,251

The bank has opened branches in Greece at Volo, Sparta, Lemnos and Calamata; agencies at Langadia and Levidion in connection with the Tripolitza branch and an agency at Assiut, in Egypt.

Paid-in capital of the institution is £600,000, reserve fund £235,000, current accounts £2,954,290, and total assets £5,663,445.

NET profits of the Western Australian Bank for the year ended September 27, 1926, after providing for bad and doubtful debts, for rebate on discounted bills current, for interest on deposits and for all expenses of management, amounted to £116,180. To this was added £39,180 brought forward from the previous year. The resulting amount has been distributed as follows:

	£
To interim dividend at the rate of 17½ per cent. per annum paid May 6, 1926 .....	61,250
To final dividend at the rate of 15 per cent. per annum, free of dividend duty .....	52,500
To balance carried forward .....	41,610

During the year a branch has been opened at Carnamah, a sub-branch of Lake Grace opened at Newdgate and receiving offices

## Your Paris Correspondent

More of your clients are visiting  
Paris now than ever before

Are they receiving the personal  
service to which they are accus-  
tomed at home ?

We understand their problems  
and can do much to render their  
visit more pleasant



Mail Facilities for Clients

**Direct Correspondents  
Throughout Europe**

**The Travelers Bank**  
20 Place Vendome  
**Paris**

**Bankers Correspondence Invited**

of Moore and Pithara at Coorow and Kondut respectively. Ravensthorpe branch and Babakin, Belka, Korbel and Menzies sub-branches have been closed.

Total assets of the bank are £5,104,072, current accounts £2,930,839, paid-up capital £700,000 and reserve fund £1,269,240.

THE Royal Bank of Australia, Limited, Melbourne, in its half-yearly report for the six months ended September 30, 1926, shows net profits of £53,832 which will be disposed of as follows:

	£
To dividend at the rate of 10 per cent. per annum .....	37,500
To transfer to reserve fund (making it £665,000) .....	15,000
To add to amount carried forward from last half-year (making it £29,367) .....	1,332

Total assets of the institution are £7,324,561, current accounts £4,953,765, subscribed capital £1,560,000, and reserve fund £650,000.

THE Commercial Bank of Scotland Limited.



## Like Halley's Comet

Once in a generation

*Don't lose a lifetime opportunity  
for lack of courage*

Ecuador is passing through the most severe depression in history. Sound bank stocks and first mortgage bonds are now on the bargain counter. Present prices will probably not be duplicated in many years.

The situation is the same as that which confronted the United States in 1921.

The well informed business man buys for the long swing when prices are lowest. DO NOT vacillate. BE courageous. The time to buy is NOW.

*May we suggest an investment plan?*

## Banco de Descuento

**Guayaquil, Ecuador**

*"Just the Bank You Need"*

Edinburgh, according to the annual report of the court of directors, shows a net profit for the year ending November 1, 1926, of £326,694, after providing for rebate of discount and interest and for all bad and doubtful debts. To this has been added the balance of profit from last year, making a total of £401,843, which will be disposed of as follows:

To half-yearly dividend on "A" shares at the rate of 16 per cent. per annum .....	80,000
To half-yearly dividend on "B" shares at the rate of 10 per cent. per annum .....	20,000
To dividend for second half-year on "A" shares at the rate of 16 per cent. per annum .....	80,000
To dividend for the second half-year on "B" shares at the rate of 10 per cent. per annum .....	20,000
To reserve fund .....	50,000
To officers' retiring allowance fund ..	25,000
To reduction of cost of bank's properties .....	50,000
To next year's account .....	76,843

Total assets of the bank are £41,535,515, capital £1,750,000, reserve fund £1,850,000 and deposits £33,180,028.

THE Guaranty Trust Company of New York opened its Brussels office in new quarters, 27 Avenue des Arts, on December 20. Its former location was at 156 Rue Royale.

MATTHEW McConville was appointed secretary and George A. Nickerson assistant secretary of the London office of the Guaranty Company of New York at a meeting of the executive committee of the board of directors last month.

"THE First Fifty Years of the Dai-Ichi Ginko, Limited" is the title of a booklet issued by the above-named bank, Tokio, Japan. The book includes a short history of the bank during the last fifty years, during which the capital and volume of the institution have increased steadily, due largely to the growth of internal financial requirements as well as to the growth of the foreign trade of Japan.

The booklet was being printed at the time of the Japanese earthquake in 1923 when the manuscripts were destroyed. The restoration and revision of the pamphlet made it late for the celebration of the fiftieth anniversary of the bank, for which it was intended.

ARRANGEMENTS have been made for the transfer to the National Bank of Egypt (as from December 1, 1926) of the banking business in Egypt carried on by Lloyds Bank Limited since 1923 at Alexandria and Cairo, with agencies at Benha, Beni Suef, Fayoum, Mansourah, Mehalla Kibir, Minieh, Tanta Zagazig.

NOTICES have been sent to the stockholders of the Anglo-Austrian Bank Limited, London, which has been amalgamated with the British Trade Corporation to form the Anglo-International Bank, Limited, that two extraordinary general meetings will be held early this year. The meetings are to be held for the purpose of passing and confirming resolutions which will enable the Anglo-Austrian Bank Limited to distribute among its shareholders, or as they direct, the 610,000 shares of Anglo-International stock belonging to the Anglo-Austrian institution.

The resolutions propose that each holder of ordinary shares in the company receive one share of stock in the new institution for every

four held in the Anglo-Austrian and that the remainder shall be transferred or issued to the holders of participating preference shares and the preferred ordinary shares of the Anglo-Austrian Bank, or otherwise dealt with as the stockholders may suggest.

THE Industrial Bank of Japan has just issued the thirtieth semi-annual table of bonds and debentures in Japan existing on December 31, 1925. These tables give detailed information relating to all public bonds and debentures.

ON November 30 the *Moniteur des Interets Materels* celebrated the seventy-fifth anniversary of its establishment. This publication is known as the dean of the Belgian economic journals and has played an important part in the economic and financial life of the nation.

STUDENTS of international affairs will be interested in the new bulletin now being issued by the Hibernia Bank & Trust Co. of New Orleans. This bulletin is issued monthly and started publication in November, 1926.

The November number contains a leading article on the "Decline of the Franc" with short summaries of economic conditions in various countries.

The December number makes clear a subject about which the average American knows very little, namely, "The Revaluation of the German Internal Debt." This article was prepared by Vice-President Edgard Molitor of the Hibernia Bank & Trust Co. after considerable research. Mr. Molitor has charge of the bank's foreign trade department.

Each number of this bulletin gives reliable information concerning business conditions in foreign countries in addition to a monthly discussion on some outstanding foreign trade subject.

THE National Bank of Commerce, New York, has opened an office in Berlin, Germany, at 39 Unter den Linden. Gustaf Brunkman, who has been the bank's representative for several years in Scandinavia and Central Europe, is to be the manager. The bank also maintains offices to serve England, Scotland, Wales, Ireland, Holland,

# Knauth, Nachod & Kühne

Leipzig, Germany

Established 1852



Seventy-four years of continuous  
banking experience

Commercial and Travelers'  
Credits

Foreign Exchange

Securities

13 Rathausring  
LEIPZIG, GERMANY

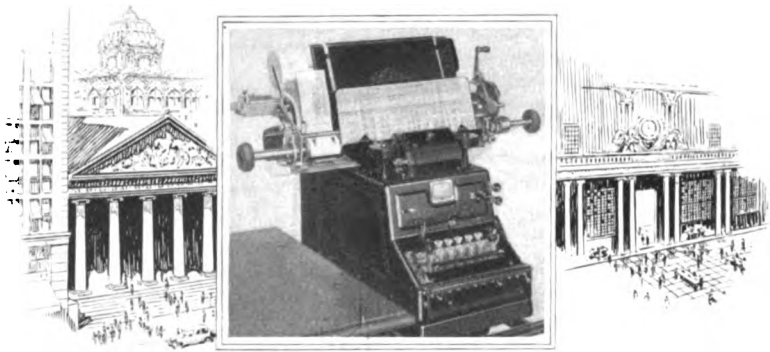
Cable address  
NACHOD, LEIPZIG

France, Switzerland, Belgium, Italy, Spain and Portugal.

THE annual report of the board of directors of the National Bank of Scotland, Edinburgh, as of November 1, 1926, shows a net profit for the year, after providing for all bad and doubtful debts, of £284,777. To this is added £64,220 brought forward from last year, making a total of £348,998 to be disposed of as follows: £

To payment of a dividend at the rate of 16 per cent. per annum, less income tax .....	140,800
To reserve fund .....	50,000
To heritable property account .....	30,000
To trustee for officers' pension scheme .....	55,000
To bank's annuity fund .....	5,000
To carry forward to next year .....	68,198

The bank's capital is £1,100,000, reserve fund £1,400,000, current accounts £30,884,577 and total assets £36,263,499.



## BOOKKEEPING MACHINE

*cost guaranteed not to exceed 59c a day*

**F**IGURE it out for yourself. The Dalton bank posting machine costs \$1175. It has a guaranteed trade-in value at the end of five years of 25 per cent of its original price. Service during these five years—repairs, replacements, etc.—is absolutely free. That means that the actual use of the machine costs only \$881. Or less than 59 cents a day!

No other bank posting machine has ever offered such a low *guaranteed* cost!

And this is only one of the savings offered exclusively by the Dalton. The Dalton's method of proving

posting enables you to eliminate the "call-back," saving an incalculable amount of time. Automatic printing of overdrafts, including date, in red, makes overdraft-errors impossible. And the 10-key Dalton "touch method" keyboard, the visible carriage and easy injection and removal of sheets speed work to such an extent that the most average operator can post five ledger sheets where four were posted before.

A telephone call to the nearby Dalton Sales Agent will bring a complete demonstration of this new marvel in bank equipment. And at no obligation to you.

**THE DALTON ADDING MACHINE SALES CO.**

**Cincinnati, Ohio, U. S. A.**

**Agents for Canada: The United Typewriter Co., Toronto and Branches**

**Sales Agencies in all the Principal Cities of the World**

*Dalton*

**Adding-Calculating - Bookkeeping - Statement  
and "Cash Register" Machines**

# ANNOUNCING THE BANKERS MAGAZINE \$500 PRIZE CONTEST FOR 1927

**F**OLLOWING the precedent set by two previous prize contests of a similar nature, designed to encourage the study of some of the serious problems of present day banking, THE BANKERS MAGAZINE announces the offer of \$500 to be awarded the best essays written on banking subjects.

Three nationally prominent bankers, located in three different sections of the country, will act as judges of the contest. These are: Arthur W. Loasby, president Equitable Trust Company of New York; Craig B. Hazlewood, vice-president Union Trust Company of Chicago; and R. S. Hecht, president Hibernia Bank and Trust Company of New Orleans.

While the contestants will not be restricted to any particular topic—so long as the topic relates directly to banking—the following general banking subjects are suggested as appropriate:

### *Banking Practice*

The description of any plan or method of banking practice, applicable to average sized banks, which will serve to cut down costs, save time and increase efficiency. Papers will

be judged by the originality of the idea and its applicability to the needs of the average bank.

### *Department Organization*

A practical account of the organization and operation of any one of the following departments in a modern bank: the investment department; the trust department; the women's department; the savings department; the travel bureau; the service department.

### *The Personal Equation in the Loan Department*

Much has been written on the organization of the credit department, the principles of bank credit and the machinery of the credit file. Too little has been written on the human factor that enters into all credit work. What is wanted is a paper showing how the loaning officer should be guided in his human contacts; how to turn down applications for loans without antagonizing the applicants; how to get the co-operation of customers in giving correct information about their business; how to explain to borrowers the necessity for maintaining a 20 per cent. deposit balance.



**ARTHUR W. LOASBY**  
President Equitable Trust Company  
of New York



**R. S. HECHT**  
President Hibernia Bank and Trust  
Company of New Orleans



**CRAIG B. HAZLEWOOD**  
Vice-president Union Trust Com-  
pany of Chicago

*The Unsatisfactory Balance Problem*

A practical discussion on how to determine when accounts are unprofitable and how to proceed to eliminate these unprofitable accounts without loss of good-will. This discussion should not be theoretical but practical and based on actual results obtained.

*Relations Between a Bank and its Employes*

A discussion of plans for the promotion of friendly relations between the various members of the bank's staff, for the cultivation of a spirit of co-operation and good will and for the maintenance of a spirit of loyalty to the bank as an institution. This subject also includes profit-sharing in all its phases.

*An Advertising Campaign for a Bank with Total Resources of Five Million Dollars*

A suggested outline of a complete advertising campaign for a bank with total resources of \$5,000,000 located in an averaged sized city. This should include a definite appropriation of a sum of money and show how this sum should be divided in various classifications such as booklets, newspapers, etc.

*How to Get on the Officers' Platform*

A practical guide for the young man in banking showing what qualities it is necessary to cultivate in order to win promotion and success. Vague platitudes are not wanted but helpful suggestions from those who have been through the mill; the kind of advice a bank president would give to his son who was about to begin a banking career.

*Securing Directors' and Stockholders' Co-operation*

A description of plans and methods which have been successfully used in getting the active co-operation of a bank's directors and stockholders in the securing of new business.

Papers will not be judged on their literary merits but rather on the con-

tribution which they make to constructive thought on any chosen topic, and the practicability of the solution which they offer for the problem involved.

The complete rules of the contest follow: Be sure to read carefully

## RULES OF THE CONTEST

All those who expect to enter the contest should immediately register their name and address with the Contest Editor.

Papers may be on any topic pertaining to banking, but should in all cases offer a practical solution for some problem with which banks and bankers are concerned.

Papers are limited to 3000 words. They may be shorter, provided that the subject is thoroughly covered. Ideas should be expressed clearly and concisely, and without the use of unnecessary words.

All papers must be typewritten. They should be mailed and inquiries for further information addressed to the Contest Editor, THE BANKERS MAGAZINE, 71 Murray street, New York, not later than July 1, 1927.

Papers should be signed by a *nom de plume* and be accompanied by the name and banking or business connection of the writer on a sheet separate from the article. The name of the writer should not appear on the article itself, as it will not be known to the judges until after the awarding of the prizes.

THE BANKERS MAGAZINE reserves the exclusive right to the publication of all articles submitted, it being understood that all articles published will be paid for whether they win a prize or not.

## THE PRIZES

For the best paper.....	\$200
For the second best paper....	150
For the third best paper.....	100
For the fourth best paper....	50
For each article published, but not awarded a prize .....	25

# THE CANADIAN BANK OF COMMERCE

Head Office—Toronto, Canada

SIR JOHN AIRD, President

S. H. LOGAN, General Manager

Condensed Annual Statement as at November 30th, 1926

LIABILITIES	ASSETS
Deposits and Notes in Circulation ... \$432,167,506.67	Cash and Cheques on Other Banks .... \$ 70,539,812.39
Balances Due to Other Banks .... 18,366,900.89	Balances Due from Other Banks .... 11,979,840.07
Letters of Credit Outstanding, Bills Payable, etc..... 20,788,242.63	Call and Short Loans 78,054,548.51
\$471,322,650.19	Securities ..... 78,228,652.37 (Government and Public \$69,255,- 684.60)
	\$238,802,853.34
Capital Paid Up, Sur- plus and Undivid- ed Profits ..... 41,280,899.27	Current Loans and Discounts ..... 241,314,146.04
	Liabilities of Custom- ers, account Letters of Credit ..... 13,910,914.62
	Bank Premises ..... 11,684,539.04
	Other Assets ..... 6,891,096.42
\$512,603,549.46	\$512,603,549.46

## ***500 Branches Throughout Canada***

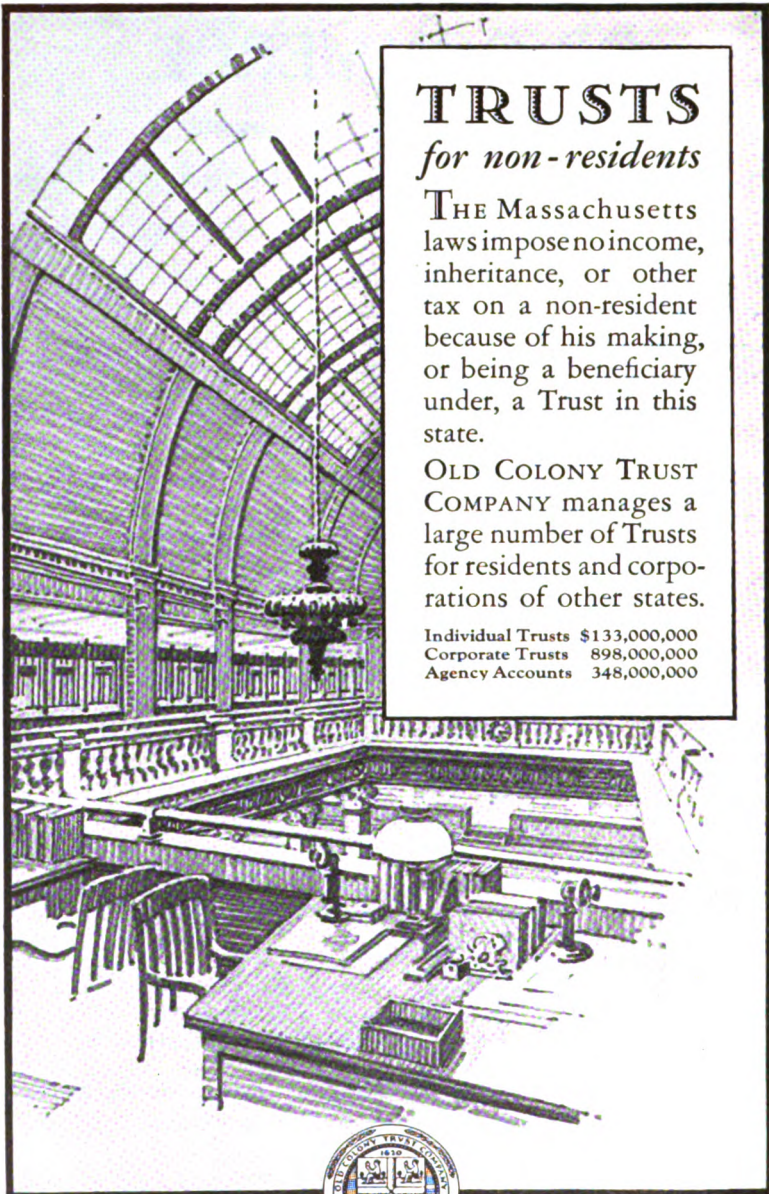
Branches at London, England; Rio de Janeiro; Havana; Kingston, Jamaica; Bridgetown, Barbados; Port of Spain, Trinidad; Mexico City; San Francisco, Seattle and Portland, Oregon.

Close working arrangements with the Leading Banks in Australia and New Zealand.

**New York Office,                      16 Exchange Place**

Agents—C. J. Stephenson, J. Morton and P. H. Nowers

NEW ENGLAND'S LARGEST TRUST COMPANY



## TRUSTS

*for non-residents*

THE Massachusetts laws impose no income, inheritance, or other tax on a non-resident because of his making, or being a beneficiary under, a Trust in this state.

OLD COLONY TRUST COMPANY manages a large number of Trusts for residents and corporations of other states.

Individual Trusts \$133,000,000  
Corporate Trusts 898,000,000  
Agency Accounts 348,000,000



TRUST

DEPT.

# OLD COLONY TRUST COMPANY

17 COURT STREET, BOSTON, MASSACHUSETTS



# How Banks are Advertising

Special Section of The Bankers Magazine

JANUARY 1927

## HOW I BUY AND HOW SALESMEN COULD HELP ME\*

By C. H. HANDERSON

**A** BUYING policy, if it is a true "policy," must be firmly based upon an established and defined selling policy.

In other words, any buyer must know what he is going to sell, where he is going to sell it and how he is going to sell it.

It is a matter of common knowledge, the writer believes, that banks often do not consciously establish selling or advertising policies. They do not sit down once a year and definitely determine what they are going to advertise, where they are going to advertise it or to whom.

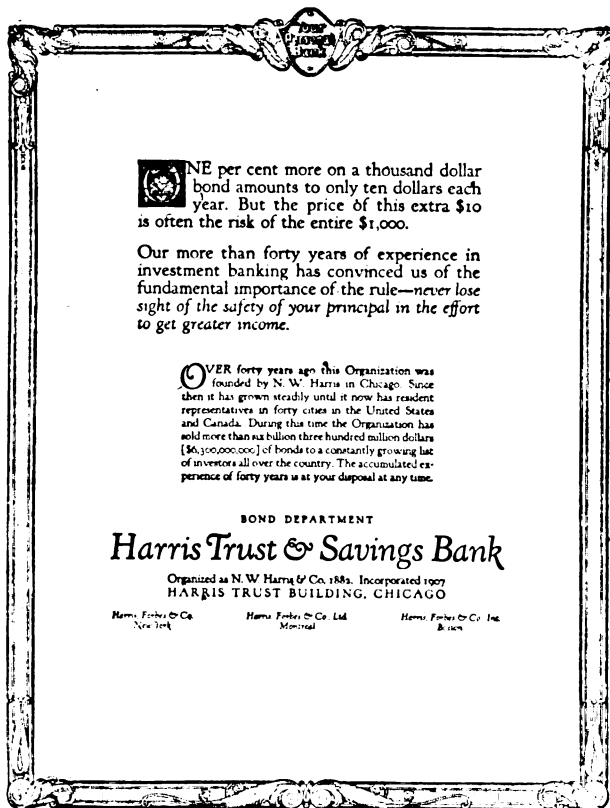
A bank which fails to establish a definite sales and advertising policy of this sort cannot possibly have a buying policy, since a buying policy must necessarily be based on a selling policy.

It has been demonstrated times without number that a definite sales policy for a bank is as practical as for any other type of institution. Furthermore, it is economical—economical of time, effort

and money. It is a four-wheel brake upon hunches, personal whims and other pleasant excursions into blind alleys.

If you know what you are

going to sell and to whom, this selling policy instantly becomes an immense sieve or screen into which you can cast the various suggestions made by salesmen and discover which of their suggestions actually help you advance the sales policy and which do not.



**ONE** per cent more on a thousand dollar bond amounts to only ten dollars each year. But the price of this extra \$10 is often the risk of the entire \$1,000.

Our more than forty years of experience in investment banking has convinced us of the fundamental importance of the rule—never lose sight of the safety of your principal in the effort to get greater income.

**O**VER forty years ago this Organization was founded by N. W. Harris in Chicago. Since then it has grown steadily until it now has resident representatives in forty cities in the United States and Canada. During that time the Organization has sold more than six billion three hundred million dollars [\$6,300,000,000] of bonds to a constantly growing list of investors all over the country. The accumulated experience of forty years is at your disposal at any time.

BOND DEPARTMENT

**Harris Trust & Savings Bank**

Organized as N. W. Harris & Co. 1884. Incorporated 1907  
HARRIS TRUST BUILDING, CHICAGO

Harris Trust & Co. New York      Harris Trust & Co. Ltd. Montreal      Harris Trust & Co. Inc. Boston

A good example of the modern trend in investment advertising. Readable copy, straight to the point and invitingly presented. Note the effectiveness of the generous use of white space in the above layout.

\*From an address before the Chicago Financial Advertisers.





to imagine that I am not, for the moment, interested in quadrupling my deposits.

But supposing that salesman came in and said to me, "I represent the Jones Company. For the moment it does not matter what I make and I'm not going to try to sell it to you, but I would be interested in knowing what you are trying to do."

What man here would not react favorably to an approach of this sort—what man would not welcome the opportunity of expressing the ideals of his bank? Meanwhile, the salesman might be listening and fitting his product into the plan.

The most successful salesman of advertising space that I have ever known spent fully 95 per cent. of his time discussing the advertiser's problems with him. Thereafter it was ridiculously simple to fit the sales arguments for his publication into the problems and plans of the advertiser.

A selling policy which does not take the buyer into consideration is as dangerous as a buying policy which does not consider the seller's product.

**HOW SALESMEN COULD HELP**

Salesmen could help me tremendously if they would first obtain a thorough understanding of my problems and what I am trying to accomplish. Confidentially, I would be sold more, and

more intelligently. He would increase his own fund of sales information and material.

For example: Salesmen without end come in and show me this or that jim-crack without evincing any interest in how I am to get rid of it profitably. The man who comes in and sells me first a method of distribution and then throws his product in as almost a by-product is the man who sells

me so I stay sold, and the chances are he sells me more. I would like to hear more of the adequate use of material and less about the material itself.

Personally, I believe that the seller's and the buyer's interests are more mutual than is sometimes reckoned. Failure upon the part of the seller to realize this hurts the entire industry of selling.

(Continued on page 91)

## Individualized Service through Personal Contact



**WHEN** personal contact is maintained between the officers of a bank and its depositors service can be performed more intelligently and more to the liking of each individual depositor.

**A BANK of  
PERSONAL CONTACT**

Personal contact is emphasized at this institution. Whether your banking needs are confined to the city, interstate or world-wide they will be met here by officers personally interested in furthering your interests and handling your transactions as you like them to be handled.

You are invited now to form a relationship with us.

### INTERSTATE TRUST COMPANY

George S. Silzer, President  
**CHAMBER OF COMMERCE BUILDING**  
59 LIBERTY STREET, NEW YORK  
Member Federal Reserve System

Capital and Surplus . . . . \$3,900,000

**DIRECTORS**

P. N. BARNES, Chairman of the St. Louis, Chicago & Pacific Ry.	JOHN W. DUFFY, Chairman of The Foundation Co.	GEORGE S. SILZER, President, Interstate Trust Company
WILLIAM W. CHICAGO, President of the Chicago Rock Is. & Pacific Ry.	SAMUEL J. BURNINGHALE, President of Broomfield Bros., Inc.	WILLIAM V. GIFFORD, President Brady Securities & Realty Corp.
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DEWEY MILLERBAUM, Special Co.	CHARLESTON H. DELANEY, President, E. R. Squibb & Sons	JOHN W. BULLINGTON, President, American Water Company of N. Y.
A. CLYTON FITZGERALD, Vice-Pres., International Mercantile Marine Co.		ISAAC ALPERIN, President, Park Ambury Trust Co.

**OFFICERS**

GEORGE S. SILZER, President	ISAAC ALPERIN, Vice-President	H. M. STEINMAN, Vice-President
JOHN J. QUINN, Asst. Vice-President	PAUL C. BRADDOCK, Sec. and Trust Officer	HARVEY P. ALTMAN, Treasurer

A recently organized New York trust company emphasizes the personal contact maintained between its officers and depositors.

## The Editor's Page

**A**N eminent Chinese philosopher is credited with having remarked some centuries ago that a "picture is worth ten thousand words."

From a purely artistic standpoint this statement may, under certain conditions, contain some element of fact. But from a standpoint of advertising bank service it does not hold.

Art work properly used in bank advertising can be made a distinct asset to the effectiveness of the copy. But it cannot be expected to perform the functions of the copy.

You can show pictorially the performance of any one of a number of bank services. But you cannot describe these services in a picture, and, what is still more important, you cannot show *how* they can be made to benefit the particular man or woman whose attention has been caught by your advertisement. To accomplish these latter things you must have copy.

**R**EMEMBERING that the primary function of your illustration is to strengthen your headline and copy rather than merely to aid in drawing attention to them, you should keep constantly in mind the importance of having your illustration bear a direct re-

lationship to headline and copy. Even the best kind of art work will serve as more of a distraction from your copy than as an asset to it unless this matter of the relationship between illustration and copy is followed out in practice. The mind must be able to grasp the significance of your advertisement at almost the same moment that the attention of the eye is attracted to it. And if copy and illustration are unrelated people who see your advertisement are not going to spend any time trying to bridge the gap between them, but will instantly pass on to something else.

**H**OW important a place has typography in attracting the eye of the average reader to an advertisement?

One of the country's leading typographers recently told the writer that, to test his theory that the eye of even a child of from 8 to 10 will be instinctively attracted to good typography he tried out the following scheme. An assortment of printed matter containing text designed to interest children of an elementary school grade age was placed on a

table in the school library. This material contained types of good, indifferent and poor typography in equal proportions. Over a period of some weeks the children were carefully observed as they approached this table and looked at the material placed on it. A check up of results showed that, in by far the majority of instances the child would unhesitatingly pick up material with good typography.

The average layman will not consciously discriminate between good typography and poor typography, but where the two are placed side by side, there can be little question that the good typography will be given preference. It is far easier to look at good typography than at poor and the impression which the eye conveys to the mind is a far more clear one than is the case where type is used indiscriminately and without regard to visual effect.

**T**HE celebration of Benjamin Franklin's birthday, on January 17, offers a good opportunity for a timely window display or newspaper advertisement on the subject of thrift.

*Richard Durham*

(Continued from page 89)

Salesmen have a wonderful opportunity to become veritable walking encyclopedias of successful methods. Superficially the discussion of successful methods of bank promotion may seem like a waste of time, but actually it is giving the salesman time to sense out his prospect's intent, policy and plan, and by the same token is placing strong sales arguments in his hands—arguments which I am glad to place in his hands, if, with a full knowledge of my desires, he can sell me.

The only thing I dread as a buyer is a high powered salesman, selling me by brute force something I do not need. I am afraid of that man and my buyer's defensive is almost impregnable.

But the man who comes in to me and evinces an intelligent interest in what I am trying to do, who then interprets his product in the terms of my desires and policies and plans—that man wins my honest respect and hearing. I am willing to help him sell me if he can intelligently.

Now, this is rather straight from the shoulder, but it is not said in a critical way. I hope it is constructive. I know it is true and certainly if the salesmen of the country would unite in forcing the buyer to buy according to a policy or plan, they would find better buyers,

## WHO'S WHO IN BANK ADVERTISING



TWINING TOUSLEY

Assistant vice-president Fidelity Trust Company of  
New York.

**F**OLLOWING his return from France after the war, Mr. Tousley was engaged in investment banking until 1924 when he became associated with the late president, Julian W. Potter, of the Coal and Iron National and was made assistant cashier of that institution. When the Coal and Iron National merged with the Fidelity-International Trust Company, now the Fidelity Trust Company of New York, Mr. Tousley was elected assistant secretary of the new bank and on May 19, 1926, was promoted to assistant vice-president in charge of bank development. Mr. Tousley during the war served on the staff of General Jackson and later as an aide to Lieutenant-General Robert Lee Bullard, army commander.

**T**HE Bank of America announces the formal opening of its new building at Wall and William Streets—the fourth home of the Bank on the same site since 1812.

**THE BANK OF AMERICA**  
 ESTABLISHED 1812  
 Trust Department Organized 1888

MANHATTAN                      BROOKLYN

44 Wall Street, corner William	166 Montague Street, corner Clinton
257 Broadway, opposite City Hall	569 Fulton Street, opp. Hanover Place
21 East 40th St., at Madison Ave.	934 Third Ave., in Bush Terminal
8 Broadway, Produce Exchange Bldg.	41 Washington Ave., cor. Flushing Ave.

Boston," on the Christmas more intelligent buyers, more liberal buyers. They would get an intelligent and adamant "no," when it was due them, and would be enabled to spend every real selling dollar on true prospects rather than frittering away their time on individuals who operate by hunch and by guess and by golly, and who buy largely at the dictation of the egg they had for breakfast. If the salesmen of the country could lend their efforts toward educating the buyers there would be a mutual profit arise which would be at least 100 per cent. on the investment. For salesmen, if they so will, are the greatest educators in the world and it is largely from their hands that the profits from and growth of our profession must arise.

## HOW BANKS ARE ADVERTISING

**T**HE First National Bank of Boston suggests as an appropriate Christmas gift, a Christmas savings account at that bank, and for that purpose the institution has issued attractive Yuletide envelopes in which fit the bank's Christmas club books. On one side of the envelope a space is left for the names of the giver and the receiver and on the other is a small window through which may be seen the name, "The First National Bank of Boston" on the Christmas

An impressive and well arranged layout has been made use of in this New York bank's advertisement announcing the opening of its new building.

## Let Us Introduce You to Our Correspondents

THE correspondents of the Shawmut Bank contribute much to our success as a national institution.

Wherever you go in the United States—wherever you go in the world—there is a Shawmut correspondent bank near you and ready to serve you. Whether it is care and courtesy for the traveler, the handling of business transactions, the making of credit investigations, or giving you intimate counsel on local industrial conditions, Shawmut's correspondent banks can help you.

Whenever you have financial business in other communities transact it through Shawmut correspondents. Benefit from the valuable facilities which they provide. Meet them through a Shawmut introduction which we will gladly give and they will cordially receive.

# THE NATIONAL Shawmut Bank

Main Office: 40 Water Street, Boston

*Wilmington Street Office:*  
Park Square Bldg.

*Kenners-Cotnamer Square Office:*  
545 Commonwealth Ave.

*Broaden Square Office:*  
84 Cambridge Street

*Beacon-Charles Office:*  
69 Beacon Street

*Huntington Avenue Office:*  
248 Huntington Ave.

*Stuart-Tremont Office:*  
239 Tremont Street

*South Station Office:*  
168 Summer Street

*Harrison-Essex Office:*  
28 Harrison Ave.



The National Shawmut Bank's many years of successful investing experience is available to you through the Shawmut Corporation of Boston.

**A Boston bank outlines the wide scope of correspondent bank relationships and emphasizes the added facilities which these banks are in a position to offer through their contacts with the Shawmut.**

club envelope. In advertising this suggested gift the bank sent out literature containing an explanation of the idea and blanks in which the names of the receivers might be written. Five dollars (or more) opened a Christmas savings account.

“A HISTORY of Fifty Feet in New York” is the title of a highly interesting and excellently printed book recently published by the Bank of America, New York. The book contains a profusion of exceptionally attractive illustrations. The text deals with the history of the site on which the Bank of America has stood since 1812, corner of Wall and William streets,

and includes a wealth of information on the history of the growth and development of downtown New York, with which the growth of the Bank of America has been closely bound up.

A biographical section of the book gives brief sketches

The mid-year conference of the Financial Advertisers' Association will be held in New Orleans, March 10, 11 and 12, 1927. This conference will be attended by officers, directors and association representatives on the National Advertising Commission. One of the matters of business that will be taken before this conference will be the selection of the 1927 convention city and the dates of that meeting.

of the lives and doings of men prominent in the early affairs of the bank and the city, along with their photographs. These include such well known men as William Kieft, third governor of Nieu Amsterdam, of whom it is stated, “he was a bankrupt merchant, a man of great energy, with a bad reputation, irascible temper and hasty judgment—which entirely unfitted him for the office of which he was so inordinately proud;” Thomas Dongan; Nicholas Bayard and Abraham de Peyster, who at one time owned all of what is now Wall street; Oliver Wolcott, first president of the Bank of America; and on down to the

# Guard Her against these Dangerous Steps!

**“Nine out of ten Estates over \$5000 are dissipated in SEVEN YEARS.”**  
Read that again!

Tragic—almost unbelievable—yet appallingly true.  
But, in your case, **IT CAN BE AVERTED.**

It is neither fair nor just to your dependents to neglect this important duty of making a will and appointing a Trust Company to administer your ESTATE.

You can arrange—very easily and simply for the administration of your estate—as you want it administered.

Your Estate represents a lifetime of application and industry. Small Estates require most careful handling in order that your dependents receive the fullest benefits. In the matter of larger Estates, knowledge, experience and absolute responsibility are required to work out the many intricate details of a proper administration.

**These are the requisites that particularly characterize the FIDELITY TRUST COMPANY**

Without the slightest obligation on your part, the officers of this company will gladly explain the necessity and importance of this matter, at the same time the simplicity and ease by which it can be accomplished—and the benefits that will accrue.

**“TRUST SERVICE”**  
Is a booklet you should have—A copy will be mailed on request.

**Your Life Insurance Policy Constitutes an ESTATE!**

Forty million people in this country carry insurance for the benefit of others—Forty Million Estates—many persons of whose indisputable records show will be spent or dissipated in seven short years.

You can avert this by a Life Insurance Trust.

We will gladly explain at our office or your home on the big booklet which you can read at your leisure.

**FIDELITY TRUST COMPANY**  
147 W. CONGRESS ST.

A pictorial presentation of some of the dangers of the uses of proceeds of an estate in the hands of the inexperienced. These illustrations add materially to the effectiveness of this advertisement on life insurance trusts.

present president of the Bank of America, Edward Coleman Delafield, under whose presidency the fourth building of this institution was erected in the old site, the corner of Wall and William streets.

A chronological history of the bank and a description of its fourth building, erected in 1925-6, complete the book.

The volume was arranged and printed at the Cheltenham Press, New York.

THE relation of life insurance companies to trust companies is shown in a series of booklets written by Avar L. Bishop, professor of business administration at Yale

University and published by the Union Trust Company, of Detroit, Mich. “Life Insurance About to Come into its Own” is the title of the first of the six articles, which were written exclusively for the Detroit bank. The others are, in order, “A Neglected Item in Rising Prices: The Cost of Prospective Life Insurance for John Doe,” “Who Will Reap the Benefit of Your Life Insurance?” “Life Insurance Trusts,” “Paying the Proceeds of Life Insurance Policies to the Beneficiaries,” and “What Trust Companies and Life Insurance Companies Have in Common.”

The company has also issued a number of large four-

page folders, one of which is a “Michigan Monthly Business Review.”

THE National Newark and Essex Banking Company, Newark, N. J., not only advertises, but it makes its advertising a theme for its advertising copy. The reason for this is explained by the fact that the bank is often asked why, since it is an old established institution, it finds it necessary to advertise its services. The answer to this oft-asked question is as follows:

“Why does the National Newark and Essex Banking Company advertise?”

“Why does the oldest bank in the state and the largest

national bank in the state have to advertise?

"These are questions we are often asked. We will tell you.

"Years ago we did our entire advertising by word of mouth entirely. Family connections ruled in Newark business. We made loans then as we do today, on character and ability, and if John borrowed \$1000 when he started in business and in time became the head of a great firm, as he did, he did our advertising for us.

"Newark now grows by leaps and bounds. Newark business men are becoming, more and more, strangers to each other. We hold the old families. It is to the young and to the stranger that we advertise. Otherwise we might well expect the experience of Joseph in Egypt when 'There arose an order that knew not Joseph.'

"The results of advertising? You cannot meter the gains of advertising, although our deposits recently reached the highest point in our one hundred and twenty-two years of history.

"This in brief is why the 'old bank' advertises."

"A SHOP of Strangest Merchandise" is entitled an unusual and interesting booklet written by Charles S. Brooks and published for direct-mail distribution by the travel department of the Cleveland Trust Company, Cleveland, Ohio. The booklet describes


most readably the "bargains" offered in this shop—leases on "Egypt, with the sphinx and pyramids thrown in;" ownership of "the Mountains of the Moon with Arab chiefs for tenants;" counters piled "with the warm valleys and the sandy beaches of the south."

The shop is, of course, the

travel department of the bank, which furnishes a complete travel service.

IN connection with letters sent out by the National City Bank of New York announcing the opening of its Peoples Flatbush Branch, was issued a booklet, "Whatever You Need in Banking."

PROTECTED TRUST INVESTMENTS



## Two Million Dollars To Protect You

Two million dollars set apart from our funds stands ready to protect the principal and interest of securities purchased by us for your trust.

This protection applies to a trust created by will or by agreement. There is no additional charge for the protection.

*Our Declaration of Trust explains the plan clearly. Send for it.*

### CHICAGO TITLE & TRUST COMPANY

69 West Washington Street  
Assets Over \$50,000,000    No Demand Liabilities  
No Trading in Securities

A striking and attention-holding headline introducing this Chicago bank's copy on protected investment trusts.



### "The Purchase Options Had Thirty Minutes to Run"

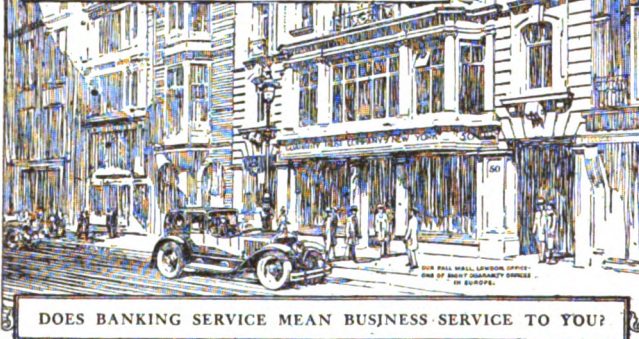
ONE of our customers who had gone to London to complete a £200,000 transaction, for which the Guaranty had established a credit, suddenly fell ill. His purchase options had about thirty minutes to run. One of our London branches, by quick action, enabled him to accomplish his object. In appreciation, he wrote:

*"There is a great advantage to Americans doing foreign business through bankers who know American methods. Your London people appreciate this keenly, and what is more, they make it count."*

The American importer or exporter is assured of efficient cooperation through our European branches—he is in the hands of his friends, and friendly service and counsel are his to command at all times.

### Guaranty Trust Company of New York

MAIN OFFICE 140 Broadway  
FIFTH AVENUE OFFICE Fifth Ave. and 44th St.  
MADISON AVENUE OFFICE Madison Ave. and 50th St.  
LONDON · PARIS · BRUSSELS · LIVERPOOL · HAVRE · ANTWERP



DOES BANKING SERVICE MEAN BUSINESS SERVICE TO YOU?

By citing a specific instance of service rendered in interesting narrative form, this New York bank gives the reader a definite picture of the type of foreign banking service that it is equipped to render.

Checking accounts, compound interest accounts, the women's department, estate and trustee services, safe storage vaults, travelers' checks and letters of credit, foreign exchange and handling of securities, are all listed as features of the bank's service and are described briefly. The booklet is well written and very readable.

Two very attractive pieces of direct-mail advertising have

been issued recently by the bond department of the Minneapolis Trust Company, Minneapolis, Minn. "They Are Still With Us" and the sketch of a swash-buckling pirate adorn the front page of a folder which is concerned with pirates of the twentieth century—financial pirates. This was distributed at the time of the showing of Douglas Fairbanks' picture, "The Black Pirate" in a Minneapolis theater. The

other is equally appropriate, being called "Your Treasure Ship" and stressing the well-worn words—"when my ship comes in."

WHAT is probably the only all-woman financial institution in the United States—the Women's Savings and Loan Company, of Cleveland—in a recent campaign for new accounts provided waitresses in tea-rooms with coin banks to wear on duty and in which to deposit their tips.

A LARGE number of pieces of advertising have been published recently by the Plainfield Trust Company, Plainfield, N. J. One very attractive folder is entitled "Sunlight" and the type, ink and paper carry out the note. This pamphlet urges the making of a will with the advice of a trust company and thus preventing costly litigation and excessive taxes.

Another, showing a fence called "Procrastination" and the words, "Let's tear down this old fence," urges against procrastination in the making of a will. An outline for a will is also published by the company to assist in the preparation of the document.

Postcards bearing views of the bank, folders telling the advantages of the safety deposit vault and the fur storage service are other publications of the Plainfield Trust.

# MID-CONTINENT FIDUCIARY CONFERENCE

## Assignee Work Suggested as Profitable Field ; Co-operation With Underwriters by Conferences ; Publicity Suggestions.

ONE convention a year is not enough for the trust men. They want more time for discussion of their peculiar problems than is given in the yearly meeting of the Trust Company Division at the A. B. A. convention. And so, some years ago a Mid-Winter Trust Conference was arranged in New York. It was so successful that the idea migrated to the Middle West, under the name of the Mid-Continent Fiduciary Conference, the second of which was held in Omaha, Neb., December 6 and 7, 1926.

Trust service was hung up like a picture before this conference and the speakers viewed it from different points of vantage and told the delegates what they saw. One described trust work from the point of view of the beneficiary; another from the standpoint of the lawyer and client; another from the standpoint of the trust company; still another from the viewpoint of the advertising man. Coming closer, others discussed the detailed treatment—taxes and the selection of safe securities for trusts.

Fair treatment of the beneficiary, said H. E. Parks, trust officer Denver National Bank, Denver, Colo., on the topic of "Relations with Beneficiaries," begins with the very inception of the business. Not all wills require a corporate fiduciary, and the absence of enough honesty to tell the customer this always makes for trouble, for "the arrangement is likely to be satisfactory neither to the bank nor to the customer unless a useful service is rendered." For the same reason it is unwise to try to "tie" the customer to the bank with an irrevocable trust, if changes are likely to be necessary.

Once the trust is established, there must be "absolute fidelity to the spirit and letter of the trust instrument and to the interests of the beneficiary . . .

Care must be taken, however, in the endeavor to obtain the good will of the beneficiary not to venture beyond the terms of the instrument creating the trust, or otherwise to violate good fiduciary practice."

In discussing "Corporate and Business Trusteeships from the Standpoint of Lawyer and Client," J. A. C. Kennedy, corporate counsel and attorney, Omaha, Neb., directed attention to a field of activity for constructive and remunerative work which has not yet been developed—the work of trust companies as assignees or receivers of private corporations. "Under the existing order," he said, "whenever a corporation becomes seriously embarrassed financially, it aimlessly and hopelessly gravitates into bankruptcy" which means "almost inevitable extinction of the business, and at a material expense cost to the creditors."

### SAVINGS PLAN SUSPECTED

So far, plans for scaling of debts, extensions of time, and ultimate saving of the business have been suspected, because they are usually proposed by the creditor or his lawyer. "A different effect would obtain . . . if such a plan were proposed over the signature of a trust company, the very name of which implies character and constructive purpose. Should a trust company in a particular community so function a time or two, the odds are that no business in that vicinity would thereafter be enmeshed in the bankruptcy court without first having offered to assign all its assets to such trust company, to be disposed of as its creditors, duly gathered together, should decide. It would also follow that many businesses would thereby be saved."

Howard Kennedy, vice-president and trust officer Peters Trust Company





MONONGAHELA CITY TRUST COMPANY,  
MONONGAHELA, PENNA.

(UNDER CONSTRUCTION)

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**MORGAN, FRENCH & CO., INC.**

ARCHITECTS AND ENGINEERS

19 WEST 44<sup>TH</sup> STREET

NEW YORK

Omaha, Neb., in his address on "Corporate and Business Trusteeships from the Standpoint of the Trust Company," summed up the results of a questionnaire sent out by Guy C. Kiddoo, vice-president and trust officer of the Omaha Trust Company, Omaha, Neb. Sixty per cent. of the answers to the question, "which is the more difficult to handle—requiring greater care, skill and technical knowledge, with greater possibility of trouble—corporate and business trusts, or other trusts?" were to the effect that other trusts are the more difficult. However, 90 per cent. of the answers also testified that other trusts offer a greater opportunity for increasing trust business and enlarging earnings. In actual profits received, the majority of the trust companies find the corporate and business trusts more valuable.

"The responses seem to indicate," concluded Mr. Kennedy, "that while corporate trusts are perhaps more profitable than other trusts, there are so many difficulties in their handling and so many dangers to be guarded against that for the greater number of fiduciaries, other classes of trust work are more desirable. The desirability of corporate trusts from the standpoint of the trust company depends in large measure upon the place where the fiduciary is located and the facilities which it possesses for the handling of business of this type. The banks and trust companies operating in the larger and wealthier cities and having an adequate force of skilled and expert assistants will find a desirable and lucrative field in the development and cultivation of this business and by restricting their dealings to those corporations which are of unquestioned business integrity and financial responsibility, they render a real service to the public whose interests are thereby safeguarded and protected. Trust companies in smaller places have neither the opportunities nor the facilities for this class of work, and for them it can have no special attraction."

Getting "Co-operation between Banks, Trust Companies and Insurance Under-

writers for the Development of New Business" is, according to H. F. Pelham, trust officer First National Bank, Flint, Mich., simply a problem of developing mutual understanding, placing the insurance men and the bank's trust officials on common ground. This is how they did it in Flint:

Representatives of the various agencies met in conference at the offices of the trust department, and the plan of a course treating the subject of life insurance trusts divided into four discussion sessions of an hour and a quarter each was presented. Successive Monday mornings at 8.30 were the times selected and the various meetings were held in the directors' room at the bank. Copies of the outline for the discussions were distributed. The first two-thirds of each period was devoted to the general topic set for that day. These topics were: "What Underlies Trusts and Insurance," "The Common Forms of Life Insurance Trusts," "The Less Common Forms of Life Insurance Trusts" and, lastly, "General." The balance of the time in each case was occupied by the exchange of questions and answers. Questions freely cropped up during the time allotted to the topics. On account of the activity of the discussion on the various points raised during the series, the last meeting extended considerably overtime.

The results, Mr. Pelham reports, have been excellent. The insurance men have picked up excellent leads, and the bank has gained not only insurance trusts, but usually with them the wills of the persons creating such trusts.

"Our most effective trust department publicity," said J. G. O'Brien, trust officer Commercial National Bank, Shreveport, La., has been "the practice of giving short talks to luncheon clubs and similar organizations to interest lawyers, insurance men, and women in trust matters, and to educate them. This is because of the profound ignorance of trust departments in north Louisiana, where trusts for longer than ten years after the death of the donor have been legal only

since 1920. Before trust departments in this region can advertise, they must educate the people in trust matters.

Judge H. L. Standeven, vice-president and trust officer Exchange Trust Company, Tulsa, Okla., said that his bank found direct-mail advertising, to a carefully selected and checked list, the most effective, if consistently cultivated. In addition, however, the bank uses both newspaper and window advertising.

The address of Raymond H. Berry, assistant vice-president Detroit Trust Company, Detroit, Mich., on "Estate Tax, Inheritance Tax, and Income Taxation," was almost entirely devoted to explanation and arguments as to why these taxes should not exist.

"Danger signals to be observed in trust investments," said Davis Biggs, trust officer National Bank of Commerce, St. Louis, Mo., are seen in the increasing amount of money the farmers are borrowing (if farming conditions do not improve); in the legality of issue of municipal bonds; in the proper valuation of city real estate on which mortgage loans are made; and in general the large amount of securities floated. "Everyone seems to be borrowing," he said, "including the man on a small salary, who buys an automobile or musical instrument on the instalment plan. Against this orgy of debt contracting, trust officials should cry 'stop' and raise the danger signal banner."

## INDUSTRIAL FINANCING—A STUDY IN CHANGING STANDARDS\*

BY A. H. SCOVILLE

AS long as we have the present economic and banking structure, it is probable that large industrial enterprises will be financed through the sale of securities to bankers, who in turn will re-distribute these securities to the investing public.

Small industrials have usually been privately financed, although lately there has been a growing trend toward participation by the public even in the smaller companies. In some respects, the rapidly growing interest of the public in industrial securities, of both investment and speculative character, is the most important feature of recent years in financial matters.

The number of companies whose common shares have been marketed in denominations convenient for public investment is enormous, and in spite of exceptions the result of such financing has

been highly satisfactory to the investors. The sale of industrial bonds and preferred stocks has been well established for many years.

Although it would be impossible to draw a sharp line of division, the industrial securities sold to the public by bankers fall generally into the class of investment securities with a fixed rate of income, and speculative securities without a fixed return.

The fact that manufacturing companies and other types of industrials must sell their securities in the first instance to bankers, and in the second to the investing public, has led to a standardization of tests in terms which will be easily understood by the banker, and by his customer—the ultimate investor. In other words, presentation of a new security issue is usually made with emphasis on certain accepted ratios expressed in figures, rather than on technical descriptions of the business. This established method of presenting securities is probably necessary, as any busi-

\*Reprinted with permission from "Trade Winds," published by the Union Trust Company, Cleveland, Ohio.



## COMPLETENESS

**I**N selecting your Chicago correspondent, we cordially invite you to investigate those complete facilities of the Union Trust Company which have enabled it to serve many correspondents for ten, twenty, and even thirty years or longer.

With a balanced organization of correspondent banks and private wires carefully built up over a long period of years, we welcome the opportunity to serve our correspondents in matters that require accurate credit information, intelligent collection handling, and rapid turnover of funds in transit.

FREDRICK H. RAWSON  
*Chairman of the Board*

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*Vice-President*

# UNION TRUST COMPANY

CHICAGO

*Offering the Seven Essentials of a Banking Home*

Safety • Spirit • Experience • Caliber • Convenience • Completeness • Prestige



**DONSTEEL** Vault Door installed in the  
First National Bank *Kansas City Mo*

**THE FIRST NATIONAL BANK**  
OF KANSAS CITY, MO.

June 25, 1926

The Mosler Safe Co.,  
Hamilton, Ohio

Gentlemen:-

Before awarding our contract we made a very careful study of the various vault door constructions on the market, and the materials used therein.

The test which we witnessed on Donsteel thoroughly convinced us as to the ability of this metal to withstand attack by either the torch or drill in the hands of the bank burglar.

We congratulate you upon the development of Donsteel, and also upon the superior workmanship which is reflected in every detail of the equipment furnished us.

Sincerely yours,

CWA:CB

Vice President.

# MOSLER DONSTEEL VAULT DOORS

have been installed by hundreds of banks, large and small, throughout the United States.

We will be glad to furnish you names of banks in your vicinity where **DONSTEEL** Vault Doors are in use.

The scientific world has marveled at the resistance of **DONSTEEL** to burglarious attack by oxy-acetylene torches and drills.

Independent laboratory tests by disinterested authorities prove that no known metals are comparable to **DONSTEEL** in this respect.

Reports of these tests may be had upon request—without obligation.

*Donsteel Vault Doors Sold Exclusively by*

## THE MOSLER SAFE CO.

*The Largest Safe Works in the World*

FACTORIES

HAMILTON, OHIO.

NEW YORK    CINCINNATI    PITTSBURGH    ST LOUIS  
BOSTON    PORTLAND    BALTIMORE    SEATTLE



DALLAS    LOS ANGELES    CHARLOTTE    SAN FRANCISCO  
CHICAGO    ATLANTA    KANSAS CITY    NEW ORLEANS

ness man can understand asset and earning ratios, whereas comparatively few would understand the operating technique of a business.

Suppose, for example, a company engaged in the manufacture of electrical equipment wishes for any reason to sell its securities. If such securities were offered solely to electricians and electrical engineers, the company's business would best be described in technical terms, with minor emphasis on the condition of earnings and assets. Actually, however, the prospective market for the securities would include a great variety of individuals, banks, and other investors, without any specialized knowledge of the electrical business.

#### MUST BE CLEARLY DESCRIBED

For this reason, the securities must be described in terms easily understood by all, and have up to this time, figures and ratios have seemed to furnish the best means of reaching the common understanding. Just to the extent, however, that such tests meet the broadest average understanding, it is also true that they fail to disclose the real inwardness of the business.

It is the gradual realization of this fact, and the tendency to depart from the old standards, that furnishes the basis for this article.

Just what are the usual facts shown to the public in connection with the offering of any issue of industrial stocks or bonds?

First, we usually find an analysis of the asset position of the company, with relation to liabilities, worked out in the form of certain familiar ratios. Such ratios include the amount of fixed assets contrasted with the outstanding amount of mortgage bonds (provided the securities in question are mortgage securities). Next, we usually find a statement as to the net current assets of the company, also as compared with the outstanding securities of whatever type. Then we may also find a statement of the total

net tangible assets (so called), also contrasted with the securities to be offered.

It is interesting to note that the statement of assets and liabilities usually expressed through the medium of a balance sheet with certain ratios drawn off, must necessarily represent the condition of a company on one given day, and there can be no assurance as to the continuance of a financial condition beyond the date



A. H. SCOVILLE

Vice-president the Union Trust Company, Cleveland, Ohio.

on which the statement is made. The balance sheet is, therefore, only a static test of a company's condition. Also, it is obvious that any such statement must refer to a date some time prior to the offering of the securities, and within a few weeks or months this date fades into insignificance.

#### EARNING POWER IMPORTANT TEST

The other test usually placed on industrial securities is that of earning power, which is, of course, far more important than the expression of asset ratios. It is only through earnings that a



# GENERAL MOTORS ACCEPTANCE CORPORATION

*Executive Offices:*

250 West 57th Street, New York City

***THE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.***

## DIRECTORS

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*President, General Motors Corporation*

**John J. Schumann, Jr.**

*Vice President*

**Donald M. Spaidal**  
*Vice President*

company can pay dividends, interest, or principal in the long-run. Liquidation of the property through sale of assets is seldom contemplated at the time of a security issue, and certainly most securities would never be sold if any such state of affairs could be predicted in advance.

It is not the purpose of this article to go at length into the method of computing earning power. It is sufficient to say that custom has led to the expression of earnings in terms of certain multiples of interest, dividends or other service charges of the securities to be sold. This earning power may be expressed in several ways: (1) the actual gross and net earnings of a company may be shown year by year over a period. The detail with which such earnings are analyzed will vary, but deductions for such charges as depreciation, taxes, interest, rentals, etc., may be set forth; (2) such annual statements may be reported in extremely condensed form, so that there is little evidence as to how the figures are arrived at; (3) the gross or net earnings, or both, may be shown entirely in terms

of averages; (4) average figures may be shown with more specific detail as to the performance of recent years; (5) annual or average figures may be shown, with allowance for various adjustments assumed to result from the contemplated financing.

In all of the above cases the amount of net earnings, however expressed, is usually stated in terms of so many times interest, dividend, or sinking fund charges, and this single statement is perhaps the most frequent test applied both by the seller and buyer of securities in passing judgment as to new offerings.

From the foregoing it must be clear that the method of presenting a statement is subject to great variation, and that few investors would be competent to make a proper analysis, for which reason industrial securities, except those of the largest and best known companies, must be purchased almost entirely on the good faith of the bankers back of the offering.

The insistence on certain asset ratios probably results from the old idea of mortgages secured on real estate. It is natural to assume that a mortgage se-

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Founded in 1865

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We issue confirmed Circular and Commercial Letters of Credit in £ on

**BARING BROTHERS & CO., Ltd.**  
LONDON

and their correspondents throughout the world; also Letters of Credit in \$ on

**THE KIDDER PEABODY ACCEPTANCE CORPORATION**  
BOSTON or NEW YORK

curity depends for its safety on the value of the pledged collateral, and for this reason emphasis has generally fallen on an appraisal of the fixed assets of the issuing company in the case of mortgage bonds, or on the total net assets of the company in the case of other types of securities. It is customary, for example, to state that bonds are secured by fixed assets of two to one (or some other ratio) or in the case of stocks that the company shows book values of so many dollars per share.

### INVESTING PUBLIC LEARNING LESSON

In recent years, however, the investing public has learned an astonishing lesson, which is that book values have little or nothing to do with the actual values of industrial securities. The public has purchased large quantities of industrial stocks, selling at prices ranging from the full book value of such shares up to several times such value, and in many cases has profited handsomely by so doing

The public has also learned that many securities selling far below book values, strangely continue to sell at the same levels or lower. The public has learned, or thinks that it has learned, that the only true asset of any company is earning power, and both the stocks and bonds of industrial enterprises are now sold much more readily on the basis of demonstrated earnings than on an expressed relationship between outstanding security issues and asset values at a particular date.

At the time the preferred and common stocks of F. W. Woolworth Company were first introduced to the investing public, the common stock represented practically nothing but good will and earning power. Starting, therefore, with a book value of practically nothing, the earnings of the company served rapidly to increase this value and the market price of the stock advanced even more rapidly. On December 31, 1925, the stock was selling at approximately \$213 per share as against a book value

# International Securities Trust of America

A MASSACHUSETTS TRUST

*First Among American Investment Trusts*

Resources over \$20,000,000

**C**CAREFULLY chosen and internationally diversified investments, in the ratio of at least \$1,800 cost value for each \$1,000 bond, secure the 5% gold bonds of this investment trust.

Series D, due June 1, 1933, at price to yield about 5.50%.

Series E, due June 1, 1943, at price to yield about 5.60%.

---

For Booklet I-BM, address

## American Founders Trust

A MASSACHUSETTS TRUST

First National Bldg.  
Boston

50 Pine Street  
New York

of \$34, and the greatest asset of the company still remains its earning power, both present and potential.

The following prices show market values as contrasted with book values of a number of leading companies as of December 31, 1925:

Eastman Kodak Company, \$111 vs. \$46.  
Standard Oil Company of Indiana, \$70 vs. \$41.  
Standard Oil Company of Kentucky, \$134 vs. \$42.  
General Motors, \$117 vs. \$69.  
General Electric, \$328 vs. \$91.  
Beechnut Packing Company, \$68 vs. \$30.  
May Company, \$136 vs. \$58.  
Sears Roebuck, \$236 vs. \$111.  
Timken Roller Bearing, \$54 vs. \$22.  
R. H. Macy and Company, \$103 vs. \$51.

It will be noted that all of the above mentioned are good companies in excellent standing, and the stocks are all well seasoned.

On the contrary a long list might be prepared showing the stock of companies selling below book value, some in the best of standing, and others just the opposite.

In this respect the investor has learned one big lesson, but there is much more still to be known on this point.

### EARNING POWER BEST TEST

While it is true that earning power will in the long run prove the best test of any industrial security, the only earning power which can be demonstrated is the earnings of the *past*, whereas the investor from the moment he buys his security is affected only by earnings in the *future*.

It is, of course, true in the great majority of cases that past performance is the most reliable guide to future performances, and a careful study of actually realized earnings is essential to the intelligent understanding of any business. Earning statements, studied in sufficient detail, reveal the conservatism or extravagance of any management; the depreciation policies; sales expense; and all the other trends which are indicative of industrial success or failure.

*A Privilege—  
A Pleasure—  
and a Promise—*

**I**T has been the privilege—and the pleasure—of the Fidelity Trust Company to co-operate with hundreds of leading banks during the past year.

And the Officers of the Fidelity Trust Company have never lost sight of the fact that friendly helpfulness toward Correspondent Banks has put the Fidelity where it is—and that friendly helpfulness will carry it further.

Our best expression of appreciation for past business is our promise of future co-operation and assistance.

*In the Center of Things Financial*

**Resources**

**Over Fifty Million Dollars**

*Member of Federal Reserve System*

## **FIDELITY TRUST COMPANY**

*120 Broadway*

*of New York*

*Equitable Bldg.*

The income reports, especially over a period of years, cannot be overlooked, nor can any of the items of a balance sheet be ignored.

As stated above, however, our real problem is to estimate what the future may have in store, and except as a guide toward the future, all of our study is worthless. Industrial changes are continuous. Companies which have done well in the past may deteriorate; companies which have done little in the past may improve. Sweeping changes through entire industries into the unprofitable class, and a single turn of the economic wheel puts a premium on other types of business. The real asset of a business, that can only be estimated by the most skilful analysis and judgment, is the vitality of the business as expressed, first, in the nature of the industry; and second, in management and policy. An industry can only be intelligently judged if it is likened to an individual. Every business is merely a collection of individuals, each contributing his own talents and

his own weakness. The type of industry furnishes the tool and the opportunity with which these individuals can work.

The founders of the great companies engaged in the production of oil, steel, automobiles, chemicals, and other manufactured products, the great merchants, shippers, railroad builders, and developers of power, have all created through vision, skill and a certain amount of good fortune the industries which are today sound and profitable. Looking into the future, our problem would be simple if we could select men and enterprises which will prove comparable during the next generation.

### **PROBLEM IN SELECTION**

Our problem, clearly, in judging industrial securities, lies more in the selection of businesses for their vitality and their management, than in the cold analysis of figures, however important the latter may be.

## *Complete Service for Financial Institutions*

Included in the service offered by this Company to correspondents are the facilities of the following departments:

**BANKING - TRUST  
FOREIGN - CREDIT  
MORTGAGE AND APPRAISAL  
INVESTMENT SERVICE  
REGISTRAR AND TRANSFER  
MUNICIPAL BOND - COUPON  
REORGANIZATION - CUSTODY**

*Inquiries Invited*

**UNITED STATES  
MORTGAGE & TRUST COMPANY  
New York**

No definite standards can, of course, be set up to enable the investor to estimate the vitality of a business in the future. Nothing can take the place of skill, judgment and a trained business instinct in sizing up such situations. It is still possible, however, to accept the old statements of assets and earning power as a first guide, provided thought is also given to the real heart of the business in terms which we have tried to outline.

A business may be small today, but if that business employs a Rockefeller, Eastman, Carnegie, or Henry Ford, the future is bright indeed. The genius of good management can be expressed in many ways, but the following are all essential to the best interests of the investor:

First, the ability through sound judgment

to keep what is good in the present business, and to conduct operations in such a way that the enterprise may never be embarrassed by unexpected circumstances.

Second, the continual creation of ideas, taking the form of new products, improvement of old products, new sales policies, and new methods of manufacture.

Third, the courage to act boldly in the face of depression, coupled with common sense and conservatism in times of inflation.

Fourth, skill and intelligence in the wise and humane handling of labor; and shrewdness and frankness in the conduct of relations with the public.

Such assets as these do not appear in the balance sheet and can only be known by intimate study. It is the duty of the bankers, financing industrials, to give more emphasis than ever before to these points, and it is the obligation of the investor, thinking in his own interest, to insist that such tests be applied.

# PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

**QUESTION:** Frequently we are offered stock in companies, which stock is not listed on the stock exchange or otherwise quoted, as collateral on loans. When such stock is offered, it is occasionally possible to obtain a financial statement and I should like to know a good method of figuring from the financial statement a value for the stock.

L. M. C.

**ANSWER:** Stock in a company, or anything else, is worth what you can get for it and no more. When a customer offers you such stock, it is perhaps in many cases not a bad idea to write to the president of the company, advising him that you hold a certain amount of the stock and asking him to write you and make an offer as to the figure at which he or the organization would be willing to buy the stock during the next six months. The balance sheet of the company gives a basis for figuring only the book value of the stock, and the book value can differ widely from actual value either way.

A safe and conservative way to figure the book value is to take the value given the outstanding common stock and add to it the amount of surplus shown. From this combined figure should be deducted preferred stock at its callable price, all good will, trademarks and intangible assets of a similar character. Also there should be deducted from the combined figure, items of prepaid expenses and other assets which might be classed as of little tangible value or of a miscellaneous character. The remaining figure should be divided by the number of shares of the stock outstanding, and the resultant figure is the book value. Book value tells little, for after all the real value must be based on earnings. An investment is valued at the earnings which it can make and the assurance of those earnings. A company whose stock has a book value of \$40 a share and can only

earn on the average of \$2 per share per year, is worth really no more than the company's stock which has a book value of only \$20 per share and can earn on the average \$2 per share per year. Values of stocks are based on earnings and not book value alone. It is possible to find stocks on the New York Stock Exchange today that have not \$1 of book value and yet sell equivalent to four or five times their earnings. It is poor practice to figure alone on book values, but prime consideration should be given to the trend of earnings in figuring the value of common stocks.

**QUESTION:** I have frequently heard some discussion of the part the credit man should take in requiring his customers to take life insurance. I should like your opinion.

O. T. N.

**ANSWER:** That is a difficult problem. We all realize the value of life insurance. Frequently it is possible for the bank credit man to touch on it with his customer and frequently it is not. It might be said that risks which require this sort of underwriting are poor risks and life insurance does not make them attractive. So many contingencies could enter in to foil the idea of the life insurance that it might prove worthless.

On the other hand, it has many admirable features. Credit should not be based on it alone, but it cannot be denied that life insurance of this sort does help the appearance of some risks. In the case of firms it should be payable to the remaining partners and in corporations to the corporation itself. There are many more times that the country banker can make this suggestion than the city banker. In the case of many small firms where the credit granter is relying chiefly on the money making ability of the partners and not the amount of capital they have, life in-

# The Central Mercantile Bank OF NEW YORK

MEMBER FEDERAL RESERVE SYSTEM

C. STANLEY MITCHELL,  
President



JULIAN M. GERARD,  
Chairman of the Board

Capital \$2,500,000    Surplus and Undivided Profits \$1,956,307  
Deposits \$41,971,800

Main Office

FIFTH AVENUE at 14th STREET

BRANCH OFFICES

Varick at Spring Street  
East Broadway at Catherine Street

8 West 40th Street at Fifth Avenue  
Seventy Second Street at First Avenue

insurance is very desirable. Because of their ability, success seems evident and only death can interfere. It is this factor that the liberal credit granter desires insurance against. If the ability and capacity isn't there the life insurance doesn't help the quality of the risk.

In the case of corporations where the capital is large compared with credit required, insurance is not so necessary. If the future of the corporation depends on the ability of one man, it is well to urge insurance. The banker or the commercial credit man should always seek to take all necessary steps to protect himself and if he believes life insurance improves the risk, he should suggest it and insist to the degree which he can.

QUESTION: I would like to know the customary way of handling the item "reserve for contingencies." It does not appear very often, but on each occasion when it does show up we have considerable discussion concerning it.

T. A. E.

ANSWER: The best way to handle it is to find out what it is all about. It can readily cover a multitude of sins, and it can be a perfectly clean item. Perhaps merchandise is valued high or all bad debts have not been charged off and, rather than set up a direct item

of reserve against either or both of these items, the management sets up a "reserve for contingencies" and hopes that the analyst will regard it as a regular reserve. This helps the current position.

On the other hand, bad debts may have all been written off and merchandise may be valued at a conservative figure but the business having had a fairly good year from the standpoint of earnings, the management elects to set some profits aside in a "reserve for contingencies" rather than throw it all into surplus. Such a policy makes it possible to bill this reserve for any charges which should arise unexpectedly without touching surplus. Quite a number of banks follow this practice, which enables them to charge off losses, pay unearned dividends, etc., without touching surplus and undivided profits. If the intent of the management was to truly establish a "reserve for contingencies" and the actual use was unknown at the time of the establishment of such a reserve, it should be treated as a reserve in the analysis, and therefore really under the classification of a capital liability. If there is doubt as to the true intent of the reserve and it is not possible to get details of it, the analyst should always play safe and consider it as a current liability, as long as he does not know what asset from which to deduct it.

## A New York Depository

The Hamilton National Bank in New York City offers its services as Depository, for out-of-town banks and corporations.

A highly developed credit service is available to our customers with exceptional conveniences for the developing of new business contacts.

Establish a connection with this bank that can handle your business and financial problems in this city.

THE  
**HAMILTON NATIONAL BANK**  
OF NEW YORK

Archibald C. Emery, *President*

Main Office, 130 West 42nd Street

“ THE BANK OF FRIENDLY SERVICE ”

## STATE BANK OF CHICAGO BEGINS WORK ON NEW \$15,000,000 HOME

CONSTRUCTION work on the new \$15,000,000 home of the State Bank of Chicago was begun in December. The building will require more than a year to build and when completed will be one of the most magnificent of LaSalle street's financial institutions. In addition to the bank, it will house the Chicago Stock Exchange and a number of well known firms already are engaging space for their offices.

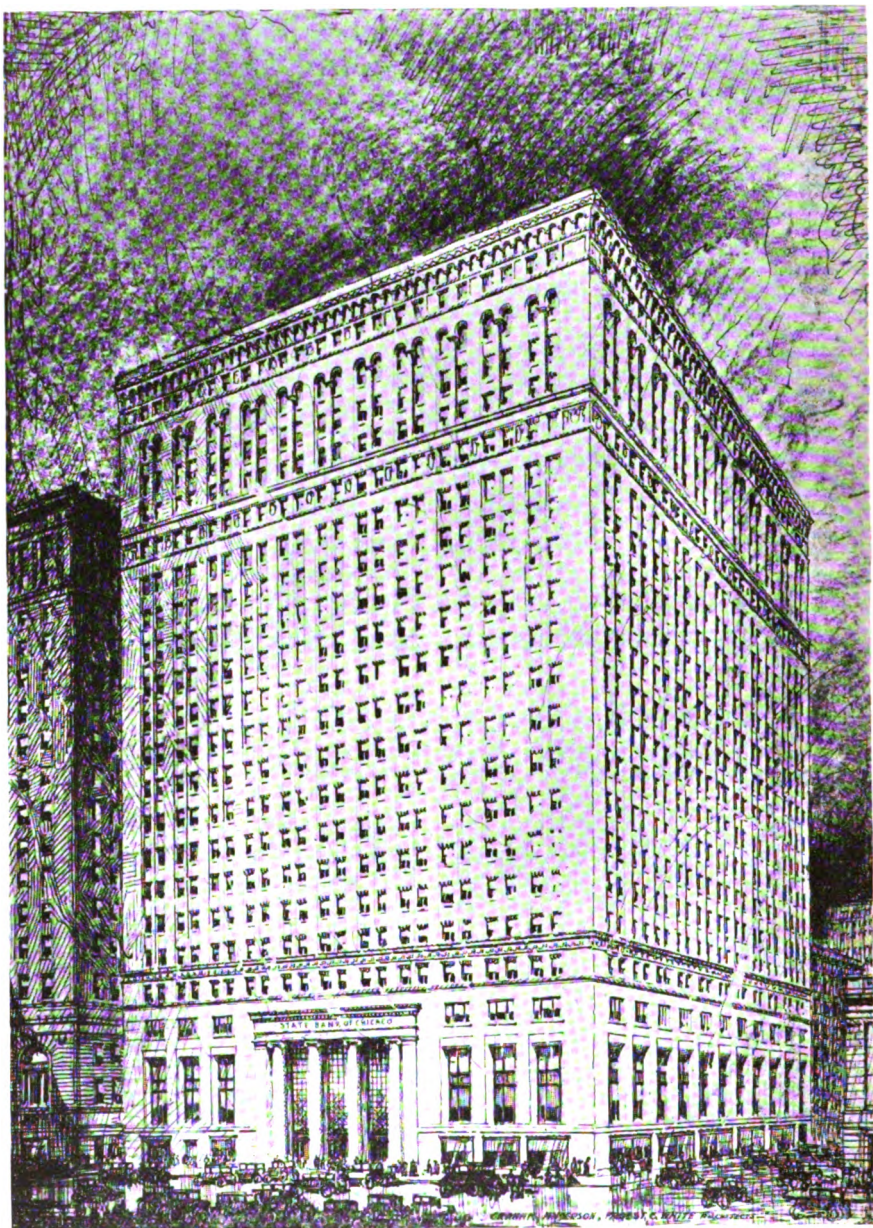
Located at the southwest corner of LaSalle and Monroe streets, on a lot 189 by 186 feet, the building will rise 272 feet from sidewalk to parapet. It will have twenty-two stories above the street level and three basements below. Pier caissons already are under way and specifications are being rapidly completed so that materials can be delivered rapidly.

The conservatism and strength of the bank inspired the design of the building. The architecture is massive in outline and the surface treatment is one of dignified simplicity with all unnecessary ornamentation omitted. The architects are Graham, Anderson, Probst & White.

The architectural elements are classic in feeling and are taken from the best examples of Greek and Roman architecture with sufficient modification to properly adapt to modern office building requirements. The base of the building is of a monumental character without pilasters or ornamental detail to a height of five stories. The main banking room entrance is in the center of the facade marked by a recessed portico. This portico is composed of free standing Ionic columns forty-one feet high, supporting an entablature above.

The material for the lower stories will





Architect's drawing of the new building of the State Bank of Chicago, on which work has been begun.

be of granite or stone; for the upper stories brick and terra cotta or stone.

Upon entering the main entrance between the Ionic columns, the spectator will find himself in a public lobby with a staircase ascending to the second floor where the banking room is located. Directly ahead in this room will be found the officers who have constant dealings with the bank's customers. Adjoining are the consulting offices of the executive officers and the directors' room.

The main banking room will be notable. The finish treatment will be of foreign marbles, relieved by ornamental bronze work. A series of arches will be the principal motif in the design of the room itself, with a lunnetted ceiling, and lighted by a ceiling skylight of antique colored glass.

Bank vaults and safety deposit vaults will be of the most modern design, representing the latest and best in bank vault engineering. The safe deposit vaults, which will be located in the first basement, will be of 25,000 box capacity. There will be two massive doors to these vaults, one rectangular and one circular, both of special material, impenetrable from attack with oxycutter torch, drill or explosives. The safe deposit vaults will have ample lobbies, men's and women's waiting rooms, committee and coupon rooms, which in their appointments will be thoroughly modern in every respect.

The Chicago Stock Exchange will be on the second floor to the south of the banking room and will occupy an area approximately 56 feet by 160 feet. The board room and private offices will be appropriately treated in a finish of marble and bronze.

The first floor of the building will have offices for brokers, etc. There will be an L-shaped arcade leading from Monroe street to Lasalle street, fronting which will be additional shops. In the central portion of the ground floor the savings department of the bank will be located, making this department easily accessible to the banking public.

**ONE BANK COVERS THE  
LOS ANGELES  
METROPOLITAN DISTRICT**



This circle, with a radius of 20 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

STARS INDICATE BRANCHES OF

**SECURITY  
TRUST &  
SAVINGS BANK**

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

**RESOURCES EXCEED \$200,000,000  
OVER 285,000 DEPOSITORS  
CAPITAL & SURPLUS \$11,075,000**

Ask our Department of Research and Service for any desired information regarding business conditions in this region.





## Nights A-Glamour with Moon and Dancing

**A Glorious Month through the Old Spanish Main from February 5th to March 6th**

Decks festooned with swaying lanterns . . . golden bubbles in the tropic night . . . shattered silver waters lapping . . . fragrant winds . . . calling music . . . one who has never danced on shipboard does not know dancing at its loveliest. . . . And this is a nightly occurrence on the French Line cruise to the Caribbean varied with wondrous trips ashore.

The S. S. *Lafayette* will take you through this

sapphire sea . . . to Bermuda, to Nassau . . . Havana . . . La Guaira . . . Curacao . . . Colon . . . Kingston . . . the very names are romance. Throughout the trip you live entirely on the steamer . . . surrounded with comfort, with charm . . . gaieties . . . interesting companions. Thirty long, lovely days . . . the fares range from \$325 to \$1200 including shore excursions. No passport required.

**Sailing from New York, February 4th, and from Philadelphia, February 5th, 1927**

Make your reservations now . . . then, aboard and away . . . to sail the seas where the buccaneer roamed and hid his gold on lonely strands.

# French Line

*Compagnie Générale Transatlantique,*  
19 State Street, New York



Offices and Agencies in principal cities  
of Europe, Canada and the United States.

## WHAT BANKS AND BANKERS ARE DOING

**ARTHUR A. MILLER** was appointed a vice-president of the Equitable Trust Company of New York at a meeting of the executive committee of the board of directors held recently. Mr. Miller became associated with the Equitable in 1903 as a loan clerk and in 1914 was appointed an assistant treasurer. In 1918 he was made treasurer of the Equitable.

Before joining the Equitable staff Mr. Miller was engaged in real estate, manufacturing and stock brokerage. This and a study of law and finance gave him a background necessary for a modern banker.

**NEWTON P. FRYE** was elected recently to the office of vice-president of Federal Securities Corporation, investment bankers of Chicago, and took office January 1. Mr. Frye has been with the company for four years and has been engaged in the investment securities business since 1918. Previous to that time he was manager of the financial department of the *Chicago Daily News*.

**FRANK E. DEAN** has been appointed an assistant treasurer of the Guaranty Trust Company of New York. Townsend T. McWilliam has been named chief clerk of the same company.

**OLIVER C. FULLER**, for many an outstanding figure in Milwaukee, Wis., financial affairs, has resigned as head of the First Wisconsin National Bank and its affiliated institutions, in Milwaukee. His resignation is occasioned by ill health.

Mr. Fuller has been chairman of the First Wisconsin Company, president of the First Wisconsin Trust Company, and a director in a number of middle west companies.

**THOMAS FITZHUGH TURNER**, well known banker and manager of the safe deposit department of the First National

Bank in St. Louis, Mo., died Tuesday, December 14, shortly after being stricken at his desk.

Mr. Turner was born in Charleston, S. C., in 1856, came to St. Louis as a young man and for several years was connected with the Midland Blast Furnace Company. After spending a



**ARTHUR A. MILLER**  
Vice-president of the Equitable Trust  
Company of New York.

short time in the insurance business he became associated with the St. Louis Union Trust Company, in 1902. He was manager of the safe deposit department and retained the position when the Union Trust merged with the First National.

**DANA R. CROCKER**, a member of the Fifth Avenue office staff of the Guaranty Trust Company of New York, has been appointed an assistant trust officer of that office.

**HENRY L. SERVOS**, vice-president of the United States Mortgage & Trust Com-

Organized 1890

# The State Bank

14 Offices in Greater New York

Member of the New York Clearing House Association

Condensed Statement as of the Close of Business  
December 31st, 1926

## Resources

Loans and Discounts .....	\$81,909,749.87
United States and Municipal Bonds.....	9,806,233.14
Short Term Securities .....	10,554,086.36
Bonds and Other Securities .....	6,269,049.54
Banking Houses .....	1,828,711.98
Cash and Exchanges .....	14,865,325.27
Customers' Liability, Account of Acceptances, etc.	4,915,068.33
	<hr/>
	\$130,148,224.49

## Liabilities

Capital Stock .....	\$5,000,000.00
Surplus and Undivided Profits .....	5,682,243.92
Reserve for Taxes, etc. ....	241,550.54
Quarterly Dividend Payable January 3, 1927..	200,000.00
Due Depositors .....	114,168,684.46
Acceptances, Letters of Credit, etc. ....	4,855,745.57
	<hr/>
	\$130,148,224.49

## A Comparison of Progress

Year ending December 31	Capital, Surplus and Undivided Profits	Deposits
1916	\$2,181,557.00	\$32,661,947.00
1921	6,025,000.00	82,748,099.00
1926	10,682,243.00	114,168,684.00

HAROLD C. RICHARD, *President*

pany of New York, was honored at a dinner given by President John W. Platten and other officers of the bank at the Roosevelt Hotel recently. The dinner celebrated the completion of thirty years of service with the company by Mr. Servoss.

C. A. BARKER was elected an assistant cashier of the California Bank, Los Angeles, at a recent meeting of the bank's board of directors. Mr. Barker is a graduate of Leland Stanford University and a banker of long experience.

Six years ago he left the employ of the Van Nuys office of the bank, where he had been an assistant cashier, for foreign experience and has been in China with the American Oriental Banking Corporation of Shanghai, having served for four years as manager of their Amoy and Fuchau branches.

In addition to a thorough knowledge of banking Mr. Barker has made a specialty of foreign banking as it affects Oriental transactions with the United States and will be a factor in the foreign department of California Bank at its head office.

CHARLES L. BETHEL, assistant treasurer the Union Trust Company, Cleveland, Ohio, has been appointed manager of the bank's new office opened in Lakewood last month. Mr. Bethel was reared in Lakewood and began his banking career in 1907 when he started to work for the Dime Savings and Banking Company. His connection with the Union Trust has come about as a result of two mergers, that of the Dime Savings and Banking Company with the Citizens Savings and Trust Company and that of the latter institution with other institutions to form the Union Trust.

ALFRED B. LEET, trust officer of the American Security and Trust Company, Washington, for many years, has joined the staff of the Chatham Phenix National Bank and Trust Company, New York. After becoming ac-

quainted with the main office he will be located at Thirtieth street and Fifth avenue and will be available to all the branches of the Chatham Phenix above Fourteenth street.



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HENRY L. SERV OSS

Vice-President United States Mortgage  
& Trust Company, New York.

ARTHUR W. KEEVIL, formerly assistant secretary, has been elected vice-president in charge of the mortgage department of the United States Mortgage & Trust Company of New York. G. A. Medcalfe was elected assistant secretary, to succeed Mr. Keevil.

JOHN T. COCHRANE has been elected a director of the Central National Bank, New York, according to a recent announcement made by the board of directors. Mr. Cochrane is president of the Alabama, Tennessee & Northern Railroad Corporation; president of the Chamber of Commerce of Mobile and a director in the Merchants Bank of Mobile.



ALEX GUMBERG has resigned as vice-president, general manager and a director of the All-Russian Textile Syndicate, Inc., New York, his resignation having taken effect on December 15, the third anniversary of the incorporation of the syndicate and of Mr. Gumberg's connection with it.

Since January 1 Mr. Gumberg has



C. L. BETHEL

Manager Detroit-Cook office of the Union Trust Company, Cleveland, Ohio.

been associated with the United States Company, New York, as a vice-president and a director. Other directors of the company are Reeve Schley, Floyd B. Odium, Richard B. Scandrett, George H. Howard and L. Boyd Hatch.

I. Y. Yonov has succeeded Mr. Gumberg as general manager of the All-Russian Textile Syndicate, Inc. He was elected a vice-president and a director November 3 of last year.

W. F. AUGUSTINE assumed his new duties January 1 of this year as vice-president of the National Shawmut

Bank of Boston, to which position he was elected December 9.

Mr. Augustine is a native of Richmond, Va., and was educated in the public and high schools there. He began his banking career with the old Merchants National Bank of Richmond in 1900 as an office boy and runner and remained there until that bank was consolidated with the First National of Richmond on March 1, 1926.

During that time he filled every clerical position in the bank from office boy to senior teller; was elected assistant cashier in 1912 and a vice-president in December, 1918.

The new officer has been active in the work of the American Bankers Association and has held a number of offices in it and in the Virginia Bankers Association. He has also served as secretary of the Clearing House Association of Richmond and as a member of the board of directors of the Association of Reserve City Bankers.

### CINCINNATI BANKS MERGE

THE combination of the Fifth-Third National Bank and the Union Trust Company, both of Cincinnati, Ohio, into the Fifth-Third-Union Trust Company went into effect January 1, forming one of the largest institutions in that part of the country. Charles A. Hinsch, who has been president of both banks—they have been affiliated in interest for seven years—will head the combined institution.

The merger was accomplished without any change in personnel of directors, officers or employes, and without change in the banking facilities of the Fifth-Third-Union Trust chain of branches.

The merger was designed to accomplish greater efficiency in the organizations and greater banking opportunities for the customers of the banks. The only important change is the surrendering of the national bank charter held by the Fifth-Third, but the united bank remains a member of the Federal Reserve System. Under a state charter the bank will

be enabled to render greater banking facilities than under the limitations of a national charter.

As part of the new organization, two new corporations are to be organized to undertake certain functions now conducted by the constituent banks.

A securities company, to be known as the Fifth-Third-Union Company, with an authorized capital of \$500,000, is to be formed to conduct the bond and investment business heretofore handled by both banks.

A third corporation, to be known as the Fifth-Third-Union Safe Deposit Company, with an authorized capital of \$500,000, is to be formed to operate the safe deposit business of the banks and the branches.

Both the banking houses now operated by the Fifth-Third National and the Union Trust Company are being continued as banks, and all the Union Trust branches are being conducted as heretofore. The banking house of the Fifth-Third National will be the headquarters office and the home of the Fifth-Third-Union Company.

The new institution has a capital of \$5,000,000, surplus and undivided profits of more than \$6,000,000 and total resources in excess of \$90,000,000.

### FIDELITY TRUST CHANGES

JAMES G. Blaine, vice-president of the New York Trust Company, was elected president of the Fidelity Trust Company of New York, according to announcement made by Samuel S. Conover, recent head of the bank. Mr. Conover became executive chairman of the board of directors. With John T. Sproull, chairman of the executive committee, the three will constitute the three chief executive officers of the institution.

Mr. Blaine was born in New York in 1888 and was graduated from Harvard in 1911. After spending some time in the insurance and investment business in Providence, R. I., he went to the American Red Cross in Washington,

serving under the late Henry P. Davison and Harvey D. Gibson.

At the close of the war Mr. Blaine became vice-president of the Liberty National Bank of New York, which later



W. F. AUGUSTINE  
Vice-president the National Shawmut  
Bank of Boston.

merged with the New York Trust Company.

Mr. Blaine is a grandson of James G. Blaine who was secretary of state during the administrations of Garfield and Harrison and who was himself the Republican candidate for the Presidency in 1884.

### ROCHESTER BANKS MERGE

BOARDS of directors of the Merchants Bank and the Union Trust Company, both of Rochester, N. Y., have authorized the merger of the two institutions, subject to the approval of the stockholders of the banks. The combined banks will have resources of \$50,000,000 and will become, it is expected, one of the strongest financial institutions in the state.



**Capital**  
**\$3,000,000**



**Surplus**  
**\$3,500,000**

## **Cordial Cooperation**

**in handling Boston and New England banking and  
fiduciary matters in an efficient and expeditious  
manner is to be found at**

THE  
**State Street Trust Company**

Allan Forbes, *President*

**BOSTON, MASS.**

*Member Federal Reserve System*

The Merchants Bank will continue to operate as the "Merchants Branch" of the Union Trust Company, which will have five offices, including its main office in the Union Trust Building, and four offices in other parts of the city.

The personnel of the Merchants Bank will remain the same and directors of the Union Trust Company will rearrange the officer personnel to take care of the bank's enlarged activities. Frederick W. Zoller, president of the Union Trust, will remain as head of the new institution.

The Union Trust is in its seventy-third year and the Merchants Bank was opened in 1883. John C. Rodenbeck, president, has been in its employ since 1884. He will remain in charge of the Merchants Branch.

### **LEWIS L. CLARKE HONORED**

LEWIS L. CLARKE, chairman of the executive committee of the new American Exchange Irving Trust Company, was

the recipient recently of a loving cup from the directors and officers of the former American Exchange-Pacific National Bank, of which he was president until its recent merger with the Irving Bank and Trust Company.

The inscription on the cup reads as follows: "To Lewis L. Clarke from his fellow officers and directors of the American Exchange-Pacific National Bank in token of their personal regard and in appreciation of his brilliant record as President of that Bank. New York, December 11, 1926."

Mr. Clarke entered the service of the American Exchange National Bank in 1889 and rose by successive steps to the presidency in 1910.

### **TEXTILE SYNDICATE STATEMENT**

At the end of its third year of operations the All-Russian Textile Syndicate, Inc., of New York, which purchases American cotton, dyes and machinery



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The Banker's Bank of the  
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5000 Correspondents in  
all parts of the world.

70 years of constant  
growth.

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**National Bank of Commerce**  
Incorporated in New York



for the All-Union Textile Syndicate of Moscow, controlling 98 per cent. of the textile output of the Soviet Union, announced that during the three years its purchases here have amounted to \$130,500,000. Of this amount \$300,000 was expended for dyes and machinery and the remainder for cotton.

In connection with its birthday, the syndicate made public its report for its business year ending September 30 last, corresponding with the Soviet fiscal year. During this period the syndicate purchased 263,700 bales of cotton valued at \$33,053,445. It also purchased dyes valued at \$146,509 and machinery worth \$8129, bringing the total for the year to \$33,208,084. Twenty-two steamers were chartered to carry the cotton to Soviet ports.

During the period between December 13, 1923, and September 30, 1926, the total purchases here aggregated \$116,815,282, including 784,193 bales of cotton. Seventy-seven steamships were chartered to transport the purchases.

The balance sheet of the syndicate, as of September 30, shows assets including cash in banks and on hand \$1,230,496, cotton in transit (pledged) \$8,179,628. The total balance sheet of the above date is \$13,653,721. The All-Russian Textile Syndicate, Inc., is a corporation organized under the laws of the State of New York, with a capital of \$2,000,000 fully paid in. Its headquarters are at 120 Broadway with branches in Houston and New Orleans.

### DISASTROUS BURGLARY

ACCORDING to the *McClure Plain Dealer*, the First National Bank of McClure, Pa., recently suffered a rather disastrous burglary when yeggmen stole \$107,500, quite a portion of which was in negotiable securities.

The bank was equipped with a concrete vault without a lining and a fire-proof vault entrance. Inside the vault were two manganese safes in which its own funds were kept, as well as fifty safe

## *EXAMINATIONS - SYSTEMS - TAXES*

FOR

**Banks and Trust Companies**

**McARDLE & McARDLE**

*ACCOUNTANTS AND AUDITORS*

**Forty-Two Broadway, New York City**

deposit boxes. The vault entrance was equipped with several auxiliary tripping devices and gas, but these failed to frustrate the attempt of the yeggs, who



G. A. MEDCALFE

Assistant secretary United States  
Mortgage and Trust Company, New  
York City.

burned a hole in the door and then burned a hole in the manganese safe from which they removed everything of value. They also stripped the safe deposit boxes.

The robbers left no clue behind them except the cap of the acetylene tank and a chamois mask used over the face while

burning through the vault door and safe. The ends of the safe deposit boxes were pried off and all the contents not stolen were scattered on the floor of the vault.

The bank was organized in 1905 and has ever since enjoyed prosperity. It is capitalized at \$25,000 and the stock has more than doubled. The bank is doing business as usual and has placed a contract with the York Safe & Lock Co. for a twelve-ton door and a heavy steel lining for its vault. The door is constructed to resist all modern methods of attack and will be installed in the near future.

The record of the bonds stolen includes \$51,650 registered Liberty bonds, \$20,400 coupon Liberty bonds, \$33,950 coupon bonds of corporations. In the same safe were bonds owned by the bank in the amount of \$35,042, and Liberty bonds in the amount of \$9050 which were partly burned and will be redeemable. They were burned by the acetylene torch while burning through the safe.

### NATIONAL CITY BANK EXPANDS

CONSOLIDATION of the National City Bank of New York and the International Banking Corporation, announced early in December and going into effect January 1 made a world-wide organization out of the National City Bank, which was already the largest bank in this country and one of the largest in the world.

An increase in capitalization of 50 per cent., which the directors will lay before the stockholders at their annual meeting, will consist of the issuance of

## Visualize This:—Speed and Accuracy.

**C**lub member coming in Bank door, going straight to teller's window, lays down book and deposit. Teller stamps stub and coupon with double rubber stamp; Zip, out comes deposit coupon and member is on his way out. *No Waiting—No Congestion—LESS Expense in Handling.* This is how **Outcault's Multiclass Coupon Book** works for Christmas, Vacation or any other Thrift Club. *Ask for sample.*

## OUTCAULT ADVERTISING COMPANY

221 East 20th Street, Chicago, Ill.

\$25,000,000 par value new stock at \$200 a share, thus bringing in \$50,000,000 new money.

The National City Company, whose shares are a part of the City Bank's own stock and which are held by the same stockholders, will get \$100 a share of the \$200 a share the stockholders will put in purchase for each share of new stock.

Coupled with the announcement of the increase in capital, which was made by Charles E. Mitchell, president of the bank, was the not less interesting announcement that many of the various branches of the International Banking Corporation, with deposits in excess of \$80,000,000, would be gradually absorbed and operated as branches of the National City Bank, which, through the National City Company, already owns 100 per cent. of the International Banking Corporation capital stock.

Surplus of the International is \$10,000,000 and capital is \$5,000,000.

The International Banking Corporation, with twenty-four branches around the world, mostly in the Far East, is a famous American foreign banking organization. Its name will not disappear altogether, however, for it will continue to operate in some parts of the world under its present title.

Mr. Mitchell revealed that the branches of the international in Santo Domingo, Panama City and Colon, Panama, already had been taken over by the National City Bank. The branches in Spain, and some of those in the Far East, will not be taken over.

Assurances were given by Mr. Mitchell

that the earning power of the bank and of its allied institutions give promise that the present rate of dividend, equivalent to \$20 a share annually on stock of the



CHARLES E. MITCHELL  
President National City Bank of  
New York.

bank, can be maintained despite the increase in capital.

The proposal of the directors will mean a very substantial melon for stockholders of the bank, who will be enabled to buy stock at \$200 a share when the open market quotes the stock at a price in excess of \$600 a share.

The privilege of purchasing the new stock, in the ratio of one new share for

**For Safety and Assured Income  
Re-Invest January Dividends In**

**Federal Home Mortgage Co.**

**First Mortgage  
Collateral Gold Bonds**

*A Universal Investment*



Funds invested in Federal Bonds are secured by first mortgages on owner-occupied homes.

Think of the integrity of such security.

These mortgages at the time they are made are never for more than 60 per cent. of the conservatively appraised value of the properties, and are regularly reduced by a plan of periodical payments which constantly increases the margin of safety.

Such mortgages, without additional guarantees, have long been accepted by banks and insurance companies as one of the soundest forms of investment.

Because of this inherent soundness of the underlying mortgages and of the direct obligation of the Federal Home Mortgage Company, the National Surety Company unqualifiedly guarantees Federal Bonds as to both principal and interest.

Issued in denominations of \$100, \$500 and \$1,000, in maturities of five to fifteen years.

Write today for illustrated Folder describing homes on which first mortgage loans are made; also copy of the National Surety Company guarantee.

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**R. H. ARNOLD CO.**

**Established 1895**

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**Fiscal Agents**

every two shares now held, will be available to stockholders of record as of January 15, next, provided stockholders approve it at their meeting January 11.

Of the total capital of the bank, \$25,000,000 will be capital of the National City Company, and \$25,000,000 of the total surplus will belong to the National City Company. In addition the last named organization will have "substantial" undivided profits.

### BANCO DE PONCE SURPLUS

THE surplus fund of the Banco de Ponce, P. R., was increased by \$30,000 at the close of the year 1926 and now stands at \$267,500, as a result of the bank's prosperity during the fiscal year just closed. The bank increased its capital on June 30, 1926, issuing 2500 shares which were sold at \$115. The increase was oversubscribed by the bank's stockholders and today the capital stands at \$1,000,000.

### CLOSED BANK PAYS 140 PER CENT.

THE Mechanics Savings Bank of West-erly, R. I., founded in 1840 and closed by the courts in 1901 "for unwise investment" last month made payments to its depositors which raised the total of what they have received to 140 per cent.—with more to come.

When the bank was closed it had 1900 savings accounts, one to very fourth person of the population, and the leading business men of the community were its directors.

"Too much wildcat stock in Oklahoma oil wells and Florida orange groves," was the common talk. But the directors were able to distribute 25 per cent. of the deposits four months after the closing, 25 per cent. more in eighteen months, and then dribbles of 5 and 10 per cent. at intervals until the investors had recovered every cent of their money, and 10 cents on the dollar as premium.

The wells and groves produced. The two surviving directors, Ira B. Crandall,

retired clothing merchant, and Thomas Nichols, in the banking business, voted a distribution of \$300,000 from the proceeds of the oil lands. "Within six or seven months," said Mr. Crandall, "we expect to reduce our remaining assets to cash and will pay another dividend of 6 or 7 per cent."

Several of the depositors of record in 1901 have died and their heirs have received the Christmas largess. The directors recently advertised in attempt to locate a few depositors who have disappeared in the intervening twenty-five years.

### GUARDIAN TRUST'S TOTAL DIVIDEND

A REGULAR quarterly dividend of 3 per cent. and an extra dividend of 2 per cent. were declared by the board of directors of the Guardian Trust Company, Cleveland, Ohio, at a recent meeting. These make the total dividends for the year 1926, 14 per cent. on the capital stock.

The board also voted to transfer \$1,000,000 from undivided profits to surplus, thus making the latter \$5,000,000.

The surplus increased from \$18,813 in 1896 to \$395,063 in 1904 and \$1,000,000 in 1904 to the present amount. During the same time the capital has increased from the original \$500,000 to \$1,000,000 in 1904 and \$4,000,000 in 1921, where it has remained since. During this period the dividend rate of the bank has also increased steadily, from 2½ per cent. in 1897 to its highest point, that of 14 per cent. for the year just concluded.

Since the establishment of the bank there have been three transfers of funds from the undivided profit account to surplus, the first being in 1896, in the amount of \$18,813.40. Again in 1907, \$604,936.60 was so transferred, while recent action by the board effected a transfer as of December 31, 1926, of \$1,000,000, the greatest sum in the history of the Guardian. After this entry is completed undivided profits account will remain approximately \$850,000.

FIFTH AND SPRING  
**CITIZENS**  
NATIONAL BANK  
LOS ANGELES



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The Guardian began business December 10, 1894, with capital of \$500,000. At the end of the first year deposits were \$543,921. H. P. McIntosh, chairman of the board, was president from 1897 to 1917 and during his administration deposits grew from less than \$1,000,000 to \$42,000,000. J. A. House has been president since 1917 and has seen deposits grow from \$42,000,000 to more than \$126,000,000, or more than \$84,000,000 in less than ten years.

The last published statement carried a comparison of deposits indicating a growth in four years from less than \$96,000,000 to more than \$126,000,000, or approximately one-third increase in size without any mergers during the period.

### CHEMICAL BANK TO MOVE

THE second move of the Chemical National Bank, New York, in 102 years will be made as soon as a six-story building, for which the contract has recently been let, is completed. The new build-

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## STOCKS AND BONDS AT AUCTION

*Regular Auction Sales of all Classes of Securities Every Wednesday*

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ing will be at 165 Broadway while the bank's present quarters are at 270 Broadway. It is expected that it will be completed early in 1928.

The Chemical opened its original office, the first on Broadway, at 216 Broad-



ARTHUR W. KEEVIL

Vice-president United States Mortgage and Trust Company, New York City.

way in 1824 and moved in 1848 to its present location.

A new six-story building especially designed for banking will be erected at the corner of Broadway and Cortand street, connecting with and forming a part of the thirty-two story building

known as the Benenson building. This will be the bank's office, for which some 50,000 square feet are being provided.

The bank will also open a large office at 320 Broadway in the heart of the textile district. This was the location of the Citizens National Bank before it was consolidated with the Chemical. The bank has two uptown offices now operating successfully—its Fifth Avenue office at Twenty-ninth street, and its Madison avenue office at Forty-sixth street.

This expansion and development of a larger range of business has been an outstanding feature of the bank's growth during recent years since the inauguration by its president, Percy H. Johnston, of a more progressive policy. The Chemical has shown a steady growth for the last few years, not only in its regular commercial and financial business but in its trust, bond and foreign activities.

### INTEREST ON SAVINGS DEPOSITS

A FOLDER entitled "Interest Rates and Rules on Savings Deposits," compiled from data supplied by Wisconsin banks, has been published by the Wisconsin Bankers' Association.

### CLEVELAND TRUST MAY INCREASE CAPITAL

STOCKHOLDERS of the Cleveland Trust Company, Cleveland Ohio, will be asked to approve a recommendation made by the board of directors that the capital stock of the company be increased from



\$8,600,000 to \$10,000,000. Action will be taken at the annual meeting of stockholders January 19.

The issue of additional stock, when approved, will be offered to stockholders at \$160 per share. Each stockholder of record will be offered additional shares on the basis of 16 per cent. of his holdings as of April 20.

The proposed issue, according to Harris Creech, president, is in accordance with the policy of the company to increase the capital from time to time as the growth of the company requires. The new addition will give the company a combined capital and surplus of \$16,000,000.

#### MORRIS COMPANIES TO MOVE

THE group of New York companies headed by Arthur J. Morris, founder of the Morris plan system of industrial banking, will move in April of this year to the Graybar building, adjoining the Grand Central Terminal on the east.

This building is being erected on the block bounded by Forty-third and Forty-fourth streets, Lexington avenue and Depew place, and will be the largest office building above ground in the world.

The group of companies includes the following:

Industrial Finance Corporation, Industrial Acceptance Corporation, Morris Plan Corporation of America, Morris Plan Mortgage Corporation, Morris Plan Securities Corporation, General Bond and Share Corporation, Puritan Corporation, Realty Acceptance Corporation and Stuyvesant Corporation.

The Graybar building will have a forty-foot concourse which will lead right into the Grand Central Terminal and serve as its principal eastern entrance, only 200 feet from the information booth and the outgoing "Twentieth Century Limited." This will be especially convenient for the officials of this company who make frequent trips to Chicago, South Bend and many other cities.

The Graybar building was designed

## The Greatest Known Defense Against Bank Burglary

### McClintock Bank Burglar Alarm Systems

**Provide positive protection against Burglary.**

**Create new business for the bank.**

**Increase confidence in the management.**

**Safeguard the financial interests of the Stockholders and Customers.**

**Protect the lives of Employees.**

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*Complete information upon request*



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City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

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**WILLIAM J. WASON, JR., Vice-President**

**THOMAS BLAKE, Secretary**

**HOWARD D. JOOST, Vice-President**

**ALBERT I. TABOR, Assistant Secretary**

**J. NORMAN CARPENTER, Vice-President**

**CLARENCE E. TOBIAS, Assistant Secretary**

**ALBERT E. ECKERSON Auditor**

**ACCOUNTS INVITED**

**INTEREST ALLOWED ON DEPOSITS**

by Sloan and Robertson, and is being erected by the Todd, Robertson, Todd Engineering Corporation. Eastern Offices, Inc., is the owner.

## J. P. MORGAN ANNOUNCES NEW PARTNERSHIPS

THREE new partners were added to the firm of J. P. Morgan & Co. this year from among the ranks of the organiza-



**FREDERICK W. ZOLLER**

President Union Trust Company,  
Rochester, N. Y.

tion—Arthur M. Anderson, William Ewing and Francis Dwight Bartow, all of whom were simultaneously raised to

the rank of "junior" partners two years ago. The new partners will also be partners in Drexel & Co. of Philadelphia, Morgan, Grenfell & Co. of London and Morgan & Co. of Paris.

Mr. Bartow entered the Morgan firm at the close of 1924 from the First National Bank of New York, where he had been since 1902. He had been president of the bank since 1915.

Mr. Anderson has been with the Morgan company since 1914, when he began as chief of the bond department. Prior to that time he had been a member of the firm of L. von Hoffman & Co.

Mr. Ewing became associated with the firm in 1916. He had previously been affiliated, for ten years, with the Harris Trust and Savings Bank in Chicago and prior to that time, for three years, had been employed by the C. B. and Q. Railroad Company.

The Morgan company announced at the same time the change in name of its Paris company to conform with a French law which does not permit the use of the name of a deceased person in the name of a firm. Thus what has been Morgan, Harjes & Co. will henceforth be known as Morgan & Co.

## PORTO RICO BANK SHOWS COMMUNITY SPIRIT

THE activity of the American Colonial Bank of Porto Rico in "boosting" Porto Rico is shown in two of its most recent publications—one a most attractive booklet dealing with the geography, resources and industries of the country and the

## The Value of Fresh Air

Winter is the time for intensive business. Preventable sickness, absenteeism and inefficiency cause serious losses. Greater profits will result if your employees breathe pure air.

Vacations with pay for your employees are an investment in health and ambition. The investment will soon be lost unless a healthful atmosphere is maintained during the cold season.

Modern science demands ventilation with cool, fresh air. By the Gerdes Method of Ventilation healthful and invigorating *unheated* fresh air is diffused without causing draft or chill. A booklet fully describing this method and giving references of the highest character will be sent on request.

## Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

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**GERDES**  
METHOD

second a folder giving in tabulated form the imports to Porto Rico from the United States and from foreign countries.

The booklet includes a number of photographs of the island, some showing its natural beauties and others portraying notable buildings.

Two hundred items are listed in the pamphlet and the value in dollars of the island's imports from the United States and from foreign countries is given.

### PORTO RICO BANK STATEMENT

STATEMENT of the American Colonial Bank of Porto Rico, as of October 31, 1926, shows total assets of \$13,201,826, paid up capital of \$1,500,000, surplus of \$1,000,000 and current accounts of \$10,420,967.

### ENLARGES SURPLUS

THE First National Bank of Philadelphia has transferred \$750,000 from its undivided profits to its surplus fund. The bank now has capital of \$1,950,-

000, surplus of \$4,000,000, undivided profits of \$1,000,000 and deposits of \$56,000,000.

### CHELSEA EXCHANGE CLOSES PROSPEROUS YEAR

THE year just closed has been the most prosperous to date for the Chelsea Exchange Bank according to Edward S. Rothchild, president of the institution.

Earnings of the bank have broken all records and the deposit account recorded a substantial gain compared with the close of 1925. Net earnings on the \$1,500,000 capital stock, based upon actual figures to December 1, and estimating the final month of the year, approximate nearly 32 per cent. which is slightly higher than earlier estimates. Resources at the present time approximate \$21,000,000, a gain of nearly \$2,000,000 compared with a total slightly above \$19,000,000 reported a year ago.

Substantial progress has been made by the institution during the year 1926, Mr. Rothchild said. "Two new branches

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Over 300 branches throughout  
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*Teachers will be sent to Financial and  
Industrial Institutions desiring to form  
Classes in their offices.*

were added to our chain this year," he pointed out, "and several new departments were added to the bank service for the benefit of its customers. The most important of these was the establishment of a bond department for the purpose of giving investment information. This department is supervised by Lewis E. Rothchild, vice-president."

### FRANKLIN TRUST WINS SESQUI HONORS

THE Medal of Honor, the highest honor possible to convey on a bank, has been won by the Franklin Trust Company, Philadelphia, by the jury of awards of the Sesqui Centennial International Exposition.

Available records show that this is the first time in the history of a world's fair that a bank has received the Medal of Honor. The committee's letter sets forth that the "award was based on the

following facts, the Franklin Trust Company furnished a modern bank building with facilities for conducting a general banking business on the grounds, in which were installed up-to-date mechanical appliances to officially handle the volume of transactions necessary to the conduct of an international exposition, and for applying scientific banking methods in dealing with accounts of domestic and foreign exhibitors and concessionaires and rendering this service, 'til Midnight Daily.'"

According to C. Addison Harris, Jr., president of the Franklin Trust Company, their engineers shattered all records in the construction of the Sesqui office, which was erected and completely equipped in twenty-four working days. The office opened May 30, and in less than thirty days thereafter their deposits totaled over \$1,000,000. As official depository of the exposition the Franklin Trust Company handled all of the receipts of the exposition and it is estimated that it required over \$2,000,000 of wrapped coins which were distributed daily among the concessionaires in sufficient quantities to enable them to transact their business.

Sesqui visitors were particularly interested in the bullet proof "saftee" glass cages which housed the tellers and through which the public viewed the exhibition of the latest money counting and wrapping devices in operation.

Those visiting the exposition from foreign lands marveled at their foreign exchange department which was continually in touch with sixty-two of the leading trade centers of the world.

### EXECUTIVE COUNCIL TO MEET IN HOT SPRINGS

THE administrative committee of the American Bankers Association has chosen the Arlington Hotel, Hot Springs, Ark., for the annual spring meeting of the executive council of the association. The meeting will be held the first week in May.

## SOUTHERN SECRETARIES HOLD CONFERENCE IN RALEIGH

THE ninth annual conference of the Secretaries of Southern Bankers Associations was held in Raleigh, N. C., December 2 and 3. Harry G. Smith, secretary of the Kentucky Bankers Association and president of the conference, presided at its sessions.

Thirteen secretaries are members of this conference and of this number nine were present, this being the largest attendance since the conference was established in 1918. Those present were: Robert E. Wait, Arkansas; Haynes McFadden, Georgia; Harry G. Smith, Kentucky; G. R. Broussard, Louisiana; George B. Power, Mississippi; Paul P. Brown, North Carolina; Henry S. Johnson, South Carolina; H. Grady Huddleston, Tennessee and W. A. Philpott, Jr., Texas. The remaining secretaries who were unable to attend the conference are: H. T. Bartlett, Alabama; W. O. Boozer, Florida; W. F. Augustine, Virginia and Eugene P. Gum, Oklahoma.

The object of these conferences is to enable the secretaries of the different bankers associations to select dates for their annual conventions which not only do not conflict, but which also enable speakers to attend, with the least possible loss of time, two or more conventions arranged in consecutive order.

No set speeches of any kind are permitted during these conferences, but the secretaries are all given the opportunity to join in a round-table discussion of the various topics outlined on the program. On account of the informality of the meetings, the various secretaries are able to carry back to their associations the best methods of dealing with their problems which have proven successful in other associations. On this account, the association secretaries consider these meetings the most valuable which they are privileged to attend.

The entertainment features of the conference consisted of a luncheon given on Thursday by the Raleigh Clearing House

Sixty Years of Business Prestige  
Behind the Name



## HARE & CHASE, INC.

*Automobile Finance*

ASSETS \$32,000,000



Complete Local Service  
in Seventy-five Cities



NATIONAL HEADQUARTERS  
300 WALNUT STREET  
PHILADELPHIA

Association, which was attended by the secretaries and officers of the Raleigh banks. Later in the afternoon the secretaries were taken for a drive over the city by Raleigh bankers and this was followed by a dinner at the home of Secretary and Mrs. Paul P. Brown. Following this, the visitors were guests of the North Carolina Bankers Association at a theater party at the State Theater. The secretaries were also guests of the association at a luncheon given at the Sir Walter Hotel on Friday, December 3.

Jackson, Miss., was selected for the next meeting of the conference, which will be held in December, 1927. Paul P. Brown, secretary of the North Carolina Bankers Association, was elected president of the conference for the ensuing year and George B. Power, secretary of the Mississippi Bankers Association, was chosen secretary and treasurer.

## BANK OF MONTREAL

Net earnings of the Bank of Montreal for the year ended October 31, 1926, are \$4,978,133, compared with \$4,604,962 for the preceding fiscal year and represent the highest profits of any period for the last seven years, and after government taxes of \$319,167, net income available for dividends amounts to \$4,658,996 as compared with \$4,313,573.



PERCY H. JOHNSTON  
President the Chemical National  
Bank, New York.

The balance sheet reflects strongly the commercial activity which has developed during the period, current loans in Canada showing an increase of over \$27,000,000 at \$252,338,858 as compared with \$225,219,598. At the same time, current loans outside Canada are up \$53,442,276 from \$28,884,186; call loans in Canada up at \$15,486,054 from \$12,139,625 and call loans outside Canada up at \$145,325,247 from \$122,075,980. Security holdings reveal a sharp decline in consequence of the increase in funds put out on loan, government securities being down at \$79,157,614 from \$96,-

542,710; and municipal bonds down at \$29,230,754 from \$39,937,591; checks on other banks are down sharply at \$26,337,108 from \$49,594,159.

## IMPERIAL BANK REPORT

THE Imperial Bank of Canada statement for the fiscal period ended October 31, 1926, shows net profits, at \$1,265,776, with a comfortable gain over those for the preceding year.

The definite improvement in business conditions during the current year is reflected in the balance sheet of the institution which shows current assets up at \$60,945,053 from \$57,312,736, while ratio of current to total assets has shown further improvement to 46.3 per cent. as compared with 45.9 per cent. The ratio of current assets to liabilities to the public remains unchanged at 52.6 per cent.

## CHEMICAL NATIONAL VOTES DIVIDEND

A \$500,000 stock dividend has been voted by the directors of the Chemical National Bank, New York, subject to the ratification of the stockholders at the annual meeting January 11. This will make the capital of the Chemical \$5,000,000 and the surplus and undivided profits \$19,000,000.

For many years the Chemical bank has been known for its large surplus as compared with its small capital. In 1907 the bank's capital was increased from \$300,000 to \$3,000,000 by a 900 per cent. stock dividend made entirely from the earnings of the bank. Prior to that the bank had paid to the shareholders an annual dividend of 150 per cent. The stock of the Chemical Bank sold at one time as high as \$5000 per share. In 1920 when the bank consolidated with the Citizens National Bank the capital became \$4,500,000.

The Chemical Bank was organized in 1824, opening for business at 216 Broadway, opposite St. Paul's Church, as the first bank on Broadway far up on what

was then considered the outskirts of the city. The bank has been known in financial circles as "Old Bullion" since the panic of 1857 when it was the only bank to continue specie payments.

Since Percy H. Johnston became president of the bank he has added to its conservative policy a program of expansion and development which has included two branch offices, one on Fifth avenue and one on Madison avenue, and it is understood that a much larger program will be carried out during the coming year. Since Mr. Johnston came to the bank the surplus has increased from \$7,000,000 to \$17,500,000.

### THIRD LARGEST NEW YORK BANK BEGINS BUSINESS

THE new American Exchange Irving Trust Company, the result of a merger of the Irving Bank and Trust Company and the American Exchange-Pacific National bank, New York, opened its twenty-five banking offices on December 13.

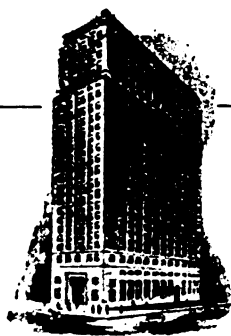
This institution, by virtue of the consolidation which became effective at the close of business on December 11, takes rank, in point of total resources, as the third largest bank in New York City and the largest trust company in the world. Its resources exceed \$600,000,000, and its capital investment is approximately \$60,000,000, of which \$32,000,000 represents capital and \$28,000,000 surplus and undivided profits.

Lewis E. Pierson and Harry E. Ward, chairman and president, respectively, of Irving Bank and Trust Company, continue to hold those positions in the continuing institution. Lewis L. Clarke, formerly president of the American Exchange-Pacific Bank, is chairman of the executive committee. There are three vice-chairmen of the board—Alexander Gilbert, of the former Irving, whose active banking career covers more than sixty years, and Walter H. Bennett and Theodore H. Banks, both of whom were

vice-presidents of the American Exchange-Pacific.

The new board of directors of forty members not only reflects the commercial character of the business of the two consolidated banks, it also typifies the close co-operation between banking and commercial enterprise that has been one of the striking developments of the last quarter-century. Many different classes of commercial, financial and industrial activity are represented by the board's personnel.

The work of transforming the Irving and the American Exchange-Pacific into the American Exchange Irving was accomplished in an astonishingly short time. Between the close of business on Saturday and the opening on Monday, every outward evidence of the consolidating institutions had disappeared from all the banking offices. Signs on the windows and the outside of the buildings carried the new name, American



1	1
8	9
1	2
2	6

### The Pennsylvania Company

For Insurances on Lives and Granting Annuities

#### Trust and Safe Deposit Company

Packard Building

S. E. Cor. 15th and Chestnut Streets  
Philadelphia

Capital, Surplus and Undivided Profits - \$20,000,000

Member  
Federal Reserve  
System

Downtown Office  
517 Chestnut St.

Exchange Irving Trust Company. All details of operation had been so arranged that the institution got under way with-



UNDERWOOD & UNDERWOOD

LEWIS E. PIERSON

Chairman the American Exchange Irving Trust Company, New York.

out confusion or interruption in its service to customers.

In a statement, Mr. Pierson, chairman of the board, said:

"The American Exchange Irving Trust Company is new only in that it operates under a new name and in the sense that it expresses increased capacity for service to business. Beyond this, everything goes on as before. All the banking offices will be maintained in their present locations. Official and clerical staffs are retained.

"Essentially what is presented to the public is the embodiment of the many elements of usefulness developed by two well-established and influential banking institutions during a long and active existence—the Irving having been founded in 1851 and the American Exchange-Pacific in 1838. The consolidation is not limited to resources and personnel.

It is a union also, of experience, connections, traditions and institutional standing.

"This union in the interest of a broader and more fully rounded out banking service is entirely in harmony with the modern trend in the financial as in the business world. The growth of banks in the last twenty-five years has been a perfectly logical—in fact, a necessary—accompaniment of the growth of business. Industry and commerce have developed at such a rapid pace that banks, to meet the situation, have had to provide banking facilities equal to the requirements of business on a large scale, not only at home but also abroad.

"Considered in terms of their capacity



UNDERWOOD & UNDERWOOD

HARRY E. WARD

President the American Exchange Irving Trust Company, New York.

to serve customers, there are no small offices in the American Exchange Irving Trust Company. Under the institution's long established plan of organization and operation, each banking office, regardless of its size and the number of

(Continued on page 137)

# The Chase National Bank

of the City of New York

57 Broadway

Statement of Condition at close of Business December 31, 1926

RESOURCES		LIABILITIES	
Cash and Due from Banks	\$358,337,038.31	Capital	\$ 40,000,000.00
Loans and Discounts	491,217,606.61	Surplus	25,000,000.00
U. S. Government Securities	59,442,211.23	Undivided Profits	13,204,173.58
Other Securities	30,223,011.87	Reserved for Taxes, Interest, etc.	4,835,950.59
Bank Buildings	6,085,000.00	Dividend Payable Jan. 3, 1927	1,400,000.00
Redemption Fund—U. S. Treasurer	124,875.00	Deposits	852,456,114.24
Customers' Acceptance Liability	\$34,234,734.39	Circulating Notes	2,472,000.00
Less Amount in Portfolio	10,772,451.35	Acceptances	\$35,582,943.11
Other Assets	75,286.46	Less Amount in Portfolio	10,772,451.35
	\$968,967,312.52	Other Liabilities	4,987,382.55
			\$968,967,312.52

## Board of Directors

HENRY W. CANNON	ARTHUR G. HOFFMAN
ALBERT H. WIGGIN	Vice-President, The Great Atlantic & Pacific Tea Co. of America
Chairman of the Board	F. EDSON WHITE
JOHN J. MITCHELL	President, Armour & Co.
President, Illinois Merchants Trust Company, Chicago, Illinois	ALFRED P. SLOAN, JR.
GUY E. TRIPP	President, General Motors Corp.
Chairman, Board of Directors, Westinghouse Electric & Mfg. Co.	ELISHA WALKER
JAMES N. HILL	President, Blair & Co., Inc.
DANIEL C. JACKLING	MALCOLM G. CHACE
President, Utah Copper Co.	THOMAS N. McCARTER
CHARLES M. SCHWAB	President, Public Service Corporation of New Jersey
Chairman, Board of Directors, Bethlehem Steel Corporation	ROBERT L. CLARKSON
SAMUEL H. MILLER	Vice-Chairman of the Board
Vice-President	AMOS L. BEATY
EDWARD R. TINKER	Chairman, Board of Directors, The Texas Company
Chairman of the Executive Committee, Chase Securities Corporation	WILLIAM H. WOODIN
EDWARD T. NICHOLS	President, American Car & Foundry Company, Chairman, Board of Directors, American Locomotive Company
Vice-President, Great Northern Railway Company	GATES W. MCGARRAH
NEWCOMB CARLTON	Chairman of the Executive Committee
President, Western Union Telegraph Company	JOHN McHUGH
FREDERICK H. ECKER	President
Vice-President, Metropolitan Life Insurance Company	WILLIAM E. S. GRISWOLD
EUGENE V. R. THAYER	W. & J. Sloane
Lowry & Company, Inc.	HENRY O. HAVEMEYER
CARL J. SCHMIDLAPP	President, Brooklyn Eastern District Terminal
Vice-President	WILLIAM A. JAMISON
GERHARD M. DAHL	Arbuckle Bros.
Chairman, Board of Directors, Brooklyn-Manhattan Transit Corp.	L. F. LOREE
REEVE SCHLEY	President, The Delaware & Hudson Co.
Vice-President	THEODORE PRATT
H. WENDELL ENDICOTT	ROBERT C. PRUYN
JEREMIAH MILBANK	President, National Commercial Bank & Trust Company, Albany, N. Y.
HENRY OLLESHEIMER	SAMUEL F. PRYOR
Vice-President	Chairman, Executive Committee, Remington Arms Company, Inc.
	FERDINAND W. ROEBLING, JR.
	President, J. A. Roebbling's Sons Co.



# YORK VAULTS

## *New York Federal Reserve Bank*

**The World's Largest and Strongest Vault Entrances**

The York Safe and Lock Company built and installed in the New York Federal Reserve Bank six (6) YORK Revolvable Vault Entrances, each 10 feet in thickness, the climax of mechanical genius and ingenuity.

In addition to the New York Federal Reserve Bank YORK has built at its factory in York, Pennsylvania, vaults for Federal Reserve Banks in the following cities :

<i>Cleveland</i>	<i>Boston</i>	<i>Buffalo</i>
<i>Philadelphia</i>	<i>Pittsburgh</i>	<i>Detroit</i>
<i>Chicago</i>	<i>Louisville</i>	<i>Jacksonville</i>
<i>Minneapolis</i>		<i>Little Rock</i>

YORK vaults are used by the U. S. Government, Clearing House Associations, and many of the leading Banks throughout the country.

Correspondence with nearest branch is welcomed by our Engineering department with banks contemplating new or enlarged vaults.

**Principal Builders of High Grade Vaults**

**YORK SAFE and LOCK CO.**

55 Maiden Lane

New York

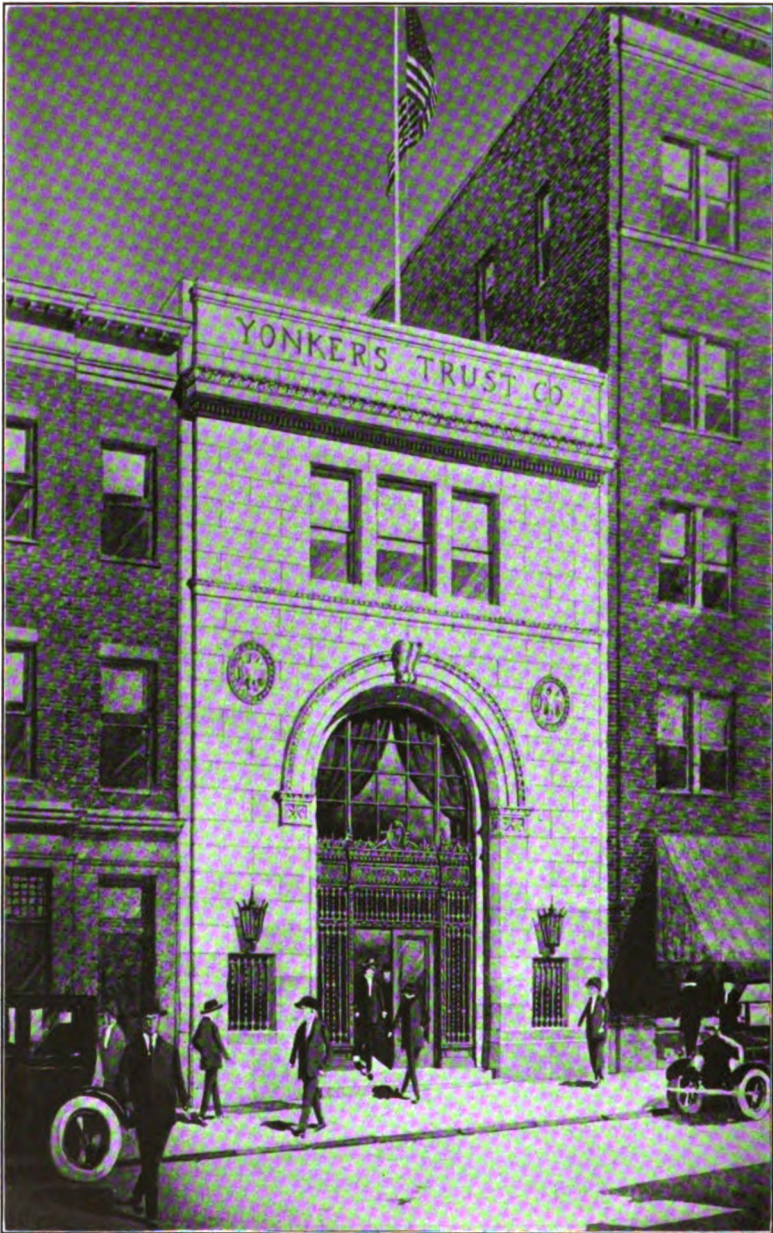
*Branches*

<i>New Haven</i>	<i>Boston</i>	<i>Philadelphia</i>	<i>Baltimore</i>
<i>Cleveland</i>	<i>Chicago</i>	<i>San Francisco</i>	

## EXAMPLES OF RECENT BANK BUILDING OPERATIONS

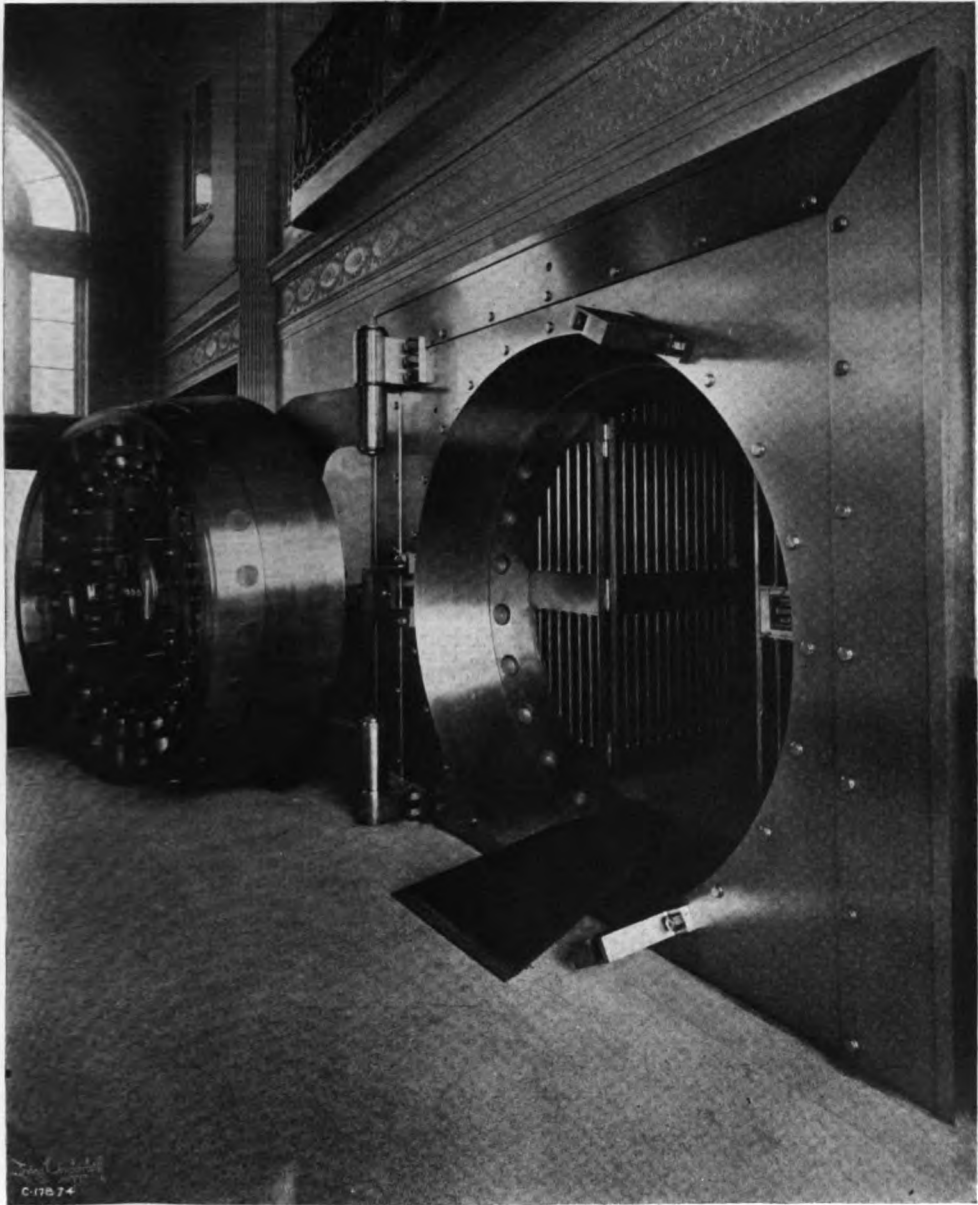


The imposing new building for the Bank of New Hyde Park, Long Island, N. Y., will be free standing and faced on three sides with cut caste stone. An interior with facilities capable of meeting the most exacting requirements of modern banking service will be carried out with the same attention to detail and architecture, as the carefully studied design of the exterior. The building was designed by, and will be erected under the supervision of, the Griswold Company of New York City, who are specialists in bank architecture and engineering.



New building for the South Broadway office of the Yonkers Trust Company, Yonkers, N. Y., now under construction. It is located in the center of the block with a frontage of twenty-five feet. The entire building will be occupied by the bank, the top floor to be used as a working space and girls' rest room. This building was designed by and has been constructed under the supervision of Holmes & Winslow, specialists in bank architecture, New York.





Entrance to the safe deposit vault, Bank of Nutley, Nutley, N. J. The vault was manufactured and installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio, and New York.



Remodeled building of the First National Bank, Marlborough, N. Y. This building was recently remodeled and extended with a complete new front in Indiana limestone and with new banking equipment under the supervision of Morgan, French & Co., architects and engineers, New York.

## KENTUCKY BANKERS CONSIDER INTEREST RATES

**H**IGH interest rates on time deposits was considered at the annual meeting of the Kentucky Bankers Association recently and the report of the committee on resolutions mentions it as follows:

"The decline in rates paid for credit by industry and business, has, during the last two years carried the cost of credits to very nearly the lowest in history of our country. With the plethora of money and lesser purchasing power, the cost of operating banks has risen. Yet a majority of the banks of Kentucky, including a majority of the capital invested in banking, is still paying a premium rate on deposits; a rate as high, or higher, than was paid when operating costs were lower and loaning rates were higher. Such

practice tends to hold local rates high, diminishes banking profits, frequently to the vanishing point, deters needed capital from coming into the banking business, holds back state and community development and weakens the whole banking system. Interest bearing deposits should not pay a rate competitive with investments. The liquidity of such funds, their ready availability to the depositor, is a factor of the greatest value to the depositor and for which he is willing to pay in the form of a smaller return. The rate paid on deposits should yield to the depositor a fair return and at the same time afford the bank a margin of fair profit for the service rendered to the depositor and the community."



Rot Entrance.—Patented.

# The Sign of 24 Hour Banking Service

Lowest Insurance Rate—150 Users

Rotary Receiving Entrance on Exterior of Building  
Burglar Proof Receiving Chest on Inside of Building

Manufactured and Installed by

**The Bank Vault Inspection Co.**

Samuel P. Yeo, President

1824 Ludlow Street, Philadelphia

Write for details or a call from our District Engineer

(Continued from page 132)

persons on its staff, offers every facility of the entire institution. As a result, customers of any office, wherever they are situated and however important their needs, can be assured that the company's fullest measure of service is available for their purposes."

Mr. Pierson and Mr. Ward continue to maintain their offices in the Woolworth Building at 233 Broadway, and Mr. Clarke also will have his office there. Of the twenty-five banking offices, eighteen were former Irving offices, and seven were operated by the American Exchange-Pacific. Two—the out-of-town office and the foreign office, both in the Woolworth Building—are organized to supply banking facilities, respectively, to customers located in the United States outside of New York City, and to customers who are in foreign countries. The remaining twenty-three banking offices are designed primarily to serve New York City customers. Each is situated at a strategic business center. Seventeen of the offices are in Manhattan, three in Brooklyn and three in the Bronx.

The board of directors is composed of the following members:

Benjamin L. Allen, Avery D. Andrews, Theodore H. Banks, William M. Barrett, Milo M. Belding, Walter H. Bennett, H. C. Blackiston, William H. Browning, O. H. Cheney, Edward H. Clark, Lewis L. Clarke, James W. Crom-

well, Warren Cruikshank, John F. Degener, Jr., William K. Dick, Henry Fletcher, George F. Gentes, Alexander Gilbert, J. Horace Harding, Harold A.



© MURAY STUDIOS

LEWIS L. CLARKE

Chairman of the executive committee, the American Exchange Irving Trust Company, New York.

Hatch, Herman W. Hoops, Douglas T. Johnston, Lee Kohns, Adam K. Luke, Sidney Z. Mitchell, Augustus G. Paine, Jr., Hubert T. Parson, Lewis E. Pierson, John J. Pulleyn, Jacob L. Reiss, Arthur Sachs, William Skinner, Matthew S.

## The South Carolina National Bank

Charleston, S. C.

Greenville, S. C. - Columbia, S. C.

Consolidation of  
Bank of Charleston, N. B. A.  
Charleston, S. C.  
Norwood Nat. Bank Greenville, S. C. Carolina Nat. Bank  
Columbia, S. C.

Capital \_\_\_\_\_ \$ 1,100,000.00

Surplus \_\_\_\_\_ 650,000.00

Resources \_\_\_\_\_ 25,000,000.00

Sloan, Thomas Smidt, Alfred H. Swayne,  
Charles L. Tyner, J. H. Walbridge,  
Harry E. Ward, Daniel W. Whitmore  
and Harry M. Williams.

### WORK BEGUN ON NEW BANK FOR DOVER, N. H.

WORK will be begun at once on the new building of the Strafford Savings Bank, Dover, N. H., since the contract has been let to F. A. Rumery Company, Portland, Me. The vault will be supplied by the Mosler Safe Company.

The building is to be of granite and complete in every detail, costing about \$115,000. Thomas M. James Company, Boston, is the architect.

### CLEARING HOUSE SECTION OUTLINES ACTIVITIES

ACTIVITIES of the clearing house section of the American Bankers Association for the coming year were outlined at a meeting of the section officers at the New York headquarters recently.

President John R. Downing called attention to the fact that the section is logically becoming the laboratory of better banking and is rendering invaluable assistance in the solution of problems of better practices. He expressed the opinion, approved by the officers present, that the section should center its efforts along lines of outstanding importance, namely:

1. Conduct a vigorous campaign for the extension of clearing house service through the organization of new clearing house associations.

2. Advocate the adoption of more nearly uniform clearing house rules and regulations.

3. Promote the installation of city and county credit bureau work as a means of heading off "duplicate borrowers."

4. Encourage clearing houses to avail themselves of the protection, safety and helpfulness of the clearing house examiner system.

5. Continue the campaign of urging banks to make an analysis of accounts to determine costs, sources of losses, etc., and the installation of equitable charges for services.

6. Continue the effective work that has been done toward securing the universal adoption of standardized checks, drafts, etc.

7. Promote the general use of the recently adopted standard forms of uniform terms and conditions of negotiable warehouse contracts, standard contractor's financial statement, revised forms of financial statements and uniform "no-protest" stamp.

8. Issue a report of the result of the section's questionnaire on payroll problems.

9. Make a study of escrow and custody charges.

10. Make regional surveys of distribution of banks' expenses in proportion to gross earnings.

### NEW INVESTMENT COMPANY

STONE & Webster, Inc., and Blodget & Co., New York City, announce the formation of a new company under the name of Stone & Webster and Blodget, Inc. The company expected to begin operations January 1 with an authorized capital of \$10,000,000.

The corporation is a combination of the securities department of Stone & Webster, Inc., and the old investment house of Blodget & Co. The engineer-

# We Believe in Thrift

We believe that the best in commercial art and the finest in color-lithography is not too good to use in making your thrift appeal to the people in your community.

Fifty-two magnificent Thrift Posters (measuring 20 inches by 30 inches) are now ready for our present, and new, bank clients.

When you display National Service Bureau Thrift Posters on your building or in your window you are using an accepted medium for getting new business.

*Write for details—no obligation.*

## NATIONAL SERVICE BUREAU of NEW YORK, Inc.

CREATORS OF BANK ADVERTISING

150 BROADWAY

NEW YORK CITY

ing and construction, management, and investigating departments of Stone & Webster, Inc, are not included and will not be affected by the combination. The consolidation follows the trend of amalgamation in other fields, being one of the first of importance in the investment banking business.

Bayard F. Pope, now a partner of Blodget & Co., is president of the new corporation. Other officers and the directors are drawn from both the participating companies, all the present partners of Blodget & Co. being officers of Stone & Webster and Blodget, Inc.

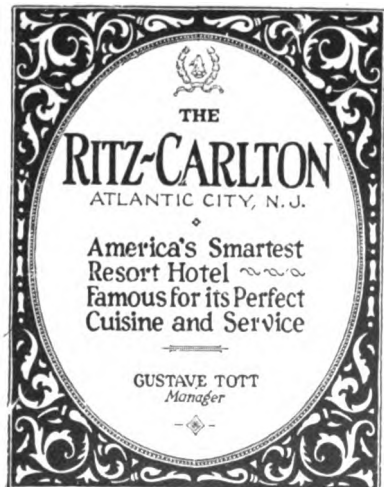
The head offices of the new company are at 120 Broadway. Each company has been maintaining offices in New York, Boston and Chicago. They are being consolidated in each city under the new plan and C. E. Ober, now of Blodget & Co., as senior vice-president and R. H. van Deusen, now of Stone & Webster, Inc., as vice-president, will have charge of the business of the new corporation in these cities respectively. Other offices, which are now maintained in Providence, R. I., Hartford Conn., Rochester and Albany, N. Y., and Portland, Me., are included in the combination and will continue operation.

Stone & Webster and Blodget, Inc., offers a complete service both to investors and to issuers of securities, namely, municipalities, railroads, public utilities

and industrial companies. It plans to give investors increased efficiency in handling their accounts, additional facilities as a result of investigation of new issues and diversification of securities lists. The capital and resources of the new company, together with the high standing of its personnel and the record of each of the participating companies, afford satisfactory security for clients' interests.

### MANUFACTURERS TRUST CAMPAIGN SUCCESS

New business at the rate of more than a million dollars a week has been brought





# FURNESS BERMUDA LINE

Bermuda Government's Official Contract Steamers

**BERMUDA**—Fairlyland  
For Rest or Play

Only two Days from New York **Average Yearly Temperature 70°**

SAILINGS TWICE WEEKLY

Tickets good on either steamer, insuring unequalled express service via New Luxurious Twinscrew Oil-Burning Steamers.

S. S. FORT VICTORIA

S. S. FORT ST. GEORGE

No Passports

Modern Hotels

All Outdoor Sports

Including Golf, Tennis, Sailing, Bathing, Trap Shooting, Horse Racing, Fishing, Riding, Driving, etc.

**ST. GEORGE HOTEL**, St. George, Bermuda—Especially attractive, located in the historic, picturesque and quaint part of Bermuda. Excellent cuisine and service. Magnificent tiled, covered and heated swimming pool.

**HOTEL BERMUDIANA**, Bermuda—Bermuda's newest and finest hotel. Charming location, overlooking Hamilton Harbor. Catering to the most discriminating clientele, with cuisine and service equaling best Metropolitan Hotels. Fireproof throughout—accommodates 460 guests.

## WEST INDIES

Most attractive and leisurely Tours to the Islands in the Caribbean Sea  
Lowest Rates for First Class Steamers

The New Steamship "NOVA SCOTIA" carrying first class passengers only, luxuriously appointed with handsome suites and rooms with bath and all modern conveniences. 21- to 23-Day Tours. Sailing from New York. 1

Round Trip Rates \$175 and up

The Newly Fitted S. S. "DOMINICA". 25- to 28-Day Tours. Round trip rates \$180 and up. Itinerary: St. Thomas, St. Croix, St. Kitts, Antigua, Guadeloupe, Dominica, Martinique, St. Lucia, Barbados, Trinidad.

For booklets on Bermuda, St. George Hotel or West Indies write

## FURNESS BERMUDA LINE

34 Whitehall Street, New York, or any local Tourist Agent



in by employes of Manufacturers Trust Company, New York, in a recent contest. This announcement was made at a banquet given 1200 employes of the bank at the Pennsylvania Hotel early in December, when, it was said, the volume of deposits shattered all records in the history of bank contests in the City of New York.

At the time of the banquet the contest had a week to go. New customers totaled more than 15,000 and new deposits more than \$12,000,000.

Arias by Metropolitan grand opera stars, announcement of the new record and an ovation to Nathan S. Jonas, president of the bank, featured the program at the banquet.

The drive for deposits had been announced less than nine weeks before at a banquet in the Hotel Pennsylvania. The goal of the contest was placed at \$5,000,000, and the time limit from October 15 to December 15. Within three weeks after the start the goal had been topped and it was expected that deposits of more than \$15,000,000 would

be brought in before the finish of the contest.

The employe bringing in the most business will be given a month's trip to Europe or California for himself and wife and full salary for the time he is absent. Other awards and bonuses will bring the prize list up to tens of thousands of dollars. As credits will be computed on average new balances up to April 15, the winner cannot be announced yet.

After stating that he had not anticipated such remarkable results, Mr. Jonas explained that the contest had been arranged as an experiment to test the power of the organization. "It is to your everlasting credit that you came through with flying colors," he said.

Mr. Lipsky, chairman of the contest committee and private secretary to the president, made plain to Mr. Jonas that the achievement of the employes was a personal tribute to the president and to his policies.

"Such an achievement can only be construed as a tribute to the principles

and policies of our president," said Mr. Lipsky. "These policies, based on fair dealing and 'humanness' toward all the men and women in the company, have transformed a cold, corporate body into a large, happy family.

"A great majority of men who reach the top do so by carrying others along with them, and these others, out of appreciation, help to push the first along, thus making the going easier. In this class there is no better example than our own chief, and right here are the living evidences of the truth of this statement.

"No one who came into contact with him while he was climbing the ladder of success failed to benefit from his kindly influence and helpfulness. He has carried hundreds of men and women with him on the upward path, until now, in the language of the day, he sits on top of the world, surrounded by an army of friends and well-wishers and he finds his reward in their affection and respect for him."

### INTERSTATE TRUST EMPLOYEES FORM CLUB

EMPLOYEES of the Interstate Trust Company, New York City, which opened recently in New York's financial district, have organized the "Interstate Club." Officers are Charles J. Burger, president; James F. Hewson, vice-president; Miss Anna Rouch, secretary; and Edwin D. Valerius, treasurer.

"It is our intention," said Mr. Burger, "to have personal contact with the officers of the bank, following the officers' policy of maintaining personal contact with the depositors. We hope to advance the welfare of Interstate employes and all proposals of such nature will pass through a special committee."

### INCREASES CAPITAL

AN increase in capital of \$5,600,000 has been announced by the Royal Bank of Canada, Montreal. New shares at \$200

1927

## THE CORPORATION MANUAL

Twenty-eighth Edition

A systematic arrangement of the Statutes in all states affecting both Domestic and Foreign Business Corporations, The Uniform Stock Transfer Act, Blue Sky Laws, Anti-Trust Laws, Forms and Precedents. Strong Buckram binding, 2386 pages.

**United States Corporation Company**

150 Broadway, New York

a share will be allotted to stockholders of record of December 11, in proportion to their present holdings. Each stockholder will be entitled to approximately one new share for every five shares he now holds.

The new capitalization will bring the capitalization to \$30,000,000 and the reserve to the same amount.

### TO HAVE NEW BRANCH

QUARTERS have been leased by the Chemical National Bank, New York, at 685 Fifth avenue, where it will open a branch April 1 of this year. The building is now in the process of construction.

### BUSINESS TO CONTINUE GOOD ACCORDING TO BANK HEAD

WITH money plentiful and a shade easier and business with good momentum, there is no reason to question the continuance of good business, according to Ralph Van Vechten, president of the State Bank of Chicago.

"The year 1926," he said, "was a record-breaking year, in which, generally speaking, railroad earnings and other corporate earnings in most lines were quite extraordinary.

"In looking ahead, we are prone to expect too much if we compare the new year with the old. On the other hand,

1865



1927

*Established Over Half Century*

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NEW YORK

there is nothing to justify a pessimistic view.

"Business, therefore, has a good momentum, which will carry it well into 1927.

"There has been a substantial decline in commodity prices since August, 1925, and this is still going on. If the reverse were true and commodity prices were rising, there would be an increased demand for credit, which would operate to put the brakes on business. A further decline in commodity prices, from the standpoint of volume and sales would be beneficial but might result in narrower margins of profit.

"We are on a sound basis and there is no reason to question a continuation of good business well into the coming year."

#### WITH MONTREAL BANK

ANNOUNCEMENT has been made by the Bank of Montreal of the appointment of Lord Strathcona and Mount Royal as a member of the London advisory committee of the bank.

He is a grandson of one of Canada's pioneers, who achieved fame and fortune in building up British Columbia and other western provinces of the Dominion in the nineteenth century. Lord Strathcona and Mount Royal will take his grandfather's place in the activities of the Bank of Montreal.

#### DIRECTORS APPROVE PLAN TO BECOME TRUST COMPANY

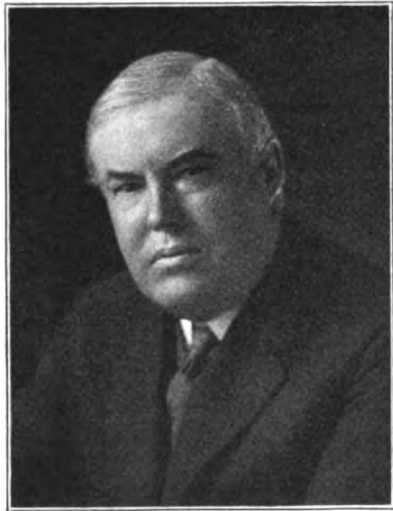
DIRECTORS of the Central Mercantile Bank, New York, have approved a plan for converting the bank into a trust company, according to announcement made by C. Stanley Mitchell, president. The bank will henceforth be known as the Central Mercantile Bank and Trust Company. The action was the final step in the program agreed upon at the time the Central Mercantile merged with the National American Bank a few months ago.

The Central Mercantile Bank and

Trust Company will occupy the new Central Mercantile Bank building on the old Delmonico corner, Fifth avenue and Forty-fourth street, early next year. Announcement was made recently that the bank had negotiated a lease for the banking space in the new thirty-six story building on this corner.

#### CORN EXCHANGE BANK TO INCREASE CAPITAL

STOCKHOLDERS of the Corn Exchange Bank, New York City, have approved a plan to increase the capital of the bank



RALPH VAN VECHTEN  
President the State Bank of Chicago.

from \$10,000,000 to \$11,000,000 and thus establish the institution as the largest state bank in New York State, in both capital and surplus.

A pioneer in developing the branch banking system in this country, the Corn Exchange Bank, in addition to its main office at the corner of William and Beaver streets, operates sixty-two branches. The main office has been continuously at the same location since 1853, the year the bank was organized. Branches at strategic points cover all the five boroughs of Greater New York, thus

allowing business concerns and the general public to be able to deal conveniently anywhere throughout the city with this financial institution.

It was under the presidency of the late William A. Nash that the Corn Exchange Bank initiated the branch banking system. Its first two branches, the Astor Place branch at Astor Place and Eighth street, and the Hudson River branch, at Columbus avenue and Seventy-second street, opened for business on March 20, 1899. These two branches are still located at their original addresses. From that time dates a period of expansion. The statement of the Corn Exchange Bank for 1899 showed capital and surplus combined of \$2,230,020—and total deposits of \$12,782,792—whereas, the bank's last public statement, under the date of November 15, 1926, showed capital and surplus of \$25,269,769—to which \$2,000,000 is now to be added—while the amount owed to depositors was \$246,961,146.

President Walter E. Frew, who was recently elected chairman of the Clearing House Committee, the most important committee of the New York Clearing House Association, became president of the Corn Exchange Bank in 1911, at which time Mr. Nash became chairman of the board. He is known as one of the ablest and at the same time one of the most conservative bank presidents in the country.

The bank's board of directors includes, in addition to Mr. Frew, Clarence H. Kelsey, chairman Title Guarantee & Trust Co.; William R. Stewart; William H. Nichols, chairman Allied Chemical & Dye Corp.; Charles W. McCutcheon; Andrew Mills, president Dry Dock Savings Bank; Philip Lehman, Lehman Bros.; Robert A. Drysdale, Benedict, Drysdale & Co.; J. Louis Schaefer, vice-president W. R. Grace & Co.; Edward F. McManus, Lawrence Turnure & Co.; Warren B. Nash; D. Schnakenberg, president Hagedorn & Co.; Dunham B. Sherer, vice-president Corn Exchange Bank; Archibald R. Graustein, president

International Paper Company, and C. W. Nichols, president Nichols Copper Company.

### RETURNS TO LONDON

DAVID Bevan Davies, who has been active in the management of the New York branch of Barclays Bank, Dominion, Colonial and Overseas, for the last year, returned to London last month. Mr. Davies is an experienced banker and an authority on the markets of South Africa, Australia and London. For some years he was one of the managers of the London office of the National Bank of South Africa, Limited.

### NEW GUARANTY OFFICER

WILLIAM R. Strelow, Jr., has been appointed an assistant secretary of the Guaranty Trust Company of New York.

### PHILADELPHIA BANKER FORECASTS PROSPERITY

"THE present prosperity which our great nation now enjoys will most likely continue during the coming year," said C. Addison Harris, Jr., president the Franklin Trust Company of Philadelphia, in forecasting business for 1927.

"Small inventories, increased production and adequate consumption," he added, "all contribute their share toward keeping the great 'American Ship of Business' on an even keel.

"During 1927 money should be in good supply for legitimate investments and sane financing at rates approximating those now prevailing.

"To successfully meet the competition of the future, those guiding the destinies of our large corporations and modest business enterprises will find it necessary and essential to promote to the fullest extent operations on a basis of strict efficiency and economy, thus encouraging the continuance of the good times of today."

## TORONTO BANK DECLARES DIVIDEND

THE usual dividend of 3 per cent. for the quarter ending December 31, 1926, has been declared by the board of directors of the Dominion Bank, Toronto, Canada, together with a bonus of 1 per cent. This makes a total distribution to stockholders for the current year of 13 per cent.

## TO INCREASE CAPITAL

STOCKHOLDERS of the New York Title and Mortgage Company have approved the recommendation of the board of directors to increase the capital of the company by \$9,000,000. The company is thus beginning 1927 with capital, surplus and undivided profits of more than \$40,000,000.

The increase was effected by the issuing of 30,000 shares of the par value of \$100 each, offered to stockholders of record of November 23 at a price of \$300 a share.

According to Harry A. Kahler, president, the increase was desirable to bring the company's capital structure into conformity with the growth of business, which showed during the first nine months of 1926 a 56 per cent. increase in net earnings over the corresponding period of 1925.

## HAMILTON NATIONAL HAS EMPLOYEES INSURANCE

THE Hamilton National Bank of New York has provided its employes with group life insurance which totals approximately \$170,000. In addition to the protection, which amounts to \$1000 for each employe, the bank workers will be entitled to the services of a visiting nurse when sick or injured. The insurance is being under-written by the Metropolitan Life Insurance Company on a co-operative basis whereby premiums are paid jointly by the bank and the employes.

## TO ENLARGE BUILDING

THE Mechanics National Bank, Worcester, Mass., of which Frederic B. Washburn is president, is planning to largely increase its banking room accommodations from plans of Thomas M. James Company, Boston and New York bank architects. Part of the space now occupied by the neighboring Mechanics Savings Bank is to be taken over by the National Bank, permitting the installation of new safety deposit vaults on the main floor, coupon rooms, additional tellers' cages, making eleven in all, altogether adding at least 75 per cent. to the space occupied by the bank. President Washburn came to the bank in November, 1920, and since that time the deposits have increased from \$9,300,000 to \$16,000,000. The stock at that time was quoted at 300 and although a 100 per cent. stock dividend has been paid in the meantime the stock still stands at 300 bid and none offered.

## INTERSTATE TRUST COMPANY ESTABLISHES RECORD

THE statement of condition of the new Interstate Trust Company, New York, which started business in the financial district October 14, 1926, shows total resources of \$16,151,266 and deposits of \$11,705,643, as of December 31, 1926.

Both totals establish new high records for a new institution in American banking history. The above figures compare with total resources of \$6,596,442 and total deposits of \$2,693,759 reported on the opening day of business last October. The above figures indicate that the Interstate has increased its deposits 334 per cent. in the short period of two and a half months, a record unparalleled in the operation of banking institutions in the United States.

George S. Silzer, former governor of New Jersey and president of the Interstate Trust Company, commenting upon the statement, said the bank closed the year with undivided profits of \$30,203, after payment of all organization ex-

penses out of earnings during the short period in which the bank has been operating.

### CANADIAN BANK HAS GOOD STATEMENT

THE Canadian Bank of Commerce for the year ended November 30, 1926, shows net profits of \$3,636,983.57, which is an increase of approximately \$150,000 over the earnings of the previous year. Total assets amount to \$512,000,000 and quick assets are more than 50



HAROLD C. RICHARD  
President State Bank of New York.

per cent. of liabilities. The bank carries on its books at \$1 the entire capital stock of two subsidiary companies which have a combined capital and surplus of over \$11,000,000.

### STATE BANK EMPLOYEES RECEIVE BONUS

EMPLOYEES and officers of the State Bank of New York received a Christmas bonus ranging from a month's salary in the case of those with the institution for a year

to three months' salary for those who have been employed fifteen years or more. A regular quarterly dividend of 4 per cent. was declared last month by directors, as well as an initial dividend of \$1 a share by the Staban Securities Corporation, affiliated with the bank. This in effect increases the dividend from 16 to 17 per cent. per annum.

### OLDEST NATIONAL BANK DOES BIG BUSINESS

THE Providence National Bank, Providence, R. I., the oldest bank in America under a national charter, is, since its merger with the Merchants National of the same city, running more than \$17,500,000 in total resources, with capital of \$1,500,000 surplus of \$2,500,000 and deposits of more than \$12,000,000.

A branch office has just been established at Empire and Washington streets under the management of Frank L. Sawyer, Moses J. Barber, president, has just completed fifty-four years of service with the bank.

The other principal officers are Thomas L. Pierce, vice-president; Earl G. Batty, vice-president and cashier; and Willard I. Angell, vice-president.

### ANNUAL REPORT OF THE FIRST NATIONAL BANK OF CHICAGO

NET profits of the First National Bank of Chicago for the year 1926, after providing for all bad and doubtful debts, amounted to \$2,968,343. A special dividend of 2 per cent. was paid in addition to the 12 per cent. regular dividend, making a total of \$2,100,000. A transfer of \$2,500,000 was made to surplus, leaving a balance to go forward to the profit and loss account of \$4,394,731.97.

Commenting on the bank's statement, President M. A. Traylor said, "Money rates have been fair and losses have been small throughout the year. The result is that earnings of the First National

Bank and its affiliated institutions have been somewhat larger than last year. In all instances the profits shown are net, after setting aside the necessary amounts to take care of all losses realized or anticipated. Liberal provision has also been made for the payment of all taxes, both Federal and local."

### REPORT OF THE HIBERNIA BANK & TRUST COMPANY

THE fifty-sixth annual report of the stockholders of the Hibernia Bank & Trust Company, New Orleans, La., dated December 31, 1926, calls attention to the fact that owing to adverse agricultural conditions bank deposits during the last year have been generally somewhat lower in the South, although there has been a plentiful supply of money all the year. The net earnings of the bank are reported as satisfactory and after making the usual allowance for doubtful accounts, a dividend of 18 per cent. for the year was paid.

In addition, the Hibernia Securities Company, Inc. (whose common stock is owned by the shareholders of the Hibernia Bank & Trust Company) has declared its usual 20 per cent. dividend, or \$2 per share on its common stock of \$10 par value thus bringing the total 1926 disbursements on the bank's shares up to 20 per cent.

It was also reported that the Hibernia Mortgage Company has completed its second year of successful operation.

### NEW ENGLAND PROSPERITY INDICATED

New England's continued prosperity is reflected in the latest figures issued by the First National Bank of Boston. For the third time within one year this bank's published statement of condition shows total deposits of over \$300,000,000. The latest figure of \$308,000,000 is the largest ever reported by a New England bank. It is about 30 per cent. of the

total clearing house deposits in Boston.

The bank's oft-repeated faith in the present and future of New England appears to be fully justified.

## COMING BANKERS' CONVENTIONS

**ALABAMA BANKERS ASSOCIATION**, Birmingham, May. Secretary, H. T. Bartlett, American Trust & Savings Bank, Birmingham.

**CANADIAN BANKERS ASSOCIATION**, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

**DELAWARE BANKERS ASSOCIATION**, Wilmington, March 3. Headquarters, Hotel dePont. Secretary, W. K. Ayres, assistant treasurer Wilmington Trust Company, Wilmington.

**IDAHO BANKERS ASSOCIATION**, Hayden Lake, June. Headquarters Bozanta Tavern. Secretary, J. S. St. Clair, vice-president Boise City National Bank, Boise.

**ILLINOIS BANKERS ASSOCIATION**, Danville, June 23-24. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

**KANSAS BANKERS' ASSOCIATION**, Manhattan, May 18-20. Headquarters, Kansas State Agricultural College. Secretary, W. W. Bowman, Hotel Kansan, Topeka.

**NEW MEXICO BANKERS ASSOCIATION**, Deming, October. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

**NORTH CAROLINA BANKERS ASSOCIATION**, Pinehurst, April 21-23. Headquarters, Carolina Hotel. Secretary, Paul P. Brown, Raleigh.

**NORTH DAKOTA BANKERS ASSOCIATION**, Jamestown, June. Headquarters, Gladstone Hotel. Secretary, W. C. McFadden, 54 Broadway, Fargo.

**OKLAHOMA BANKERS ASSOCIATION**, Oklahoma City, May 10-11. Headquarters, Huckins Hotel. Secretary, Eugene P. Gum, 907-8 Colcord Building, Oklahoma City.

**SOUTH DAKOTA BANKERS ASSOCIATION**, Deadwood, July 1-2. Headquarters, Franklin Hotel, Secretary, Geo. A. Starring, Huron.

**TEXAS BANKERS ASSOCIATION**, El Paso, May 10-12. Secretary, W. A. Philpott, Jr., Dallas.



## BERMUDA HAS MANY WINTER ATTRACTIONS

**I**TS wonderful climate, said to be the most equable in the world is due to Bermuda's geographical position—its proximity to the Gulf Stream, which gives it a winter temperature of from 60 degrees to 70 degrees Fahrenheit.



A yacht race—one of the many interesting outdoor sports of the island.

The climate is one of the chief reasons for Bermuda's popularity as a winter resort and as it becomes known to more Americans its popularity grows. This year, since the season is opening unusually early, it promises to exceed any previous one in popularity and already many Americans who rent or own homes in Bermuda are there or have booked passage for early in the year.

Most of the hotels are open throughout the year. The Princess, however, opened December 13, the new Bermudiana December 20 and the Hamilton will open January 10.

When you arrive in Bermuda, only two days from New York, you will be fascinated by the gorgeous display of flowers everywhere and the wonderful sunshine, balmy air and exquisite views when walking, driving or bicycling on the smooth white coral roadways.

You will also find all sports awaiting you—golf on splendid eighteen and nine hole courses that would appeal to any golfer, numerous public and private ten-



One of Bermuda's many attractive cottages.

nis courts, wonderful sailing in Bermuda boats of every description, either surf or smooth water bathing from marvelous pink coral beaches, riding and horse racing, wonderful caves, and sea gardens visible thirty feet through the clearest water in the world, in addition to the indoor entertainments at the many fine hotels—dancing, bridge parties, etc.

# BOOK TALKS

Special Section of The Bankers Magazine

JANUARY 1927

## THE WALKER COURSE IN BANK ADVERTISING AND NEW BUSINESS WORK

The four features of this Course are: A 275 page book "Bank Business Building;" twenty-four separate lessons in bank advertising; a year's subscription to THE BANKERS MAGAZINE, which has each month a section on current banking publicity; the privilege of sending in your advertising material for one year for criticism and suggestions. These features are explained in the article below, and the price of the course is within the reach of every one interested in bank publicity work.

**QUESTION**—When is a course in bank advertising not a course in bank advertising?

**ANSWER**—When it is much more.

While the *Walker Course in Bank Advertising*, offered exclusively to readers of THE BANKERS MAGAZINE, is called a "course" for want of a better term, it is in reality so much more than a course that it is difficult to name its all-inclusive contents.

For example, the *Walker Course in Bank Advertising* contains detailed explanations of the most effective advertising and new business campaigns used by banks everywhere during the last five years.

It contains the actual copy used in these campaigns.

It tells how the 70 year old First National Bank-Central Wisconsin Trust Company, Madison, Wisconsin, in less than two years increased the number of its savings accounts 99 per cent., increased its savings deposits 48 per cent., increased the number of its checking accounts 30 per cent., increased its safe deposit rentals from 1126 to 2290, increased its bond sales over \$1,000,000, and increased the volume of its trust business by \$2,100,000.

It gives the banker all the fundamental information he needs to localize his advertising and to spend his advertising appropriation most effectively.

It contains 360 newspaper advertisements, 243 advertising, publicity and

new business suggestions, 107 tested letters, 75 publicity stories, 65 suggestions for economy, 56 ideas for home-made window displays, 37 complete advertising, publicity and new business campaigns, 40 employes' bulletins, nine outlined talks on banking subjects.

### BOOK INCLUDED IN COURSE

It includes a 275 page book by W. E. Walker entitled, "Bank Business Building," covering every phase of new business work and bank advertising.

It includes 24 assignments in bank advertising and new business activities, each one covering separate topics.

It includes a year's subscription to THE BANKERS MAGAZINE with "How Banks are Advertising," a special section devoted to bank advertising and new business.

It includes the privilege for one year of sending in advertising material to us for expert criticism and suggestions.

Testimonials such as "worth its weight in gold," and "the best I have ever seen" offer eloquent evidence of the exceedingly practical usefulness of the *Walker Course in Bank Advertising* to every banker.

The Bankers Publishing Company offers the *Walker Course in Bank Advertising* exclusively to readers of THE BANKERS MAGAZINE at a price of \$20 under an offer which permits you to examine all the material before deciding whether you want to keep it.

# BOOK TALKS

EVELYN PRICE, *Editor*

Monthly Book Section

## THE BANKERS MAGAZINE

71-73 Murray St., New York

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JANUARY 1927

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### SHOP TALK

**E**VEN though we have already had a lot to say about the *Walker Course in Bank Advertising* on the first page of BOOK TALKS, we just can't keep from giving a friendly word of advice on this page. What do you think of it? Isn't it just what you have been looking for? If you are already in the advertising department of your bank you know that this course will help your advancement; if you are in another department and have been looking longingly at the advertising department here is your chance to show that you really are interested and anxious to take on the new work.



LOOK again at the price of the course! Do you know what a university course in bank advertising would cost? Find that out first, but keep tight hold on this copy of BOOK TALKS, for we know that you are going to use it very soon to get the address of the Bankers Publishing Company, which you will find at the top of this column. This is an excellent way to use that crisp bill that was given you for Christmas.



WE should have introduced ourselves in the first paragraph, but we were so anxious to hold your interest in the advertising course that we forgot our manners. Perhaps you are one of our old friends, and recognize BOOK TALKS which came to you each month. Well, we used to occupy eight pages in THE BANKERS MAGAZINE every month telling about the good books on banking

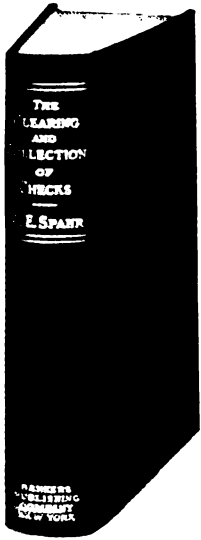
that we know about, and there came a time when we really thought that perhaps nobody wanted us anymore. But we were very much mistaken. We have had a pleasant surprise—we've been missed! Isn't that a delightful feeling? And so we are back again on your desk, and if you are glad to see us we would appreciate hearing about it in a letter. Do you know of anyone who would be interested in us, too? Send us the address. Of course BOOK TALKS comes to you each month without cost. Its job is to help you select banking and business books.



A MAN came into the office just a short time ago, and asked us if we knew of any publication which would keep him informed of the new business books as they came out each month. We didn't—and he didn't—and we certainly had "that guiltiest feeling" as we knew that BOOK TALKS used to do that. It was that talk that finally convinced us that we had a place in the business world, so here we are. It's true that we like to talk a lot about books on banking but you will find that we give reviews of all business books, as the banking business naturally covers all businesses. Just turn over a few pages and see for yourself.



PEOPLE will stand in the street and look at window displays when they are interesting. You see it happen every day. Every form of business values its window space. Do you remember how the banks used to waste that valuable space? But that time is past, the displays in the windows of progressive banks vie in interest with the shop next door in these days. And those are the banks that are always on the lookout for something new to hold the interest of the passing public. It can be found in *101 Window Displays* by M. E. Chase, one of the newest books on the subject. Five dollars only for ideas that will be worth many times that amount to the bank advertising man.



—*this book stands alone*—“ a thorough and systematic treatise in a field as yet virtually untouched.”—*American Banker*.

—*it will tell you how*

## the Par Clearance System affects your bank

—whether you charge exchange or remit at par. If you charge exchange, the system is taking away some of your profits by driving your customers to par remitting banks. If you remit at par, the exchange-charging banks are taking an unfair advantage of you, by charging exchange on their own checks, and collecting yours at par. Do you know how the par clearance system originated? Do you know the economic saving it has accomplished? Do you know how widespread it is? You need all these facts to make a rational decision whether your bank shall continue its present policy or change. You will find them in

# The Clearance and Collection of Checks

By Walter E. Spahr

—along with a history of the use of checks in foreign countries as well as the United States; the development of the present clearing and collection system; the history and functions of clearing houses; the operations of the gold settlement fund; and the use of bank clearings as a business barometer.

—there is a widespread propaganda against national collection and clearance, and numerous assertions based upon erroneous ideas have been widely disseminated. Dr. Spahr's volume traces this lengthy and entangled history, and sets forth without bias the various steps in the evolution of collection and clearance systems during recent years. It thus renders a decided service to the banker who is still seeking light with regard to his own business interest in the matter of clearance.

—a study of the clearance and collection system of the Federal Reserve Banks must view the whole problem from a broad historical standpoint, yet must be willing to take into careful account the contemporary phases, both legal and technical, in which the problem presents itself at the present time. Dr. Spahr has furnished exactly this kind of background, and has provided a wealth of material for the careful study of a branch of banking practice which has been too much neglected.

—a reading of this volume should accordingly inform many professional students of factors in the clearance situation, and of phases in the history of the development of the check as a medium of exchange, of which they have been ignorant, or have ignored.

*You can order this book on 5 days' approval*

**\$7.50**

**BANKERS PUBLISHING COMPANY**

71-73 Murray Street, New York

**\$7.50**

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# BOOK REVIEWS AND NEW BOOKS

## Recent Announcements of Other Publishers

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**INVESTMENT TRUST ORGANIZATION AND MANAGEMENT.** By Leland Rex Robinson, Ph. D. New York: The Ronald Press Co. \$6.

THIS type of investment organization, comparatively new to the United States though long well known in Europe, finds an able expositor in Dr. Robinson. He has made a thorough study of his subject and has the further advantage of official association with the International Securities Trust of America. The results of his study and experience are set forth in this volume with a completeness which renders the work the one standard authority, in this country at least, on the investment trust.

The author is at special pains to distinguish between the investment trust and various other types of organization that are similar but which in some respects do not conform to the principles regarded as essential to the proper function of the investment trust. What these principles are is fully and clearly stated, and a chart is afforded for sound organization and management. Such practical matters as accounting are also dealt with, and an analysis is presented of the history of a number of typical investment trusts. The experience of these institutions in England and Scotland affords ample ground for confidence in their adaptability to American needs. That these trusts, when rightly organized and managed, have been safe, profitable and of very great service, is indisputably shown by the long and successful records of the British companies.

Possibly, at no distant day, as these organizations multiply in the United States, it may be found desirable to set up some legal standards in the various states defining investment trusts and providing statutory regulations for their organization and management.

From whatever standpoint one may wish to approach the study of the investment trust the work of Dr. Robinson

will be found a mine of interesting and trustworthy information.

**TRUST COMPANIES OF THE UNITED STATES.** Published by the United States Mortgage & Trust Co., New York.

THIS is the twenty-fourth annual edition of this book. It reveals a new high record of over \$19,000,000,000 in total resources, over two and one-half times the figure reported ten years ago, and greater than 1925 by nearly \$1,200,000,000. Deposits totalled nearly \$16,000,000,000, a gain of \$900,000,000 over last year.

The present strong position of the trust companies attained through steady, continued progress reflects a healthy condition in the trust company field. Further development along the lines now so clearly marked out cannot fail to result in acceptance of the trust principle, with a corresponding increase in the volume of business entrusted to fiduciary institutions.

**CONSOLIDATED STATEMENTS.** By H. A. Finney, Ph. B., C. P. A. New York: Prentice-Hall, Inc. \$4.

THIS book embraces the principles and procedure involved in the preparation of the consolidated statement of cost of goods sold, the consolidated profit and loss statement, the consolidated surplus statement and the consolidated balance sheet. A large number of problems based on the principal points of the text are also included.

Students of accounting who are preparing for the examinations of the various C. P. A. boards or the American Institute of Accountants must be familiar with the subject of consolidated statements for holding companies and their subsidiaries, for the examinations frequently contain more or less complicated problems requiring the preparation of such statements. The income tax law



**Every term, expression  
or phrase,**

used in banking and finance, and in commercial contacts with banking is listed in this book; not a dictionary definition but an adequate explanation which is made additionally clear by the use of cross references, charts, tables, forms, maps, as the case may need, and lists of books for those who wish to know more about the subject in detail.

Compressed in a single volume of 600 pages, 7½ by 10½, it is a convenient size for desk use and quick reference.

# Encyclopedia of Banking and Finance

By Glenn G. Munn

Some of its features are—

**Cross References**—Allied subjects are cross referenced to give a unified explanation of the subject under inquiry.

**Bibliography**—In cases where the author believes the reader could use a more detailed discussion, there is given a list of books which cover the subject.

**Full Text of Important Legislation**—It is invaluable to have such legislation as the following within the covers of one book: The Federal Reserve Act; Federal Reserve Board Rules and Regulations; Federal Farm Loan Act; Federal Farm Loan Board Rules and Regulations; Agricultural Credits Act of 1923; Negotiable Instruments Law; National Bankruptcy Act; Bill of Lading Act; Cotton Futures Act.

**Abbreviations**—On the first page is given a list of 326 business and financial abbreviations; and there is a list of New York Stock Exchange abbreviations.

**Charts and Tables**—Wherever their use will make the term clearer, charts and tables are always reproduced.

**Foreign Money Values**—Two pages and a half are devoted to a list of the

moneys of foreign countries, giving their equivalent in United States currency. These are alphabetically arranged by countries, and by names of moneys.

**Forms and Maps**—Complete and correct forms are given with all terms that require them. The Federal Reserve Districts and the Federal Farm Loan Districts are shown on maps.

**Lists**—financial magazines; publications of the National Monetary Commission; credit ratings of R. G. Dunn & Co

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which requires consolidated returns supported by consolidated income statements and balance sheets makes a knowledge of the method of preparation of these statements imperative for the corporation auditor, the public accountant and the tax counsellor.

Mr. Finney is a member of the American Institute of Accountants, professor of accounting at Northwestern University, editor of the Students' Department of the *Journal of Accountancy*, with Haskins & Sells, Chicago. He is the author of "Principles of Accounting," and other works.

**THE FINANCE OF FOREIGN TRADE.** By William F. Spalding. London: Sir Isaac Pitman & Sons Ltd. \$2.25.

MR. SPALDING'S books on foreign trade and foreign credits are well known. In this his latest we feel that his own words can best tell why he has written it. His book may be "unconventional" as he says, but he has certainly made it most readable. As he explains:

"This is an unconventional book—practical rather than theoretical. The methods of financing foreign trade described in it may not follow exactly the ordinary accepted rules laid down by writers on economics, but they are those to which the importer and exporter have to conform when seeking financial facilities from bankers. 'If you would only tell us how you do the business, and what it really is you expect us to do, there might be some chance of our understanding the position,' said one exporter. An importer also remarked, 'Why don't some of you bankers put your cards on the table and write a book that will give us information on the procedure to be followed to get our trade financed?' Well, after many such conversations with importers and exporters, it seemed not a bad thing to try to explain in detail the principles of trade finance, and this small book is the result."

Mr. Spalding is a fellow of the Institute of Bankers in London, and a

fellow of the Royal Economic Society. The book of course deals with foreign trade from the English point of view, but will give its American reader a broad view of the subject. Chapters deal with bills of exchange, the financing of the export trade and of exports, foreign currencies, trade with Central and South America, British India, China, etc., bankers' loans and advances, credit information and the Export Credits Scheme, etc.

**SCANDINAVIAN BANKING LAWS.** The School of Business, Columbia University. New York: Columbia University Press.

THIS volume is the first of a series which will be edited by members of the staff of the School of Business and published at intervals by the Columbia University Press. The purpose of the publications is to present to the educational and business world the results of study and investigation carried on at the school. This volume has been prepared under the direction of Professor B. H. Beckhart of the Department of Banking. In it are given historical accounts and the laws and regulations governing the National Bank of Denmark, the Bank of Sweden, and the Bank of Norway.

**TAX-EXEMPT SECURITIES AND THE SURTAX.** By Charles O. Hardy. New York: The Macmillan Company. \$2.

SHOULD tax-exempt securities be abolished? Should the surtax be drastically lowered? These two questions are given critical examination in this book. They are closely related as, in general, the advocates of the lowering of surtaxes have also advocated the abolition of tax-exempt securities.

Among the conclusions reached are these: that the tax-exempt securities have had a wide distribution and that the amount held in the higher income groups is much smaller than is generally believed; that tax-exemption has resulted in a saving of interest somewhat larger

than the amount of income tax loss on account of the exemption; that industry has not been seriously handicapped in securing capital for normal expansion on account of tax-exempt securities; that both the surtaxes and the tax-exempt securities have had a negligible effect in discouraging business activity; and that the real issue involved in the determination of surtax rates is one of justice and public morality rather than one of economics.

In support of these conclusions there is given a considerable body of statistical evidence, much of which has not heretofore been brought to bear upon the subject. In treating his subject the author discusses how the issue arose, the post-war contest, the case against tax exemption (minor arguments); fiscal effects of tax exemption; tax exemption in relation to private financing; state and municipal extravagance; the case for tax exemption; high surtaxes; and includes appendices.

Mr. Hardy has written this book with the aid of the council and staff of the Institute of Economics.

**THE UNITED STATES BOARD OF TAX APPEALS. PRACTICE AND EVIDENCE.**  
By Charles D. Hamel. New York: Prentice-Hall, Inc. \$10.

In order that tax cases might be decided before the payment of the taxes rather than afterward, the 1924 Revenue Act created the United States Board of Tax Appeals. The success of this new body and its importance in deciding tax questions was so great that Congress, in its 1926 Revenue Act, enlarged the scope of its jurisdiction and powers, stating, among other things, that the proceedings of the Board should be conducted in accordance with the rules of evidence applicable in courts of equity in the District of Columbia.

Since these rules of evidence differ considerably from those with which many attorneys and accountants are familiar, this book, "The United States Board of Tax Appeals," was written,

very appropriately, by the first chairman of the board, Charles D. Hamel. The volume is intended as an aid in practice before the board and is a comprehensive and thorough contribution to this subject.

The book includes the history, purpose and functions of the board; procedure in the Bureau of Internal Revenue which leads up to an appeal to the board; the jurisdiction of the board; the appeal itself; the trial and evidence; the procedure after the hearing; and the taking of the case to court. The chapters on evidence are unusually complete. A table of cases lists 400 cases decided by the Board of Tax Appeals and 1200 decided by the courts. Appendixes include Chapter 25 of the District of Columbia Code relating to evidence.

The book should prove a helpful guide to the man who handles occasional cases in this field, as well as to the more frequent practitioner.

## NEW BOOKS

**THROUGH MANY WINDOWS.** By Helen Woodward. N. Y.: Harper. \$2.50.

**LEARNING HOW TO STUDY AND WORK EFFECTIVELY; A CONTRIBUTION TO THE PSYCHOLOGY OF PERSONAL EFFICIENCY.** By William F. Book. Boston: Ginn. \$1.96.

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81st



YEAR



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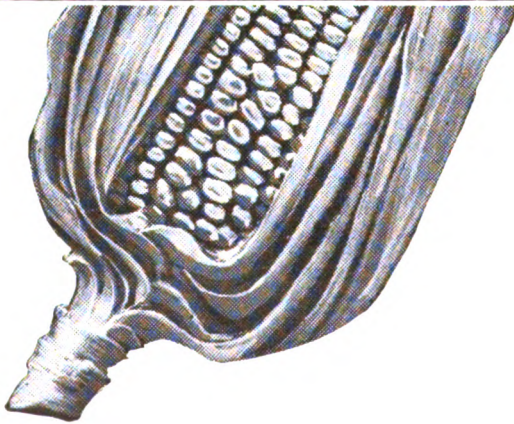
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## The Publisher's Page

**I**S the tariff an issue? This is a question now being asked by both politicians and economists. The old political controversy concerning the pros and cons of protection which in recent years has been laid on the shelf as no longer a matter of public dispute is now being once more discussed and bids fair to play an important part in our next election.

With politics, as such, **THE BANKERS MAGAZINE** is not concerned. It is concerned, however, with economic issues, as these affect the banking and business world and for this reason is presenting in its pages several articles discussing various economic phases of the tariff. In the March number will appear "Why the Tariff Should Be Revised" by **CORDELL HULL**, Congressman from Tennessee. Congressman **HULL** is a member of the House Ways and Means Committee and is opposed to the tariff.

In presenting to the public the value of trusteeship most of the arguments are directed to the testator, various appeals being brought to bear to convince him of his duty to adequately provide for his heirs. **THEODORE TEFFT WELDON**, in an article in the March number, points out the importance of appealing also to the beneficiary of a trust, pointing out the distinct advantages to the beneficiary in having a trust company named as executor of an estate or trust. Unless the beneficiary is convinced that his interests will be served there will be a tendency for him to bring influence to bear against the naming of a trust company as executor. This article, which is entitled "Stressing the Value of Trusteeship to the Beneficiary," is one of a series on "selling" trust company service.

"After several years of discussion and urging, both through Governmental and private channels, a great many banks today compute their earnings on an accrual basis, but probably the great majority of banks throughout the country, inclusive of many of the larger institutions, still retain the cash receipt and disbursement method. During the last few years, the writer has had occasion to discuss accrual results with a large number of bankers, both auditors and bank accountants. I do not recall a single instance where these individuals have not acknowledged the fact, that a statement of earnings prepared on a real accrual basis was more nearly correct, more comprehensive and far more indicative of the true condition than any other basis." This paragraph is an excerpt from an article by **PHILIP S. WISEMAN** which will appear in the March number entitled "What Value Do You Place on Accrual Accounting." Mr. Wiseman is comptroller of a large middlewestern trust company.

The opening of a new building is a new business and good-will opportunity which some banks take the fullest advantage of and

[Continued on page XIV]

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Broad at Clinton Street

*Depository for City, County and United States Funds*

[Continued from page XI]

others are inclined to neglect. In the former category is the First Bank and Trust Company of Utica, N. Y., which conducted a very carefully worked out campaign in connection with its opening which resulted in widespread publicity and considerable new business. The details of the campaign are described by VIRGIL D. ALLEN, JR. assistant vice-president of the bank, in the March number in an article entitled "Making a Bank Opening Yield New Business."

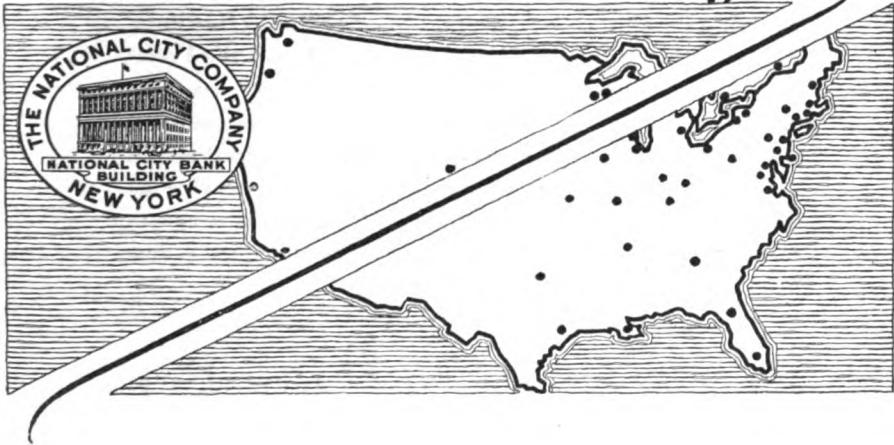
The series of articles on the Safe Deposit Business, which was to start with the February number, has been postponed one month until March when the first article on the historical background of the business will appear. This has been prepared by GEORGE S. BRADFORD, manager of the Union Safe Deposit Vaults, Boston, Mass. Other articles by prominent safe deposit managers will follow taking up every phase of this important department of banking.

"Those who support the negative side of the instalment discussion always take off from the concept that it is no achievement to qualify for instalment credit—that anybody with a dollar to pay down can take away the merchandise. There may be instances of loose instalment practice almost as extreme as this just as there have been countless instances of loose practice among open account creditors but in the automotive field, and I believe in all fields of instalment merchandising, the buyer who has accumulated the down payment, who meets the requirement as a moral risk, and whose assurance of an adequate future income to protect his monthly obligation is dependable enough to warrant the accommodation, has made definite progress in the world and is justified in having a sense of real accomplishment when he secures possession of the goods through this medium. . . . In other words one who qualifies for credit in any form and then protects that credit has shown character and gained in character by the experience quite as much if not more than one who has saved to pay cash." This paragraph is taken from "Instalment Sales From the Buyer's Standpoint" which will appear in the March number. It is in reply to an article recently published in the *Nation's Business* by Senator Couzens, entitled, "The Instalment Buyer Worries Me."

In the January number of THE BANKERS MAGAZINE announcement was made of another \$500 prize contest for the best essays on banking subjects. Announcements of this contest suitable for posting on a bulletin board have been prepared and will be sent to anyone interested. During the last month many letters have been received from prospective competitors announcing their intention to compete. The contest closes on July 1, 1927.

The section entitled "Book Talks" which appears in the back of each number of THE BANKERS MAGAZINE will be sent regularly without charge to any banker interested in banking books.

# NATIONAL *in fact*



The following list of National City investment offices gives in fewest possible words our conception of nationwide service. Current bond quotations, investment advice, investigated offerings—these are available at the office nearest you.

ALBANY	KANSAS CITY	SAN DIEGO
ATLANTA	LOS ANGELES	SAN FRANCISCO
ATLANTIC CITY	LOUISVILLE, KY.	SEATTLE
BALTIMORE	MEMPHIS	ST. LOUIS
BOSTON	MIAMI, FLA.	SAINT PAUL
BUFFALO	MILWAUKEE	TOLEDO
CHICAGO	MINNEAPOLIS	WASHINGTON
CINCINNATI	NEWARK	WILKES-BARRE
CLEVELAND	NEW ORLEANS	MONTREAL
DALLAS	OAKLAND, CAL.	TORONTO
DAVENPORT	OMAHA	LONDON
DENVER	PHILADELPHIA	AMSTERDAM
DETROIT	PITTSBURGH	COPENHAGEN
HARTFORD	PORTLAND, ME.	GENEVA
HOUSTON	PORTLAND, ORE.	TOKIO
INDIANAPOLIS	PROVIDENCE	SHANGHAI
JACKSONVILLE, FLA.	ROCHESTER	

## The National City Company

*National City Bank Building, New York*

BONDS · SHORT TERM NOTES · ACCEPTANCES

# When You Need A Massachusetts Fiduciary

Individuals and corporations having fiduciary business in Massachusetts are invited to correspond with the President or other officers of this Company.

We are prepared to serve in any fiduciary capacity in the State of Massachusetts. We have had 48 years' active experience in this field and render expert service as Executor and Trustee under Will and under Trust agreement, acting as Guardian or Conservator of property, and also as Custodian.

CHARLES E. ROGERSON, *President*

## BOSTON SAFE DEPOSIT AND TRUST COMPANY

100 FRANKLIN STREET

*At ARCH and DEVONSHIRE STREETS*

*Boston 6*



*Main Office*  
Fifth Ave. at 32nd Street

# The Bank of United States

Member Federal Reserve System

Resources Over  
**\$93,000,000**

DEPOSITORY FOR  
United States Postal Savings Funds  
State of New York      City of New York

**Foreign Exchange**

**Domestic and Foreign Letters of Credit Issued**

The steady and consistent growth of this bank is evidence of its constant attention to every detail of banking service. A thoroughly organized foreign department is equipped to handle all classes of foreign financial transactions.

**Accounts of Banks and Bankers Invited**

1864

1927

*Comprehensive  
Foreign  
Banking  
Service*



*Traveler's  
Checks  
Foreign  
Currency*

## 63 Years

**T**HIS Company offers you its services based upon the experience gained during more than half a century of conservative activities.

- A general banking business.
- A commercial banking business including discounts, acceptances, etc.
- Foreign Exchange, Commercial and Traveler's Letters of Credit, etc.
- Acts as Executor, Trustee, Transfer Agent, Registrar of Stocks and in every Fiduciary Capacity.

*President*

George W. Davison

*Board of Trustees*

James C. Brady  
James Brown  
George W. Davison  
Johnston de Forest  
Richard Delafield  
Clarence Dillon

Frederic de P. Foster  
Adrian Iselin  
James N. Jarvie  
William H. Nichols, Jr.  
Dudley Olcott  
W. Emlen Roosevelt

Frederick Strauss  
Edwin Thorpe  
Cornelius Vanderbilt  
John Y. G. Walker  
Francis M. Weld  
William Woodward

# 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 45 Million Dollars*

*Member Federal Reserve System*



# The Royal Bank of Canada



Head Office  
MONTREAL

## Statement to the Dominion Government (Condensed)

November 30, 1926

### LIABILITIES

Capital Paid up .....	\$ 24,400,000.00
Reserve Fund .....	24,400,000.00
Undivided Profits .....	1,409,674.58
Dividend No. 157, payable December 1, 1926 .....	732,000.00
Bonus, 2% .....	488,000.00
Notes in Circulation .....	39,171,262.94
Deposits .....	612,914,097.93
Due to other Banks .....	18,155,879.11
Bills Payable (Acceptances by London Branch) .....	6,103,180.05
Letters of Credit Outstanding .....	38,602,848.65
	\$766,376,943.26

### ASSETS

Cash on Hand and in Banks .....	\$139,568,134.14
Deposit in the Central Gold Reserves .....	18,000,000.00
Government and Municipal Securities .....	91,613,550.22
Railway and other Bonds, Debentures and Stocks .....	16,380,953.48
Call Loans in Canada .....	29,719,561.79
Call Loans elsewhere than in Canada .....	71,997,883.89
	\$367,280,083.52
Loans and Discounts .....	341,317,919.76
Liabilities of Customers under Letters of Credit as per contra .....	38,602,848.65
Bank Premises .....	14,401,556.21
Real Estate other than Bank Premises .....	2,141,979.64
Mortgages on Real Estate sold by the Bank .....	1,387,555.48
Deposit with Dominion Government for Security of Note Circulation .....	1,245,000.00
	\$766,376,943.26

900 BRANCHES IN CANADA, NEWFOUNDLAND, WEST INDIES,  
CENTRAL and SOUTH AMERICA, also LONDON, NEW YORK  
and BARCELONA

Auxiliary: THE ROYAL BANK OF CANADA (France)

New York Office: 68 WILLIAM STREET

## PARAPHRASED PROVERBS

**A Bank is Known  
by the  
Business Interests  
it Serves**

---

We are proud to number among our correspondents the leading banks and bankers both here and abroad.

Every important national industry is represented on our books—some for more than a century.

We are thus in a position to render you a service based on a long and diversified experience, a service that keeps you in touch with representative and profitable business.

---

**THE  
PHILADELPHIA - GIRARD  
NATIONAL BANK**

PHILADELPHIA, PA.

**Capital, Surplus and Profits - \$28,300,000**



# NATIONAL UNION MORTGAGE BONDS

**EVERY** mortgage underlying National Union Mortgage Bonds is:

A first mortgage on improved city or suburban real estate and the principal and interest of every mortgage is insured irrevocably by one of the four following Surety Companies, among the strongest in the world:

*U. S. Fidelity & Guaranty Co.*

*Maryland Casualty Co.*

*Fidelity & Deposit Co.*

*Baltimore*

*National Surety Co.*

*New York*

*Booklet sent on request*

**NATIONAL UNION MORTGAGE CO.**

BALTIMORE, ···· MARYLAND

**MACKUBIN, GOODRICH & CO.**

BALTIMORE, MARYLAND

FISCAL AGENTS



## Conservative Traditions in Modern Banking

In the Illinois Merchants Trust Company, the traditions of a half century of conservative banking stand back of each transaction. ¶ With its large financial resources, its highly developed and specialized facilities and organization, its intimate business and governmental contacts at home and abroad, this institution is today one of this country's leading banks—a logical choice for banks or commercial concerns establishing a Chicago banking connection. ¶ Personal attention to inquiries concerning our specialized services will gladly be given by our officers.

# ILLINOIS MERCHANTS TRUST COMPANY

*Capital & Surplus 45 Million Dollars*

LA SALLE, JACKSON, CLARK AND QUINCY STREETS · CHICAGO

# Bank With Us and Grow With Us

Out of town business houses having representatives or branch offices in Philadelphia will appreciate the convenience of our day and night banking service. With increased facilities we are better equipped than ever to render efficient and courteous service. Your Philadelphia representative will like our bank.

## FRANKLIN TRUST COMPANY

Southwest Corner Fifteenth and Chestnut Streets  
PHILADELPHIA

*West Phila. Office'*  
52nd and Market Streets  
*Front Street Office*  
Front and Market Streets



*Germantown Office*  
5708 Germantown Ave.  
*Frankford Office*  
Frankford Ave. and Paul St.

Resources over \$42,000,000  
AMERICA'S LARGEST EXCLUSIVELY DAY-AND-NIGHT BANK

# Norfolk National Bank of Commerce & Trusts

Norfolk, Va.

Capital \$2,500,000

Surplus and Undivided Profits \$2,500,000

Resources over \$40,000,000

**R. S. Cohoon, President**  
Vice-Presidents

Tazewell Taylor  
H. M. Kerr  
C. S. Whitehurst

C. W. Grandy  
J. B. Dey, Jr.  
A. L. Eggleston

A. B. Schwarzkopf  
A. W. Brock  
Z. A. Gay

Assistant Vice-Presidents

H. C. Taylor

R. Cornelius Taylor

Assistant Cashiers

C. S. Phillips  
E. D. Denby

I. T. Van Patten, Jr.  
R. H. Moore

F. C. Schmoele  
S. E. Tudor

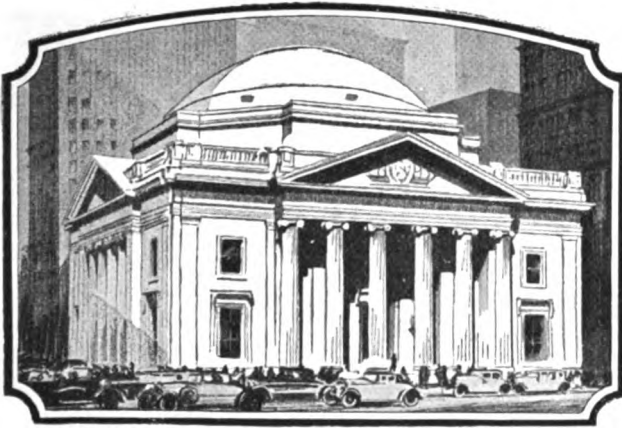
Auditors

J. H. Fanshaw

H. B. Reardon

Charles Webster, Trust Officer

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



*Chartered 1836*

**G**IRARD TRUST COMPANY  
in Philadelphia offers its services as Depositary under Reorganization Agreements and as Transfer Agent or Registrar for the securities of corporations.

The Company will be glad to act jointly with institutions in other cities.

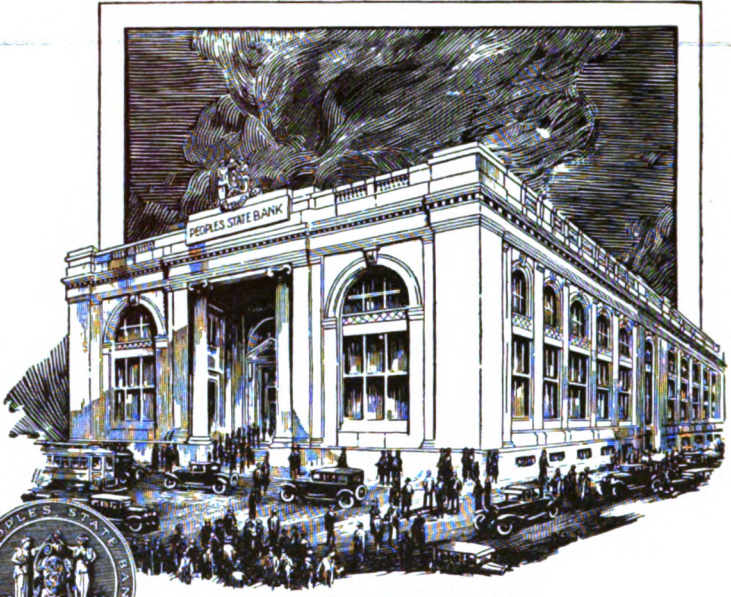


*Corporate Trusts*  
**\$1,430,000,000**

---

**GIRARD TRUST COMPANY**  
BROAD AND CHESTNUT STREETS . . . PHILADELPHIA

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(184)

46 Branches in Detroit

Capital and Surplus \$18,000,000

**THE PEOPLES STATE BANK**  
DETROIT, MICHIGAN

**Citizens Bank & Trust Co.**

**TAMPA, FLA.**

Member Federal Reserve System



**Capital - - - - \$1,000,000.00**  
**Surplus and Undivided Profits 1,250,000.00**

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

*Collections given special attention, and prompt remittances made*

- DR. LOUIS A. BIZE, President  
 W. W. TRICE, Vice-President and Trust Officer  
 D. H. LANEY, Vice-President and Cashier  
 ISAAC MAAS, Vice-President  
 D. C. GILLETT, Vice-President  
 L. I. BUCHANAN, Vice-President  
 C. E. HESTER, Assistant Cashier and Credit Manager  
 W. W. BLOUNT, Assistant Cashier  
 D. B. RENFRO, Assistant Cashier  
 JOHN T. BIZE, Assistant Cashier  
 ASHBY GIBBONS, Assistant Cashier  
 R. W. CLAPP, Assistant Cashier  
 S. W. McCORD, Assistant Cashier  
 A. M. EDWARDS, Auditor  
 K. M. KRUSE, Contact Man





# Canada Newfoundland West Indies

**T**HROUGH our extensive chain of branches we are able to offer an efficient collection service in the above territories. Credit checkings and trade information are cheerfully given our correspondents.

265	Branches in Canada		
8	"	"	Cuba
2	"	"	Porto Rico
3	"	"	Dominican Republic
10	"	"	Jamaica
12	"	"	Newfoundland

Enquiries should be addressed to our New York Agency,  
49 Wall Street.

## The **BANK OF NOVA SCOTIA**

ESTABLISHED 1832

Capital . . . . .	\$10,000,000
Reserve Fund . . . . .	19,500,000
Total Assets over . . . . .	240,000,000

**New York Agency : 49 Wall Street**

**P. W. Murphy, F. W. Murray, Agents**

**Branches also at Boston and Chicago**

**London, Eng., Branch—**

**108 Old Broad Street, E. C. 2**



# NATIONAL PROVINCIAL BANK

LIMITED

Established 1833

(\$5=£1)

Subscribed Capital	- - -	\$218,085,400
Paid-Up Capital	- - - -	47,897,080
Reserve Fund	- - - -	47,897,080

*Head Office:* 15, BISHOPSGATE, LONDON, E. C. 2

UNION BANK OFFICE: 2 Princes Street, London, E. C. 2

OVER 1,150 OFFICES in ENGLAND and WALES

The Bank offers special facilities for the conduct of accounts  
of Colonial and Foreign Banks

AFFILIATED BANKS

COUTTS & CO., GRINDLAY & CO., LTD.

## HARRIS, FORBES & CO

Pine Street, Corner William

NEW YORK

### BONDS FOR INVESTMENT

Harris, Forbes & Company  
Incorporated  
Boston

Harris Trust & Savings Bank  
Bond Department  
Chicago

# Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

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

Capital Subscribed .....	\$5-£1 \$93,955,600
Capital Paid Up and Reserves .....	21,686,230
Deposits, etc., at 31st Dec., 1925 ...	299,098,130

379 BRANCHES AND SUB-BRANCHES.

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

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

# Commerz-und Privat-Bank

Aktiengesellschaft

(Established 1870)

HAMBURG-BERLIN

and

Two hundred twenty other places throughout Germany

*Capital and Surplus, R.M. 64,000,000*

All Banking Transactions

*Extensive Trade Information Service*

Cable address for main offices and branches

"HANSEATIC"

# The National Bank of New Zealand, Ltd.

Subscribed Capital, \$30,000,000  
 Paid-up Capital, \$10,000,000  
 Reserve Fund, \$10,000,000

Head Office

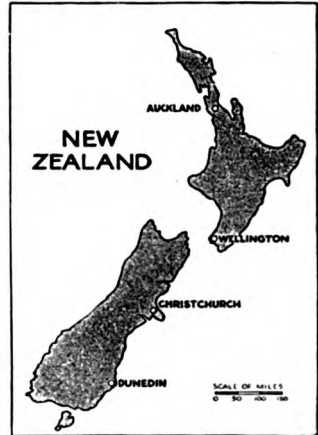
8 Moorgate, London, E. C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, G. W. McINTOSH



88 Branches and Agencies Throughout New Zealand.

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

## BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

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

Formerly

Incorporated by  
 Royal Charter, 1836

**THE COLONIAL BANK**  
 with which are amalgamated

Reincorporated by  
 Act of Parliament, 1925

**THE NATIONAL BANK OF SOUTH AFRICA LIMITED**  
 and  
**THE ANGLO-EGYPTIAN BANK LIMITED**

Capital authorised £10,000,000

Capital subscribed £ 6,975,500

Capital paid up .... £ 4,975,500

Reserve Fund ..... £ 1,100,000

Uncalled Capital £ 2,000,000

London Offices:

Circus Place, London Wall, E.C.2;

29, Gracechurch Street, E.C.3; 37-39, King William Street, E.C.4;

111, St. Martin's Lane, Trafalgar Square, W.C.2.

Other Offices:

LIVERPOOL—25, Castle Street. Manchester—21, York Street.

HAMBURG—Adolphsplatz 4.

NEW YORK (Agency)—44, Beaver Street.

With over 400 Branches in

British West Indies, British Guiana, Egypt and the Sudan, Transvaal, Rhodesia, Cape Province, Natal, Orange Free State, British West Africa, Swaziland, Portuguese East Africa, South West Africa, Tanganyika, Nyasaland, Kenya Colony, Malta, Gibraltar, Palestine and the Mauritius.

The Bank acts as Correspondent for Home, Colonial and Foreign Banks

# Banca Nazionale di Credito

**Capital - - Lit. 300,000,000**

**HEAD OFFICE: MILAN, ITALY**

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**Over 60 Branches and Agencies Throughout Italy**

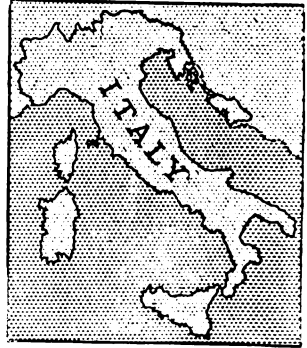


**Main Banking Room, Brescia Office**

# In Every Important Italian Market

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

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



## Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 700,000,000

Surplus Lire 500,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

*Organized*

## Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$750,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

*All Banking Facilities*



# THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

**Head Office: TAIPEH, JAPAN**

**Capital Subscribed..... Yen 45,000,000**

**Capital Paid Up..... Yen 39,375,000**

**HIROZO MORI, Esq., President**

**Directors**

**GUNJI KAWASAKI, Esq.**

**TADASU HISAMUNE, Esq.**

**DENKICHI TAKITA, Esq.**

**MASAKAZU SHUTO, Esq.**

## *Branches :*

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

**TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Makong, Nanto, Shinchiku, Taichu, Tainan, Takao, Taito, Toen, Tansui.**

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

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

**New York Office: 165 Broadway**

**K. YAMAMOTO, Agent**

**London Office: 25 Old Broad Street**

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



# The Sumitomo Bank, Limited

Cable address: "Sumitbank" ESTABLISHED 1913  
(Successors to The Sumitomo Bank)

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

## Head Office : OSAKA, JAPAN

N. YATSUSHIRO, Esq., Chief Managing Director  
S. IMAMURA, Esq., Managing Director K. OHDAIRA, Managing Director

New York Agency, 149 Broadway, New York  
G. HIGASHI, Agent

### HOME OFFICES

Osaka (18)	Tokyo (15)	Yokohama	Kobe (3)	Kyoto (3)	Niitama
Shimonoseki	Moji	Hiroshima (2)	Hakata	Yanai	Onomichi
Kurume	Kure	Wakamatsu	Kokura	Nagoya	Kumamoto
					Okayama

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

Bankers—National City Bank of New York, New York;  
Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

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

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

# THE MITSUI BANK, LTD.

Capital Subscribed . . .  . . . Yen 100,000,000.00  
Capital Paid-Up . . . . . Yen 60,000,000.00  
Reserve Funds (June 1926). . . . . Yen 53,400,000.00

## Head Office : TOKYO, JAPAN

(No. 5 Honkawayacho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq. N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq. R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

### Home Branches:


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

### Foreign Branches:

Bombay London New York Shanghai Sourabaya

# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 40,000,000
Capital Paid-Up . . .		Yen 25,000,000
Total Resources . . .		Yen 547,000,000

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

FOREIGN EXCHANGE DEPARTMENT: TOKYO

Governor, S. SUZUKI

Deputy Governor, J. YOKOBE

Y. KATAYAMA

I. IUCHI

Directors

M. HASHIMOTO

T. KAKIUCHI

Branches

Japan Proper

Osaka

Korea

Tokyo

Kobe

Seoul  
Kunsan  
Wonsan

Pusan  
Chemulpo  
Chungjin

Taiku  
Prengyana  
Hollyoung

Mokpo  
Chinnampo

Dairen  
Liaoyang  
Harbin

Antung  
Mukden  
Fuchiatien

Manchuria

Hyojnn  
Tiehling  
Kalyuan

Yingkow  
Changchun  
Lungchingtsun

Tsingtao

China Proper  
Shanghai

Tientsin

Siberia  
Vladivostok

London Representative: 84 Old Broad Street, London, E. C. 2.

## New York Agency, 165 Broadway

K. HIYAMUTA, Agent

# The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		6,400,000.00
DEPOSITS (June 30, 1926)		183,906,201.99

Chusuke Yoshii, Esq., Managing Director	Keizo Hirooka, Esq., President	Manroku Matsui, Esq., Managing Director
Seishichi Kawakami, Esq., Managing Dir.	Yukinori Hoshino, Esq., Director	Hikotaro Omura, Esq., Director
Seijiro Glen, Esq., Director	Shikazo Sato, Esq., Director	Kyuemon Hirooka, Esq., Auditor
Gibei Hoshijima, Esq., Auditor		Tadanosuke Emura, Esq., Auditor

## Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

## General Banking, Foreign Exchange and Trust Business Transacted

New York Correspondents

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
American Express Co.  
American Exchange Irving Trust Co.  
Guaranty Trust Company of New York

London Correspondents

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
Midland Bank Ltd.  
Bank of London and South America, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG      STOCKHOLM      MALMÖ

Branches  
In All Parts of Sweden

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

*Head Office: Athens*

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

*ASSOCIATED BANK in LONDON*

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

4 London Wall Buildings, E. C. 2

*with branch in CONSTANTINOPLE*

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

**GENERAL BANKING BUSINESS TRANSACTED**

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

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

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

# Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

## BANKERS

Capital Paid up.....	f.80,000,000	Neth. Currency (£6,666,666)
Statutory Reserve Fund.....	f.21,117,340	“ “ (£1,759,778)
Extraordinary Reserve Fund.....	f.22,660,000	“ “ (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

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

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

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

LONDON CORRESPONDENTS:

The National Provincial Bank, Ltd., LONDON.

# The Union Bank of Australia, Limited

Established 1887. Incorporated 1880.

CAPITAL AUTHORIZED AND ISSUED .....	£10,500,000
PAID-UP CAPITAL .....	£3,500,000
RESERVE FUND .....	£4,200,000
} together £7,700,000	
RESERVE LIABILITY of Proprietors	£7,000,000

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

Manager—W. A. LAING      Assistant Manager—G. S. GODDEN  
Secretary—F. H. McINTYRE

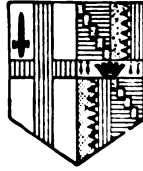
197 Branches throughout Australia and New Zealand, viz.:

In Victoria, 47; South Australia, 15; New South Wales, 45; Western Australia, 21; Queensland, 18; Tasmania, 3; New Zealand, 48.

Agents and Correspondents in all parts of the World

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

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



## A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. Together with its affiliations it operates 2,250 branches in Great Britain and Northern Ireland, and has agents and correspondents in all parts of the world. The Bank has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

# MIDLAND BANK

LIMITED

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

Affiliated Banks: Belfast Banking Co. Ltd., Northern Ireland; The Clydesdale Bank Ltd., and North of Scotland Bank Ltd., Scotland.

# Glyn, Mills & Co.

(Established 1753)

Registered with unlimited liability, 1885

Incorporating

CHILD & CO. and HOLT & CO.

(Established before 1800)

(Established 1809)

BANKERS

Army and Air Force Agents, Navy and Prize Agents

Head Office - 67, Lombard St. London, E.C. 3

Childs Branch - - - 1, FLEET STREET, LONDON, E. C. 4

Holts Branch - 3 & 4, WHITEHALL PLACE, LONDON, S. W. 1

Current and Deposit Accounts opened on the usual terms.

The Bank has Agents or Correspondents in all the principal cities or towns throughout the World, and can provide Banking facilities for its customers wherever desired. Letters of Credit and Circular Notes issued on our Foreign Correspondents and Agents throughout the World.

Currency Drafts obtained; Remittances mailed and Telegraphic Transfers made to all parts of the World.

Foreign Currency Accounts opened.

Purchase and Sale of Stocks, Bonds and Shares effected and custody of securities undertaken.

Dividends, Annuities, etc., received; forms authorising their receipt supplied, and coupons collected for customers.

Recovery of Income Tax and Preparation of Income and Super-tax Statements undertaken. The Bank has a special department to advise and assist customers on questions relating to Income and Super-tax.

The duties of Executors and Trustees undertaken.

Navy and Prize Agents. Salvage claims preferred.



# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

## HEAD OFFICE, SYDNEY



Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,432 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

### *Agents and Correspondents throughout the World*

#### Banking and Exchange Business

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

June 30th, 1926

General Bank Deposits	-	-	\$183,646,534.89
Other Items	-	-	57,620,820.09
Savings Bank Deposits	-	-	227,688,026.54
Note Issue Department	-	-	269,651,132.50
			<u>\$738,606,514.02</u>

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened

Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Governor**



# THE NATIONAL BANK OF AUSTRALASIA LTD.

HEAD OFFICE  
MELBOURNE

Chief Manager:  
E. H. WREFORD

Deputy Chief Manager:  
JAMES WILSON

Chief Inspector:  
J. A. G. HADLEY

Inspector and Manager  
Foreign Department:  
E. J. OSBORNE

LONDON OFFICE:  
7 LOTHBURY, E.C.2

With its 471 well distributed offices provides a complete banking service throughout Australia, and is well equipped for the transaction of all classes of foreign business.

Authorized Capital (@ \$5 to £1)	\$50,000,000
Capital Paid Up	\$20,000,000
Reserve Fund	\$12,050,000
Total Assets March 1926	\$203,530,085

## English, Scottish & Australian Bank, Limited

Authorized Capital	\$18,750,000
Paid-up Capital	\$11,250,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$10,250,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3  
and 401 Branches and Agencies in Australia

Chief Office in Australia—Collins Street, Melbourne

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

### Chief Agents in United States

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

SAN FRANCISCO—Crocker First-National Bank.

E. M. JANION, Manager.





# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

**Paid-up Capital . . . . . £4,000,000**  
**Reserve Fund . . . . . £3,760,000**  
**Reserve Liability of Proprietors**  
**under the Charter . . . . . £4,000,000**  
**£11,760,000**

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

**EDMUND GODWARD, Manager**

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

**Branches in Australasia**

- |  |   |   |  |
|--|---|---|--|
| <p><b>VICTORIA</b><br/>                 Melbourne; 394 &amp;<br/>                 396 Collins St.; 384<br/>                 Elizabeth St.; 71<br/>                 Collins St. East<br/>                 Brunswick<br/>                 Burnley<br/>                 Coburg<br/>                 Collingwood<br/>                 Easternwick<br/>                 Footscray<br/>                 Malvern<br/>                 Middle Brighton<br/>                 Port Melbourne<br/>                 Prahran<br/>                 St. Kilda<br/>                 Williamstown<br/>                 Bairnsdale<br/>                 Ballarat<br/>                 Benalla<br/>                 Bendigo<br/>                 Bright<br/>                 Castlemaine<br/>                 Charlton<br/>                 Chiltern<br/>                 Cobram<br/>                 Corryong<br/>                 Drouin<br/>                 Echuca<br/>                 Euroa<br/>                 Fish Creek<br/>                 Foster<br/>                 Geelong<br/>                 Katamatite<br/>                 Kingston<br/>                 Kerit<br/>                 Korong Vale<br/>                 Korumburra<br/>                 Leonatha<br/>                 Mirboo North<br/>                 Mooroopna<br/>                 Morwell<br/>                 Nathalia<br/>                 Numurkah<br/>                 Port Fairy (Belhat)<br/>                 Rutherglen</p> | <p><b>Victoria, Contd.</b><br/>                 St. James<br/>                 Sale<br/>                 Shepparton<br/>                 Stawell<br/>                 Strathmerton<br/>                 Tallangatta<br/>                 Terang<br/>                 Traralgon<br/>                 Tungamah<br/>                 Walwa<br/>                 Warragul<br/>                 Warrnambool<br/>                 Wedderburn<br/>                 Welahpool<br/>                 Wychebrook<br/>                 Yackandandah<br/>                 Yarram<br/>                 Yarrawonga</p> | <p><b>N. S. Wales, Contd.</b><br/>                 Cootamundra<br/>                 Corowa<br/>                 Crookwell<br/>                 Deniliquin<br/>                 Dorrigo<br/>                 Dubbo<br/>                 Forbes<br/>                 Glen Innes<br/>                 Goulburn<br/>                 Grafton<br/>                 Grenfell<br/>                 Hamilton<br/>                 Howlong<br/>                 Jerilderie<br/>                 Kempsey<br/>                 Kyogle<br/>                 Lismore<br/>                 Maitland (West)<br/>                 Maitland (East)<br/>                 Moree<br/>                 Murrumbidgee<br/>                 Murrumbrook<br/>                 Narrabri<br/>                 Narromine<br/>                 Newcastle<br/>                 Nowra<br/>                 Orange<br/>                 Parkes<br/>                 Peak Hill<br/>                 South Grafton<br/>                 Strouth<br/>                 Tamworth<br/>                 Tullamore<br/>                 Wagga-Wagga<br/>                 Wee Wee<br/>                 Young</p> | <p><b>Queensland, Contd.</b><br/>                 Hughenden<br/>                 Ipswich<br/>                 Kingaroy<br/>                 Longreach<br/>                 Maryborough<br/>                 Oakey<br/>                 Richmond<br/>                 Rockhampton<br/>                 Roma<br/>                 Toogoolawah<br/>                 Toowoomba<br/>                 Townsville<br/> <b>SO. AUSTRALIA</b><br/>                 Adelaide<br/>                 Kooriga<br/>                 Mount Barker<br/>                 Port Lincoln<br/>                 Port Pirie<br/>                 Wirrabara<br/> <b>WESTERN AUSTRALIA</b><br/>                 Perth<br/>                 Albany<br/>                 Beverley<br/>                 Bunbury<br/>                 Fremantle<br/>                 Geowangerup<br/>                 Kalgoorlie<br/>                 Moora<br/>                 Northam<br/>                 Wagin<br/>                 Wickiepin<br/> <b>TASMANIA</b><br/>                 Hobart<br/>                 Burnie<br/>                 Deloraine<br/>                 Devonport<br/>                 Fingal<br/>                 Latrobe<br/>                 Lauceston<br/>                 Sheffield<br/>                 Stanley<br/>                 Ulverstone<br/>                 Wynyard</p> |
|--|---|---|--|

**NEW SO. WALES**  
 Sydney; Martin  
 Place; 85 Pitt St.;  
 535 George St. So.;  
 Wentworth Ave.;  
 236 William Street

Bondi Junction  
 Castlereagh St.  
 Hurstville  
 Kogarah  
 Leichhardt  
 Marrickville  
 Newtown  
 North Sydney  
 (84 Mount St.)  
 Petersham  
**Albany**  
 Ballina  
 Bathurst  
 Bega  
 Berrigan  
 Blayney  
 Broken Hill  
 Cessnock

**QUEENSLAND**  
 Brisbane  
 Fortitude Valley  
 Cairns  
 Charters Towers  
 Chillago  
 Cooyar  
 Crow's Nest  
 Herberton

**Branches in New Zealand**

- |   |  |  |   |
|---|--|--|---|
| <p><b>Wellington</b><br/>                 Ashburton<br/>                 Auckland<br/>                 Blenheim<br/>                 Christchurch<br/>                 Dannevirke<br/>                 Dunedin<br/>                 Eltham<br/>                 Featherston<br/>                 Feilding<br/>                 Gisborne<br/>                 Gore</p> | <p>Hamilton<br/>                 Hastings<br/>                 Hawera<br/>                 Invercargill<br/>                 Kaikata<br/>                 Levin<br/>                 Manala<br/>                 Mangonui<br/>                 Masterton<br/>                 Matamata<br/>                 Morrinsville</p> | <p>Napier<br/>                 New Plymouth<br/>                 Otaki<br/>                 Palmerston Nth.<br/>                 Patea<br/>                 Raetihi<br/>                 Rotorua<br/>                 Stratford<br/>                 Taupo<br/>                 Taumarunui<br/>                 Tauranga<br/>                 Te Aroha</p> | <p>Te Kuiti<br/>                 Temuka<br/>                 Te Puke<br/>                 Timaru<br/>                 Waipawa<br/>                 Waipukurau<br/>                 Wairoa<br/>                 Wanganui<br/>                 Waverley<br/>                 Whakatane<br/>                 Whangarei</p> |
|---|--|--|---|

**Principal Correspondents in North America**

- |  |  |   |
|--|--|---|
| <p><b>CANADA:</b><br/>                 Bank of Montreal<br/>                 Canadian Bank of Commerce</p> | <p><b>UNITED STATES:</b><br/>                 Bank of New York &amp; Trust Co., New York<br/>                 Hanover National Bank, New York<br/>                 National Bank of Commerce, New York</p> | <p><b>UNITED STATES, Contd.:</b><br/>                 National City Bank of New York<br/>                 Continental &amp; Commercial Nat. Bk. of Chicago<br/>                 Illinois Merchants Trust Co., Chicago<br/>                 National Bank of the Republic, Chicago<br/>                 Franklin Fourth Street Nat. Bk., Philadelphia<br/>                 Wells Fargo Bank &amp; Union Trust Co., San Francisco</p> |
|--|--|---|

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

# THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the  
AFRICAN BANKING CORPORATION, LIMITED)

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

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

BANKING BUSINESS TRANSACTED  
IN ALL PARTS OF THE WORLD

HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.

London Wall Branch : 63, London Wall, E. C. 2

West End Branch: 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

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

Branches and Agencies Throughout  
SOUTH, SOUTH WEST and EAST AFRICA

**New York Agency: 67 Wall Street**

ROWLAND SMITH and R. GIBSON, Agents

*Also representing* { Bank of British West Africa, Ltd.  
*in New York* { Bank of New South Wales

The New York Agency

offers to Bankers and Merchants throughout the United States and  
Canada its unsurpassed service for facilitating trade with  
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

# BANK OF NEW SOUTH WALES

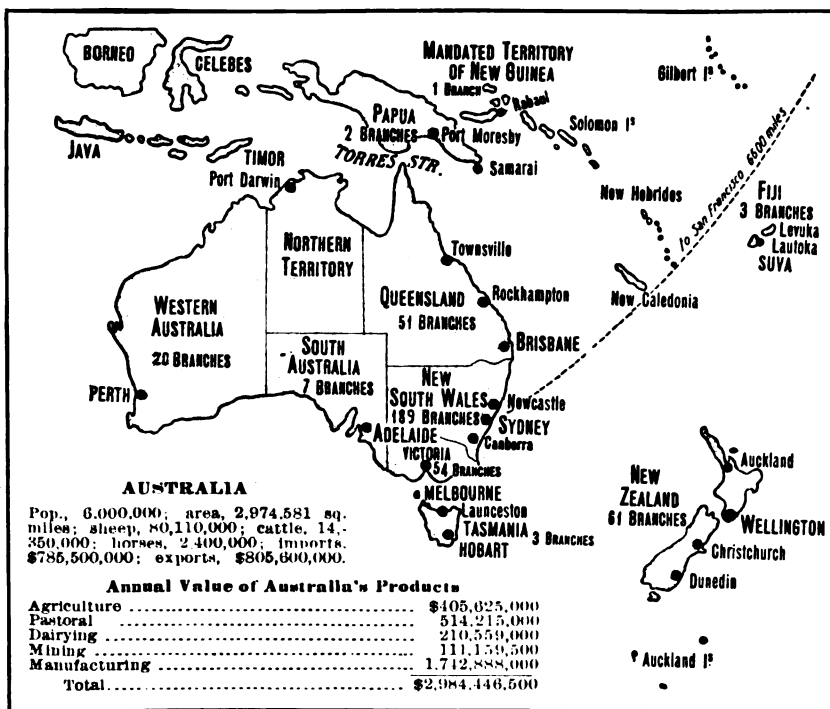
## AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		23,750,000
Reserve Liability of Proprietors . . .		30,000,000
		<u>\$83,750,000</u>



Aggregate Assets, 30th Sept., 1926, \$410,975,720

OSCAR LINES, General Manager



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

## 431 BRANCHES AND AGENCIES

In all Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

Foreign Bills Negotiated and Collected.

Letters of Credit Issued.

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

### Agents in New York :

Standard Bank of South Africa, Ltd.  
 National City Bank of New York  
 National Bank of Commerce in New York

Agents in San Francisco, Bank of California National Association, Crocker First National Bank and Anglo and London Paris National Bank

# Guaranty Trust Company of New York

140 Broadway

LONDON    PARIS    BRUSSELS    LIVERPOOL    HAVRE    ANTWERP

Condensed Statement, December 31, 1926

## RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers.....	\$168,736,406.58
U. S. Government Bonds and Certificates.....	32,454,363.83
Public Securities .....	16,120,214.43
Other Securities .....	28,070,076.49
Loans and Bills Purchased .....	421,315,108.91
Real Estate Bonds and Mortgages .....	3,289,225.00
Items in Transit with Foreign Branches .....	10,180,623.79
Credits Granted on Acceptances .....	45,412,465.40
Real Estate .....	8,008,186.04
Accrued Interest and Accounts Receivable .....	6,248,294.72
	\$739,834,965.19

## LIABILITIES

Capital .....	\$25,000,000.00
Surplus Fund .....	20,000,000.00
Undivided Profits .....	5,958,981.13
	\$50,958,981.13
Accrued Interest, Reserve for Taxes, etc. ....	4,101,750.57
Acceptances .....	45,412,465.40
Outstanding Treasurer's Checks .....	34,401,561.36
Deposits .....	604,960,206.73
	\$739,834,965.19

# THE BANKERS MAGAZINE

ESTABLISHED 1846

ELMER H. YOUNGMAN, *Editor*

VOLUME CXIV

FEBRUARY, 1927

NO. 2

## *Editorial Comment*

### AMERICAN FOREIGN RELATIONS

**I**N various quarters of the world trouble seems to be brewing for the United States of America. A prime source of the difficulty lies in the real or alleged exploitation of other lands by American bankers and financiers. The banker, especially of the "international" type, is always a convenient scapegoat. When you can't blame anyone else, blame the banker.

Where the eagerness of undeveloped lands to acquire outside capital is matched by their respect for the obligation thus assumed, difficulties of the character indicated rarely arise. Of the truth of this statement there are two examples close at hand.

Prior to the Great War the United States had been a large and persistent borrower of foreign funds. By the help of British, French, Dutch, Belgian and German capital our railways were built and the resources of the country were more rapidly developed than would otherwise have been possible. As a result of the loans made to the United States by the countries mentioned no political complications developed. Again, in recent years the United States has made large investments in Canada, but our relations with that country remain most cordial.

Presumably, in both cases, the reason why this use of foreign capital has led to no untoward results may be attributed to the fact that the borrowers have respected their obligations.

Concessions for banking, mining, railway construction, oil development, etc., are on a somewhat different footing

from foreign loans, but it is suspected that even here the same principle applies, and that if the countries granting these concessions would abide by their terms there would be no trouble. The situation is rendered more difficult by changes in the viewpoint of governments: one wishes to encourage the coming in of outside capital, but a new regime has a different view. But it is clear that if some of these concessions are to have any real value to the concessionaires they must extend over a long term of years and not be subject to the whims of executives with socialistic hobbies.

It was evident that when the United States entered largely into making foreign loans we opened the door to international complications of various kinds. If we wish to continue to make investments abroad on a large scale, we may as well make up our minds to shoulder the responsibility such a policy entails.

The criticism of America on the grounds indicated may call into question the desirability of our continuing to make investments abroad. Many leading bankers, economists and industrialists have pointed out the advantages that would flow from such investments. One purpose of foreign investing is to secure for the investing nation a supply of food and raw materials for use in manufacturing. This is one reason why Great Britain found it advisable to send her capital all over the world. The United States has less need to invest on this account, although we do import several kinds of food in large volume—coffee and sugar, etc.—and we must also buy

much raw material abroad. Where foreign loans are wisely employed in enlarging production and in creating new wealth, they not only benefit the borrowing country, but enable the latter to buy more largely from the country making the loan. There are other advantages in foreign investing, of which only one more need be mentioned. In time of stress such investments constitute a resource of the greatest value. Great Britain's investments, in the United States and elsewhere, were largely instrumental in sustaining the finances of that country during the Great War.

With all these and other benefits accruing from foreign investing, there is much to be said on the other side, especially in the case of a country comparatively new and undeveloped like the United States. All things considered, there is probably no place in the world where our capital can be as wisely, safely and profitably employed as within our own borders. Should we find it necessary, in order to secure certain kinds of food and raw materials not produced at all or in an insufficient volume within the borders of the continental United States, we can get nearly everything we need from Hawaii, Porto Rico and the Philippines, which are American territory, and from Cuba, our near neighbor and friend.

In pointing out these matters it is merely sought to call the attention of our own people—and of others who may be interested—to what may come to be a desirable reversal of our present attitude of mind regarding foreign loans. The American with funds to invest has a choice of forty-eight states, in a number of which are undeveloped resources of vast extent awaiting but the magic touch of capital to translate them into usable wealth. Such investments will arouse no hostility, but will be welcomed, and they will result in the development of our own wealth instead of that of possible economic and political rivals.

This may be called a selfish view, but the investment of capital abroad hardly

takes place in any case on altruistic grounds. Manifestly, however, it is not an enlightened view of the matter in the present disturbed condition of the world. A wise use of borrowed capital will help in restoring economic equilibrium and should benefit both lender and borrower. In this belief large investments of American capital have been made in other lands. Probably this flow of funds abroad will continue, but recent events have raised the questions indicated above. Of course, it is fully understood that propaganda exists having for its object the creation of hostility toward America of a political and financial character. A sufficient reply to this campaign is that in making foreign loans we are but doing the same thing long done by Great Britain, France, Belgium, The Netherlands and Germany, to the great benefit of these countries and of the world at large. They charge us with imperialism—a charge which only our comedian Will Rogers could properly answer.

The conduct of the foreign policy of the United States lies in the hands of the President, and Mr. Coolidge is above all else prudent. He can be trusted. His course should have the support of the people.

#### A RECORD YEAR FOR BANK EXCHANGES

**M**UCH interest attaches to the fact that bank exchanges in the United States reached the highest point ever recorded last year. As the country has grown in wealth, population and business activity, it is quite natural that bank exchanges should increase, and the fact that 1926 was a record year is largely explained by this growth.

But there is another aspect of the matter of very deep interest at the present time. Does this high figure of bank exchanges represent a culminating movement of periodic business activity and speculation foreshadowing an early re-

action? Record figures of various kinds generally have presaged such a reaction. But can anyone say that the culminating point has yet been reached? A record was set in 1926, but how do we know that 1927 will not set a still higher record?

Long ago somebody discovered that this country was subject to crises and depressions every twenty years. In proof of this was cited the occurrence of these phenomena in 1817, 1837, and 1857. But the next crisis, that of 1873, which was not due for four years, somewhat disturbed the validity of this theory. But it received support again in 1893. The next crisis, that of 1907, was some six years ahead of the schedule. If the twenty-year interval rules, we might expect something to happen this year.

What truth there is in the theory of periodicity of panics, and the length of time intervening between them, may be left to the financial prognosticators and soothsayers. The business cycle may be a fact or a theory. At any rate, we cannot infer that if the length of time between a crisis was twenty years in 1817 or in 1907, that it must be the same today. As the business machinery has been speeded up, the time might be less; but as great improvements have been effected in business methods, the interval might be greater. Some of the causes of financial crises have been removed altogether, such as controversy over the standard of value and the scramble for bank reserves. It is not quite clear, however, whether inflation of credit has not largely counterbalanced these gains.

It was expected that the pace of business would be slackened more in 1926 than was actually the case. The large bank exchanges indicate continued activity in business and speculation. Had there been more moderation last year, the future would be less uncertain. At present there seems no reason why 1927 should not be as good or better than 1926. One thing may be predicted with certainty: That should a reaction occur in 1927 it will not be due to the fact

that we are twenty years away from 1907.

## EXTENSION OF REDISCOUNTING

**B**EFORE the adoption of the Federal Reserve System rediscounting by banks was not generally considered in a favorable light. In fact, in looking over a bank's statement, the item styled "rediscounts and bills payable" was interpreted as a sign of weakness. This situation has been altered since the Federal Reserve banks went into operation, although some banks still take pride in showing in their statements "rediscounts with Federal Reserve Bank, none."

No doubt the ability to obtain rediscounts through the Federal Reserve banks is a valuable privilege, and enables the banks employing it to be of greater service than would otherwise be possible. But it is a privilege capable of being abused, and probably there has been a tendency of the member banks to utilize this right to a greater extent than is desirable. The Federal Reserve banks can hardly be criticised, because they have no discretion provided the paper offered them is eligible for rediscount. The best they can do is to raise the rate when the offerings are excessive or when from other causes it may be considered wise to impose a check on rediscount operations.

Since the institution of the Federal Reserve System the kinds of paper eligible for rediscount have been extended beyond the scope originally contemplated, until we are approaching perhaps dangerously near to including permanent warehouse receipts and mortgages in the same class with commercial paper.

Lately there has been organized a rediscount corporation whose purpose is to handle the paper arising from instalment buying. Without in the least reflecting on this organization, whose objects may be praiseworthy, and whose plan of organization and contemplated methods of

operation may be beyond reproach, it seems to constitute another link in an already somewhat lengthened chain of financial concerns designed to enlarge rediscount operations. If this process goes on we shall in time not only have a number of concerns formed to rediscount the paper of the discounters, but to rediscount the rediscounted obligations, and so on, world without end.

There was a time when pyramiding of credit was roundly condemned but the rediscount methods provided by the organization of the Federal Reserve banks and subsequently, lead one to observe, *Nous avons changé tout cela.*

### THE BANKS AND THE SOLDIERS' CERTIFICATES

**B**ANKS refusing to make loans on the soldiers' insurance certificates are being subjected to considerable criticism. It seems that the chief objections the banks have to making the loans consist in what is alleged to be a lot of "red tape" surrounding the transactions and the difficulty in identifying signatures. In considering these objections it must be conceded that the handling of numerous small loans for persons not depositors in the lending institution present new difficulties to the banks. When proper methods are devised for overcoming these obstacles, no doubt the banks will be glad to make the loans. As to their safety from the standpoint of security no question arises, since the Veterans' Bureau has ample funds in hand against values thus far accrued. This being true, one wonders why it might not have been better, instead of having the certificates used as collateral for bank loans, for the Government to make instalment payments according to their present value. This would have saved interest payments by the soldiers. Looking at the matter solely from the standpoint of the welfare of the soldiers, it is rather to be regretted that these evidences of debt should have to be

hypothecated. It goes without saying that their greatest value to the soldier would come from holding them until maturity, but doubtless in many cases this cannot be done.

From a sound banking standpoint, while the loans are, as already stated, entirely safe, the notes originating from them are not suitable for rediscount by the Federal Reserve banks, although this is provided for by law. The bonds of a state, city or railway may be perfectly safe, but notes secured by them are open to the same objection. But the soldiers' certificates are not the only improper kind of paper made eligible for rediscount by the Federal Reserve banks. They have other company. As Federal Reserve notes may be issued against rediscounted paper, it was the original plan to have these notes secured by coin and commercial paper. But this principle has been discarded, as was almost sure to be the case with any Government banking system whose operations are prescribed by politicians instead of by bankers. So far as the soldiers' insurance certificates are concerned, the amount to be offered will hardly be great enough to matter much.

### ABNORMAL RATE OF BANK FAILURES

**L**AST year not only continued but increased the abnormal rate of bank failures that has marked recent years. There were some 600 failures in 1926, compared with 464 in 1925. Explanation of this rise in the rate of bank failures usually takes the form of "agricultural distress," "chain banking," or some other convenient exculpatory phrase. Such explanation does not explain. These and other causes have contributed to augment the number of bank failures in recent years, but the heart of the matter lies deeper. The Kansas Bank Commissioner tells us that there are too many banks and too few bankers. Probably there are bankers



enough, but too many banks get into other hands. It will be the attainment of a desirable ideal when all banks are conducted by bankers, and supervised by bankers instead of by politicians as at present. The reaching of this ideal may be far off, but it is well to bear it in mind.

There is one phase of this matter which should not be overlooked. If banks are failing at the rate of 400 to 600 a year in a time of prosperity, what is going to happen in a time of depression? "If such things are done in the green tree, what shall be done in the dry?" We are liable to have a banking crash of the most serious character, and it will be well could some action be taken now to forestall such an event. Stricter supervision of banking would help, though perhaps little is to be expected from that quarter. A more practicable step would be for the weaker banks to make consolidations with those that are stronger before things grow worse.

It need hardly be said that the condition of the banks generally is excellent, and in the large number of failures recorded in 1926 and previous years there has hardly been included a bank of any size. Furthermore, the weeding out of weak banks is a cleansing process, though somewhat harsh.

The point of real danger has been indicated already, and if possible, while time remains, something should be done to prevent the multiplication of bank failures in a year of depression to an extent that would imperil the safety of many banks much larger than those that have recently failed.

### "BACK TO THE FARM"

**T**HOSE who indulge in popular expressions rarely stop to inquire what they are talking about. If they did they would keep silent unless they totally lacked a sense of the ridiculous. One of the popular cries of the

times appears above. Upon what is it based? The supreme delights offered by life on the farm? Hardly, except in poetic fiction. Upon the immense profits to be made by tilling the soil? With the cotton crop selling below cost of production, and with a large percentage of farmers alleged to be facing bankruptcy? The farm laborer with his monthly pittance must gaze with envy on the daily wages paid bricklayers and plasterers. The signs of the times tell us that the farm is not the place to make money, either for the farmer himself or the farm laborer. And there is no sound warrant for repeating the parrot's cry, "Back to the farm." Lovers of bucolic joys may weep at this statement, but they cannot successfully controvert it.

So long as farming is looked on as a business, and while farming continues unprofitable, and its rewards scanty as compared with those of banking, commerce and industry, the advice to go back to the farm must be regarded as silly.

When the time arrives that farm profits shall be substantially equal to the gains possible in other lines, urging will not be required to get people back to the farm. They will be drawn there by the magnet of profit. At present there is not a lack but a superabundance of agricultural production, and the real problem is not to get more people engaged in farming but to provide more consumption for surplus farm products. How will this end be attained by taking men away from the cities and placing them on farms? No; urban growth, with its ever-increasing demand for the products of the soil, is essential to agricultural prosperity.

Men of wealth may be lured from the cities back to the charms of the country, but they do not add much to the agricultural output. They look upon the country as affording increased opportunities for playing golf, and indulge in farming only as a subsidiary to their main employment.

There is a view of farming which re-

gards it not in the light of a business at all, but as the center of home-building. That kind of "farming" might depopu-

late the cities, but just how the means would be provided for this home-building is another question.

## THE AUTOMOBILE—KEY TO OUR PROSPERITY

**S**AVINGS banking is in need of an apologist, a defender of the faith. For centuries it has believed implicitly in the individual and social value of thrift. Two men have recently vigorously challenged this teaching. Once thrift was socially valuable, they admit, but not under the present system of money and profit economy. Instead, under this system, individual and corporate saving causes the business depressions which occur so inevitably. Prosperity depends on the ability of consumers to buy all they produce—and this is impossible if some of the money is saved and not used to buy goods. The two men who declare this so boldly are William Trufant Foster and Waddill Catchings. The detailed argument is contained in their book, "Profits," published in 1925.

Since that time they have fired a barrage of articles at the public through the columns of the *Atlantic Monthly*, *Nation's Business*, and *The World's Work*, expounding their doctrine from various aspects. Unless they can be successfully answered, they are a real menace to the savings banking business. For if thrift is socially undesirable, something else must replace it sooner or later. It therefore behooves bankers to take cognizance of their latest attack, in the December, 1926, issue of *The World's Work*, under the title "The Automobile—Key to Our Prosperity."

The argument, of course, is based upon their central thesis, that prosperity ends in depression because of the failure of the buying power of the consumer to keep pace with production. It is impossible for consumer buying power to keep pace with production because in-

dustry does not disburse "in wages or in any other way . . . as much money as it expects consumers to pay for those goods." Industry must have its profit. Secondly, "consumers under the necessity of saving, do not spend even as much as they receive." If, therefore, consumers cannot buy the full output of industry, industry must reduce operations, which is to say, business is depressed, because it cannot sell its output.

Prosperity can be prolonged, however, if consumers can get from some other source enough extra buying power to make up the deficiency caused by profits and savings. It may be secured by an "expansion in the volume of money" through bank credit extended to borrowers in connection with the creation of new capital facilities." Here is where the automobile industry comes in. Its expansion in the last fifteen years has been more than sufficient to cover the deficiency above referred to.

Moreover "most of the vast payments made by the automobile industry to consumers have been used by them—not to buy automobiles, for which they can hardly have spent more than one tenth of their wages—but to buy other things." Thus, "for the last four years, money in circulation has expanded with the aid of the automobile industry, at just about the right rate to make possible a dependable prosperity," and the deficiency is made up.

But though the automobile industry is responsible for the present prosperity, it deserves no credit. Its share has been largely the result of chance. Can prosperity be prolonged further by deliberate planning? That, say the authors, is another problem.



# THE CHANGING INVESTMENT POLICY OF AMERICAN BANKS

BY GEORGE W. EDWARDS

Dr. Edwards, who is professor of banking in New York University and author of a number of books on banking subjects, contributes the first of a series of articles which will appear in these pages written by various authorities dealing with the investment problems of the commercial banker. Dr. Edwards points out the increasing importance of the bank's investment account and subsequent articles will summarize what the banker should know about various classes of securities.

A FEW years ago when British banking was confronted with a variety of perplexing matters of policy, the more thoughtful members of the profession, in the effort to arrive at the fundamental principles underlying their business, undertook to answer the question, "What is Banking?" Responses came from leading financiers, some replying in a few sentences, others in extensive dissertations. There was, however, little unanimity among these various expressions of opinion.

What is banking?

If the same question were addressed to American bankers and students of finance there would probably be even more lack of agreement, for banking in this country has always been in a state of change, particularly in recent years. This question is not of merely academic value, for it is essentially of practical interest for the banker to know in the last analysis what is the true nature of his business in order that he may conduct his daily operations in accordance with some fixed general policy. If we survey the writings of American financial economists, the expressions of practical bankers, the acts of legislators and the decisions of jurists, we find a variety of conflicting views. In a general way two groups of opinions may be discerned.

The older or more conservative or, let us say, orthodox view, as to what is the nature of banking is well expressed by J. Lawrence McLaughlin, professor of

banking at the University of Chicago, who writes:

"The test of a commercial bank is that it creates demand, liabilities; consequently it should hold only assets (chiefly the results of loans at short time based on actual transactions in goods) that are liquid and can be quickly converted into cash. The creation of demand liabilities (chiefly in the form of demand deposits) requires as a condition of sound banking a special kind of assets readily adapted to meet an instant demand for cash from customers." (J. Lawrence McLaughlin, *Banking Progress*, page 158.)

From these and other similar views the more conservative conception of the function of a bank may be drawn. In summary the orthodox view holds that banking should be specialized in nature and that there should be a sharp distinction between commercial and investment banking, that the former type of financial institution should confine its activities to assuming short-time liabilities, as evidenced in demand deposits and in turn to meet these obligations, so as to maintain its liquidity, the bank should possess quick assets, primarily in the form of commercial paper. In contrast to this conservative view is the more liberal, or possibly unorthodox conception of banking which expresses more closely the actual trend in banking in recent years.

In the first place American banking is no longer specialized, but is becoming rather universal in nature. Within the

memory of even the younger generation of bankers, it can be recalled when most of the banks, even those in New York, were engaged primarily in commercial business, consisting of receiving deposits, handling, clearing and collections, granting commercial loans and, in the case of national banks, issuing notes for circulation. However, in addition to these operations the state and even national banks have taken on a variety of activities, including the receiving of time deposits, the administration of trusts and the undertaking of security operations.

#### INCREASE IN TIME DEPOSITS

There has been a truly remarkable increase in time deposits. In 1920 the member banks of the Federal Reserve System, representing thus the strictly commercial banks of the nation, held \$4,300,000,000 in time deposits. By the end of 1925 these deposits had increased to \$11,000,000,000. Throughout 1926, this movement went even further and time deposits were augmented by about \$625,000,000 while demand deposits actually decreased by \$150,000,000. Thus by the end of 1926, time deposits represented 38 per cent. of the total deposits of the member banks (*Federal Reserve Bulletin*, December, 1926, page 823.)

Another noteworthy movement in American banking has been the expansion of trust operations. This has been the direct result of the growing need for more efficient fiduciary service. The accumulation of wealth in the United States has brought about the formation of many varied forms of personal trusts to care for interests of the beneficiaries. Also, the rapid industrial expansion in this country ever since 1914 has created the need for many kinds of corporate trusts to meet the ever-changing requirements of modern business. These personal and corporate trusts have involved the handling, and in many cases the investing, of a large volume of stocks and bonds, and so our banks have found

themselves drawn more and more into the security or investment business.

#### NATURE OF INVESTMENT BANKING

Investment banking is different in nature from commercial banking as described above. The investment banker is essentially a middle man or dealer in securities and his profit arises from the difference between the buying and selling price. These two primary operations are not usually undertaken singly but in joint venture technically known as "syndicate." A syndicate, if we quote the dictionary definition, is "an association of individuals or a combination of companies united for the prosecution of some enterprise requiring large capital." In the field of investment banking the enterprise consists of buying and selling securities.

In many cases the securities are not bought actually but contingently, and this operation is then known as "underwriting." The underwriting house does not really purchase the securities but merely guarantees that it will take over any issues which are unsold. Underwriting syndicates, as a rule, are small in number and the members are selected mainly because of their financial resources and their ability to take over the responsibility and the risk incident to the ultimate placement of a large issue of securities. Syndicates are also formed for the purpose of distributing issues and include usually a large number of houses selected primarily because of the efficiency of their sales organization in placing new issues with the investing public.

The syndicate system now holds a well recognized position in the organization of the money market due to certain distinct advantages. In the first place the syndicate system realizes a fundamental principle of sound finance in distributing the risk and thus avoiding a concentration of responsibility and loss if an issue is not well received by the money market. Also it brings together

a greater accumulation of capital resources which are particularly important in these days when issues of \$50,000,000 or \$100,000,000 are sometimes placed on the market. Finally the underwriting system, by bringing together the sales forces of a number of houses, makes possible a quicker distribution of new issues and reduces the possibility of losses.

It is interesting to note how extensive have been the underwriting operations of the so-called commercial banks. During the first six months of 1926 there were offered to the American investing public 1859 issues of over \$50,000 in value and of these 383 were wholly or partly offered by commercial banks and trust companies. The distribution of the bond offerings from January 1 to July 1, 1926, by commercial banks and trust companies on the one hand as against the investment houses is indicated in the following table compiled by Edward F. Stauderman, student in the Graduate School of Business Administration, New York University:

BOND OFFERINGS JANUARY 1, 1926-JULY, 1926

	Governments		Real		Real estate		Utility		Industrial		Total		Grand total
	Dom	For	Dom	For	Dom	For	Dom	For	Dom	For	Dom	For	
Commercial banks, trust companies	172	14	18	1	59	0	66	3	94	4	409	22	431
Investment houses	560	57	23	3	380	0	196	12	302	23	1461	95	1556
Total	732	71	41	4	439	0	262	15	396	27	1870	117	1987

As mentioned above, investment bankers are essentially dealers and so there are on the one hand wholesalers and also retailers which in turn may be further grouped as either large or small retailers. Very few of the banks and trust companies fall in the first group and even these in most cases have organized separate security companies such as the National City Company, Guaranty Company of New York and the Chase Securities Company. These security companies are usually identical in ownership and management and in most cases have the same stockholders, directors and even officers. However, most of the commercial banks and trust companies engaged in investment finance operate through bond departments which are

integral parts of these institutions. These bond departments seldom buy or originate issues, but rather distribute securities and are usually in the retailing class.

LEGAL REGULATION OF INVESTMENT OPERATIONS

These investment operations must, however, be undertaken with due regard to certain legal limitations as expressed in the provisions of the national bank act and rulings of the courts. According to the decision of the Supreme Court in California National Bank vs. Kennedy, 167 U. S. 362 a national bank is denied the power of dealing in the stock of another corporation and such an act is considered to be *ultra vires*. An exception to this rule is, however, made by the Federal Reserve Act in permitting the purchase of stock in the Federal Reserve banks, the agricultural credit institutions, and overseas banks. (Section 25, Amendment of September 7, 1916.)

While national banks are thus pro-

hibited from dealing in stocks, this denial of power has not been extended to the purchase and sale of bonds. Again it must be remembered that there is no specific grant of power to deal in bonds but such a right is implied in section 5136, U. S. revised statutes, which permits a national bank to discount and negotiate "promissory notes, drafts, bills of exchange, and other evidences of debt." This last expression has been interpreted to include bonds. At first such bond holdings included only the obligation to the Federal Government but later the securities of the states and municipalities were held. In time the Government came to recognize even railway and public utility bonds as approved security for postal savings deposits with

national banks. The Comptroller of the Currency reports from time to time have commented on the bond holdings of national banks and have frequently urged that banks refrain from holding speculative issues but at no time has a clear definition been given.

It is therefore seen that the investment operations of the national banks rest upon a somewhat uncertain basis. For this reason the Comptroller of the Currency in his report for 1924, page 12, made the following recommendations:

"Section 24 of the Federal Reserve Act should be further amended to enable the national bank to buy and sell investment securities such as bonds, notes, debentures, and the like. This will not include the power to buy and sell stocks, since these do not evidence indebtedness. This provision would make very little change in existing practice, since a great number of national banks now buy and sell investment securities, and the office of the Comptroller has raised no objection because this has become a recognized service which a bank must render."

Most of the states have followed the same policy as the national Government in permitting banks to deal in and hold securities. Thus New York permits its banks "to purchase and hold any stocks or bonds or interest-bearing obligations of the United States or the State of New York or any city, county, town, or village of this state, the interest of which is not in arrears."

The increase in the investment account of the commercial banks and trust companies has been almost continuous in recent years. Thus the total loans and investments of national banks from 1921 to 1925 are seen in the following table (*Federal Reserve Bulletin*, January, 1926, page 31):

	Loans	Investments
1921 .....	\$12,001,242	\$4,022,116
1922 .....	11,246,064	4,559,353
1923 .....	11,815,029	5,065,306
1924 .....	11,975,144	5,137,721
1925 .....	12,670,118	5,725,622

A similar movement may be seen from examination of the earning assets of the

member banks of the Federal Reserve System as indicated on the following page.

#### ARE INVESTMENT OPERATIONS DANGEROUS?

This increase in the investment account of commercial banks has led students of banking to raise the question as to whether or not the tendency is inimical to the soundness of the entire banking structure. It has been maintained, in accordance with the orthodox theory, that our banks are sacrificing liquidity by thus increasing their investment holdings. However, those who accept the more liberal view on banking policy believe that the movement presents no serious problem and is really the natural result of certain definite economic tendencies of recent years. It is pointed out in the first place that the lending power of American banking has been greatly increased by the heavy imports of gold and by the reduction of reserve requirements. Also, bank loans are no longer seasonal but are now more permanent due to the fact that production is now carried on throughout the entire year because of improved facilities of distribution. Moreover, the increase in time deposits or deferred liabilities, it is felt, fully justifies the policy of increasing long-term assets. For these reasons it is felt that banks are fully justified in their policy of increasing the proportion of their investment account.

#### WHY ARE BANKS POOR BOND BUYERS?

It is frequently stated that commercial banks are traditionally poor bond buyers. A review of the statistics in the reports of the Comptroller of the Currency for certain periods seems to confirm this conclusion. The explanation becomes apparent, if we consider the course of bond prices and of investment funds at the disposal of the banks throughout the upward and downward swing of the business cycle. Thus, in a period of pros-

perity, the demand for credit on the part of a bank's customers is heavy and so it has little money available for investment. At this very time, high-grade bonds are selling at a low price but the bank does not possess the means of increasing its holdings. On the other hand, at the close of the period of business reaction, the demand for commercial accommodation by business is small and so the bank has a large volume of funds available for investment. At this time, bonds are selling at the highest quotations and with the upward turn of the business cycle they once more fall in value. In fact,

are issued to meet some temporary need. Banks may also find it profitable to buy bonds which originally have had a distant maturity but now have only a few years to run. Mention may also be made of warrants to anticipate tax receipts and certificates of indebtedness. Such short-term investments are better holdings for banks at the low point of the business cycle than long-term bonds which may be absolutely safe but by their very maturity would depreciate in value with the upward swing of the business cycle.

Students of investment have come to recognize certain general tests of a good

LOANS AND INVESTMENTS OF MEMBER BANKS ON JUNE 30, 1925  
(in millions of dollars)

	All member banks	Member banks in central reserve cities	other reserve cities	Country banks
Loans .....	20,799	5,508	7,466	7,825
Investments .....	8,888	2,014	2,866	4,008
<b>Total loans and investments .....</b>	<b>29,687</b>	<b>7,522</b>	<b>10,332</b>	<b>11,833</b>
Percentage of distribution:				
Loans .....	70.1	73.2	72.3	66.1
Investments .....	29.9	26.8	27.7	33.9
<b>Total loans and investments .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

this very rise and fall in sympathy with the movement of the business cycle is particularly true of the so-called gilt-edged securities which contain only a small element of risk. For these reasons a bank, in developing its investment policy, should take full consideration of the external factor of the business cycle as well as the inherent value of a bond in determining its future market price.

To a certain extent, losses in investment holdings due to the operation of the business cycle may be reduced by holding bonds of shorter maturity.

Short-term investments include those which have a maturity of less than five years. In this group are to be found short-term notes which generally have no underlying security but are based on the general credit of the borrower and

investment. From the standpoint of the banker, the most important of these tests or elements are security of principal, stability of income and marketability. Particularly important is the last element of marketability, for the banker must be careful to hold securities which can be readily disposed of in time of need.

From this article it is therefore seen that the American bank and trust company is no longer confined in its operation to the granting of short-term credit but is also engaged in granting long-term credit. It is therefore, essential for the banker to develop a sound investment as well as a commercial policy. The succeeding articles in this series will endeavor to aid him in the development of a satisfactory bond account.



## THE POINT OF LEAST RESISTANCE

BY RICHARD W. SAUNDERS

**T**HERE is a practice prevalent the world over which is rarely reduced to a maxim but if so would probably run—"Seek the Point of Least Resistance." When people want anything, and of course people always do want something, experience has taught them to seek it where the opposition will be the least. The discovery of the weak spot is half the battle. That is why the impetuous man usually misses success. He may, by accident, hit upon a likely place but more time spent in planning his approach and especially studying the men to whom he is about to apply, would in the end bring greater success.

That is why expert salesmen no longer approach their subject "cold." Armed with simple introductions or prefacing their real object with others of a more social kind, they gradually merge into the business in hand. This sometimes reaches mendacity. When a card is sent in with the accompanying statement that the interview is not a business one and when allowed to enter, the solicitor plainly shows that it is, one is tempted to, and usually does, have him ushered out promptly and finally.

Knowing this tendency, many business men, including not a few bankers, adopt a "poker face" and a hard exterior, which accounts often for the general impression that the banker is a tough specimen of humanity. With the knowledge that the applicant is feeling for his weak spot, trying to apply just the right argument to gain an affirmative reply, such a demeanor would seem essential, at least until the facts are stated.

With new friends this particularly applies. To a man always in need, one's old friends are quite likely to get "worn out" and the advent of a new possibility

is an important event. The same is true about new banks, which are generally offered a motley collection of poor accounts. The would-be depositor feels that there may be a chance for a loan later which he is certain does not exist in the bank where he has failed to demonstrate his substantiality.

One should not be unduly gratified if a friend or acquaintance comes to him "first" with a proposition and invites him to come in on the ground floor. It may be good, investigation will tell that, but the chances are he has been selected as the weakest in the group. His hobbies, ambitions, mental strength, all the factors, have been studied. If he turns the proposition down, the next likely person is solicited.

In the ordinary wear and tear of life most men, through experience, know their weak spots and guard against them. While it is truly said that "wise men gain through the experience of others" it is also true that the wisest men make mistakes. The wealthy and successful man generally leaves at his death, an assortment of worthless securities in his strong box.

In war, the object is to find the weak spot of the enemy's line; in law, the flaw in the complaint, or defense; in politics, in business, in all the acts of life, ever is sought that link which will snap the chain if pressed upon. And on the other side of the struggle, is the attempt to conceal such a link and if possible to strengthen it and make it as strong as the rest before it is broken. These two aspects make up to a large degree the basis of the struggle for life and one's success can be measured by the manner in which he can find the other man's weakness and conceal or strengthen his own.





# THE EXTENSION OF CREDIT TO COUNTRY BANKS

BY EARL B. SCHWULST

The following article is adapted from an address delivered by Mr. Schwulst at the Dallas, Texas, convention of the American Institute of Banking. In this article he reviews the points to be considered in judging the credit standing of a country bank.

**T**HE writer desires to point out, before getting into some of the problems which arise in connection with the extension of credit to country banks, one rather marked general contrast between the fluctuation of the important assets and liabilities on the country bank's statement and the fluctuation of those items on the city bank's statement.

In the first place the country bank is often located in a one-crop community where there is very little diversification. The bank does not have a diversification of interest to which to lend money. Most of its loans are made to farmers and most of those farmers have all of their assets tied up in one venture. The city bank will usually have a fairly well distributed line of loans, with the result that cash is flowing into the bank regularly as well as flowing out. In the country bank it is usually all going out or it is all coming in.

A second important point of contrast is that in the case of the city bank the loans and deposits, generally speaking, tend to follow closely parallel lines. Of course the principal source of loans is the bank's deposits; therefore, the loans ought to fluctuate in a general way in accordance with the fluctuations in the deposits. If there is a general running off of deposits, the loan account should fall accordingly. If deposits are running up as a permanent proposition, then, of course, there is justification for expanding the loan account. In a general way that is true of the city bank. There is a more or less stable ratio between the loans and deposits, but that is certainly

not true of the country bank in a one-crop section of the country, such as Texas.

On the contrary, in the spring and summer of the year there are the loans and the deposits pulling apart from each other, because the very condition which makes deposits run off and which would counsel a contraction of the loan account makes it necessary that the country bank increase its loan account, because its loans are for the most part made to farmers and are usually not collectible during the spring and summer seasons.

## HOW MUCH SHOULD A BANK BORROW?

How much should the country bank borrow? Of course there isn't any hard and fast rule that can be laid down. Each case must be handled on its own merits, but as a general thing there should be some good reason for a country bank's borrowing in excess of its own capital investment. There should be some good reason for the country bank's calling upon creditors to contribute more to its operating funds than its own owners are contributing. There may be reasons; there may be very good reasons. In general the borrowings should not exceed the capital investment.

Before the passage of the Federal Reserve Act a national bank was not permitted by law to borrow an amount in excess of its capital stock. Now there is no limit as to the amount which it may borrow from the Federal Reserve Bank except the willingness and ability of the Federal Reserve Bank to lend the money.

On account of the peculiar hazards which arise out of the fact that the country bank does not have a diversification of interest to which it lends money, on account of the fact that the bulk of its loans are subject to crop hazards, and also on account of the fact that many of its loans are of quite long maturity and are strictly seasonal in nature, when the collecting season comes around, that bank ought to get out and collect these loans because, if it doesn't, it will probably have them in its note case for at least another year. That is what it ought to do in the fall and winter when the crop is harvested. During the spring and summer, when it has to lay out a plan as to how much money it shall lend, it should bear in mind the fact that it is going to have a slump in its deposits and it should be sure that it fortifies itself to withstand this deposit withdrawal and should shape its loan policy in such a way that it shall be prepared to meet this deposit withdrawal without having to borrow an inordinate amount of money. When it has mapped out its program along that line, then it may go ahead and make its local loans.

What shall the country bank do with all of the cash it has during the fall and winter as a result of having collected its loans in the fall and of the great increase in deposits which has taken place? These funds should be invested in some good secondary reserve, such as bankers' acceptances or prime commercial paper or Government securities. The bank should certainly do that with the money which has been received as flush deposits, because those deposits will leave the bank shortly after the time for putting in the next crop comes around. The bank should not lend that money locally, slough it off locally; it should be prepared to pay it out to those depositors when their checks come in, either over the counter or through the mail.

There are a few facts which should be taken into consideration in lending money to a country bank. The first factor, of course, is the management. If

you have got a competent and honest management, then your problem will usually solve itself, because most of the real problems that arise can usually be traced back to some deficiency or incompetency of the management.

#### IMPORTANCE OF GOOD MANAGEMENT

The writer has frequently heard country bankers say, "Why, we have to borrow this money and we have to borrow a whole lot of it because we had a crop failure in our section. Conditions down there are bad and beyond our control and we have to have help; we have to have assistance to get these farmers over this emergency. Conditions are responsible for our having to borrow so heavily."

The reply to that statement is that the test of management in a country bank is its ability to foresee conditions and to have the bank in such shape as to withstand them. In other words, the bank should be master of the situation. There are many cases that could be cited where the banks are masters of the situation. They are not controlled by conditions. Last year there was a disastrous crop failure in a large number of countries in central and southern Texas, some of the richest counties in the state, counties which had never before had anything approaching such a catastrophe. There are many, many banks down there that, in the peak of the country bank borrowing season for that state, had substantial investments in secondary reserve, and did not even think about borrowing any money. How is it that those banks can face conditions such as that and not be controlled by them? It is because they have competent and able managements who see to it that their banks are kept in condition to meet such situations.

Frequently country bankers also say that they were responsible for seeing that the crop was made in their community. Their duty was to see that the credit needs and the credit requirements of their community were taken care of.

Some of these country bankers really have the idea that they must do business with everybody in their community. The writer has heard officers of little country banks boast of the large number of loans they had and boast of the great expanse of territory that they were taking care—a little bank with \$25,000 capital, a bank that is trying to shoulder the credit burden of an entire community!

They feel that they must make the crop; that it is up to them to see that the farmers get the money to make the crop.

#### FALSE IDEA OF COUNTRY BANK

This false idea that the country bank must take care of the community, that it must see that all the farmers are supplied with working capital to make the crop is especially true in sections that are comparatively new as farming communities and which are undergoing a rather rapid development. The result is that in these communities the banks have deposits which are very unstable. They build up rapidly in the fall when they make a big crop but, owing to the heavy overhead which that community has as a result of interest charges on large indebtedness against its fixed assets, and for other reasons, those deposits quickly melt away. It is surprising how high deposits can go for a few months in some of these banks and how unbelievably low they can go during the late summer. It is because of the newness of the country. It is undergoing great development and the farmers haven't any working capital. The deposits which are put in the bank cannot be considered a permanent line of deposits or a permanent working capital in the community. That is the nature of those deposits; they are put in there just for a few months until the farmers check them out to take care of interest payments and for building houses and fences and barns or buying more land.

Since a number of these banks have the idea that they must supply working

capital to the farmers to make the crop, but since they do not have a permanent line of deposits on which to base their loans, they try to carry a large volume of loans. The result is that they are forced to borrow heavily and creditor banks have to watch them carefully.

#### BANK'S DUTY TO COMMUNITY

What is the bank's duty to the community? The writer thinks the bank's first duty is to its creditors and to its depositors. In making its loan it ought to bear in mind always the fact that it isn't lending its own money but money which has been entrusted to it, and it should lend money, not because the borrower needs money but because the borrower has an existing ability to pay it; not because the borrower is a fine moral risk or because he has a fine prospective ability to pay, but because he has an existing ability to pay. There are exceptions to that, of course. Banks building business will find it advisable to make loans here and there, perhaps, on a borrower's prospect, building him up into a good customer later on.

A country bank's first duty is to its creditors and its depositors. Its second duty is to its shareholders. The bank is in business to make money and pay dividends, and if it can't make loans that will enable it to take care of its losses and to pay reasonable dividends to its stockholders, it ought to go out of business. It hasn't any business doing business in that community.

Those are the first two duties that the manager of a country bank should consider before he makes a loan. Any other duty the bank may have may be to the community. But here is the point: If that bank makes the sort of loans it should make as the proper investment for funds which have been entrusted to it by depositors and by creditors, and if it makes good loans that will enable it to pay dividends to its shareholders, it will be serving its community because it will keep itself in good condition and it

will be a sound and a strong bank, and you never heard of a weak institution, an institution following contrary policies, being an asset to its community.

Some country bankers say that they are forced to make loans; they have to make loans; people come in and the bankers can't turn them down; they have the crop in and the banks have to see them through or they will abandon the crops; the bankers are forced to make loans. Of course that isn't true. If the management ever gets to the point where lending money is not a discretionary matter with it, it had better get out and close up shop, because if the management is not going to control the bank through the making of loans, it isn't going to control the bank at all. About the only control which the management can exert is through the loan account. It can't control the deposits. When a check comes in from a depositor, the institution has to pay that check. The bank can't keep those deposits from running off but it can keep its loan account from going up, and if it doesn't exercise this control over its loans, it may soon find itself in the farming business with a lot of loans to tenant farmers that it can't collect.

#### PUBLIC FUND DEPOSITS

There is one other important matter that the creditor bank should take carefully into consideration in passing upon the country bank's application for a line of credit, and that is the public fund deposits which that country bank has. Public fund deposits are the source of a great danger to many country banks which do not have managements wise enough to know how to invest those deposits.

Those deposits should not be invested in local loans to farmers, local loans which run anywhere from six to twelve months, and in the event of a crop failure may run for twelve months more, or may never be collected. They should never be invested in local loans. There are

likely to be large withdrawals at any time and they may occur at a season of the year when the country banks are woefully unprepared to turn loose the money. If the public funds are invested in local loans the banks can't get them back on demand because they can't collect those loans. If a check comes in in the spring and summer, a bank, in order to get the money, may simply have to go to the Federal Reserve or to its city correspondent and say, "I have a withdrawal of public funds here; you are going to have to lend me the money to meet it." That is one reason. Another reason is that the money cannot legitimately be considered a part of the community working capital represented by the local deposits, and it is that community working capital represented by the local deposits in the bank that is available for lending locally and not deposits that have been drawn from without the community.

The amount of credit that ought to be extended by the country bank locally should not exceed the amount of the local accumulation of working capital on deposit in the country bank; it shouldn't bring foreign money in and lend it out locally.

Here is another point in connection with those public funds: A bank might raise this point, "Well, suppose these local deposits have been put in there by the city, town or county. Couldn't they really be considered part of the local deposits?" The writer doesn't believe they can be considered part of the local deposits available for lending locally, for two reasons. In the first place the county treasurer and the city treasurer have accumulated those funds for specific purposes. They are part of the community funds which have been isolated and set aside for specific purposes such as, for example, meeting interest on outstanding bonds, money which may have to be sent to New York, Chicago, St. Louis or some other place to pay interest on municipal obligations, money that is going to leave the community and be

lost for good. Then another thing, the community may have large construction projects on hand. That money may be withdrawn to pay contractors and may permanently leave the community.

The second point is, that if that money is to be distributed locally, it should be distributed by the depositor and not by the bank lending it. If that money is to be distributed locally, the county treasurer or the city treasurer should distribute it by checking on it. The bank should not distribute it locally by lending it out to farmers or other local borrowers.

#### INTEREST BEARING DEPOSITS

Another source of trouble that is met with quite frequently is the interest bearing deposits which many country banks are carrying. In a number of cases a large part of the deposits of a country bank bear interest, sometimes at an unbelievably high rate. Figures from a bank in west Texas, a bank which has individual deposits of about \$1,500,000 show that it is paying interest on \$859,000. It is paying an interest rate of 4, 5 and 6 per cent. Of course that is an exaggerated case. That bank is doing itself an injury and is also doing an injury to a great many other banks in that general section of the country by virtue of the competition which it is giving them for deposits. It is drawing in deposits from territory that is in no sense of the word tributary to it. All bankers know, the dangers of a country bank's paying interest, especially at high rates, on any substantial amount of its deposits. In the first place that bank has got to hunt loans and no bank ought to be in the position of having to go out to hunt a loan, because when it does that, it is likely to get a bad one.

A bank which has a large amount of deposits on which it is paying interest and is thereby having to seek loans which pay a high enough return to enable it to pay that interest to take care of losses and to earn its expenses, is likely

to get a class of loans which will result in heavy losses. It also brings into play another factor which has just been mentioned, and that is that money is forced into that bank which has no business there. It not only brings money into the bank but it brings money in from that territory which has no business in that bank or in any other bank. It brings in money which would ordinarily be out in some form of investment, money which was not intended to be a part of the community's working capital, the only kind of money which ought to make up a bank's deposits.

Time deposits of that nature are likely to be of the same class as borrowed money, and they may prove dangerous for if a bank gets them and gets them loaned out locally, it may find it has a live wire that it can't turn loose.

Another disadvantage arising out of that fact is that in bringing this money into the bank and forcing it out into the community in local loans, the bank is doing an injury to its community, because it is surfeiting the community with credit, giving the community more credit than it really needs. In what does that result? In extravagance on the part of the country borrowers. The writer has the results of some investigations that have been made. One of them recently revealed the astonishing fact that a country bank learned that 50 per cent. of the loans it had made to its farmers had not gone directly into crop production at all. The money had been used for spending purposes, to buy gasoline and things of that kind. So there is such a thing, you see, as a community getting too much credit, and anything leading to that should be avoided.

#### FROZEN ASSETS

Another factor that is of prime importance in passing on this matter of granting credit to country banks is the matter of the country bank's frozen assets. Experience has shown that in a great many cases banks are not borrow-

ing money for the purpose of taking care of the current, seasonal credit requirements of the legitimate commercial and agricultural enterprises of its community, but for the purpose of carrying frozen loans, other real estate, loans to officers and directors, and things of that kind. Those frozen loans, of course, come about in two ways. In the first place, they may be created originally—the loan itself may be a capital loan, a frozen asset from the start. Then again it may develop into a frozen asset—it may have been a good commercial loan to start with but may have become a frozen loan through any one of a number of reasons. These loans are frequently not dependent upon crop liquidation before the country bank can get something out of them, especially if their collectability depends upon the sale of capital assets of the borrower. Such assets might as well be sold at one season of the year as at another in order that the bank may get relief. The country bank, though, will usually try to put you off when you put that proposition up to them on the ground that this isn't the collecting season—"you have to wait until the fall of the year until we get a crop and then we will collect the loans"—but the writer says if the sale of the borrower's physical assets is involved, that can usually be accomplished at one season as well as at another, and the bank might well get relief out of that type of loan at the season when it is coming around to its creditors for more money.

With regard to "other real estate," that is, real estate which has come in through the closing out of loans and the taking over of real estate security or else the having to attach real estate belonging to a borrower, a bank ought to get rid of it just as soon as it can, and it is absolutely inexcusable for a bank to carry the stuff with the idea of making a profit on it.

In many cases country banks have an exaggerated idea of the kind of banking

house and furniture and fixtures they ought to have. Some of them think they ought to make an impression by building a fine banking house and getting elaborate fixtures. Of course their type of business doesn't call for any such thing as that and they make a mistake when they freeze up a large part of the capital investment in assets of that kind. A rule for the country bank to follow is the same as that which the city bank ought to follow. It ought to keep as large a part of its assets working as possible and those assets ought to be as liquid as possible.

There is one little bank with a \$25,000 capital down in south Texas that has \$27,000 invested in a banking house. It has a nominal surplus and nominal profits. Of course its depositors own a part of that banking house.

There is another bank with a capital, surplus and profits of \$1,000,000 and a banking house that cost \$1,300,000. The depositors of that bank have \$300,000 invested in that banking house. Of course it isn't sound to invest demand deposits in the bank's banking house furniture and fixtures.

## NEW UNION TRUST DIRECTORS

THREE prominent Detroiters have been added to the directorate of the Union Trust Company, Detroit, according to an announcement made by Frank W. Blair, president. They are as follows: Harry C. Bulkley, member of the firm of Campbell, Bulkley and Ledyard, one of the city's outstanding law firms, which has been counsel for that trust company since its inception in 1891; George R. Fink, president of the Michigan Steel Corporation, the only sheet steel plant in the state and a business which has had a phenomenal growth; George H. Klein, member of Clark, Emmons, Bryant and Klein, one of Detroit's oldest and largest law firms.



# BANKS AND THE BUILDING AND LOAN ASSOCIATIONS

By T. N. T.

This article is a plea for a more broad-minded attitude on the part of the banks toward the building and loan associations, and for a better spirit of co-operation between these two classes of financial institutions.

THERE was an old Roman, Cato the elder, who used to end up every speech he made in the Roman Senate with the injunction *Carthago delenda est*—meaning, "Carthage must be destroyed." No matter whether he spoke about the right way to raise bees, or the Roman drainage system, or the high price of labor, his final conclusion was, "moreover, Carthage must be destroyed."

The "Carthage" of the banking situation at the present time seems to be the building and loan companies—and among bankers there is many a financial Cato going about, shaking his head, and ending all arguments with the refrain, "Besides, we ought to do something about the building and loan companies."

There is no question but what in many banking circles there is a more or less concealed, but real, antipathy to building and loan companies. Some of this antipathy has, apparently, a justifiable basis. Much of it, however, seems to the writer to be merely conversation—spoken because bankers seem to think it is the wise thing to say. To "razz" the building and loan companies is, in short, the financial popular song of the day—and many a banker goes about singing the tune, without understanding the words. "These building and loan companies," says the cashier, meaningly, shaking his head. Press him further upon the subject and he will draw in like a turtle.

As a matter of fact, he can't very well say more on the subject, for two reasons—in the first place, he probably doesn't know just what to say—and in the sec-

ond place, he wouldn't dare say it if he did, for he would be afraid he might lose the building and loan accounts carried at his own bank.

What is it all about, anyhow—this building and loan racket?

The bankers' objection to building and loan companies appears to have been brought about, in the main by two factors, first, abuses and dangers in building and loan management; second, competition with banks for deposits. When building and loan competition makes a banker nervous, he begins to howl about the abuses and dangers in building and loan management.

## INSTANCES OF ABUSE OF MANAGEMENT

It is undoubtedly true that there have been and are instances of abuse of management, and particularly instances of the use of dangerous credit practices, among some building and loan companies. It might be said that the history of banking in the United States does not show banks themselves to have been entirely free from these defects—but we will pass that question. As far as the building and loan companies are concerned, the fact is, as everyone who has looked into the matter at all knows, that there are good building and loan companies and there are bad building and loan companies—and that in volume of business done the good ones are far and away in the lead.

You can name in an instant a building and loan company which you personally know to be conducted on as sound principles of financial manage-

ment as your own bank—a building and loan company to which you would entrust, without question, the deposits of the well-known “widows and orphans.” On the other hand, you can probably name with equal ease a building and loan company the stock of which you certainly would not care to own in a bear real estate market and to which you would not apply for a loan unless you felt like dispensing charity in the form of “additional expenses,” “cost of making the loan,” “legal fees,” or any other polite synonym for “bonus.” Would you condemn the first company because of the sins of the second?

That these sins are serious, the writer admits. The arbitrary raising of interest rates, the imposition of special charges, laxity of appraisals, and extension of credit well beyond the limit of sound practice, naturally outrage the banking mind. What would happen to many a building and loan company in case there was a severe industrial depression or a prolonged slump in real estate, goodness only knows. But statistics show that in spite of abuses and dangerous practices in the field, actual losses to depositors, and even to stockholders, have been, thus far, so small as to compare not unfavorably with those which have occurred within the banking field.

In considering the objectionable type of building and loan company, due allowance must be made for the manner in which it came into existence. Our laws governing the incorporation and sale of stock of building and loan companies have in many instances been to blame, not only for the existence of the company in the first place, but also for the type of company which it turned out to be. In some states it has been possible for the promoter to go to a druggist, doctor, hardware man, pool room proprietor and haberdasher—sell them on the idea of being officers or directors in a building and loan company—incorporate the company, sell the stock to the public (pocketing a commission of \$5 per share)—and then depart for parts unknown. The stockholders find them-

selves with a company on their hands—a company which must look for direction to a druggist, doctor, hardware merchant, pool room proprietor and haberdasher—the last people in the world to know anything about the building and loan business. These puzzled would-be capitalists may either try to run the thing themselves, making honest mistakes—or they may again be “sold” by some chap who represents himself as a trained “banker” and “just the man to run your building and loan company.” In the latter case, the manager may get away with murder before the stockholder, or even the directors, suspect it. It seems doubtful to me whether, in many instances, a group of men decide to start a building and loan company with the avowed purpose of indulging in the sharp practices made possible by the nature of the business.

#### QUESTION OF COMPETITION

However, let us grant that these practices do exist—and go on to the question of competition.

The banker squirms when he sees a building and loan company advertising 5 per cent., paying sometimes as high as 7 per cent. on “running stock”—and getting money which might otherwise go into the bank. The banker cannot be blamed for this. It's only human. If he didn't squirm when he saw somebody else getting the business, he wouldn't be much of a banker. But—

What about the building and loan accounts that he carries at his own bank?

To the writer one of the most amusing aspects of the whole situation is to see a banker condemning all building and loan companies to his own official family at the very moment when he sends his salesman down-state on a selling trip, to see if he can't knock off a few more of “those good building and loan accounts.”

“Yes, sir, they're dangerous—they're a menace,” says the banker, “but don't quote me as saying that. Mercy, no! Some of our own building and loan cus-



tomers might pull out—and they carry mighty good balances.”

It seems to the writer that it is illogical, to say the least, for a banker to condemn all building and loan companies on general principles and yet, at the same time, hush up his condemnation and go after building and loan business.

Considering the accounts which the building and loan companies carry in banks, are they really as much “competitors” as the banks feel them to be?

In some instances, particularly in the cases of the larger and stronger building and loan companies, they are without question serious competitors. But these companies are usually the very ones whose management is sound and whose practices are above criticism.

In the case of the smaller building and loan companies, especially those located in the outlying sections of a city, the writer has often wondered whether the bank, by its own efforts—either by solicitation or by the establishment of a new office in the territory—could draw out of that territory, net, as much profit as now accrues to it as a result of carrying the building and loan account. In short, may not the small outlying building and loan companies be regarded not entirely as competitors, but rather, to a certain extent at least, as feeders for the bank itself?

Furthermore, the real competition given banks by larger and sounder building and loan companies, while not particularly welcome, is certainly legitimate. In the very nature of their structure, banks cannot, either in law or good practice, operate as do even the best of building and loans. The latter are designed to fill a need and to perform a service which banks are not equipped to do. If the business of the very building and loan company which you consider your most serious competitor in that field were turned over to you, *in toto*, tomorrow morning, your bank could not handle it. The building and loan company is set up particularly to meet the construction loan problem—the bank is not. And as long as the bank cannot handle it, the

banker should stop losing sleep over the fact that a building and loan business can, in the very nature of it, be operated upon a basis of remarkably low cash reserve, small investment in vaults, and comparatively high interest rates to depositors.

#### FAIR ATTITUDE

The fair attitude, it seems to the writer, should be for bankers to admit, first, that building and loan companies have a legitimate and necessary place in our financial structure—a place which cannot be filled by banks—and second, that many building and loan companies are sound, well-managed institutions, worthy of as much prestige and public confidence as banks. Then, perhaps, the bankers could work hand in hand with the best of the building and loan men, to clean up the objectionable features of management and operation existing in the poorer class of building and loan companies.

That the building and loan men would be willing to do this seems probable. Certainly the better building and loan companies must object even more strenuously than the banks to the questionable methods in use within their own field. But to date general opposition of banks to all building and loan companies has tended to weld the latter into an alliance for mutual defense—an alliance which has included both the good and the bad.

If bankers would come out openly and definitely in support of building and loan companies of sound management, pledge the aid of banks and bankers in the promulgation and enforcement of sound principles of management in building and loan companies and exhibit a frank spirit of co-operation the writer believes that the great majority of building and loan men would work together with bankers in the taking of definite steps toward the desired end.

If this end could be accomplished, it would not mean in the least the abolition

of legitimate competition upon the part of building and loan companies—that cannot and should not be abolished—but it would bring an end to illegitimate

competition, unfair treatment of borrowers and the endangering of the money of depositors and stockholders through over-extension of credit.

## COMPTROLLER FOR McFADDEN BILL

THE shepherd of the national banks is worried. His charges are wandering away from his protection. In 1925 166 of them sought shelter in the fold of state banking; last year, according to the report of the Comptroller of the Currency, published on December 10, 1926, eighty-seven more followed them to that safe haven. This continued diminishing of the numbers and resources of national banks, in relation to the numbers and resources of state banks, has been going on for the last fifty years, during which "the aggregate resources of the national banks have dropped from a predominating control over commercial banking resources to (in 1924) only about 48 per cent. thereof. This rate of decline has been accelerated during the last two years, and the national banks today hold only about 46 per cent. of the commercial banking resources in the United States."

Comptroller McIntosh believes that this decline in the relative strength of national banks is "due primarily to the operation of state laws more favorable to modern banking than is the National Bank Act." The result is that "the Federal Government is gradually losing its positive and immediate control over the instrumentalities of commercial credit and over the membership in the Federal Reserve System." The substance of the Comptroller's recommendations to remedy the situation is embodied in the McFadden Bill, pending in Congress at the time this is written. He thus ment, pledged the aid of banks and tions on these amendments. He thus strongly urges the passage of the McFadden Bill, adding that he would "regard it no less than a calamity to the banking

system if this important bank bill is made to suffer defeat on account of an insistence upon the enactment of the Hull Amendments."

In other respects the national banks have done very well in 1926. During the year only ninety-one of them have failed, while in the same period there were 496 failures of state and private banks.

Though the amount of bonds eligible to secure national bank circulation is being reduced, it is being done very gradually. There was no change in the volume of such bonds during the last year. National bank notes are still being issued by 83 per cent. of the national banks.

Demand deposits of national banks increased 3.34 per cent. last year, time deposits increased 6.57 per cent., and loans and discounts increased 5.87 per cent. The share of the national banks in the expansion of credit during the year is shown in the actual amount of increase of loans and discounts, \$743,607,000. Add to this an increase of \$111,809,000 in the investments of national banks, and their total flow into the stream of credit is \$855,416,000—typical of the general expansion of bank credit with better business.

This increasing use of bank credit, with gradually increasing money rates, has checked the "decline of national bank profits" which has been worrying the bankers' conventions for the last few years. In 1926, reports of 7987 national banks showed net earnings of \$350,552,000, compared to the net earnings of \$325,383,000 made by 8070 banks in 1925.



The stately capitol building at Austin.

# Texas

## Our Southwestern Empire

By Elmer H. Youngman

Editor *The Bankers Magazine*

Manifestly no single article can do justice to a subject so large as the State of Texas, but it is hoped that the following economic survey may be sufficient to attract further attention to what is undoubtedly one of the most interesting sections of the American Union.

**T**RAVELING westward some years ago on a railway train, a young man was encountered suffering from defective eyesight. He stated that his oculist had suggested a trip to the West, where the broad spaces would offer an opportunity of enlarging his vision. Probably the same suggestion may benefit those whose mental outlook is somewhat restricted.

Obviously, one's first thought about Texas is its enormous size and one must have traveled over nearly all parts of

Texas, as the writer has done, fully to comprehend how vast an extent of territory is comprised within its borders. These reaches of land are truly impressive. But they are overshadowed in importance by other things. It would be difficult to find a more fascinating subject of study than the growth of any of our great commonwealths, affording as it does an opportunity of observing not merely an increase in population and wealth, but the advance of a people in character, education, culture, and in the

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## AN INVITATION TO BANKERS

You, no doubt are called upon from time to time to pass judgment on some proposition in Texas that concerns your friends and clients. To aid you in your decision, the Southern Pacific Lines will gladly furnish detailed information that will undoubtedly be of service in establishing a greater appreciation of the opportunities in Texas.

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ability to distinguish between the things that are worth while and those that are not, coupled with the capacity to enjoy the former and to reject the latter—in short, to view the progress of civilization itself.

#### REVIVES FAITH IN AMERICA

If you have lacked faith in America, that faith will be restored by such a study; or if you have believed in the soundness of American progress, that faith will be vindicated. And it may be said without disparagement of any other community, that nowhere on this continent may be found a better opportunity of observing the progress of American civilization than is offered by the State of Texas.

After a stay of almost three months in the Lone Star State, traveling from the southeastern border to the Panhandle, and from North Texas to the Rio Grande Valley, having witnessed the marvelous progress taking place, and after having met large numbers of the people of the state, it is not easy to write of Texas in terms of sober restraint, for this journey has rekindled my faith in America and aroused my enthusiasm for "our great southwestern empire." But I shall try to preserve a judicial attitude of mind in dealing with the state as a whole, and especially to avoid partiality in dealing with its several sections and numerous cities. The fact is that each section has something to commend itself to individual taste, as each city has some special point of attraction.

While the people of Texas have a just pride in their state, they are, as a rule, strongly opposed to the "booming," boasting, shouting type of propaganda. In fact considering the size, climate, resources, and actual achievements of their state, one can but admire the modesty of Texans in proclaiming these advantages to the world. Although the characteristics of the various communities are not uniform—something that could not be expected from such a vast extent

of territory—it may be said that the people of the state as a whole are conservative, rather more so than one would expect to find in a state that is yet new in some respects and whose resources are still largely undeveloped. Whether this trait may be ascribed to the persistence of the traditions of the "Old South," or the natural conservatism of our Anglo-Saxon civilization—and you do not find in America a better exemplification of this civilization than Texas affords—may be dismissed as unimportant. The important fact is that this trait exists, strikingly revealing itself in all the activities of the state.

This conservatism may well be illustrated by two examples. Recently a story appeared in the newspapers telling of the discovery of some notes issued by the Republic of Texas, and signed by General Sam Houston, its president. Were these notes worthless? Not at all. They were worth their face value with interest. Texas has lately voted large sums for highway construction. Some doubts arose as to the validity of the bonds issued for this purpose, and at a special session of the legislature validating acts were passed. Doubt has been raised as to the adequacy of these acts, but in the first test case brought in the courts their constitutionality has been upheld.

In further illustration of the conservative character of the people of Texas, it may be remarked that the state imposes no tax upon incomes.

#### PEOPLE ITS GREATEST RESOURCE

Before passing to a consideration of the material resources of Texas, I should like to appraise, if possible, the greatest resource of the state—the character of its people. And in two respects Texans appear almost unique compared with any community with which I am familiar. They have applied education and religion to the practical affairs of life to an extent that I have not seen elsewhere. Education is not looked on as an ornate

ment, but as something to be put to every-day use as a means of enlarging material comforts and enriching mental and spiritual life. Religion is regarded as more than acquiescence in theological doctrines and observance of ceremonial forms, and its obligations are not considered as ending with the practice of individual righteousness, but as extending so as to embrace sympathy and practical helpfulness to one's fellow men. The Texas people have learned the mutuality of interest pervading all classes and the value of co-operation. They work together and this explains, perhaps more than anything else, the great progress the state is making.

More will be said further on of the provision made for education, but I should like to make one or two personal observations. In practically every city and town in Texas that I visited the school buildings were large, modern and in general most attractive from an architectural standpoint. They stand usually in spacious grounds, affording good opportunities for recreation. It was surprising to find what a long look ahead

has been taken in providing technical education in communities where there is limited need for it now but where it will surely be required as the country develops in agriculture and manufacturing.

Large and imposing church buildings abound, and the services are thronged. One Sunday in Dallas, at a single church the attendance at Sunday school was over 3000, and in the entire city more than 40,000.

#### FRIENDLY SPIRIT OF STATE

The Texas people display a spirit of friendliness toward one another that is truly refreshing. Their greetings in the shops, hotels, streets, or wherever they may meet, are always cordial and the hospitality shown to visitors cannot be too highly extolled. You may come from any section of the country, but soon you will feel at home and among friends. Texans are themselves happy, and they wish to impart the same feeling to others. It will be your fault if they do not succeed in this desire.

Texas will attract the visitor in many



A west Texas grainfield.

ways, but in none more markedly than in the fine character of its people. Their state is so great in size and resources as to produce a superior type of citizens, physically and mentally. The salubrity of the climate imparts health to the inhabitants, the clear skies contribute to mental clarity, and the warm sun awakens a corresponding warmth in the heart. Should the reader in the cold North be disposed to regard this praise as extravagant, let him visit Texas, experience for himself the kindness of its people and he will admit that the half has not been told.

Texas may be reached in many ways, the most usual, of course, being by the numerous railways entering the state from all directions, affording easy access from all the great cities of the North and West, and from all parts of the country. My own trip was made from New York to Galveston by steamer, in the latter part of September. At most seasons of the year the weather is apt to be fine, the sea smooth, and the journey altogether pleasant. In comfort and interest an ocean voyage from our eastern seaboard to Texas compares quite favorably with a trip to Europe. Speaking from experience, I should prefer the former to the latter. At any rate, I am astonished that Americans who have not seen Texas should go to Europe year after year, as many do. Most slogans are to be taken with a grain of salt, but the slogan, "See America first," contains sound advice. "Know thyself," has been long accounted a wise saying; "Know your country" embodies a truth hardly less profound. And there is so much of America to be discovered by our own people—so much of Texas even—that one cannot begin the study too soon.

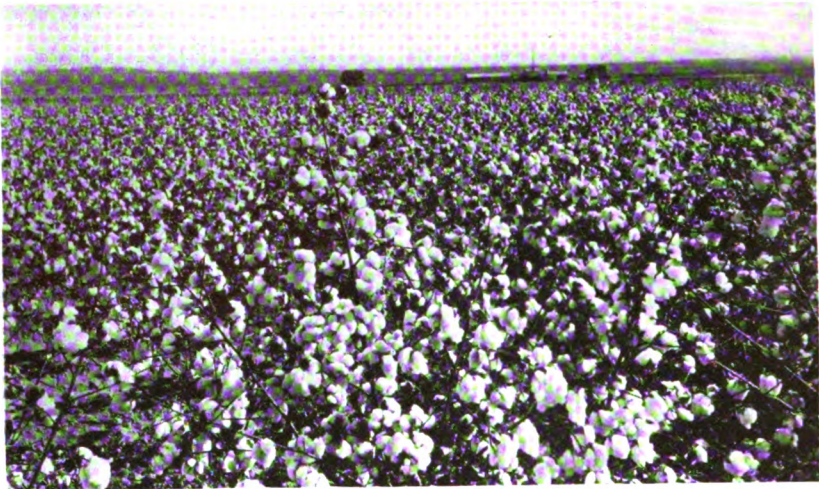
#### PROGRESS OF CITIES

The progress of the principal cities of Texas will constitute a leading part of this story but first I should like to record something of the personal impression made by each, taking the cities as they

were visited, without strict regard to their relative commercial importance.

Steaming up the channel that leads to the Port of Galveston, the city gradually rises from its low-lying island in the Gulf of Mexico, but not to any great height, for the buildings, with the exception of a few in the main business section and some of the hotels and public buildings, are of but few stories. The streets are broad, exceptionally clean, lined with oleanders and palms, with many fine residences, tasteful gardens and parks. With its mild climate, one would expect Galveston to be a winter resort but in fact it is more popular in summer, the beach being thronged in the latter season, but very quiet in the winter. The bathing and the cool breezes from the Gulf attract visitors in summer from North Texas and states nearby who find the climate at home comfortable enough in winter. But there is no reason why Galveston should not become a favorite resort in winter for people from the colder northern states. The city is one of the most attractive in Texas, not for its climate alone, but for its unique situation, quaint architecture, and because here still lingers much of the indefinable charm of the Old South. Galveston has an atmosphere peculiar to itself among Texas cities. In writing of this city one must not forget the courage of its people as manifested in the face of two appalling calamities occurring in the years 1900 and 1915, when disastrous floods took a large toll of human lives and property. But by the construction of the great seawall, which is being still further extended, and by gradually raising the level of the island, calamities of a like character are being guarded against in the future. As a matter of fact, notwithstanding the disasters in the years mentioned, Galveston is located outside the path of the usual tropical hurricanes. From a foreign trade standpoint Galveston ranks high among the ports of the country, especially in the export of cotton and grain. The wide boulevard, extending for miles





Texas agricultural products: Average cotton field in the great El Paso Valley; a west Texas field of milo maize; field of corn and velvet beans; Texas onions.



along the Gulf front, affords one of the most attractive drives in the country. The people of Galveston are conservative, with great pride in their city and strong faith in its future.

#### HOUSTON HAS GROWN RAPIDLY

Texas is a land of magnificent distances and yet several of its important cities are not far apart. You board the interurban at Galveston, and in little more than an hour you are in Houston. These two cities, separated by a short distance, are very unlike in many respects. I had not visited Houston for six years and found that meanwhile the country town had grown to metropolitan proportions; skyscrapers, completed or in course of construction, thrusting their gaunt giant forms into the sky in every direction. The great office buildings, hotels, shops and factories, the busy streets, all proclaim Houston a city of first-class proportions. Educational institutions, hospitals, spacious parks and beautiful homes testify to the fact that the city is more than a commercial emporium and manufacturing center and that the requirements of health, culture and comfort are well understood.

As the convention of the American Bankers Association will be held at Houston this year, the bankers of the country will have an opportunity of witnessing for themselves the wonderful progress this city is making. They will assuredly find much to interest them and will be well cared for by the numerous excellent hotels. The bankers and people of Houston will give the visiting bankers a royal reception. They were glad to have the convention come to their city and will not fail to show appreciation of the honor paid them by the American Bankers Association.

Until a few years ago Houston was not a port, deep water being over forty miles away. But the city felt the need of water transportation as an outlet for its large railway traffic. Fortunately, there was a shallow river or bayou which

could be deepened and widened and this was done. Now the Port of Houston is an accomplished fact, and I have witnessed numerous great ocean vessels loading at its docks. Not only does the channel afford water transportation, but these added facilities have brought already numerous large manufacturing enterprises which line its shores.

Back of Houston is a vast territory whose productive capacities when fully developed, combined with the city's port and railway facilities, must tend to make this one of the great cities of the state and of the entire Southwest. The enterprise of the people will help greatly to assure this result.

#### AT SAN ANTONIO

A few hours' journey westward, San Antonio is reached, and the atmosphere has changed again, almost from the new world to the old. The streets, the architecture, the foliage and even much of the population, remind you of a foreign city, perhaps of Italy, Spain or Mexico. This difference gives to San Antonio a special charm and, combined with the delightful winter climate—and because of the elevation the summer temperature is by no means oppressive—has made the city a popular tourist resort in the winter season.

To meet the demands of this travel, hotel facilities are being greatly enlarged. Here you will be attracted to the Alamo, one of America's most famous shrines, and other quaint old missions, the Mexican restaurants, the picturesque little river meandering through the city, parks of magical loveliness; and do not forget that you are in the metropolis of Texas, for that is a distinction of which San Antonio is justifiably proud. Slowly the old-world atmosphere is giving way to modernity and tall buildings of the approved American pattern already thrust themselves on your attention. But the charm of the city will long persist in spite of what we call "modern progress."

Cutting across the state in another di-

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Standard drawing-room sleeping car service.  
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*"A Service Institution"*



Dixon Creek oil field.

rection, with a night's stop at Waco, where there is a cotton palace and a skyscraper that rears its towering proportions more strikingly than did the "Tower presumptuous raised on Shinar's plain," we come to Dallas—sometimes styled the "New York of Texas," and which again differs from the cities already visited. Stepping out on the streets of the city after an arrival in the late afternoon, when it is already dark, you could easily imagine yourself in New York or Chicago. True enough, when daylight appears, and you extend your viewpoint, this impression diminishes somewhat, for the reason that, at present, the highest buildings are grouped in a comparatively narrow area. But the skyscrapers are creeping further along the main thoroughfares and into the adjoining streets, so that this metropolitan aspect will soon be more widely diffused. There are bank and office buildings and hotels in Dallas that would be a credit to any city in the United States.

#### DALLAS HAS NORTHERN CHARACTERISTICS

Dallas is in North Texas, and bears more of the characteristics of a northern than a southern city. It is in the center of an agricultural empire, and the distributing point for goods throughout the Southwest. Its importance as a distrib-

uting point may be inferred from the fact that some of the largest mail-order houses in the country maintain large establishments there. The business buildings, banks, churches, educational institutions, fine residence districts, the spaciousness of the shops and the quality of their stocks, and above all the character of the men directing commerce, finance and manufacturing, stamp Dallas as a truly metropolitan city. Its title of the "New York of Texas" has been aptly bestowed.

But perhaps this title implies commercial importance more than anything else, and does not embody other features of even greater importance. Dallas is more than a great business place; it is pleasantly situated, inhabited by sociable people who enjoy themselves without losing sight of life's serious concerns. It is typically Texan and as typically American. The visitor or intending resident may come from the North, South, East or West, and be sure of a warm welcome in Dallas.

#### TWIN CITIES OF TEXAS

Although the distance between Dallas and Fort Worth is twice as great as that between Minneapolis and St. Paul, they are almost twin cities, for frequent interurban service of something over an hour takes you from one city to the

other and, with several small towns between, you would hardly know, but for an occasional rather wide gap, when you leave one city and enter the other. Should Dallas and Fort Worth continue to grow toward one another at no distant day the cities will merge, except for a suburban district on the outskirts of each. But they are distinct cities now, although located in the same territory and so near each other. The people of Fort Worth jokingly call their city "a cow town," or "an overgrown country town," but in fact neither designation is accurate. It is "a cow town" not in the old sense of that term, but only from the fact that it is an important cattle market, where two of the great meat-packing concerns of Chicago have big plants. The city covers too much territory, its business houses are too imposing, and the population too large, to justify the appellation of "a country town," overgrown or otherwise.

If there is any rivalry between Dallas and Fort Worth, it seems to be of a friendly sort. Closely connected as they are by a fine highway and abundant transportation facilities, the inhabitants move back and forth between the two cities, mingling socially and in business on terms of perfect amity.

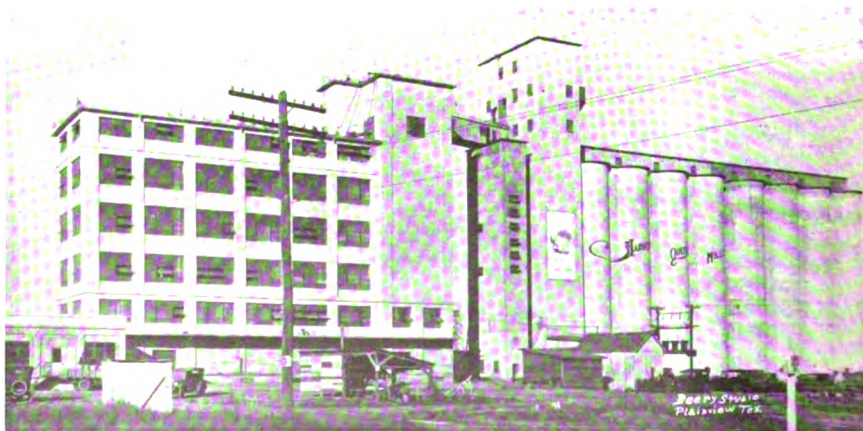
At Fort Worth I had thought that the westerly limits of my journey through

North Texas had been reached, for I had a vague recollection that somewhere out in the northwestern part of the state lay the great *Llano estacado* of school-boy days, which I had no curiosity to investigate. But a railway official asked me if I was going to West Texas, and on my replying that I was not, he said I was missing the most interesting part of the state. I thought perhaps his suggestion might not be impartial, seeing that his line of railway traversed that section, but accepted it nevertheless and to my great gratification.

#### WEST TEXAS

Just where west Texas begins is not quite clear in my mind, but after a railway trip of more than four hours from Fort Worth, I reached Wichita Falls, which I suppose may be fairly placed at least on the eastern border of that section of the state. It is a bright, live city, with broad, clean streets, and has enjoyed great prosperity on account of important oil discoveries in the surrounding country, beside being the center of a rich agricultural district.

But my objective was not Wichita Falls but Amarillo, some seven hours' travel further to the west. By this time I had been on trains so long, and had



Flour mill and elevator, Plainview, Texas.



Dairy herd grazing in a pasture of Rhodes grass.

journeyed so many miles, that I began to suspect that Texas was a territory illimitable in extent whose borders forever receded as one seemed to approach them.

Amarillo came into view late at night, its broad, brilliantly-lighted streets offering an inviting prospect, somewhat dimmed when it was discovered that hotel accommodation was exceedingly difficult to obtain. One of the hotels has made two or three additions to its room capacity recently, but this was not sufficient to meet the demand. However, a large, modern hotel is just nearing completion, which will afford first-class accommodation to the traveling public, for a time at least, for the place is growing so fast that it is difficult to forecast its hotel requirements for any long time ahead.

Amarillo is the point at which the oil interests of the great Panhandle territory have their headquarters, and the lobby of the leading hotel was literally packed from early morning until late at night with oil men, wearing the picturesque and no doubt serviceable costumes which that industry demands. The city is, besides, an important wholesale point from which goods are distributed to the surrounding towns. Oil is an important product of this territory, but agriculture is flourishing and cotton and grain are produced in large quantities. The cotton

gin and the flour mill are frequently seen. I think the country looks more to agriculture than to oil for its future prosperity. In fact, it has been said that the discovery of oil merely furnished the lubricant for the economic machinery which had already been set in motion.

#### AMARILLO NOT FRONTIER TOWN

At first glance you would put down Amarillo as a frontier town, but a closer inspection would reveal the fact that it is rapidly emerging from that phase of its history. This is evidenced by its skyline, the size of some of the public buildings and, more than all that, under the direction of a competent city engineer, plans are being devised to meet the civic needs of the community for some years to come. Many cities seem to have been planned after they were built, but Amarillo has planned ahead, and with results that are bound to be seen as the city grows. It promises to remain the metropolis of the Panhandle country—a distinction the importance of which you will not readily understand until you have been made acquainted with the immense actual and potential agricultural and mineral wealth of this region. But I did not find at Amarillo, or elsewhere in Texas, any disposition to excessive real-estate speculation such as often marks the growth of new communities.



# TEXAS

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Your opportunity lies in the field that is not yet filled. Strike out into the great, growing, permanently prosperous Southwest. Both country and the conditions in Texas are at the floodtide of opportunity. Texas offers the six essentials for industrial development, namely: Cheap Labor, Electric Power, Cheap Fuel, Adequate Transportation Facilities, Ideal Climatic Conditions, Raw Material.

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*Industrial Department*

**Missouri-Kansas-Texas Lines**

**Dallas, Texas**



Glaring real-estate announcements in the Texas cities are conspicuous only by their absence. In the immediate vicinity of the oil discoveries there is speculation, as has almost invariably been the case with similar developments in other parts of the country.

At Amarillo I was met by A. B. Davis, secretary of the Chamber of Commerce of Lubbock, who insisted on my visiting that young and growing city. This called for an automobile trip of some fifty miles, over rather hard and smooth dirt roads, across the great plains country. In years gone by I had been familiar with this region, by reputation at least, and had in fact lived for some time not far from it. My opinion of its value from an agricultural or any other standpoint had never been high. Of course, the great oil discoveries had not then been made, and that present source of enormous mineral wealth was as yet unsuspected. But I put less stress on the oil production, great as this is, than on the wonderful agricultural wealth of the section. There are vast fields of grain of several sorts, wheat being largely produced, as are also a number of forage crops, while I never saw a more prolific yield of cotton. Official reports by the Government indicate that cotton can be grown at a lower cost here than elsewhere in the United States.

#### A TRIP TO LUBBOCK

It was a fascinating trip over this great plain, under clear skies and brilliant sunshine, and later by moonlight, until late in the evening we came to Lubbock, where on the night of my arrival a large modern hotel was just being opened with suitable festivities. On the following morning I was shown over one of the state agricultural stations, conducted by the Agricultural and Mechanical College, an institution which is rendering great practical service to the entire state. Here I not only was told much about the growing of cotton, but new means of gathering the crop were described which greatly decrease the cost entailed

in cotton production. Later I inspected the operations of a gin that puts the cotton gathered in this new form into reasonably good condition for pressing and baling preparatory to its shipment to the mills for conversion into cloth.

Later at the hotel I had the pleasure of meeting at luncheon a number of representative bankers, business men and educators of the community, and listened with great interest to their account of the methods employed in developing the agricultural and other resources of the plains country. I was particularly impressed by a conversation with two of the professors from the College of Technology of Lubbock. The fact that such an institution should be located in a comparatively small city, far out on the plains, was in itself surprising. These educators quite frankly confessed that they were building for the future, and that for a time their graduates must look for employment in the East and North; but they could see ahead to a day, not far distant, when the services of these men would be needed in West Texas. They pointed out that the men they were training would have knowledge of local problems and conditions, supplemented by their eastern and northern experience.

The College of Technology has ample buildings and equipment, and stands in an experimental farm of some 2000 acres. That it is doing excellent work may be safely concluded from the character of the men having that work in charge. I think this College of Technology at Lubbock demonstrates as strikingly as any other example could the application of education to the practical concerns of life which I have already indicated as being characteristic of the state. This example is but one many that might be cited.

#### VISIT TO AN OIL TOWN

Returning to Amarillo, I found that an entirely new experience awaited me. This was a visit to the new oil town of

Borger, which was made through the courtesy of Mr. Wild of the Amarillo Chamber of Commerce. The country at first did not generally differ much from the level aspect of the plains, until, near the end of the fifty-five mile stretch, hills and canyons appeared.

Borger is not easily described. A year ago it was not; now it has some 15,000 inhabitants. It was a rough-looking place when I saw it—streets ungraded and unpaved, sewers and water supply lacking, the houses—with the exception of a very few brick buildings—of frame, one or two stories high, often unpainted, and many tents making up the housing shortage. But the roughness is disappearing, and perhaps by now this frontier town has assumed much of the appearance of a modern city. When I was there, under the directions of an energetic president of the Chamber of Commerce, plans were already going forward for such a transformation.

Borger is in the center of the great Panhandle oil pool, and looking in almost every direction one may see the derricks indicating wells that are being bored or have already become producers.

The present output of oil is large, and will probably be greatly increased as new wells are developed. Should the oil production hold out, Borger is destined to become quite an important city. When I was there a large power plant had just been completed involving an outlay of \$7,500,000, and a railway had shortly before entered the town.

#### THE RIO GRANDE VALLEY

I went back to Dallas in the belief that my itinerary was about completed, but found there was more of Texas to see yet. The president of a large life insurance company asked me if I had seen the Rio Grande Valley and I not only told him that I had not, but secretly wondered why I should. He bluntly told me that unless I had seen that section I could make no claim to having seen Texas. This was a challenge

that could not be declined. So I started again on my explorations.

After stopping over a day and night at San Antonio, I took a night train for my objective point, reaching the famous valley early in the morning. My first sight of it tended to confirm the secret misgivings mentioned above. The country was flat and uninteresting, most of the land not only uncultivated but uncleared, covered with cactus, mesquite and ebony trees. It looked to be dear at a dollar an acre, and not particularly acceptable as a gift. But a quick and crushing surprise was coming.

Suddenly the train emerged into the real Rio Grande Valley, which is about eighteen miles wide and eighty-five miles long, and largely under irrigation. The land was cleared and cultivated—a garden spot in fact where in winter almost every vegetable used on our table was growing in riotous profusion. Soon wide-spreading groves appeared, the trees loaded with grapefruit and oranges. At Mercedes I debarked from the train, and found myself in a garden of date palms, with hibiscus and poinsettias in bloom, and the citrus fruits in almost every doorway. I realized that my friend at Dallas had spoken truthfully in saying that if I had not seen the Rio Grande Valley I had not seen Texas.

During my stay at Mercedes, I made the trip from Mission to Brownsville, and there is a considerable part of this paved highway that appears like a continuous panorama of beautiful suburban homes, surrounded by groves of oranges and grapefruit, with innumerable vegetable gardens. This region may never have a great city—personally I hope it will not—but it will have, and in fact already has to a considerable extent, many very small tracts of land that can be intensively cultivated, with greater satisfaction and profit than may be derived from a large farm, and where one may have a beautiful home amid almost ideal surroundings and in a delightful winter climate. Along the great boulevard of the valley there are numerous



small but beautiful towns, with the intervening spaces largely filled by groves and gardens, where homes of the bungalow type abound.

BEAUTY OF THE VALLEY

It has been my fortune to visit nearly every state of the Union. I have in recent years traveled over fourteen countries in Europe. Never have I seen a more fertile spot than the Rio Grande Valley of Texas.

This fertility is due to the fact that through the erosion of centuries a rich soil has been deposited over the valley, while a genial climate and abundant water provided by a vast system of irrigation which utilizes the waters of the Rio Grande, have done the rest.

There is still much uncultivated land and prices have not advanced as might have been expected. As the wonderful fertility of the country becomes more widely known, a large increase in population may be expected. At present railways are being extended into the valley and new tracts of land are being developed.

Unquestionably, the Rio Grande Valley is destined to become one of the garden spots of the world.

Before leaving the state, I should mention a brief stay at Austin, the capital and the seat of the University of Texas. Austin is a beautiful city, noted rather as an educational and political center than for its commercial activity. While here I received much valued help in securing information from a number of state officials.

I am back at Galveston and Houston for a few days before making my exit from Texas at Beaumont. This is another oil center, surrounded by the vast producing fields of Southeastern Texas and Western Louisiana. Near here are some of the great oil refineries of the world. The production of rice also constitutes an important source of wealth.



***Texas Special***

Between

***St. Louis and Texas***

Read Down			Read Up
6.50 pm Lv	St. Louis	Ar	11.25 am
1.15 pm Ar	Dallas	Lv	5.05 pm
1.30 pm Ar	Ft. Worth	Lv	4.55 pm
9.35 pm Ar	San Antonio	Lv	9.10 am

*Dining Car Service all the way  
Fred Harvey Meals on the Frisco*



**Oil Burning Locomotives**  
**No Smoke No Soot No Cinders**

Beaumont, like Houston, was some distance from deep water, but has overcome that obstacle to its progress by the construction of a canal, establishing communication with the Gulf and ocean. It is a striking manifestation of the enterprise of the people of a city whose population and commerce are showing a rapid increase.

I entered Texas toward the end of September and left the state, with genuine regret, as December was drawing to a close. What has been said above is merely preliminary to a more detailed presentation of the resources of the state and the progress of its principal cities. It is hoped that these personal impressions, which are not consciously partial, may have some interest. My obligations to the people of Texas for their helpfulness and kindness are far weightier than I can discharge.

## OUTLINE OF TEXAS HISTORY

**T**HE beginning of the history of Texas dates back to 1684, when La Salle, who had been commissioned by Louis XIV of France to found a colony at the mouth of the Mississippi, landed by chance at Matagorda Bay, near where Navasota now stands. Spain claimed the territory, and sent De Leon to take possession of it. When he arrived, he found that La Salle had been killed and that the colony he had founded had disappeared.

In 1690 a fort and mission were established by De Leon, but it was not until 1716 that the Spaniards secured permanent colonies by establishing a line of missions connecting Mexico and East Texas. France had claimed Texas, as a result of the explorations of La Salle, but in 1762 the territory was ceded to Spain. When Mexico achieved her independence from Spain, Americans began to colonize Texas, under the leadership of Moses Austin of Missouri and his son, Stephen F. Austin. Difficulties arose between Mexico and the Texas colonists, and the feeling of bitterness was greatly increased when Stephen F. Austin was thrown into prison while on a mission to Mexico to obtain a separation of Texas from the State of Coahuila for administrative purposes.

In the meantime armed conflict between colonists and Spanish troops had taken place at Velasco, Anahuac and Gonzales over customs regulations and attempts of the Mexicans to disarm the American settlers.

### TEXAS BECOMES A REPUBLIC

Late in 1835 a convention was held at San Felipe, a provisional government organized and Sam Houston selected commander of the armed forces. A Mexican army, under General Cos, marched into Texas with the purpose of disarming the Texans. His forces were driven out of San Antonio by Americans under General Edward Burtleson and Ben Milam, but a large army under Santa Anna marched into Texas early in 1836 and laid siege to the city.

While Santa Anna's forces were besieging the Alamo at San Antonio, a second convention was called at Washington on the Brazos and, on March 2, 1836, an independent republic was declared and David G. Burnett was named president. Four days later on March 6, the Alamo fell with the loss of every defender, depriving the new-born republic of such able leaders as Travis, Bowie

and Crockett. On March 27, following Fannin's surrender at the battle of Coleto, his entire force was marched out of Goliad under guard and shot down.

The army of Santa Anna advanced rapidly eastward across Texas, driving the colonists before it. General Sam Houston, in command of the Texas forces, decided to make his stand at the junction of the San Jacinto river and Buffalo Bayou, near Harrisburg. Here, on April 21, 1836, he attacked and completely routed the superior force of Santa Anna, who was captured with several hundred other Mexicans.

By the treaty of Velasco, following the Battle of San Jacinto, Santa Anna agreed to return to Mexico and use his influence to obtain Mexican recognition of the independence of Texas. During the period 1836-46, Texas was an independent republic under the successive administrations of Presidents David G. Burnet, Sam Houston, Mirabeau B. Lamar, Sam Houston (second term) and Anson Jones.

But the little republic was beset with difficulties. Mexico had not relinquished its claims and constantly offered a menace, even sending over one or two military expeditions; difficulties were experienced with the various Indian tribes, and the public debt mounted. Hence the offer of the United States to annex Texas was readily accepted at a convention which met in Austin, July 4, 1845. On February 16, 1846, President Jones retired in favor of Governor J. Pinckney Henderson.

By the treaty Texas retained its public lands and its area included the present eastern half of New Mexico (that portion east of the Rio Grande), that portion of Oklahoma of today lying north of the Texas Panhandle, southeastern Kansas, a large portion of central Colorado and a section of Wyoming. After the close of the Mexican war resulting from the annexation of Texas, the territory was sold to the United States by Texas for \$10,000,000.

### STATE ENTERS CONFEDERACY

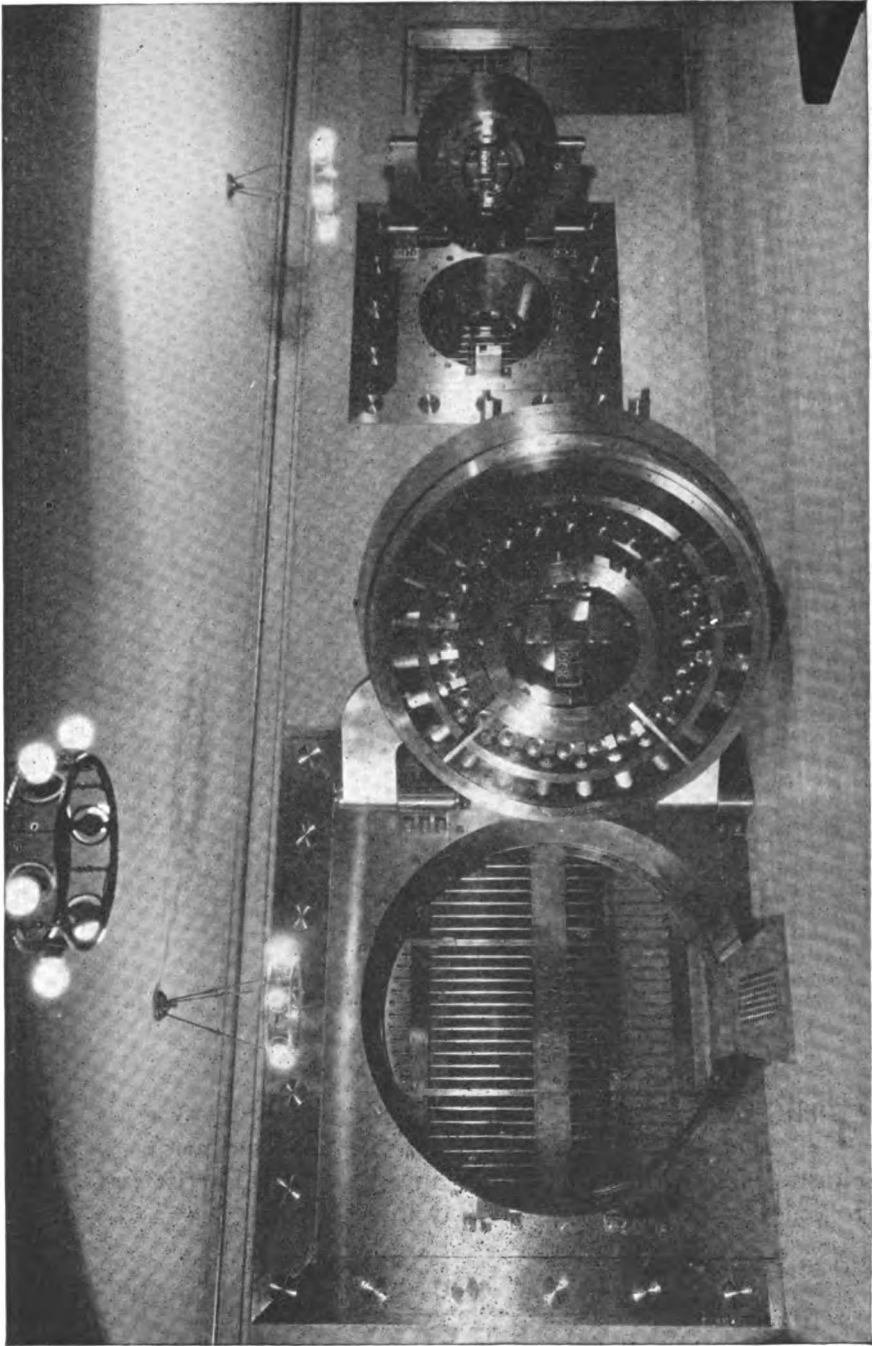
Texas, from the first, had been a slave state. Its climate and agricultural industries, like those of the old southern states, were readily adaptable to slavery and, indeed, most Texans were natives of the slave states east of the Mississippi. Hence the growing bitterness between North and South was of much concern to Texas. Despite the protests of



Monroe County Savings Bank, Rochester, N. Y.

**T**HIS monumental building, with its marble exterior and exquisite marble, bronze and walnut interior including a beautiful painted ceiling by a noted artist was recently erected at a remarkably low cost.

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Sam Houston, who was then governor, a convention met at Austin January 28, 1861, and after four days of deliberation drew up and adopted articles of secession. Houston, who had led the Texas army against Mexico, and had served two terms as president of the republic, was deposed as governor and Edward Clark, lieutenant governor, was installed in his place as governor under the Confederacy. With the end of the Civil War, Texas was restored to the Union.

This formal outline of the history of Texas fails to lay sufficient emphasis on two events that rank high in the annals of America.

The battle of San Jacinto, measured by its results, was of tremendous importance, for it was the means of adding the vast domain of Texas to the United States. The heroism displayed by the defenders of the Alamo has few parallels in the world's record of courage and bravery. Every one of these defenders voluntarily offered his life, and none escaped the supreme sacrifice. It is said that Travis and his men had died for a republic of whose existence they were unaware. Unknown to them the declaration of independence from Mexico had been proclaimed four days before the Alamo tragedy.

## AN ECONOMIC SURVEY OF THE STATE

TEXAS has an area of 265,896 square miles, which is somewhat less than twice the size of California, the second largest state, and about 211 times as large as Rhode Island. There are 254 counties in Texas, some of which are larger than either Rhode Island, Delaware or Connecticut. If Texas were pivoted at Texarkana and swung around in clockwise direction, El Paso would pass north of Chicago.

Due partly to its size and partly to the fact that it spans the distance between the gulf coast and the Rockies, Texas has a great variety of soil and climate. An area considerably larger than an average sized state lies in the low coastal belt, and another area almost as large lies in the northwest section of Texas and ranges in altitude from 3000 to 4000 feet above sea level. Both sections are adapted to intensive cultivation, and the same may be said of the intermediate territory. The highest point in Texas is in the Guadalupe range, a branch of the Rockies, 9500 feet high, about sixty miles east of El Paso. There are numerous other elevations above 6000 feet in the mountains of the Trans-Pecos plateau.

The pine timber belt of Texas covers approximately that territory lying east of the ninety-sixth meridian. It is a sandy soil with clay subsoil, traversed by rich alluvial river valleys. The pine, short and long leaf and loblolly, grows in the sandy lands, and the bottoms are covered with gum, ash, hickory, walnut, a variety of oak and other hard woods. The lumber production of Texas is about 1,500,000,000 board feet annually, most of which is pine. The raw lumber output of the sawmills, of which there are about

200 comparatively large, and 600 or 700 small stationary and portable mills, is approximately \$51,000,000 annually (figure of 1923 census of manufacture of raw lumber excluding planing mill products) and in addition there is a production of about \$10,000,000 in posts, poles, hewn ties, turpentine, rosin and other forest products. The forest resources of Texas have decreased rapidly, according to the Texas state forester, E. O. Siecke of College Station, but several tracts of land are now devoted to reforestation experiment. The present virgin timber stand of Texas is estimated at about 17,000,000,000 board feet of pine and 8,000,000,000 board feet of hardwoods.

### TERRITORY IS ADAPTED TO FARMING

This territory is excellently adapted to both cotton and truck farming. Besides having a big production of cotton, there is a large commercial production of watermelons, peaches, tomatoes, cantaloupes and other food crops. There is a well developed spring tomato growing industry in the vicinity of Tyler and Jacksonville with an annual movement averaging more than 1000 cars. The peach movement ranges more than 1000 cars and the watermelon movement amounts to several thousand cars. Onions, blackberries, strawberries, lettuce, cucumbers, apples and miscellaneous other crops are grown for market.

The rainfall in the timber belt is from thirty-five to forty inches annually; the soils are adapted to varied production; the growing season is long; and the winters are mild. Land values are not inflated—good farms can

be bought for \$40, \$50 and \$60 an acre, and much unimproved land adaptable to cultivation can be bought for \$15 to \$20 an acre. Great lignite deposits in this territory are now being developed for power manufacture and large iron ore deposits will probably be developed in the future.

Immediately west of the east Texas pine timber belt lies the post-oak belt, a strip running from the Red River to south central Texas and widening from 30 miles in the north to 100 in the south where it fades into the coastal plain about 100 miles from the gulf coast. It is a sand and clay belt with soils varying through sandy loam to loam. Large post-oak is the chief timber with other hard woods in the bottoms. Cotton growing is the chief industry though, like the pine belt, it is adapted to fruit and vegetable production.

The black-land belt lies west of the post-oak belt. It is shaped like a long curved wedge, being about 100 miles wide at the Red River and tapering as it swings south and southwest. Dallas, Waco, Austin and San Antonio lie in this belt. It is a black waxy soil of limestone origin and is an excellent producer of cotton. The rainfall is about thirty to thirty-five inches throughout most of the belt except in the extreme northwest where it is about twenty-five inches. It is an open prairie land except where it is traversed by creek and river valleys, where a variety of hard woods and other kinds of timber grow, including pecans. Besides cotton it produces corn and in the northern section wheat and oats; in 1926 it produced as high as 35 and 100 bushels respectively to the acre.

#### WEST OF BLACK-LAND BELT

West of the black-land belt the east and west cross timber belts lie, with the narrow strip of the grand prairie intervening. Beyond these and stretching to the foot of the great plains in northwest Texas lies the great north central basin. This is generally a prairie country with some post-oak in the sandy sections and with pecans in the bottom lands. Much of it is of permian red bed formation and is excellent for cotton growing. Formerly it was a great ranching country and some large bodies of land remain but it is now primarily a farming territory devoted to cotton, corn, wheat and oats. It is a well developed farming country, with great latent possibilities for crop growing and stock farming, dairying and poultry raising.

A short distance beyond the one-hundredth meridian lies the so-called cap rock, the point at which the Great Plains break abruptly away in the lower rolling prairies of north central and mid-west Texas. Above the cap rock the surface of the earth is level and almost treeless. Deep canyons traverse it from east to west, but nine-tenths or more of the territory is adaptable to cultivation without greater trouble than turning under the turf. In the southern section of this district, in the vicinity of Lubbock, there has developed in recent years one of the most productive cotton-growing territories of the South. The rainfall is twenty to twenty-five inches and falls largely during the crop-growing season. There is an abundance of underground water. In some parts of the plains country, particularly in the vicinity of Plainview, water may be found at depths of ten to thirty feet, and there is much irrigation for the production of truck and fruit crops. Apples, pears and peaches do well. In the northern half of the Great Plains territory there is a large ranching industry and an increasing production of wheat.

In 1926, Texas produced 35,000,000 or more bushels of wheat of which probably 25,000,000 bushels were produced in this section. Discovery of great oil and gas resources has greatly stimulated development; Amarillo, the railroad center and chief city of the North Plains, has grown phenomenally during the last two years. This entire territory has developed rapidly. Lubbock, with 4000 population in 1920, has about 16,000 population today. Amarillo, with about 18,000 in 1920, has witnessed a proportionate increase, and many smaller cities and towns have increased their populations two and three times.

#### SOUTHERN PART OF THE STATE

The above completes a survey of the state from east to west, covering its north and central portions. The southern part of the state is divided into (1) the coastal belt, extending back for 100 to 200 miles from tidewater and from the Louisiana border at Beaumont and Orange to the Mexican border at Brownsville; (2) the southern extension of the black-land belt around San Antonio (mentioned above); (3) the Edwards plateau lying west and northwest of San Antonio and extending to the Pecos River; and (4) the Trans-Pecos plateau, extending from the Pecos River to El Paso.

The great coastal plain furnishes resources

for a number of diverse industries. There is a large cotton production, most intensive in the vicinity of Corpus Christi; there is a large beef-cattle industry between Corpus Christi and Houston; the plain is the home of a great rice-growing industry, and one of the chief winter and early spring truck-producing areas of the United States. Lying at the extreme southwest extremity of the coastal plain is the so-called Lower Valley of the Rio Grande. Here several hundred thousand acres of fertile soils have been put under irrigation by utilizing the waters of the Rio Grande. Major industries are the growing of cotton, cabbage, onions, lettuce, citrus fruits, carrots and fifteen or twenty other crops. Some agricultural product is in midmarket season every month in the year in this territory. Most noteworthy of its industries is the development of grapefruit and orange groves. There are several hundred thousand citrus fruit trees in the valley. The first appreciable production was in the season of 1923-24; the movement of next season will probably be several thousand cars and within ten years the movement should be 10,000 to 20,000 carloads of citrus fruits annually. The completion of a great reclamation project now under way, the opening of deep-water ports at Point Isabel, near Brownsville, and at Corpus Christi, and the building of an additional railroad into the Lower Valley, will accelerate the already rapid development of this territory.

West and northwest of San Antonio and Austin and lying south of the Colorado River is another distinct section of Texas—the Edwards plateau. It is a rolling upland, ranging from 1000 to 2500 feet above sea level, and with a large growth of mesquite, shin oak and other small timbers and bushes in addition to which are excellent ranges of nutritious weeds and grasses. As a result it has become a ranching country devoted to cattle, sheep and goats. The annual wool production is about 25,000,000 pounds and there is about 5,000,000 pounds of mohair a year produced from the fine Angoras from this territory which is said to have half of the Angora goats of the United States. Excellent range and fair market conditions during the last few years have brought great prosperity to this territory.

West of the Pecos River lies a great plateau ranging generally from 2000 to 4000 feet with peaks as high as 9500 feet. It is primarily a cattle-producing country; though there is some irrigation along the Pecos River and the Rio Grande, especially below El Paso,

where an extension of the Elephant Butte project parallels the river. There is considerable mineral wealth. Several quicksilver mines are in operation, there has been a steady production of silver for a quarter of a century or more and there are great deposits of sulphur, fine marbles and granites, mica, selenite and other minerals.

#### LAND GREATEST RESOURCE

With land—a vast expanse of territory—as its great resource, Texas has been throughout its comparatively short history concerned primarily with the settlement of this land and its improvement—the building of a \$3,500,000,000 farming industry. The last census of wealth, in 1922, placed the entire wealth of Texas at \$9,850,880,000. This wealth has been produced primarily by Texans in Texas, not transported to Texas, as in some other states. During the greater part of the period of development of Texas those persons who came to the state came, not to spend money, but to make it. They came with moderate or less than moderate wealth. Consequently Texas during its earlier and middle stages of development was not a wealthy state—but it was a state of hopeful, willing workers, hardy frontiersmen, who had the foresight to discern the great future of the West and the courage to cast their lot in that direction.

#### AT THRESHOLD OF NEW PERIOD

But the passing of years is bringing to Texas and Texans a return on their investment of money, foresight and toil. The varied agricultural industries are producing about \$1,000,000,000 in products annually. Mineral resources, one after another, have been discovered and developed—petroleum, sulphur, natural gas, coal and lignite, clays and others. The manufacturing industries are developing and, with their development, cities are arising, and urban population is growing, creating a market for greater agricultural production. Further, with the development of the state to that stage where it offers every comfort and convenience of present-day standards of living, those persons who are coming to Texas, many of them, are bringing their wealth with them. Indeed, some are sending their wealth without coming. The trouble with Texas in the past has been that, despite its tremendous resources, it was land poor; there was simply "too many square miles to the people" for that intensiveness of industrial and commercial de-

# WINTER IN CALIFORNIA

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takes you through El Paso and affords a glimpse of Old Mexico.

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Oil Burning Locomotives all the way

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Thru Sleeper between ST. LOUIS and LOS ANGELES on the *Sunshine Special* via MISSOURI PACIFIC TEXAS & PACIFIC SOUTHERN PACIFIC The Direct Line of Lowest Altitude

Station		East Bound Read Up
6:45 P.M. Lv.	St. Louis	Ar. 11:30 A.M.
7:25 A.M. Lv.	Memphis	Ar. 7:00 A.M.
1:15 P.M. Lv.	Texarkana	Ar. 10:30 P.M.
2:40 P.M. Lv.	Dallas	Ar. 5:05 P.M.
9:10 A.M. Ar.	Ft. Worth	Ar. 3:40 P.M.
9:55 A.M. Lv.	El Paso	Lv. 8:00 P.M.
10:25 A.M. Ar.	El Paso	Ar. 6:30 P.M.
	Los Angeles	Lv. 4:00 P.M.

*(Mountain Time)*





velopment that is essential to great wealth and great investment opportunities.

But Texas today is at the threshold—a little across the threshold—of a new period, a period of really great industrial and commercial development. Statistics of the last half-generation tell an amazing story. The value of manufactured products was \$92,000,000 according to the census of 1900; \$272,000,000 according to the census of 1910; and \$999,000,000 according to the census of 1920. Of course, much of the increase, 1910 to 1920, was due to the general inflation of prices of that period, but even when the 1920 industrial production is calculated on a basis of the 1910 dollar, a great increase is shown. The census of 1923 showed that Texas had produced \$979,000,000 in manufactures, which, in view of the general deflation which had taken place, meant a large increase in actual volume of manufacturing.

The annual mineral production of Texas was less than \$10,000,000 until 1903. From that year until 1917 it climbed gradually to \$75,000,000 and since 1917 it has jumped to about \$275,000,000.

Texas today actually produces annually in the form of tangible new wealth approximately as follows: Crops, \$900,000,000; livestock products, \$210,000,000; minerals, \$275,000,000; forest products, \$60,000,000; manufactures, \$331,000,000. (The figure for manufactures is not the total value of products, but "value added by manufacture," i. e., total value less the original value of the raw products.) This is a total of about \$1,776,000,000 in actual production of wealth in tangible form annually. It is exceptionally high in view of the estimated total wealth of the state of about \$10,000,000,000. It is particularly significant that most of this wealth production is in the form of unprocessed materials, for where such a condition prevails it is invariably true that great development rests with the future—that the drift of the state is with and not against the tide of natural economic growth.

It is further significant that Texas is still "undiscovered" to that degree that any figure on wealth or population that is more than a year or two old is likely to be entirely out of line with the facts. Consider Amarillo during recent years. A little city of about 15,000 inhabitants in 1920, it has grown so rapidly since that an estimate of its present population is a guess at best and a guess subject to need of revision almost before it is made. Its building permits during the first eight months of 1926 were about \$15,000,

000. The greater part of this development, it is true, is due to the discovery of a great oil and gas field near by, but such discoveries are typical of Texas. And such discoveries are not confined to petroleum, or to other minerals for that matter. Look at the Rio Grande Valley where irrigation of fertile soil in a sub-tropical climate has in the twinkling of an eye wrought wonders worthy of Aladdin's lamp. Here was a discovery of happy combination of soil, water and climate resources. When one compares the Texas of today with the Texas of ten years ago, he is made to wonder at what the next ten years will bring.

Still another discovery in an entirely different field: The Texas Power and Light Company during the last eighteen months has constructed at Trinidad, about sixty miles below Dallas on the Trinity River, a power plant developing about 52,000,000 horsepower, and burning lignite in powdered form under its boilers. Texas has 60,000 square miles of land underlaid with lignite, an estimated 30,000,000,000 tons in deposits stretching in a band from Laredo to Texarkana. But it had not been utilized to any great extent in the development of power for industrial purposes for the reason that an economical method of burning it had not been discovered. The lignite is mined with electric shovels at the power plant—another case of taking the generating plant to the source of fuel and shipping the power over transmission lines (as advocated by Steinmetz) instead of shipping the coal to industrial centers for consumption.

#### EDUCATED TO INDUSTRIAL DEVELOPMENT

Another noteworthy phase of Texas development today lies in the fact that Texas minds are becoming educated to methods of industrial development. In the past Texans have not understood anything but farming. This remark applied to the residents of city and town as well as the rural population. In brief, Texas was engaged in a gigantic agricultural development scheme. The farmer knew how to farm. The merchant knew how to maintain sufficient distributing facilities to meet the needs of a great farming commonwealth. The banker knew how to meet the farmer's credit needs. The man who had money to invest naturally invested it in mortgages on real estate for the simple reason that he was acquainted with such investments, there was demand for the money, and the interest rates were high. Indeed, the upbuilding

of the \$3,500,000,000 agricultural industry of Texas has always created ample field for investment of Texas money. So propaganda for industrial development in the past has always been accompanied by and premised upon a demand for "outside capital."

But during the last few years Texas has accumulated a reserve for investment—more than is really needed to take care of the real estate situation. For the first time in the history of the state money has actually sought investment. Interest rates in Texas in 1926 were lower than ever before in the history of the state. As a result the man with money is being forced to look about for other forms of investment—consequently he is learning something about industrial securities and what there is, or should be, behind them.

Texas first became interested in industrial development, in theory at least, in the eighties and nineties. A good many manufacturing plants were erected, and many of them promptly went broke. Not knowing, Texans were forced to rely upon what they were told, and what smooth promoters told them was not exactly what they have learned since about the manufacturing business and how to build it. Early day Texas industrial enterprises usually cost 25 per cent. and up in promotion fees and wound up with the erection of a cheap building full of second-hand machinery, with no operating capital. It was accompanied, however, by plenty of publicity, fine appeals to community pride, much talk of "smokestacks," many speeches, chamber of commerce drives for subscriptions, and all that sort of thing. Compare with this the developments leading to the building of a cotton mill not long ago. A few business men met around a table, and the next day it was announced that the mill would be built—all very quietly. Sufficient capital was provided to build an up-to-date mill and start it off with some operating capital, and it has been operating successfully ever since.

#### TRINIDAD POWER PLANT

The construction of the Trinidad power plant, mentioned above, is another example of growing Texas understanding of the problems of industrial development. Of course, this enterprise was entered into by the Texas Power and Light Company for the reason that they thought it would furnish cheap power. But there was another thought behind it. Capital seeking investment in industry in Texas was somewhat inclined to balk at the item of fuel resources. There was

petroleum and gas galore, of course, but industrial engineers set forth that the legitimate expectancy based on gas and petroleum fuel supplies did not cover a period commensurate with the expectancy demanded in big industrial investment, and especially that gas and petroleum prices are not stable. So the officials of the Texas Power and Light Company set about seeking a power source that could be depended upon. Understand, it is not the opinion of Texans that their petroleum and gas resources are going to play out—they have heard of that for a quarter of a century and the production has constantly increased. However, the engineers balked at depending upon gas and petroleum solely. So the new generating plant was built with the idea of assuring capital that there was a fuel supply that would last for 100 years at least. It is this sort of good business strategy that is attracting attention to Texas.

Again, the publicity manager of a sectional chamber of commerce came to the *Dallas News* recently. He said: "For many years we have been talking about our great resources, but when we get someone with money interested, we find that we cannot tell them anything. Our first publicity stunt is going to be finding out what we really possess, so we will not feel like fools when someone asks us a common-sense question." The day of rose-colored publicity is past with Texans, they are getting down to concrete facts.

A good deal of the above centers around the subject of manufacturing, but it is impossible to write of Texas today and its prospects for the future without centering it primarily upon manufacturing. This is not said because Texas is near the end of her resources for producing raw materials. As a matter of fact, Texas is nowhere near the end of such resources. At present, for example, in her oldest and best industry, farming, there are under the plow about 30,000,000 acres. The area of Texas is about 167,000,000 acres of which nearly 100,000,000 are considered good plow lands. Even after all of this land is in cultivation, there will come a great increase in agricultural production through use of fertilizers and intensive methods of cultivation. In the livestock industry the last few years have witnessed a rapid decline of the big ranching business, but Texas is in its infancy as a livestock state, for the development of stock farming, swine raising, and the dairy and poultry industries have only begun. From the present upward trend of the curve of mineral production it seems probable that the surface

of the mining industry has only been scratched. Yet the great need of Texas, even for further development of her raw material resources, is manufacturing.

#### DIVERSIFICATION PREACHED

Leaders in agricultural thought and education in Texas have for a quarter of a century or more preached "diversification"—indeed, it may be said, with a modicum of leaning upon hyperbole, that "diversification" is the most common word in the language of Texas. "Diversification" to the Texas mind means getting away from the one-crop system—the growing of cotton to the exclusion of all other crops. But diversification has come slowly because there was not sufficient diversification of vocation in Texas outside the farming industries. In other words, there was not a market for the various food products after they were grown. Cotton, being non-perishable and a highly exportable commodity, continued to be the predominant crop.

The value of the 1926 cotton crop will be only a little more than one-third of the total crop value—something unprecedented in the history of the state. And the fact that a great non-cotton crop was grown has been of undoubted benefit to the state in the recent cotton market slump.

So it seems that diversification has finally arrived, to some extent at least; and it has arrived solely because there has been sufficient development of methods of gainful occupation other than farming to create a home market for Texas food crops. Heretofore the farmer's efforts at food production on his farm were necessarily confined to producing for his own use. Such diversification was good logic, but it is always a greater incentive to grow when a market is handy. Of course, Texas urban population does not consume all of Texas truck products, but it is reaching a point where it consumes an appreciable part of them, and the grower does not have to rely entirely upon long hauls to northern markets.

The coming of a great manufacturing industry with a great food-consuming urban population will see the long-preached doctrine of diversification of crop growing put into practice in dairying, poultry raising, and the production of fruits and vegetables.

One of the most interesting features of Texas development during recent years has been the rapid growth of cities. The eleven leading cities of the state during the last

seven years (since 1919) have invested about \$500,000,000 in building. Again, population increase of the principal cities of Texas, as measured by scholastic population, has averaged probably 40 per cent. since the date of the last census in 1920.

And construction is not confined to the cities; many smaller towns are reporting building operations for the year amounting to \$1,000,000 and more. About 1250 miles of first-class highways were constructed in Texas during 1926. The real beginning of highway building in Texas may be said to date from 1918 and since that date nearly 8000 miles of highway have been completed on the "designated" or through roads of the state, in addition to which there has been much development of lateral roads.

#### RAILROAD CONSTRUCTION PROPOSED

There is much railroad construction proposed, even in this day of lull in railroad building. A new railroad is being constructed by the Southern Pacific into the Rio Grande Valley and two branch lines have recently been completed in the Great Plains territory. In addition there are pending before the Interstate Highway Commission, at the present time, applications for the construction of a number of additional lines in northwest Texas, the Rio Grande Valley and central and east central Texas. Another evidence of the growth of Texas is the extension of a branch of the air mail to Texas, terminating at Dallas and Fort Worth. Again, the construction of an average of about 750 miles of power transmission line annually for the last several years is of significance and several new projects have recently been announced.

The United States preliminary figures on production and estimates of the value from the monthly quotations in "Crops and Markets," a publication of the United States Department of Agriculture on "average prices received by Texas producers," give approximately \$910,000,000 for total crop value in 1926. This is \$111,000,000 above the preceding year's figure of \$799,000,000. While the cotton crop value of 1926 may be somewhat under that of 1925, due to the market slump, its value will not be greatly reduced, owing to the great volume of production for 1926.

In the matter of grain crops, Texas, during 1926, according to preliminary reports, has grown one of the largest, if not the largest,

crop in its history. The corn crop was more than 100,000,000 bushels, about four times the crop of 1925. The oats crop was about 83,000,000 bushels, the second largest in the history of the state, and was more than six times as large as the crop of 1925. The wheat crop was about 35,000,000 bushels, or about five and one-half times as large as the wheat crop of 1925 and the largest in the history of the state. The barley crop of 7,700,000 bushels is more than twice as large as any previous crop. The kafir crop of 49,000,000 bushels was more than 50 per cent. larger



Poultry raising—a growing Texas industry.

than the preceding year's crop. While full figures on production of fruits and vegetables are not yet available, the total was probably the largest in the history of the state.

#### PETROLEUM PRODUCTION

In connection with crop production, and harking back to some statements above relative to discoveries in Texas, it may be said that every year Texas is discovering new crops to which her climate and soils are adapted. One of the major crops of the state,

kafirs, that is, the grain sorghums including milos, feteritas, kafirs, etc., have developed during comparatively recent years. They were introduced into the state during the latter part of the last century, but the real development of the big commercial crop of today has taken place within the last twelve years. Within the last fifteen or twenty years the number of crops that moved to market from Texas has more than doubled.

During the first nine months of 1926 the petroleum production was more than 100,000,000 barrels, and the prices have ranged somewhat above those of 1925. Production was slightly below that of 1925 until after the first half of the year when it suddenly jumped above the corresponding daily average of the previous year. In the meantime, there has been an acceleration of production in certain other minerals. In the Burnett-Llano region of central Texas—a region of many minerals including iron, copper, graphite, fine granite and marble, etc.—there has been much development. Granite and marble quarries are being developed and there is a large production of graphite. So great has been the development that a power transmission line has recently been built into this region to operate the mining and quarrying machinery.

There are no Government figures on production of livestock products in Texas—Government figures include only value and quantity of livestock on farms—but the total value of animals sold in 1926 and taken for home consumption is about \$210,000,000 according to the best estimates. The forest production is above the average and the value of manufactures should set a high record. In other words, Texas is producing on a value basis probably more than ever before. The only years that can compare with 1926 are 1918, 1919 and 1920, when prices were abnormally high. Undoubtedly, Texas is now producing the greatest amount of wealth in its entire history.

## FACTS ABOUT TEXAS

ACCORDING to President Walton of the Texas Agricultural and Mechanical College, Texas sent away in the last year \$110,000,000 for hay and grain, \$85,000,000 for pork, \$55,000,000 for dairy products, \$35,000,000 for canned goods, and \$30,000,000 for poultry products.

The land area of Texas is 262,398 square miles. It is larger by 53,000 square miles than France; by 83,000 square miles than Germany and by 144,000 square miles than the United Kingdom. It is as large as the combined areas of Maine, New Hampshire, Vermont, Rhode Island, Massachusetts, Con-

necticut, New York, Pennsylvania, New Jersey, Delaware, Ohio and Illinois.

TEXAS STATISTICS

Carload shipments fruits and vegetables fiscal year—September 1, 1925 to August 31, 1926:

	Cars	Value
Watermelons	6021	\$1,204,200
Cabbage	5898	2,212,750
Onions	5329	2,664,500
Spinach	4236	2,461,116
Mixed vegetables	3947	3,151,600
Tomatoes	2665	2,665,000
Cantaloupes	478	195,624
String beans	407	81,400
Cucumbers	306	132,499
Grape fruit	289	346,800
Lettuce	93	74,400
Strawberries	16	25,600
Oranges	6	4,800
Cauliflower	2	1,000
Eggplant	2	1,000
		<b>\$15,238,280</b>

SUMMARY OF VALUES

Production of field and orchard crops

	Amount	Value
Wheat, bushels	34,200,000	\$43,434,000
Corn, bushels	80,781,000	57,162,320
Oats, bushels	83,700,000	31,806,000
Barley, bushels	7,700,000	4,145,000
Rye, bushels	417,000	362,790
Rice, bushels	5,936,014	7,110,420
Wild hay, tons	1,237,000	16,081,000
Tame hay, tons	1,100,000	14,300,000
Broom corn, tons	1,800	196,000
Irish potatoes, bushels	2,058,000	3,601,500
Sweet potatoes, bushels	8,733,000	16,443,380
Apples, bushels	400,000	2,331,000
Peaches, bushels	2,201,000	2,951,250
Pears, bushels	568,000	710,000
Grapes, tons	1,149	57,450
Peanuts, barrels	49,900,000	2,994,000
		<b>\$202,390,190</b>

Livestock on farms January, 1926

	Number	Value
Horses and colts	827,000	\$ 39,696,000
Mules and mule colts	1,052,000	78,444,000
Cattle and calves including cows and heifers kept for milk	5,900,000	132,412,000
Cows and heifers two years old and over kept for milk	936,000	32,164,000
Sheep and lambs	3,465,000	27,274,000
Swine including pigs	1,662,000	12,956,000
	<b>13,842,000</b>	<b>\$322,946,000</b>

Summary of values

Fruits and vegetables	\$ 15,238,280
Field and orchard crops	202,390,190
Livestock	322,946,000
<b>Total</b>	<b>\$540,574,470</b>

In 1900 the population was 3,048,000. Now it is over 5,000,000. It is estimated that were Texas as thickly populated as Rhode Island it would contain 150,000,000 people.

Payrolls of the Texas oil companies approximate \$250,000,000 yearly. The total

tonnage of petroleum and its products in Texas, for the last year that figures are available, was 13,216,889 tons, or about 17½ per cent. of all tonnage moving in the state. Its movement is more than six times as large as that of cotton or wheat, five times larger than the movement of livestock, including all animal products. It is the largest single commodity carried by the Texas rail lines.

ASSESSED VALUE OF PROPERTY

1905	\$1,139,022,730
1910	2,388,500,124
1915	2,755,171,793
1920	3,390,953,149
1925	3,526,581,523

HOW THE STATE'S MONEY IS EXPENDED

Report of Comptroller of Public Accounts, 1925

Support of free schools	\$18,531,705.45
University of Texas and branches	1,462,120.42
Agricultural and Mechanical College and branches	1,585,233.96
State teachers colleges	2,794,044.92
Texas Technological College	826,632.88

Total expenditures for education	\$28,780,131.87
Eleemosynary	\$ 3,501,737.93
State departments, exclusive of highway department	6,712,611.31
State highway department	20,602,264.67
Judiciary	2,272,517.45
Pension	1,939,369.33
Purchase of securities	1,232,525.00
Miscellaneous	660,833.67
Prison system	1,508,137.40

Total expenditures \$67,210,128.63

PRODUCTION OF WEALTH IN TEXAS

	1920	1926
Agriculture	\$ 711,175,000	\$ 910,000,000
Livestock estimated		210,000,000
Minerals	371,250,979	275,000,000
Forest products	45,312,000	60,000,000
Manufacturing	298,824,898	300,000,000
<b>Total</b>	<b>\$1,426,562,877</b>	<b>\$1,755,000,000</b>

The total land area of Texas is 167,934,000 acres, of which there is about 35,000,000 acres under cultivation. The area suitable for cultivation is placed at 100,000,000 acres.

Texas produced last year about 6,000,000 bales of cotton, or more than one-third of the total production in the United States.

Daily average production of petroleum in Texas has run as high as 600,000 barrels recently. It ranks second to California only as a producer of this commodity.

Eighty-five per cent. of the sulphur mined in the world is produced within forty to sixty-five miles of Houston.

## BANKING IN TEXAS

**T**HERE are two features of Texas banking of special interest. The Constitution of Texas of 1876 prohibited the organizing of corporations with banking powers. A constitutional amendment was voted upon in 1904 and passed, reading as follows:

"The legislature shall, by general laws, authorize the incorporation of corporate bodies with banking and discounting privileges, and shall provide for a system of state supervision, regulation and control of such bodies which will adequately protect and secure the depositors and creditors thereof . . . etc."

This amendment was put into effect by the legislature of 1905 and the original banking laws of the state passed thereby became effective August 2, 1905.

The experience with the law guaranteeing bank deposits is instructive. This law was enacted in 1909 by the legislature, and became effective January 1, 1910. A large number of banks were organized after the guaranty fund law went into effect. Many promoters and others thought that the guaranty system would put the national banks out of business and that large profits would be made by organizing and conducting guaranty fund banks. Too many banks were organized. Many of them were formed by promoters and speculators; many more were managed or operated by inexperienced persons unfamiliar with either the science or practice of banking. Many of these banks failed. The loss to the guaranty fund was great and the burden upon the member banks to support the fund was beyond their ability to stand. The guaranty fund encouraged reckless and unsafe banking methods.

The theory that depositors were protected "by the State of Texas" was everything neces-

sary to enable irresponsible and incompetent persons to build up a large volume of deposits which in such instances were usually employed in hazardous speculative enterprises or embezzled by dishonest officials.

At present the guaranty fund is practically exhausted. Up to date it has paid all its liabilities, but its ability to do so in the future is questionable.

Most of the banks have left the guaranty fund system, only about seventy remaining under it and most of these are small banks.

### STATISTICS REGARDING STATE BANKS IN TEXAS AS SHOWN UNDER CALL STATEMENTS OF APRIL, 1921, AND APRIL, 1926

April 28, 1921	
Total number of state banks and trust companies under this call .....	1,032
Total capital of all state banks and trust companies .....	\$49,928,800
Total surplus and profits .....	22,090,419
Total deposits .....	250,524,428
Total resources .....	359,791,355

April 12, 1926	
Total number of state banks and companies under this call.....	814
Total capital of all state banks and trust companies .....	\$35,514,200
Total surplus and profits .....	16,997,441
Total deposits .....	239,078,266
Total resources .....	309,879,545

### STATISTICS REGARDING NATIONAL BANKS IN TEXAS AS SHOWN UNDER CALL STATEMENTS OF APRIL, 1921, AND APRIL, 1926

April 28, 1921	
Total number of national banks in Texas under this call .....	522
Total capital (paid in) of all national banks in Texas under this call.....	\$42,070,000
Total surplus and profits .....	38,665,000
Total deposits (demand) .....	209,031,000
Total resources .....	385,182,000

April 12, 1926	
Total number of national banks in Texas under this call .....	655
Total capital of all national banks in Texas under this call .....	\$83,797,000
Total surplus and profits .....	59,864,000
Total deposits .....	788,562,000
Total resources .....	996,374,000

## STATE PROVISION FOR EDUCATION

**A**S is well known, Texas was a republic prior to becoming one of the states of the Union and therefore had within her borders an immense public domain. Annexation to the Union was consummated in 1846, and by the Treaty of Annexation, Texas reserved all of her public lands. A controversy arose between the State of Texas and the United States Government as to the boundaries, which was set-

tled by what was known as the Compromise Bill of 1850, otherwise known as the Omnibus Bill. This bill included a provision that the United States Government would pay Texas \$10,000,000 for her claim on what was known as the Santa Fe territory, and the boundaries of Texas were reduced to practically the present limits. This payment by the Government was later increased to something like \$12,500,000; and for the bonds



received, the State of Texas set aside \$2,000,000 as a permanent school fund, or rather, an endowment for her public free schools.

The idea seemed to prevail from the earliest history of Texas that a large portion of the public domain should be used for purposes of education. The present constitution, which was adopted in 1875, set aside one-half of all of the public domain as a perpetual fund for the support of the common schools; and from the other half appropriations of large tracts of land were made to the University of Texas and other state institutions, besides provision made for the encouragement of railroad construction.

This policy of the state has put Texas in the land business, and there is a large office in connection with the state government that deals exclusively with the public lands. This office is presided over by a commissioner of the General Land Office elected by popular vote. The proceeds from the sale of the school lands have been invested in state, county, city and school district bonds. The total value of the securities held by the permanent school fund, together with the unsold land, is estimated at \$76,000,000. The approximate annual income from the investment, which is made up of interest on the securities and lease money from the unsold land, amounts to \$3,000,000, which is one of the elements contributing to the state available school fund.

#### OCCUPATION TAXES

The constitution also provides that one-fourth of all occupation taxes shall be placed to the credit of the state available school fund. In addition, there is a capitation tax of \$1 levied on all persons between the ages of 21 and 60, and a three and one-half mills *ad valorem* property tax on an assessed valuation of approximately \$3,600,000,000.

From all of these sources, including the income from the permanent school fund, the state's available fund for the support of the public free schools amounts to approximately \$17,500,000, of which \$2,000,000 is used

annually for the purchase of free text-books. The recent called session of the thirty-ninth legislature made an appropriation of \$3,500,000 from the general revenue to supplement the funds derived from the other sources mentioned, in order that a per capita apportionment of \$14 to all of the children of the state between the ages of 7 and 18 might be made. The scholastic census of the state taken in March, 1926, gave 1,348,339. As a matter of public interest, it may be well to call attention to the fact that this number of children approximates the number of educable persons in New York City, and the number of teachers employed in the public schools of Texas is practically the same as in the City of New York.

#### LARGE STATE SCHOOL FUND

Texas believes in a large state school fund, but there is a movement on foot to change the plan of distribution as it is recognized that the present plan is defective. The county has never been considered an important educational unit in Texas. In the early history of the state, a grant of 17,712 acres of land was made to each county for the purpose of establishing a county academy, but later this was changed to be used as an endowment for the public schools of the county. Some counties still own their land, while others have sold it at a cheap price. A few counties have lost their fund by mismanagement. The income from this investment is distributed within the county on a per capita basis, following the same plan as is in effect in the distribution of the state fund. The amount of money available for this purpose in the various counties ranges from 5 cents or 10 cents per capita to as much as \$10 per capita.

In addition to the state support, school districts are permitted by a majority vote of the property tax-payers to levy an *ad valorem* tax not to exceed 10 mills, and a restriction is placed upon the district so that it cannot use more than 5 mills of the 10 mills for building purposes.

Recent figures indicate a per capita appropriation of \$14 for school purposes for the current year.

# DEVELOPMENT OF THE COTTON MILL INDUSTRY

IT is a remarkable fact that while Texas produces more cotton than any other state, cotton manufacturing has thus far been developed only to a small extent. The total number of cotton spindles in Texas is approximately 250,000, against some 18,000,000 in all the cotton-growing states. That a large amount of raw material is available may be seen from the production of the last year amounting to over 6,000,000 bales. With this large source of raw material to draw from and with good markets close at hand, cotton mills in Texas should be able to compete with those in other parts of the country.

The humidity over a great part of Texas, especially in the southern portion of the state, is favorable to the manufacture of cotton goods and removes the necessity of artificial humidification, a source of considerable expense in other localities. Other climatic conditions in Texas are ideal. In point of humidity, Texas climate is comparable to those of Lancashire and Bradford, England, which are considered the finest spinning climates in the world.

There is an abundant supply of water for steam purposes and in some localities for power. The fuel question is easily solved by the use of fuel oil, for which Texas is the largest producer in the world. The tremendous natural gas supply in the state is now being utilized, and at low rates. Large users in the vicinity of Houston are securing a rate of 20 cents per 1000 cubic feet. This low rate for gas and the availability of fuel oil tends to cheapen electrical power.

There are only about thirty cotton mills of all kinds operating in Texas at present, including those manufacturing hosiery, underwear and tire fabric yarn, light sheeting and osnaburg (coarse linen), sheeting, single filling duck, duck, cotton wastes, gingham, crash, drills, denims, chambrays, awning stripes, ticking, checks, twines, and cotton blankets.

The mills have been generally successful and it would seem safe to say that with the favorable conditions outlined above, the development of cotton manufacturing in Texas on a large scale in the near future is certain.

## THE LOWER RIO GRANDE VALLEY OF TEXAS

THE lower Rio Grande Valley of Texas, so designated to distinguish it from other valleys along the Rio Grande River and to prevent a misunderstanding as to its location, embraces parts of Starr and all of Hidalgo, Cameron and Willacy counties.

It lies in the southernmost tip of Texas and extends from a point a little more than 100 miles up the Rio Grande to the Gulf of Mexico. The area is fan-shaped and widens from a point near Rio Grande City to about fifty miles at the coast.

The soil, the alluvial deposit of the Rio Grande for centuries past, is the richest known, and with the perfect combination of climate and an abundance of water for irrigation purposes, produces a great variety of crops in ever-increasing quantities.

The climatic conditions are, generally speaking, delightful the year round. The valley is the most southern agricultural area in the United States, but is far from the hottest. It is located many miles south of the most southern part of California, south of the agricultural section of Florida and more than 1000 miles south of the northern extremity

of Texas. The average mean temperature is 73, the average maximum is 82.6 and the average minimum is 64.4, according to the United States Weather Bureau office at Brownsville. A cooling gulf breeze renders the climate comfortable and heat prostrations are unknown.

The crop growing season is twelve months in the year by reason of this equable climate.

Water for irrigation purposes is pumped from the Rio Grande River by twelve huge pumping plants and a number of smaller ones, as they serve the various irrigation projects of the developed sections, into more than 2000 miles of canals which reach 456,500 acres of irrigable land. There are 945,900 acres in the valley subject to irrigation. In addition to this there are more than 1,000,000 acres of fine land suitable for dry farming. Many thousands of these acres are in cultivation and grubbing, clearing and preparation continue in a steady gain as new farms are laid out and developed, being cut off from the great areas formerly known as ranch lands and cattle territory.

The twelve larger irrigation systems have a total value of \$13,594,000.



## COTTON AND CORN CHIEF CROPS

Cotton and corn, the staple crops of many sections, are grown extensively, but products peculiar to the section are citrus fruits and vegetables.

More than 166,000 bales of cotton were produced in 1926 and all of it was gathered and sold before the market declined. There were 15,611 cars of fruit and vegetables shipped from the section during the season of 1925-26. Agricultural products of the valley for the year brought more than \$26,000,000 to the growers.

About 60,000 acres of valley land are planted in citrus trees and Government inspectors report that there are approximately 4,000,000 trees growing. The shipments of grapefruit and oranges are expected to reach the 1000 car mark this season, and the production of 1930 is estimated at 15,000 cars. The yield of orchards will increase rapidly after that time.

The fruit and vegetable crops are grown largely in the irrigated sections of Cameron and Hidalgo counties, but are raised also to some extent in the dry farming sections of Starr and Willacy counties. The dry farming sections produce wonderful crops of cotton and corn, and Willacy County is famed for her "Bermuda" onion crop.

Vegetable crops of the section include cabbage, carrots, beets, potatoes, tomatoes, beans, green corn, spinach, parsley, peppers, onions, celery, asparagus and many other vegetables in smaller quantities.

Government and private experimental farms are in operation, and each season offers suggestions of further development of some vegetable suited to the climate and soil.

Lower Rio Grande Valley grapefruit has established itself in the markets of the United States and Canada, and the oranges are rapidly gaining a foothold with their fine flavor and quality.

In the territory known as the lower Rio Grande Valley are sixteen modern towns with fine schools and churches. The schools are affiliated with the leading universities and colleges of the United States and all of them employ highly trained faculties. More than \$1,000,000 was spent during the last year for new buildings of the finest type.

## MANY CHURCHES

All of the leading denominations have strong churches in the valley section, support-

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ed by growing congregations, under efficient leadership and housed in modern structures. More than \$800,000 has been spent in the last year for new buildings, ranging in value from \$25,000 to \$80,000 each.

A concrete highway connects the principal towns on one "main street," and bond issues of more than \$10,000,000 are planned with which to construct hard roads to almost every farm in Cameron and Hidalgo counties. Practically every county and precinct not included in this movement is preparing to follow the example.

Brownsville has a population of 20,000 and other towns range from 8000 to a few hundred. Towns of the lower Rio Grande Valley include Mission, McAllen, Edinburg, Pharr, San Juan, Alamo, Donna, Weslaco, Mercedes, La Feria, Harlingen, Raymondville, San Benito, Olimto and Brownsville.

The population is estimated at 180,000, an increase of 50,000 in the last six years.

While this has become known as a rich agricultural section of Texas, it is rapidly attaining fame as a resort, winter and summer. Here are found fine hunting grounds.



Some products of the lower Rio Grande: Grapefruit, harvesting carrots, preparing turnips for market, acres of cabbage.

and fishing and swimming waters. Golf is a year 'round pastime and many points of interest offer attractions to the vistors.

Game in this section ranges from quail and white wings to deer, wild turkeys and Mexican lions. Ducks and geese flock to the lakes along the coast and spend the entire winter there.

The finest of tarpon fishing is enjoyed at Point Isabel and the mouth of the Rio Grande on the Gulf of Mexico, and many other varieties of fish are numerous both in the gulf and in the inland waterways.

## AGRICULTURAL DEVELOPMENT OF NORTH TEXAS

**D**EVELOPMENT of the agricultural possibilities of northwest Texas has, in a sense, just begun. True, a considerable portion of this rich and productive territory has been in cultivation for more than a decade, but only in the last two or three years have the farmers begun really to understand what diversification and intensive cultivation may mean, where the soil is rich and the climate favorable—and with this new conception of farming, using their heads as well as their hands, they have, through crop rotation, soil building and conservation, and intensive cultivation of smaller areas, marked the dawn of a new era in Texas agriculture; some of their efforts resulting in astounding yields, with correspondingly low production costs.

All the farmers have not caught the vision. Just a few, scattered here and there, have seen the light. But enough have done so to serve as a challenge and inspiration to the others.

Sandy east Texas farms, a few years ago the habitat of razor-back hogs and bumble-bee cotton, now boast their Berkshires and Durocs, their registered Jersey cows and fine chickens (White Leghorns are the favorite) with small tracts in cotton, yielding one to two bales per acre, and grown at a greatly reduced cost. The soil here lends itself peculiarly to the growing of truck and fruits and several thousand carloads of tomatoes, berries, peaches, watermelons, potatoes, onions and other vegetables are shipped each season to the northern and eastern markets. The splendid quality of the products, themselves, plus their proximity to market would

### OLD WORLD ATMOSPHERE OF MEXICO

Mexico, with a wealth of "old world" atmosphere and picturesque sights, which lure the visitor back again and again, is just across the Rio Grande. Matamoros, a city of 10,000, is opposite Brownsville and Reynosa, a considerable town, is opposite Hidalgo, seven miles from McAllen. International bridges cross the river at both points and a rail line crosses the river at Brownsville, connecting with the National Lines of Mexico at Matamoros. Transportation throughout the valley is afforded by rail and motor bus lines.

seem to insure a steady and permanent growth of this industry.

In the rich "black waxy" prairie country of north central Texas, a greater proportion of the land is under cultivation—cotton, corn, oats, wheat and hay, with sorghum canes showing here and there. Here, too, cultural methods are changing — an agricultural renaissance is under way. Cotton has played, and will continue to play, an important part in this section, but more and more other crops are taking their rightful places in the agricultural program, with the resultant increase in prosperity that always follows such a course.

### WEST TEXAS AN AGRICULTURAL EMPIRE

West Texas stands out as an agricultural empire, just beginning to come into its own. Not many years removed from the Indian and the buffalo, and with great cattle ranches still covering a substantial part of this vast domain, the hundreds of thousands of acres of practically virgin soil planted to cotton, wheat, sorghum canes (milo maize, kafir corn, feterita, etc.) and alfalfa, during the last ten or fifteen years, are yielding remarkable returns. Poultry farms have sprung up here and there and one county in the eastern part of west Texas, with more than 100,000 White Leghorns, is striving to make itself literally "the egg basket of Texas." More and more poultry raising and dairying, as allied activities, are taking their places on north Texas farms, revolutionizing the farming practices that have tended to retard the fuller development of this fertile country.



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**Published at Dallas, Texas, by the publishers of  
The Dallas Morning News.**



Type of home in the lower Rio Grande Valley; a municipal park, lower Rio Grande Valley.

## AGRICULTURE, DAIRYING AND POULTRY RAISING

**T**HERE are great possibilities for agricultural and industrial development throughout Texas, where will be found rich land, suitable for diversified farming, stock raising, poultry raising, fruit growing, and with abundant rainfall and a long growing season. For the individual who is intending to engage in agricultural or industrial pursuits, or for community settlement, this is an attractive location, from the standpoints of sanitation and health and of climate and productivity.

Agriculture and industrial development go hand in hand. Agriculture, poultry raising, and dairying are the pioneers for industrial development. When there is the proper cooperation between agriculture, poultry raising, dairying and industrial development, there is constant employment for labor, which provides a ready income.

Texas presents unusual opportunities for dairying, either on a small or large scale. There are millions of dollars worth of condensed milk and cream shipped into the state annually, the money for which should be kept at home. Dairying is growing rapidly in many parts of the state and the large milk condenseries are beginning to make investigations with the idea of locating plants over the state. This will create an industrial development in conjunction with agriculture and stock raising. North and central Texas lead in dairying at present. Holstein cows and other pure bred stock have been imported to Texas from northern herds and have made large profits for their owners. Banks and business men, chambers of commerce and other organizations are beginning to become intensely interested in dairying under modern and scientific management. Milk and butter prices in Texas cities are high, owing to the fact that it has been impossible to

supply the demand with the present herds.

Poultry raising, like dairying, is another industrialized phase of farming and is being given an important place in the development program along one of the leading railway lines. Plans are being made to increase the poultry industry along the territory served. Poultry colonies are being promoted; the hatching of baby chicks is leaving the farm and becoming a town industry, as is also the fattening of chickens for the market; and egg production is developing into a great industry, independent of the farm. A great deal of interest is being shown, even to the extent of getting those greatly interested in poultry raising to make trips to other poultry raising localities, such as California, where both production and financing projects are studied.

### POULTRY INDUSTRY GROWING

Realizing that the poultry industry is growing rapidly and is destined to become one of the great tonnage producing industries, one railway is exhibiting models of poultry equipment at stations along its line and endeavoring to get men and women, both in cities and on farms, interested in raising more and better poultry, showing them that better equipment and better stock is a paying proposition. This equipment consists of modern laying houses, trap nests, brood houses, and colony houses; in fact, a miniature poultry plant, all built on scale and on the unit plan so that it can be added to from time to time. Poultry raising, which was in the past considered pin money for the women, has now grown to be a bank account with the farmers and with those working in the city and living in poultry colonies nearby. The same railway furnishes



a representative, an expert in the poultry line, to present and explain the colony system, including the costs of construction and kinds of fowls to raise.

A poultry colony consists of several hundred acres of land laid out like a suburban addition and sold to prospective egg producers in tracts of from one to ten acres; usually two or three acres to a family. Gravel roads cut the tracts into blocks approximately 600 feet wide by 1500 feet long. Each block is cut into two rows of acre tracts, each being 300 feet deep and nearly 150 feet wide. Thus the acre tracts have three times the frontage and twice the depth of an ordinary fifty-foot residence lot. Electricity, gas, running water and good roads are usually provided. These tracts are laid out attractively and provided with modern conveniences.



The Amarillo building, Amarillo.

A competent poultry expert is employed, whose services are free to the colonists. This expert pays his way by conducting a breed-farm, hatchery, or both, in connection with the colony. The colony idea has several advantages: A balanced ration is fed to the poultry, better housing and care is provided, eggs are produced in larger quantities, better graded and put on the market in better condition, thus bringing higher prices. Comparisons will show that hens in colonies will produce in the neighborhood of 100 per cent. more eggs than the average farm flock.

It has been found that Texas is adapted to poultry raising. Feed is cheap; land values are reasonable; the climate is mild. One man on an egg farm equipped with modern conveniences can take care of from 3000 to 4000 hens. His investment will be from \$1.00 to \$1.25, the purchase price of each pullet or hen. The average life of a hen is about three years. The poultry house fully equipped will cost about \$1.25 to \$1.75 per bird. Feed will cost about \$2.00 per bird per year. With well bred layers, properly housed and fed, one should get from 125 to 175 eggs per hen, which should bring an average price of 3 cents each or around \$3.75 or \$4.25. This leaves about \$2.00 per hen above feed costs.

#### CAN HAVE HIS OWN HOME

A man employed in the city eight hours per day can have his own home on an acre tract of land in the colony and with some help from his wife can grow his own vegetables and fruit and handle from 300 to 500 hens, netting him from \$500 to \$1000 a year above feed costs. This profit would soon pay for his home. Not every one will succeed as an egg producer, but the colony plan, with the free services at all times of an expert poultryman to advise on the breed, care of hens, prevention and treatment of diseases, etc., offers real advantages.

Both farm and city folks are learning that a one-crop system is ruinous; that soil fertility must be restored and maintained; that farming must be stabilized and that farm income should be spread throughout the year. A decided change in farm practices is, in fact, being witnessed, brought about by the co-operation of agricultural and industrial experts with county agents and other agencies to assist the farmer in this diversification and rotation of crops and in the care of hogs, cows and hens. An increasing number of farmers who have the one-crop idea are benefiting by such information disseminated among them. This development is slower with the cotton grower for, being a tenant farmer, he must do as his landlord dictates. However, the landlords are seeing the light and from self-interest are beginning to make better living conditions on their farms.

#### BUSINESS MEN INTERESTED

The interest of the business men in better farming is being shown in many ways. They

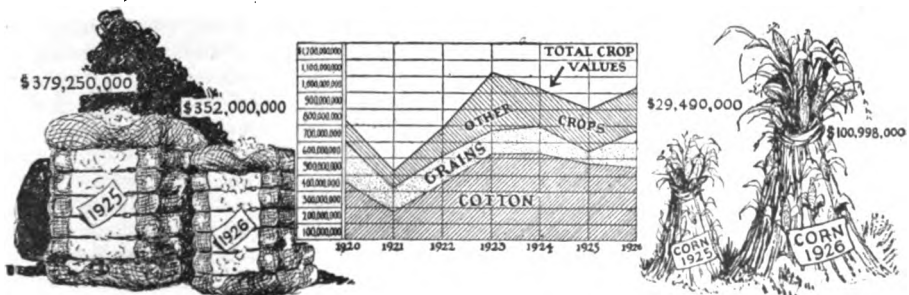
# TEXAS CROP FIGURES



1926  
(From  
"Crops and Markets," published by  
the U. S. Department  
of Agriculture)

1925  
(From Government estimates)

Cotton	\$379,250,000	\$351,000,000
Corn	29,490,000	92,310,000
Kafirs	23,465,000	32,370,000
Oats	8,454,000	28,259,000
Wheat	10,156,000	40,014,000
Barley	752,000	3,750,000
Rye	67,000	1,440,000
Rice	9,012,000	8,540,000
Hay	12,276,000	25,200,000
Peanuts	1,219,000	1,785,000
Sweet potatoes	8,707,000	8,450,000
Potatoes	3,307,000	3,620,000
Sorghum syrup	1,326,000	2,700,000
Broom corn	238,000	246,000
Peaches	2,625,000	3,400,000
Apples	222,000	332,000
Other crops	308,564,000	296,896,000
<b>Total</b>	<b>\$799,330,000</b>	<b>\$901,312,000</b>



(Illustration by courtesy *The Dallas Morning News.*)



are offering prizes in county and state contests and are in every way boosting boys' and girls' club work. Agricultural committees of the chambers of commerce are getting large appropriations for agricultural development. The Southwest is growing away from the one-crop idea and foods for the family and feed for the stock is being grown at home.

There has been considerable said in the press regarding the large cotton crop and the price of cotton and its effect on business. Possibly the low price of cotton may show a lower total value for that crop in 1926 than for the preceding year, although this is not certain. At any rate other crops show large gains in value. Corn brings \$70,000,000 more; kafir, \$10,000,000; oats, \$21,000,000; wheat, \$30,000,000; barley \$3,000,000; rye, \$1,300,000; peanuts, \$500,000; sorghum, \$1,500,000; broom corn, \$10,000; peaches, \$1,000,000; and apples, \$110,000, making a total increase of \$138,420,000 in the value of these crops for 1926 over the previous year.

It may be said that the Southwest is entering an era of transition from distributing to manufacturing. Large manufacturers are establishing more branch houses, branch dis-

tributing houses are fast being converted into manufacturing plants. The location of industries is not accidental. Those interested in this development must have facts and as manufacturers of the North and East learn more of conditions throughout the Southwest, there will be more industrial development.

All the essentials for industrial development are here—raw material, cheap labor, fuel and power, living and housing conditions, future development possibilities and financing resources characterize those essentials found throughout the Southwest. Adequate transportation facilities furnish quick access by rail or water to all parts of the United States.

Texas alone produces from 30 to 40 per cent. of the nation's cotton and 25 per cent. of the world's cotton. There are opportunities for great development particularly in the textile manufacturing industry. Texas industrial development has shown an increase of something like 100 per cent. during the last two census intervals. In many respects Texas is gaining momentum in manufacturing. Business men of the West are learning more about manufacturing business and in the light of this, the development of Texas is rapidly going ahead.



Municipal auditorium, San Antonio.

## SAN ANTONIO

**S**AN Antonio, the largest city in Texas and the greatest military center of the United States, is surrounded by a rich and undeveloped agricultural territory; is the center of the unlimited oil fields of the United States; the gateway to Mexico, with which it enjoys a substantial commercial in-

tercourse; and is one of America's most famous winter resorts. It has an invigorating, year 'round climate, an unlimited supply of artesian drinking water, play-grounds that are in constant use by its citizenship and its thousands of tourists, and a history resplendent in deeds of heroism and numerous



monuments of sacrifice and devotion. The Texans' stand at the Alamo, "Cradle of Texas Liberty," is one of the most stirring events in American history.

The Federal census of 1925 placed San Antonio first among Texas cities and the thirty-seventh city of the United States, with a population of 198,655. The population in 1926 was estimated at 225,000.

The city has an annual rainfall of 26.94 and an average relative humidity of 67 per cent. The altitude is 700 feet.

#### HISTORY OF SAN ANTONIO

San Antonio has owed allegiance to six flags, whose followers have bequeathed to the city a unique history, sparkling with valiant deeds and stirring adventure.

French explorers, making their way inland from the coast, first looked down from the hills into the valley of the shaded San Antonio River, beside which ran the Comina Real, that ancient trail from the City of Mexico, used by the Indians for hundreds of years before the coming of the white man.

Encroachment by the French into the territory which early explorers had claimed for Spain led the Viceroy at Mexico City to send an expedition northward for conquest and settlement, and in 1718 the first permanent settlement of the Spanish in Texas was made, when fifty persons arrived at the head of the San Antonio River, and established San Antonio de los Llanos, and the Mission San Antonio de Valero, later known as the Alamo.

Resolved to hold this immense territory against all intruders, King Ferdinand III, of Spain, encouraged the Franciscan Monks to establish the missions, to be used as churches for converting the Indians and as forts in case of attack.

In 1731 there arrived in San Antonio fifteen Spanish families sent out from the Canary Islands by the King of Spain, and the colony was officially recognized as the first civic settlement in Texas, under the name of San Fernando de Bexar. Thirty years later it was made the capital of Texas.

For nearly a century San Antonio was the center of the conflict between the Royalists of Spain and the Mexican Revolutionists, and Military Plaza was the official execution ground for satisfying whims of the garrison commanders.

Meanwhile there were arriving in San Antonio such lovers of freedom as Stephen

F. Austin, Sam Houston, James Bowie, Ber. Milam, "Deaf" Smith, F. W. Johnson, J. W. Fannin, William Barrett Travis, Edward Burleson, Davy Crockett, and many others of frontier fame, whose presence meant trouble for any tyrant.

Enraged by the acts of Santa Anna, the first revolutionary meeting of Texas was held at Bexar and as soon as an army could be organized the Spanish garrison was attacked, and San Antonio was freed.

The Mexican armies, under the leadership



Mission Concepcion, erected in 1716, San Antonio.

of Santa Anna, at once set out to punish the rebellious Texans, and on February 23, 1836, began the Siege of the Alamo, when Colonel Travis and his 182 Texans faced 4000 Mexicans. On March 6, 1836, the Alamo fell. The massacre was complete. Not a Texan was spared.

After the victory of San Jacinto, on April 21, San Antonio ceased to be the capital of a foreign republic, and when the Republic of Texas was established in 1836, it became the capital of Bexar.

San Antonio was an important military city during the Mexican War, the Civil War, and was made the greatest military center of the United States during the World War, when eight camps were built, which were later made permanent establishments.

San Antonio is a commercial city of the

## PARKS AND PLAZAS

Come to  
**San Antonio**

The commercial and financial center of the fastest growing section in the South.

The latent resources and natural wealth have just been touched.

**Frost  
National Bank**

San Antonio, Texas

*Safety Courtesy Promptness*

first magnitude, the largest city in Texas, the gateway to Mexico, and a city whose future is destined to be commensurate with its illustrious past.

## THE ALAMO

The sacred Alamo stands in the very heart of the City of San Antonio. It was erected in 1718 by the Franciscan Monks and was originally the chapel of the Mission San Antonio de Valero. It was within the gray stone walls of the quaint old chapel, on March 6, 1836, that Davy Crockett, James Bowie, William Barrett Travis and 180 unnamed heroes made their stand against Santa Anna and his 4000 Mexicans.

Pilgrimages have been made to this mission since its erection as a church and fort, and no San Antonian is too busy to explain to the visitor the events which transpired about the Alamo, under the seven flags which have triumphantly waved above its sacred portal.

Four historic missions, built nearly 200 years ago by the Franciscan monks, are found just outside the City of San Antonio.

San Antonio has fifty-two beautiful parks and plazas, scattered about the city, comprising 1100 acres. The largest of these is Brackenridge Park, comprising 363 acres, and containing a lily pond and sunken garden, municipal golf course, polo field, tennis courts, rifle range and bathing beach. San Pedro Park has an area of sixty-five acres, contains the San Pedro springs and municipal swimming pool. About \$250,000 is spent annually in the up-keep of San Antonio's parks. The most important plazas are Alamo Plaza, Military Plaza and Main Plaza, all near the center of the city.

To know San Antonio is to know perpetual spring time, where warm sunshine bathes the verdant hills and valleys, and flowers bloom the winter long. San Antonio's semi-tropical climate combines the mellow sunshine, velvety breezes and balmy atmosphere without the heat of the tropics.

Countless days of sunshine make possible long motor trips through country where hill-sides are covered with beautiful Texas blue bonnets and gorgeous yellow sunflowers.

The drives of the city, which wind through the parks and along the San Antonio River, are shaded by mammoth palms and huge pecan and live oak trees.

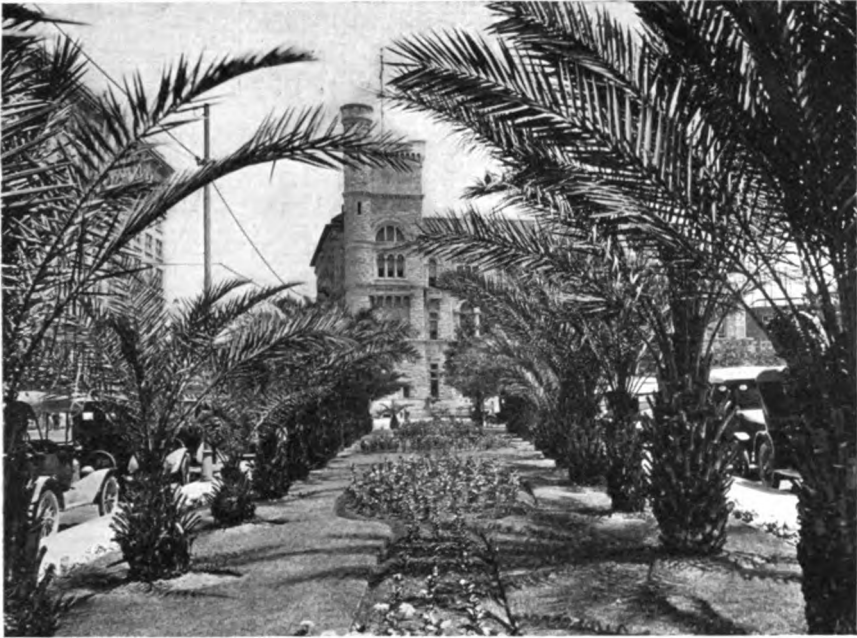
## OIL PRODUCTION

San Antonio is the center of the last big undeveloped oil territory in the United States, with eleven producing fields around it. Major and independent companies are now drilling throughout the Southwest.

From one field at Somerset, eighteen miles south of San Antonio, with a production of about 95,000 barrels of oil in 1919, the industry has grown until today Somerset is produced around 3,000,000 barrels. Mirando Luling field in Caldwell County "came in" two years ago and in nine months of 1924 produced around 3,000,000 barrels. Mirando in Webb County "came in" two years ago and is producing about 600,000 barrels a year; Callihan field in McMullen County, discovered late in 1923, with only a few wells, is producing about 500 barrels a day.

Oil in Somerset is obtained at depths varying from 1200 to 1700 feet; in Mirando at around 1450 to 1600; Luling at about 2150, and in Callihan at 750.

Bexar County has a system of gravel and Uvalde rock asphalt highways that prove a



Federal building (post office), San Antonio.

delight to the motorist as well as adding to the economic value of the community as a whole. There are 323 miles of asphalt and 1100 miles of graveled highway.

The county also has the lowest bonded indebtedness of any large county in the State of Texas. Nineteen hard-surfaced roads, comprising a system of 1600 miles, lead from the heart of San Antonio in every direction to the county line, many of them connecting with hard-surfaced roads in adjacent counties. More than \$18,000,000 worth of agricultural products are annually hauled into San Antonio over these highways, and \$160,000,000 in merchandise sent out by motor trucks.

#### MANY CHURCHES AND SCHOOLS

San Antonio has seventy-seven churches, two Young Men's Christian Associations, and a Young Women's Christian Association. The city has long been known for its good schools and colleges, eighty-six in number—forty-nine public and thirty-seven private. In the 1921-1922 school year the scholastic population of San Antonio was 35,800, of which 28,140 children were enrolled in the public schools.

Seven junior high school centers at a cost of \$1,500,000, the capacity of each

ranging from 500 to 650 pupils, have just been completed.

The water supply of the city is derived from seventeen artesian wells, with an average depth of 1200 feet. The flow exceeds 50,000,000 gallons a day.

Analysis reveals that this water is free from all impurities, low in mineral content and can be used with every assurance of absolute wholesomeness and freedom from any contamination. In fact, it never sees the light of day until it flows from the faucet.

According to statistics, San Antonio is the second healthiest city in America. Its comparatively low mortality rate is due in no small measure to the purity of this water supply. The water is clear and cold the year round, never varying in either temperature or quality. The volume insures an ample supply for a city of more than 500,000 people.

#### CENTER OF FARMING COMMUNITY

San Antonio is located in the center of a large, prosperous agricultural country, adapted to livestock raising and general farming and comprising an area larger than the states of Ohio, Massachusetts, Rhode Island, New Jersey, Delaware and Connecticut.

# In SAN ANTONIO— The City National Bank

ESTABLISHED 1899

*Total Resources Exceed Twelve Millions*  
*Correspondence Invited*

The soil varies from the stiffest black waxy, built up on a limestone foundation, to a sandy loam with a clay subsoil. Part of the territory is rough and hilly, especially adapted to grazing. Other sections spread out in broad, rolling prairies, with good elevation and drainage, adapted to grazing and farming. Cattle, sheep and horses of the highest quality are raised on the ranches lying within this territory and more and better cattle are fattened on the grass from south Texas than in any other part of the state.

The principal agricultural crops are cotton, corn, grain, sorghums and hay. Truck crops of all kinds are grown with or without irrigation in this territory and more and better cattle are raised. Fruits, including figs, pears, plums, peaches, oranges, grapefruit and lemons, are produced in different parts of this territory and Texas Bermuda onions are produced in and shipped by the train-load from the territory immediately south of San Antonio.

The rainfall in the vicinity of San Antonio is about twenty-seven inches per year, with the heaviest from April to September. The

mean annual temperature is 67.9 degrees with the average date of the first killing frost in the fall, November 28, and the average date of the last killing frost in the spring, February 24. This gives an extra long growing season, and in many instances two crops can be grown on the same land in one year. The water supply of this territory is abundant and in many localities the rainfall is supplemented by irrigation from the streams or from artesian wells, which flow from 500 to 1500 gallons per minute.

Bexar county, in which San Antonio is located, has more miles of macadamized roads than any other county in the State of Texas. Nearly all the cross roads are graveled, which permit their use at all seasons of the year. There is a great amount of agricultural land in this territory that has not been developed and land values range from \$15 to \$150 per acre for dry land, and from \$100 to \$250 for irrigated land, depending upon the location, the character of the soil, and the improvements.



Fifty-thousand-dollar municipal golf club house, San Antonio.

# Guaranty Bond State Bank

San Antonio, Texas

Capital \$200,000.00

Surplus \$175,000.00

*Will gladly answer inquiries  
regarding South Texas*

## HAS GOOD TRADE TERRITORY

San Antonio is the natural gateway to the Republic of Mexico and is the center of a trade territory larger than the states of Ohio, Massachusetts, New Jersey, Delaware, Rhode Island and Connecticut. Labor is plentiful, lignite and fuel oil easily obtained and, because of the mildness of the climate, heat is unnecessary in the factories. The humidity

The leading industries are iron and steel, candy, textiles, cigars, leather goods, clothing and soap.

There are excellent opportunities for the establishment of factories to manufacture furniture, brick, textiles, trucks and tractors, automobiles, clothing and pottery. Canning and packing plants are needed for the preserving of vegetables, fruits and meats and dairy products. Twenty million acres of land in this territory await cultivation.

San Antonio has modern hotels, thoroughly equipped to take care of tourists and travelers. While the European plan predominates, there are also American plan hotels. Family hotels, with every facility for comfort, have proved popular, especially for tourists.

Excellent transportation facilities are furnished by seven leading railway lines.



Wild game abounds around  
San Antonio.

is low, minimizing rust and deterioration. The Mexican labor is alert and easily trained. Open shop conditions prevail. The 800 factories represent a capital investment of \$40,000,000 and have an annual output valued at between \$80,000,000 and \$85,000,000.

## ARMY POSTS AND CAMPS

The United States Government has located at San Antonio the largest and most varied military establishment in the United States.

Fort Sam Houston, the headquarters of the Eighth Corps Area, is a cavalry post and home of the famous Second Division, which is fully equipped for action; Kelly Field is the largest aviation field in America, and every type of plane known to aviation is represented in the great hangars; Kelly Field No. 1 is the great Air Intermediate Depot; Brooks Field is a balloon field and primary training field; and is one of the few fully equipped; Camp Normyle, the huge Motor Transport Camp, is a permanent shop and training center; Camp Stanley, the artillery camp, is the maneuver ground of the artillery; Camp Bullis, the artillery and rifle range, sees the staging of maneuvers in which every branch

## Are your windows bringing in business ?

Banks all over the country are waking up to the tremendous new-business possibilities of window displays. Attractive, scientifically arranged displays actually bring folks into your bank and create business for all departments. How this is done is described in

# 101 Window Displays

By M. E. Chase

This book is not based on theory or guess-work but is the result of many years' study by the author and a careful investigation of the methods used by banks and investment houses that have been most successful.

A feature of the book is the careful description of 101 original displays for all departments of banking.

But don't take our word for this. Send for and examine this book at your own desk at our risk. Mail the coupon below TODAY.

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Bankers Publishing Company,  
71 Murray Street, New York.

You may send me a copy of 101 WINDOW DISPLAYS by M. E. Chase on 10 days' approval. At the end of 10 days I will either send you my check for \$5.00 or return the book.

Name .....

Bank .....

Address .....

## A New Edition of a Standard Work . . . . .

---

This book is a manual of the world's monetary systems; the foreign exchanges; the stamp duties on bills of exchange in foreign countries; the principal rules governing bills of exchange and promissory notes; foreign weights and measures; and bullion and exchange operations. The first edition of "Tate's Cambist" appeared in 1829 and the present edition is the twenty-seventh to be brought out under the imprint of Effingham Wilson. It has been entirely revised and re-written in order to cover the many changes in foreign exchange since the War.

# TATE'S Modern Cambist

*Edited by*

**WILLIAM F. SPALDING**

**Price \$10.00**

---

The London "Times" calls this edition the most "important reference book on monetary questions issued since the War," and says that it "should prove indispensable to every banker, foreign exchange dealer, financial house and to all those requiring an authoritative record of the world's present monetary systems and foreign exchanges."

### *Some Press Opinions*

"In the hands of Mr. W. F. Spalding the preparation of this standard work, with the thoroughness to be expected from this author, has naturally necessitated the re-writing of much of the book, which is now up to date in every respect."—"Morning Post," December 28, 1925.

"Will be welcomed by all those whose business requires exact information regarding the money units of civilized countries. In the new edition Mr. Spalding has had to include countries never dreamt of before the War."—"Daily Telegraph," December 19, 1925.

*For sale by*

**The Bankers Magazine**

71 Murray Street, New York



of the army is represented in battle formation; the United States Arsenal, surrounded by beautiful grounds, is one of the oldest military establishments.

Approximately 12,000 troops are stationed in the camp. The army spends more than \$18,000,000 annually in San Antonio for payroll and subsistence.

## DALLAS, "THE NEW YORK OF THE SOUTHWEST"

**R**EX Beach, the well-known author, in a recent novel staged in Texas, said that if a New Yorker were to reach Dallas at night on his first visit to this city, upon awakening in the morning he would have to rub his eyes to make sure he was not still within sight of Broadway.

It is a frequent habit of visitors to refer to Dallas as "the New York of the Southwest." They get this impression, they say, from the skyline with 125 buildings from five to twenty-nine stories in height and outranked in impressiveness only by New York; from the character of office buildings and hotels; from the speed at which people walk and the general traffic moves; from the volume of business transacted and the "tempo" of business and industry.

The 1900 Federal census gave Dallas the rank of eighty-sixth among cities of the nation; the 1910 census changed this to fifty-eighth and in 1920 the Federal census gave Dallas the rank of forty-second. If this rate of gain is maintained by Dallas and all larger cities, the 1930 census will place Dallas as the thirty-first city of the nation in population.

Dallas is larger than the Federal census would indicate. Its city limits are but twenty-six square miles, and this was all that was considered in the population of 158,976, given out by the 1920 census. Greater Dallas, a radius of some six miles from the city hall, has a population of about 280,000, and it is growing at the rate of about 15,000 a year.

But even taking 280,000 as the figure the business transacted by the city would indicate a far greater population. In 1925 Dallas ranked fifteenth among the jobbing centers of the nation, twenty-fourth in postal receipts, sixteenth in volume of parcel post business, thirteenth in volume of second-class mail matter, twentieth in bank debits to individual accounts and nineteenth in bank clearings. In 1926 Dallas ranked twenty-first in volume of building permits among all cities of the United States.

And then take the matter of express business. Dallas ranks first among all cities of the nation in express business per capita and fourteenth in total volume of business, according to the records of the local office of the American Railway Express Company.

The city superintendent of the Western Union Telegraph Company announces that the receipts of the local office have increased 100 per cent. in the last ten years and that Dallas has the third largest telegraph office in the United States, employing 2000 people and handling 42,000,000 messages a year.

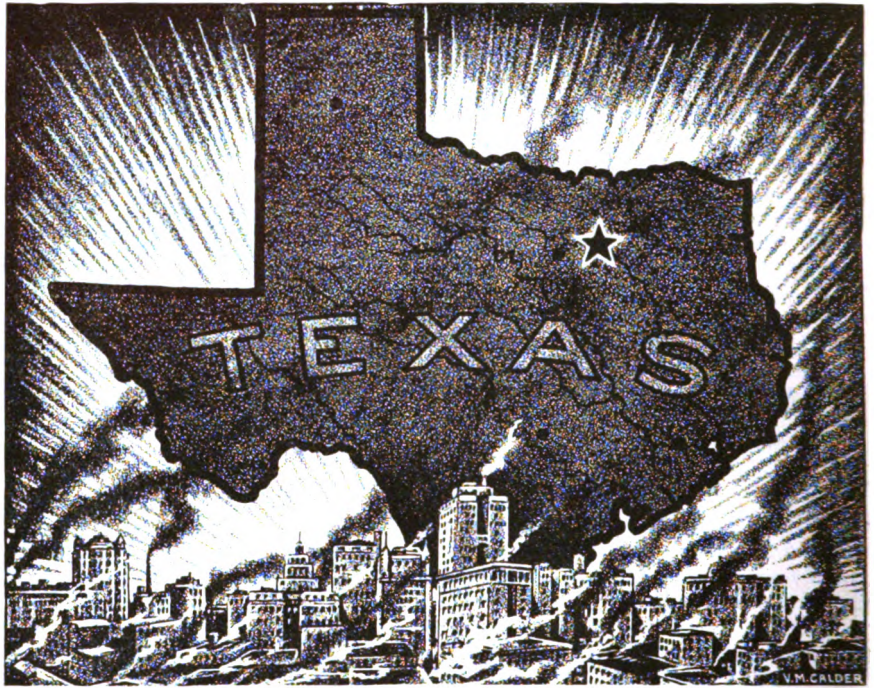
It is principally as a distributing center that Dallas has made its growth, although Government reports show that for several decades Dallas has led the state in manufacturing, and manufacturing unquestionably will be the next big era in the city's development. Dallas has 500 more business concerns of all kinds than the next Texas city in rank, according to Bradstreet's. More northern and eastern concerns maintain distributing branches at Dallas than in all Texas cities combined.

### LARGE WHOLESALE BUSINESS

There are 500 wholesale houses in Dallas carrying stock. The annual wholesale business of the city has reached \$800,000,000. Nearly 3000 traveling men make Dallas their headquarters. Dallas leads the world in the distribution of cotton gins, cotton seed products, saddlery, harness and leather goods, and is the world's third largest distributing point for farm implements and machinery. Among other lines of distribution in which Dallas leads the Southwest are dry goods, automobiles, paper, drugs, office supplies, musical goods, building materials, heavy hardware, oil field supplies, jewelry and optical goods, motion picture films, sporting goods, soda fountains, electrical goods, telephone equipment, books, printing, equipment, bagging and ties, barber supplies and photographic goods.

As a retail center Dallas ranks well with





## Decentralization of Industry

Commerce is witnessing now an era of marked decentralization of industry.

A radically changed buying policy of the retail merchant has made imperative the establishment of wholesale and manufacturing houses in strategic centers where density of population, per capita income and buying power insure an immediate and a continued financial success.

Such a center is Dallas. The distributor or manufacturer who expects to share substantially in the profitable distribution of his merchandise in the fast growing Southwest should most certainly be established in Dallas.

We will be glad to furnish upon request absolute facts about Dallas and the Southwest.

*Industrial Department*  
**Chamber of Commerce**  
**Dallas, Texas**





Magnolia building, Dallas.

many cities of greater size. It has some 3000 retail establishments, employing 20,000 persons and selling approximately \$250,000,000 worth of goods annually.

Dallas has some 700 manufacturing establishments with an annual output approximately of \$161,000,000. In at least two lines Dallas leads the world. Nearly one-half of the world's supply of cotton gins is made here, and Dallas also leads in the manufacture of saddlery, harness and leather

goods. Cotton seed products are another important line. A considerable impetus was given this industry by the recent addition of a \$3,000,000 plant of the Proctor & Gamble Company. Among leading manufacturing lines not mentioned in the foregoing are building materials, meat packing, iron and sheet metal products, flour and grist mills, bakery products, printing and publishing, petroleum, refining, candy, caskets, automobile accessories, paints, beds, beverages, brooms

# Your Texas Business

The Republic's intimate knowledge of Texas' industrial and financial conditions is at the service of out-of-town clients.



Complete Financial Service  
Banking—Trust—Investment

*The* Republic National Bank  
Republic Trust & Savings Bank

DALLAS, TEXAS



and brushes, and awnings, drugs and chemicals, cloth, clothing.

#### PRODUCER OF RAW MATERIAL

Texas is the greatest producer of raw materials in the nation, fuel of all kinds is plentiful and cheap, transportation and distribution facilities of Dallas are excellent, labor is ample and Dallas has every opportunity to become one of the really important manufacturing centers of the United States.

The Southwest, embracing Texas, Oklahoma, Arkansas and Louisiana, of which Dallas is the geographical center as well as the capital and leading market, is Dallas's trade territory. This vast section has produced as high as \$5,000,000,000 in new wealth in a year, or \$500 per capita. This new wealth comprises agricultural products, livestock, lumber, oil, coal, other minerals and manufactured products. For several years Texas has led the nation in agricultural products, although only one-fourth of its available tillable land is under cultivation. The rapidly developing empire of Mexico also transacts a large business with Dallas houses.

Dallas is in the heart of the famous "black-land belt" of Texas, considered one of the most productive sections of the world. The territory within a 100-miles radius of Dallas supports a population of about 2,000,000. Within twenty-four hour mail service of Dallas dwell 11,000,000 people.

Networking this 100-mile radius, or "magic circle," as it is called because of its productiveness, are six electric interurban railway lines entering the city. There are also nine steam railway systems serving Dallas directly. Indicating the importance of Dallas as an assemblage point for tonnage, twenty-five "off line" steam railroads, as well as a number of steamship companies, maintain offices here.

Dallas is the home of one of the twelve Federal Reserve Banks of the nation, showing the financial importance of the city. The city also has thirteen national and state banks, with combined resources aggregating \$176,872,476, as well as scores of other financial institutions such as joint stock land banks, trust companies, building and loan associations, etc. Dallas is the insurance heart of the Southwest, with several thousand people



Santa Fe Terminal building, Dallas.

# *Complete Service to Correspondents*

THE CITY NATIONAL BANK OF DALLAS  
is completely equipped, capably managed  
and alert to accord prompt, efficient service  
to business intrusted to its care.

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J. A. Pondrom	President
Lang Wharton	Vice-President
George Waverley Briggs	Vice-President
E. J. Gannon, Jr.	Vice-President
Ray Nesbitt	Vice-President
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C. J. Oldham	Assistant Cashier
C. B. Parrott	Assistant Cashier
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# The City National Bank

*Since 1873*

“THE OLD RELIABLE”

**CAPITAL, SURPLUS AND PROFITS OVER  
FOUR AND ONE-HALF MILLION DOLLARS**





Business street of Dallas in 1873.



FAIRCHILD AERIAL SURVEYS, INC.

Dallas business district today.

**JANUARY**  
1st - 1927

Insurance in Force  
Over  
\$112,800,000.00

Admitted Assets Over  
\$12,300,000.00

Paid to Policyholders  
and their beneficiaries  
Over  
\$6,350,000.00

**SOUTHLAND**  
Life Insurance Company

Home Office:  
Dallas, Texas  
Harry L. Seay, Pres.

**SOUTHLAND LIFE INSURANCE COMPANY**  
HOME OFFICE . . DALLAS, TEXAS.

employed by the more than 200 insurance companies or agencies located here. Four Texas life insurance companies have their general offices in skyscrapers here, in all but one instance these are owned by the concerns. Dallas is one of the six largest fire insurance centers of the Nation.

Oil development has been of tremendous importance to Texas the last few years, and because of its central location, its financial

facilities and its general metropolitan advantages, Dallas is securing more and more of the large oil companies. It was due directly to oil that Dallas secured its largest building, the recently completed Magnolia Building. This structure is twenty-nine stories above ground and two beneath, with a height of 450 feet over all. Outside of New York, there are only three taller buildings. Dallas has five oil refineries, a number of con-



Golfing at Brookhollow Country Club, Dallas, one of the twelve golf courses of the city.



Statement of the Condition of

# The American Exchange National Bank

## of Dallas, Texas

Made to the Comptroller of the Currency at the Close of Business December 31, 1926

### ASSETS

Loans and Discounts .....	\$35,436,611.01
United States Bonds, to Secure Circulation .....	1,959,510.00
Other United States Securities, Owned .....	1,500,000.00
Stock in Federal Reserve Bank .....	180,000.00
Other Stocks and Bonds .....	451,883.72
Furniture and Fixtures .....	70,157.34
Real Estate and Banking House .....	2,110,382.36
Other Real Estate .....	116,850.00
Customers Liability Acceptances .....	295,000.00

### CASH—

On Hand and		
with Federal Reserve Bank .....	\$9,125,952.32	
With Other Banks .....	2,480,189.56	
With United States Treasurer .....	97,250.00	11,703,391.88

**Total .....** \$53,823,786.31

### LIABILITIES

Capital Stock, Paid in .....	\$ 5,000,000.00
Surplus Fund .....	1,000,000.00
Undivided Profits, Net .....	3,050,000.00
Reserved for Taxes, etc. ....	244,615.91
Reserved for Contingencies .....	189,766.94
Circulation .....	1,816,000.00
Acceptances Executed for Customers .....	295,000.00

### DEPOSITS—

Individual .....	\$32,183,153.74
Banks and Bankers .....	8,778,879.15
United States Government .....	1,166,370.57

**Total .....** \$53,823,786.31

cerns manufacturing oil field equipment and it distributes millions of dollars worth of oil field supplies annually. Scores of people who have made fortunes in oil have moved here and erected splendid homes. Dallas is in the exact heart of oil production in the Southwest, in Oklahoma, Arkansas, Louisiana and west, south and central Texas. It is but seventy miles from the famous Mexia and Corsicana fields and within easy overnight travel is produced more than one-half of the oil of the United States.

### POINTS OF INTEREST

Places of interest pointed out to visitors in a spin over the 200 miles of paved streets in Dallas include the Dallas-Oak Cliff viaduct, the longest concrete viaduct in the world; Fair Park, home of the Nation's greatest state fair, with buildings and grounds valued at \$2,500,000 and with an annual attendance of 1,000,000 and then, the many "breathing spots," comprising Dallas's 3500 acres in parks and playgrounds. The golfer does not find Dallas lacking in the matter of links, as it has fifteen golf courses. There are opportunities near at hand for the man

who likes swimming, hunting or fishing. During the past five years Dallas has constructed more than \$4,000,000 worth of playhouses, giving the city thirty-one theaters.

The city pays higher salaries to the 1100 teachers in its public schools than any other city of the state. Dallas has 130 schools, including forty-five grade, five high and eighty private schools. It is the home of the Southern Methodist University, Dallas University, Baylor Medical College, including the departments of pharmacy, dentistry and nursing, and many other educational institutions of high rank. Speaking for the general moral and religious tone of the city, Dallas has nearly 200 churches, comprising nearly all recognized denominations.

It is no trouble to see Dallas. There are 65,000 automobiles in Dallas county and the street railway system has more than 100 miles of track reaching every point in the city.

Health conditions are excellent. The average annual temperature is sixty-five degrees, the average annual rainfall thirty-seven inches, and the altitude around 500 feet. The water supply is pure and plentiful, and comes both from artesian wells and several large reservoirs.

## Serving the Southwest

—An alert type of service to its correspondent clientele—based on intimate knowledge of banking needs in this territory and upon the willingness to be used in every capacity one good bank may serve another.

—Correspondence or conference cordially invited.

## North Texas National Bank

in Dallas

Magnolia Building

Dallas is a composite city, yet has a definite personality. Here you will find pleasingly blended the courtesy of the South, the chivalry of the West and the aggressive bustle of the busy North. If you have never come in contact with the famous "Dallas



Cotton Exchange, Dallas.

spirit," you have something new and different in store.

## HOUSTON

**H**OUSTON was founded in 1836, after the battle of San Jacinto when General Sam Houston and his band of Texas pioneers defeated General Santa Anna and his army of Mexican soldiers. This conflict was the decisive battle of the war which resulted in complete independence for, and the creation of, the Republic of Texas. It was fought on April 21, 1836, and the battlefield, now a state park, is situated twenty-two miles from Houston.

The little town was named for General Sam Houston and further honor was conferred when the first congress of the Republic of

Texas designated Houston the first capital of the new nation. The site selected by the founders of Houston, John K. and A. C. Allen, was the south bank of Buffalo Bayou, six miles north of Harrisburg, which at that time enjoyed the distinction of being at the head of navigation. One of the first acts of the Houstonians was to remove impediments to navigation in the stream between the two towns, and thus automatically Harrisburg's former distinction was transferred to Houston.

From its inception Houston has enjoyed exceptionally adequate transportation facilities



and these same advantages are today the prime factors contributing to the city's steady growth and prosperity. It was from Houston the first Texas railroad was operated and as far back as 1850 Houston was an important railway center not only for Texas but for the Southwest. Houston's present importance as a rail distributing point is indicated by the fact that more than 60 per cent. of the railway freight stations in Texas are directly reached by the seventeen rail lines serving Houston.

#### CULTURAL SIDE NOT NEGLECTED

The cultural side of Houston has not been neglected. From its humble beginning ninety years ago, Houston has become a metropolitan city of skyscrapers, several hundreds of miles of paved streets and boulevards, attractive parks, fine schools, beautiful churches, public libraries, a magnificent public art museum and to a generous degree all of those things which make a community a desirable place in which to live and toil.

An interesting development of recent years in the gulf coast territory surrounding Houston is fig culture. It has been found that the soil of this particular area produces figs of unusual size, color and uniformity, exceedingly tender, virtually seedless and with a

flavor in preserved form that is superior to that of figs grown elsewhere in the world. The fig orchards around Houston constitute one of the interesting sights in store for the visitor to Houston.

Houston's water supply is pumped directly from deep artesian wells into the mains. It does not need to be treated and it has never been known to have caused digestive disturbance. Samples of the water are examined each week at the bacteriological laboratory of the city health department and a re-check is constantly kept to prevent possibility of pollution.

The steady growth of Houston since the year 1860 is shown by the following table of population:

1860 .....	4,845
1870 .....	9,382
1880 .....	16,513
1890 .....	27,557
1900 .....	44,638
1910 .....	78,800
1920 .....	138,276
1925 .....	164,954

#### HOUSTON AS A PORT

Through the transformation wrought by the judicious expenditure of approximately \$20,000,000 by the United States Government and the citizens of Harris county, Buffalo Bayou is now the Houston ship chan-



Airview of Houston business section.

## An Outstanding Texas Institution

**Capital**  
**\$600,000**

**Surplus**  
**\$600,000**



**Trust**  
**Banking**  
**Bond**

**Loans**  
**Sold**

## Guardian Trust Company Houston, Texas

Offers to investors First Lien 6% notes against Houston City Property. Loans do not exceed 50% of conservatively appraised value.



nel and Houston has changed from an inland distributing center to a world port that is visited by ships of all nations.

The development of Houston's port business has been little short of remarkable. In 1920 which was the first full year of exportation (the first vessel carrying an export cargo from the Port of Houston being in November, 1919) the total tonnage was 1,210,204. For the year 1925 the total was increased to 9,118,582 tons, a gain of 653 per cent.

In November, 1919, Houston exported her first bale of cotton and the total exportation of that commodity for the 1919-1920 cotton season was 69,839 bales. During the 1924-1925 season the total was increased to 1,821,828 bales and Houston attained the rank of second cotton port of America.

The port and terminal facilities of the Port of Houston cost \$7,000,000, contributed by the citizens of Houston and Harris county. The affairs of the port are directed by the Harris County Navigation Commission, composed of representatives of the city and county.

The largest vessels visiting the ports of the Gulf of Mexico have been coming to Houston since 1919. The Houston ship channel has a ruling depth of thirty feet and a bottom width of 150 feet. The distance

from the turning basin at the head of deep draft navigation and the Gulf of Mexico is approximately forty-five miles.

As a result of the inauguration of water commerce at Houston an extensive industrial development has taken place on the banks of the Houston ship channel. In this area there have been constructed forty-three industries at a total construction cost exceeding \$100,000,000. These industries include oil refineries, chemical works, flour mill and grain elevator, cement plant, fertilizer works, molasses refinery, cotton compress and warehouses and coal and oil bunkering plants for the fueling of ships.

#### EDUCATIONAL FACILITIES

In Rice Institute, Houston has one of the outstanding colleges of the South. This institution of higher learning has an endowment of \$14,000,000 given by William Marsh Rice, Houston pioneer. The equipment of Rice Institute is of the finest and its faculty members have been recruited from the educational centers of the world. Its courses are co-educational and tuition is free. The present enrollment is about 1100 and there are sixty members of the faculty.

Rice Institute has a campus of 300 acres



Section of Houston's industrial area on Houston ship channel, all of which was established after the opening of the city's port facilities.

## CORRELATING Texas and the Southwest with the Nation's Foreign and Domestic Business

From the oil fields of Texas and Oklahoma comes the crude oil that is refined in the great refineries of Houston and shipped from Houston docks to all parts of the world. From Texas comes one-third of the entire nation's annual cotton crop—equal to the raw production of all the gold, silver, zinc, lead, and copper of the whole United States—valued at more than \$430,000,000. Most of this is shipped from Houston and Galveston. From North Texas and Oklahoma comes wheat to be loaded on ships from Houston and Galveston Grain Elevators. Houston is the closest port to the source of these great products, which with rice and numerous other commodities make the exports from Texas about equal to those from the Port of New York.

The intimate knowledge of Houston industry gained through sixty-one years of association with the City's progress enables the First National Bank, the oldest and largest in Houston, to render valuable assistance in financing the production and distribution of the natural resources of Texas and the Southwest—and its foreign and domestic banking facilities have contributed a service fully commensurate with the vast importance of the interests involved.



RESOURCES FORTY MILLION DOLLARS

and twelve initial laboratory, lecture and residential buildings of extraordinary beauty. University courses are offered in liberal arts, pure and applied science, architecture and engineering, and graduate work in mathematics, physics, chemistry and biology.

The public schools of Houston were organized in 1887 with a total enrollment of less than 1600 pupils. The schools were municipally controlled until 1922 when, by



Esperson building, Houston, said to be the South's tallest business building. It was constructed by Mrs. Neils Esperson as a memorial to her husband, a wealthy Texas oil man who died a few years ago.

an act of the legislature, the city of Houston and a considerable territory north of the city were included in an independent school district. The municipal government now has no official connection with the schools except in the matter of collecting school taxes. The schools are under the complete control of a school board composed of seven members

ected at large by the voters of the district.

Houston's public school system consists of four white senior high schools, three six-year colored high schools, seven junior high schools and fifty-nine ward schools. Of these buildings eighteen are assigned for the use of negro children. The physical equipment of Houston's school system represents a cost of \$12,100,000. In 1924 \$3,000,000 was authorized for high school buildings and other equipment. This building program, now nearing completion, is for two senior and six junior high schools. This new construction will give to Houston one of the finest high school systems in the South.

In 1925 a bond issue of \$4,000,000 was approved for additional grade school construction. This bond issue was authorized after a careful survey of elementary school buildings. It will be expended in the near future for additional elementary school buildings, a sum being reserved to take care of the needs and probable exigencies of the next several years.

Much attention has been given, in the construction of Houston's public schools, to beauty of architecture and permanency of construction. In keeping with the vastness of Texas, Houston school children have ample playgrounds, set in many instances amid semi-tropical vegetation, in which to romp and enjoy their recess games.

But the enlargement of the physical plant is not the only note of progress evident in the public school system of Houston. The

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**Bankers**  
**Mortgage Company**

**Capital \$2,000,000.00**  
**Surplus 600,000.00**

**Houston, Texas**

last two years has brought noticeable changes in both the administrative and instructional fields. Among other things Houston school people have undertaken a thorough revision



City auditorium, where the business sessions of the 1927 A. B. A. convention will be held.



of the curriculum, and there is evidence that soon they will have one of the most efficient courses of study in the country.

Since 1919 the net enrollment of the Houston public schools has increased from 23,000 to 34,000 pupils. To take care of this large enrollment there is employed a faculty of 1200 teachers.

There are 2299 acres of land in Houston's park system. The smaller parks are so situated as to be accessible to virtually every resident regardless of his place of residence. Most of the parks have modern playground equipment and supervised play is conducted by the recreation department of the city. An excellent public golf course is maintained at Hermann Park. This park has a zoological garden, the specimens of which are housed in permanent buildings. Sam Houston Park is situated within short walking distance of the retail business district.

Houston is essentially a homeloving, home-owning community. During the last three years approximately 10,000 new homes have been constructed in this city, the vast majority of which have passed into the hands of home owners. Houston citizens take pride in their homes as shown by the distinctiveness of their construction, and the beauty of their settings.

Houston's rapid residential development during the last five years has spread over almost every section of the city, has turned 2013 acres of timber and prairie into streets and terraced lots and has caused the expenditure of millions of dollars in improvements.

The firm foundation of Houston's growth is demonstrated by the following figures covering the business of Houston public utility companies as of December, 1924 and 1925:

	1924	1925
Water connections .....	25,595	28,056
Telephone connections .....	43,157	48,011
Gas meters .....	27,926	30,457
Electric light meters .....	49,677	55,246

The climate of Houston permits the enjoyment of outdoor sports the year round. Fresh and salt water fishing and hunting of

both large and small game are available for outdoor enthusiasts. Wild ducks are particularly plentiful in season. Within short distances of Houston are a number of bayshore resorts where one may enjoy all forms of aquatic sports.

#### STATISTICAL FACTS

Area .....	41 square miles
Assessed valuation .....	\$215,350,200
Bank clearings .....	\$1,730,223,471
Bank deposits .....	\$166,944,017
Bank savings .....	\$24,671,862
Gross cotton receipts .....	4,784,025 bales
Net cotton receipts .....	2,668,265 bales
Paving .....	474 miles
Storm sewers .....	87 miles
Sanitary sewers .....	305 miles
Postal receipts .....	\$1,686,028.59
Tax rate (general) .....	\$1.87 1/2
Tax rate (school) .....	\$1.00
Births .....	3,789
Deaths .....	2,606

#### PUBLIC OPERATIONS

The city auditorium, recently remodeled at a cost exceeding \$700,000, with a seating capacity of 5000, is owned and operated by the city. This building is the scene of many and diverse civic activities and is rent free for convention purposes. The city owns a portion of the harbor facilities, the remainder of which were constructed by the Harris County Navigation District. The city's facilities are leased to the Navigation District and all of the affairs of the port are administered by a navigation commission which consists of representatives of the city and county and a chairman selected by both groups. The water works system, supplied by deep artesian wells, is owned and operated by the city.

Clearings for the Houston banks for the first nine months of 1921 were \$878,971,512 and for the first nine months of 1926 were \$1,336,662,891.

Figures as of June 30, 1921, and June 30, 1926, were as follows:

	June 30, 1921	June 30, 1926
Capital .....	\$ 8,150,000	\$11,225,000
Surplus and profits .....	5,443,424	7,261,345
Deposits .....	77,974,722	132,338,502
Total resources .....	101,889,144	158,906,434

## GALVESTON

**N**OT in many years has the Southwest produced and harvested such a variety of crops with more than average yields as are recorded for the year 1926.

With such record breaking prosperity throughout Texas and the Southwest, the Port of Galveston—the territory's gateway to foreign markets—has had an exceptionally good year. But aside from the enormous port activity, conditions in Galveston and vicinity, agriculturally and industrially, have never been better.

Confidence in the business and industrial situation is based on the increased volume of trade, bank clearings, freight car loadings and the full employment of labor.

Building permits in Galveston for the first nine months of 1926 totaled \$2,923,061. For the entire year of 1925 they were only \$1,707,371.

Bank clearings for the year amounted to \$1,756,938,000 which is more than is credited to another Texas city with five times the population of Galveston.

During the last five years Galveston has made the following gains relative to the city's growth: Population 20.1 per cent.; telephone installations, 28.5 per cent.; water connections, 31.7 per cent.; postal receipts, 25.9 per cent.; school census, 34.1 per cent.

During the cotton season ending July 31, 1926, there were 3,051,246 bales received for

export. Four grain elevators have a combined storage capacity of 5,050,000 bushels. During the season, July 8, to October 1, more than 29,000,000 bushels of grain were handled without congestion.

The facilities of the Port of Galveston are in keeping with the productive ability of the territory it serves. Rail and water facilities are closely co-ordinated affording systematic and steady handling of cargo from freight car to ship or from ship to car. Incoming freight cars are spotted for unloading at any pier or storage point with a maximum terminal handling of three miles to the furthest point. Vessels can be given the quickest turn around of any place in the world. The labor is admittedly the best longshore labor in the United States, and, with all these advantages, the physical layout of the waterfront is such that every single factor which may tend to delay is obviated.

### HAS THIRTY-TWO PIERS

Galveston has thirty-two piers and berthing space for more than 100 ocean going vessels; its bunkering facilities include coal elevators, coal barges and convenient oil stations. Serving the wharves are 24½ miles of standard gauge railway trackage; on the waterfront proper, there are more than 3,000,000 square feet of covered storage space



Section of the business district of Galveston with the harbor in the background.



A portion of Galveston's waterfront, showing the dock where more than 600,000 tons of sulphur were loaded into ships during 1925. Note how the slip system is followed out.

and the Galveston Wharf Company, which is one-third owned by the city, has 12,400 linear feet of improved channel frontage, while other interests have more than 2000 feet in addition. Within this area, however, by the slip plan there are 41,832 linear feet of wharves with a thirty foot depth at the docks; the average yearly business passing over Galveston docks amounts to more than \$800,000,000.

Galveston is the world's greatest cotton port, as well as the nation's second largest exporting port, and the storage facilities here for cotton are unequalled with a total space available to handle 1,404,800 bales without tiering. In addition to this, there is project under way to build warehouses covering sixteen square blocks of ground, which will have a storage capacity of 50,000 bales. The first unit of this project is now nearing completion.

Approximately forty-five years and the expenditure of more than \$18,000,000 have been necessary to bring the Port of Galveston to its present status. A channel commodious enough to handle the shipping of the port, six miles long, connects the port with the open sea, the closest port to deep water in the entire country. Ships may reach the open sea within thirty minutes after leaving Galveston docks; a magnificent system of wharves and terminals guarantees prompt

and efficient service. More than sixty steamship lines plying out of Galveston to 125 ports in the world, insure excellent service.

It is estimated that the opening of the Port of Galveston has saved the shippers in the interior \$10,000,000 per year from the time it was opened; in other words, the investment of the Government has been repaid every two years for more than thirty years—a record that can hardly be duplicated by any other port in the country.

The harbor is land-locked and is separated from the Gulf of Mexico by Galveston Island with its great seawall system, giving absolute protection to all parts of the city and the harbor back of it. The entrance lies between two strong jetties jetting out into the open sea but sufficiently wide to allow safe passage in any weather.

The future of the port is naturally dependent to a great extent upon the development of the adjacent territory. The Southwest is an empire within itself and its resources have hardly been touched. Already Texas and Oklahoma are providing more than one-half the country's export cotton; much of the wheat which leaves American ports originates in Kansas, Oklahoma and Texas. These things in addition to the fact that there are still many acres of untilled land, offer evidence that the Southwest's chief seaport will

prosper in the future in a greater measure than in the past.

#### PRESTIGE AS INDUSTRIAL CENTER

The port facilities at Galveston have also given this city much prestige as an industrial center. The Southwest, generally, has just begun to awaken to the need for industrial enterprises and many millions of dollars have been invested in various kinds of manufacturing plants within the last few years. As a result, this is the home of the largest distributors of package rice in the world; and the base of operations for one of the largest shipstic flour mills of the nation which enjoys tremendous business along the Atlantic Seaboard and foreign countries. In all probability, the cotton mill that selected Galveston for its location during the last year, will mean more to this city than any other enterprise here. The erection of this mill in Galveston proves that this city is suited for the textile industry the mill has a 14,000 spindle capacity, employing about 450 people and was erected at a cost of \$1,200,000. It is the second largest cotton mill in Texas.

Galveston offers an ideal location for industrial development, particularly to concerns in need of marketing their products through water transportation. There are available within the city many desirable industrial sites in the business area, providing many acres in space suitable for industry; it has cheap fuel, surplus labor, and when the Southwestern markets are exploited, it is easy to turn to the East with its enormous population for the sale of surplus production.

Most cities have a basis of prosperity confined to one class of productivity, either it is agriculture or industry or possibly mining, but there are a few having the various opportunities possessed by this growing gulf city.

Only the most careless observer can fail to see the change in the sky line of Galveston in the last few years; manufacturing plants—great and small—warehouses and industrial buildings of every size have sprung up on every hand, and, together with the salient



The streets of Galveston, the "Oleander City," are lined with these flowers and other tropical plants.

facts as shown by building permits, bank clearings, real estate transfers, meter and telephone installations, etc., are the sure indication of industrial progress.

In addition to being one of the gulf's leading ports, Galveston is widely known as a winter and summer resort. Its mild climate, advantageous location, unsurpassed beaches and fine hotels, all assure the visitor a pleasant time; but in addition to these facts, it is widely known for its hunting, fishing, the excellence of its motor drives, its golf courses, polo fields and many other forms of open-air amusement.

Galveston itself is one of the most attractive cities of the South. Its palms, oleanders, Mexican vines, plumbago, cape jasmine, roses



Galvez cotton mills of Galveston, containing 13,500 spindles and costing \$1,200,000.



Overlooking a section of Galveston's beach front along the famous Seven Mile Seawall boulevard.

blooming at Christmas, opportunities for outdoor life, combine to make it a picture of delight.

Some day as Texas grows, Galveston will

be the Atlantic City of the South, that is inevitable, for nowhere on the whole shore of the Gulf of Mexico are conditions so fitting for such development.

## FORT WORTH

AT THE close of the Mexican War a post was established at the confluence of Clear Fork and West Fork of the Trinity River to protect the then sparsely settled territory from the Indians. This post was established June 6, 1849, and was first called Camp Worth, in honor of Brigadier-General Worth. November 14, 1849, the War Department changed the name to Fort Worth. Toward the end of the year Tarrant county was created by the legislature, the county seat first being located at Birdville, but soon being moved to Fort Worth.

The growth of the frontier village was slow until 1873, and by the fall of that year the population had reached only 4000. It was incorporated as a city February 17, 1873. After 1876 the railways began entering the city, and with their coming a more rapid growth began. By 1902, when the Armour and Swift packing-houses were located here,

the future of Fort Worth became assured.

The population of some 168,000 is 85 per cent. white. With a stimulating and healthful climate, the death rate ranks low among Southern cities.

Fort Worth is located in north central Texas, about seventy-five miles south of the Red River, in the center of the most thickly settled portion of the west south central states. It is midway between the Atlantic and the Pacific.

Here are some of its outstanding features: Thirty-two parks, containing 3320 acres; 130 miles of paved streets, 250 miles graveled; five country clubs; twelve trunk line railways; two interurban lines; natural gas from twelve distinct fields; fuel oil from eight local refineries; coal deposits estimated at 5,000,000,000 tons within fifty miles; abundant water; greatest oil pipe-line center in the world; largest livestock and packing center in the South; heart of a rich cotton producing

The Fort Worth National Bank and the Farmers and Mechanics National Bank,  
merged on January 1, 1927, under name and charter of

# THE FORT WORTH NATIONAL BANK

Capital, Surplus and Profits will be

**\$3,500,000.00**

**K. M. Van Zandt, President**

**R. E. Harding, Vice-President**

**E. E. Bewley, Vice-President**

**W. M. Massie, Vice-President**

**B. H. Martin, Vice-President**

**R. C. Hearne, Vice-President**

**Guy Price, Vice-President**

**R. W. Fender, Asst. Vice-President**

**Elmer Renfro, Cashier**

region; important manufacturing interests; 151 churches; thirty-one elementary white schools and nine colored; three institutions of higher learning.

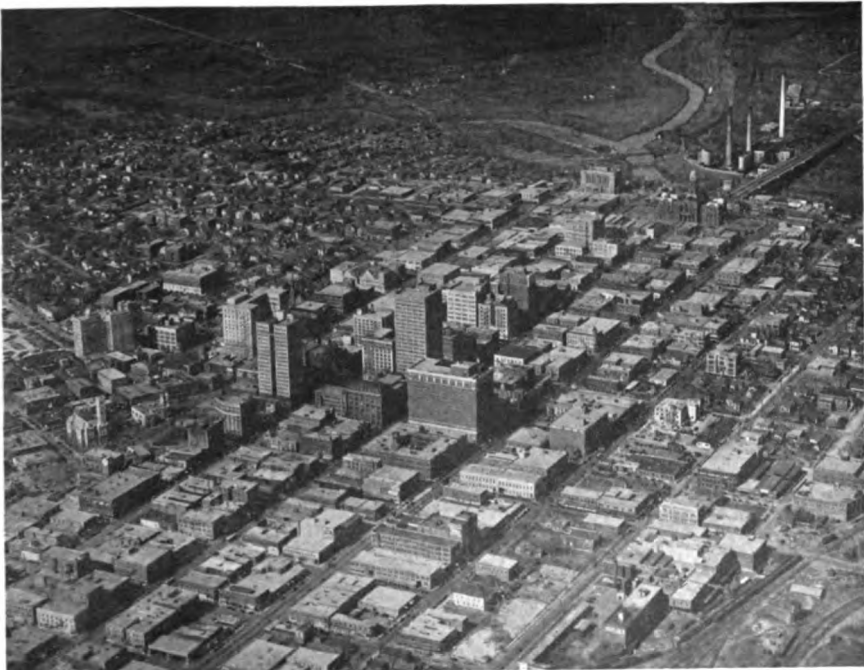
## IMPOSING BUSINESS DISTRICT

The business district contains many imposing structures, while the wide streets, pleasant parks and beautiful homes indicate the desirability of the city as a place of residence. It is claimed that Fort Worth has a larger percentage of home owners than any other principal Texas city.

Growth of the city is shown from the fact

that population has increased from 26,688 in 1900 to 73,312 in 1910 and to 154,847 in 1925. Assessed valuation of property, which was \$16,168,609 in 1900, rose to \$55,475,120 in 1910, and to \$152,000,000 in 1925. Postoffice receipts mounted from \$307,261 in 1910 to \$1,232,875 in 1924. Building permits rose from \$2,554,107 in 1910 to \$11,408,208 in 1924. In the same time bank clearings went up from \$324,899,564 to \$624,038,000.

A recent survey by the Fort Worth Chamber of Commerce shows 381 factories, with 17,944 employes and an annual production valued at more than \$175,000,000.



Airview of Fort Worth's business district.



Closely in contact with  
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in all Sections of our  
State.



OF FORT WORTH

Eight large oil refineries located here have a total capacity of 80,500 barrels.

The packing houses at Fort Worth do an annual business of \$125,000,000; pay live-stock producers \$75,000,000; spend in Fort Worth for supplies \$15,000,000, and give employment to 4400 persons. They have a daily killing capacity of 4650 cattle, 11,250 hogs, 3500 sheep and 3000 calves.

Grain inspections at Fort Worth, which represent only about 80 per cent. of the cars received, rose from 5185 cars in 1910 to 34,475 cars in 1924.

#### WHOLESALE BUSINESS

The wholesale grocery business in Fort Worth, outside of the business handled direct by Fort Worth manufacturers, amounts to about \$22,000,000 per year; and the fruit and produce business amounts to \$8,000,000 per year. The business in oil well supplies, mill and water supplies, reaches a total of approximately \$15,000,000 and in general hardware about \$5,000,000. The dry goods and garment business amounts to \$7,500,000 and the drug business \$6,000,000.

Fort Worth is sometimes referred to as "the convention city of the Southwest." It is a live commercial city whose people are energetic, progressive, and hospitable.



View of Fort Worth stockyards.





Raincrest Country club, Forth Worth

## BEAUMONT, GATEWAY TO THE SABINE DISTRICT

**A** HISTORY of the gulf coast of Texas would have to include a considerable amount of data concerning Beaumont, chief city of the Sabine district; credited with 60,000 population and the gateway to this great area. Here it is that ships from the seven seas drop anchor at the foot of the city's main thoroughfare, and the greatest inland, fresh-water port in the district is naturally its point of first attraction.

Famed for lumber, rice and oil, it is also the center of a great agricultural district just coming into its own, and the discovery of deep oil at "Spindle Top," only last year, overshadowing all other enterprises in the city and district, is no reason that its importance as a retail, wholesale and business center should be lost sight of. It is also a city of fine homes and healthy, happy and contented people, and it is not subjected to the many disadvantages that accompany the average oil city. Since the new discovery at "Spindle Top" last year more than a half hundred "gushers" have been drilled—not yet a dry one—and the average daily production is around 100,000 barrels, leading all the coastal fields if not all individual fields in the United States. These and other developments mean great activity in a great district.

Beaumont, the county seat of Jefferson, the most southeasterly county of Texas, finds itself most suitably fitted to be the center of that activity. And to come to Beaumont is to come to a place not hitherto unknown.

When the world woke up on the morning of January 10, 1901, and found itself regaled with glowing headlines in the daily press of America telling that artesian oil had

been found, it was little thought what the answer would be. Since that date oil has transformed the business, social and industrial economy of the world, and Beaumont takes pride in being the home of "Spindle Top," the first oil gusher ever discovered in America.

That event may not have had all to do with it, but it is significant at least, that in Jefferson county, of which Beaumont is the county seat, should be located at least six of the largest oil refineries in the known world. At least 25 per cent. of the oil exported to foreign countries seeks outlet through the ports of the Sabine district, of which Beaumont is the hub. And into this district comes for refining most of the oil produced in the leading oil states of the central, middle and southwest.

### BEGINNING OF INDUSTRY

A pioneer accidentally stopped on the banks of the Neches river, where Beaumont now stands, and unyoked his oxen to allow them to graze. That was several years before the outbreak of the Civil War. He drove his axe into a large, long leaf yellow pine, with the idea of getting campwood, and discovered its value as timber. This pioneer remained and Beaumont became the center of the long leaf yellow pine industry. Lumber and timbers today constitute the principal part of the cargo out of the Port of Beaumont and the lumber and timber history of this section would make a book.

Lumber and timber-jacks had to have food, and in the early nineties it was discovered

**Established 1889**

<b>Capital Stock . . .</b>	<b>\$400,000</b>
<b>Surplus . . . .</b>	<b>200,000</b>
<b>Undivided Profits . .</b>	<b>250,000</b>
<b>Deposits . . . .</b>	<b>8,600,000</b>
<b>Total Resources . .</b>	<b>9,550,000</b>

**The First  
National Bank  
BEAUMONT  
TEXAS**

that rice would grow in this section uncultivated. The natural adaptation to the cereal was most astounding and experiment followed experiment until Jefferson county became the center of the rice producing section of America.

A Government document, published in 1915, in addition to many other complimentary things, said this about Jefferson county and the rice industry:

"Jefferson leads all other Texas counties in the production of rice. This cereal is at present the most valuable crop grown in the county. The production of rough rice in 1909 was 2,243,149 bushels; the acreage 56,521 acres. This was about one-fourth of the rice produced in the State of Texas that year and more than one tenth of that produced in the United States."

That was in 1909, and when it is considered that in 1920 the rice acreage was 75,000 acres some idea of the development and the additional enormous investment in irrigation can be imagined.

Following the 1920 crop, however, the deflation period set in and the acreage dropped

to 26,000 acres in 1921, gradually going down until it reached the bottom in 1924, when only 17,805 acres was planted. With conditions bettering and the price coming back, however, the acreage in 1925 was 27,260 acres and the price, according to A. H. Boyt, local manager of the Rice Growers' Association, "is better than ever in normal times," averaging for 1926, he thinks, around \$5.25 a barrel. The top price in 1925, Mr. Boyt said, was \$6.01 per barrel. A standard barrel of rice weighs 162 pounds. In terms of bags, the weights run from 135 to 200 pounds per bag.

Rice is one of the products of the great Sabine district, contributing largely to the development of its ports and waterways, and the exports of the commodity have climbed to enormous figures during favorable periods. Rice exported in 1921 through the Port of Beaumont, for instance, totaled 43,607,389 pounds. In 1923 this had climbed to 109,678,161. For the year 1925 records show that 33,642,223 pounds had been exported.

Even the 1925 rice crop brought Jefferson county farmers more than \$1,000,000 in cash.

#### DISCOVERY OF OIL

A story of Beaumont without the mention of oil would be incomplete. Especially is this true since Beaumont is the home of the first real "gusher" the world ever knew anything about—"Spindle Top."

This discovery settled the question as to whether Beaumont would remain a sawmill town or become a metropolitan city of nearly 60,000 people as it is today. At the time of the oil discovery the population was given as 9427. The year 1910 saw it with more than 20,000; 1920 recorded more than 40,000. The city is more than doubling its population every decade, or census period, and the growth is getting more substantial from year to year, for the reason that more substantial industries and resources are appearing as the years go by.

In November, 1925, the Yount-Lee Oil Company, drilling at 2460 feet, brought in a 6000 barrel gusher, typical of the early days. Since then six more producers almost as good have been brought in by the same company. Even now there is a silent boom on at Spindle Top, even more significant than that of 1901. Other companies are drilling and there are yet leases to be had.

## THE INDUSTRIAL DEVELOPMENT

Lumber, rice and oil had their innings, either one of which could logically take credit for the City of Beaumont and the wonderful development in the Sabine district. With the development of the city from these natural gifts, ingenious citizens began to cast about for more "worlds to conquer." Then the dream of deep water. In 1916, the brains, money and ingenuity of Beaumont business men combined to make the final stroke for supremacy in this section and deepened the Neches River to a depth of thirty feet and converted it into a modern ship channel to the Gulf. It was this last-named feat that opened the gates of the civilized world to the commerce of this city and made possible the story of development that can now be written. What has transpired since the latter event constitutes one of the industrial epics of the South and Southwest.

Probably the greatest asset of which the City of Beaumont can boast is her municipally owned wharf and dock system, modern in every respect and equipped with improvements and facilities valued at \$2,000,000. Especially is this true when it is considered that on shipping the city places its biggest stakes for future development. A patriotic wharf and dock commission serves without pay and governs wisely and well, and therein

lies one of the secrets of the port's many advantages to shippers. The growing importance of the Port of Beaumont can be better imagined when it is known that the ship channel was completed in 1916, and that since that time the tonnage handled over the municipal docks has grown from practically nothing to about 5,000,000 tons annually. A total of 551 ships cleared the port of Beaumont during 1925. In all these port calculations business at the Magnolia Refinery docks and the various other docks along the Beaumont waterway is not included.

## MANY INDUSTRIAL PLANTS

In the City of Beaumont proper a little more than a hundred industrial plants employ approximately 5000 men and maintain a regular aggregate monthly payroll of around \$650,000.

The iron and brass manufacturing and foundry industries are impressive and there are nine institutions of this kind engaged in manufacturing, exclusive of machine and repair shops. These carry a combined capitalization of \$1,215,000. The value of their total annual combined sales aggregates \$3,360,000, according to recent statistics. In the iron industry alone approximately 600 men are employed, to whom \$900,000 in wages is distributed annually.



Bird's-eye view of Pear street, main business artery of Beaumont.





Vessels taking on lumber for export at the Port of Beaumont.

In the above are not included the Pennsylvania Shipyards, Inc., the Pennsylvania Car Company and the Petroleum Iron Works, large plants which were recently constructed on a seventy-two acre island, made by a natural bend in the Neches River on the northeast edge of the city, and all of which are in process of development. The magnitude of these industries as they will finally appear can be judged best by the fact that the river around the island has been dredged to a depth of thirty feet and the entire island bulkhead filled to an elevation of fourteen feet.

These water facilities are backed in Beaumont by thirteen railway outlets and sixty freight and passenger trains daily; five trunk lines penetrate the city, four of which maintain general offices at Beaumont. Principal exports from Beaumont are, and have been for several years, rice, lumber, oil and oil products. To this cotton in large quantities will be added on the completion of the Waco, Beaumont, Trinity & Sabine Railway, which soon will extend its line to Beaumont, connecting this section with the great cotton belt of the North and Northwest.

#### HAS CITY MANAGER

A commission-aldermanic form of government, headed by a regularly employed city manager, has given Beaumont an economic and efficient administration for the last several years, and the city owns many of its public utilities, among which are the docks and wharves at the waterfront, the plant of the south Texas state fair, famed as one of the greatest annual show places of the Southwest; a \$75,000 public library, a water system, and many other features.

There are in Beaumont forty-five church edifices, representing practically every religious denomination in the country, and many of which are magnificent structures.

The public-school system of Beaumont is considered second to none in cities of similar size, and in playgrounds and equipment it maintains the same high standard. With twenty buildings, three high and three junior high school buildings, one junior college and thirteen grade schools, the outlay represents an investment of approximately \$3,000,000. Nearly 300 teachers are employed and the enrollment approximates 10,000 pupils. Beaumont is the home of South Park College, a recognized preparatory school with excellent equipment.

Institutions worthy of mention are too numerous in Beaumont to be encompassed in one general survey; only the larger ones can be dwelt upon. Among these the south Texas state fair should be given special prominence. The city owns the grounds and plant, while the fair is operated by an association under lease. The operation is purely co-operative and all proceeds in the way of profits revert to the development fund. The exhibitions are agricultural and mechanical, with livestock and poultry features of considerable merit; they are always supplied with clean amusement. The expositions are usually held during the month of November. The south Texas state fair is one of the growing institutions of southeast Texas and southwest Louisiana, from which its principal patronage is drawn, and the plant is valued at \$250,000, though it is only in its infancy as the age of such enterprises are reckoned.

Beaumont is the home of a large life insurance company, writing any character of

policy known to the old-line companies. In 1923 it constructed a modern fifteen-story home and office building, the cost of which is estimated at \$1,500,000.

#### LARGE INDUSTRIAL PAYROLL

The six big refining and the many other plants along the Beaumont waterway employ in excess of 16,000 men with a semi-monthly payroll of approximately \$2,000,000. The industrial area enjoys practically every civic convenience, paved roads and interurbans, natural gas, electric light, heat and power at cheap commercial rates, and an industrial zone where industries are free from city taxation for thirty-five years from 1925. On the waterway has just been completed the first \$5,000,000 unit of a gigantic \$15,000,000 power plant of the Gulf States Utilities Company, a Stone & Webster subsidiary, capable of furnishing power and light to supply 10,000 homes and almost as many industries.

The last five years have revealed that this particular district is one of the finest in the world for the production of figs, and the famous Magnolia variety is already known around the world. The industry started in a small way, the county acreage jumping from 500 acres three years ago to 1500 acres in 1925, and with not less than 3000 acres in 1926. The land will yield the fig grower an average of \$400 per acre. The top yield so far proven has been \$700 per acre.

Cotton, once a lucrative crop in this section but abandoned some time ago, has staged a "come back" since the county spent \$2,000,000 or more for drainage. A bale to the acre is possible and even that record has been broken. One farmer in 1925 raised 400 bushels of sweet potatoes to the acre. Vegetables of all kinds, as well as small fruits, will grow abundantly and will reward the farmer as substantially here as in any other section of the United States. Poultry raising is past the experimental stage and is a big money maker. Citrus fruits have already been proven in this section, and so far as is known nothing that will grow anywhere else in America has failed to grow prolifically in Jefferson county.

#### OTHER ASSETS

Among many other appendages to Beaumont's assets not mentioned above, the following are worth mention:

A population of about 60,000; 8500 tele-

phones; a county tax rate of \$1.71; bank deposits, \$17,000,000 in 1925 and \$21,806,411 in 1926; city tax values, \$51,366,280; county area, 920 square miles; county tax values, \$110,179,593; city bonded indebtedness, \$4,862,900; ninety miles of concrete sidewalks; post-office receipts 1925, \$222,151; building permits 1925, \$1,638,870 and 1926 (partly estimated), \$2,364,497; manager-commission form of government; municipally owned and operated abattoir; 1925 lumber exports, 131,051,551 feet; farms in country,



Scenic spot on the Neches River, near Beaumont.

419, valued at \$7,161,621; sixty-five miles of sewer mains and connections; eighty-seven miles of paved and shelled streets; city tax rate of \$2.25—one of the lowest in the state.

Rail tonnage inbound for 1925 amounted to 1,105,521 tons; outbound, 787,054 tons.

Beaumont has two daily newspapers and seven modern hotels with capacity of 650 rooms available for transients.

District exports for 1925 totaled a value of \$69,003,643, while imports were valued at \$3,872,073.

During 1925 the city spent the proceeds of a \$225,000 bond issue in municipal wharf and dock improvements.

The Magnolia Refinery, located at the very

## Amarillo's Two Great Hotels

### Amarillo Hotel

400 rooms—  
300 baths

Now Open—Rates \$2.50 Up



### Herring Hotel

600 rooms—  
600 baths

Open Jan. 1, 1927—Rates \$2.50 Up

Address communications to Ernest O. Thompson,  
Amarillo, Texas, President of both hotels

gates of the city, employs 2250 people and has a payroll of \$350,000 monthly.

When the present program is finished approximately \$12,000,000 will have been spent on the Sabine-Neches waterway.

Jefferson county has just spent the proceeds of a \$2,000,000 bond issue for good

roads and is preparing to vote another issue of like amount.

Beaumont is the permanent home and winter quarters of Christy Brothers' Circus.

Electric power and lights are supplied by the Eastern Texas Electric Company, a Stone & Webster institution, with a fine street car and interurban service.

The Southwestern Gas & Electric Company furnishes the city with natural gas, supplied through a \$10,000,000 gas line to the inexhaustible fields of northeast Texas and northwest Louisiana. They have 8000 meters.

At a cost of \$135,000, the city last year completed the first 4,000,000 gallon unit of a 12,000,000 gallon filtration plant said to be the latest and most modern in the state thus far. City water is 99 per cent. pure by Government test.

The death rate, based on 57,963 population was 52.67, the lowest in the state for 1925. The infant mortality rate is the lowest in the state and only three cities in America showed a lower rate for 1923, the last Government figure available.

Seven large fire stations, equipped with modern apparatus, give the city 15 per cent. fire insurance credit allowance, something sought after by every fire fighting agency in the state, and Beaumont has the lowest loss record of any city in the State of Texas.

"More playgrounds and fewer jails" is the slogan of the city manager and park commissioner of Beaumont, and they have built here a system of parks, swimming pools and recreation places that are the pride of the people.

## AMARILLO

THE metropolis of the Panhandle, Amarillo, is the center of a section producing large quantities of wheat, oats, corn and all kinds of feed stuffs, cattle, sheep and goats, and one of the largest oil fields in the country. It is already an important wholesale distributing point for the surrounding country and enjoys the facilities of three important railway lines.

Amarillo is 469 miles from Denver, 585 miles from Kansas City, 274 miles from Oklahoma City, 335 miles from Fort Worth, 370 miles from Dallas, and 445 miles from El Paso. It virtually has no competitor in a rich territory as large as the states of New

York, Delaware, New Jersey and Rhode Island. This section is primarily agricultural and this industry is rapidly developing.

The importance of Amarillo in its relation to petroleum production is thus emphasized by W. G. Farish, president of the American Petroleum Institute:

"Amarillo today is the center of development of oil fields of greater promise than any with which the petroleum industry has had to deal in recent years. West Texas today is developing an empire of oil-bearing rocks comparable in magnitude with the whole mid-continent field, fraught with possibilities as great as those of the entire petroleum prov-

ince of the State of California, and surpassing in importance, to the American oil-producing and oil-consuming public, any of the great foreign regions of the earth."

There are some hundred wholesale, manufacturing and distributing concerns in the city, doing a business around \$100,000,000 annually. The industries include a zinc smelter, large flour mill, structural steel plant, cotton-seed oil mill, etc.

An apparently inexhaustible supply of natural gas greatly simplifies the problems of heating and power. This gas is sold on a sliding scale running from 45 cents per thou-

sand feet to domestic consumers down to 5 and 10 cents for the larger industries.

Amarillo has a municipal auditorium costing \$315,000, and with a seating capacity of 3000. There are twenty-three churches, thirteen public schools and three private schools. Building permits for 1925 represented a value of \$3,437,000, and for the first ten months of 1926 they represented \$14,500,000. In 1925 the population was 27,767, and is now estimated at 45,000. Bank deposits were \$10,750,000 in 1925 and \$28,150,000 in 1926.

## WEST TEXAS

**P**ERHAPS no section of Texas is developing more rapidly or more substantially than the great plains country of the Panhandle. It has become, within very recent years, a region not merely of wonderful agricultural and mineral possibilities, but of actualities. Grain and feed crops of many kinds are already grown in abundance, while there are expert statements showing that cotton can be produced more economically here than elsewhere in the United States. Improved means of gathering the crop, now extensively being employed in this section of the state, have helped in making cotton production even more economical.

Added to the rich agricultural resources of the territory, the Panhandle country has now become one of the great oil producing regions of the United States.

As stated, these resources are not merely potential but actual and although the agricultural development of west Texas has hardly passed beyond the initial stage, enough has been done to prove beyond doubt that in agriculture this section has now a source of vast and permanent wealth, which as an enlarged area is brought under cultivation, and with improved methods of farming and dairying, must show increasing value.

In the Panhandle territory the oil development is of comparatively recent origin, but the daily production of petroleum already runs into astonishing figures. Additional wells are being drilled, new territories explored, and the oil output promises for some time to rise in volume.

It would be interesting to record in detail the growth of many of the west Texas cities with their surrounding territory, but this be-

comes a physical impossibility in face of the fact that there are so many of these cities that are at present growing at a truly amazing rate.

### AGRICULTURAL DEVELOPMENT

West Texas is a comparatively new country, the biggest part of which twenty years ago was confined to large ranches and open stretches. Agricultural development had its first introduction into west Texas about two decades ago. In those two decades more than 1,000,000 people have moved into west Texas from the territory west of a line drawn from the Red River through Fort Worth, southwest to Brownwood, thence southwest to the Rio Grande River near Del Rio. That west Texas is a safe agricultural country is proven in the fact that its population continues to increase from year to year, and that this increase is based on successful agriculture.

Were the section still a ranch country, it would not have more than one-tenth the present population. This agricultural development is largely based upon the following: Cotton, sorghum grains, wheat, oats and a progressive increase in livestock development, which is slowly but surely changing from the ranch type to the small stock farm type.

It may be said, therefore, that the 1,600,000 people now living in west Texas are largely sustained by agricultural and livestock production. There is probably no other region in the United States more dependent upon agriculture and livestock for the support of its people than this region. Industry is to follow population.



# **THE WEST TEXAS CHAMBER OF COMMERCE**

**is the largest  
regional Chamber of Commerce  
in America.**

For nine years this organization has been serving the great empire of West Texas—a territory once dubbed “The Great American Desert”; which is now conceded to be one of the great agricultural assets of the country. It has more than 300 affiliated towns and cities. It has more than 8000 memberships. It has six major departments—Organization—Publicity—Traffic—Exhibit—Legislative—Service. Its officers and staff are constantly on the alert to seize upon matters having to do with the growth and development of the region and carry such matters to a successful conclusion.

Our Service Department is at your disposal for any information desired about **WEST TEXAS**.

Annual convention of the West  
Texas Chamber of Commerce,  
Wichita Falls, Texas, May 16-17,  
1927.

Co-operation of effort is the  
keynote to the accomplishment  
of the desire for the common  
success.

# **THE WEST TEXAS CHAMBER OF COMMERCE**

*General Offices*

**Stamford, Texas**

The United States Government figures for the population in west Texas are shown as follows:

1900 .....	650,000
1910 .....	950,000
1920 .....	1,329,000
1925 .....	1,595,000

The bulk of this population is classed as rural and no large cities or comparatively larger cities have been developed. This statement shows the substantial character of the development of the country, and that this increase in population has not been accounted for by speculative urban development but by actual settlement and colonization.

AREA OF DISTRICT

The approximate area in square miles of the territory generally styled "West Texas" is 159,600 and the number of acres is approximately 102,144,000. The taxable values in these counties for 1924 are \$1,064,100,000. The taxable values in west Texas are roughly based on hardly more than 35 per cent. of the actual value, which would indicate that the actual value of the territory is in the neighborhood of \$3,000,000,000.

Cotton is the principal crop of west Texas, and it is interesting to note some of the facts about cotton as it pertains to this region. The cotton crop of west Texas is the last crop to come upon the market and much of it is not actually gathered until in the late fall of the year and sometimes not until the next year. It is estimated that the cotton crop for 1925 for west Texas is about the same as that of 1924. The crop is larger in what is known as central west Texas, but smaller in the plains region. Practically all of west Texas is immune from the boll weevil, which has been the danger in cotton production, and has caused many hundreds of acres of cotton land, particularly in the eastern part of the South, to be abandoned. West Texas is today the largest cotton producing region in the world free from boll weevil. This is an important fact and it does not apply to other parts of the American cotton belt, except in a small territory raising cotton in California and Arizona, and a few comparatively small regions in North Carolina.

It is believed that the boll weevil will never be able to successfully invade west Texas. The last ten years seem to have demonstrated this. The cotton production for

1924 of west Texas was 1,629,444 bales, which at a value of \$125 per bale for the cotton and cotton seed, showed an aggregate of \$203,680,750.

WORK OF EXPERIMENT STATION

The State Experiment Station, near Lubbock, is engaged in developing the best possible cotton for this section. A great deal of favorable attention is being attracted to this section because of the low cost of cotton production here. Investigation of the cost of production at various points in the cotton belt, undertaken by the Bureau of Agricultural Economics, United States Department of Agriculture, in co-operation with the State Agricultural Colleges of North and South Carolina, Georgia, Alabama, Mississippi, Arkansas, Oklahoma and Texas, shows that costs per pound of lint in 1923 ranged from 10 cents in Lubbock county, Texas, to 57 cents in Lee county, Arkansas. The net cost per acre ranged from \$18.22 in Lubbock county to \$50.97 in Johnson county, North Carolina.

This investigation has been confirmed by Arno S. Pearse, general secretary of the International Federation of Master Cotton Spinners and Manufacturers' Association, Manchester, England, who after a recent visit, stated:

"There is no other cotton section in the whole of the United States of America which can compete with so low an average price of production, except the irrigated cotton of the Mesilla Valley."

Because of these facts and the further fact that this territory is absolutely free of the boll weevil, W. D. Hunter, entomologist of the United States Department of Agriculture, said before his death:

"Within a hundred-mile radius of Lubbock, Texas, will some day be grown as much cotton as the State of Texas now produces.

"These facts mean to financiers, economists and others who have investigated them, that this section can produce cotton with the price at the present low level and that other sections with a higher cost of production will either have to give up the growing of cotton or find some way of reducing their cost of production."

West Texas occupies a peculiarly advantageous position in this connection in that it grows all the grain sorghums with a yield above the average, while truck, chickens, hogs and cattle all are raised to advantage. This

Harry L. Seay, President  
Clarence E. Linz, Vice President H. B. Seay, V. Pres. & Genl. Mgr.

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**General Office . . . MERCEDES, TEXAS**

means that farmers not only can produce cotton cheaper than in any other section, but that they can raise their own feed and food-stuffs and live at home.

Some recent investigations of the practical side of the textile mill industry in this section show that the mill at Post, Texas, which has something like 11,000 spindles, is turning out some of the finest sheeting in the United States. This is known as Garza sheeting, and is said by those in a position to know, to be as good as the world famous Pepprell sheeting. The management of this mill declares that this is due to a great extent to the quality of the cotton grown in this section—that while other mills are using some inch to inch-and-a-quarter and better staple cotton, that their yarns only have a breaking strength of from sixty-four to sixty-eight pounds, while the cotton of this section is an inch staple and less, and yarns from this cotton have a breaking strength of from seventy-six to seventy-eight pounds. This is due to the wiry, hard fibre characteristic of the cotton.

#### LOW PRODUCTION COST

The quality of the soil, the climate, the level land, the lack of obnoxious weeds, the

fact that fertilizer is not needed, and that most of the land can be farmed by tractors explain the low production cost. It is possible for one man to plant and cultivate a much larger acreage than elsewhere in the cotton belt. The average acreage one man can attempt to cultivate in the southern cotton belt is about thirty acres. In central Texas it is about sixty acres, and in the larger plains counties, it will run between 80 and 100 acres. It can readily be understood why west Texas is one of the largest cotton producing regions in the United States when you consider that cotton is really a dry land plant.

The production of cotton began twenty years ago and in the last ten years the amount has doubled. It is estimated that the production in the next ten years will exceed that of the last ten years, which would mean that by 1935 west Texas should be producing more than 3,000,000 bales of cotton, or about 25 per cent. of the present national supply. The security of the west Texas cotton crop is based upon the cheapness of growing it.

West Texas during 1924, which was a short year, produced 19,000,000 bushels of wheat,

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selling at \$1.50 per bushel, accounting for \$28,500,000. Great increases have been seen in west Texas in the poultry industry which aggregated \$34,500,000 during the year 1924 and perhaps 100 maximum incubators have been installed during the last two years. So far as peanuts are concerned, west Texas is now one of the largest producers in the United States.

One of the remarkable developments of west Texas has been the sorghum grains (milo, kafir, feterita). The annual crop of these grains is now about 40,000,000 bushels. The sorghum grains were introduced into American agriculture in the late nineties and the packing houses at Kansas City and Fort Worth place the feed values of these grains at 95 per cent. of that of Indian corn. These sorghum grains are now sold generally all over the United States as the principal ingredient in nearly all poultry feed. California is an exceptionally large purchaser. The west Texas crop for 1924 was 34,000,000 bushels, valued at an average of \$1.10 per bushel, and amounting to \$37,000,000. Had these grains been fed to hogs and cattle they would have been worth much more.

West Texas in 1924 produced 1,731,632 bushels of peanuts which sold at approximate-

ly \$1 per bushel. West Texas has as yet made little progress along the fruit industry. Yet there are numerous acres planted to fruit—such as those near Clyde in Callahan county, and in other regions where fruits may be grown extensively. This also applies to vegetables.

The United States Census figures for 1924 give the following on livestock in west Texas:

	Number	Value
Sheep .....	2,573,485	\$15,440,910
Goats .....	1,753,112	7,012,448
Cattle .....	3,085,782	77,144,550
Horses .....	452,000	17,237,480
Mules .....	395,000	19,750,000
Hogs .....	1,124,812	11,248,120

About 50 per cent. of all the goats raised in the United States are raised in the group of nine counties in the territory southwest of San Angelo. These goats are all of the Angora type. Texas ranks high in the production of sheep, and practically all the sheep raised in the state are in west Texas.

There are other developments in west Texas along agricultural lines, such as the raising of alfalfa, bees and kindred crops. The wool crop of 1924 amounted to 14,900,478 pounds, valued at 50 cents per pound or \$7,450,239, and the mohair produced in the same territory during the same year was esti-



West Texas industries: Cotton ready to be ginned at one of the gins in Lubbock, Lubbock oil and cotton mill costing \$260,000, "sled" used in gathering cotton in west Texas, which sled is said to represent a saving per bale of \$11 over the pulling method and \$15.75 over picking.

mated at 5,084,920 pounds, selling at 52 cents per pound.

#### OIL AND OTHER MINERALS

In 1918 oil was first discovered in west Texas. Since that time one of the most spectacular developments in oil in history has occurred. There is hardly a county that has not had some oil speculation and each year shows an increase in the territory which is producing oil until now there are probably more than forty west Texas counties producing oil and natural gas. The approximate amount of oil produced in 1924 was 46,000,000 barrels, selling for about \$82,900,000. The by-products of oil, such as natural gas, casing-head gas, gasoline, carbon black, and naphtha, sell for about \$25,000,000 more.

The principal other minerals in west Texas are mica, gypsum, quick silver, coal and sulphur. Outside of gypsum, there has been practically no development of these minerals. There are now six gypsum factories in operation, two of which have been built within the last two years. Some of the largest beds of gypsum are in west Texas and particularly in Hardeman county, where three plants have been in operation over twenty years.

Perhaps \$500,000 has been spent in west Texas during the last five years in endeavoring to develop potash production. Wells are being drilled in Ector, Cottle and Midland counties. There are large coal beds in west Texas and a number of mines are being operated, the coal being a medium grade. There are also large salt deposits in west Texas, most of which have so far not been touched.

#### IRRIGATION AND RAINFALL

From information taken from Hale Center records, 1894 to 1910, and from Lubbock, 1911 to 1925, it appears that over a period of thirty-two years the average annual rainfall has been 20.15 inches, 75 per cent. of which falls through the growing season. Some years are better than others, of course, but over a ten-year period no section can show better average crops. The shallow water underlying the entire south plains at from 45 to 130 feet guarantees an abundance of water for stockraising, home and commercial gardens and orchards the year round.

The records quoted from above indicate that generally the rainfall is sufficient, although droughts are not unknown in west

**S**ERVING a large part of West Texas, this bank partakes of West Texas' pride of achievement and of West Texas' promise for the future.



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Texas—nor in most sections of the United States for that matter. Besides the rainfall, water is provided by extensive irrigation systems, several of which are already in successful operation on an extensive scale and others in course of construction.

#### RAILWAY EXTENSION

A sure indication of the progress of this section is found in the extension of railway facilities. New projects contemplated or now going on involve over 1500 miles. Some of the large systems now have applications pending with the Interstate Commerce Commission for extending their lines into this territory, while a number of these extensions are now under construction.

Hard dirt roads have heretofore been adequate for ordinary travel, but with the development of the territory the need of better roads has been recognized, and much work has already been done to meet this need. The advantages of good highways are well understood, and the people are taking steps to provide them as rapidly as circumstances will permit. Practically all the cities and towns

of any size are already provided with well paved streets, and funds are being voted to increase the mileage as the respective communities grow.

#### IMMIGRATION

With the large part of the land uncultivated, the manifest need of west Texas is more people and while immigration has been going on rapidly in recent years, it will be speeded up by the building of railways, and especially by throwing on the market large tracts of land heretofore held for ranching purposes or for speculation. Much of this land is going into cultivation, but there are still large tracts available for farming purposes. The situation may be better understood by taking the census statistics which show that in a single county (Lubbock) the number of farms increased from 1009 in 1920 to 2037 in 1925, and from 126,909 acres under cultivation in 1920 to 265,437 in 1925. Hardly one-half of the 555,520 tillable acres in the county has been put under cultivation. Sixteen counties in this section of the state, having 8,536,819 acres

of tillable land, had only 2,067,002 acres in crops at the end of 1924. Although a great deal of land has been put under the plow since then, a vast area remains untilled.

The larger part of the immigration into west Texas has come from the older settled parts of Texas, from the upper South—Oklahoma, Missouri, and Tennessee. In addition to this, there has been a sprinkling of northern immigration, particularly from the Middle Western States such as Kansas, Nebraska and Iowa.

#### EDUCATION AND THE COMMUNITY SPIRIT

The numerous colleges to be found in west Texas would seem to indicate that the people have generously provided for present-day needs and for some time ahead, although many of the communities are growing so rapidly that it is unwise to make any predictions as to what their requirements will be, even a few years from now. As elsewhere in Texas, the people are co-operating for the common good, which is one of several reasons why the country is developing so rapidly.

## REDISCOUNTABLE PAPER DECLINING

**B**JAMIN M. Anderson, Jr., economist of the Chase National Bank of New York, in a recent address before Group 6 of the State Bankers Association of New York, pointed out that the percentage of loans and investments of national banks which can be taken to the Federal Reserve Banks for rediscount or as collateral for loans has declined since 1923. For the United States as a whole, the figures stood at 37.05 per cent. on June 30, 1923, and at 30.98 per cent. on June 30, 1926; for New York City, the drop has been from 38.62 per cent. to 30.32 per cent.; for Chicago, from 40.5 per cent. to 31.38 per cent.; for country banks generally, from 35.07 per cent. to 30.27 per cent.; and for country banks in New York State, from 31.59 per cent. to 24.22 per cent.

"These figures are not alarming," said Dr. Anderson, "but they call for study,

and they particularly suggest that individual banks should examine their own figures with reference to the tendency in question.

"The prudent banker gives daily consideration to his reserve position. It is not enough that his assets should be sound; it is also necessary that a high percentage of his assets should be liquid. He has constantly to consider two questions, (1) whether he is able to meet all demand or short notice calls from his depositors for cash, and (2) whether he is prepared to expand loans to meet the legitimate needs of his borrowing customers. If he has made too many slow loans, even though they are good loans, or if he has tied up too large a proportion of his funds in investments which, while good, are not readily marketable, he may find difficulty in doing one or both of these things."



## WANTED—A BETTER ACCEPTANCE MARKET

**O**F course, the one we already have is pretty good. But it's nothing compared to what we might have. At least, such is the opinion Chellis A. Austin, president of the Seaboard National Bank, New York, seems to hold, from a reading of his address at the annual banquet of the American Acceptance Council recently held in New York. A summary of the address follows:

The first requisite for any financial market, he said, is a supply of funds. For an acceptance market, the first requisite is a supply of short time funds. Since all good bankers keep all their free funds occupied constantly, the acceptance market must grow out of funds which are otherwise occupied at the present time. The council, therefore, is trying to induce the New York Stock Exchange to adopt term settlements for purchases and sales of stocks, thus releasing a large amount of money now used in call loans to carry stocks.

United States treasury certificates also use a quantity of short time money that might otherwise be invested in acceptances. The policy of the Government in reducing these notes, therefore, is noted with pleasure by the council, and it is hoped that it will continue.

One field has been opened to the acceptances during 1926, by the passage of an amendment to the New York State Life Insurance Investment Act, permitting life insurance companies domiciled in the State of New York to invest surplus funds in bankers' acceptances which are eligible for rediscounting.

Much short time money from other countries would undoubtedly be invested in American acceptances were the acceptances not subject to the 13½ per cent. Federal income tax. This tax reduces the yield on a 3¾ per cent. prime ninety-day bank acceptance ½ per cent., a considerable handicap.

But even with the small amount of funds available, the acceptance market

has made progress. Most of this progress has been recorded in the large cities. "A natural convergence of the acceptance business toward the larger commercial and financial centers is noted—New York, Boston, San Francisco, Chicago and New Orleans being the most prominent in the order named," said Mr. Austin. "Within these centers a steady process of concentration seems gradually to point to the exercise of the acceptance privilege in the future by a selected, albeit smaller, number of institutions, recruited from the largest, best equipped and most progressive in the country. . . . According to a recent estimate, the number of accepting banks and bankers is now 175. Ninety-one per cent. of the total volume of acceptances in circulation emanates from sixty-eight of these banks, almost half of which are located in New York City."

### OUTSIDE OF LARGE CENTERS

Outside of the large centers "the cause of the bank acceptance in many parts of the country more or less distant from the great ports or trade centers is making—let us frankly admit it—but comparatively slow progress.

"The reason for this lies principally in the following factors:

"First: Notwithstanding the extensive efforts of the council, there is still a great number of merchants who are not familiar with the advantages of the bank acceptance and the conditions under which it can be made use of profitably.

"Second: The absence of sufficiently broad local discount markets where the accepting bank's credit is well known and established, has so far often hindered the marketing of bills of interior banks at the favorable rates to which these banks are entitled and to which they rightfully aspire.

"Third: The fact that a loan on bank acceptances does not always give an interest return as high as a loan on stock exchange collateral, which has been for

so long the standard investment for short term funds."

The "gospel" of the bank acceptance method of financing, then, must be preached far and wide over the country, through the local branches of the American Institute of Banking, the National Association of Credit Men, chambers of commerce, colleges, and trade associations, furnishing them, if necessary, with courses and lectures on acceptance banking.

At the same time, the growth of dollar exchange abroad in the last twelve years provides a bridge on which the American bankers' acceptance can also cross to foreign countries. "For the last seven years, it seems that the trading centers of Japan have been turning more and more to New York for the financing of their inward and outward shipments. . . . A like situation, although not so favorable, exists in the more important ports of China. In South America, where the dollar from 1919 to 1923 was preponderant, owing to the active resumption of trading and financial relations with Europe, it seems to have lost some ground. In view of the natural advantages which we enjoy in many parts of the world through our trade and our growing foreign investments we should not relax our efforts to have the dollar exchange and dollar acceptances universally recognized."

The English joint stock banks have less acceptances outstanding today than they had in 1913. Holland has about the same amount outstanding as in 1913. Switzerland has less, and Germany has only about 14 per cent. of what she had in 1913. Sweden has only about half as much in acceptances outstanding as she had in 1913, but Austria has almost thirty-five times as much as in 1913.

#### FOREIGN BUSINESS LESS

"On the whole, the total acceptance business done on the continent in 1926 has been of smaller proportions than in 1913-14, and the aggregate of American bank acceptances today is larger than that of all the European countries combined, excepting Great Britain."

What of the future? Well, here are "the principal causes which have helped England to acquire and retain for so long a quasi-monopoly in international finance:

"First: An abundant supply of capital available for short and long time loans at rates of interest, which on the average were lower than those quoted in other markets.

"Second: A sound and elastic banking system, a safe currency, liberal public and legislative policies assuring the utmost protection and advantages to foreign depositors and investors, a tradition to honor her signature at whatever cost.

"Third: An open market and free port in which she encourages, in her own vast empire and in all other parts of the world, by means of quick and cheap transportation, insurance, and credit, the exchange of the output of her mines, plants and mills against raw materials, commodities and exotic products which often in turn are again shipped and sold to other nations.

"Fourth: A broad foreign exchange market within easy reach by telephone of the principal continental centers; a money market free of upsets and a credit policy consistent in its continuity, where the various competing elements receive consideration in proportion to their true value in the national economy.

"Fifth: A unique geographical location conferring the advantages of both proximity and distance.

"Sixth: At practically all the strategic seaports and centers of importance all over the map trained bankers and agents of her own allegiance, looking with industry, aptitude and devotion to the advancement of her national interests, commercial, industrial, financial and political. . . .

"Without wishing to draw a parallel between the present respective positions of Great Britain and the United States," he concluded, "we need not conceal from ourselves the fact, frankly acknowledged by our friends abroad, that especially since 1914 there have been forces at work in the United States which have brought

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Home Savings Bank, White Plains, N. Y.

**T**HE new building of the Home Savings Bank of White Plains, N. Y., is of Italian Renaissance design, bringing the entrance out prominently by a large archway. The main banking room is sunny and well lighted being approximately 57 by 90 feet. The plastered wall treatment is in variegated Caen stone blocks and the ceiling is decorated in polychrome colors. The entire arrangement is most convenient for expediting service to the public.

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into broad relief our own qualifications as a financial power of the first caliber. . . . And so I make bold to give it as my opinion that given also that freedom of expansion and that quality of leadership which Europe has produced for so long to an unmatched degree, we might rightfully aspire from now on to occupy 'with good will to all' a permanent place on the financial front-bench of the world."

But we are not there yet. A better acceptance market is a long step upon which we can climb up to that tempting seat.

### CANADIAN PROSPERITY

(From the Monthly Letter of the Royal Bank of Canada)

**T**HE great crops of 1925 and 1926, the flow of wealth from the mines of British Columbia, Alberta, Ontario, Quebec and Nova Scotia, the record newspaper production, the improved position of the railroads and the steady expansion of Canadian manufacturing have combined to produce a sound and pervasive prosperity throughout the country. The industrial and financial structure is now on so substantial a basis that enthusiasm concerning the future seems eminently justified.

The mining and metallurgical industries of Canada have become of outstanding importance only in recent years; but development has been rapid and Canada today occupies an important place among the mineral producing countries of the world. The value of the annual mineral production in 1900 was \$47,957,000 and five years later, \$224,846,000. In the latter year Canada ranked first in asbestos, nickel and cobalt, third in gold and silver, and tenth in coal, among the mineral producing countries of the world. There are now developed mines of nickel, zinc, gold, asbestos, talc, feldspar, mica and graphite that take their place among the largest known. The immediate developments of the last two years have been the location and development of producing oil wells in Alberta; the discovery of promis-

ing deposits of gold in the Red Lake area and of gold, zinc and copper in the Rouyn area; and the building of a smelter in the latter camp. Consolidated Smelters has developed processes for the extraction of tin and antimony and production will be on a commercial basis at Trail within the year. The Imperial Mining and Metallurgical Congress will meet in Canada this summer and it is expected that about 1000 engineers from all parts of the Empire will tour the mines of Canada.

The financial structure of the country as measured in terms of purchasing power in the hands of the consumer is in a particularly strong position. This general condition is reflected in the large increase in savings in the form of bank deposits and in investment in life insurance and securities. In the case of industry, the number of men employed exceeds the number in the record year of 1920 and the wage scale is proportionately much higher in relation to the cost of living than it was in 1913. Much the same relationship is shown between the price of agricultural products and the general commodity index. The farmer receives about 60 per cent. more for his products than in 1913 while he pays only about 50 per cent. more for the articles he purchases. Such price relationships give promise of continued activity in wholesale and retail trade in the near future.

### NEW OFFICERS FOR UNION TRUST OF DETROIT

SEVEN employes of the Union Trust Company, Detroit, Mich., were recently elected officers of the company, according to an announcement made by Frank W. Blair, president. The new officers are as follows: William J. Dickson and Millard E. Bowlus, assistant secretaries; James A. Pierce, George F. Aldrich, Charles Stewart Baxter and George E. Parker, assistant trust officers; Paul D. Corbett, assistant manager of bond department.



THE PRESIDENT'S ROOM  
LIMA TRUST COMPANY, LIMA, OHIO

**T**HE subdued elegance and beauty of appointments in this room proved to be one of the most attractive features to the visitors during the recent opening of this twelve story building. The walls are wainscoted in American walnut—the ceiling, antique gold stucco—and the fireplace, Roman Travertine stone.

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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

## EXECUTOR LIABLE FOR FAILING TO SELL NON-LEGAL SECURITIES PROMPTLY

In re Brown's Estate, Supreme Court of Pennsylvania, 135 Atl. Rep. 112.

**A**N executor retained as part of the estate shares of stock in a publishing company for fourteen years after the testator's death, during which time the stock decreased considerably in value. It was held that the executor should be surcharged with the amount of the difference between what the stock would have brought had the executor exercised reasonable business judgment and what it actually brought when sold.

The rule is that a fiduciary should not hold beyond a reasonable period non-legal securities unless specially authorized to do so, and that if he does hold them beyond such time and a loss occurs he will be liable for the loss, unless he shows that his retention of the securities was due to an honest exercise of judgment based on actual conditions and not a mere lack of attention.

In the matter of the estate of A. M. Brown, deceased. Thomas M. Brown, administrator de bonis non cum testamento annexo, appeals from a decree of the orphans' court dismissing his exceptions to the account of the executors of the estate of John D. Brown, deceased. **Affirmed.**

**KEPHART, J.** John D. Brown was the executor named in the will of his father, A. M. Brown, who died in 1910. He administered the estate until his death, which occurred in 1924. No formal account having been filed, this was done by the executors of John D. Brown, accounting for all the assets undistributed. Exceptions were filed by the administrator of A. M. Brown, who was also an heir. He asked that the estate of John D. be surcharged for the loss sus-

tained in the sale of stock of the Dispatch Publishing Company, the executor having held the stock for 14 years after his father's death.

Since this stock was part of an estate passing at death to a legal representative, the question arises as to what was his duty with respect to holding or selling.

Taylor's Estate, 277 Pa. 525, 121 A. 310, 37 A. L. R. 553, our first case that deals extensively with the duty of fiduciaries who receive nonlegal investment held by testator during his life, points out that, though we have, in a number of cases, refused to surcharge fiduciaries with losses sustained through holding dividend paying corporate stock purchased by the decedent, such exemption from liability is not general, but is subject to well-defined limitations. While the limitations must, of necessity, be less drastic than those controlling trustees in making original investments, absolute freedom from liability or freedom, except when guilty of gross or supine neglect, is not the rule. Taylor's case concerned bonds, an investment different in many respects from corporate stock. They were held for a long time after it should have been known by one of ordinary business knowledge that the bonds should have been converted to preserve, at least, the value fixed at testator's death.

The rule stated in Taylor's Estate as to such securities was that a fiduciary should not hold beyond a reasonable period investments made by the decedent in unauthorized securities, unless specially authorized to do so, and that when a trustee continues to hold such nonlegal investments, after a time when he could probably dispose of them, and a loss occurs, he must be held liable for a failure to exercise due care, *unless he shows that his retention of the securities in question represents, not a mere lack of attention, but an honest exercise of judgment based*



*The latest*  
**FINANCIAL  
 STATEMENT**  
*of New England's largest bank*  
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**RESOURCES**

Cash and Due from Banks.....		\$84,970,881.54
United States Securities.....		19,443,107.28
Loans, Discounts & Investments.....		276,637,769.44
Banking Houses.....		9,981,422.62
Customers' Liability Account of Acceptances.....		19,607,460.43
Accrued Interest Receivable.....		1,035,407.47
<b>Total</b>		<b><u>\$411,676,048.78</u></b>

**LIABILITIES**

Capital.....	\$20,000,000.00	
Surplus & Profits.....	24,307,188.95	\$44,307,188.95
Reserved for Dividend Payable Jan. 3, 1927..		800,000.00
Reserved for Interest and Unearned Discount.....		1,856,858.23
Deposits.....		308,665,989.24
Items in Transit with Foreign Branches...		1,717,630.31
Rediscounts and Federal Reserve Funds Purchased.....		13,000,000.00
Acceptances Executed.....		20,034,404.70
Acceptances and Foreign Bills Sold.....		21,293,977.35
<b>Total</b>		<b><u>\$411,676,048.78</u></b>

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on actual consideration of existing conditions; in other words, he is expected to be ordinarily watchful and to exercise normal good judgment. *Taylor's Estate*, 277 Pa. 528, 121 A. 310, 37 A. L. R. 553.

This rule was not intended to hamper fiduciaries in the control and management of estates. They need not rush into a conversion of the securities left by the decedent and, under the whip of the law, sell them below what they might normally expect to receive for them, thus causing an estate to shrink out of all proportion to any possible benefit that might arise through a strict application of the rule. One may readily see how too literal enforcement of the rule could be taken advantage of. In considering the sale of investments that have no open market, or bonds in a depressed market, or stock whose intrinsic value is established, paying dividends equal to and above what would be a normal interest rate, reasonable latitude, according to the circumstances, must be allowed a fiduciary in the disposition of such property.

Investments in stock or bonds are a means by which money is made to earn, for itself, money or income. The primary thought in both should be property value, then income. Occasionally the investor considers the latter paramount, depending largely on individual necessities. But the first essential thing for a fiduciary to consider is the safety of the principal, even though it may sacrifice income. Careless disregard of this fundamental rule necessitated the surcharge in *Taylor's Estate*. When a 6 per cent. rail bond brought a premium of \$25, it must have been patent that such paper was an attractive security and to take advantage of its position, then was the advantageous moment to sell in protection of the principal. When the bonds matured, no matter what the dollar value may have been or the cost of its use, the executor could get but its face value, and the estate suffered a loss in principal. The illustration in *Taylor's Estate* was

a simple one, having fixed the maximum value at maturity date which was close at hand. The difficulty of fiduciaries comes from the fact that there are usually no fixed values, but such as depend on the money market, assuming there is property value and income behind the investment. It is a well-known fact that the value of the dollar and the cost of its use fluctuates, affecting principal and income, though not in the same way.

To a fiduciary acting in good faith on considered circumstances, his judgment should have controlling effect as to the time of sale of the particular investment. The matter is very well covered in these lines of the Chief Justice's opinion quoted above:

"That his retention of the securities in question represents, not a mere lack of attention, but the honest exercise of judgment based on actual consideration of existing conditions."

What would a prudent man ordinarily do if a similar situation confronted the disposition of his personal affairs? While over-exacting solicitude is not required, carelessness or disregard of the welfare of the estate will not be disregarded. In this class of cases it is obvious that each must stand largely on its own facts.

This is not requiring too much from those persons who are intrusted with the care of estates. Indeed, as the property is supposed to be under the direct care of the courts, our duty is to see that appointed or selected officers are faithful and ordinarily diligent. Such rule cannot but appeal to any fair-minded person as being a just one. The preservation of an estate from loss should be the primary thought and care of our courts. In the determination of business judgment, too much stress must not be laid on retrospection. Our aftersight is not to be the sole judge, though it may be useful.

If the conduct of this executor were to be judged squarely on the legal principles announced in the *Taylor Case*, without any outside matter affecting his

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decision to hold the stock, we might be forced to hold that his retention of it so long after his father's death fixed him with liability for loss. The knowledge he must have had, as director of the company, that its business was falling off, its dividends taking a drastic slump, these, with other matters, would have caused any prudent man, not only to inquire, but also, if possible, to convert the stock. The dividend for the first seven years after his father's death ranged in amounts from \$9 to \$23 a share, when it suddenly fell to \$6 a share, continued to decline for six years, and finally when it was sold, it paid \$1.60 a share. What caused this slump does not appear, but it should have challenged the executor's immediate attention. His liability, however, would not be the difference between the appraised value and what the stock sold for, but the difference between what the stock would have brought had he exercised his business judgment, and what it actually sold for.

What exempts John D. Brown's estate from a surcharge and takes his act out of the operation of the rule just discussed is the agreement of the heirs and parties in interest to keep the stock and, from its earnings, provide a fund to pay taxes and carrying charges on real estate not yet sold. In addition, the will placed a large discretion and confidence in the executor as to the time of sale and distribution of all of the estate. This appellant cannot now be heard to complain that his brother did not make sale of the stock sooner. We agree with the court below that there is nothing in the evidence from which we can hold that he failed to give the skill, prudence, and judgment required in such duties, when he refused to sell the stock after the dividend slump, because of the agreement of the parties and the authority vested in him under his father's will. *Detres' Estate*, 273 Pa. 341, 117 A. 54.

For these reasons the assignments of error are overruled, and the decree of the court below is affirmed, at cost of appellant.

## INSTRUMENT IS HELD NON-NEGOTIABLE

In re Linkman's Estate, Supreme Court of Wisconsin, 210 N. W. Rep. 705.

An instrument in the following form:

"I owe Jean Tomkiewicz, 1000 dollars.  
"Erwin Linkman, M.D.  
"June 25, 1921."

is non-negotiable. And in an action upon it the holder must prove that it was based upon a sufficient consideration. Consideration is not presumed as in the case of negotiable instruments. In the present case, the holder of the instrument above described filed a claim upon it against the estate of the maker. It was held that the testimony established that the note was based on a sufficient consideration.

ROSENBERRY, J. The claimant filed a claim against the estate of Erwin G. Linkman, deceased, in the sum of \$1000, based upon the following memorandum:

"I owe Jean Tomkiewicz 1000 dollars.  
"Erwin Linkman, M. D.  
"June 25, 1921."

The administrator objected to the claim upon two grounds: (1) That he had insufficient information regarding the claim and demanded that it be regularly proven in open court; and (2) that such information he had was to the effect that such demand was not a valid claim against the deceased.

The matter was brought on for trial. It appears from the evidence that Tomkiewicz was a druggist and had known Dr. Linkman for about ten years; they had been schoolmates and were good friends. Claimant identified the signature of Dr. Linkman upon the writing, and it was offered in evidence. One Stanley Michalek was then sworn, and he testified that he was behind the counter in the drug store of the claimant at the time of the transaction; that he saw Dr. Linkman write out the document, hand it to Tomkiewicz, and at the same time Tomkiewicz returned to Dr. Link-



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# **GARFIELD NATIONAL BANK**

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man a diamond ring which, he gathered from the conversation, had been left as security for the \$1000 which Tomkiewicz had given to Dr. Linkman the night before. The court rejected the testimony of Michalek, but, being of the opinion that the writing imported a consideration, gave judgment for \$1000 in favor of the claimant.

It requires no argument or citation of authority to sustain the proposition that the writing in question was a non-negotiable instrument. It recited no consideration, and none is presumed under such circumstances. We have no statute in this state that contracts other than negotiable instruments import a consideration where the consideration is not expressed in the writing. It was therefore incumbent upon the plaintiff, in order to establish a valid and subsisting claim against the estate of the deceased, to prove a sufficient consideration. *Joseph v Catron*, 13 N. M. 202, 81 P. 439, 1 L. R. A. (N. S.) 1120, and cases cited.

The defendant here was not required to and by his pleadings did not assume any burden in regard to want of consideration. It was necessary for the claimant to prove a valid claim. It was as necessary to prove a good consideration as a promise to pay. 2 *Jones on Evidence* (Horowitz) par. 179; 3 R. C. L. § 122.

There remains for consideration whether or not the proof offered by the claimant as to consideration was sufficient to entitle him to recover. It appears without dispute that the memorandum was given contemporaneously with the surrender of the diamond ring. It also appears that the diamond ring had been deposited as security for the payment of \$1000. The trial court regarded the testimony of Michalek as incredible. While it lacks in frankness and the circumstances might to some minds appear to be suspicious, that part of the testimony relating to the transaction of the previous evening was not hearsay. It was made by the parties to

the arrangement in the presence of the witness Michalek, and their declarations were at least admissible as an admission. It appears without controversy that Linkman by the execution and delivery of the memorandum acknowledged himself for some reason to be indebted to the claimant. It is considered that the evidence is not so improbable as to make it entirely unworthy of belief, and, if believed, claimant sufficiently met the burden of proof as to consideration to entitle him to judgment.

Judgment affirmed.

#### BANK LIABLE FOR PROPERTY STOLEN FROM SAFE DEPOSIT BOX

*Moon v. First National Bank*, Supreme Court of Pennsylvania, 135 Atl. 114.

A bank which rents safe deposit boxes must exercise reasonable and ordinary care to protect the contents of the boxes from burglars. What constitutes the proper degree of care in cases of this kind is a question which must be decided by the jury, in view of all the surrounding circumstances.

In the present case the burglars effected an entrance to the defendant bank by sawing an iron bar in one of the windows and got into the vault, in which the safe deposit boxes were contained, by drilling an opening in one of the vault doors. The safe in which the bank kept its own valuables was not disturbed but the burglars broke into the plaintiff's safe deposit box and stole securities belonging to him. Among other things, it appeared that the defendant bank employed no watchman; that, while the building was electrically lighted, no light was kept burning during the night; that the building was not equipped with a burglar alarm system; and that the doors of the vault were not burglar proof. It also appeared that, at one time when the plaintiff raised a question as to the safety of his securities, he was assured by the

officers of the bank that the securities would be fully protected by the bank's increasing its burglary insurance. It was held that the bank was liable to the plaintiff for the amount of his loss.

Action by Ira J. Moon against the First National Bank of Benson, Holsopple, Pa. Judgment for plaintiff, and defendant appeals. Affirmed.

**FRAZER, J.** Plaintiff sued to recover the value of securities belonging to him and stolen by burglars from his safe deposit box in defendant's bank. The liability of defendant was based on the theory of negligence in failing to exercise due care, as bailee for hire, in providing a reasonably safe place for keeping plaintiff's property. The jury found for plaintiff, and, from judgment entered on the verdict, defendant appealed.

Plaintiff was a depositor in defendant's bank, and, previous to the burglary, rented one of its safe deposit boxes in which he kept various papers, bonds, and other securities. The bank is located at Holsopple, in Somerset county, a small country town with a population in the neighborhood of 400 or 500 persons. At the time of the loss the streets of the town were electrically lighted, but no night watchman or other police protection was provided by either the municipal or bank authorities. The windows of the bank were protected by iron bars three-eighths of an inch in diameter attached to the window frame and located 6 inches apart. The vault, in which the securities belonging to plaintiff and others were kept, was built with walls 22 inches thick; the entrance being protected by three doors or gates; the outer door being constructed of soft steel three-sixteenths to one-fourth of an inch, increasing to about one-half an inch where the lock was attached. The middle door consisted of a thin iron plate split in the middle and swinging on hinges from the sides of the vault, and the inner door or gate, the one commonly used during

banking hours, while the outer doors remained open, was constructed of separated upright rods and closed with a spring lock. The boxes used by depositors, one of which plaintiff rented, were arranged inside the vault, which also contained the steel safe in which defendant kept its funds and securities. The deposit boxes were opened by two keys, one of which was kept by the depositor and the other, a master key, remained in the possession of the bank; the presence of both keys and a bank official being required to secure access to the contents of the box.

After effecting an entrance through a window by sawing one of the iron bars, the burglars drilled an opening in the vault door, over a small bolt connecting with the combination lock, and by cutting this bolt released the combination from the mechanism which permitted the door to operate free from the lock and allow entrance into the vault. The safe in which the bank kept its money and securities was not disturbed, and the only valuables taken were such as were found loose in the vault and those contained in the boxes of depositors, which were forced open by the burglars.

As, tending to show lack of reasonable care, plaintiff offered evidence that the bank employed no watchman; that, while the building was electrically lighted, a light was not kept burning during the night; that the building was not equipped with a burglar alarm system; that the middle door of the vault had been left unlocked; that the inner gate could be unlocked by merely reaching between the rods; and that neither door of the vault was burglar proof.

Under the conditions indicated by the foregoing testimony the court below properly charged that defendant owed to plaintiff the duty of exercising such care as ordinarily careful and prudent persons would exercise in the same or similar business, and that, if the jury found defendant failed to exercise such care, plaintiff was entitled to a verdict for the amount of his loss.



The contract between the parties was a bailment for hire, and, consequently, for the mutual benefit of both. Reading Trust Co. v. Thompson, 254 Pa. 333, 337, 98 A. 953. In such case there is an implied contract that the bailee will take reasonable and ordinary care of property the subject-matter of the bailment; Cody v. Venzie, 263 Pa. 541, 546, 107 A. 383. What constitutes ordinary care or diligence necessarily varies with the circumstances under which the bailment is made, the nature of the subject-matter, the business in which the bailee is engaged, the usages of that particular industry, and is necessarily a question for the jury. Lancaster County Bank v. Smith, 62 Pa. 47, 54; Erie Bank v. Smith, 3 Brewst. 9, 16; Safe Deposit Co. of Pittsburgh v. Pollock, 85 Pa. 391, 393, 27 Am. Rep. 660.

The fact that plaintiff was aware of the conditions under which his securities were kept, and without objection permitted them to remain in the bank, does not prevent recovery. We deem unnecessary, under the facts here involved, to enter into a discussion of the extent to which the doctrine of estoppel or contributory negligence should apply in cases of bailment for hire. The contract here was one of rental of a safe deposit box in consideration of the payment of a fixed amount by plaintiff at stated periods. Defendant accepted from time to time the compensation provided for, and undertook to perform the trust, and by so doing there resulted an obligation on its part to exercise the degree of care and diligence generally given by other banks similarly situated. Plaintiff had no control over the manner in which the box containing his securities was kept and guarded by defendant, or of the kind and quality of doors and locks or other safety devices attached to the vault, these details were entirely for defendant to determine. On a question being raised concerning the safety of plaintiff's property, and the advisability of transferring it to another bank, he was assured by the

officers of defendant that his securities would be fully covered and protected by defendant increasing its burglar insurance. Plaintiff had a right to rely on this assurance of safety and to assume defendant would take such precautions to protect his property as were ordinarily taken by banks under similar circumstances, and was not required to make a personal investigation of the methods adopted by defendant in performing this duty.

Appellant also assigns for error portions of the charge and rulings on testimony. These assignments are without merit and a discussion of them seems unnecessary.

The judgment of the court below is affirmed.

#### EQUITABLE EASTERN BANKING CORPORATION

At the annual meeting of stockholders of the Equitable Eastern Banking Corporation held January 11, all retiring directors were re-elected.

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# THE FINANCIAL AND ECONOMIC SITUATION ABROAD

By WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

THIS is the open season for manifestoes. In November it was a group of bankers who signed and published a manifesto asking the reduction of tariff barriers to trade. Now in December forty-two professors of Columbia University, in a similar document, urge the reconsideration of the war debt settlements.

The arguments they use are familiar. The settlements, they say, considered the debts as business obligations. Instead they were a combination of business loans and loans of necessity to allies in a war. "Insufficient account has been taken of these differences. The origin of various items in the debts was ignored."

Secondly they charge that the formula "capacity to pay" is "hard and heartless." For the estimate of capacity to pay over a period as long as sixty-two years, can only be based on present capacity. And most monumental changes in the economic position of nations have occurred in the last half century.

Though complete cancelation is not suggested, its effects are considered in the calculation of the material benefits America receives from the present settlements:

"1. Our scheduled annual receipts from debt payments during the next four years will be less than 5 per cent. of either the present annual commodity imports or the present annual commodity exports of the United States. . . .

"2. The scheduled annual payments for the next few years will constitute, it is estimated, less than one-third of 1 per cent. of our annual national income. . . .

"3. The scheduled annual debt pay-

ments will make much less difference in the American tax bill than is generally supposed. The payments due in the next four years amount to less than \$2 annually for each person in the United States. . . .

"4. Fulfillment of the debt agreements necessarily imposes on European debtors hardships much greater than the benefits, which accrue to America. . . . Taxation in proportion to income and population is between two and three times heavier in England, France and Italy than it is in the United States."

## CONFERENCE SUGGESTED

The professors, experts in economics, sociology, history and public law, suggest therefore "an international conference to which all the countries concerned shall send representatives. To this conference the representatives of United States should go, not with rigid restrictions, like those hampering our debt commission, but with directions to determine what settlement compatible with the demands of justice would seem best calculated to promote the future peace and prosperity of the world."

This is justified both by the "dictates of political expediency and the counsels of economic self-interest," for "evidence is accumulating week by week that our insistence on debt payment will cause the hatreds of which European countries are finding means to allay among themselves to be concentrated squarely against the United States."

Business men and economists in all countries read this sadly. For even though they agreed with its sentiments,

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they could but regret its publication now. There is but slight possibility that Congress will heed the professors. On the other hand, this evidence of a sentiment for cancelation in the United States makes Poincare's task of getting the Berenger settlement with France ratified doubly difficult. French public opinion was gradually coming to favor ratification. Now it is again hostile. Yet no country is so sadly in need of the stabilizing effect of ratification as France. Examples of the similar disturbing effects may be seen all over Europe. The intentions of the signers were of the best, but the results, alas, were not.

### THE NICARAUGUA SITUATION

When United States marines landed in Nicaragua the day before Christmas, they stirred up a peck of trouble. All they did was to establish a "neutral

zone" for the protection of Americans against the two contending forces there. But the cry of "interference" went up, and charges and counter-charges were hurled back and forth. Alarmed, President Coolidge explained the dispute to Congress in a special message. The message practically charged Mexico with interference, and resulted in complications with that country.

For the last few decades Nicaragua, in common with most of the Latin American republics, has had trouble in maintaining a stable government. By the law of averages, large numbers move slowly. Therefore, in 1923, five Central American governments (Costa Rica, Guatemala, Honduras, Nicaragua, and Salvador) banded together to help to insure each other's stability. They agreed that "the governments of the contracting parties will not recognize any other government which may come into power in any of the five republics through a coup d'etat or a revolution against the recognized government." While the United States did not sign this treaty, it feels itself morally bound by it, because it was signed in the United States and under United States auspices.

In October, 1924, Carlos Solorzano was elected president of Nicaragua, and Dr. Juan B. Sacasta was elected vice-president. This government was recognized by the United States. United States marines were kept in Nicaragua, by request of the government until August, 1925.

In October, 1925, a revolution headed by General Chamorro forced Solorzano to resign. Vice-president Sacasta fled to Mexico and Chamorro took the presidency. The United States and the signatory powers, however, refused to recognize the Chamorro government. More or less hostility continued until an armistice was arranged in August, 1926, to see if the dispute over the presidency could not be settled amicably. The conference held at that time failed to accomplish anything, largely because Sacasta refused to attend, and his repre-

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sentatives abruptly left the conference after participating a short time.

Hostilities were resumed on October 30, 1926, and Chamorro gave place to Sebastian Uriza as president. He, too, failed of recognition. Therefore, Solorzano having resigned, and Sacasta, the vice-president, being out of the country, the Nicaraguan Congress convened on November 10, 1926, and elected Diaz as president.

About this time Sacasta returned from Mexico, and set up a "government" at Puerto Cabezas. He assembled troops, armed them, and proceeded to "re-establish the constitutional order interrupted by Chamorro and Diaz." Diaz appealed to the United States for aid in protecting the lives of Americans, maintaining that the government of Nicaragua was not strong enough to do so against Sacasta with the support of Mexico.

Followed Admiral Latimer's establishment of "neutral zones." Sacasta charges that there never has been any danger to American citizens or property; that the "neutral zones" are established merely to obstruct him and protect Diaz.

"It is not the desire of the United States to intervene," said President Coolidge, in his message to Congress on Nicaragua. "Nevertheless . . . we have a very definite and special interest in the maintenance of order and good government in Nicaragua at the present time."

Therefore, having, as he said, evidence that Mexico had furnished or encouraged the furnishing of arms to Sacasta, the United States licensed the exportation of arms to Diaz. It seems quite plain, therefore, that the United States has intervened, to assist Diaz.

The Government of the United States thus finds itself in a very delicate situation. Other Latin American countries are aroused at the intervention. Mexico resents the charge that it is aiding Sacasta and thus also intervening. It is charged that Diaz is more cordial to business interests than Sacasta and that support of him by the United States is based on this. This may or may not be true. Certainly American business interests should be protected. But some things—the American reputation for fair dealing and peaceful settlement of disputes—are more important than profits. The recent proposals for arbitration of the dispute are, therefore, doubly welcome.

CITIZEN, DICTATOR, PRESIDENT

President Grinius of Lithuania was sleeping soundly on December 16. The next day was his birthday, and a celebration had been planned. But Anton Smetona, former president of the Republic of Poland, had other plans. While Grinius slept, Smetona assembled his troops. At 3 A. M. of his birthday.



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Dr. Grinius was arrested, as were also most of the members of his cabinet. Then Smetona proceeded to take possession of Kovno, the Lithuanian capital, and proclaim himself the dictator.

He was careful, however, to make his position more secure by giving it the sanction of constitutional procedure. Two days later, Dr. Grinius had been persuaded to resign the office of president, but not until his Premier had resigned and he had authorized M. Valdemaras, of the Smetona faction, to form a cabinet. Parliament then assembled, received and accepted the resignation of President Grinius, and elected Smetona president.

Smetona, a handsome bearded man of 48, has all of his life been vastly concerned in Lithuania's independence of Russia. Last September, Lithuania signed a treaty of neutrality and non-aggression with Soviet Russia. Alarmed, Smetona saw his country becoming a "Russian tool." Thus runs one explanation of the revolution. Another says that the Lithuanian communists were planning to seize control of the government. Still another blames the revolution on Polish or German influence. Only time will tell which is correct. A very strict censorship of news has prevented further information.

### "KILL THE FOREIGN DOG"

The American warships at Hankow have thus far succeeded in protecting Americans, but they have contributed nothing to modifying the Chinese atti-

tude expressed in the headline above. Of course, it is not the rational Chinese authorities who hold this attitude, but rather mobs of irresponsible coolies, whipped into fury by the speeches of agitators.

Only the greatest care has averted open riots. Early in January a mob of coolies advanced on the British concession in Hankow. The small force of policemen and sailors fixed bayonets on their rifles, stood their ground, and exchanged blows with the coolies, using their rifles as clubs. Not a shot was fired. It was feared that firing on the mob would only increase their fury. For four hours a small force held the mob at bay, with injuries to only three of the defending British, until Chinese soldiers arrived and dispersed the mob.

Following that and a conference with the Chinese Chief of Police, the naval detachment was withdrawn from the concession, the Chinese Chief of Police guaranteeing the conduct of the mobs. The sandbag fortifications were torn down, and foreigners chased, but not injured.

The next day, however, riots between the native police and the coolies began, the British flag was hauled down and the Cantonese flag run up, the women began leaving the concession for the steamers, and British and American warships went racing up the Yangtse from Shanghai to Hankow, as further protection. It took four days to restore order, and even then, though outward conditions were quiet, the situation was not reassuring.

Later in the month, similar agitations were reported at Shanghai, though they took the form of strikes, rather than violence against foreigners. No satisfactory method of stopping this anti-foreign attitude has yet been evolved, though the patience shown by the British at Hankow seems by far the wisest policy.

#### GREAT BRITAIN

Since the return of the English miners to work, coal production has been increasing by leaps and bounds. It reached 4,467,900 tons in the week ended December 11, 1926. A normal production at that time would have been about 5,000,000 tons. How to distribute it equitably so as to avoid hardship and high prices in certain sections of the country is now the problem.

Even if most people in England are able to forget the shortage of coal soon, they will be constantly reminded of it by the national finances. Due almost solely to the strike, the government has a deficit of almost \$700,000,000 at the end of the first nine months of a fiscal year when it was expected that revenue would balance expenditure. One can hardly blame our British cousins for envying us when they perceive that their deficit is twice as large as our surplus, especially when one considers that they are now using all the available means of bringing in revenue.

Always skilful in financing, the British Treasury has discovered a most artful way of making attractive its new Four Per Cent. Consolidated Loan. Whatever the amount realized by the loan, a sinking fund of £2,500,000 will be applied each quarter for ten years beginning April 1, 1927, to purchase the bonds in the open market. Thus the quicker will be the redemption and the smaller the amount subscribed, the greater the profit of the investor on the price of 85. The bonds are redeemable at par at the opinion of the government on or after February 1, 1957. The prin-

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cial purpose of the issue is to provide funds for the payment of the £265,000,000 of bonds which mature in 1927. It is also hoped that the subscription will be large enough to furnish the treasury with some funds to meet the deficit mentioned above.

#### GERMANY

A mere party quarrel resulted in the downfall of the Marx Cabinet on December 17 and, for over a month, Germany has been without a government. Dr. Curtis, formerly Minister of Economics in the Marx Cabinet, was requested by President Hindenburg to form a government, but failed. At this writing, it is still in doubt who will be asked next.

Meantime, however, the financial condition of the government is healthy. A surplus is forecast for the present fiscal

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year, and the budget for 1927, presented to the Reichstag on January 6, balances at 10,503,000,000 marks. The increase of almost 1,500,000,000 marks over last year's budget has subjected this estimate to much criticism. The increased obligations under the Dawes Plan amount to only about 500,000,000. The Socialist and Democratic newspapers charge that most of the increase is to go to the Defense Ministry, particularly for naval expenditures. The Defense Ministry is not alone, however, in asking for increased appropriations. Almost all the ministries are doing likewise. Evidently politicians are the same the world over; no sooner does a budget surplus appear than a dozen ways of using it up in increased salaries and other appropriations are suggested.

The Reichsbank continues to import gold, the latest shipment being of \$5,000,000 from the earmarked gold held in the Federal Reserve Bank of New York for the Reichsbank. As a result, money conditions in Germany are still easy. Unemployment is increasing slightly, but is not expected to become serious, for the general business situation is favorable to continued activity.

After two long meetings at Geneva, the representatives of France, Great Britain, Belgium, Italy, and Japan have agreed to terminate their control over the arms and fortresses of Germany, and leave the League of Nations to act as watchman in their place. However, each country is to have a right to maintain an expert in its embassy in Berlin, to facilitate settlement of disputed points.

The allied control terminated January 31.

## FRANCE

To the magic of the advancing franc is due the final approval on December 19 of the French budget, after the shortest budget discussion in forty years. And for the first time in many years it provides for an estimated surplus.

To it also is due the relief of the treasury from the annoyance of having to redeem each month large amounts of national defense bonds. For with the advancing franc came confidence in the government, causing less of these bonds to be presented for payment. Business, hesitating and waiting for the inevitable drop of prices which must follow so sharp an advance in the monetary unit, found itself with temporary funds, ordinarily used in commerce, now available for investment. These went into national defense bonds.

The treasury applied the plethora of funds, thus acquired to the repayment of 2,000,000,000 francs of its debt to the Bank of France, and discontinued the issuance of one-month and three-month national defense bonds, to remove that menace in the future. In place of these, it is now issuing treasury bonds in 100,000 francs denominations, due in periods ranging from one month to one year. After March 1, however, no one and two-month bonds will be issued, and after April 1 no three-month bonds will be issued. These bonds, which bear interest at from 3 to 5 per cent., will be issued up to 5,000,000,000 francs. Thus the



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government hopes to escape having to redeem large amounts of short term bonds on short notice, as it had to so often in 1926. But their issue increases the floating debt just the same.

The Bank of France, in turn, finding itself with a large surplus of loanable funds—partly due to the repayment by the treasury, and partly due to the cessation of business demands for money—reduced its rate from  $7\frac{1}{2}$  per cent. to  $6\frac{1}{2}$  per cent. At the same time, it decided to check this circle which is just as vicious as the "vicious circle" of rising prices. Accordingly, it pegged the franc at about four cents, and has held it at that figure for almost a month, despite repeated denials by the government of any intention to attempt stabilization.

The damage, alas, had been done. Depression, once started, is exceedingly hard to stop. Unemployment in the furniture trade is 45 per cent. and threatens to reach 100 per cent. Similar conditions threaten the silk and metallurgical industries. The increased prices and the reduced earning power of Frenchmen

have caused thousands to lay up their automobiles, resulting in a decrease of more than 180,000,000 francs in the total business done by the oil and petrol companies. This is plainly evident in the disappearance of the traffic problem, where the falling off of vehicles is almost 50 per cent. and, even in what are normally the most congested centers, traffic now flows with comparative ease. Perhaps more significant than any other index, however, is the fact that during the month of December not a single domestic order for steel was booked by the steel mills of France. To relieve this, Poincare is preparing to introduce several bills to "intensify production" by instituting public improvements to furnish work for the unemployed.

## SOCIALISTS GAIN IN ELECTIONS

The recent elections in France showed a considerable gain for the Socialists in the Senate and the Chamber of Deputies, and for the first time in history a Socialist, Fernand Bouisson, was elected

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Speaker of the Chamber of Deputies. In general, the elections have strengthened the support of M. Briand in his policy of evacuation of the Ruhr, to the loss of M. Poincare. On the other hand, the forces against the ratification of the Berenger debt settlement also appear to have gained a temporary advantage.

Early in January, for the first time in four years, a shipment of gold arrived in the United States from France. The amount was \$4,000,000. Though no explanation was given for the shipment, well informed opinion is inclined to believe it is to be held merely as a reserve against further attacks on the franc, or possibly for use when the French government decides to attempt stabilization.

## AUSTRIA

A few months ago the monthly bulletin of the Swiss Bank Corporation summed up the situation in Austria as follows: "The restoration of Austrian national finances may now be considered complete, but the economic reconstruction of the country is still only in its initial stages." This is strikingly confirmed in recent figures. Instead of the deficit of \$10,000,000 anticipated in 1926, results for the year show a surplus of about \$910,000. The budget for 1927, though it shows a considerable increase (20 per cent.) provides for a surplus. The League of Nations credit now available has not been used, and it is not expected that it will be used in 1927. But this is government finance.

Turning to business, money is still

high, 6¼ to 7 per cent. Unemployment is on the upgrade. The first eight months of 1926 show an import balance of over \$97,000,000. It is claimed that this import balance is more than covered by invisible items, but there is considerable doubt about this.

That a beginning has been made in economic reconstruction appears in the announcement of the formation of a stock company with \$715,000 capital to furnish export credit facilities, assuming 20 to 25 per cent. of the risks, and turning over the balance to foreign companies. This enterprise in itself is small, but it is an advance.

## HUNGARY

In November Regent Horthy dissolved the Hungarian National Assembly, and called for a new election. The election time was chosen with great skill, and resulted in further strengthening the power of Hungary's forceful Premier, Bethlen, in the House of Commons. Bethlen is very much like Mussolini—dictatorial in his methods, but a very good man to run the country.

In January the hereditary nobles of Hungary met and elected thirty-eight of their number to sit in the new Senate of Hungary. By that act, they gave up whatever claim they may have had to sit in the old House of Magistrates, bowing to the principle of representative government. It was a quiet proceeding, unimpressive, yet as significant as a revolution. Once more feudalism gave way before the people. Here again, Count

Bethlen gained a victory, for most of the thirty-eight elected were his candidates.

The pengo, introduced in January, 1926, as the theoretical monetary unit of Hungary, became the actual unit one year later. It is based on gold, and has a value of about 17.49 cents. It is exchangeable for the old paper crowns at the rate of 12,500 crowns for one pengo. In the future it is the unit which will be used in foreign exchange. It is said that the new pengo coins now circulating in Hungary are the first metallic Hungarian coins to be seen in that country for ten years.

#### POLAND

Application of the Kemmerer plan for the financial rehabilitation of Poland has had the following results to date:

Twenty banks whose capital is too small in proportion to their deposits have been closed, thus strengthening the other banks.

The reserve of the Bank of Poland has steadily increased to a new high for the last eighteen months of 45.5 per cent.

Deposits have increased more than 20 per cent. in the last five months.

The new budget for 1927 is balanced at 1,898,000,000 zlotys, a reduction from the 1926 figure of 1,819,000,000

The deficit has been reduced.

A \$100,000,000 loan to be floated in the United States is being seriously considered.

A commission is being sent from Poland to the United States to confer further with Professor Kemmerer about the practical application of his plan.

#### RUSSIA

The Russian peasants, finding themselves with a surplus of grain in the latter part of 1926, and the government being able to buy this, the foreign trade balance of Russia showed an export balance in the last quarter of the year. Production for the first time is approximating 1913 levels. Christmas buying created



A "Midsummer Day" in April

#### New Orleans

#### XXV

#### Tennis

Tennis is only one of the many year 'round sports enjoyed in New Orleans. The courts at the tennis clubs, public parks, country clubs, playgrounds, schools and colleges provide the devotees of the game with ample facilities for its full enjoyment. The photograph (above) shows Tilden and Chapin resting between sets during their exhibition match on the New Orleans Country Club courts April 12th, 1925.

Hibernia Bank & Trust Co.  
New Orleans, U. S. A.

good retail trade in Moscow and the close of the year found the Soviet optimistic.

This was quickly shattered when the figures of the fall grain sowings were published. Discouraged with the low prices received for last year's crop, the peasants are said to have reduced the area of grain sowed by at least 40 per cent. This sort of passive resistance by the peasants was what forced the new economic policy of modified capitalism in 1921 and it looks as though history is going to repeat itself in 1927.

The establishment of a seed fund, which is equivalent to a premium or subsidy to the peasants is urged, to stimulate larger sowings.

Christmas found all Japan draped with crepe and with flags at half mast, instead of the cheery decorations which usually go with Christmas. And the whole nation gathered at the principal shrines to

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<i>Surplus and Profits over</i>	. . . . .	<b>275,000</b>

pray for the late Emperor Yoshihito.

Emperor Hirohito, who succeeded him, is expected to carry on his work in much the same manner, and has pledged the nation to peace.

Professor Kemmerer, "the money doctor," made a flying trip to the United States in December to attend the meeting of the American Economic Association in St. Louis. Interviewed about Ecuador, he said: "Conditions in Ecuador are improving. The country was hard hit by a pest, known as the witch broom, which attacked the cocoa crop, the principal product of Ecuador. The Ecuadoreans are now studying how to diversify their products so as not to have all their eggs in one basket. The government is stable. There is a vigorous group in control."

Inasmuch as his report on suggested financial reforms has not been submitted, he refused to say anything on that subject for publication. Ecuador is the ninth country that has asked for his advice, and as soon as he finishes his work there he is to move on to Bolivia to render a similar service in reorganizing its currency and financial system.

### COLOMBIA

In order to complete its extensive rail-

road program, and to provide funds for 1927 maturities, Colombia has secured a six-months' credit of \$10,000,000 from a banking group headed by Hallgarten & Company, New York.

The days of pioneering are not yet over. Harvey S. Firestone has found in Liberia an almost primitive land, yet suitable for growing rubber. The newspapers recently announced the leasing by Mr. Firestone from the Liberian government of 1,000,000 acres of land in Liberia, wherever the best land for rubber growing is found. He plans eventually to plant the whole of this in rubber, and thus escape from the yoke of British and Dutch control of rubber supplies.

It is a gargantuan task, for the country has practically no highways. The complete development of such a rubber plantation will mean the clearing of the jungles, the building of roads, the establishment of towns, probably the building of a railroad, and the equipping of all these with American comforts if the plantation is to be manned even in part by Americans. Already the work has started, and is being pushed as rapidly as possible. It will probably cost \$100,000,000, or several times that amount, but whatever the cost. Harvey Firestone is going to see the job through.



# FACTORS UNDERLYING THE PURCHASE OF FOREIGN SECURITIES

By PAUL M. ATKINS

This is the second of two articles outlining the factors to be considered in judging the investment value of foreign securities. Dr. Atkins is an economist of note and was a specialist on the American Commission to Negotiate Peace.

THERE is an indication that, aside from such countries as France, Belgium, and some of the Balkan countries, European governments—both national and local—are past the peak of their borrowings in this country. Of course, this does not mean that there will be no further demand here for loans on the part of foreign governments, for undoubtedly they will continue to seek credit in the United States as they have in the past. This financing, however, will be due to a normal need for funds, especially for capital improvements, notably in South America.

There are prospects, however, that there will be an increasing demand on the part of foreign corporations for funds. Part of this will unquestionably be for loans represented by bonds and a part for active participation in the ownership of the company as represented by stock. These offerings, especially the stock, will give an opportunity for increased profits on the part of investors, but they will also involve a degree of risk which is not found in the usual government security sold here. Hence it will be necessary to analyse with care the factors underlying the investment offered by the individual corporation.

The factors which need to be evaluated in order to appraise the worth of the securities under consideration are substantially the same as those which must be considered in the case of American underwritings, yet their study must be approached with an understanding of the background of European culture and civilization against which these activities are projected, a background which differs in many fundamental respects from that found in the United States.

The three basic factors which must be considered are: (1) the financial and economic position of the company; (2) the managerial ability of the executives; and (3) the moral character of managers and directors who determine the company policies.

The financial position of a concern, European as well as American, may be ascertained with a considerable degree of accuracy by studying: (1) the actual figures as shown on the balance sheet and statement of profit and loss; (2) comparisons of these figures for successive periods; (3) the analysis of ratios between certain pairs of items taken from the balance sheet and statement of profit and loss; and (4) comparisons of these ratios for successive periods. When such figures have been properly tabulated, analyzed and charted, they form a fairly satisfactory means of evaluating the current financial position of the company. All this is, of course, based on the assumption that the figures in the balance sheet and statement of profit and loss have not been falsified nor manipulated.

## DIFFICULTY OF ANALYZING FOREIGN STATEMENTS

Certain difficulties are immediately encountered, however, in making such analyses. In the first place, the amounts are shown in foreign currencies. If the foreign exchange of the country in which the company is located is on a gold exchange basis, this difference does not cause any difficulty to the expert who is accustomed to think in such terms. Before such figures are presented to Americans, however, they must be changed to

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Bombay	Fengtien	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Buenos Aires	Hamburg	Karachi	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
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dollars. If foreign exchange is not stable, the problem is not the easiest, since variations in exchange will cause a fluctuation of the value measured in terms of American dollars.

Of course, there will be little prospect of the flotation here of loans of countries whose exchange is unstable. Even after exchange has been stabilized, however, there are serious problems to be encountered, for it is necessary to re-value assets and effect revaluations of the bonded debt.

The book value of inventories of raw materials and merchandise will frequently be found to be fairly correct and any adjustments which it may be necessary to make can be effected without serious difficulty because recent market prices are usually available. It is far more difficult to arrive at any reasonable valuation of the fixed assets—buildings, machinery, equipment, etc., however, because fluctuating exchange has destroyed the basis for a sound appraisal.

In most cases, Americans are inclined to attach an exaggerated importance to 276

the value of the real property and any mortgage that is placed thereon to secure a loan. The primary consideration in making a loan is to be assured of the continued earning power of the company and to procure a prior lien on those earnings. If a company goes bankrupt so completely as to leave nothing but the physical property, there will be little prospect of anyone else wanting to purchase it for there will be little hope of success in operating it. There are two exceptions, however, which deserve mention. If the failure is due to gross mismanagement or dishonesty on the part of the executives, then there is of course, a real possibility of making the property pay under good management. If, as in the case of a mining company, there are large ore reserves, it may be possible to find purchasers. In general, however, a right to the possession of the physical assets in case of failure is no better security than a prior lien to the whole assets of the company. This fundamental fact is so well recognized in some European countries that no provision for

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*Condensed Statement, December 31, 1926*

## RESOURCES

Stockholders' Uncalled Liability .....	\$5,000,000.00
Cash and Due from Banks .....	\$11,076,476.67
Bankers' Acceptances and Call Loans Secured by Acceptances..	10,965,459.92
U. S. Government Securities .....	11,495,726.16
Other Securities and Advances .....	19,777,785.68
Customers' Liability a/c Acceptances and Letters of Credit....	52,306,631.97
	<u>\$105,622,080.40</u>

## LIABILITIES

Subscribed Capital and Surplus .....	\$15,250,000.00
Capital and Surplus paid in .....	\$10,250,000.00
Undivided Profits .....	3,902,703.49
Due to Banks and Customers .....	35,876,466.00
Acceptances and Letters of Credit Outstanding .....	55,200,008.38
Reserve for Taxes, Dividends, etc. ....	392,902.53
	<u>\$105,622,080.40</u>

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mortgages as we know them is made in the law of the land.

It is, however, important to make sure that the company is properly equipped for the manufacture of the product which it produces. It is especially necessary to check this up in the case of foreign concerns for the frequent renewal of equipment is much less usual in Europe than in the United States. It is much more common in Europe to find plants of well established corporations of high standing provided with obsolete equipment than it is here. This is partly due to a natural and inherent conservatism on the part of most Europeans and in part to a lack of funds for the purchase of new machinery.

### MARKET PROBLEM AN IMPORTANT FACTOR

It is particularly desirable at the present time to check up the marketing organization and methods of the company in question. Companies whose market

position was considered impregnable before the war now find the greatest difficulty in selling their goods. Many German concerns, for example, which had their agents or branches scattered throughout the world had the latter closed during the war; their agents have taken on other lines and many have not wished to return to their old associations. Moreover, Germany found many countries barred to her by trade barriers and tariffs against which it almost completely shut out her goods. Some of these obstacles have been reduced or removed by the negotiation of commercial treaties with certain nations, notably, the United States, Great Britain and Belgium, while others are being negotiated.

Industrial concerns in such a country as Czechoslovakia have been confronted with a somewhat similar problem, the loss of markets, but for another cause. The major portion of the industry of the Austro-Hungarian Empire was located in Bohemia and Moravia, now parts of Czechoslovakia. Before the war, manu-



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## AMERICAN COLONIAL BANK OF PORTO RICO

facturing companies had an unrestricted market of 51,000,000 people—approximately one-half of the population of the United States at that time—a market which was protected from outside competition to a certain extent by tariffs. Now Czechoslovakia has only her own population, about 13,500,000, approximately equivalent to that of New York and Massachusetts combined, as a market in which her industries are at least partially protected. Elsewhere they must struggle against tariff walls which have been raised higher than ever since the war.

In the case of some of the newer countries, especially—though this holds true for all nations to a greater or less extent—there is a lack of men trained to deal with marketing problems under the new conditions, men who are sales analysts and not simply “salesmen.” It is desirable to ascertain whether a company has such men in its employ and whether evidence is at hand of an appreciation on their part of their tasks in the form of carefully thought-out sales programs. This kind of work is particularly difficult for many Europeans because of the traditional nature of business before the war. A company continued to buy of a certain vendor simply because it had always bought there. Americans, while frequently capable sales analysts within the borders of our own country, often fair miserably when

dealing with foreign markets because of their failure to understand local conditions, habits, etc. With the increasing importance of selling competition throughout the world, no industrial concern is a good investment risk if it does not display capacity for dealing with this problem.

### IMPORTANCE OF FINANCIAL STRUCTURE

It should hardly be necessary in this connection to point out the need for a satisfactory financial structure for the business. The bonds must be backed up by a substantial stock interest which represents an adequate financial investment on the part of those who hold the controlling interest. It should be worked out in such a way that the owners will have every interest to continue the operation and make a success of the concern; that they will have more to gain in so doing than by wrecking it. Not only must the financial structure be sound from the business viewpoint, but the legal organization should be such as to render the structure effective in operation for the protection of the underlying bond holders.

The solution of this problem in the case of foreign corporations is complicated by the fact that they must conform to the laws of the country in which they are situated. Such laws often necessitate legal organization which differs in many

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respects from that to which we are accustomed in this country. This renders it difficult for Americans to understand the structure and appreciate the extent of the protection to their interests which it affords.

More fundamental than the physical assets, the markets—actual and potential—the financial structure and position and the legal organization of a company is the managerial ability of its officers and ranking employes. It is their ability plus their integrity which determines whether the concern is to be successful or not in the long run. If they are possessed of sufficient training, experience, and business acumen and are motivated by sound principles of business ethics, then they must meet with success. If surrounding economic conditions are bad, they are just as bad for others as for them. Well organized and well managed companies are the ones which inevitably come out on top in the long run provided they have reasonable financial resources to begin with. In times of prosperity, they can start out with the

irreducible minimum of financial support and make money because their reputation for integrity will aid them to secure at least some small loans and their ability will enable them to profit to the full from current events.

#### DIFFICULTY IN MEASURING ABILITY

The difficult task from the American point of view is to measure the managerial ability of the directors. It is hard enough at best to make such an evaluation in the United States where conditions are fairly well known to all intelligent business men and financiers and where certain standards have been set up which enable American engineers to measure the abilities displayed by company executives. It is far more difficult, however, to do this in the case of a foreign corporation. Conditions differ so greatly in other countries that American standards of management cannot be applied as they are here. It is necessary to discard them and create new ones or, at least, modify radically the American

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## GENERAL BANKING BUSINESS

standards to which we are accustomed.

An investigation may show, for instance, that a factory manager is inefficient from the American viewpoint and should have been released. It may appear for example that he is allowing his men to ram moulds in the foundry by dancing on them with their bare feet when good foundry practice would dictate the use of power rammers. It is quite possible, however, that if the factory manager were to change to the use of machinery he might find a strike on his hands which would cut off all possibility of operating his factory and hence he continues to operate under the old method and, in spite of its inefficiency, to produce his goods at a cost which enables him to compete successfully with American machine-made products in the world markets.

Perhaps on the other hand, this factory manager may really be inefficient according to the standards of the country in which he is operating. The general

manager might then be blamed for allowing him to retain his position. In the United States even a factory manager can usually be removed in not more than a year's time and frequently in a good deal less if the officials of the company become convinced that he is unsatisfactory. In certain countries of Europe, however, a year's time is the minimum in which such a man as a factory manager can be removed and frequently by law or by custom—which in Europe is often as mandatory as any law—he can demand and obtain two years' notice. There is also the problem confronting the general manager of trying to find someone to replace him. To endeavor to train a subordinate for his place while he still remains on the job is out of the question; to bring someone in from outside often means that the man brought in must give a year's notice before he can quit his present job; to get the arrival of one man to synchronize with the departure of the other is no easy task.

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P. J. Campos .....	Manager Iloilo Branch
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Let any reader think that such cases are the result of an idle dream of the writer, let him say that both are actual cases which came to his attention when he was last in Europe and which are but typical of many others. The average American has no conception of the strength of tradition and the way in which it hampers the legitimate activity of capable business men.

Nevertheless, an executive has a considerable measure of freedom and opportunity to display his business sagacity and ability in the conduct of the affairs of his company. It appears in the way in which the internal organization of the concern is developed, the choice which has been made of employes and the extent to which their co-operation has been won. It shows itself in the way in which past problems have been solved and in the extent to which the future has been forecast and plans therefor have been laid. It is revealed by the methods of control which have been developed for production, sales, finances, collections,

etc. All of these factors of managerial ability must be interpreted in the light of what can honestly be expected of the managers under the conditions imposed upon them by their surroundings, and translated into American terms before they can be used by Americans as a basis for evaluating the securities of the company under consideration from the investment point of view.

A final word in closing will suffice to emphasize the basic quality of the personal integrity and character of the officers and managers and of the absolute necessity of complete assurance in regard to this point on the part of investors. This is especially essential when dealing with foreign securities for the means of securing protection, in case of defalcation, is far more difficult than it is at home, honest and fair as the laws of the foreign country may be.

The foreign investment field for American loans is now just beginning to be opened up in spite of the large volume



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of securities sold here in the last year or two. It offers good profits for the investment banker, excellent returns for the investor and provides the foreigner with funds which he needs and can use

with profit to himself. The success of the coming business along these lines depends on the careful selection of securities based on a thorough analysis of the underlying factors.

## THE PAST MONTH IN CANADA

By J. W. TYSON

CANADA enters upon 1927 with optimism. Views expressed by outstanding bankers and business leaders at the annual meetings of financial and industrial institutions are unanimous as to the improvement which has taken place during 1926, and the splendid prospects for the new year so far as economical and political fundamentals are concerned. The extent of prosperity in this year, as in other years, will, however, depend to a large extent upon the crop.

That Canada is at the present time in a better position to develop along sound lines than at any previous time during the present century, is an opinion held by more than one prominent Canadian. About 1900 the prediction was heard that the twentieth century would be Canada's century and there are now definite indications that the production is to be borne out. What the business leaders see is not so much the evidence of industrial prosperity, revealed by dividend increases and bonuses on the part of corporations, as the more definite if less evident indications of present stabil-

ity and expansion for the future, such as the announcement of the Canadian Pacific Railway with regard to the construction of new branch lines. Not for many years has there been such a significant indication of confidence in the country's need for increased transportation facilities. The National Railways are also announcing new lines to be built.

Confidence in the future is also felt from the standpoint of constructive government at Ottawa and in most of the provinces. Not in many years have there been in the federal government so many men who give evidence of determination to handle the country's affairs in a business-like way. An example of this has been the refusal of the cabinet to be stamped by political efforts on the part of the prairie representatives to have the government over-ride the Railway Commission on a question involving Western freight rates.

Immigration will in the future, as in the past, undoubtedly play an important part in Canada's development but those who appreciate the mistakes which have



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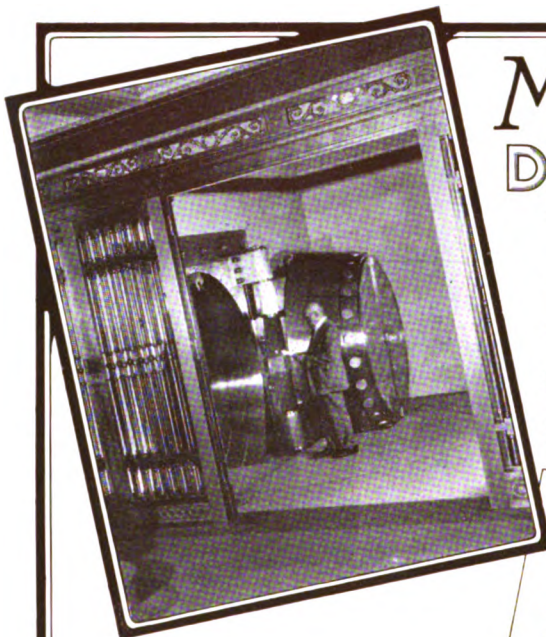
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been made hope that they will not be repeated. Comparatively few of those who have come to Canada during the last twenty years have remained in the country, if the census figures are to be relied upon. Statistics now available respecting the populations of the Western Provinces indicate that Alberta and Manitoba have since 1920 not only lost all new-comers but have failed to maintain their natural increase.

In Quebec, with her great power, mineral and pulpwood developments; in Ontario, with her rich agricultural areas and unknown wealth of mine and forest; in Manitoba, with the turn to industrial development and the spread of mixed farming; on the prairies with their return of sound and profitable agricultural conditions; in British Columbia where mineral developments and specific trade have brought a new prosperity; and even in the Maritimes, where there is improvement in trade and in spirit, the latter following the appearance of the Duncan report recommending action by the government to improve economic conditions, there are real and definite indications of the opening of a period of growth and development which, perhaps, has never been equalled in the past. A note of warning is sounded, however, that those easy profits which came during the boom about 1910, and during the war period of high prices, are not likely to be duplicated. The spirit of competition in business is keen and for the most part the rewards to capital and labor will be

on the basis of efficient service to the greatest number.

The necessity for reducing taxation finds reiteration in the addresses of Sir Herbert Holt, at the annual meeting of the Royal Bank, and of Sir John Aird at the annual meeting of the Canadian Bank of Commerce. They made the point that Canada needed to follow the example set by the United States in the reduction of all taxes and in the cost of government so that by economies due to the efficiency of administration, the country may secure a substantial reduction in the total burden of taxation rather than a change of incidence. Canada, it is pointed out, needs outside capital for the development of her resources and this capital can only be secured with difficulty if the tax burdens are heavier than in other countries. Hon. J. A. Robb, Minister of Finance, who holds the confidence of the business community although the difficulties of his position politically are understood, is expected to make further tax reductions in his forthcoming budget, which is being awaited with unusual interest on that account.

#### AGRICULTURAL CONDITIONS GOOD

Although bad weather during the harvest season reduced the grade of a large portion of the western crop, thus materially reducing its value, it is estimated by the Manitoba Free Press that the value of agricultural products on the prairies will reach \$480,000,000 and the



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prediction is made that, in view of this harvest, western Canada in 1927 will move forward into the best year of its whole history. It is emphasized that a country that can convert the soil and labor of the people into such a large amount of wealth in one year can go forward with confidence. There are indications that in many respects 1927 will present more normal features for prairie business than any in the past. During the boom, before the war, and during the war and after, when abnormal prices for farm products prevailed, the West enjoyed a prosperity which was the result of inflation. Today agriculture in western Canada is standing on its own foundation and it has made that foundation more sound in recent years by the development of mixed farming which has provided a year-around income on invested capital and the means of marketing a varied crop to relieve the land from the unsatisfactory process of wheat mining so widely followed in earlier years.

Canada's mineral industries yielded a

new record output in 1926 when the value of production reached \$242,886,000, an advance of 7.1 per cent. above the total reported for 1925. The previous high record of \$227,859,000 was established in 1920. Production of copper, lead and zinc reached new records; the output of silver was higher than in 1925; gold was steady, nickel production was only slightly less than the previous year.

The lumber industry is still suffering from over-production and unsatisfactory prices with the per capita consumption falling off in favor of cement and steel. In British Columbia sawmill operators are working on a general plan of curtailment to line up production more closely with the market. It was estimated that on the Pacific coast there is being cut a billion feet a year more than the trade can take care of and give a fair return on the investment.

A recent visit by prominent Kentucky tobacco growers to western Ontario for the purpose of acquiring land suitable for tobacco culture draws attention in

1839—1927

## Banking in the Levant

**E**NQUIRIES invited by a British Institution from banks whose interests render desirable a direct connection in the Near East.

### IONIAN BANK LIMITED

HEAD OFFICE  
LONDON

GREECE  
ATHENS, ETC.

TURKEY  
CONSTANTINOPLE, ETC.

EGYPT  
ALEXANDRIA, ETC.

a striking way to Canada's recent expansion as a producer of high-class blending tobacco. At the present time nearly 28,000 acres are under cultivation in eastern Canada, with an annual production of upwards of thirty million pounds. Some tobacco is also being produced in British Columbia.

While the total additional installations of power producing plants in Canada in 1926 did not reach the record figure of the preceding year it was nevertheless substantial, being only slightly under 226,000 horse power. This brings the total installation in Canada to 4,556,000 horse power. Last year was a very important one in power development, however, and marked progress was made on projects, of which a number are near completion, and will ultimately add to the Dominion's total more than 1,700,000 horse power, while others in active prospect promise a further addition in excess of 1,000,000 horse power. These figures combined would represent at the very least a direct investment of \$270,000,000 regardless of the new capital re-

quired in the application of the power.

The last statement of the Canada chartered banks made to the government showed savings deposits at a new high record for all time. The aggregate for all deposits in Canada reached a total of \$1,970,178,000.

Canadian production of newsprint, which in 1926 exceeded that of the United States for the first time, increased about 25 per cent. to a total above 1,875,000 tons. Operations in the newsprint mills were carried on close to capacity and most of the other mills were also able to operate at a satisfactory rate. No less than seventeen new newsprint machines were put into operation during the year, adding some 1600 tons to the daily capacity which now stands at 7350 tons. Exports of newsprint during the year were valued at close to \$140,000,000. About 95 per cent. of this went to the United States. Still additional plants are being brought into production and whether a healthy situation can be maintained is a matter which is receiving serious consideration.

# INTERNATIONAL BANKING NOTES

**N**ET profits of The British Overseas Bank, Limited, for the year ending October 31, 1926, are reported as £150,220. This institution, which was established in 1919, has an authorized capital of £5,000,000, surplus and paid up capital of £2,000,000 and reserve fund of £150,000. The bank has published its annual balance sheet in an attractive thirty-six page booklet completely explaining its various functions and operations.

STATEMENT of account of the Bank of Estonia, as of November 30, 1926, shows paid up capital of Emk. 250,000,000, reserve fund of Emk. 250,000,000, and total assets of Emk. 8.432.314.989.

REPORT of the directors of Barclays Bank (Dominion, Colonial and Overseas), London, shows net profits to September 30, 1926, of £637,020 (incorporating the profits of the Colonial Bank and the Anglo-Egyptian Bank Ltd. as from July 1, 1925, and those of the National Bank of South Africa Ltd. as from April 1, 1925). To this sum has been added £27,329, the undivided profits as of June 30, 1925, of the Colonial Bank, making a total of £664,350, to be disposed of as follows:

To expenses of amalgamation and provision for income tax .....	£230,235
To reserve fund .....	100,000
To interim dividend (from July 1, 1925, to March 31, 1926) at the rate of 8 per cent. per annum on the cumulative preference shares of £1 each fully paid, less income tax .....	86,064
To final dividend (from April 1 to September 30, 1926) at the rate of 8 per cent. per annum on the cumulative preference shares of £1 each fully paid, less income tax .....	57,376
To dividend of 3 per cent. on the "A" shares of £1 each fully paid, and the "B" shares of £5 each, £1 paid, less income tax .....	76,380
To be carried forward .....	114,294

Paid up capital of the bank is £4,975,500, reserve fund £1,100,000, current accounts £51,838,323, and total assets £62,678,816.

THE annual report of the Ulster Bank Limited, Belfast, shows net profits for the

year ending November 30, 1926,—after deducting rebate on bills current, interest due on deposits, income tax and all other expenses—of £210,726. To this has been added £73,894 from last year giving a total of £284,621. This is to be disposed of as follows:

To dividend at June, 1926, for half-year at the rate of 21¼ per cent. per annum, less income tax .....	£ 42,500
To dividend at December, 1926, for half-year at the rate of 21¼ per cent. per annum, less income tax .....	42,500
To superannuation fund .....	100,000
To contingent fund .....	50,000
To undivided profits carried forward .....	49,621

Total assets of the institution are £24,154,782, paid up capital £500,000, reserve fund £1,000,000, and current accounts £20,823,750.

THE fourteenth National Foreign Trade Convention will meet in Detroit, Mich., May 25, 26 and 27 of this year, according to announcement made by James A. Farrell, chairman of the National Foreign Trade Council. Mr. Farrell gives as the aim of the meeting "to afford opportunity for thoughtful examination of the present condition and future possibilities of our foreign trade; to stimulate co-operation in the best use of our resources and to secure judgment of practical and experienced traders on the problems that confront us." He invites to attend "all Americans concerned in the development of foreign trade as a factor of national prosperity, whether in agriculture, commerce, education, industry, finance or transportation, all chambers of commerce, boards of trade, national and state associations and other industrial and commercial organizations, as well as firms and individuals."

NET profits of the Western Australian Bank, Perth, for the year ended September 27, 1926, are £116,180, after providing for all bad and doubtful debts, for interest paid and accrued on deposits and for rebate on discounted bills current and deducting expenses at the head



office, branches, sub-branches and receiving offices. To this has been added £100,430 brought forward from the previous year and the total of £216,610 has been disposed of as follows:

To dividend paid November 5, 1925	£61,250
To dividend (interim) paid May 6,	
1926 .....	61,250
To balance carried forward .....	94,110

The bank has paid up capital of £700,000, reserve fund of £1,269,240, deposits of £2,930,839 and total assets of £5,104,072.

THE Bank of New South Wales, Sydney, has net profits for the year ending November 30, 1926, of £1,099,559, after deducting rebate on current bills, interest on deposits and paying income, land and other taxes, reducing valuation of bank premises, providing for bad and doubtful debts and fluctuations in the value of investment securities and including recoveries from debts previously written off as bad. This was announced in the latest report of the directors. To net profits was added the amount brought forward from the previous year, £130,755, giving a total of £1,230,314, which has been disposed of as follows:

To interim dividend at the rate of	
10 per cent. per annum for quarters ended December 31, 1925;	
March 31, 1926; and June 30,	
1926 .....	£450,000
To payment of a quarter's dividend	
at the rate of 10 per cent. per annum to September 30, 1926....	150,000
To bonus of 10 per cent. per share.	150,000
To reserve fund .....	350,000
To balance carried forward.....	130,314

During the year the bank has opened branches at Canberra; Balranald, Grong Grong, Hillston, Hunter's Hill (Sydney), Moulamein, Ungarie and Warren (in New South Wales); Dangin, Corrigin, Dalwallinu, Quairading and Wyalkatchem (in Western Australia); Walwa (in Victoria) and Rabaul (mandated Territory of New Guinea).

Total assets of the institution are £82,195,144, paid up capital is £6,000,000, reserve fund £4,400,000, and current accounts £59,179,543.

THE directors of Westminster Bank Limited, London, have declared a final dividend of 10 per cent. in respect to the £20 shares,

## Your Paris Correspondent

More of your clients are visiting Paris now than ever before

Are they receiving the personal service to which they are accustomed at home?

We understand their problems and can do much to render their visit more pleasant



Mail Facilities for Clients

**Direct Correspondents  
Throughout Europe**

**The Travelers Bank**

20 Place Vendome

Paris

*Bankers Correspondence Invited*

making 20 per cent. for the year; and a final dividend of 6¼ per cent. on the £1 shares, making the maximum of 12½ per cent. for the year.

THE results of the ninety-eighth financial year of the Java Bank, Batavia, have been very satisfactory, according to the report made by the bank's directors as of March 31, 1926.

After writing off £172,761 on office buildings and dwelling houses, £23,013 on furniture and fittings and £239,790 on the manufacture of bank notes, the government receives £6,700,543 of the profits made while 23 per cent. is paid out to stockholders on the capital of £9,000,000.

When it is considered that the claims of the Java Bank on the liquidation of the Deli Bank have been to a great extent diminished by the sale of shares in the Estate Companies Si-Boelan and Soekaradja, an amount of £2,000,000 might have been added from the special reserve to the profits of the last book year.

TOTAL assets of the Bank of Toronto, Cana-

## Trade With Sweden

# Aktiebolaget Göteborgs Bank

Gothenburg and Stockholm  
SWEDEN

Established in 1848

**Own capital Kr. 78,750,000**  
**(over \$20,000,000)**

Through our many branches and correspondents all over Sweden we are able to offer every accommodation possible for banking transactions in Sweden.

**Cable address: Götabank**

da, according to the statement of November 30, 1926, are \$115,754,855, paid up capital is \$5,000,000, reserve fund \$7,000,000 and deposits are \$88,439,254.

The net profits for the year, after making full provision for all bad and doubtful debts, and deducting expenses, interest accrued on deposits and rebate on current discounts, amount to \$1,108,692. This sum has been appropriated as follows:

To four quarterly dividends of 3 per cent. each .....	\$600,000
To tax on circulation .....	50,000
To reserve for accrued taxes .....	100,000
To officers' pension fund .....	50,000
To bank premises .....	150,000
To carry forward to next account..	480,772

THE concentration of financial and industrial enterprises which has been going on in Vienna for the last two years was augmented recently by the largest bank merger yet made in the city, the absorption of the Union Bank by the Boden-Kreditanstalt. This leaves only four important banks of those which for-

merly dominated the financial and industrial life of the Austrian Empire.

The merger was the result of a \$11,500,000 debt which Sigmund Bosel, former president of the Union Bank, owned to the Postal Savings Bank to which he gave a majority of the stock of the Union Bank as security. When he was unable to pay the debt Bosel sold the stock to the Boden-Kreditanstalt, which paid, not in cash, but by increasing the capital, printing new stock and giving the Postal Savings Bank one share of stock in the Boden-Kreditanstalt for every three shares of the Union Bank.

PROVISIONAL agreement has been entered into for the amalgamation of the Commercial Banking Company of Sydney Limited, Australia, and the Bank of Victoria Limited, whereby the former institution will take over and carry on the business of the latter bank, subject to the approval and sanction of the stockholders of both banks and the Supreme Court of Victoria.

The Bank of Victoria has acted for many years as the agent of the Commercial Banking Company and was established in Victoria in 1852. It has 122 branches and 35 agencies in that state and its operations also extend to South Australia and London.

NET profits after making the usual allowances and provisions, of Lloyds Bank Limited, London, for the last year are £2,523,582, according to announcement of the board of directors. To this has been added £534,395 brought forward from the previous year, making a total of £3,057,877. This has been disposed of as follows:

To dividend at the rate of 16 2-3 per cent. per annum on "A" shares, less income tax .....	£1,916,394
To dividend at the rate of 5 per cent. per annum on "B" shares, less income tax .....	57,492
To staff superannuation fund ....	300,000
To bank premises account .....	250,000
To carry forward to next account	533,991

PROFIT and loss account of the National Bank Limited, London, shows gross profits for the half-year ended December 31, 1926, of £454,629, after payment of interest, income on bills not due and full allowance for bad and doubtful debts. To this has been added £29,618, brought forward from the last ac-

count, making a total of £484,248, to be disposed of as follows:

To total expenditure at head office and branches, including salaries, rent, bonus, taxes, maintenance of bank premises etc.....	£291,036
To half-yearly dividend at the rate of 14 per cent. per annum, less tax	86,953
To income tax and contingencies account .....	35,000
To reserve fund .....	35,000
To reduction of bank premises ....	10,000
To carry forward to new account..	26,258

Total assets of the bank are £42,981,690, paid up capital £1,500,000, reserve fund £1,320,000 and current accounts £36,814,913.

REPORT of the directors of Barclays Bank Limited, London, for the year ended December 31, 1926, shows net profits, after the payment of all charges and making provision for all bad and doubtful debts, of £2,427,162. To this has been added £536,584 brought forward from the previous year, making a total of £2,963,746, to be disposed of as follows:

To reserve fund .....	£500,000
To contingency account .....	150,000
To reduction of premises account..	150,000
To interim dividend, paid August 3, 1926, at the rate of 10 per cent. per annum on the "A" shares of £4 each fully paid and 14 per cent. per annum on the "B" and "C" shares of £1 each fully paid, less income tax....	818,287
To final dividend at the rate of 10 per cent. per annum on the "A" shares of £4 each fully paid and 14 per cent. per annum on the "B" and "C" shares of £1 each fully paid, less income tax.....	833,174
To carry forward to next account..	512,285

Total assets of the bank are £348,438,067, paid up capital £15,858,217, reserve fund £10,250,000 and current accounts £309,883,690.

THE Manchester & County Bank Limited, Manchester, made net profits for the last year, after making provision for all bad and doubtful debts and payment of all expenses, of £186,116, according to the annual report of the board of directors. The balance carried forward from last year, of £93,833, has

## Like Halley's Comet

Once in a generation

*Don't lose a lifetime opportunity for lack of courage*

Ecuador is passing through the most severe depression in history. Sound bank stocks and first mortgage bonds are now on the bargain counter. Present prices will probably not be duplicated in many years.

The situation is the same as that which confronted the United States in 1921.

The well informed business man buys for the long swing when prices are lowest. DO NOT vacillate. BE courageous. The time to buy is NOW.

*May we suggest an investment plan ?*

## Banco de Descuento

Guayaquil, Ecuador

*"Just the Bank You Need"*

been added to this, making £279,949, to be disposed of as follows:

To interim dividend, paid July, 1926.	£88,728
To reserve fund .....	20,000
To final dividend .....	88,728
To carry forward to next account..	82,493

Capital of the institution is £1,092,040, reserve fund £1,045,000, current accounts £19,248,592 and total assets £21,916,392.

THE net profits of Westminster Bank Limited, London, for the last year, after providing for all bad and doubtful debts and all expenses, amount to £2,157,232. This sum, added to £457,564 brought forward from the previous year, makes available the sum £2,614,797.

Dividends, 20 per cent on the £20 shares and 12½ per cent. on the £1 shares, absorb £1,356,275; the sum of £150,000 has been transferred to bank premises account; £250,000 to rebuilding account; £150,000 to contingent fund and £200,000 to officers' pension fund. This leaves a balance of £508,522 to be carried forward.

# CANADIAN BANK OF COMMERCE ENJOYS SATISFACTORY YEAR

**T**HE last year was one of general progress in Canada and the most satisfactory for that nation's business since the setback of 1921, according to Sir John Aird, president of the Canadian Bank of Commerce, in an

address delivered last month before the stockholders of that institution. All the principal developments in Canada and abroad were covered by the speaker.

Sir John's remarks on the foreign trade of Canada revealed important changes. Imports and exports combined for the fiscal year ending in March, 1926, reached \$2,255,764,000, figures which have been surpassed in the history of this country only during the period of fever-



**SIR JOHN AIRD**  
President Canadian Bank of Commerce,  
Toronto, Canada.

ish activity which marked the close of the World War. Indeed the total value of exports in the fiscal year 1925-1926 has been exceeded in only one previous year, 1917-1918. The surplus of exports over imports last year was \$400,958,000, to which the largest contribution was that made by the wheat crop of 1925. Recently, however, Canada's exports had

Sir John referred to the two recent political campaigns and said that in each case the existing government has been returned with a strong parliamentary majority, which should enable those entrusted with power to devote their full energies to the important tasks before them, without that consciousness of insecurity of tenure which exerts such a paralyzing effect on the practical usefulness of a government. He also mentioned that both successful parties appealed to the electorate on the grounds of reduc-



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**SIDNEY HENRY LOGAN**  
General Manager Canadian Bank  
of Commerce, Toronto, Canada.

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not expanded in the same degree as her imports, which might largely be accounted for by the coal strike in Great Britain and by the fact that the production of Canadian gold mines is no longer exported to the United States but is now refined at Ottawa.

In referring to the Canadian railways, Sir John said, in part: "An interesting sidelight on the railway picture is the outlook for the development of the mining industry along the lines of the Canadian National and the Canadian Pacific Railways east from Winnipeg, and the National Transcontinental line to Quebec. Gold, silver, nickel, iron, copper and zinc are all found here, and all these metals are in great demand at the present time. The mining development in the Rouyn field and the waterpower and industrial development in the basin of the Saguenay are most impressive. It requires little imagination to see heavy trains carrying out coal and coke from the Maritime Provinces westward to the mines, and others carrying the ores and other products of the mines eastward to tidewater, over the National Transcontinental line; and on the agricultural lands of the northern clay belt in the vicinity of that line, the settlers prospering in the enjoyment of the home market for their products provided by these mines and mills."

S. H. Logan, general manager of the Canadian Bank of Commerce, said that the bank had enjoyed a satisfactory year, the profits being \$3,636,000 after the customary revaluation of the assets and provision for bad and doubtful debts. This is an increase of \$150,000 over 1925 figures. The substantial amount of \$1,280,000 was carried forward after paying the usual dividend and a bonus of 1 per cent., \$540,000 in taxes and subscriptions, contributing \$200,000 to the officers' pension fund and reducing the book value of bank premises by \$250,000.

Mr. Logan's remarks on the future of Canada indicate a great faith in the country. He said that the wonderful developments in pulp and paper manufacturing,

# Knauth, Nachod & Kühne

Leipzig, Germany

Established 1852



*Seventy-four years of continuous  
banking experience*

**Commercial and Travelers'  
Credits**

**Foreign Exchange**

**Securities**

13 Rathausring  
LEIPZIG, GERMANY

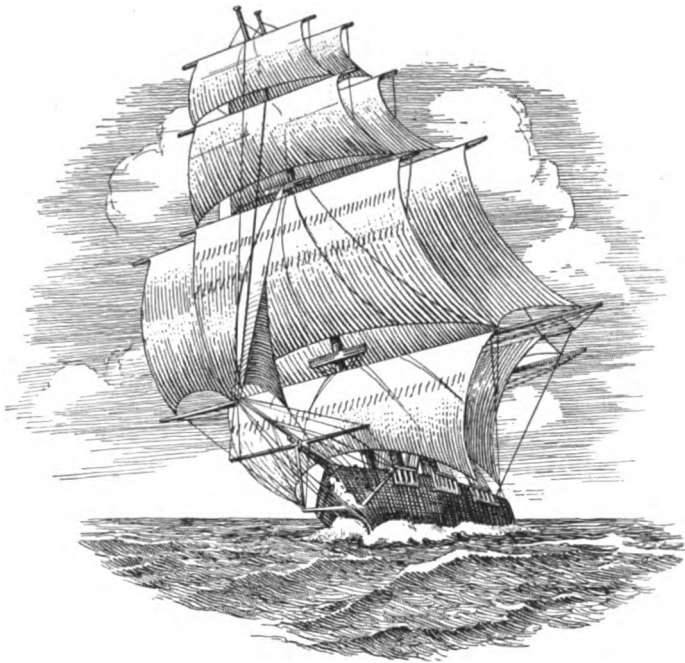
Cable address  
NACHOD, LEIPZIG

mining, electrical energy, etc., are attracting the attention of abundant capital to the country.

"With important natural resources, two great transcontinental railway systems and plenty of land for settlers, one could not but be enthusiastic about the future of the great dominion.

"A larger population is needed to produce and to consume and to help carry the overhead. The prospect of great development in mining at the moment is very attractive, and any increase in production from the metalliferous mines is increased wealth to the country, as it is largely sold to other nations."

The speaker pointed out that there was no greater example of the development of a great nation than the United States of America, whose natural resources and fast growing population have made one of the great nations of the world.



ORIGINAL CHARTER 1828

## A Leading New England Bank

We endeavor constantly to imbue further our every transaction with the traditional cordiality which has existed so strongly between this bank and its correspondents and clients for nearly a century.

Corporations, executives, and individuals must have a dependable banking connection for their domestic and foreign business. The Atlantic National Bank of Boston goes one step further and incorporates into the whole the true spirit of banking service.

*Total Resources Over \$130,000,000*

THE  
ATLANTIC NATIONAL BANK  
OF BOSTON

# How Banks are Advertising

Special Section of The Bankers Magazine

FEBRUARY 1927

## ADVERTISING AS A FACTOR IN THE DISTRIBUTION OF INVESTMENT SECURITIES\*

By A. E. BRYSON

IT is not uncommon to find the investment banker quite willing to concede the important place of advertising in the general scheme of things, though indifferent, perhaps skeptical, about its application to his own field. The same individual whose food, apparel, and whole mode of living is influenced perhaps more than he realizes, by advertising; who often sit on the board of directors of manufacturing or industrial concerns whose distribution is directly dependent upon advertising, who, when given the opportunity of purchasing the issues of organizations the names and products of which have been thoroughly established by advertising, not only welcomes the opportunity but frequently pays more for these securities than for those of another company whose physical assets and earnings are the equivalent of the others, but whose name is unknown because of failure to make use

of the advertising appeal so effectively utilized by the former—despite these tributes, conscious or unconscious, to the effectiveness of advertis-

ing in other fields, he maintains a luke-warm attitude, perhaps even an adverse one, to the whole-hearted application of the same sales agency to his own business.

IS THE BOND BUSINESS DIFFERENT?

"The bond business is



### The Last Full Measure of Devotion

HE had been a wonderful husband and father. With unflinching earnestness he had devoted himself to the task of family leadership. His reward had been a love and affection on the part of his wife and children such as few men are privileged to know.

A few short weeks ago he had been alive and well and filled with all the buoyant joy of living. But now he was gone.

And so his family were officially gathered to hear the provisions of a most important document, his will.

His wife was being very brave. His passing had been a terrible ordeal, but for the children's sake she felt she must bear up under the strain. And, oddly enough, the very depth of her grief seemed to give her the necessary strength to do it.

His white-haired mother sat in the corner, silent. It was hard to lose a son. But her sorrow was tempered with sympathy for Alice because she also knew what it meant to lose a husband.

The children were strangely solemn. Emotions, which they but half understood, stirred within them. It would take the long years ahead to make them fully comprehend the loss which they had suffered.

The long years ahead—what sort of years would they be? Would they be years of groping hesitancy in all financial matters? Years of uncertainty—of worry over the necessity of choosing proper investments?—of petty annoyances resulting from lack of knowledge of business methods?

No! This husband and father had made provision against the time when he would be gone.

Behind him he had left this will and in it such an outline of procedure as would unquestionably insure the comfort and continued prosperity of his family.

He had passed on secure in the knowledge that his dependents would not suffer for lack of business experience—content in the certainty that the Union Trust Company, which he had appointed Executor and Trustee, would safeguard the interests of his family at every turn.

For numerous reasons he had chosen a trust company, rather than an individual, as his Executor and Trustee. He knew that the complex demands of modern business required more exacting service than the average individual Executor was prepared to render. He knew that the trust com-

pany could take over the management and direction of his family's financial affairs at short notice, looking after estate details efficiently, rapidly and safely. He knew that the trust company was financially responsible and that its fees were reasonable. He knew, in short, that the work of administering an estate today requires that skilled attention which only a competent trust company can give!

**MAKE** a will. You may revoke or alter it whenever and however you wish, but make one now. Consult an attorney—he will draft it immediately and endorse your desire to name the Union Trust Company as Executor and Trustee.

Your family deserves this thoughtfulness. You never know at what unexpected hour they may face the necessity of going on without you. When that time comes, though it be tomorrow, let them face it unafraid.

In that hushed moment when the seal of the will is broken, let them feel the abiding presence of their protector—to guide them on along life's devious paths—to earn their unending gratitude and love with this last full measure of devotion.

## Union Trust Company

First Trust Company in Detroit.—Friend of the Family  
GRINWOLD AT CONGRESS—TELEPHONE RANDOLPH 4470

Trust copy in story form, interestingly presented and with an appropriate layout. Reproduced from newspaper advertisement of a Detroit bank.

\*From an address before the Chicago Financial Advertisers.



**If a Woman Resident of New York State Dies Without a Will She Cannot**

—designate her own property shall go—  
—general principal and hence income for her beneficiaries.

—being her family out of the benefit of a most disconcerting time.

Her husband receives no income in her New York real estate if there are no children, and if there are children then only a life income.

Her husband, unless she leaves children or near relatives, takes only an interest in common with others in furniture, jewelry and other personal effects.

If all legacies do not agree upon a division or if there are minor her personal effects will be sold as part of the estate.

Although she may wish to provide for grandchildren, they will not share in her estate unless their parents, who is her child, is deceased.

Any share of her estate passing to a minor will be held by a guardian appointed by the court.

When a minor arrives at the age of twenty-one, such minor receives his or her share of the estate to do with it as he or she pleases.

Are you satisfied to leave your estate without a guiding will?

Our booklet, *How to Protect Your Estate and Your Family*, will be mailed upon request, together with our *W.F. Memorandum*, which when filled out will give you before the information to be made in drawing your will.



*To make a will is  
A woman's privilege  
as well as a man's*

and every woman of property should make a will. Read the column at the left . . . then send for an Equitable Will Memorandum.

**THE EQUITABLE TRUST COMPANY OF NEW YORK**

37 WALL STREET

MADISON AVE. at 124 ST. MADISON AVE. at 216 St. 37 BROADWAY

LONDON PARIS MEXICO CITY

Total resources more than \$450,000,000

Talking to women on the subject of making a will. The introductory copy on the right—which gives the subject at a glance—leads the reader into the marginal copy, enlarging on the subject, without a break in the continuity of thought.

different," one bond executive says. "The only way to sell bonds is to go out and sell them," comments another. "The bond business is a profession, and as such does not lend itself to advertising," comments a third. "I have tried it and it doesn't work," adds another with considerable finality. These comments are made in all good faith. Those responsible for them believe them thoroughly. Are they well founded? Is it true that a medium that has proved its effectiveness in almost every

other line, one to which the President of the United States in a recent address attributes no inconsiderable part of the present prosperity of the nation, is not applicable to the problems of securities distribution?

To answer that question there must be some agreement as to just what the problems are. Most of us, I believe, would agree that they are primarily problems of distribution. For the moment some dealers may say that the problem of distributing bonds is not so difficult as

the problem of obtaining them. That, if true, is of course only a temporary situation. By and large, there can be no question but that the securities distributing machinery of the country is primarily concerned with selling more bonds, and selling them more economically. With the margin of profit smaller, as is always the case in a period of active demand, distributors, to maintain their accustomed profits, must do one or both of two things— increase volume or decrease selling costs. That is without doubt the major problem of the business.

There are of course other problems; for instance, there is the problem already alluded to—now acute with some dealers and always present to a degree—the problem of obtaining good securities with which to meet the demand. There is always the problem of personnel, perhaps more difficult in this line than in almost any other—the problem of recruiting good men to the organizations and of maintaining their spirit and morale when once enlisted. There is the problem of keeping customers in the face of the keen competition that now exists. Can advertising assist in the solution of these problems?

**THE MAJOR PROBLEM**

Let us consider the major problem first—that of selling more bonds and selling them

more economically. The sales job in this field (in fact in any field) may be reduced to this: (1) finding the buyer, (2) selling him, (3) keeping him sold. All these steps can of course be accomplished without the aid of advertising—in fact, are being so met by a good many securities organizations—at least without the aid of really effective and well-conceived advertising. But while it can, and is being done, it is time consuming and costly. It means substantially that the salesman has the whole sales job on his own shoulders. He must, in effect, ring doorbells and depend on the law of averages to locate his prospects; he must assume the laborious job, having found his prospect, of selling him from the ground up—that is, on the advantages of investing, on the merits of bonds in contrast to other forms of investment; he must sell his house, his own type of bonds, himself, and his own individual offerings—and then he must keep them sold. If he has remarkable powers of resistance and perseverance and if he lives long enough, he eventually becomes a successful bond salesman.

What does the salesman do under these circumstances—in fact, what is he instructed to do? Does he go out to the highways and byways to locate new buyers? No, he goes to the Social Register, the Directory of Direc-



## ACCESSIBLE

Thirty-four trolley and bus lines pass close to the doors of the National Newark and Essex Banking Company as follows:

**TROLLEYS—13 Lines**

Broad Mt. Prospect Kearny Harrison Elizabeth	} Broad Street } 3 Lines	Springfield South Orange Market Market Orange Orange Kenney	} Market Street } 3 Lines	Union Newark Perth Amboy East Line	} Mulberry Street } 3 Lines
--	--------------------------------	---	---------------------------------	---	-----------------------------------

**BUSES—21 Lines**

Ampere Blairstield Clinton Avenue Clinton Place Elizabeth (Lysans Farms) Elizabeth (Frelinghusen Ave.) Kearny-Mrlington	Rutherford Lyons Avenue Market Street North Newark Port Newark Riverville South Orange Avenue Springfield Avenue	Summer Avenue Weequahic West Orange Ironbound South Canal Street (1 Block) Paterson-Montclair Newark-Millburn
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If convenience will bring you here, the genuine courtesy of our officers and employees will hold you here.

**National Newark and Essex Banking Co.**  
 Broad Street at Clinton, Newark, New Jersey

Emphasizing the accessibility of the bank's location with unusually well planned layout and copy.

tors, the lists of big stockholders, in short, to consistent big buyers—the same field, probably the same names that everybody else in the business is already working on. It is easier, he figures, to win away the other fellow's customers than to go out and locate and develop new ones. The result of this, which is standard procedure with most bond houses, is that a certain small sector of our population is somewhat overwhelmed with sales solicita-

tions, while in other sectors the bond salesman is still something of a rarity. Suppose in this small circle A does not succeed in persuading B's customer to give him his business, at the same time C is perhaps successfully stealing away A's customer, so what's the use,—a lot of selling effort has been expended and little or no new business created. Isn't that one reason for the high cost of bond selling? Just so

(Continued on page 297)

## The Editor's Page

**A**N advertisement idea that has any real merit ought to be good enough to bear repetition. It ought to have some lasting rather than transitory value.

If a bank decides to use a certain talking point in its copy, that talking point ought to be good enough to be used—not just a few times, or at infrequent intervals—but consistently and uninterruptedly over a considerable period of time.

If you have the most centrally located banking quarters in your city, or the highest building, or the largest number of tellers' windows, or the most conveniently arranged lobby—capitalize it by making some mention of it in *all* your advertising. The best way to make some fact register a definite impression in people's minds through advertising is to keep some reference to that fact everlastingly present in your copy. Real advertising success is always based more on cumulative effect than on transitory impressions.

**T**HE most difficult task with which many a bank advertising manager is faced is not so much that of interpreting his institution and its services to the public but that of interpreting to the minds of his institution's officers and

directors the meaning and purpose of financial publicity.

The competent bank advertiser knows what to expect from his publicity activities, and knows how to plan an advertising campaign which will do what it is intended to do. But his resourcefulness and ingenuity are often sorely taxed to convince four vice-presidents and a board of directors that he ought to have the money required to put his program through.

The basic reason for this difficulty can usually be traced either to a lack of any real interest on the part of the officers and directors in the bank's publicity activities, or to a misunderstanding and consequent lack of appreciation of the ends which are sought by the bank through the medium of its advertising. The timeworn cry goes up, "It doesn't pay us to spend so much money on advertising. We can't trace any direct returns to it. We don't get enough business out of the money spent to make it worth while."

**O**UT of the total of new business brought in to a bank over any given period of time, a very small percentage can be at-

tributed directly to advertising. Probably 90 per cent. or more of new business can be traced to present customers and to the personal activities of the bank's officers and directors.

Most financial advertising, like most other advertising, must be indirect rather than direct in its returns. It will not, as a rule, move people to take direct action on what they read. But it can and does constitute an influence on their financial habits that over a period of time will be a factor in determining these habits. One of the chief ways that financial advertising does this is by gradually creating a public demand for various types of bank service by means of copy of an informative and educational nature. Trust companies and trust departments have capitalized this in the advertising of various classes of trust service. The development of the Christmas Club and the Save to Travel Club has been greatly facilitated through the application of this idea. Thousands of men and women have availed themselves of one or more forms of financial service which met their particular needs because the usefulness of these forms of service was gradually forced on their consciousness through continued repetition in financial advertising.

*Richard Durham*

(Continued from page 295)

much business can be had from this "bull's-eye" market, yet, most companies are directing the big end of their sales and advertising appeals to it.

But, you may say, with all the duplicated effort in this field, it is no more costly, considering the larger unit of sale, than the development of the "fringe" market where the selling job is admittedly hardly less difficult. In the sophisticated group one merely has to sell himself and his goods, in competition with other dealers. In the other field he has to undertake a tedious educational job, and besides meet the equally difficult competition of the general merchandising market. The surplus of this class is not so large but that they must sometimes decide between the desires of the moment in the form of alluring and well advertised things—automobiles, trips abroad, country club memberships, etc., things which every normal human being naturally wants—and those of the future which, at best, are somewhat ephemeral and hard to grasp. The prospect in this field is admittedly harder to locate, and the selling problem is perhaps more involved. By and large, however, it is probably no more difficult or costly than in the other class, and it has this great advantage—once you have sold

## WHO'S WHO IN BANK ADVERTISING



JOHN J. QUINN

Assistant vice-president Interstate Trust Company,  
New York.

**M**R. QUINN entered the banking field in 1911 when he became connected with the Perth Amboy Trust Company of Perth Amboy, N. J., where he was placed in charge of business extension. He is a strong believer in advertising as a means of educating the public regarding the real function and purpose of a bank. With this in mind Mr. Quinn developed a comprehensive advertising program which has operated with unusual success among the large foreign population of Perth Amboy. As assistant vice-president of the Interstate Trust Company, which has had a phenomenal growth since its opening on October 14, 1926. Mr. Quinn's responsibilities include the direction of the bank's advertising policy. He still retains his connection with the Perth Amboy Trust Company as assistant secretary of that institution.

your prospect you have created something, a new buyer; you have widened the market for securities and assisted to that extent in reducing further distributing costs.

#### ADVERTISING TO THE "FRINGE" GROUP

By this "fringe" market I do not mean the \$100 buyer—that is, the wage earner, who, aware of his insecure future, stints and saves, yet in all probability will never be anything other than a \$100 buyer. It is doubtful

if he can ever be a profitable customer, and there is a very real question, moreover, whether he ought not, in view of his limited surplus, put his money in the savings bank rather than into bonds. Nor do I mean the man who can buy only a \$500 bond now and then, but who will never buy anything more. Unless he gives promise of developing into a larger buyer, and unless advertising can do practically the whole selling job, even he can hardly be a profitable prospect—at least not under pres-

ent profit margins. I have in mind when I prefer to this outer market those people of our population who are earning substantial salaries, who have a surplus over reasonable living requirements, but who, driven by the great American quest of "things," consume most of their current income without sufficient thought as to how their standard of living is to be maintained in the period of lessened personal income that must some day follow—the family, in short, that is investing nothing at all or perhaps \$1000 a year when they should be investing \$5000, or \$5000 when they should invest \$10,000.

It is in this field that advertising can be most effective. Without advertising support, salesmen find it a difficult market to cultivate profitably with advertising, it represents their greatest opportunity for widening their market and cutting their selling costs. Much of the present advertising is ineffective in this field—the offering advertisement, for instance, which is such a favorite with most investment advertisers—whether the solemn syndicate ad, or the stereotyped card offering—leaves him cold if, in fact, he even sees it. The impressive lists of securities, prating about how old they are, how honest they have been, and how respectable their ancestors, fail to regis-

### Cotton Mills and Cotton Millions

Decades ago, the First National Bank and the Merchants National Bank of Richmond enlisted in the staunch financial support of Southern cotton mills.

In loaning many millions of money required to finance the cotton industry, these banks always endeavored to do their part.

Whether these were difficult or prosperous, cotton manufacturers of the South always found here not only the means to meet their extensive financial requirements for proper operation and expansion, but experience and understanding as well.

The merger of these two banks of distinguished cotton service placed the combined institution in a stronger position than ever to serve this great and growing industry effectively. For still greater opportunities lie before a bank that offers such strength and experience in this field.

## FIRST AND MERCHANTS National Bank of Richmond

JOHN M. MIZELL, JR., President

Capital, Surplus and Undivided Profits  
\$6,300,000



A Richmond, Va., bank gives an impressive picture in the above advertisement of the manner in which it has supported the Southern cotton mills.



*We Welcome You!*

**THE North American Title Guaranty Company**, operating under direct supervision of the Insurance Department of the State of New York, and the North American Security Corporation, incorporated under the laws of the State of New York, are now in their new and spacious quarters at 8 West 40th Street, New York. The Companies are affiliated for the purpose of assisting one another in developing business inter-related.

**TITLE-INSURANCE**  
Every service is performed incident to the transfer of real estate and insurance of title.

**MORTGAGE LOANS**  
Making loans on bond and mortgage and accept credit advanced free mortgage insurance, guaranteed as to both principal and interest.

A cordial invitation is extended to you to visit our new quarters and view for yourself the splendid facilities we possess to render service.

**OFFICERS**

Hon. EDWARD I. EDWARDS Chairman of the Board	Hon. CARL SHERMAN Vice-President
WILLIAM E. WALTER President and General Manager	JOHN F. McCABE Treasurer
Hon. GEORGE C. VAN TUYL, Jr. Vice-President	J. EDMUND VAN DIEN Secretary

JOHN J. CUNNEEN  
General

**North American Title Guaranty Company**  
8 WEST 40th STREET  
AT 9th AVENUE  
New York

An opening announcement framed in an excellent layout.

who are more than maintaining their places in the sun.

If volume is to be increased and selling costs cut, it must be done by increasing the number of buyers, or increasing the capacity of those already buying. The largest opportunity for both of these developments is in the class of substantial income receivers, who, according to income tax statistics, have no commensurate property accumulation. They are men at an age in life when they are susceptible to an advertising appeal; they can be located, educated, and largely persuaded by the right kind of investment advertising, leaving to the salesman a far less difficult task than if he were to attempt the whole job without advertising support.

There are few businesses that need good advertising more than the investment where the market for any product is somewhat restricted; where the product itself is none too well understood; where large amounts are involved in the purchase of the commodity, and where the commodity itself satisfies no immediate desires on the part of the purchaser but must often be made by sacrificing those desires, the selling job must always be a different one. The more difficult the sales job, the more important advertising, properly conceived, becomes. Because of the logic of the situation, good advertising must become an increasingly important factor in bond distribution. Those organizations which recognize this fact soon will

have just that much advantage over their slower moving competitors who, in time, must also come to it.

## HOW BANKS ARE ADVERTISING

**"FROM** Sheep Pasture to Skyscraper" is the title of an unusual book written by Reginald Pelham Bolton, vice-president of the American Scenic and Historic Preservation Society, and published by the Equitable Trust Company of New York.

"This is the story," the volume announces, "of a place in the heart of a vast city, which has shared in its development as a pasture for its flocks, a garden for its residents, the home of its early religious life and the resting place of its honored dead, and is now entering on a new form of Service to its People as the abiding place of a great public trust."

The place thus described is Exchange Place, the site of the new building of the Equitable Trust Company, once a sheep pasture, down the center of which flowed a meandering brook; later divided into half-acre garden plots; still later the churchyard of the Garden street church of the Collegiate Reformed Dutch Church of the City of New York, and now the home of important financial organizations.

The volume describes the



early history of this part of lower New York and the changes which its title indicates. Maps and diagrams show the location and ownership of property in those early days and there are several views of the new building of the Equitable Trust reproduced from the original etchings.

The book is beautifully illustrated and printed. The printing was done in the original Dutch colors.

FOURTEEN wills and forty worthwhile inquiries out of a mailing list of 1000 show the pulling power of a four-page leaflet sent out by the Equitable Trust Company of New York as a final follow-up to a series of direct-mail pieces on the subject of will-making. A stamped, addressed envelope accompanied each folder.

The leaflet is simple in form. It suggests three common reasons why people do not make wills and requests that the customer check his reason. For those whom none of the three fits, several blank lines at the bottom of the page are left, so that the reason may be written in.

The fourth page gives a number of reasons for the making of a will and suggests sending for a copy of the Equitable's "Will Memorandum", a simple form which when filled out will give a lawyer the information he needs in drawing up a will.

## 440,000 Items

*All in a Day's Work*

The organization which handles 443,838 items—checks, drafts and notes—in a good day's work *must* be efficient

### The CONTINENTAL and COMMERCIAL BANKS

La Salle  
at Adams

CHICAGO

Quincy  
at Wells

RESOURCES HALF A BILLION—AND MORE

Impressive use of figures is made in the above advertisement, which is a model of compactness and conciseness.

"THE First \$500" is the title of a well written folder issued by the savings department of the Harvard Trust Company, Cambridge, Mass., and sent to customers on the general file of the bank who were not already using the savings department, in addition to being used as an envelope stuffer.

The necessity of saving, the convenience of the Harvard Trust Company's savings department and the

rapidity with which small amounts deposited weekly count up, are all featured in this interesting piece of advertising.

PUBLICATION has been made in book form of the results of what is thought to be the first combined effort by practical authorities to collect and catalogue available information and data for the purpose of increasing the ef-



Reduced facsimile of a unique form of full page advertising used by a St. Louis bank.

efficiency of investment advertising.

The Investment Department Research Committee of the association, of which A. E. Bryson, vice-president and director of advertising of Halsey, Stuart and Company, is chairman, has spent approximately a year in making a complete survey of the investment advertising field, and much of what was learned is incorporated in this report, which is divided into four subjects, each handled by a special sub-committee. The chairmen of the various sub-committees are as follows: markets—H. G. Hodapp, advertising manager National City Company, New York; media—H. B. Matthews, advertising manager S. W. Straus and Company, New York; methods—Paul T. Bollinger, Har-

ris, Small and Company, Detroit; direct mail—Edmond Boushelle, A. B. Leach and Company, New York.

It is expected that this work will be used as the basis for the new text book on financial advertising to be sponsored by the Financial Advertisers' Association. All the members of the Investment Bankers Association will receive a copy of the research committee's report. Those interested in receiving a copy but who are not members of the I. B. A. or the F. A. A. may obtain copies through Preston E. Reed, Secretary Financial Advertisers' Association, 231 South LaSalle street, Chicago.

THE United States Mortgage & Trust Company, New York, has issued an interesting booklet, "Your Versatile Neighbor"—"whose facilities can be of help to you in your business and personal affairs."

"Suppose you had a neighbor," says the booklet, and then lists a page of the services and facilities of the bank, "You would use the banking services of such a neighbor, wouldn't you?" "And suppose you had a neighbor," it continues, listing its services as a trust institution, "You would use the trust services of such a neighbor, wouldn't you?" Likewise are described the special services for women, the travel department, the bond department and the

safety deposit vault department.

"You have such a neighbor," the booklet concludes. "This useful neighbor is the United States Mortgage & Trust Company."

The book is attractively illustrated and printed.

THE Financial Advertisers' Association advertises its memberships by the query, "Do you know all the facts about bank and trust development work and the effective distribution of sound securities?" answering the question in the negative and then suggesting a membership in the association as a means for getting this and other, listed, information.

*Do you need Life Insurance to keep your estate at par?*

**MEN** when miscalculate the size of the estate they will leave. They think of it in gross terms rather than net. They do not realize how much inheritance and other taxes shrink an estate when the estate dies.

We know from long experience as executors and trustees how inadequate many estates become as a source of support for dependents. A sure way to fill the gap is by life insurance. Through it you insure your estate to pay and at the same time provide any ready cash which may be needed.

**A Question of Income**

Leaving all of your insurance in a bank may not be prudent. It may be safer to have the bulk of it so arranged, to receive the proceeds and pay the income so beneficially in such amounts and at such times as the insured may direct.

This is accomplished by means of a life insurance agreement entered into between the insured and a trust company. Such an agreement can be made as flexible as your will, and give the trustee any degree of discretion you deem wise. Emergencies may thus be provided for, such as illness, education, marriage, and business ventures—requiring a larger expenditure than income would permit.

We shall be glad to give you our own literature, with you as your attorney, or make public knowledge of our plans and exact provisions in an insurance trust agreement, and will advise you at any time.

**THE NORTHERN TRUST COMPANY**  
Capital, Surplus and Undivided Profits Over \$7,000,000

NORTHWEST CORNER LA SALLE AND MONROE STREETS

A carefully planned and well written advertisement on the life insurance trust. Published by a Chicago bank.

# PROBLEMS IN BANK CREDIT

By M. E. ROBERTSON

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.

**QUESTION:** We have carried liberal amounts of the paper of finance companies and some members of our board have not thought as well of this paper as others. Our reason for carrying it, has been the favorable rate we can receive. My reason for writing to THE BANKERS MAGAZINE is chiefly to obtain your views on the method of analyzing the statement of the finance company rather than views as to the merits and demerits of this type of investment.—E. V. H.

**ANSWER:** While the writer will not discuss the merits of finance company paper, he might say that from observation he has found that quite a number are opposed to this type of investment, and that possibly even among those favorable to it, there are quite a number who will buy only the paper of several of the larger, national and highly reputable companies. In the financial statement of the usual finance company, we find the following items: **Assets**—cash, notes receivable and accounts receivable, other accounts receivable, furniture and fixtures, miscellaneous; **Liabilities**—bills payable, accounts payable, deposits, miscellaneous, unearned income, capital, surplus.

Some of these items are self-explanatory, and we will not discuss them.

"Notes Receivable" and "Accounts Receivable" are presumed to represent

the obligations payable to the company and received in the regular course of business. The maximum length of time which any have to run should not exceed the maximum period over which the company is known to finance (usually twelve to eighteen months—preferably twelve.) Also, they should be notes representing the balance of payments due on an article in which the maker has a good equity (usually 25 per cent. to 33 1-3 per cent. down payment required).

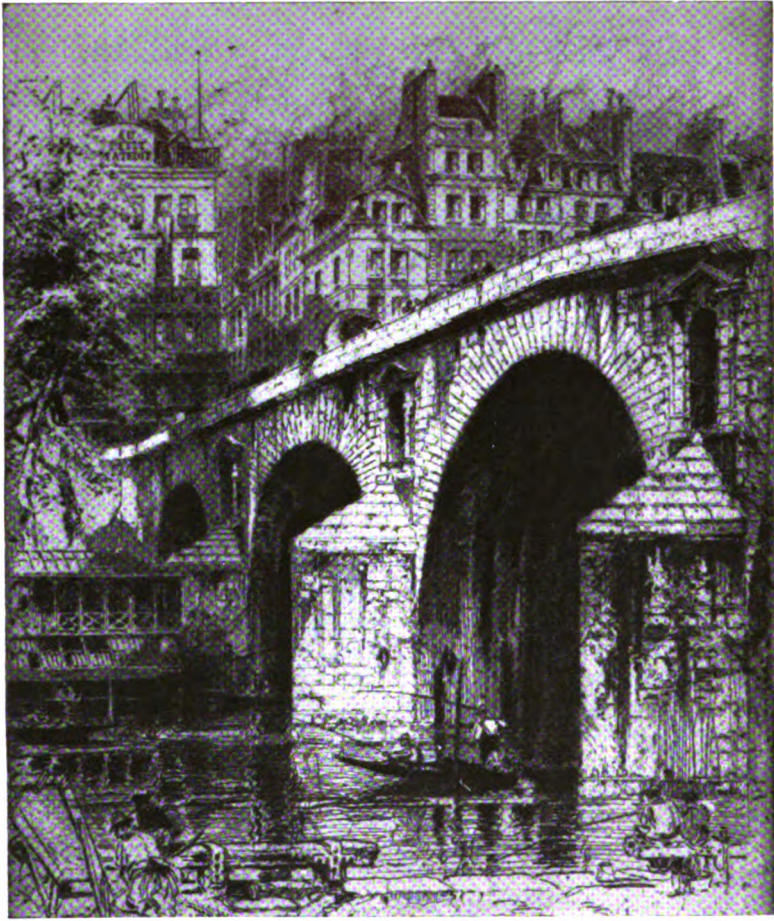
"Other Accounts Receivable" should include all miscellaneous obligations to the company which do not originate in the usual course of business, i.e. due from officers, employes, etc.

"Bills Payable" should include all obligations to banks, bankers and others holding notes of the company taken which arise in connection with the company's borrowings.

"Accounts Payable" should include all miscellaneous accounts payable.

"Unearned Income" should include all discounts received on notes purchased based on the unexpired time which the notes have to run.

In the analysis of the statement of a finance company, different consideration must be given to the current ratio than is given to the current ratio in the statement of a mercantile company. The so called, two for one, cannot be expected. The only current assets are probably cash, notes and accounts receivable. The



## SUMMER IN FRANCE

*Instead of shuttlecocking between your office and the same old places*

GET away this summer to those enchanting playgrounds across the sea, that stir your imagination—renew your youth—and send you back abrim with fresh energy. The joyous holiday spirit of the French resorts enwraps you directly you board “the longest gangplank in the world.” . . . The French Line inaugurates a weekly express service between the old world and the new—with the de Luxe Liners Paris and France, and the splendid new flagship, Ile de France. Six days only—calling first at Plymouth, England—docking a few hours later at Le Havre de Paris . . . a waiting special express—no long drawn out train ride . . . three hours through beautiful Normandy . . . Paris—the terminus to all the capitals of Europe.

# French Line

Illustrated booklets from any French Line Agent or Tourist Office,  
or write to 19 State Street, New York



chief liability is for borrowed money. It is difficult to establish any given ratio of current assets to current liabilities. Perhaps a ratio of 1.40 or 1.50 to 1.00 can be taken as highly satisfactory. A finance company assumes the aspect of a banking proposition and not a mercantile proposition. An important ratio in considering a banking proposition is the protection afforded creditors by reason of the size of the investment made by stockholders. In other words, it is realized that a banking proposition is not subject to as much hazard as a mercantile proposition; the majority of its assets are considered to be worth face value, and the nature of the business is such (if properly conducted) that the assets can be worked out to show little loss. The margin which should be furnished creditors, therefore, does not have to be large. In the case of a regular banking institution, it is generally considered that if the stockholders' investment (capital, surplus and undivided profits) is equivalent to one-tenth of the deposits of the bank, the margin is satisfactory. A finance company proposition should run higher. The type of assets is not as attractive as a whole as are the assets of a bank and perhaps the finance company does not come under as stringent supervision as a bank. A satisfactory ratio of invested capital (capital and surplus) of a finance company to total liabilities would be, say, one to five. When liabilities begin to exceed five times capital, the protection to creditors gets too narrow and the company is doing too much business. Of course, the all important thing (as in any kind of business) is management. If the management is not sound and adhering to good sound banking tactics and good financing principles, there are no ratios to make the risk attractive. In the case of a finance company, only paper should be taken which represents the balance due on an article which could easily be sold any time prior to the payment of the notes, for at least sufficient to pay off the balance of the notes. The largest amount of paper

arises in connection with the instalment sale of automobiles, and the more conservative desire to see a down payment of 33 1/3 per cent. required and notes taken for not longer than twelve months. A good idea can be obtained of points that arise in connection with the analysis of a finance company's statement from the following questionnaire, which was prepared recently at a meeting of bankers and automobile finance companies:

1. What amount, if any, of your assets represents investments in or loans upon security of bonds, stocks, real estate, mortgages, notes of stockholders, or subscriptions to capital stock of your company or of any other company? Explain fully, \$.....
2. Have you charged off all bad and very doubtful assets?
3. Have you pledged or discounted any of your receivables or other assets? If so, explain fully.
4. Have you any contingent liabilities upon notes, receivables rediscounted, indorsements or guarantees? If so, explain fully.
5. What was your maximum total liability within the last year upon loans, rediscounts, guarantees and acceptances? \$.....
6. Do you at all times maintain with your trustee, if any, the amount of collateral required under your trust indenture?
7. To what extent, if any, do you renew or extend payment of motor vehicle wholesale or retail or other instalment paper? Explain fully.
8. Do you carry automobile fire and theft insurance with independent companies or with insurance companies affiliated with your company?
9. To what extent, if any, do you accept automobile retail monthly instalment time sales paper covering new or used passenger cars for individual use: (a) Maturing longer than twelve months? (b) Where the last monthly instalment is larger than the previous instalments? (c) Where the minimum

# GENERAL MOTORS ACCEPTANCE CORPORATION

*Executive Offices:*

250 West 57th Street, *New York City*

***T***HE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

## DIRECTORS

**Alfred H. Swayne**  
*Chairman — Vice President, General Motors Corporation.*

**Curtis C. Cooper**  
*President*

**Albert L. Deane**  
*Vice President*

**Pierre S. duPont**  
*Chairman, General Motors Corporation and E. I. duPont de Nemours & Co.*

**Lamont duPont**  
*Finance Committee, General Motors Corporation.*

**O. H. P. LaFarge**  
*General Motors Corporation*

**Seward Prosser**  
*Chairman, Bankers Trust Company, New York*

**John J. Raskob**  
*Chairman, Finance Committee, General Motors Corporation*

**Alfred P. Sloan, Jr.**  
*President, General Motors Corporation*

**John J. Schumann, Jr.**  
*Vice President*

**Donald M. Spaidal**  
*Vice President*

down payment on used cars is less than either one-third of the cash or 30 per cent. of the time selling price at point of delivery, including extra equipment?  
(d) Where the minimum down payment on used cars is less than either 40 per cent. of the cash or 37 per cent. of the time selling price at point of delivery, including extra equipment?

10. What amount of your present assets represents: (a) Unpaid instalments (automobile retail or other instalment paper) more than sixty days past due according to ORIGINAL terms of sale? \$..... (b) Repossessed cars in possession of: (1) Your company? No..... \$..... (2) Dealers, who are responsible therefore? No..... \$..... (c) Automobile retail paper without indorsement or repurchase agreement of dealers? \$.....

11. Give approximate respective amount of outstanding covering: Passenger cars \$....., trucks \$...., motor buses \$....., taxicabs \$....., wholesale automobile paper \$....., accounts receivable

\$....., and instalment paper other than automobile paper \$.....

12. Give names of principal makes of cars you finance at wholesale.

13. When do you include your finance charge in your earnings: (a) Only pro rata monthly as to cash outstandings, as and when earned? (b) At time of purchase, less reserves for interest, overhead and losses? If so, specify such reserves. (c) Entire amount at time of purchase?

With the foregoing questionnaire answered by the finance company in an accurate way, a good idea can be obtained of its set-up and what the financial statement is all about.

It might not be amiss to say a few words about finance companies borrowing on their own notes, and on collateral trust notes. To the writer, this feature has little or no bearing on the quality of the risk. It is all a case of management from the standpoint of honesty and ability, and it little matters where the notes are held by the company; whether borrowings are on straight paper or whether the notes are

# Kidder, Peabody & Co.

Founded in 1865

Boston

New York

Providence

## Government Bonds

Investment Securities

Foreign Exchange

## Letters of Credit

We issue confirmed Circular and Commercial Letters of Credit in £ on

**BARING BROTHERS & CO., Ltd.**

LONDON

and their correspondents throughout the world; also Letters of Credit in \$ on

**THE KIDDER PEABODY ACCEPTANCE CORPORATION**

**BOSTON or NEW YORK**

given to a bank as trustee, and borrowings are on collateral trust notes. Poor management makes the risk poor either way and with good management it is just as good a risk one way as the other. From the standpoint of the finance company, operating costs are reduced by eliminating the trustee.

The bank issuing the collateral trust notes does not certify that the notes back of the collateral trust notes are good notes, but merely certifies that it holds so much in notes, dollars and cents. They may be good, bad or indifferent. They might even be bogus notes. Conservative, able management won't over-borrow more than it can reloan to good risks and trusteeing collateral doesn't stop those not conservative from being too liberal and taking poor risks.

There is much argument about dealer indorsement, recourse and non-recourse paper, and points on both sides. About as many seem to think it a good thing, as think it of no importance.

It is the old story of character. If the

character, integrity and ability of those piloting the organization is not all that is to be desired, it is exceedingly difficult to devise a scheme which will try to make it all right or set up obstacles to offset it. Such schemes usually fail. In the case of finance companies, trusteeing collateral doesn't offset poor management. This risk is as weak as it would be without the collateral trustee.

**QUESTION:** It frequently happens that we receive statements from brokers, in connection with the purchase of commercial paper, which show on the liability side an item of "Reserves for bad debts." On the asset side two items will be shown of receivables, sometimes three. They show accounts receivable, notes receivable and sometimes other receivables. We prefer to deduct our reserves from the corresponding asset items, and would appreciate an opinion as to a good method of handling such a setup.

O. M. L.



## International Securities Trust of America

A MASSACHUSETTS TRUST

Resources over \$20,000,000

**T**HE share units of this investment trust, consisting of one share of 6 per cent cumulative preferred and one share of no par common, offer the investor a combination of an investment security based upon a diversification of principal, and a common share through which the holder may benefit from increased prosperity of the trust.

*For Booklet I-BM, address*

**American Founders Trust**

A MASSACHUSETTS TRUST

**First National Bldg.  
Boston**

**50 Pine Street  
New York**

**ANSWER:** You have a perfect right to endeavor to obtain the details of the reserve item from the broker, when it is not specific. Very often he will have this information. If you cannot obtain it, there is only one thing for you to do. A banker is always interested in arriving at a conservative figure in connection with current position, therefore, deduct the reserve from current assets and not from other receivables. Usually a concern's way of doing business will be either chiefly on notes receivable or chiefly on accounts receivable. Where the reserve is grouped and merely specifies "The Reserve for Bad Debts," it is perhaps better to deduct the reserve from the largest item. In so doing, the comparison form should be marked (as in reducing any item to a net figure by means of a reserve) and a notation made (possibly on the reverse side) to the effect that such a reserve has been deducted.



Gene Tunney (left), world's heavyweight champion, making a call on John G. Lonsdale, president of the National Bank of Commerce in St. Louis, on a visit to that city recently. Tunney is an erudite champion who husbands his resources; that's the reason he associates with bankers, or the reason why bankers hunt him up, it is said.

## Thrift Posters That Captivate the Fancy

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### NATIONAL SERVICE BUREAU

of NEW YORK, Inc.

150 BROADWAY

NEW YORK CITY

## THE BRANCH BANKING BATTLE

**A**FTER one more exchange of fire in the guerrilla warfare between the proponents and opponents of the Hull Amendments to the McFadden Bill, the field of combat was shifted from the newspapers and the lecture platform to the United States Senate.

The last sortie of Mr. McFadden was before the Toledo chapter of the American Institute of Banking, on December 16, when he declared that the Hull Amendments, prohibiting as they do, the future extension of branch banking by national banks in states that do not now permit branch banking, are futile. For, he said, "If there is any danger of the extension of branch banking into the rural districts and the small cities, towns and villages, it will come through the activities of state banks in seeking branch banking laws, and not through the national banks, as national banks which derive their power from the Congress of the United States, have very little influence with state legislatures in such matters and, moreover, in all of the states the state banks greatly outnumber the national banks and Congress has no power to control any state bank that is not a member of the Federal Reserve System."

No direct reply was made to this. But

Andrew Jay Frame, staunch and life-long opponent of branch banking, charged that the debate which resulted in the reversal of the position of the American Bankers Association on the Hull Amendments, was unfair. The agreement to hold such a debate was, he said, "clearly 'ex parte' and many delegates did not know of the meeting." The result was that "but 681 votes were cast, 413 for and 268 against the Hull Amendments out of some 7000 registrations from a membership of some 22,000 in the A. B. A.—

"With say 640 branch banks in California—

"With say 276 branches of Los Angeles banks alone—

"May we not fairly ask, were such proceedings just on which to pass a settlement of such far reaching importance."

### METAMORPHOSIS OF MEASURE

Meanwhile, in the House of Representatives, the McFadden Bill underwent a metamorphosis. Like the amoeba, it divided itself into several parts, and appeared as three different measures, introduced by Representative Hull on December 16.

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visits New York give him a letter of introduction to us. It will be our pleasure to place at his disposal the complete services of our several offices and departments.

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NEW YORK

The first of these measures provides for the renewal of the charters of the Federal Reserve banks. The second incorporates all the other provisions of the McFadden Bill except Section 9, which related to branch banking. And the third includes Section 9, as amended by the Hull Amendments. Thus Mr. Hull said he hoped to separate the non-controversial parts of the bill from the controversial, and make the fight purely on the ground of branch banking. On first glance this seems an admirable solution. Actually, however, it is inadequate, for one of the most important purposes of the McFadden Bill was to give the national banks equal opportunity with state banks by permitting them to engage in branch banking, to a limited extent, in states now permitting branch banking. If only the first two bills are passed, the national banks will still lack an important part of the relief they ask.

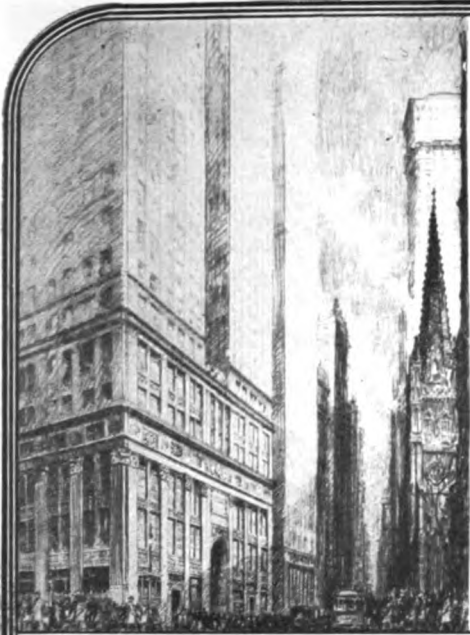
It may be this fact that caused the early death of the three bills. Submitted to the House Committee on Banking and Currency, the first two were considered

and voted down on January 6, Mr. McFadden voting against them. The third bill was accorded no consideration whatever.

This, said Mr. Hull, commenting on the vote, "turns the spotlight on the motives of those who are opposing the Hull Amendments to the McFadden Bill. It shows clearly that their interest in banking legislation is not concerned with the general remedial features of the McFadden Bill. . . . Their whole interest is centered upon blocking legislation which would forbid them to extend their monopolistic system into states not now permitting branch banking."

### A. B. A. IN CONTROVERSY

Pursuant to its action at the convention, in opposing the Hull Amendments, the A. B. A. has entered the list of combatants. Charles W. Carey, president of the National Bank Division, sent a letter to all the members of that division, summarizing the arguments against the Hull Amendments, and urging the mem



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bers to request their representatives in Congress to work for the passage of the bill without the Hull Amendments. G. E. Bowerman, president of the State Bank Division, did likewise, attaching a summary of the way the McFadden Bill would affect every state in the Union.

Immediately five middle western bankers issued a protest against what they called "substitution of the action of the executive officers for membership action." They pointed out that the State Bank Division at the convention re-indorsed the McFadden Bill with the Hull Amendments by a nearly unanimous vote. They contended that the officers of the division should abide by this decision, and urged the members of the division to disregard the letter of Mr. Bowerman, and ask their representatives in Congress to stand firmly for the Hull Amendments.

Thereupon the association itself issued a statement, "Facts Versus Mis-state-

ments Re the McFadden Bill," holding that the association is governed by the action taken at the general meeting. Defending that action against the accusations for Mr. Frame quoted above, the association says that "the re-opening the Hull Amendment question was upon the initiative of the so-called Committee of One Hundred, a group self-constituted for the avowed purpose of promoting the Hull Amendments. . . . The proponents of the Hull Amendments were in entire accord with the arrangement which called for an evening session to debate the question, and they raised no voice against it until after the debate was over and the vote taken." The association, the report said, has no organized lobby for the McFadden Bill, but claims the right of every citizen to advocate the legislation he believes to his own interest. "The leaders of the Hull Amendment organization are doing this very thing."

In its stand, the association has the support of the National Association of

Credit Men, whose banking and currency committee, according to an announcement by J. H. Tregoe, executive manager, has unanimously indorsed the bill with the Hull Amendments eliminated.

#### LEGISLATIVE STATUS UNCHANGED

The House and Senate conferees on the bill met again on January 17, and remained deadlocked. It was agreed that Mr. McFadden is to report to the House, on January 24, what measures the Sen-

ate will accept, and ask for a direct vote on the Hull Amendments. Up to the present time the House has insisted upon their inclusion, whereas the Senate has refused to accept them. If the House still supports the amendments (as seems likely) it means, in all probability, that there will be no banking legislation this session. It is likely that Mr. Hull will make counter-proposals and that the question will be argued thoroughly before being put to a vote. Only the vote will show whether the temper of the House has changed, as some contend.

## NEW BUILDING OF THE INDUSTRIAL TRUST COMPANY OF PROVIDENCE, R. I.

**T**HE great new building of the Industrial Trust Company at Providence, R. I., will be a monumental structure and one of the largest and finest bank buildings in the country. The architects are Walker & Gillette of New York, with George Frederick Hall of Providence, associate architect, and Starrett Brothers, Inc., New York, as builders.

The site of the new building is splendid, running up twenty-five stories, with several setbacks, as shown in the accompanying illustration, to an ornamental lantern at the top, which will contain a light that can be seen for more than 100 miles in all directions.

The site of the new building is splendidly adapted for the edifice. The old Butler Exchange, one of the old landmarks of the city, was razed, together with an adjoining building. The main entrance will be on Exchange Place, opposite the park and railroad station, and the building will run through to Westminster street.

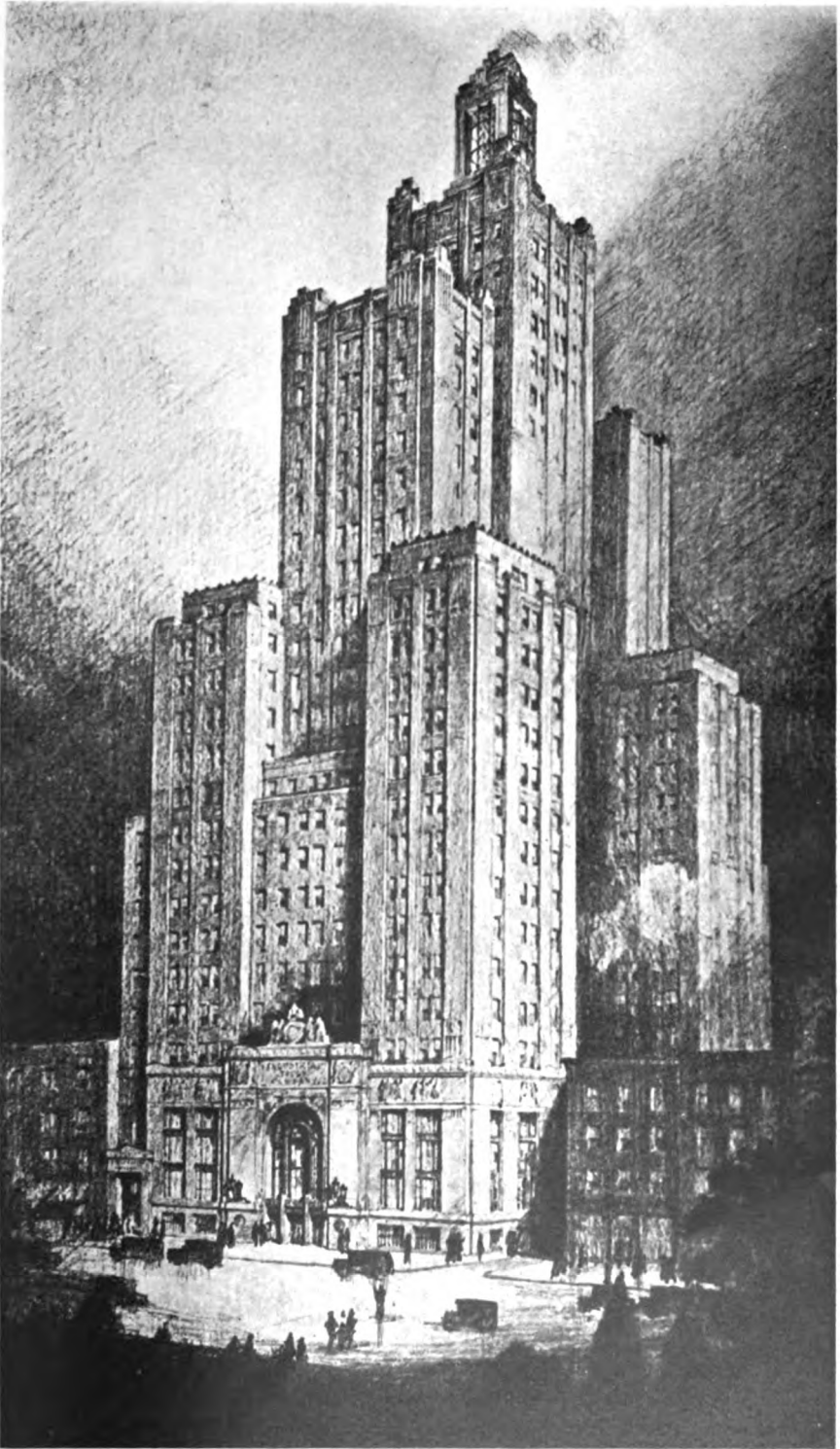
The trust company will occupy two banking floors, two mezzanines and the second floor, with safe deposit and other vaults in the basement. From the main entrance a short stairway will lead up

to the main banking floor and another down to the first basement floor, where will be located the savings department, foreign department, etc. The vaults will occupy the next floor below. The trust department will occupy the second floor.

The officers' quarters will be at the Westminster street end of the main banking floor. Private elevators will connect the various floors and departments of the company. The full details of the interior appointments have not been worked out as yet, but every convenience will be provided for the rapid and efficient handling of the work of the bank and for the accommodation of customers.

At the east end of the building will be the entrance to the offices which will occupy the upper stories and will be reached by many rapid service elevators.

Having in mind its rapid growth in the last few years, the company has taken a long look ahead and is providing accommodations for many years to come. The assets of the Industrial Trust Company are now more than \$150,000,000 and the deposits in excess of \$135,000,000. By means of thirteen fully equipped branch offices the company serves the entire state of Rhode Island.



**The new building of the Industrial Trust Company, Providence, R. I., as designed by Walker & Gillette, architects, of New York.**





The University office of the Hamilton National Bank of New York is the first cageless bank in New York City. Beauty and art have been successfully combined with practicability, utility, efficiency and greater safety in the erection of the counter.



The unusual attractiveness of the officers' quarters gives an inviting atmosphere to the University office of the Hamilton National Bank of New York. Thomas J. King, assistant cashier and manager of the University office, is seated at the extreme right.





The University office of the Hamilton National Bank of New York, at 110th street and Broadway.

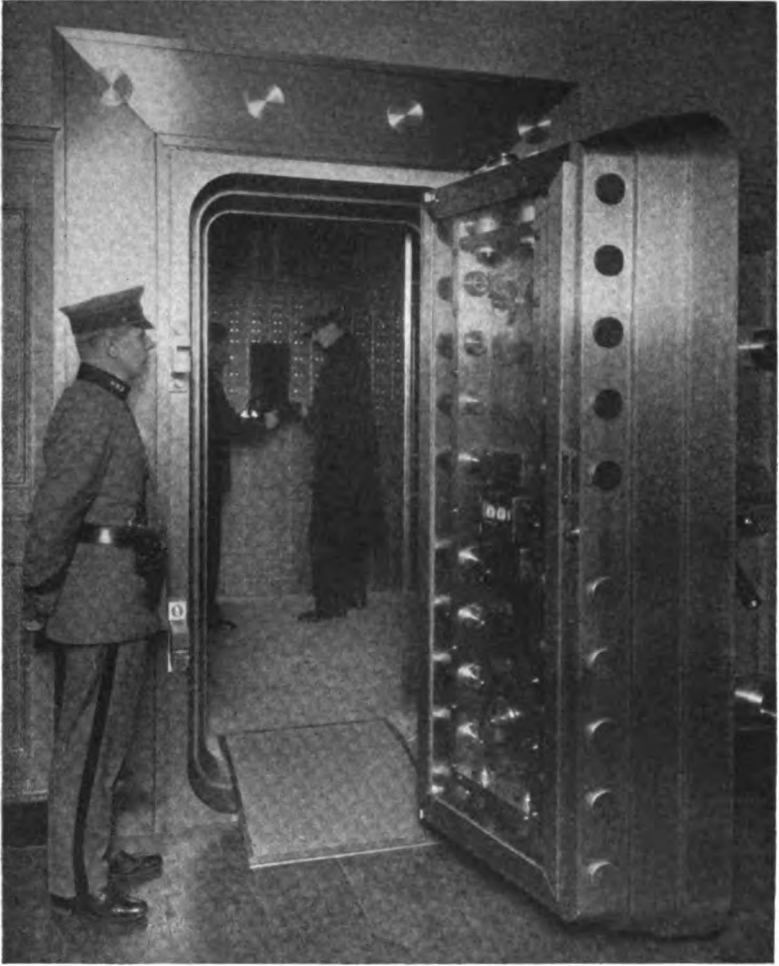
## HAMILTON BANK OPENS UNIVERSITY OFFICE

**I**N many respects the opening of the University office of the Hamilton National Bank, on the southwest corner of 110th street and Broadway, New York City, marked a turning point of banking operation in New York City. This office is destined to go down in the annals of banking as the first institution of New York City to eliminate the fortresslike cages and grilles associated for years with the paying and receiving of money and securities. Bankers from all over the country have praised it as one of the outstanding offices of its kind.

The iron cage was introduced into banking as a safety device, and as such probably served a useful purpose in the earlier days of banking. At the present

time, however, when the few bank bandits who remain are prepared for the strongest safes and vaults engineering science can provide, the iron cage is something of an anomaly, as far as protection of funds goes. Cooped up and walled in by iron and marble the bank teller does not appear as the personification of friendliness, however hard he may try to accommodate his depositors. Placed behind an ordinary counter, with a money drawer in front of him, he would certainly appear more human and therefore more happy.

Opening for business on December 4, 1926, the growth of this office has been remarkable for such a short space of time. The rapid growth of the Hamil-



Entrance to the safe deposit vault of the University office, Hamilton National Bank of New York. The main door weighs eight tons and the vault is surrounded by drill-proof and torch-proof steel.

ton National Bank of New York can be largely attributed to two features—a policy of neighborhood banking, and the man who formed that policy, Archibald C. Emery, president of the bank. In accordance with this policy the University office was opened with the cageless idea in mind. Many customers expressed the greatest delight in the arrangement, stating that it was particularly pleasing to be able to look about the room and see familiar faces of the different employes and officers with whom they were accustomed to do business.

In brief, this office is the personification of friendliness, and bears out the

slogan of this institution, which is "The Bank of Friendly Service."

The new counter has two levels, the first being 3 feet 6 inches from the floor, and having a ledge  $8\frac{1}{2}$  inches wide, which is used by customers for counting. Over the marble surface of the second level, which is a few inches higher, deposits are received; on this level is a rail made of ornamental Swedish iron, which is most attractively designed. Under the top and on the inside of the counter is a recess, in which space the teller may keep his specie.

The arrangement also insures greater service to the public. The customers can be served in 4 feet of lobby space,

whereas normally the architect allows 6 feet from center of wicket to center of wicket. It can therefore be seen that this plan gives 50 per cent. more utility to any given amount of lobby space.

The safe deposit department is in the rear of the office. The vault has a door weighing 8 tons, with a 72-hour time lock. This door is known as the "plug" type, which is the latest style in vault doors. The vault is equipped to handle 1080 boxes. The vault is surrounded by torch-proof and drill-proof steel, and is also protected with an electrical wire system.

This office is in charge of Thomas J. King, assistant cashier. The following are the officers and directors of the bank:

Officers: Archibald C. Emery, president; C. W. Korell, vice-president and cashier; Charles L. Doty, vice-president; W. D. Pike, Oscar J. Goerke, H. J. Fuchs, H. Laurence Harter, Edward V. Smith, T. J. King, Frank A. Wan-

ner, Robert O'Leary, and John V. H. Leary, assistant cashiers.

Directors: Cecil S. Ashdown, vice-president Remington Typewriter Co.; William A. Badger, president William A. Badger & Co., Inc.; Irving T. Bush, president Bush Terminal Co.; Henry J. Davenport, president Home Title Insurance Co.; Lee J. Eastman, president Packard Motor Car Co. of N. Y.; Archibald C. Emery, president; Patrick W. Glover, Barrow, Wade, Guthrie Co.; Arthur F. Hebard, industrial engineering; Leonard A. Hockstader, L. F. Rothschild & Co.; C. W. Korell, vice-president; Robert M. McBride, president Robert M. McBride & Co.; Homer W. Orvis, Orvis Brothers & Co.; Arthur M. Reis, president Robert Reis & Co.; George Roberts, Winthrop & Stimson; R. G. Simonds, vice-president Bush Terminal Co.; Edward G. Sperry, The Sperry Gyroscope Co.; Hugh White, president Geo. A. Fuller Company; and Bronson Winthrop, Winthrop & Stimson.



UNDERWOOD & UNDERWOOD

Frederic W. Stevens (right) this year begins his fifty-sixth consecutive year as a member of the board of directors of the Chemical National Bank of New York. He is pictured here with the newest member, Lammott DuPont, whose family has banked at the Chemical for 100 years.

# *EXAMINATIONS - SYSTEMS - TAXES*

FOR

**Banks and Trust Companies**

**McARDLE & McARDLE**

*ACCOUNTANTS AND AUDITORS*

**Forty-Two Broadway, New York City**

## **DIVERGENT POLICIES OF BUSINESS ORGANIZATION\***

BY JAMES SIMPSON

**T**HERE are two sharply divergent policies of business organization building. One is to hire for high positions the most brilliant and highly developed talent obtainable in the open market; the other is to develop executives from those beginning at the bottom of the payroll.

Probably Marshall Field & Co. is the most conspicuous and consistent example of the policy of building-from-within in this country today. It has had sixty-one men who have been without a break, in its employ for fifty years or more and it has about 800 employes who have served it steadily for twenty-five years or more. It has never had a president or a vice-president who has not been developed inside the organization starting with an humble position.

Once when the rumor was rife that a certain high officer of the company was to step out, Mr. Field was asked: "Where will you find a man to fill his place?" The answer was: "We'll hire a new office boy."

While I firmly believe that, from the viewpoint of the business itself, this is

the soundest possible policy, its main interest is whether employment with a house holding to this policy of building-from-within offers more favorable opportunities for success to the young man starting his business career than does the organization which holds to the opposite policy of filling its higher positions with men who have been developed outside its own ranks.

To my sense, this brings us immediately to the definition of business success. If paying large dividends for the time being is the sole consideration, then there is at least something to be said for the policy of hiring executives from the outside. But if the definition of success is to include the development and perpetuation of business ideals, then there is little room for argument.

The man who gets nothing but profits out of his business is, in my opinion, a poor business man, no matter how huge those profits may be. Had I been interested in our business only as a means of making money I would have retired years ago. Instead I have always regarded it as a living organization, a thing of service, a real contribution to the social and economic life of this country. The thought that it might lose the character and the ideals which now dominate it is inexpressibly abhorrent to me. And

\*This article was written especially for *The Corn Exchange*, publication of the Corn Exchange National Bank, Philadelphia, by the president of Marshall Field & Co., and is reprinted by permission.

1923 to 1927

We are gratified to announce the following record of our consistent growth:

December 31, 1923 .	\$ 5,069,317.96
December 31, 1924 .	10,448,173.99
December 31, 1925 .	15,171,402.62
December 31, 1926 .	19,400,134.32

**THE HAMILTON NATIONAL BANK**  
of NEW YORK

ARCHIBALD C. EMERY, President

Main Office 130 West 42nd Street New York

I sincerely believe that this is the attitude of all my associates.

Thousands of heads of the best businesses in America feel that way about the institutions into which they have put their lives. They are as zealous to perpetuate their business ideals and institutions as they are to perpetuate themselves in their children.

The familiar saying that there is no room in business for sentiment is utterly fatuous and untrue. No man can be a really successful business man who lacks a strong sentiment for his business and who would not make material sacrifices in order to protect and perpetuate the ideals, the character, which he has given it. In all rightly constituted men there is a profound desire to know that the thing to which he has devoted his life will carry on after he has let go. This is the law of progress in the world of business. Right here is the dividing line between the two schools of organization development.

From the viewpoint of thirty-four years of continuous service with Marshall

Field & Co., an organization which has always held undeviatingly to the policy of building from within, I am profoundly convinced that this policy is the only one by which the ideals, the character, of a business organization may be perpetuated and developed with any degree of certainty.

When I was an office boy under Marshall Field I was made to understand that making money was not the only reason for the existence of Marshall Field & Co. and that its founder was actually more concerned in building a great business institution which would be recognized as the best of its kind and would endure and develop than in making big profits. Almost daily this idea was driven home to me. For example, one day Mr. Field sent for the head of the rug department and said:

"Here is my bill for a rug I selected last week. How much profit does it yield the house?" The answer was given and Mr. Field replied, "Send for the rug. I can't afford it at that price. You may sell it to some customer, but the transac-

tion will not help to build the kind of reputation this store must have if it is to grow and endure. What we desire is large volume at small profits; the exorbitant profit you have included in the price of that rug is directly contrary to the policy on which this store is building for its future."

This experience was only one of hundreds which saturated me with the knowledge that we were all working to maintain and develop an enduring institution of definite merchandising ideals which must not be sacrificed on any account. Also while still an office boy I learned that the promotion road in the organization was wide open from end to end to everybody. John G. Shedd, now chairman of the board, became president of the company. He started with the house as a stock boy over fifty years ago. All of the big men in the organization had begun their service at the bottom. By this I knew that all I had to do was to make good every day and to stick.

Every other person in the organization knew that, too.

This policy builds men as well as business because it puts into every one who joins this commercial family the knowledge that he has a fair open field to go just as far and high as his character and abilities will carry him. He could not, within human reason, ask for wider opportunity or greater inspiration. And no one deserves more than this.

More than 75 per cent. of the human family is engaged in production, distribution and allied activities. The complexities of business are constantly growing and the requirements and opportunities are greater than ever before. The world is constantly demanding products of better character and consumption is rapidly increasing. I regard our activities in manufacturing and in wholesale and retail distribution as highly professional in character and on a parity with those of other professions such as engineering, or medicine, or the law.

## BANKING OPINION ON BUSINESS

THE monthly letters which most banks issue to give their customers a bird's-eye view of the business community devoted most of their space in January to gazing back over the road business has traveled during 1926. All are agreed that 1926 was a very prosperous year. It has been "remarkable," says the Guaranty Trust Company's *Survey*, in that "not only have wages risen to new high levels, but the cost of living has increased comparatively little in the last five years, and during the greater part of this year it has actually been moving downward." Furthermore, says the National City's letter, "the profits of business, as shown by corporation reports, have been better than in the previous year, notwithstanding the declining trend of prices. This is accounted for by the economies resulting from a larger volume of business and the downward trend of prices is the natural

result of increased production and lower costs.

More interesting, however, than these retrospections, are the forecasts for the future. Here there is more variety. *The Review of the Bank of America*, New York, finds that "many of the factors that made 1924, 1925 and 1926 years of great prosperity will continue to operate next year." *The New England Letter of the First National Bank of Boston* also expresses "growing confidence in the outlook for 1927." Leonard P. Ayres, vice-president of the Cleveland Trust Company, Cleveland, Ohio, is less optimistic, for he thinks, "The present prospects are that business will be somewhat slower in 1927 than it has been in 1926." He bases this on two facts that have been noted by most economic observers: the lowered purchasing power of the farmers, which came with decline in the prices of farm products; and the

evident slackening of construction work. It is likely that this slackening of construction work will be intensified by the statement of S. W. Straus, of S. W. Straus & Co., real estate bond specialists, that the saturation point in building is near, and further speculative building should be stopped. Another index to which Colonel Ayres points is automobile production which is "declining sharply, and employment in motor manufacturing centers is falling." B. M. Anderson of the Chase National Bank, New York, also contends that though credit is not unduly expanded, it has expanded more than the expansion of trade justifies and, at the same time, the banks have a smaller percentage of their funds in investments eligible for rediscount.

But putting aside both history and forecasts, what of the present? The First National Bank of Boston reports that in New England during the last month "wool values declined about 5 per cent. in consequence of less general and less intensive buying on the part of mills. . . . There are no unwieldy stocks of wool anywhere. . . . The demand for silk goods has been moderate in primary channels, but silks have continued to sell well in garments and piece goods at retail. . . . Since August production of cotton mills has been considerably above that of last year. . . . Hide prices have declined, but . . . a cheerful sentiment pervades the hide and leather trades."

The Federal Reserve Bank of New York reports that December sales in leading department stores in New York and vicinity from December 1 to 24 average about 5 per cent. larger than last year. Stocks of goods are but slightly higher than last year.

The *Business Digest* of the American Banks, Nashville, Tenn., reports for the South: "In those industries which have been least active in recent months, there are new signs of life. Cheaper fibers and rubber have apparently enabled many mills to increase their operations, this being particularly true in cotton, wool and silk."

The First Wisconsin National Bank,

## ONE BANK COVERS THE LOS ANGELES METROPOLITAN DISTRICT



This circle, with a radius of 20 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

STARS INDICATE BRANCHES OF

# SECURITY TRUST & SAVINGS BANK

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

RESOURCES EXCEED \$200,000,000  
OVER 285,000 DEPOSITORS  
CAPITAL & SURPLUS \$11,075,000

Ask our Department of Research and Service for any desired information regarding business conditions in this region.



# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

**JULIAN P. FAIRCHILD, President**

**WILLIAM J. WASON, JR., Vice-President**

**THOMAS BLAKE, Secretary**

**HOWARD D. JOOST, Vice-President**

**ALBERT I. TABOR, Assistant Secretary**

**J. NORMAN CARPENTER, Vice-President**

**CLARENCE E. TOBIAS, Assistant Secretary**

**ALBERT E. ECKERSON Auditor**

**ACCOUNTS INVITED**

**INTEREST ALLOWED ON DEPOSITS**

Milwaukee, says that the number of unemployed is greater there than at any time during 1926. Retail trade in December was good. The same information is contained in the review of the Northwestern National Bank, Minneapolis, Minn., though it adds "retailers' profits are another story. Competition was never so keen in both wholesale and retail merchandising. . . . Grain receipts in Minneapolis from September 1 to December 20 were 39 per cent. less than during the same period in 1925. . . .

naturally it had its effect on business. . . . Sheep have been received here in greater numbers than in any years since 1919, but more have been stopped in this market for sale and slaughter than ever before. Livestock on farms and ranges are entering the winter in good shape. . . . Soil conditions are good as a rule. . . . The amount of fall plowing done has been generally satisfactory, in spite of the wet fall."

Business, then, for the whole country is satisfactory, quiet and cautious.

## STEAMSHIP PLEASURE CRUISES POPULAR

**T**HE winter of 1926-27 will establish new high marks for steamship pleasure cruises, the number of passengers booked and the amount of money to be spent, according to figures just compiled by statisticians of the American Express Company.

Frederick P. Small, president of the American Express Company, has issued a statement showing that fifty-seven cruises by palatial ocean liners are on tours ranging from eighteen days to four months during this winter under the auspices of steamship and tourist companies. Six of these steamships are making world voyages, twenty-four are sailing to the Mediterranean, twenty-four others are visiting the West Indies and three will go to South America and South Africa.

"This is a veritable armada of pleasure ships, equal in tonnage to some of the navies of the world," declared Mr. Small,

in speaking of the elaborate plans that were worked out during the last six months to take care of the tourists booked. A conservative estimate made by experts of the American Express Company shows that approximately \$25,000,000 is being spent by tourists for accommodations. This sum is exclusive of such personal items as tips, laundry, mineral water, wines or personal expenditures of the head of the family in providing "just what is needed" for traveling.

Accountants compiling figures of various cruises submitted their approximate totals to Mr. Small, covering all expenditures of the 24,100 globe trotters aboard the fifty-seven steamships and the grand total shows that \$75,000,000 is changing hands this winter. "Looking back to 1919," said Mr. Small, "one appreciates the tremendous strides made in the winter pleasure cruising end of the

steamship business. The American Express Company, in conjunction with Thomas Cook and Sons, seven years ago undertook a hazardous adventure for that time, in sending the Cunarder "Caronia" to the Mediterranean on the first large cruise of its kind after the war. It was a decided success, nevertheless, and since that momentous occasion the winter cruise business has been almost fabulous, with this season exceeding all previous records.

"I am sanguine enough to predict that next year will show a still more decided increase.

"Save-to-Travel organizations have played a large part in diverting travel to the winter months," declared the official of the American Express Company. "The average man or woman before the inauguration of the winter cruises looked upon ocean trips as being confined to the months of July, August and September. An ocean trip meant to them a brief visit to Europe. Today people are no longer content with short vacations. They plan for months for the winter ocean trips and look forward to the dreary days of December, January, February and March with pleasure, for, under the present scheme, most of the steamship companies and tourist agencies try to arrange the itinerary of their respective steamships so that the traveler will be able to dodge, if not all, most of the frigid weather of the new world and arrive back in the United States weeks after the ground hog fails to see its shadow."

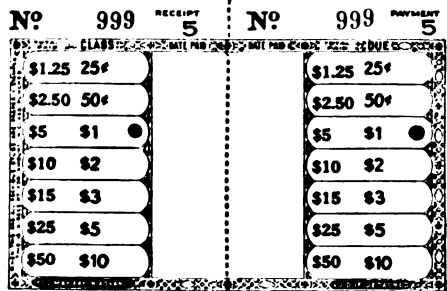
**INSTALMENT BUYING HERE TO STAY**

At the annual meeting of the Chatham Phenix National Bank and Trust Company Louis G. Kaufman, president, stated:

"We hear much about the evils of instalment buying. This is rather much hue and cry without a culprit. Instalment buying is here to stay. It will doubtless increase in volume as credit safeguards surround the business."

**Here it is! Outcault's New and Improved Multiclass Coupon Book.**

Patented Feb. 24, 1925—Aug. 4, 1925



Actual size 3 1-16 x 4 13-16

Here is a sample of Page 5 Outcault's Multiclass Coupon Book. Space in center for double rubber "Paid" stamp. Black dots on \$1.00 Class show punch holes. Printed on canary colored bond in green ink. Totals Paid are in red ink. Also number at top.

Payment dates are on the jacket or container. Never gets out of date.

Can be used for Christmas Club, Vacation or any kind of Thrift Club.

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**OFFICIAL CHANGES AT THE CHASE**

At a meeting of the board of directors of the Chase National Bank of New York a number of new appointments were made in that institution, including the following: John W. Prentice, assistant cashier; Leroy W. Lutz, assistant cashier; Louis C. Holl, assistant cashier; Edward Lewis, assistant manager of the Produce Exchange branch; William P. Skinner, assistant manager of the Harlem Market branch; Joseph Brown, assistant manager of the Harlem Market branch; Paul H. Selchow, assistant trust officer of the bank at the Fifth Avenue branch, and Norman W. Andrews, assistant trust officer of the bank at the Fifth Avenue branch. Clarence B. Wilkes, formerly assistant manager of the Produce Exchange branch, was transferred to the Forty-first Street branch, where he will be assistant manager.

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## STOCKS AND BONDS AT AUCTION

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## LOANS ON SOLDIER BONUS CERTIFICATES

ON January 1, 1927, arrived the time when former service men of the United States could borrow money from the banks on the insurance policies which had been given them by the Government two years before as a "bonus." On January 3, the first banking day of the new year, banks throughout the country were crowded with war veterans who wished to collect some cash on their adjusted service certificates. They met with various receptions but, in the main, those who had no accounts at the institutions they visited—and those were the veterans, chiefly, who wished to borrow on their insurance policies—were not accorded any too hearty a welcome by the banks.

The banks are not compelled to lend money on these certificates and since the amounts dealt with are small—\$90 is the average loan value of the certificate and \$140 the maximum—many institutions refused to go through with the red tape necessary in making the loans.

The law says that "any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession or the District of Columbia, is authorized" to make a loan on a certificate for "any amount not in excess of the loan basis." That basis is defined. The interest rate charged is not to exceed "by more than 2 per centum per annum the rate charged at the date of the loan for the discount of ninety-day commercial paper under Section 13

of the Federal Reserve Act." If the borrower fails to pay his debt at maturity, the director of the Veterans' Bureau may accept the certificate and note, cancel the latter, satisfy the bank's claims, and restore the certificate to the veteran when he makes good both principal and interest. Should he not do that before maturity of the certificate, there shall be paid to him the balance that is due. If he dies before he makes payment, or before maturity of the certificate, the equity shall be paid his beneficiary, or, if there is none, into the veteran's estate. The bank making the loan may "sell the note to, or discount or re-discount it with, any bank authorized to make a loan to a veteran," and the certificate be transferred.

At the banks' refusal to lend money on the certificates a great uproar arose, since the war veterans had looked upon their certificates as being "as good as Liberty bonds." The banks were criticized to some extent, but most of the blame for the "mess" fell upon Congress for insisting on the enactment of what ex-service men often call the "tombstone bonus."

The American Legion came to the rescue and is asking Congress to pass laws making it easier for the certificate-holders to realize cash, the veterans are being advised not to borrow if they can help it, and the banks, assured by the Veterans' Bureau that it stands ready to redeem all unpaid notes, are becoming

more liberal as regards the loans.

The objection of bankers to lending money on the certificates is upheld by the *Journal of Commerce*, which says: "The simple fact is that the loans against service certificates are bad loans from the point of view of commercial banks. Generally speaking, they are non-productive loans, involving small sums obtained by the borrowers to provide spending money.

"The most serious single objection of a general character lies in the inflationary tendency of these projected loans."

The First National Bank of Bridgeport, Conn., has, from the first, stood firmly in favor of granting loans on the certificates. According to Edmund S. Wolfe, president of the institution, the bank followed the legislation from the beginning so that it was familiar with all its provisions, since it realized that, while the certificates were a perfectly safe investment for the bank, on account of the technical requirements of the law many veterans would be absolutely helpless in arranging loans, merely because of their lack of knowledge.

"We decided to lend on the certificates to any veterans applying," Mr. Wolfe said, "the only requirement being that he be absolutely and satisfactorily identified to us. . . . This meant, of course, that an applicant need not be a customer, nor even intend to repay to us the loans thus made.

"Our contribution of time and effort is small compared to the war-time sacrifice made by every certificate holder, and we feel it our duty to not only explain the provisions of the act, but to make it easy for these men to negotiate loans, which loans are the best obtainable and in every sense afford the highest type of

#### NOTICE

The First National Bank of Wynona, located at Wynona in the State of Oklahoma is closing its affairs. All note-holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

R. F. MULLENDORE, President.

Dated Dec. 15th, 1926.

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security, and at a very attractive rate. We felt it a civic responsibility, therefore, to provide borrowing facilities to a group of men, whom we know must in large part be without such facilities, and unprepared through lack of connections and information to take advantage of their rights.

"The terms of the act are clear and the procedure in loaning and redeeming certificates very simple. It takes but small effort on our part to accommodate these needy and deserving men and at the same time secure for ourselves a prime satisfactory investment."

### BANK OF COMMERCE IN NEW YORK HAS GOOD YEAR

PROFITS of the National Bank of Commerce in New York for the year ending December 31, 1926, after all expenses, taxes and full provision for bad and doubtful items, amounted to \$6,044,029. Of this amount \$4,500,000 was paid in dividends of 16 per cent. and an extra dividend of 2 per cent. \$1,544,029 was added to the undivided profits account. President Stevenson E. Ward announced that a new office will be opened about May 1 on Madison avenue, between 39th and 40th streets, to accommodate the bank's customers in this section. The number of stockholders was reported as 6534, the average holding being about thirty-eight shares. Total resources of the bank on December 31 were \$717,114,643 and deposits were \$563,356,022.



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**NEW YORK**

## WHAT BANKS AND BANKERS ARE DOING

**JOHN G. LONSDALE**, president of the National Bank of Commerce in St. Louis, has been elected president of the St. Louis Clearing House Association. Mr. Lonsdale has received a number of honors in the banking world and is now head of the Bankers' Club of St. Louis, a director representing finance in the United States Chamber of Commerce Board, and a Class A director of the St. Louis Federal Reserve Board. He is also a member of a national commission on agriculture.

**ROBERT D. MATHIAS**, vice-president of the Depositors State Bank, Chicago and for a long time identified with the activities of the Financial Advertisers' Association in Chicago, has been elected vice-chairman of the board of directors of the Depositors State Bank.

**GEORGE M. MOFFETT** has been added to the list of directors of the National Park Bank, New York City. Mr. Moffett is vice-president and a director of the Corn Products Refining Company, director of the Fidelity International Trust Company and Standard Insurance Company.

**PERCY H. JOHNSTON**, president the Chemical National Bank of New York, left January 20 on the Santa Ana for a South American trip. He planned to visit the Bahamas, Cuba, Peru, Bolivia, Chile, Argentina, Trinidad and Porto Rico.

**H. ENNIS JONES**, formerly assistant to the president of the Franklin Trust Company, Philadelphia, was elected a vice-president of the institution at a recent meeting of the board of directors. Edwin S. Conro, formerly assistant treasurer, was made treasurer; and Maurice Bart, manager of the Front street office, was chosen assistant treasurer. A. B. Dauphinee, who formerly

was both vice-president and treasurer, will continue as a vice-president. L. O. Howell 3d and Samuel Vance, Jr., were appointed assistants to the vice-president.

Mr. Jones began his banking career



**H. ENNIS JONES**

Vice-president the Franklin Trust  
Company of Philadelphia.

fifteen years ago as an office boy with the Philadelphia Trust Company and became associated with the Franklin Trust Company in 1920 as assistant teller, whence he has risen to his present position. He is a director in the Financial Advertisers' Association.

**JAMES W. ALLEN**, in completing twenty-five years of service for the National City Bank, has, at the same time, established a record—that of having transported through New York City streets a greater amount of gold and currency than any other man on earth. Since 1907, when he was made chief messenger in charge of gold and cur-



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rency transportation, he has transported through the streets of New York a total of \$30,566,382,435. This has been done without the loss of a single penny.

When it was customary to deliver the actual money at the close of each day in

1915. On one day he brought from the clearing house to the bank a sum almost as great—\$37,538,125.

ERNEST A. HAMILL, chairman of the board of the Illinois Merchants Trust Company and a pioneer Chicagoan, died Friday, January 14, at the age of 75. He had been ill with influenza for about ten days.

Mr. Hamill was widely known in civic and philanthropic, as well as financial, circles of Chicago, where he had spent practically all of his life. He began banking in 1889, with the Corn Exchange National, with which he remained until that institution was merged with the Illinois Merchants Trust. At the time of his death Mr. Hamill was an officer and a director in a number of nationally known industrial and financial institutions.



JAMES W. ALLEN

In charge of gold and currency transportation of the National City Bank, New York.

settlement of the bank's debits to the New York Clearing House, and to bring back to the bank the credits that had accumulated, Mr. Allen had charge of this for the National City Bank. The largest amount he transported thus, at one time, was \$37,916,000 in December,

R. R. REEDER, JR., has been appointed manager of the credit department of the State Bank of Chicago. Mr. Reeder has had wide banking experience, both in Chicago and New York. He went to Chicago in 1923 from the Chase National Bank of New York and was assistant cashier and manager of the credit department of two Chicago banks before joining the State Bank of Chicago.

CECIL G. LESCHER has been appointed an assistant manager of the publicity department of the Guaranty Trust Company of New York.

ADAM K. GEIGER has been appointed an



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associate manager of the Equitable Trust Company of New York. Mr. Geiger has been associated with the Equitable Trust since 1920 when he left the Trust Company of Georgia to enter the Equitable's Atlanta office. The following year he was transferred to the company's New York bond department. He has since specialized in foreign loans, especially South American loans.

J. G. KLINGINSMITH is a new assistant manager of the bond department of the Peoples Savings and Trust Company of Pittsburgh, according to announcement by the bank's president, A. C. Robinson. Mr. KlinginSmith was manager of Harris, Forbes & Company in the Pittsburgh district for nine years and later a member of S. M. Vockel & Company. He is a graduate of Allegheny College and one of the best known bond men in the district.

He will be associated with Norman B. Ward, manager of the bond department of the Peoples Savings and Trust Company.

LEWIS E. GARY retired this year as a vice-president of the Illinois Merchants Trust Company, Chicago, after forty years of continuous service. His retirement was due to ill health.

Mr. Gary entered the service of the Corn Exchange Bank October 1, 1886, and for more than twenty-five years acted as chief clerk in charge of personnel and operation. In January, 1912, he was elected assistant cashier and retained that position until the Corn Exchange was consolidated with the Illinois Merchants Trust in 1924, when he became a vice-president.

MINNIE A. BUZBEE, who has been advertising manager of the Minneapolis Trust Company, Minneapolis Minn., for the last two years, has returned to her former home in Little Rock, Ark., to join the staff of Burton E. Vaughan, advertising and sales promotion counselor. Miss Buzbee was for several years advertising manager of the American Bank of Commerce and Trust Company in Little Rock and later was associated with

Harvey Blodgett, Inc., financial advertising consultants, in New York and Chicago. She is a national director of the Financial Advertisers' Association.

**RAYMOND F. McNALLY**, vice-president and cashier of the National Bank of



**RAYMOND F. McNALLY**

Vice-president and director the National Bank of the Republic, Chicago.

Commerce, St. Louis, has been elected vice-president and director of the National Bank of the Republic of Chicago.

Mr. McNally at 47 years of age is one of the best known bankers in America, having served as president of the Missouri Bankers Association, president of the Reserve City Bankers Association and chairman of the Clearing House Section of the American Bankers Association. At present he is chairman of the executive committee of the National Bank Section of the American Bankers Association. He is an officer or Director of many of the most important civic, educational and charitable organizations



**MEREDITH WOOD**

Assistant vice-president Chemical National Bank, New York.

Mr. Wood entered the Chemical National in 1919, and served first in the foreign and credit departments, then becoming head of the wire transfer department. In 1921 he was transferred to new business work as the bank's New York and New Jersey representative. In this capacity he developed the Chemical's business in these two states considerably. In 1924 he was appointed assistant cashier and transferred to the bank's Madison Avenue office which was opened during that year. There Mr. Wood aided in the building of the business of that office and has also handled a large share of loans and discounts. This office is now the Chemical's largest branch and has been very successful since its opening. At the beginning of this year Mr. Wood was appointed assistant vice-president of the Chemical. He will be placed in charge of the bank's Times Square office which will be opened in the Paramount Building in the course of the next few months. Mr. Wood was graduated from Williams College in 1916. He entered the first Plattsburg officers' training camp in 1917, was commissioned second lieutenant U. S. A. and served overseas in the 308th Infantry. He was promoted to first lieutenant and later captain of the U. S. R., and was decorated with the Distinguished Service Cross and the Croix de Guerre.

in St. Louis and is a member of many clubs and social organizations.

He comes of an old Missouri banking family, having started his banking career as cashier of the Citizens National Bank of Chillicothe, Mo., which bank was founded by his father. He went to St. Louis eleven years ago as vice-president of the Mississippi Valley Trust Company, two years later going to the National Bank of Commerce.

H. C. SCHWITZGEBEL, vice-president of the Commerce Trust Company, Kansas City, who recently celebrated his seventieth birthday, has been in the banking business for 57 years. He began work as a messenger boy for the German

Savings Company in 1870 and 8 years later went to the Commerce Trust as a bookkeeper. He advanced from that position to vice-president, to which he was elected in 1917.

CLARENCE A. DUNHAM, bookkeeper of the Commerce Trust Company, Kansas City, has done eighteen months of bank bookkeeping, during which he handled approximately 750,000 transactions, without making a single error. The record is considered remarkable by bank officials and, as far as is known, has never been equalled at the Commerce Trust. The bank gives a monthly bonus to each bookkeeper who completes a month's work without an error.



The fire-resisting qualities of the modern bank vault were illustrated in a recent fire which completely demolished the Farmers National Bank of Hudson, N. Y. The vault, pictured above, was undamaged on the exterior except for the outside finish and the rubber grips on the spokes of the wheel, which grips were melted off in the fire. The interior was found to be in first class condition, when the vault was opened after it had cooled off, a few days after the fire. The vault was installed a few years ago by the York Safe and Lock Company, York, Pa.



E. J. MUDD

Vice-president and cashier of the National Bank of Commerce in St. Louis.

Mr. Mudd, who has been vice-president of the St. Louis bank and who is considered an outstanding authority on credits and discounts, has been elected cashier of the National Bank of Commerce in St. Louis to succeed Raymond F. McNally, who resigned to become a vice-president and director of the National Bank of the Republic in Chicago. Mr. Mudd was also elected a member of the board of directors. Mr. Mudd is a graduate of St. Louis University and began his banking career twenty-five years ago as a collector with the Union Savings and First National Bank of St. Charles, Mo., his home. His rise at the National Bank of Commerce began in 1916 when he was made an assistant cashier. Two years later he was elevated to the vice-presidency.

### THE NATIONAL AMERICAN COMPANY REORGANIZES

THE National American Company, Inc., New York, has been organized to take over the business and assets of the National American Company, and will continue business in the offices previously occupied at 8 West Fortieth street until

it takes possession of its new building, now under construction, at 340 Madison avenue.

Capital of the new company consists of 100,000 shares of no par value stock, of which 40,000 shares will be immediately outstanding.

The new organization, in addition to acquiring the assets of its predecessor, controls several mortgage insurance companies. It will engage in real estate and corporate financing and conduct a general securities business originating and participating in the issue of investment and mortgage securities. An initial quarterly dividend of 75 cents a share has been declared payable May 2 to stockholders of record of April 15.

C. Stanley Mitchell, president of the Central Mercantile Bank and Trust Company, is chairman of the executive committee, which also includes David H. Knott, Lamar Hardy, J. Scofield Rowe and J. A. Dilliard. The finance committee consists of Charles D. Hilles, John A. Dilliard and Harold G. Aron, chairman.

David H. Knott is president of the new company; J. A. Dilliard, vice-president; Harold G. Aron, treasurer; Thomas D. Richardson 3rd, assistant treasurer; Toney A. Hardy, secretary; and Lamar Hardy, general counsel.

### WIGGIN UPHOLDS DEBT REDUCTION

CALLING the policy of the Federal Government of steadily reducing the public debt since 1919 "one of the most wholesome financial developments of the period," Albert H. Wiggin, chairman of the Chase National Bank, New York, in his annual report to stockholders, urged the use of the present Government surplus in further scaling down the debt.

"The consistent policy of the Federal Government since August, 1919," Mr. Wiggin said, "of steadily reducing the public debt has been one of the most

wholesome financial developments of this period. It has constituted a partial offset to the undue expansion of bank credit which the same period has witnessed, and to the unduly rapid expansion of state and municipal debt, which the cheap money of recent years has facilitated.

"I think we may well be content with the decision of the majority members of the House Committee on Ways and Means to use the surplus in paying off public debt instead of paying rebates on or reducing taxes. The revenues of 1926 are probably abnormally great, reflecting, as they do, the incomes of 1925. A great expansion of bank credit was being expended in capital uses and when business activity and speculative enthusiasm were very high. Bank expansion of this kind cannot safely continue, and in its absence it is reasonable to expect that private incomes and public revenues will not be so great.

"After two and one-half years of extraordinary business activity, there are some indications of moderate reaction, but the volume continues high. The indications are not clear or marked enough to indicate a decisive trend. In general, hand-to-mouth buying has prevailed, commercial borrowing has been conservative and the financial position of American business is sound. There has been too much speculation in certain directions, notably in securities and real estate. The most unsatisfactory phase of the business situation is to be found in the agricultural sections and notably in the South. The textile industry will ultimately benefit from the lower price of cotton, but transitional difficulties in this connection have not yet been fully worked through."

Mr. Wiggin pointed out that with the consolidation of the Mechanics and Metals National Bank with Chase National the latter was brought into second place in the ranks of financial institutions of the country. Total resources on December 31, 1926, were \$968,967,313. against \$422,460,081 ten years ago and \$114,310,479 twenty years ago. The

undivided profit account on December 31 stood at \$13,204,474, which, with \$40,000,000 of capital and \$25,000,000 of surplus, made total capital, surplus and profits \$78,204,474. Cash and money due from banks amounted to \$358,337,038, United States Government securities to \$59,442,211 and loans and discounts to \$491,217,607. The book value of other securities was \$30,223,012, the market value being in excess of this amount.

### NATIONAL CITY WORLD'S LARGEST BANK

STOCKHOLDERS of the National City Bank, New York, at their annual meeting approved the proposed increase in capital of the institution from \$50,000,-



CHARLES E. MITCHELL

President National City Bank of  
New York.

000 to \$75,000,000, thus making the National City the world's largest bank from the standpoint of capital structure. The bank's deposits for the year ending

December 31, 1926, passed the billion mark, establishing a record for American banking.

While the capital of the bank is increased to \$75,000,000, the surplus will remain at \$50,000,000. The capital of the National City Company, the security subsidiary of the bank, is to be increased to \$25,000,000 and the company's surplus to the same amount.

According to a statement by Charles E. Mitchell, president of the bank, the institution's net profit for 1926 was \$15,853,122, an increase of \$2,000,000 over the previous year. Total resources of \$1,394,389,890 set another new high record.

"The results of operation of our foreign branches," said Mr. Mitchell, "continue to justify their establishment and the training of a staff for their management. Every foreign division and all branches have been profitable during the year, in the aggregate, exceeding those of the previous year by more than 25 per cent. and in an amount in excess of half the dividends paid by the bank."

Mr. Mitchell remarked that the branches of the International Banking Corporation, now taken over, had been uniformly profitable during the year and forecast savings as the result of the closer co-ordination made possible by direct incorporation into the National City system. He announced that the capital of the International Banking Corporation as of December 31 was \$5,000,000; its surplus, \$5,000,000, and undivided profits, \$2,561,000. It is proposed shortly to reduce the capital and surplus by 50 per cent. and undivided profits by about the same percentage.

#### CHICAGO BANK'S EARNINGS SET NEW RECORD

"THE Union Trust Company, Chicago, has just closed one of the most satisfactory years in its history," according to Frederick H. Rawson, chairman of the board. Mr. Rawson added that every department of the bank had recorded a new high point in the volume of its

business and the earnings of the bank, which were \$1,227,051, were the largest in its history. Earnings for 1925 were \$921,737.

Comparison of the two years shows earnings on capital stock for 1926 were 40.90 per cent. as compared with 33.52 per cent. in 1925. On invested capital earnings were 16.93 per cent. in 1926 and 13.75 per cent. in 1925.

#### CENTRAL MERCANTILE BANK EXPANDS

NEW YORK had the unusual experience last month of witnessing a run on the Broadway Central Bank which started when it was discovered that three employes of the bank were guilty of a defalcation. In spite of the fact that depositors were assured that the bank was absolutely sound, it was necessary to call out police reserves to regulate the line of depositors who insisted on withdrawing their deposits. \$1,000,000 in currency was placed on view in the bank's window to re-assure customers but the run continued for several days. Finally it was announced that the assets of the Broadway bank had been bought and its liabilities assumed by the Central Mercantile Bank and Trust Company of which C. Stanley Mitchell is president. In announcing this purchase Mr. Mitchell said:

"The Central Mercantile Bank and Trust Company has purchased the assets of the Broadway Central Bank and assumed all of its obligations and liabilities. Before buying the bank, we, of course, assured ourselves not only by our personal investigations but by examination of McArdle & McArdle, bank auditors, that the institution was absolutely sound and solvent. Some of its depositors had become alarmed by the defalcation of three of its employes and its directors felt that a new and stronger ownership was needed to avert further withdrawals of its funds. They accordingly approached us with the result that after a satisfactory investigation, our board of directors decided to authorize the pur-

chase of the bank. This was quickly effected and the former Broadway Central Bank is now a branch of our own institution and has all of our resources, in excess of \$50,000,000, behind it.

"In purchasing the Broadway Central Bank we are confident that we have made a good business deal. We have long been desirous of securing a branch in this neighborhood, and this purchase will give us this opportunity. We invite the co-operation of all depositors and patrons of the Broadway Central Bank to help make our Broadway and 97th street branch the best and most important of our five branches.

"In making this important purchase we wish to make public acknowledgment of the valuable advice and assistance we have had from Hon. Frank H. Warder, State Superintendent of Banks, and his staff."

**FIRST NATIONAL MEETINGS  
HELD IN BOSTON**

THE annual meeting of the stockholders of The First National Corporation of Boston was held January 11. The directors, consisting of Edwin P. Brown, Robert F. Herrick, Henry Hornblower, John R. Macomber, Allan M. Pope, Charles G. Rice, Bernard W. Trafford, Edwin S. Webster, Albert B. Wells and Daniel G. Wing were re-elected, and W. H. Potter, Jr., vice-president of The First National Corporation, was added to the list of directors.

At the annual meeting of the board of directors of the First National Corporation the present officers were re-elected.

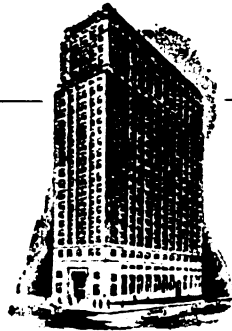
At the stockholders meeting of the First National Bank of Boston, Homer Gage, president of the Crompton & Knowles Loom Works of Worcester, Mass., and Joseph A. Skinner, treasurer of William Skinner & Sons of Holyoke, Mass., were added to the board of directors. During the year George C. Lee of Lee Higginson & Co., Wilmot R. Evans, president Boston Five Cents Savings Bank and Henry J. Fuller of Aldred &

Company of New York were elected to fill vacancies. All directors were re-elected at the annual meeting.

All the officers were re-elected and in addition A. C. Malm and R. D. Birch were made assistant trust officers.

**LOS ANGELES BANK GROUP  
EXPANDING**

AT the annual meeting of the holders of the beneficial certificates of the first National Bank of Los Angeles, the Pacific-Southwest Trust and Savings Bank and the First Securities Company, which was held on January 7, it was announced by President Henry M. Robinson that the aggregate resources of the three institutions had increased from \$305,402,665.97 on December 31, 1925, to \$324,016,986.70 on December 31, 1926. The increase in deposits of the First National for the same period was \$3,003,677 of the Pacific-Southwest, \$11,607,673 while



1	1
8	9
1	2
2	7

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the capital and surplus of the First Securities Company was increased from \$600,000 to \$1,100,000.

### MURRAY HILL TRUST HAS GOOD STATEMENT

STATEMENT of the Murray Hill Trust Company, New York City, shows a remarkable growth since the opening of the bank in September. Total resources of the institution, as of December 31, 1926, are \$5,525,348, capital \$1,000,000, surplus \$1,000,000 and deposits \$3,435,219.



**O. W. BIRCKHEAD**  
President, Murray Hill Trust Company, New York

Officers of the bank are W. I. Lincoln Adams, chairman of the board; O. W. Birkhead, president; F. W. Kavanaugh, first vice-president; Reginald W. Brixey, vice-president; Harold B. Thorne, vice-president; Ben. B. Bullock, secretary; L. W. Waller, assistant secretary; F. W. Breitbach, trust officer. Directors in-

clude: W. I. Lincoln Adams, chairman of the board; Louis Annin Ames, president Annin & Co.; William G. Beckers, director, Allied Chemical & Dye Cor-



**W. I. LINCOLN ADAMS**  
Chairman of the Board, Murray Hill Trust Company, New York

poration; O. W. Birkhead, president; Reginald W. Brixey, vice-president; William R. Bull, president Mamaroneck Trust Co.; Chas. A. H. de Saulles, director American Smelting & Refining Co.; Thomas C. Desmond, president T. C. Desmond & Co., Inc.; Brice P. Disque, president Johnson Cowdin Corp.; George W. Fleming, president Elkhorn Coal Company; George G. Goldberg, vice-president Weber & Heilbronner; Vivian Green, V. Green Company, Inc.; B. F. Haas, president Haas Brothers Fabrics Corp.; Charles H. Kavanaugh, president Bank of Waterford, N. Y.; Hon. F. W. Kavanaugh, first vice-president; Edward A. Keeler, president Keeler, Inc.; William A. Kerr, banker; J. Leslie Kincaid,

president American Hotels Corp.; Charles F. Kinsman, president Sterling Bronze Co.; Robert Law, Jr., capitalist; William Dewey Loucks, Loucks, Griffin,

James G. Cannon prize contest will close May 2.

FARMERS LOAN APPOINTMENTS

THE farmers Loan and Trust Company, New York City, has appointed Howard S. Butterweck, trust officer; Thomas F. Godwin, Harry F. Ayers, Charles C. Jordan and Alexander D. Marks, assistant trust officers; Sidney R. Craig and Wilferd L. Peel, assistant secretaries and Harry W. Jones, assistant cashier.



REGINALD W. BRIXY  
Vice-president, Murray Hill Trust  
Company, New York

Connet & Cullen; Otto E. Schaefer, president Westchester Fire Insurance Co.; Donald G. C. Sinclair, Metropolitan Life Insurance Co.; J. Crawford Stevens, president Westchester Title & Trust Co.; Harold B. Thorne, vice-president.



HAROLD B. THORNE  
Vice-president, Murray Hill Trust  
Company, New York

BANKERS TO WRITE FOR PRIZE

MEMBERS of the New York Chapter, Inc., American Institute of Banking, will compete again this year for the prize awarded annually to the one submitting the best essay on an assigned subject. The topic for this year's contest is "The Extent and Effect of American Participation in the Field of Foreign Banking." The contest, which is known as the

CHEMICAL NATIONAL MEETING

AT the annual meeting of the shareholders of the Chemical National Bank of New York held January 11, the following new directors were added to the board: Robert Goelet and Lammott Dupont.

Mr. Goelet is a prominent real estate owner and operator of New York City. Members of the Goelet family were active in the early development of the bank. He is the fourth of his family to serve on the board. His cousin, Robert Walton Goelet, is a member of the board at the present time. Mr. DuPont is president of E. I. DuPont De Nemours & Co. The DuPont family has been a customer of the Chemical bank continuously for 100 years.

This makes a total of thirty-six directors that have served the Chemical Bank during its career of 102 years.

Frederic W. Stevens begins his fifty-sixth consecutive year of service as a member of the board of directors of the Chemical Bank. It is believed he holds the record among the bank directors for length of service.

The shareholders ratified the \$500,000 stock dividend recommended by the board, which brings the total capital of the bank to \$5,000,000. Surplus and undivided profits are \$19,000,000.

Other directors were re-elected.

### CONTINENTAL AND COMMERCIAL CHANGES

At the annual meeting of the stockholders of the Continental and Commercial National Bank of Chicago, Charles F. Gloré, member of the firm of Marshall Field, Gloré, Ward & Co., was added to the directorate.

J. Ogden Armour resigned from the boards of the Continental and Commercial banks and his place is filled by the election of Philip D. Armour, first vice-president of Armour and Company.

The board of directors of the Continental and Commercial National Bank elected Carl A. Birdsall, assistant cashier, to the office of second vice-president and E. Mansfield Jones was made comptroller.

At the meeting of the stockholders of the Continental and Commercial Trust and Savings Bank, Philip D. Armour and George F. Getz, recently elected to the

board of the Continental and Commercial National Bank, were elected to the directorate.

The directors elected William P. Kopf, secretary, to the office of vice-president; Everett R. McFadden, assistant secretary, was made secretary, and Harold P. Smith, L. C. Davis and R. M. Kimball were promoted to the positions of assistant secretary of the trust department of the Continental and Commercial Trust and Savings Bank.

Philip D. Armour was elected to the board of the Continental and Commercial Company and the following official changes were made at a meeting of the board of directors: Howard D. Whitehouse was promoted from the position of secretary to that of second vice-president; Edward Schranz, Jr., manager municipal department, was also elected second vice-president; Walter J. Engle, treasurer, was made secretary and treasurer; C. H. Nourse and C. H. Merry were elected assistant managers of sales; Anthony Von Wening was elected assistant secretary and assistant treasurer.

### NEW YORK BANK HAS WOMAN TRUST OFFICER

Miss Henriette Fuchs, for five years an employe of the Hamilton National Bank of New York, has been elected assistant cashier and trust officer. Miss Fuchs is said to be the first woman to be elected a trust officer of a New York bank.

### NEW MARINE TRUST DIRECTORS

JOHN D. Larkin, Jr., president and treasurer of the Larkin Company, Inc., and Edward B. Germain, president of the Dunlop Tire and Rubber Company, both of Buffalo, have been elected directors of the Marine Trust Company, Buffalo, according to an announcement by George F. Rand, president.

Mr. Larkin, in becoming a director, is following in the footsteps of his father, who was a director until his death in

February, 1926. His business training was received in close association with his father and after working in the various departments of the company he became general manager, vice-president and assistant treasurer. In February, 1926, he was made president and treasurer.

Mr. Larkin always has devoted himself actively to civic affairs in Buffalo and was among the first of Buffalo's citizens who caught the vision of the city's future as an airport.

Mr. Larkin also is president and treasurer of the Larkin Company of America, Larkin Company of Illinois, Larkin Company of Pennsylvania, and the Buffalo Pottery Company. He is president of Fioret, Inc., chairman of the board of the Title and Mortgage Guarantee Company, and trustee of the Commercial Credit Trust Company of Chicago and of Lafayette College.

As head of the Dunlop Tire and Rubber Company, Mr. Germain is well known not only in this country but abroad. After his graduation from Massachusetts Institute of Technology, he was with the Aberthaw Construction Company, but left there as general manager in 1917 for the Bethlehem Ship Building Company, of which he was general sales manager. Since 1922 he has been president of the tire company.

In commenting upon the elections, Mr. Rand said: "Both Mr. Germain and Mr. Larkin are the chief executives of two of Buffalo's great industries, manufacturing nationally known products. They add to a directorate composed of leaders in the many diversified industries of the Niagara frontier, demonstrated capacity as manufacturers, merchandisers and financiers."

#### JACKSONVILLE BANK ELECTS TWO NEW OFFICERS

Two new officers were elected by the board of directors of the Barnett National Bank, Jacksonville, Fla., at a recent meeting. They are A. C. Biese, formerly manager of the bond depart-



ment, who was made vice-president in charge of the bond department, and George N. Weinberg, who was made assistant cashier.

The election followed the annual meeting of the stockholders, at which a prosperous business year and satisfactory growth of business were reported by B. H. Barnett, chairman of the board of directors.

He stated that the new eighteen-story office building was completed and ready to receive tenants and that at present 80 per cent. of the offices were rented by representative business firms and corporations. The new banking quarters on the ground floor are rapidly being completed, according to the report, and will be occupied in the near future, enabling the Barnett bank to offer every facility and convenience to the patrons of the financial institution. The date of the formal opening will be announced later, Mr. Barnett said:

No change was made in the board of directors by the stockholders and all directors were unanimously re-elected.

Mr. Biese, prior to moving to Jacksonville, was connected with the Robinson-Humphrey Company of Atlanta, Ga., serving as vice-president of that firm. While in Atlanta, he served three years as a member of the committee on municipal bonds, of the Investment Bankers'

# Majestic Hotel and RESTAURANTS



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OFFERS new revelations to those who want a carefree city home—with the utmost in personal comfort and facilities for the entertainment of friends.

Suites are now ready for occupancy—newly decorated and furnished—an ideal menage in every respect.

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*Copeland Townsend*

Proprietor

Two West Seventy-Second Street  
Entire Block Fronting Central Park  
New York City

Telephone Endicott 1900

Association of America, and as a member of the executive board of the southern division of this organization. He has also held responsible positions with bonding houses in Chicago and Toledo.

He was born in Chattanooga, Tenn., and educated in the public schools of that city and the Chattanooga College of Law. Mr. Weinberg, the new assistant cashier, became connected with the Barnett bank, January, 1912. He has served in every clerical capacity in the bank and has gained a wealth of experience which will aid him in his new position.

### ELECT NEW DIRECTORS

NEW directors of the Northwestern National Bank, Minneapolis, elected at the annual stockholders' meeting, include Charles C. Massie, president Northrup King & Co.; Valentine Wurtele, vice-president and treasurer Minnesota Linsseed Oil and Paint Co.; and W. A. Cullen, secretary and treasurer the Carr-Cullen Co.

R. T. Swanson, who has been with the bank since 1904 in the exchange, discount and mail departments, has been appointed an assistant cashier of the institution.

### CALIFORNIA BANK HAS NEW DIRECTORS

R. H. BALLARD, executive vice-president and general manager of the Southern California Edison Company, and R. D. Matthews, comptroller and member of the executive committee of the Union Oil Company, were added to the directorate of the California Bank, Los Angeles, at the annual meeting of the stockholders. Both men are prominent in business and financial affairs of California.

All directors of the California Securities Company, an affiliated institution, were re-elected. Two new vice-presidents and an assistant secretary were added to the officers at a meeting of the

directors which followed the stockholders' meeting. They are L. E. Bliss, vice-president California Bank and California Group Corporation, and R. J. Eichler, sales manager California Securities Company, vice-presidents; and L. A. Rentsch, assistant secretary.

The institutions have both had most satisfactory years, according to reports given at the annual meetings, as has the California Group Corporation, which reported total resources, as of December 31, of \$7,787,250, against which there is outstanding \$1,500,000 of bonds and \$1,500,000 of preferred stock. The entire common stock of this organization is held for the benefit of the stockholders of California Bank.

### WOODROW WILSON PRIZE CONTEST

THE Woodrow Wilson Foundation is offering \$50,000 in prizes for the best essay written on "What Woodrow Wilson Means to Me." There will be two awards of \$25,000 each to be presented to the young man and young woman, resident of America, whose essay is judged to be the best. The contest closes October 1, 1927. Full particulars can be obtained from the Woodrow Wilson Foundation Award, 17 East 42nd street, New York.

### ST. LOUIS BANK HAS ANNUAL MEETING

ALL officers and directors of the First National Bank in St. Louis were re-elected for the new year at a recent meeting of the stockholders.

The bank paid \$1,600,000 in dividends last year, or 16 per cent. Affiliated with the institution are the First National Company, the investment division of the bank, and the St. Louis Union Trust Company, which renders a trust service exclusively.

Total assets of the bank, as of December 31, 1926, are \$159,244,000, capital \$10,000,000, surplus and profits \$7,154,037, and deposits \$131,105,126.

### CENTRAL NATIONAL BANK'S ELECTION

At the annual meeting of the board of directors of the Central National Bank, New York, D. Samuel Gottesman was elected chairman of the board; Ernest V. Connolly, president; James R. Postal, vice-president and cashier; George A. Gehrken, Osmond W. Cooke and Matthew E. Anglim, assistant cashiers; and Henry W. Schrader, manager foreign department.

### UNION TRUST OF CLEVELAND INCREASES SURPLUS

THE surplus account of the Union Trust Company of Cleveland was increased by \$400,000, making the capital and surplus \$35,000,000, at the annual stockholders' meeting held last month. All the present directors were re-elected and R. V. Mitchell of Harris, Seyboldt & Potter was added to the board.

At the directors' meeting the present officers of the bank were re-elected.

### AMERICAN TRUST BOUGHT

THE controlling stock of the American Trust Company, St. Louis, has been bought from the William R. Compton Company by a group headed by Henry H. Hopkins, president of the trust company. The new interests also bought the Compton Building, Seventh and Locust streets, in which the American Trust is located.

### GUARANTY TRUST SELLS SITE

THE Guaranty Trust Company of New York has sold the site of its Madison Avenue office, 60th street at Madison avenue, to the firm of Klein and Jackson, 501 Fifth avenue. On this site and the two adjoining plots will be built a twenty-one story modern office building, the first two floors and basement of which will be occupied by the Guaranty Trust under a twenty-one year lease.

Arrangements have been made whereby the business of the bank will go on uninterruptedly during the building operations. Half the building will be put up first, on the land now occupied by two houses west of the Guaranty structure. On the completion of this half the Guaranty company will move its office to this part while the remainder is completed.

Construction is expected to begin May 1 and to be finished in fourteen months.

### WEST VIRGINIA BANK CREATES NEW OFFICE

AT a meeting of the directors of the McDowell County National Bank, Welch, W. Va., the office of chairman of the board of directors was created and Isaac T. Mann, president of the bank since its organization in 1900, elected to the new office.

I. J. Rhodes, who has been vice-president for the last four years, was made president, and Warren A. Wilson, former cashier, chosen vice-president and trust officer. T. A. Johnston, formerly assistant cashier, was elevated to the cashiership.

Statement of the bank at the close of business December 31, 1926, showed total resources of \$3,384,752.

### PROMOTIONS AT ILLINOIS MERCHANTS TRUST

A NUMBER of officers and employes of the Illinois Merchants Trust Company, Chicago, were promoted at the annual election of the board of directors of the institution. John J. Mitchell, president, and the other officers were re-elected. T. J. Bryce, formerly assistant manager, was made manager of the bond department and B. R. Brindley, assistant manager. In the trust department C. G. Sedgwick was added to the staff of assistant secretaries and W. F. Baltz was promoted to assistant manager of the foreign banking department. F. E. Bates, formerly auditor, and R. E. Vogel



were both made assistants to vice-president; William Woodward was made auditor, and M. I. Ronning, assistant auditor.

### CHANGES IN CHICAGO BANK PERSONNEL

At the annual meeting of the directors of the National Bank of the Republic of Chicago, Raymond F. McNally, formerly vice-president and cashier of the National Bank of Commerce of St. Louis, was elected vice-president and a director; William R. Schuster and William H. Miller, formerly assistant cashiers, were advanced to assistant vice-presidents; and David M. Sweet, formerly assistant manager of the credit department, was elected assistant cashier and manager of the credit department.

In addition to the foregoing changes in the official staff, Robert Helander was elected assistant comptroller. W. E. Harrison and H. B. Noyes, assistant auditors; H. R. Hulseberg, manager of the collection department; Robert D. West, assistant manager of the collection department; Wynnett McIlvaine, manager of the transit department; and Peter Rocco, assistant manager of the transit department.

### VAN VECHTEN PROPHESES PROSPERITY FOR NEW YEAR

THE factors which brought American business through 1926 with the largest corporate earnings in history indicate the nation is on a sound basis and that the new year will show continued prosperity, according to Ralph Van Vechten, president of the State Bank of Chicago, in an industrial review issued recently.

These factors are, he says, increased efficiency of labor; higher level of wages and shorter hours; plenty of credit and better transportation.

"These things," he said, "have made for lower-cost production without the

**The South Carolina  
National Bank**  
Charleston, S. C.

Greenville, S. C. - Columbia, S. C.

Consolidation of  
Bank of Charleston, N. E. A.  
Charleston, S. C.  
Norwood Nat. Bank    Carolina Nat. Bank  
Greenville, S. C.    Columbia, S. C.

Capital	\$ 1,100,000.00
Surplus	650,000.00
Resources	25,000,000.00

necessity of carrying large stocks and an increased purchasing power.

"Even with high wages here and low wages abroad, our foreign trade has expanded. Stabilization of the Belgian franc; improvement of the French franc; settlement of the British coal strike as well as improved conditions in Germany, Italy and other continental countries have combined to help our markets abroad. Better trade abroad has made a bigger volume at home.

"Hesitancy in future commitments, which was occasioned by the slowing up of industry in November and December, has practically disappeared and there is every evidence today that the strong momentum of 1926 will carry prosperity well into 1927.

"Margin of profit in some lines is growing less and with declining commodity prices this tendency will increase, but a large volume of sales seems to be assured.

"Agriculture still is languishing as a result of maladjustment following the war and while there is no artificial cure for this, nature certainly will take its course and put our largest industry back into the saddle again. In connection with this it is interesting to note that the British cotton cartel worked out by John Maynard Keynes, the economist, will result in operating English mills to capacity with a subsequently greater demand for our raw product. Low priced cotton, too, is helping to lift the cloud

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No Passports <sup>Modern Hotels</sup> All Outdoor Sports  
Including Golf, Tennis, Sailing, Bathing, Trap Shooting, Horse Racing,  
Fishing, Riding, Driving, etc.

**ST. GEORGE HOTEL**, St. George, Bermuda—Especially attractive, located in the historic, picturesque and quaint part of Bermuda. Excellent cuisine and service. Magnificent tiled, covered and heated swimming pool.

**HOTEL BERMUDIANA**, Bermuda—Bermuda's newest and finest hotel. Charming location, overlooking Hamilton Harbor. Catering to the most discriminating clientele, with cuisine and service equaling best Metropolitan Hotels. Fireproof throughout—accommodates 460 guests.

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Lowest Rates for First Class Steamers

The New Steamship "NOVA SCOTIA" carrying first class passengers only luxuriously appointed with handsome suites and rooms with bath and all modern conveniences. 21- to 23-Day Tours. Sailing from New York.

Round Trip Rates \$175 and up

The Newly Fitted S. S. "DOMINICA", 25- to 28-Day Tours. Round trip rates \$160 and up. Itinerary: St. Thomas, St. Croix, St. Kitts, Antigua, Guadeloupe, Dominica, Martinique, St. Lucia, Barbados, Trinidad.

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## FURNESS BERMUDA LINE

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hovering over American textile industries.

"Criticism of instalment buying has been offset long before the danger point might have been reached by leading finance companies through curtailment of credit and a tightening up of terms—a good thing for the public and everyone else concerned. Today the consensus of opinion is that such companies are performing a useful service and have put their businesses on such a sound basis as to help rather than harm the general situation.

"In some cities, building—notably hotels and apartment houses—has been overdone, due to the ease with which loans could be obtained. The danger from this has been exaggerated. Building has merely caught up with the times from its lethargy during the war. The market for realty is not so active, due probably to the more conservative attitude towards building loans, such as has appeared in New York, and this may curtail building operations somewhat.

"In view of the fact, however, that

building permits are running only slightly behind a year ago, there seems to be no basis for fears of serious unemployment in this industry. Still, it is fair to say that here is where unemployment is most likely to occur.

"There is an abundance of money for all legitimate purposes."

## CHICAGO BANK ADDS TWO VICE-PRESIDENTS

JAMES P. MCMANUS and Alfred B. Johnston were elected vice-presidents of the First National Bank of Chicago at a meeting of the board of directors recently. Both men are promoted from the rank of assistant vice-president and both are members of the bank's Quarter-Century club.

Other promotions include Carl E. Schiffner to assistant cashier in one of the loaning divisions; and, in the First Trust and Savings Bank, Austin Jenner to assistant cashier; John D. Pollock to assistant manager of the real estate loan



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Lowest Insurance Rate—150 Users

Rotary Receiving Entrance on Exterior of Building  
Burglar Proof Receiving Chest on Inside of Building

Manufactured and Installed by

**The Bank Vault Inspection Co.**

Samuel P. Yeo, President

1824 Ludlow Street, Philadelphia

Write for details or a call from our District Engineer

department and Roy R. Marquardt to assistant vice-president.

## GENERAL MOTORS COMPLETES YEAR OF PROSPERITY

THAT General Motors has completed another year of prosperity is clearly portrayed in the announcement by the corporation to 8623 of its employes, participants in the General Motors Savings and Investment Fund, Class of 1921, that a distribution of \$8,261,561 in cash and common stock is being made. The employes are to receive \$1,527,845 in cash, this being their original payments into the savings fund, plus interest compounded semi-annually at the rate of 6 per cent. In addition to this cash, there will be distributed 42,686 shares of General Motors common stock having a market value, as of December 31, 1926, of \$6,733,716.

In the case of an individual who paid \$300 into this class, he had returned to him the original investment; \$113 interest, and, in addition, General Motors common stock having a market value of approximately \$1775. To summarize, the employe received \$413 in cash and securities worth \$1775—a profit of nearly \$1900 on an original investment of \$300.

All this was possible only because the employe had become in a degree a partner in the business and profited through the increment in values which he himself had in part made possible.

## FIRST WISCONSIN TRUST HAS NEW PRESIDENT

H. O. SEYMOUR was elected president of the First Wisconsin Trust Company, Milwaukee, Wis., at the annual election of officers last month. Mr. Seymour has been vice-president of the bank and trust company since 1919. Prior to that time he was general manager of the Wisconsin Telephone Company, of which he is still a director.

Walter Kasten, president of the bank, was elected chairman of the trust company to fill a newly created office. He was also made chairman of the First Wisconsin Company. The position of chairman of the bank was abolished and thus Mr. Kasten is made chief executive of the three institutions, the First Wisconsin National Bank, the First Wisconsin Trust Company and the First Wisconsin Company.

Among other promotions made by the directors at their meeting was the elevation of George B. Luhman, vice-president of the trust company, to executive vice-president, and George T. Campbell to assistant cashier of the bank.

Herman Graf, formerly assistant manager, was appointed manager of the savings department.

Both Mr. Kasten and Mr. Seymour started from the bottom ranks. Mr. Kasten entered the employ of the Wisconsin National Bank at the age of 18, as a messenger. Three years ago, at the age of 44, he was elected president.

Mr. Seymour began working for the Telephone Company as a solicitor twenty-three years ago. Following a series of promotions, he became general manager in 1907, leaving that position to join the bank as vice-president in 1919.

All the directors were re-elected.

The combined net profits of the three



H. O. SEYMOUR

President First Wisconsin Trust Company and vice-president the First Wisconsin National Bank and the First Wisconsin Company, all of Milwaukee.

affiliated First Wisconsin institutions, after payment of dividends on the preferred stock of the company; amount to \$1,139,788, or 18.99 per cent. on the capital stock of the bank, or 3.47 per cent on the combined capital, surplus and undivided profits. This is an increase of a little better than 1 per cent. over the previous year.

Dividends aggregating 12 per cent. on the capital of the bank were paid during 1926. The average deposits of the bank for the year were \$92,592,749 as compared with \$92,328,840 for the year previous. Savings deposits increased

from \$15,488,912 on January 1 to \$15,675,817 on December 31.

### GARFIELD NATIONAL HAS GOOD STATEMENT

CAPITAL of \$1,000,000, surplus of the same amount, undivided profits of \$830,150 and deposits of \$19,205,620, shown on the statement of the Garfield National Bank, New York, as of December 31, 1926, record the growth and prosperity of that institution, total resources of which have reached \$22,672,396.

The statement in full follows:

#### RESOURCES

Due from Federal Reserve Bank	\$3,837,815.61
Due from Banks and Bankers	260,937.76
Cash	490,867.43
Exchanges for Clearing House	815,072.13
U. S. Bonds	107,850.00
Demand Loans	2,258,512.78
	<hr/>
	\$7,771,055.71
Loans and Discounts	13,325,681.31
Bonds, Securities, etc.	1,161,033.37
Letters of Credit and Acceptances	414,518.95
Other Assets	107.37
	<hr/>
Total	\$22,672,396.71

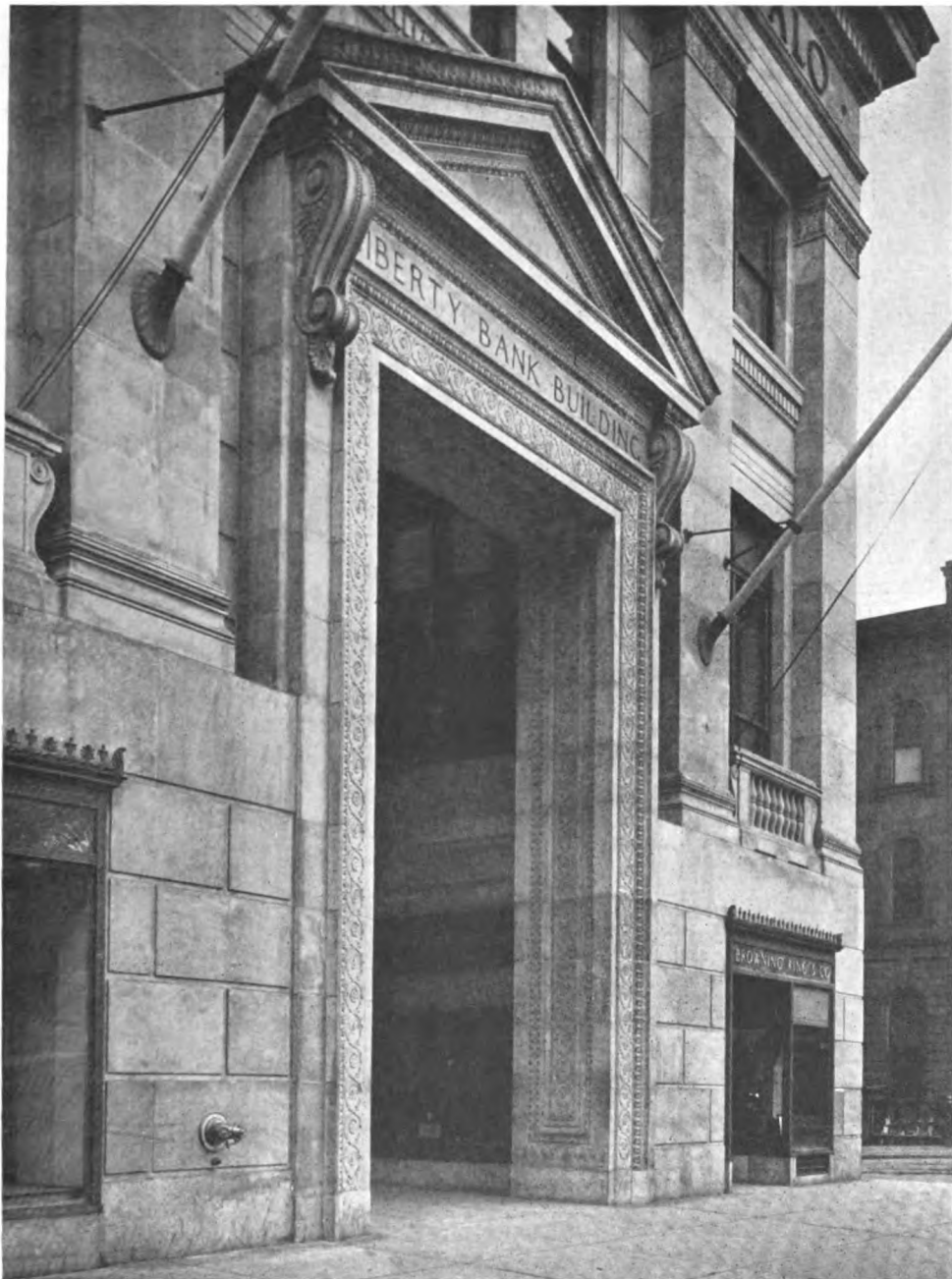
#### LIABILITIES

Capital	\$1,000,000.00
Surplus	1,000,000.00
Undivided Profits	830,150.32
Reserved for Taxes, Interest, etc.	129,302.73
Dividend Unpaid	48,309.00
Letters of Credits and Acceptances	414,518.95
Deposits	19,205,620.27
Other Liabilities	44,495.44
	<hr/>
Total	\$22,672,396.71

### U. S. MORTGAGE AND TRUST EARNINGS

EARNINGS of the United States Mortgage & Trust Company of New York for last year totaled \$838,049, or 27.93 per cent. on the \$3,000,000 capital—an increase

(Continued on page 358)



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Entrance to the new building of the Liberty Bank of Buffalo, N. Y.

**E**VERYONE entering the portal of the Liberty Bank of Buffalo must pass through this door. Twenty-three stories of tenants are therefore daily compelled to see the bank and realize its important relationship to themselves and its activities.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
660 FIFTH AVENUE, NEW YORK

# YORK VAULTS

## *New York Federal Reserve Bank*

**The World's Largest and Strongest Vault Entrances**

The York Safe and Lock Company built and installed in the New York Federal Reserve Bank six (6) YORK Revolvable Vault Entrances, each 10 feet in thickness, the climax of mechanical genius and ingenuity.

In addition to the New York Federal Reserve Bank YORK has built at its factory in York, Pennsylvania, vaults for Federal Reserve Banks in the following cities :

<i>Cleveland</i>	<i>Boston</i>	<i>Buffalo</i>
<i>Philadelphia</i>	<i>Pittsburgh</i>	<i>Detroit</i>
<i>Chicago</i>	<i>Louisville</i>	<i>Jacksonville</i>
<i>Minneapolis</i>		<i>Little Rock</i>

YORK vaults are used by the U. S. Government, Clearing House Associations, and many of the leading Banks throughout the country.

Correspondence with nearest branch is welcomed by our Engineering department with banks contemplating new or enlarged vaults.

**Principal Builders of High Grade Vaults**

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55 Maiden Lane

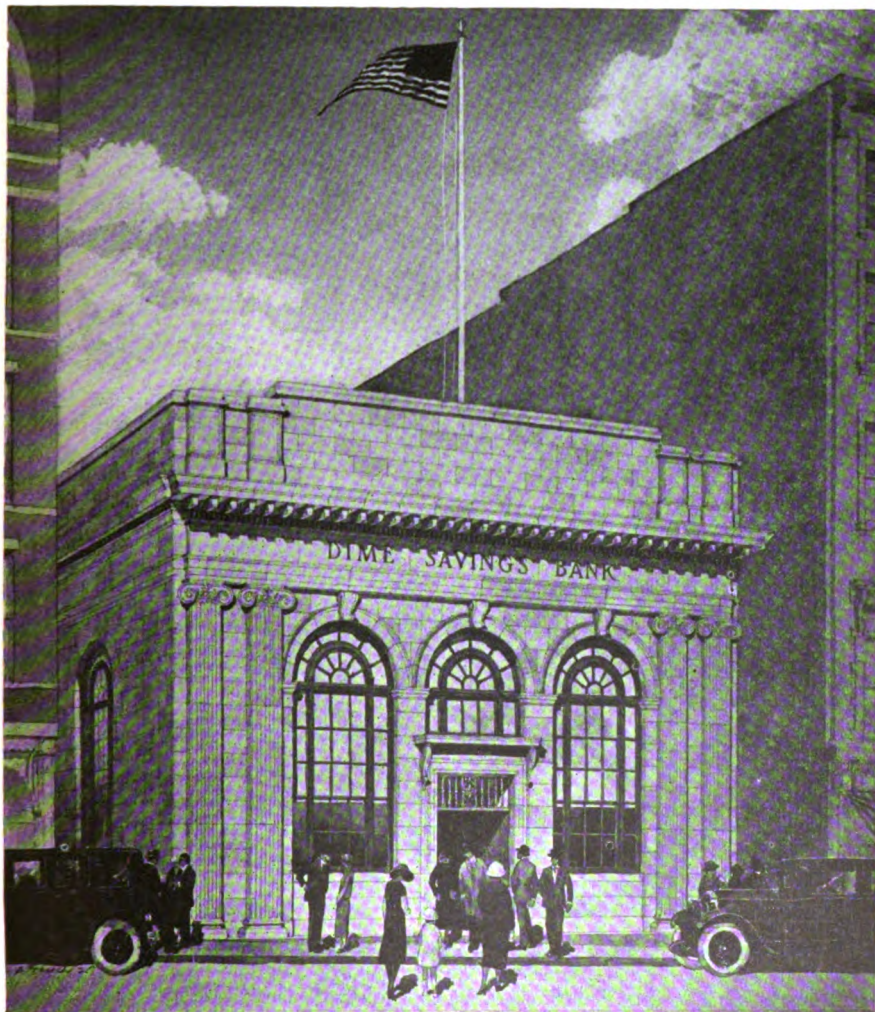
New York

*Branches*

<i>New Haven</i>	<i>Boston</i>	<i>Philadelphia</i>	<i>Baltimore</i>
<i>Cleveland</i>	<i>Chicago</i>	<i>San Francisco</i>	



## EXAMPLES OF RECENT BANK BUILDING OPERATIONS

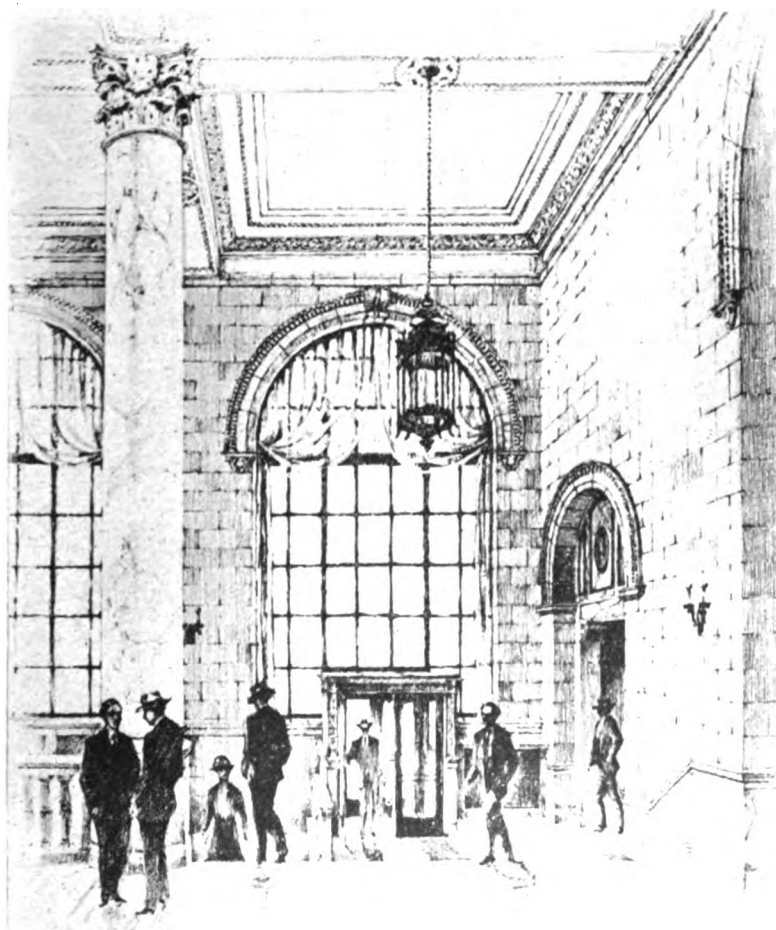


Architect's drawing showing the new building now under construction for the Dime Savings Bank, Norwich, Conn. It is being built of Indiana limestone of strictly fireproof construction and will be a high-grade building in every particular. The interior of the bank will be equipped with an imported marble counter, bronze screen and mahogany furniture. The bank was designed by and is being erected under the supervision of Morgan, French & Co., Inc., bank architects and engineers, New York.



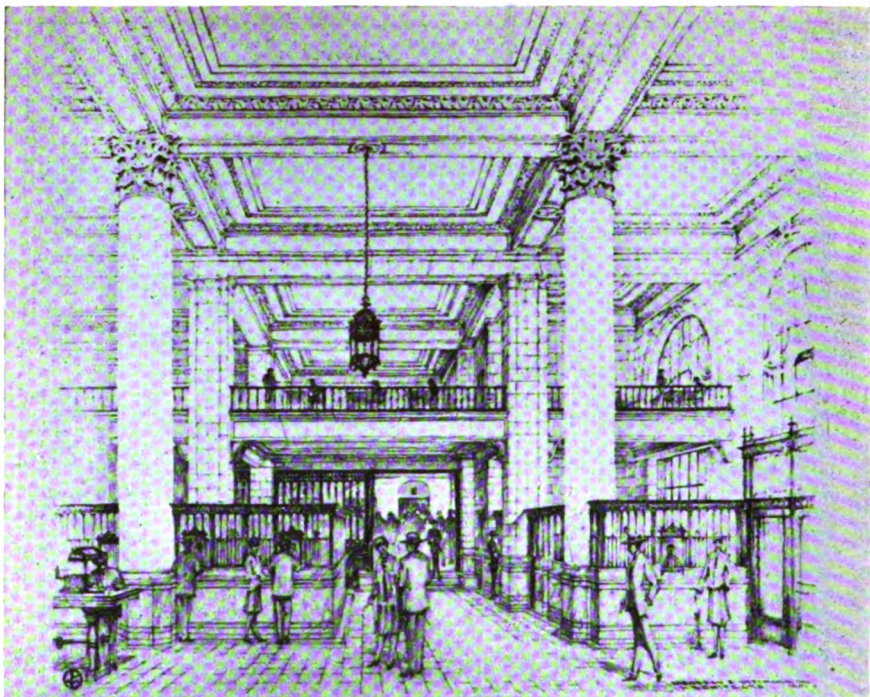


The new building for the Barnett National Bank, Jacksonville, Fla., will be 105 feet square and 18 stories high. Granite and limestone are being used on the lower floor, face brick and terra cotta on those above. Special attention has been given the arranging of the office floors to assure perfect light and ventilation and provide the tenants with every modern convenience. This building was designed by and erected under the supervision of Mowbray & Uffinger, bank specialists, New York.

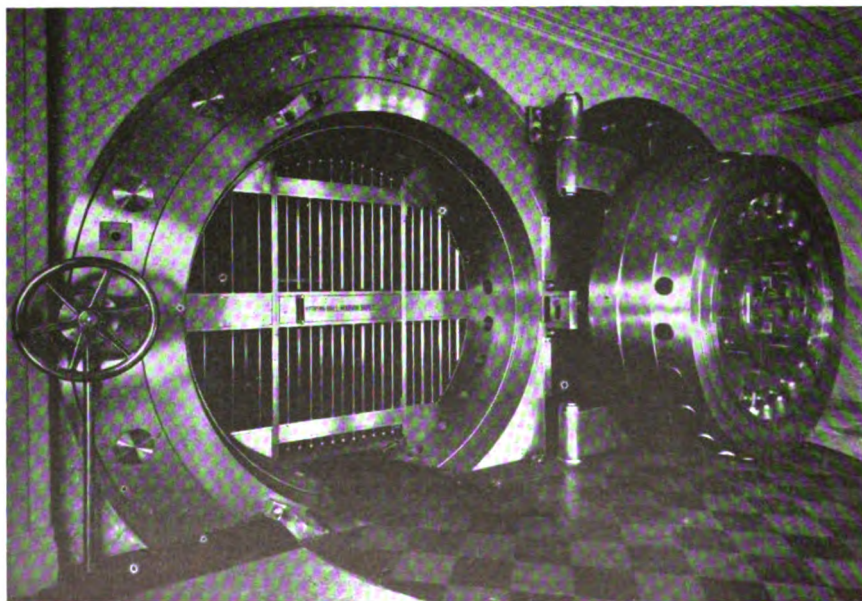


The safe deposit department in the new Barnett National Bank building, Jacksonville, Fla., is to be located in the basement and specially designed to provide the best protection and convenience to its customers. The imposing marble stairway leading to this department from the first floor is conveniently placed near the officers' space and adjoining one of the street entrances. A safe deposit vault having a twenty-four-inch steel door and walls of re-inforced concrete three feet thick in addition to an inner lining of steel plate will give protection to approximately 12,000 safe deposit boxes, including a number of corporation safes of convenient size. The entire building is being designed by and erected under the supervision of Mowbray & Uffinger, bank specialists, New York.





The banking room of the new Barnett National Bank building will be two stories high and decidedly inviting and imposing. The walls will be of imported travertine, the wainscoting, balustrade, lower portion of counterscreens and columns of Botticino marble. The upper portion of the counterscreens, grilles, railings and entrances of handsome wrought bronze. Mowbray & Uffinger of New York, bank specialists, designed the banking room to provide for the most convenient and economical transaction of business with maximum comfort to customers and employes.

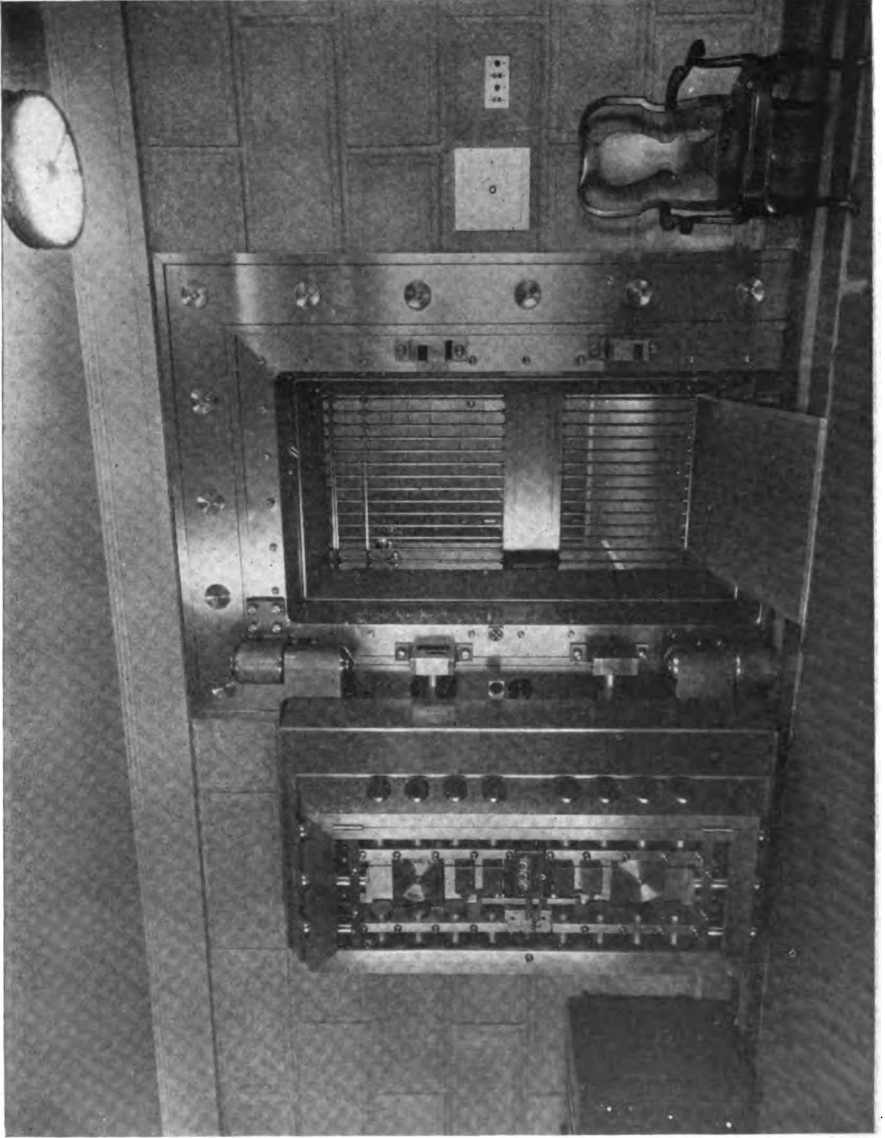


Entrance to the vault of the Home Bank and Trust Company, Chicago. A feature of this installation is a circular architrave and elevating platform, giving a level walkway into the vault. Designed, manufactured and installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio, and New York.



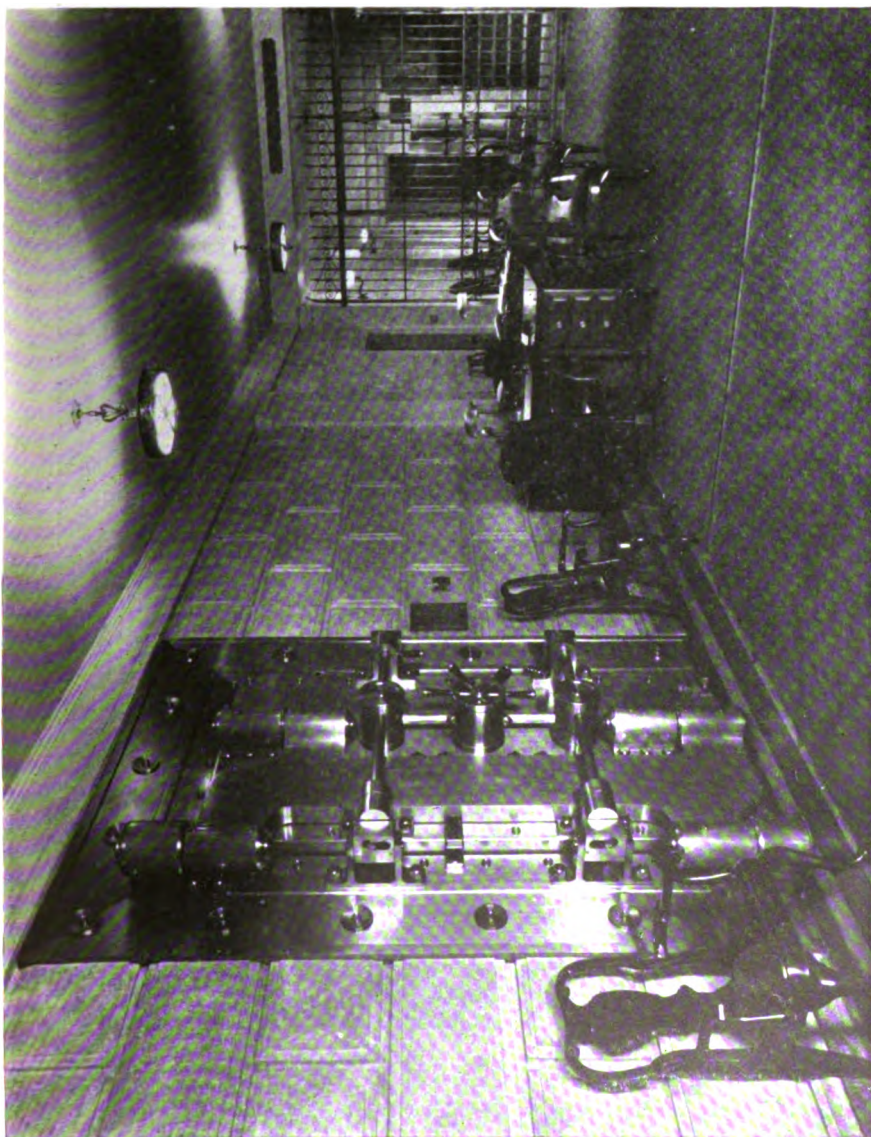


View of the safe deposit vault entrance of the Farmers Loan & Trust Co., New York, showing the door partly open and revealing the full thickness of the door. The vault was installed by the York Safe and Lock Company, New York.

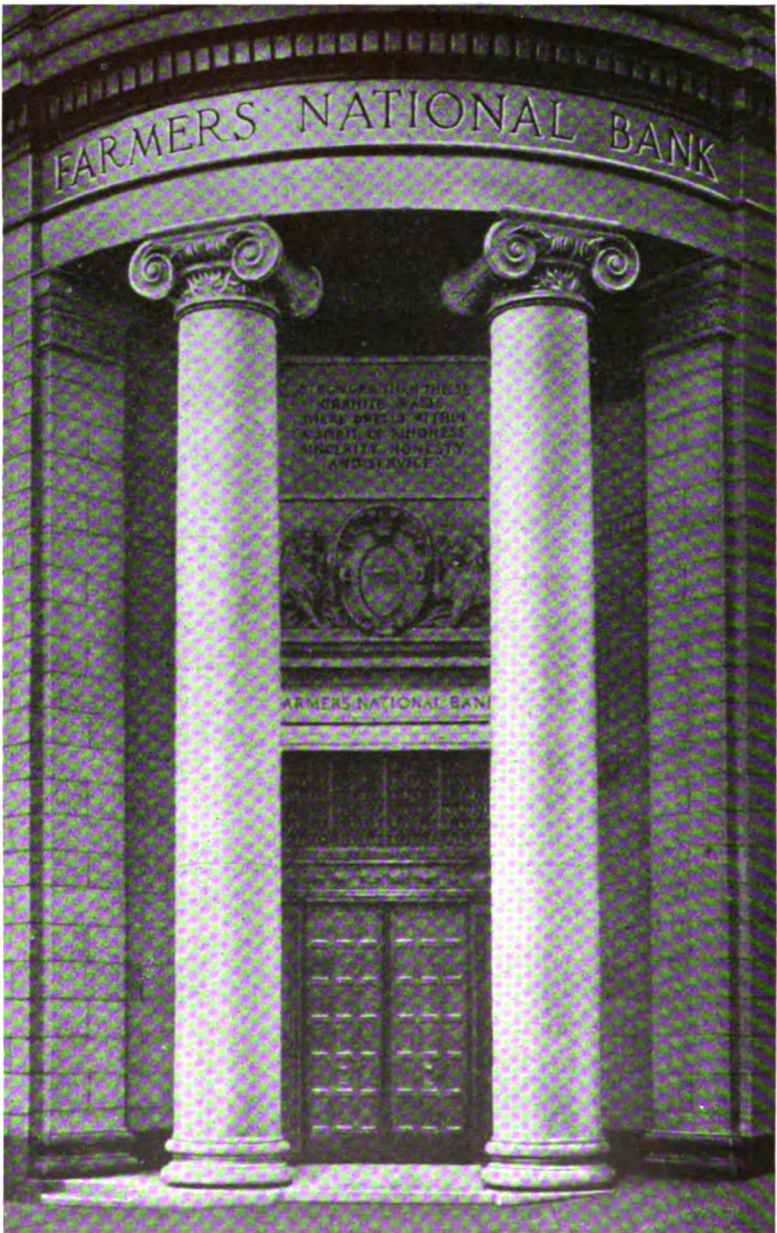


Main entrance to safe deposit vault of the Farmers Loan & Trust Co., New York, showing the massive vault door, with a glimpse of the interior safe deposit boxes. The security vault directly beneath has a duplicate entrance.

Another view of the safe deposit vault of the Farmers Loan & Trust Co., New York, showing main entrance to vault and approach to the safe deposit department.

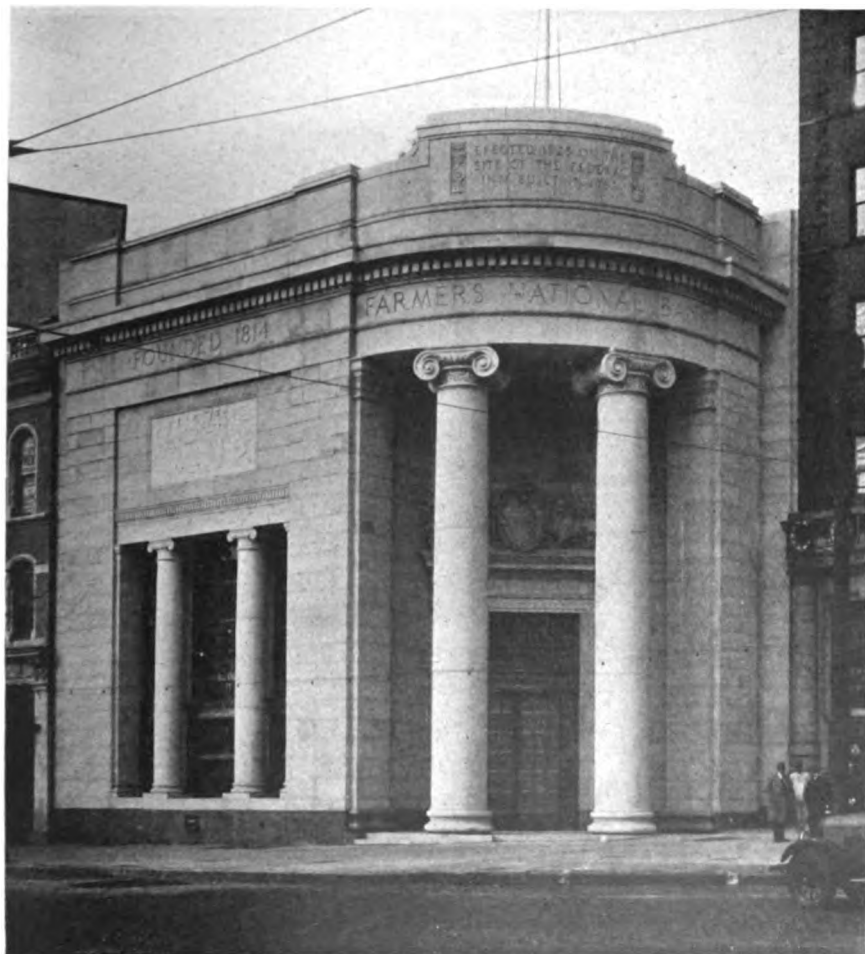






Entrance to the recently completed building of the Farmers National Bank of Reading, Pa. The entire exterior is of Barre granite, the main columns being among the largest ever turned out in this famous product of the Vermont quarries. Over the main doorway, carved in imperishable stone, are the figures of two couchant lions, an emblem adapted from one used in the bank's former home. The building was designed by Alfred C. Bossom, bank architect, of New York.





The new home of the Farmers National Bank of Reading, Pa., occupies one of the most commanding locations in the city and is designed to typify the solidity and reliability of this bank, which was first organized in 1814. Over the entrance way appear these significant words: "*Stronger than these granite walls there dwells within a spirit of kindness, sincerity, honesty and service.*" The building was designed by Alfred C. Bossom, bank architect, of New York.



New building of the Danbury National Bank, Danbury, Conn., corner of Main street and Chapel place.



Interior of the new Danbury National Bank, Danbury, Conn., looking from the officers' quarters toward the savings and safe deposit departments. The vault can be seen to the center right.





Two views of the night depository equipment of the Chelsea National Bank, Atlantic City, N. J. At the left is the exterior rotary receiving station which the depositor has a key and into which he places his deposit, previously locked in a canvas bag. At the right is the interior receiving chest into which the deposit falls and where it remains until opened by bank officials. The difficulty of installation in this case was overcome by cutting down a window and installing a bronze panel thereon. It is possible to install the depository under almost any conditions. The vault was designed and installed by the Bank Vault Inspection Company, Philadelphia.





Main entrance to the First National Bank building, Tampa, Fla., showing detail of the facade. This building was designed by Holmes & Winslow, bank architects, New York.

## WHAT BANKS AND BANKERS ARE DOING

(Continued from page 346)

of 6.51 per cent. over the earnings of 1925.

There has been paid out in dividends, including an extra dividend of 4 per cent., a total of \$600,000, and \$238,049 was added to undivided profits. The surplus was increased \$500,000, to \$4,500,000, which brings the surplus and undivided profits up to more than \$4,800,000. Total resources of the company are \$87,812,117.

### ILLINOIS MERCHANTS TRUST HAS NEW DIRECTORS

CHARLES W. NASH, president of the Nash Motors Company of Kenosha, Wis.; William H. Mitchell of Mitchell, Hutchins & Co.; and Eugene M.

Stevens, vice-president of the bank, were added to the directorate of the Illinois Merchants Trust Company, Chicago, at a recent meeting of the stockholders. Other directors were re-elected. The board now includes: Henry A. Blair, Watson F. Blair, Chauncey B. Borland, Clarence A. Burley, Edward B. Butler, Robert W. Campbell, Benjamin Carpenter, Henry P. Crowell, Marshall Field, Stanley Field, Ernest A. Hamill, Frederick T. Haskell, Hale Holden, Marvin Hughitt, Chauncey Keep, Charles H. Markham, Cyrus H. McCormick, John J. Mitchell, William H. Mitchell, Charles W. Nash, John S. Runnells, Edward L. Ryerson, Martin A. Ryerson, Charles H. Schweppe, J. Harry Selz, James P. Soper, Albert A. Sprague, Eu-

gene M. Stevens, Frank D. Stout, Edward F. Swift, Robert J. Thorne, Charles H. Wacker.

### NEW BANK BUILDING

THE Norway National Bank, Norway, Me., has opened its new bank building at the corner of Main and Cottage streets.

### HIBERNIA INSTITUTIONS ELECT

A. C. LAPEYRE, for several years associated with the trust department of the bank was appointed assistant trust officer of the Hibernia Bank & Trust Company, New Orleans, La., at a recent meeting of the board of directors. Mr. Lapeyre was born and reared in New Orleans and has been with the Hibernia since 1922.

Vacancies in the official staff of the Hibernia Securities Company, Inc., an affiliated institution, have been filled by the promotion of five men, all of whom have been connected with the company practically since its organization.

George H. Nusloch, J. Albert Baudean and Willis G. Wilmot were elected vice-presidents; A. Palmer Smith, Jr., was elected treasurer; and Kenner S. Baetjer, secretary. Mr. Smith was also appointed an active vice-president of the Hibernia Mortgage Company.

Mr. Nusloch entered the employ of the Hibernia Bank & Trust Company in 1909 and remained with it until the organization of the securities company, with which he has been associated since. Mr. Baudean has been with the Hibernia group since 1917. He was associated with the bank until the securities company was organized in 1920, when he became a salesman in the new organization.

Mr. Wilmot began his association with the Hibernia group in the bank, also, and has been with the securities company since 1920. Mr. Smith and Mr. Baetjer were also employed in the bank and later joined the staff of the securities company.

At a meeting of the stockholders of

the bank, the entire board of directors was re-elected.

### CHEMICAL NATIONAL ANNOUNCES PERSONNEL CHANGES

CHARLES E. MEEK, formerly assistant vice-president the American Exchange National Bank, and Meredith Wood, formerly assistant cashier, were elected



UNDERWOOD & UNDERWOOD

CHARLES E. MEEK

Assistant vice-president the Chemical National Bank, New York.

assistant vice-presidents of the Chemical National Bank, New York City, at a recent meeting of the board of directors.

Other changes in the personnel of the bank include the election of Gilbert Yates, Gilbert H. Perkins and Wandell M. Mooney, assistant cashiers and R. A. Coile, assistant manager Madison Avenue office. Other officers were re-elected.

### SEABOARD NATIONAL ELECTS

At the annual election of officers of the Seaboard National Bank, New York, held last month, John A. Burns, for-

merly vice-president and trust officer, was made a vice-president; William A. B. Ditto, formerly assistant cashier, was made an assistant vice-president; Frank E. Frazier was elected a vice-president; Egbert V. Nelson, formerly assistant trust officer, was made trust officer; and Willard Schenck, George Kellogg Rose, Jr., Wyllys P. Ames and Charles C. Fagg were elected assistant cashiers. The following were appointed assistant managers of the foreign department: P. McGovern, H. R. Robinson, A. C. Stoussland and John R. Lynch.

### BANK OF NEW YORK LEASES QUARTERS

THE Bank of New York and Trust Company, New York City, has leased for two years beginning May 1, 1927, the ground floor, basement and four of the upper floors of the Bishop building, 76 William street. The bank will occupy these quarters while a modern bank and office building is being erected by it on the northeast corner of Wall and William streets. The property was originally purchased by the Bank of New York in 1796 and has been occupied by that institution and its successor, the present institution, continuously since the following year.

The new building, which will have a frontage of 99.4 feet on Wall street and a depth of 125 feet on William street, is expected to be completed the latter part of next year.

### GROWTH OF INTERNATIONAL ACCEPTANCE BANK

COMMENTING upon the last year's operations of the International Acceptance Bank, Inc., New York, Paul M. Warburg, chairman of the institution, said, in his report to the stockholders at their annual meeting, "our shareholders will be pleased to learn that the year 1926 was one of encouraging development, and of highly satisfactory return. We are glad to report that in spite of competition we

have managed to hold our own. The volume of our acceptance business topped 1925, the average total of acceptances during the year being \$40,253,000, against an average of \$39,100,000 for 1925."

During the year the International Acceptance Securities & Trust Company was established and opened for business. Its entire capital is owned by International Acceptance Bank, Inc., excepting directors' qualifying shares. In its first year it paid its organization and operating expenses and earned a satisfactory surplus. It reported deposits of \$9,536,775 on December 31, 1926.

The balance sheet of the International Acceptance Bank, Inc., as of December 31, 1926, was the most favorable issued since its organization. Total resources amounted to \$105,622,080, a new high record. Acceptances outstanding aggregated \$47,117,538, also a new year-end record for the bank. Cash on hand and due from banks aggregated \$11,076,476, call loans secured by acceptances \$5,751,414, U. S. Government securities \$11,495,726 and collateral loans \$5,798,549. Undivided profits totaled \$3,902,703.

The following changes in the bank's official staff were announced: H. J. Rogers, formerly assistant vice-president, W. H. Schubart, manager of the foreign exchange department, and L. S. Chanler, Jr., were appointed vice-presidents; and J. A. Milholland became assistant treasurer.

### CHICAGO BANK HAS GOOD YEAR

AN increase in deposits of \$2,036,898 is reported by the Lake Shore Trust and Savings Bank of Chicago for the year just ended. The bank earned, after the deduction of all reserves, 20.11 per cent. on its capital stock and 15.9 per cent. on its invested capital. It transferred \$40,000 to surplus account from undivided profits.

In a campaign for new business the

institution reached its quota of \$1,000,000 in four days and expected to reach \$2,000,000 before the close of the drive early this month.

Officers and directors were re-elected at the annual meeting of the bank and William M. Kirchoff was made manager of the credit department.

### NORFOLK BANKS MERGE

THREE Norfolk, Va., banks, the National Bank of Commerce, the Norfolk National Bank and the Trust Company of Norfolk, were merged to form one large organization, which opened for business January 10. The new bank, under the title of the Norfolk National Bank of Commerce & Trusts, has its headquarters in the building of the National Bank of Commerce. The Trust Company is continuing its operations in its former home, which will later become, it is expected, the Granby street branch of the institution. The new bank opened with a capital of \$2,500,000, surplus and undivided profits of the same amount and total resources of more than \$40,000,000.

The personnel of the new institution is as follows: R. S. Cohoon, president; A. E. Wharton, vice-president and cashier; Tazewell Taylor, C. W. Grandy, A. B. Schwarzkopf, H. M. Kerr, J. B. Dey, Jr., A. W. Brock, C. S. Witehurst, A. L. Eggleston and Z. A. Gay, vice-presidents; R. C. Taylor, and R. Cornelius Taylor, assistant vice-presidents; C. S. Phillips, I. T. Van Patten, Jr., F. C. Schmoele, E. D. Denby, R. H. Moore and S. E. Tudor, assistant cashiers; J. H. Fanshaw and H. B. Reardon, auditors, and Charles Webster, trust officer.

### CALIFORNIA BANK BUYS TWO BRANCHES

CALIFORNIA Bank, Los Angeles, has acquired two new banks, the Community Bank of Bell, California, and the Bank of Lomita, Lomita, Calif., both of which will be operated as branch office of Cali-

fornia Bank. The announcement of the purchase was made recently by A. M. Chaffey, president of California Bank.

The addition of the two new offices brings the total of California Bank of offices up to forty-six.

### HAS NEW DIRECTOR

At the annual meeting of the Union Trust Company, Chicago, Warren Wright, president of the Calumet Baking Powder Company, was elected to the board of directors.

Following the stockholders' meeting, the board of directors announced the following promotions and new additions to the present official staff: C. B. Carter, from assistant cashier to assistant vice-president; W. A. Zimmerman, M. H. Thies, C. J. Maurer, E. S. Clark, and R. S. Carr, assistant cashiers.

The directors also voted to transfer \$1,000,000 from undivided earnings to surplus, making the surplus \$4,000,000.

### PERCY H. JOHNSTON SEES PROSPEROUS 1927

IN his annual report to the stockholders of the Chemical National Bank, New York, Percy H. Johnston, president of the institution, said concerning the nation's business conditions, "American business has, on the whole, been prosperous during the last year; prospects for next year are more than satisfactory. . . . Present indications are that ease in credit, due to our enormous supply of monetary gold in conjunction with a falling commodity price level, will continue, as will the policy of 'hand to mouth' buying made possible through greatly improved transportation facilities. The enormous purchasing power of the nation due to increased wealth and the complete employment of labor at high wages, assures a continued large demand for manufactured products."

The last year was the best in the Chemical's 102 years of existence, according to Mr. Johnston. Total net earnings for the year ending December 31,



1926, were \$2,090,628. This included a 24 per cent. dividend to stockholders, \$1,000,000 added to the surplus account and \$10,628 added to the undivided profits account. The capital of the bank is to be increased from \$4,500,000 to \$5,000,000.

During the last year the directors voted to move the main office of the Chemical from 270 Broadway to a new six-story building, especially designed for banking, to be erected at the corner of Broadway and Cortland street, connecting with and forming part of the thirty-two story Benenson building. Several branch offices will also be established during this year, Mr. Johnston announced.

## COMING BANKERS' CONVENTIONS

**AMERICAN BANKERS ASSOCIATION**, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**AMERICAN BANKERS ASSOCIATION**, executive council, Hot Springs, Ark., week of May 1. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**ALABAMA BANKERS ASSOCIATION**, Birmingham, May. Secretary, H. T. Bartlett, American Trust & Savings Bank, Birmingham.

**ASSOCIATION OF RESERVE CITY BANKERS**, Pittsburgh, Pa., May 19-21.

**CALIFORNIA BANKERS ASSOCIATION**, Del Monte, May 18-21. Secretary, Frederick H. Colburn, 628 Mills Building, San Francisco.

**CANADIAN BANKERS ASSOCIATION**, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

**CORPORATE FIDUCIARIES' CONFERENCE** (under the auspices of the Trust Company Division, American Bankers Association) New York City, February 16-18. Headquarters, Waldorf Astoria Hotel.

**DELAWARE BANKERS ASSOCIATION**, Wilmington, March 3. Headquarters, Hotel dePont. Secretary, W. K. Ayres, assistant treasurer Wilmington Trust Company, Wilmington.

**FINANCIAL ADVERTISERS' ASSOCIATION**, mid-year conference, New Or-

leans, March 10-12. Executive secretary, Preston E. Reed, 231 South LaSalle street, Chicago.

**GEORGIA BANKERS' ASSOCIATION**, Atlanta, May 16-18. Secretary, Haynes McFadden, 101 Marietta street, Atlanta.

**IDAHO BANKERS ASSOCIATION**, Hayden Lake, June. Headquarters Bozanta Tavern. Secretary, J. S. St. Clair, vice-president Boise City National Bank, Boise.

**ILLINOIS BANKERS ASSOCIATION**, Danville, June 23-24. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

**KANSAS BANKERS' ASSOCIATION**, Manhattan, May 18-20. Headquarters, Kansas State Agricultural College. Secretary, W. W. Bowman, Hotel Kansan, Topeka.

**MISSISSIPPI BANKERS ASSOCIATION**, May 10-11. Secretary, George B. Power, Capital National Bank Building, Jackson.

**MISSOURI BANKERS ASSOCIATION**, May 17-18. Secretary, W. F. Keyser, Sedalia.

**NEW MEXICO BANKERS ASSOCIATION**, Deming, October. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

**NORTH CAROLINA BANKERS ASSOCIATION**, Pinhurst, April 21-23. Headquarters, Carolina Hotel. Secretary, Paul P. Brown, Raleigh.

**NORTH DAKOTA BANKERS ASSOCIATION**, Jamestown, June. Headquarters, Gladstone Hotel. Secretary, W. C. McFadden, 54 Broadway, Fargo.

**OKLAHOMA BANKERS ASSOCIATION**, Oklahoma City, May 10-11. Headquarters, Huckins Hotel. Secretary, Eugene P. Gum, 907-8 Colcord Building, Oklahoma City.

**OREGON BANKERS ASSOCIATION**, Gearhart-by-the-Sea, June 3-4. Secretary, Andrew Miller, 914 Porter Building, Portland.

**SOUTH DAKOTA BANKERS ASSOCIATION**, Deadwood, July 1-2. Headquarters, Franklin Hotel, Secretary, Geo. A. Starring, Huron.

**TEXAS BANKERS ASSOCIATION**, El Paso, May 10-12. Secretary, W. A. Philpott, Jr., Dallas.

**VIRGINIA BANKERS ASSOCIATION**, Virginia Beach, June 23-25. Secretary, Scott Irby, Kenbridge.

**WASHINGTON BANKERS ASSOCIATION**, Tacoma, June. Secretary, J. W. Brislawn, Alaska Building, Seattle.

**WISCONSIN BANKERS ASSOCIATION**, Madison, June 21-23. Secretary, Wall G. Coapman, 717 Caswell Block, Milwaukee.

# BOOK TALKS

Special Section of The Bankers Magazine

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FEBRUARY 1927

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## THE CLEARING AND COLLECTION OF CHECKS

Not what the publishers have to say about the "Clearing and Collection of Checks" (Bankers Publishing Co. \$7.50), but what those who have reviewed it have to say is contained in this article. The opinion of the *American Banker* was expressed briefly in these words: "This book stands alone—a thorough and systematic treatise in a field as yet virtually untouched." "Should be widely read," said H. Parker Willis, (editor of the *New York Journal of Commerce*), among other favorable paragraphs; and Frank Parker in the *American Economic Review* is in agreement with both criticisms in his review which is reprinted below.

**T**HIS book is a timely study of a subject that during the past decade has evoked acidulous controversies. There has been no comprehensive investigation and analysis of the clearing and collection problem in United States since the Federal Reserve act in 1913 completely renovated the system then existing. While the late James G. Cannon's monograph entitled *Clearing Houses* treated of clearings and collections as of 1910, the fact that it was published in 1910 made it of little significance to the banker or student seeking an exposition of the problem engendered by the Federal Reserve System.

The outstanding importance of the check or deposit currency as a means of payment in United States today has given to the correlative problem of clearance a salience demanding just the thorough and practical study which Professor Spahr's volume is. *The Clearing and Collection of Checks* is a meritorious piece of work. Despite the painstaking detail with which the various phases of the subject are handled, the book is intelligently organized and interestingly written. It is, indeed, a refreshing oasis in an intellectual Sahara of standardized works, whose flatulence has been an affront both to the serious student and the intelligent business man.

Professor Spahr has faced his subject resolutely, and, not affrighted by the recent approval placed upon synthetic treatises, has explored the field of his

investigation exhaustively and accurately. The book is characterized by logic and sound craftsmanship; and there is in it evidence of tedious work clearly planned and carefully done.

### SHOWS EXHAUSTIVE WORK

Professor Spahr relates at length the nature, origin and use of checks and follows this with an historical discussion of the problem of clearing and collecting checks in United States prior to 1914. After reviewing the special functions of clearing houses before 1914, there comes an elaborate presentation of the clearing and collection problems under the Federal Reserve Act, and of the subjects correlated thereto. The latter half of the book contains illuminating descriptions of the gold settlement fund, the computation of reserves, the clearing house, bank organization for clearing and collections, and bank clearings as a business barometer. By way of further increasing the practical value of the book, there is an elaborate resume of the present clearing and collection system now in vogue in the United States.

While this work may lack the glamorous generalities that some of the current business monographs possess, it, nevertheless, has the merit of combining detail with scrupulous workmanship. It is intelligently illustrated; and the text is reinforced with detailed statistical tables, abundant footnote references and a fifteen page index.

# BOOK TALKS

EVELYN PRICE, *Editor*

Monthly Book Section

## THE BANKERS MAGAZINE

71-73 Murray St., New York

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FEBRUARY 1927

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### SHOP TALK

**T**HE *Clearing and Collection of Checks*, recently published, is a necessity to—the Banker—who needs its information for his professional data.

—the Student—who needs a compact body of available data.

—the Legislator—who recognizes the pressing character of the entire collection question, and who may perhaps before long have to act upon it.

The review which we have reprinted on the previous page is valuable to the prospective buyers of the three classes named above (and others) because it is an unbiassed opinion expressed in a magazine with a recognized prestige. Have you read it?



"HIGH Finance as Hatched in the Hills" was the clever title given to an item in the New York World which described a club scheme of some banks in Tennessee. It caught our attention as we remembered that *The Bank Agricultural Department* (\$1.25) gives many such suggestions for banks that serve a farm district. Here it is in brief outline:

Banks have many "club" schemes to encourage thrift but the Tennessee banks have inaugurated a new move in this line. Throughout the eastern and southeastern sections of the State about thirty of the institutions have conducted "Pay It With Pullets Clubs," pullets in this instance being just what they are, young chickens. The bankers agreed to loan the children money to buy eggs, taking no security except a promise from the boys and girls that they would make return in live fowl after the eggs had performed their proper function. The

scheme worked admirably. More than 600 children took advantage of it, securing their eggs at the different banks, paying ten cents more a dozen for them than the bank had paid, giving as their "note" in return for the loan merely their names and addresses and oral assurance that when the pullets arrived they would cancel the debt with a living bird.



LAST month we published a short article describing the "Walker Course in Bank Advertising" which we are offering at the very low rate of \$20.00 cash, or \$22.50 on a time payment basis. If you did not see BOOK TALKS for last month we will be glad to send you a circular about the Course if you are interested. Here is a brief description:

1. A 275 page book entitled *Bank Business Building* by W. E. Walker, covering all phases of bank advertising.

2. 24 separate lessons in bank advertising and new business methods, each one covering a separate topic and mailed to subscribers every two weeks.

3. A year's subscription to THE BANKERS MAGAZINE including "Banking Publicity"—a special section devoted to bank advertising and new business.

4. The privilege for one year of sending in advertising material to us for expert criticism and suggestions.



DURING the panic of 1893, as told by Thomas Kane in the *Romance and Tragedy of Banking*, "among a stream of messenger boys who poured into the office all day long was one who had a defective or blind eye, whom Mr. Eckels (the Comptroller) called 'the bird of ill omen.' Every message he delivered announced another suspension, so that whenever the boy entered the room, Mr. Eckels would remark, 'Here comes another bust.'" The remainder of the chapter on the panic is as interesting as a novel. Look over the advertisement of this book on a later page.



"It is not an essay on banking and currency nor a discussion of financial or economic theories. 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."—American Economic Review.

"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

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. No man was better qualified to write on the human side of banking than Mr. Kane, who, for nearly forty years, was an observer of national banking, through his position as Deputy Comptroller of the Currency. He writes in an easy, readable style with particular emphasis laid on the human side of banking, describing the personalities that have ever held the stage in the banking drama of the past years.

Some of the events in banking written about so interestingly by Mr. Kane are:

Branch Banking	The Bigelow Defalcation
Payment of Interest on Bank Balances	Bank Examiners' Culpability
Real Estate Loans	Proposed Abolition of the Comptroller's Office
Causes of Panics	Nat'l Bank Circulation vs. Government Issues
Chicago Wheat Deal	Federal Reserve Act
Celebrated Cassie A. Chadwick	The Miss Lottie M. Taylor Incident
Indictment of Charles W. Morse	The Poetical Critic
Riggs National Bank Controversy	Instances of Theft in Currency Shipments
Stock Dividends	Effect of Chicago Fire of 1871 Upon Banks
Zimri Dwiggin's Chain of Banks	Secretary Shaw's Ruling Regarding Reserve Requirements
Chemical National Bank and Its Branches in the Exposition Grounds	Crisis of 1907
First National Bank Organized	
Organization of the Currency Bureau	

BANKERS PUBLISHING COMPANY

71-73 Murray Street, New York

\$5

\$5

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# BOOK REVIEWS AND NEW BOOKS

## Recent Announcements of Other Publishers

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**PROCEDURE IN EMPLOYMENT PSYCHOLOGY.** By Walter Van Dyke Bingham, Director, Personnel Research Federation; and Max Freyd, Research Associate, Personal Research Federation. Chicago: A. W. Shaw Company, \$5.00.

GETTING the right man into the right place is an increasingly difficult problem. How should an applicant be judged? On his personal appearance? The recommendations he presents? Too often both are unreliable.

How should an employe be rated for promotion? The judgment of his superiors, the opinion of his co-workers are sometimes prejudicial. How do you know a candidate can fill the new position with credit to himself—and you?

Written expressly for the business executive interested in keeping his labor turnover at a minimum, this new book lays down a comprehensive procedure for choosing or constructing practical tests for every type of employment—tests for placing employes correctly in production, selling, clerical work, sales promotion and so on.

So that you can see clearly every detail, this new book takes up the preparation and application of employment forms, rating scales, interest questionnaires, psychological tests. It makes easy to understand many of the more obscure statistical processes in work of this kind. Scores of illustrations, charts and forms provide an incisive insight into the very latest technique for constructing rating scales, questionnaires, and vocational tests—the order of items in the test, the length of the test, time to be allowed, directions for scoring, methods for rating abilities, per cent. scales, descriptive scales, methods of analyzing results, and a thousand-and-one other facts you need for knowing just how to use psychological measuring devices.

**FACING EUROPE.** By Frederick Bausman. New York: The Century Co. \$3.00.

BECAUSE it is well to see and read about a subject from every angle, we believe that "Facing Europe" is to be recommended. But any printed matter that is so strongly against other nations, and is for "we Americans" first, last, and only should not be allowed to convince its readers that it is the last word on the subject. That is what is the matter with this book: one cannot help feeling that the author would simply refuse stubbornly to see any other side but the one he has selected to see for himself, and wishes to make everyone else see. Such a vision of international affairs as that of the author's simply cannot be right. Although we admit that particular incidents cited in the book may be true in themselves, if the world is ever to come together, each nation, although individual, must nevertheless work for world unity, and this book will not advance that world unity; it will do its best to impede it.

It is an interesting book, but reader, do not allow it to prejudice you! Read it, digest it, and do your own thinking and deciding on the questions it attacks.

Judge Bausman, formerly of the Supreme Court of the State of Washington, an American of old stock, wishes to make clear our dangerous economic and diplomatic situation. He exposes gigantic organized propaganda now preparing for a complete repudiation of European debts to us. Judge Bausman narrates what he considers the adroitness of the allies in getting the United States into the war. He recapitulates the history of Great Britain's successive triumphs over her most powerful trade rivals; and he analyzes the possibilities of a hostile European alliance with Japan against us.



# 101 WINDOW DISPLAYS

## Bank and Investment

By M. E. CHASE

**B**ANKS all over the country are waking up to the tremendous possibilities of window displays, and over two hundred large and small financial institutions were interviewed in gathering material for this book. Window architects, electricians, window dressers, color experts, show card writers and those making mechanical displays were also consulted and the information put into shape for practical use in every bank by M. E. Chase, who for

fifteen years has been a specialist in bank and investment advertising and publicity.

In these suggestions every branch of banking is included. The small town has not been disregarded, for most of the properties necessary for these displays may be obtained in a town of five thousand. The contents given below will give a good idea of what the book covers, and many new ideas will be suggested by those that are described.

### CONTENTS

#### Why and How of Window Advertising

- I.—**Window Advertising Pays**—Tests which banks have made.
  - II.—**Capitalize Your Windows**—Your windows may be cold empty glass—or “glad hands” beckoning prospects in—Windows display a super-picture—In tune with the community—Don’t over-do your attention getter—One idea at a time—Avoid monotony—Balance and Harmony—Change often—Tie up with your windows.
  - III.—**Making Window Display Cards**—Relative size of cards to display—Making your own cards—Pen and paints—Frame them.
  - IV.—**Proper Construction of Windows**—Height of window—Background—Depth of window—Panelled background—Parquetry flooring—Your name—Electric floor connections—Lighting—Colored lighting.
  - V.—**Motion Displays Gain Attention**—What large banks are using—How small banks are doing it—Mechanical devices.
- What is being done in Window Displays**
- I.—**By Financial Institutions of the East**—National City Bank of New York—Union Trust Co. of Cleveland—Five Cent Savings Bank, Lynn, Mass., and others.
  - II.—**By Financial Institutions of the Mid-West**—First-Wisconsin Trust Co., Milwaukee—American Bond & Mortgage Co., Chicago—First National Bank of Detroit—Morris F. Fox, Milwaukee—State Bank of Chicago, and others.
  - III.—**By Financial Institutions of the West**—Wells-Dickey Co., Minneapolis—Security Trust and Savings Bank, Los Angeles—

- United States National Bank, Denver—San Diego Savings Bank, and others.
- IV.—**By Financial Institutions of the South**—First National Bank, El Paso—First National Bank, Pratt, Kan.—Chattanooga Savings Bank, Chattanooga, and others.

#### What Can Be Done in Window Displays

- I.—**Savings Displays**—Pay days in cold storage—Armistice day—During the Auto Show—Evolution—Savings plus insurance—In and out banking—Tied to your job?—Christmas Savings Club, and others.
- II.—**Investment**—To get a mailing list—Interest and shoes—Play Santa Claus with bonds—Bonds on instalment—If he can, so can you—To retire at 60—Buying bubbles or bonds—Invest for children—Pyramid with coupons, and others.
- III.—**Trust**—Save your window from shyster lunched together—Her income is regular—Watch it operate—Say it with a Will.
- IV.—**Checking**—Carry a checkbook—Know!—Who should write checks—Travels of a check, and others.
- V.—**Farm Banking**—Build farm credit now—Better herds—County Fair—Bank by mail—Dead farming methods, and others.
- VI.—**Safe Deposit**—If you have a new nest of boxes—For vacation times—Community strong box, and others.
- VII.—**Foreign Exchange**—Take travelers checks—Like a checkbook—If you sell S. S. Tickets, and others.
- VIII.—**Miscellaneous**—Life insurance—Bank at your mail box—Flower contest—Who minds growing older—Trade at home—Growing up financially, and others.

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**"CANADA AND THE TWENTIETH CENTURY"**

PROFUSELY illustrated with scenes of Canadian cities, farmlands, mountains, industries and forests, and printed on paper made in Canadian mills, is the 144-page booklet that has been just issued by the Royal Bank of Canada. It has been prepared by Donald M. Marvin, economist, and J. Edwin Van Burkirk, assistant economist of the Royal Bank of Canada, and shows evidence of great care and attention to the details of typography, as well as interesting subject matter.

The bank will be glad to distribute copies of the booklet free to those who would find it useful to them. The book gives a comprehensive survey of Canada and her resources and industries, which are covered under the following articles: Climate and Agriculture; Dairy Production; Manufacturing; New Industries; Royal Bank of Canada's Statistics of Canadian Power Production; Foreign Trade; Forest Industries; Mining and Mineral Resources; Fisheries; Banks and the Banking System; Provinces of Canada; Playground of America; Transportation and Ports; British Empire Agreement; Tariff Agreements with the British West Indies; With Foreign Countries; Canada as Field of Investment; Government and Finance; Currency; Present Taxes.

The appendices give additional statistical information about steamship service, foreign trade, population and immigration, finance, banking, and an explanatory article on "The Canadian Market and the Facilities of the Royal Bank of Canada."

**THE INVESTMENT TRUST**

THE transformation of the United States from the position of the world's leading debtor in 1914 to that of the largest creditor today has brought new problems to the American capital market. At the Conference on Foreign Investments conducted by New York University in cooperation with the Investment Bankers Association last October an address was delivered by Leland Rex Robinson, president of the Second International Securities Corporation, on the above-named topic. Copies of this address can now be obtained by anyone interested in the subject from Professor G. W. Edwards, Wall Street Division of New York University, 90 Trinity Place, or from the American Founders Trust, 50 Pine Street, New York. There is no charge for these booklets. Mr. Robinson is the author of "Investment Trust Organization and Management."

**"SHEEP PASTURE TO SKYSCRAPER"**

REGINALD Pelham Bolton is the author of an interesting illustrated history of the site of the new Equitable Trust Company building now being erected at Broad, Wall Streets and Exchange Place, New York. Mr. Bolton is vice-president of the American Scenic and Historic Preservation Society, author of "Indian Paths in the Great Metropolis," "Relics of the Revolution," and other historical works. "It is difficult to imagine the financial district of today as the 'Schaap Weyte' or sheep pasture of the early settlers of New Amsterdam, down the center of which a little brook meandered through a swampy tract, now covered by our modern Broad Street, and then known as 'Blommaert's Vly,' or meadow," says the author.

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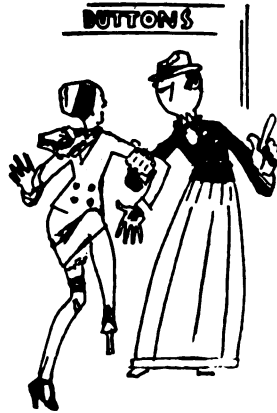
**BOOK DEPARTMENT**

**The Bankers Magazine**

**71 Murray Street  
New York**



THE Mellon National Bank in Pittsburgh, Pa. has prepared under the editorial supervision of KixMuller & Baar a 192-page booklet, to be used as a tax guide for 1927. A thirteen-page index is included. It is not a digest of the statute. All rulings and decisions of any kind are given complete recognition throughout the text, and the authors freely offer their own judgment, carefully distinguished from established law or practice, upon numerous problems which are not authoritatively decided but which are met and must now be disposed of by taxpayers.



*Aw, come on in—  
another book won't hurt ya!*

#### NORTH CAROLINA PROGRESS

THE December issue of "The Wachovia," the house organ of the Wachovia Bank and Trust Company of Winston-Salem, has some short interesting articles on "A Quarter-Century of North Carolina Progress—in Finance, Industry, Agriculture, Education, Highways, Life Insurance." The bank would no doubt be glad to send copies of that issue, and of previous issues, if they are still to be had, to anyone interested.

#### BANK TRAVEL BUREAU

ONLY as recently as September, 1926, an "Association of American Bank Travel Bureaus" was organized, and its new bulletin was first published in November. We believe it will be to the interest of bankers to write to the association at Monroe, Dearborn and Clark streets, Chicago, about having this bulletin sent to them monthly, as the December issue included many interesting opinions on this new idea in bank departments.

#### THE MCFADDEN BILL

A PAMPHLET entitled "Why the Hull Amendment Should be Eliminated from the McFadden National Bank Bill" has been issued by the national bank pub-

John Held, Jr. in the cartoon above, which was used by E. P. Dutton & Co. in their Christmas advertising, is giving a sly dig at the flapper. But all girls fortunately are not like the one he has sketched so entertainingly, for the modern business girl as well as young man uses all available means, such as books and courses, to hasten their advancement.

licity committee. This committee is a voluntary organization composed of the senior officers of national banks located in various states in the Union. The majority of its members are outside of the metropolitan centers. In its educational work, relative to the McFadden National Bank Bill, it is working in cooperation with the California League of Independent Bankers. The committee is strongly antagonistic to the state-wide branch banking policy advocated by the branch bankers; and all those who are lined up with their opinion on this subject, as well as those who are seeking an intelligent exposition of each side will be able to get a copy of this pamphlet from H. H. McKee, chairman of the National Capital Bank, Washington, D. C.

"The History of the McFadden Bill and Its Provisions" is another pamphlet on this legislation by Charles A. Hinsch, president of the Fifth-Third-Union Trust Company, Cincinnati, in which all bankers, whether for or against this Bill, should be interested.

## Are these books in your banking library?

### Recently Published

**101 WINDOW DISPLAYS** By M. E. CHASE  
A book of suggestions for window displays in which every branch of banking is included. The properties necessary may be obtained in towns as small as 5000. Over 200 large and small financial institutions were interviewed in gathering data for this book. \$5.00

**CLEARING AND COLLECTIONS OF CHECKS**  
By WALTER E. SPAHR, Ph.D.  
A complete treatise on this important subject. \$7.50

**RECOLLECTIONS OF A BUSY LIFE** By JAMES B. FORGAN  
The life story of one of America's bankers, told in a simple, unassuming, yet captivating style. A limited number of copies still available of an edition, autographed and bound in leather. \$6.00

**CAUSE AND PREVENTION OF BANK DEFALCATIONS**  
By M. K. FOWLER  
This book was written to point out to bank directors and officers their responsibility for the prevention of bank defalcations. \$1.50

**ENCYCLOPEDIA OF BANKING AND FINANCE**  
By GLENN G. MUNN  
A complete reference book alphabetically arranged. \$10.00

**COMMERCIAL PAPER** By W. H. KNIFFIN  
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

**ELEMENTS OF FOREIGN EXCHANGE** By FRANKLIN ESCHER  
There are other books on foreign exchange, but this one covers the subject in such a way that the man who knows little or nothing about it can get a clear idea within a few hours, of how foreign exchange works. \$1.60

**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, including the Negotiable Instruments Law. \$1.25

**THE BANK CREDIT INVESTIGATOR** By R. 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 credit risk. \$1.50

**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

**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 WOMEN'S DEPARTMENT** By ANNE SEWARD  
The first book devoted to this department, which is one of the newer phases of banking, is a necessity to banks that are contemplating its organization, and is full of ideas for departments that are already organized. \$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

**THE ROMANCE AND TRAGEDY OF BANKING** By T. P. KANE  
The author was connected with the Comptroller's office for 36 years, and was intimately acquainted with all that took place in the banking world. He tells the inside story of hundreds of interesting incidents. \$5.00

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March 1927

*The* BANKERS  
MAGAZINE

81st



YEAR

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Guarding America's Wealth  
Electric Light and Power Bonds  
Why the Tariff Should Be Revised  
What Value Do You Place on  
Accrual Accounting ?

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MARCH, 1927

NO. 3

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III

## Service

**T**HE service rendered by a financial institution is the chief factor in retaining customers.

In both our Banking and Trust Departments we are still serving many of the grandchildren and great-grandchildren of those who originally opened deposit or fiduciary accounts with us.

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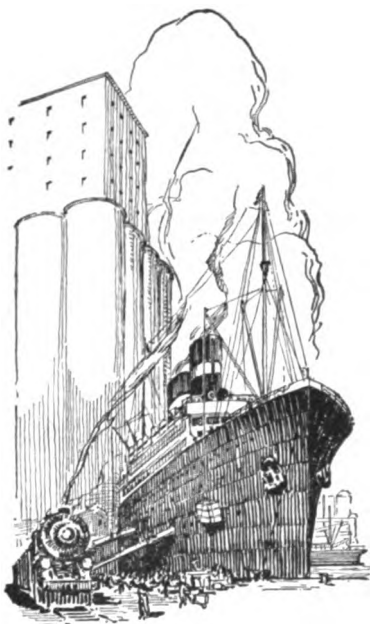
Size is *one* requisite in choosing a New York correspondent—but not the principal one.

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All-Year-Round  
Special for Banks

*Superior Transit Service*

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Capital and Surplus 8 Millions

Kansas City



*When you come to Washington*

drop in to see us. It often pays to be  
"personally acquainted."

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something your way some day, or you  
have some important matters to be look-  
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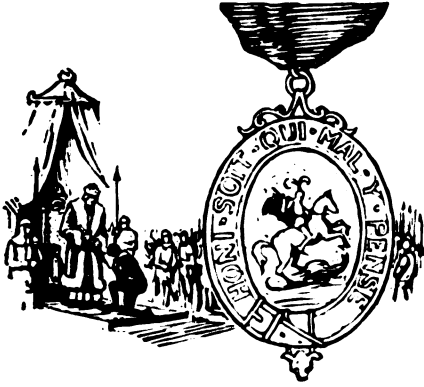
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Resources \$15,000,000.00





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## WHERE the principles of *Knighthood* are still in flower

**T**HE age of Chivalry ended with the War of the Roses. But the heritage of chivalry—with its obligations to serve—still remains. It is found in many institutions which today carry forward their long inbred traditions of service.

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If the standards of your business are in accord with ours, you will find in any one of the three offices of the Seaboard most cordial, understanding and agreeable associations.

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*of the City of New York*

115 Broadway

Broad and Beaver Streets

24 East 45th St.

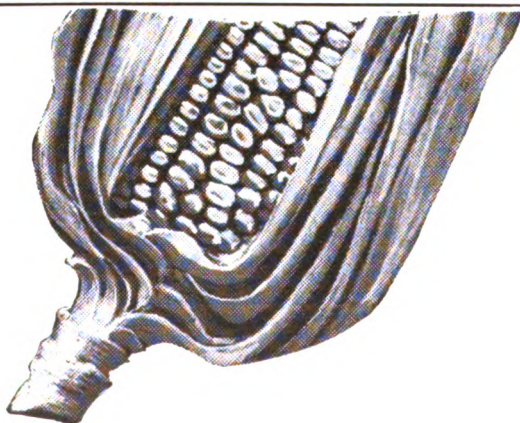
(MAIN OFFICE)



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## The Publisher's Page

**T**HE third article of the series now appearing in **THE BANKERS MAGAZINE** on various investment problems of the commercial banker will be published in the April number. This article will deal with the subject of railroad securities, and has been prepared by **FLOYD W. MUNDY** of **Jas. H. Oliphant & Co.** Mr. Mundy is widely known as an authority on railroads and railroad securities, and is the editor of "Mundy's Earning Power of the Railroads." Subsequent articles of the investment series will treat of such subjects as "Diversification and Rotation of Maturities in the Bank's Investment Account;" "Syndicating an Underwriting Policy as Affecting Commercial Banks;" "Foreign Securities;" and "The Future of the Commercial Banker's Investment Account." For the benefit of readers who would like to keep a complete file of the series, it may be mentioned again that the series started in the February number with an article "The Changing Investment Policy of American Banks," by **GEORGE W. EDWARDS.** The second article of the series, "Electric Light and Power Bonds," by **H. M. ADDINSELL** of **Harris, Forbes & Co.,** appears in the pages of the current number.

Under the **McFadden Bill**, just passed by Congress, national banks are once more restored to a parity with state banks so far as permitted banking functions are concerned and are now able to compete with state banks on equal terms. This gives to national banks an added prestige which may well be capitalized at once in timely advertising. How this can be done will be pointed out in the April issue by **C. H. WETTERAU**, vice-president **American National Bank**, **Nashville, Tenn.,** who will write under the title "Advertising Advantages of the **McFadden Act** to National Banks." He also recommends that the **Federal Reserve** banks institute a national advertising campaign to educate the public to the advantages of the system and to point out how membership in the **Federal Reserve System** enables a member bank to render better service to its depositors. Mr. Wetterau believes that such a campaign would go a long way to give prestige to a membership in the system and would indirectly influence a lot of non-member banks to join in order to take advantage of this prestige.

The effects of a proposed change in a country's monetary system have been seen recently in the disturbed state of the silver market and as a result the price of silver dropped a few months ago to the lowest point in the last decade. The producers of this metal have again faced the prospect of a lessened demand, mainly because one country, with an increasing external trade, has found itself at a disadvantage in continuing a currency system which is inadequate in international commerce. The chief reason for this drop in silver

[Continued on page XIV]

COMMERCIAL BANKING  
SINCE 1812

DIRECT FOREIGN BANKING  
SINCE 1814

TRUST DEPARTMENT  
ORGANIZED 1888



THE BANK OF AMERICA has been engaged in direct foreign banking since 1814. Files of the Bank reveal an interesting history of the growth of the foreign trade of this country.\* Commensurate with this development has been the growth of our Foreign Department, which offers a service par excellence to banks and bankers.

*\* From "A History of Fifty Feet in New York," a 90 page book issued by this bank and furnished gratis to executives.*

# The BANK of AMERICA

NEW YORK

Capital, Surplus and Undivided Profits Over \$11,000,000



57 Branches throughout the Americas, Spain, France and England

## ARGENTINA — thirteen branches

Our thirteen branches throughout Argentina furnish the utmost co-operation to American business. Years of actual residence in Latin-American countries enable our officers to supply accurate trade information to our clients.

ANGLO-SOUTH AMERICAN BANK, Ltd.

*38 Years of Foreign and General Banking*

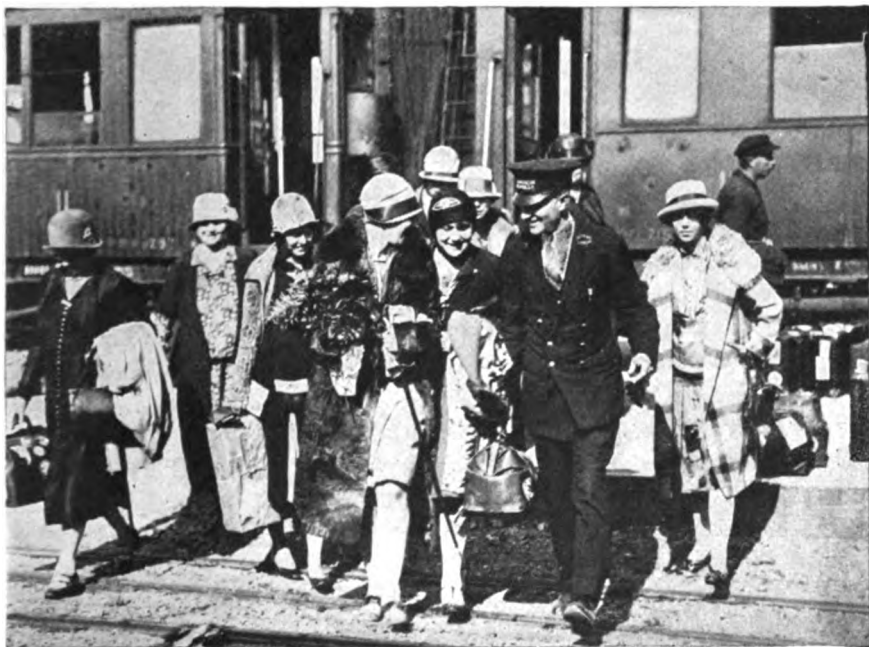
Represented by

## THE ANGLO-SOUTH AMERICAN TRUST COMPANY

49 Broadway, New York

NORMAN C. STENNING, President

Illustrating "Personal Service" as extended today through American Banks to their Traveling Patrons.



They'll say He is—

*"The Helpful Hand of a Great Service"*

ASK any one of your Depositors who has traveled abroad, to whom your bank has recommended and sold American Express Travelers Cheques—ask every one of them—if the much heralded Personal Service of the American Express Company really serves the Traveler.

Ask them if they used It—where, when and how; and if they would think of going on any trip abroad without It.

Ask them if they would call this Service "GREAT"—and if it was to them a "Helpful Hand."

"The Helpful Hand of a Great Service" is not just a business slogan applied, indifferently, to the Personal Service American Express couriers and personal representatives are extending to travelers—everywhere. They are the quoted words, constantly repeated, of thousands of travelers in foreign lands—your Depositors—Depositors of 17,000 other American banks—banks which, because of the satisfied travel experience of their Depositors, now advise and sell

**American Express Travelers Cheques**

[Continued from page xi]

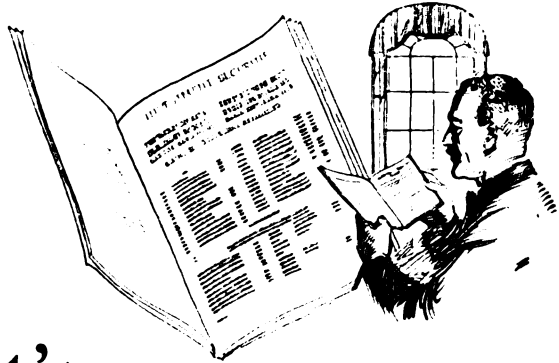
prices is the prospect of the adoption of the gold standard by India as proposed by the Royal Commission on India Currency and Finance. This subject will be discussed in the April issue by C. M. SHORT of the Canadian Bank of Commerce, who has made a careful study of the situation. Mr. Short's article deals with the principal events that have led to the conclusion that India should reform its currency system and with some of the adverse conditions, which, as a result of economic and political developments, have affected the market for silver for more than a century.

The Federal Reserve Banking System, instituted in 1914, provided a new mechanism for the clearing and collection of checks, which it was hoped would supersede the irregular practices existing at that time. The new system was superimposed upon the old and, until 1921, developed rapidly, tending to replace the old cumbersome practices. Since that year, however, it has made relatively little, if any, gain and today both the old and new systems are working together in the United States. In the April issue WALTER E. SPAHR, associate professor of economics in New York University, will discuss this subject under the heading "Is Our Collection System Making Progress?" Dr. Spahr is the author of "The Clearing and Collection of Checks," the only complete treatise on the subject ever published.

There has taken place in the last twelve years a definite change in the buying and merchandising methods of the world that is explained by the term "Hand-to-Mouth" buying. What this is and how it affects the banker is explained in the April number in an article by CHESTER D. MASTERS, vice-president of the Chicago Trust Company. Mr. Masters' article is taken from an address delivered at the recent Chicago Conference on Hand-to-Mouth Buying.

Can trust services be sold through personal salesmanship? The answer is "Yes" judging from the successful experience of certain trust companies that have tried it out. The Security Trust Company of Detroit has been most successful in this work. In the April number will appear "Selling Trust Services Through Personal Salesmanship" by HARRISON B. GRIMM, manager of the company's business extension department. Mr. Grimm's article is based on a talk delivered at the 1927 Mid-Winter Conference of the Trust Company Division of the American Bankers Association.

LYMAN J. GAGE, the man who discovered and trained FRANK A. VANDERLIP and JAMES B. FORGAN, died recently. He had been president of the First National Bank of Chicago for six years during the period when it was the greatest bank in the country. He was president of the World's Fair in 1893. In short, he was the greatest banker in the country during the "mauve decade," yet few of the younger bankers of today remember his name. An interesting sketch of his career will appear in the April number.



# When it's a question of marketability

**M**ANY bankers like to deal with The National City Company because its nation-wide organization is quite as helpful in maintaining a market for its outstanding securities as in obtaining broad distribution on its new issues.

A telephone call to our nearest office will bring current offerings recommended for bank investment.



## 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**



## A Massachusetts Fiduciary *Qualified by 48 years' experience*

Practically every kind of Trust problem that may arise has been met and solved by this Company during its 48 years' experience. We have handled hundreds of Estates.

We cordially invite individuals and corporations who require fiduciary service in Massachusetts to correspond with the President or other officers of this Company.

## BOSTON SAFE DEPOSIT AND TRUST COMPANY

100 FRANKLIN STREET

*At ARCH and DEVONSHIRE STREETS*

*Boston 6*



*Main Office*  
Fifth Ave. at 32nd Street

## The Bank of United States

Member Federal Reserve System

Resources Over  
**\$93,000,000**

DEPOSITORY FOR  
United States Postal Savings Funds  
State of New York                      City of New York

***Foreign Exchange***

***Domestic and Foreign Letters of Credit Issued***

The steady and consistent growth of this bank is evidence of its constant attention to every detail of banking service. A thoroughly organized foreign department is equipped to handle all classes of foreign financial transactions.

**Accounts of Banks and Bankers Invited**

1864

1927

*Comprehensive  
Foreign  
Banking  
Services*



*Traveler's  
Checks  
Foreign  
Currency*

## 63 Years

**THIS** Company offers you its services based upon the experience gained during more than half a century of conservative activities.

- A general banking business.
- A commercial banking business including discounts, acceptances, etc.
- Foreign Exchange, Commercial and Traveler's Letters of Credit, etc.
- Acts as Executor, Trustee, Transfer Agent, Registrar of Stocks and in every Fiduciary Capacity.

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# CENTRAL UNION TRUST COMPANY OF NEW YORK

80 BROADWAY

NEW YORK

PLAZA OFFICE  
5th Ave. & 60th St.

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

*Capital, Surplus and Undivided Profits over 45 Million Dollars*

*Member Federal Reserve System*



## *A plan that enabled one bank to declare a 2% extra dividend*

A year ago, one of our correspondents asked us to work out an investment program whereby we would assist that correspondent to keep its *surplus* cash resources invested from day to day, at a favorable rate, and at the same time keep the funds in such form that they would be readily available.

The plan was developed! The correspondent adopted it! Practically every surplus *loanable* dollar was kept working from day to day, and due to this increased income, that bank declared an extra 2% dividend on January 1st.

The plan is simple. It is based on safe and sound banking principles. It is broad enough to cover the requirements of the bank that has a permanent, year 'round surplus—yet flexible enough to meet the needs of the bank that has a surplus for only a few days or weeks.

### *Send for Your Copy*

Our Service Department has prepared a booklet which outlines the plan in detail. Merely write for a copy of booklet entitled, "A Plan That Enabled One Bank to Declare a 2% Extra Dividend."



**The National Bank of the  
REPUBLIC  
OF CHICAGO**



Office of New York Representative, No. 1 Wall St.

JOHN A. LYNCH, Chairman of the Board

DAVID R. FORGAN, Vice-Chairman      GEORGE WOODRUFF, Vice-Chairman

H. E. OTTE, President

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## PARAPHRASED PROVERBS

# Fortune Favors Banks which make an Effort to Improve their Facilities

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Faith in good luck and appeals to high heaven cannot be depended upon to solve collection problems.

Send your business to a bank where to practical, everyday collection service are added:

- Continuous day-and-night operation
- Direct routing of items
- Country-wide connection
- Prompt advices
- Official supervision

All items received at par.

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THE  
**PHILADELPHIA-GIRARD  
NATIONAL BANK**

PHILADELPHIA, PA.

Capital, Surplus and Profits - \$28,400,000


 A circular logo containing the text "6%" in a stylized font.

# NATIONAL UNION MORTGAGE BONDS

*5, 10 and 20 Year Maturities*

**S**URVEY the entire Investment Field, and you will find no form of security more attractive or more admirably suited to the average need than these protected mortgage bonds.

The underlying mortgages are irrevocably guaranteed both as to principal and interest by one of the following Surety Companies:

*U. S. Fidelity & Guaranty Co.*

*Maryland Casualty Co.*

*Fidelity & Deposit Co.*

*Baltimore*

*National Surety Co.*

*New York*

*Booklet sent on request*

## NATIONAL UNION MORTGAGE CO.

BALTIMORE, MARYLAND

### MACKUBIN, GOODRICH & Co.

BALTIMORE, MARYLAND

FISCAL AGENTS



## Conservative Traditions in Modern Banking

In the Illinois Merchants Trust Company, the traditions of a half century of conservative banking stand back of each transaction. ¶ With its large financial resources, its highly developed and specialized facilities and organization, its intimate business and governmental contacts at home and abroad, this institution is today one of this country's leading banks—a logical choice for banks or commercial concerns establishing a Chicago banking connection. ¶ Personal attention to inquiries concerning our specialized services will gladly be given by our officers.

# ILLINOIS MERCHANTS TRUST COMPANY

*Capital & Surplus* 45 *Million Dollars*

LA SALLE, JACKSON, CLARK AND QUINCY STREETS • CHICAGO

# Bank With Us and Grow With Us

Out of town business houses having representatives or branch offices in Philadelphia will appreciate the convenience of our day and night banking service.

With increased facilities we are better equipped than ever to render efficient and courteous service.

Your Philadelphia representative will like our bank.

## FRANKLIN TRUST COMPANY

Southwest Corner Fifteenth and Chestnut Streets  
PHILADELPHIA

West Phila. Office  
52nd and Market Streets

Front Street Office  
Front and Market Streets



Germantown Office  
5708 Germantown Ave.

Frankford Office  
Frankford Ave. and Paul St.

Resources over \$42,000,000

AMERICA'S LARGEST EXCLUSIVELY DAY-AND-NIGHT BANK

# Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



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

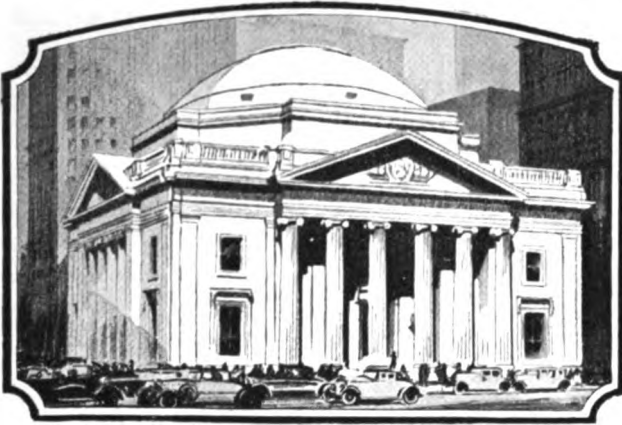
Surplus and Undivided Profits 1,250,000.00

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

*Collections given special attention, and prompt remittances made*

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 D. C. GILLETT, Vice-President  
 L. I. BUCHANAN, Vice-President  
 C. E. HESTER, Assistant Cashier and Credit Manager  
 W. W. BLOUNT, Assistant Cashier  
 D. B. RENFRO, Assistant Cashier  
 JOHN T. BIZE, Assistant Cashier  
 ASHBY GIBBONS, Assistant Cashier  
 R. W. CLAPP, Assistant Cashier  
 S. W. McCORD, Assistant Cashier  
 A. M. EDWARDS, Auditor  
 K. M. KRUSE, Contact Man





*Chartered 1836*

**G**IRARD TRUST COMPANY  
in Philadelphia offers its services as Depositary under Reorganization Agreements and as Transfer Agent or Registrar for the securities of corporations.

The Company will be glad to act jointly with institutions in other cities.



*Corporate Trusts*  
**\$1,430,000,000**

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**GIRARD TRUST COMPANY**  
BROAD AND CHESTNUT STREETS • PHILADELPHIA

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Manager Bond Dept.
- RODERICK P. FRASER**  
Manager Foreign Dept.

**Capital and Surplus**  
**\$18,000,000**

**THE PEOPLES**  
**STATE BANK**  
DETROIT MICHIGAN  
(192)

**Are your windows bringing in business ?**

Banks all over the country are waking up to the tremendous new-business possibilities of window displays. Attractive, scientifically arranged displays actually bring folks into your bank and create business for all departments. How this is done is described in

**101 Window Displays**

By M. E. Chase

This book is not based on theory or guess-work but is the result of many years' study by the author and a careful investigation of the methods used by banks and investment houses that have been most successful.

A feature of the book is the careful description of 101 original displays for all departments of banking.

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Bankers Publishing Company,  
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You may send me a copy of 101 WINDOW DISPLAYS by M. E. Chase on 10 days' approval. At the end of 10 days I will either send you my check for \$5.00 or return the book.

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## Exceptional Facilities in the West Indies

**B**ANKS having collection business on West Indian points will find useful information on stamp duties and collection rates in our booklet "West Indies Collections".

Our New York Office at 49 Wall Street, will be glad to furnish copies on request.

*23 Branches in Cuba, Porto Rico, Dominican Republic and Jamaica.*

*277 Branches in Canada and Newfoundland.*

The

# BANK OF NOVA SCOTIA

ESTABLISHED 1832

Capital . . .	\$10,000,000
Reserve Fund . . .	19,500,000
Total Assets over . . .	245,000,000

**New York Agency : 49 Wall Street**

**P. W. Murphy, F. W. Murray, Agents**

**Branches also at Boston and Chicago**

**London, Eng., Branch—**

**108 Old Broad Street, E. C. 2**



# BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

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

Incorporated by  
Royal Charter, 1836

Formerly  
**THE COLONIAL BANK**  
with which are amalgamated

Reincorporated by  
Act of Parliament, 1925

**THE NATIONAL BANK OF SOUTH AFRICA LIMITED**

and  
**THE ANGLO-EGYPTIAN BANK LIMITED**

Capital authorised £10,000,000

Capital subscribed £ 6,975,500

Capital paid up .... £ 4,975,500

Reserve Fund ..... £ 1,100,000

Uncalled Capital £ 2,000,000

London Offices:

Circus Place, London Wall, E.C.2;

29, Gracechurch Street, E.C.3; 37-39, King William Street, E.C.4;

111, St. Martin's Lane, Trafalgar Square, W.C.2.

Other Offices:

LIVERPOOL—25, Castle Street. Manchester—21, York Street.

HAMBURG—Adolphsplatz 4.

NEW YORK (Agency)—44, Beaver Street.

With over 400 Branches in

British West Indies, British Guiana, Egypt and the Sudan, Transvaal, Rhodesia, Cape Province, Natal, Orange Free State, British West Africa, Swaziland, Portuguese East Africa, South West Africa, Tanganyika, Nyasaland, Kenya Colony, Malta, Gibraltar, Palestine and the Mauritius.

The Bank acts as Correspondent for Home, Colonial and Foreign Banks

# HARRIS, FORBES & CO

Pine Street, Corner William

NEW YORK

## BONDS FOR INVESTMENT

Harris, Forbes & Company  
Incorporated  
Boston

Harris Trust & Savings Bank  
Bond Department  
Chicago

# Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

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

	\$=£1
Capital Subscribed .....	<b>\$93,955,600</b>
Capital Paid Up and Reserves .....	<b>21,686,230</b>
Deposits, etc., at 31st Dec., 1925 ...	<b>299,098,130</b>

379 BRANCHES AND SUB-BRANCHES.

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

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

# Commerz-und Privat-Bank

Aktiengesellschaft

(Established 1870)

HAMBURG-BERLIN

and

Two hundred twenty other places throughout Germany

*Capital and Surplus, R.M. 64,000,000*

All Banking Transactions

*Extensive Trade Information Service*

Cable address for main offices and branches

"HANSEATIC"


# The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

(@0.50=1 Yen)

Capital (paid up) . . . . .  . . Yen 100,000,000

Reserve Fund . . . . .  . . Yen 89,500,000

## Branches and Agencies

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

## Agencies in United States

New York      San Francisco      Los Angeles      Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE      -      -      120 BROADWAY

# Glyn, Mills & Co.

(Established 1753)  
Registered with unlimited liability, 1885  
Incorporating

CHILD & CO. and HOLT & CO.  
(Established before 1600)      (Established 1809)

**BANKERS**

Army and Air Force Agents, Navy and Prize Agents

Head Office - 67, Lombard St. London, E. C. 3

Childs Branch - - - 1, FLEET STREET, LONDON, E. C. 4

Holts Branch - 3 & 4, WHITEHALL PLACE, LONDON, S. W. 1

Current and Deposit Accounts opened on the usual terms.

The Bank has Agents or Correspondents in all the principal cities or towns throughout the World, and can provide Banking facilities for its customers wherever desired. Letters of Credit and Circular Notes issued on our Foreign Correspondents and Agents throughout the World.

Currency Drafts obtained; Remittances mailed and Telegraphic Transfers made to all parts of the World.

Foreign Currency Accounts opened.

Purchase and Sale of Stocks, Bonds and Shares effected and custody of securities undertaken.

Dividends, Annuities, etc., received; forms authorising their receipt supplied, and coupons collected for customers.

Recovery of Income Tax and Preparation of Income and Super-tax Statements undertaken. The Bank has a special department to advise and assist customers on questions relating to Income and Super-tax.

The duties of Executors and Trustees undertaken.

Navy and Prize Agents. Salvage claims preferred.

# Banca Nazionale di Credito

**Capital - - Lit. 300,000,000**

**HEAD OFFICE: MILAN, ITALY**

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**Over 60 Branches and Agencies Throughout Italy**

**Correspondents  
in all the Principal Cities of the Kingdom**

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

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

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***Inquiries and Correspondence Solicited***

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**BANQUE ITALO-FRANCAISE DE CREDIT**  
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# In Every Important Italian Market

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

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



## Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 700,000,000

Surplus Lire 500,000,000

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

Telephone John 1000

*Organized*

## Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$750,000

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

Telephone John 4666

*All Banking Facilities*



# THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

**Head Office: TAIPEH, JAPAN**

**Capital Subscribed..... Yen 45,000,000**

**Capital Paid Up..... Yen 39,375,000**

**HIROZO MORI, Esq., President**

**Directors**

**GUNJI KAWASAKI, Esq.**

**TADASU HISAMUNE, Esq.**

**DENKICHI TAKITA, Esq.**

**MASAKAZU SHUTO, Esq.**

***Branches :***

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

**TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Makong, Nanto, Shinchiku, Taichu, Tainan, Takao, Taito, Toen, Tansui.**

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

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

**New York Office: 165 Broadway**

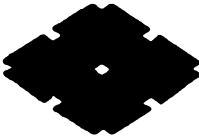
**K. YAMAMOTO, Agent**

**London Office: 25 Old Broad Street**

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

# The Sumitomo Bank, Limited

Cable address: "Sumitbank" ESTABLISHED 1912  
(Successors to The Sumitomo Bank)

Capital Subscribed . . .  . . . Yen 70,000,000

Capital paid up . . . . . " 50,000,000

Head Office : OSAKA, JAPAN

N. YATSUSHIRO, Esq., Chief Managing Director  
S. IMAMURA, Esq., Managing Director K. OHDAIRA, Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (18)	Tokyo (15)	Yokohama	Kobe (3)	Kyoto (3)	Niitama
Shimonoseki	Moji	Hiroshima (2)	Hakata	Yanai	Onomichi
Kurume	Kure	Wakamatsu	Kokura	Nagoya	Kumamoto
					Okayama

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

Bankers—National City Bank of New York, New York;  
Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

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

# THE MITSUI BANK, LTD.

Capital Subscribed . . .  . . . Yen 100,000,000.00

Capital Paid-Up . . . . . Yen 60,000,000.00

Reserve Funds (June 1926). . . . . Yen 53,400,000.00

Head Office : TOKYO, JAPAN

(No. 5 Honkawayacho, Nihonbashi-ku)

President

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Managing Directors

S. IKEDA, Esq. N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq. R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

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Foreign Branches:

Bombay London New York Shanghai Sourabaya

# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 40,000,000
Capital Paid-Up . . .		Yen 25,000,000
Total Resources . . .		Yen 547,000,000

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

FOREIGN EXCHANGE DEPARTMENT: TOKYO

Governor, S. SUZUKI . . . Deputy Governor, J. YOKOBE  
 Y. KATAYAMA . . . I. IUCHI . . . Directors M. HASHIMOTO . . . T. KAKIUCHI

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**Japan Proper**  
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 Kunsan . . . Chemulpo . . . Pyengyang . . . Chinnampo  
 Wonsan . . . Chungjin . . . Hullyong . . .  
**Manchuria**  
 Dairen . . . Antung . . . Ryojun . . . Yingkow  
 Liaoyang . . . Mukden . . . Tieling . . . Changchun  
 Harbin . . . Fuchiatien . . . Kalyuan . . . Lungchingtaun  
**China Proper**  
 Tsingtao . . . Shanghai . . . Tientsin . . . Siberia  
 Vladivostok


London Representative: 34 Old Broad Street, London, E. C. 2.

**New York Agency, 165 Broadway**

K. HIYAMUTA, Agent

# The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		6,600,000.00
DEPOSITS (Dec. 31, 1926)		182,345,773.07

Kelzo Hirooka, Esq., President  
 Chusuke Yoshii, Esq., Managing Director  
 Seishichi Kawakami, Esq., Managing Dir.  
 Seiji Gion, Esq., Director  
 Shikazo Sato, Esq., Director  
 Gihel Hoshijima, Esq., Auditor  
 Manroku Matsui, Esq., Managing Director  
 Yukinori Hoshino, Esq., Director  
 Hikotaro Omura, Esq., Director  
 Kyuemon Hirooka, Esq., Auditor  
 Tadanosuke Emura, Esq., Auditor

**Head Office, Osaka, Japan**

*Principal Branches:*

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

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

*New York Correspondents*

Yokohama Specie Bank, Ltd.  
 Bank of Taiwan, Ltd.  
 American Express Co.  
 American Exchange Irving Trust Co.  
 Guaranty Trust Company of New York

*London Correspondents*

Yokohama Specie Bank, Ltd.  
 Bank of Taiwan, Ltd.  
 Midland Bank Ltd.  
 Bank of London and South America, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG      STOCKHOLM      MALMÖ

Branches  
In All Parts of Sweden

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

*Head Office: Athens*

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

*ASSOCIATED BANK in LONDON*

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

4 London Wall Buildings, E. C. 2

*with branch in CONSTANTINOPLE*

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

**GENERAL BANKING BUSINESS TRANSACTED**

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

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

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

# Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

## BANKERS

Capital Paid up.....	f.80,000,000	Neth. Currency	(£6,666,666)
Statutory Reserve Fund.....	f.21,117,340	“ “	(£1,759,778)
Extraordinary Reserve Fund	f.22,660,000	“ “	(£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

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

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

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

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

# The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

CAPITAL AUTHORIZED AND ISSUED .....	£10,500,000	
PAID-UP CAPITAL .....	£3,500,000	} together £7,700,000
RESERVE FUND .....	£4,200,000	
RESERVE LIABILITY of Proprietors £7,000,000		

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

Manager—W. A. LAING      Assistant Manager—G. S. GODDEN  
Secretary—F. H. McINTYRE

197 Branches throughout Australia and New Zealand, viz.:—

In Victoria, 47; South Australia, 15; New South Wales, 45; Western Australia, 21;  
Queensland, 18; Tasmania, 3; New Zealand, 48.

Agents and Correspondents in all parts of the World

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

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

# MIDLAND BANK

LIMITED

Chairman:

THE RIGHT HON. R. McKENNA

Joint Managing Directors:

FREDERICK HYDE      EDGAR W. WOOLLEY

## Statement of Condition

December 31st, 1926

### RESOURCES

	\$5=£1
Cash in hand and Due from Banks.....\$	356,082,679.77
Money at Call and Short Notice.....	113,934,258.15
Investments .....	194,267,910.75
Bills Discounted .....	233,721,560.10
Advances .....	1,002,299,963.73
Liabilities of Customers for Acceptances and Engagements .....	185,327,225.96
Bank Premises .....	34,682,873.21
Investments in Affiliations .....	32,469,045.75
	<u>2,152,785,517.42</u>

### LIABILITIES

Capital Paid up .....	\$ 63,328,990.00
Surplus .....	63,328,990.00
Deposits .....	1,840,800,311.46
Acceptances and Engagements.....	185,327,225.96
	<u>2,152,785,517.42</u>

Together with its affiliations the Midland Bank operates 2360 branches in Great Britain and Northern Ireland, and has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*. The Foreign Branch Office at 196 Piccadilly, London, is specially equipped for the use and convenience of American visitors in London.

HEAD OFFICE:

5 THREADNEEDLE STREET, LONDON, E. C. 2, ENGLAND





# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

**HEAD OFFICE, SYDNEY**



Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,432 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

## *Agents and Correspondents throughout the World*

**Banking and Exchange Business**

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

June 30th, 1926

General Bank Deposits	-	-	\$183,646,534.89
Other Items	-	-	57,620,820.09
Savings Bank Deposits	-	-	227,688,026.54
Note Issue Department	-	-	269,651,132.50
			<hr/>
			\$738,606,514.02

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened                      Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Governor**



# THE NATIONAL BANK OF AUSTRALASIA LTD.

HEAD OFFICE  
MELBOURNE

Chief Manager:  
E. H. WREFORD

Deputy Chief Manager:  
JAMES WILSON

Chief Inspector:  
J. A. G. HADLEY

Inspector and Manager  
Foreign Department:  
E. J. OSBORNE

LONDON OFFICE:  
7 LOTHBURY, E.C.2

With its 471 well distributed offices provides a complete banking service throughout Australia, and is well equipped for the transaction of all classes of foreign business.

<b>Authorised Capital (@ \$5 to £1)</b>	<b>\$50,000,000</b>
<b>Capital Paid Up</b>	<b>- \$20,000,000</b>
<b>Reserve Fund</b>	<b>- \$12,050,000</b>
<b>Total Assets March 1926</b>	<b>- \$203,530,085</b>

## English, Scottish & Australian Bank, Limited

Authorized Capital . . . . .	\$18,750,000
Paid-up Capital . . . . .	\$11,250,000
Further Liability of Shareholders . . . . .	\$7,500,000
Reserve Fund . . . . .	\$10,250,000

**HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3  
and 401 Branches and Agencies in Australia**

**Chief Office in Australia—Collins Street, Melbourne**

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

**Chief Agents in United States**

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

**E. M. JANION, Manager.**



# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

**Paid-up Capital . . . . . £4,000,000**  
**Reserve Fund . . . . . £3,760,000**  
**Reserve Liability of Proprietors**  
**under the Charter . . . . . £4,000,000**  
**£11,760,000**

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

**EDMUND GODWARD, Manager**

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

**Branches in Australia**

- |  |  |  |  |
|--|--|--|--|
| <p><b>VICTORIA</b><br/>                 Melbourne; 394 &amp;<br/>                 396 Collins St.; 384<br/>                 Elizabeth St.; 71<br/>                 Collins St. East<br/>                 Brunswick<br/>                 Burnley<br/>                 Coburg<br/>                 Collingwood<br/>                 Elsternwick<br/>                 Footscray<br/>                 Malvern<br/>                 Middle Brighton<br/>                 Fort Melbourne<br/>                 Prahran<br/>                 St. Kilda<br/>                 Williamstown<br/>                 Bairnsdale<br/>                 Ballarat<br/>                 Benalla<br/>                 Bendigo<br/>                 Bright<br/>                 Castlemaine<br/>                 Charlton<br/>                 Chiltern<br/>                 Cobram<br/>                 Corryong<br/>                 Drouin<br/>                 Echuca<br/>                 Euroa<br/>                 Fish Creek<br/>                 Foster<br/>                 Geelong<br/>                 Kalamatite<br/>                 Kingsdon<br/>                 Korat<br/>                 Korong Vale<br/>                 Korumburra<br/>                 Leongatha<br/>                 Mirboo North<br/>                 Mooroopna<br/>                 Morwell<br/>                 Nathalia<br/>                 Numurkah<br/>                 Fort Fairy (Belfast)<br/>                 Rutherglen</p> | <p><b>Victoria, Contd.</b><br/>                 St. James<br/>                 Sale<br/>                 Shepparton<br/>                 Stawell<br/>                 Strathmerton<br/>                 Tallangatta<br/>                 Terang<br/>                 Traralgon<br/>                 Tungamah<br/>                 Walwa<br/>                 Warragul<br/>                 Warramboul<br/>                 Wedderburn<br/>                 Welshpool<br/>                 Wycheproof<br/>                 Yackandandah<br/>                 Yarram<br/>                 Yarrowonga</p> | <p><b>N. S. Wales, Contd.</b><br/>                 Cootamundra<br/>                 Corowa<br/>                 Crookwell<br/>                 Deniliquin<br/>                 Dorrigo<br/>                 Dubbo<br/>                 Forbes<br/>                 Glen Innes<br/>                 Goulburn<br/>                 Grafton<br/>                 Grenfell<br/>                 Hamilton<br/>                 Howlong<br/>                 Jerilderie<br/>                 Kempsey<br/>                 Kyogle<br/>                 Lismore<br/>                 Maitland (West)<br/>                 Maitland (East)<br/>                 Moree<br/>                 Murwillumbah<br/>                 Muswellbrook<br/>                 Narrabri<br/>                 Narromine<br/>                 Newcastle<br/>                 Nowra<br/>                 Orange<br/>                 Parke<br/>                 Peak Hill<br/>                 South Grafton<br/>                 Stroud<br/>                 Tamworth<br/>                 Tullahoma<br/>                 Wagga-Wagga<br/>                 Wee Waa<br/>                 Young</p> | <p><b>Queensland, Contd.</b><br/>                 Hughenden<br/>                 Ipswich<br/>                 Kingaroy<br/>                 Longreach<br/>                 Maryborough<br/>                 Oakey<br/>                 Richmond<br/>                 Rockhampton<br/>                 Roma<br/>                 Toowoomba<br/>                 Toowoomba<br/>                 Townsville</p> |
|--|--|--|--|
- SO. AUSTRALIA**  
**Adelaide**  
 Koorngas  
 Mount Barker  
 Port Lincoln  
 Port Pirie  
 Wirrabara
- WESTERN AUSTRALIA**  
**Perth**  
 Albany  
 Beverley  
 Bunbury  
 Fremantle  
 Gnowangerup  
 Kalgoorlie  
 Moora  
 Northam  
 Wagin  
 Wickiepin
- TASMANIA**  
 Hobart  
 Burnie  
 Deloraine  
 Devonport  
 Fingal  
 Launceston  
 Sheffield  
 Stanley  
 Ulverstone  
 Wynyard
- NEW SO. WALES**  
**Sydney; Martin Place; 85 Pitt St.; 555 George St. So.; Wentworth Ave.; 236 William Street**  
 Bondi Junction  
 Castlereagh St.  
 Hurstville  
 Kogarah  
 Leichhardt  
 Marrickville  
 Newtown  
 North Sydney (84 Mount St.)  
 Petersham  
 Albury  
 Ballina  
 Bathurst  
 Bega  
 Bellingen  
 Berrigan  
 Blayney  
 Broken Hill  
 Cessnock

**Branches in New Zealand**

- |  |  |  |  |
|--|--|--|--|
| <p>Wellington<br/>                 Ashburton<br/>                 Auckland<br/>                 Blenheim<br/>                 Christchurch<br/>                 Dannevirke<br/>                 Dunedin<br/>                 Eltham<br/>                 Featherston<br/>                 Feilding<br/>                 Gisborne<br/>                 Gore</p> | <p>Hamilton<br/>                 Hastings<br/>                 Hawera<br/>                 Hutt, Upper<br/>                 Invercargill<br/>                 Kaikata<br/>                 Levin<br/>                 Mania<br/>                 Mangonui<br/>                 Marton<br/>                 Masterton<br/>                 Matamata</p> | <p>Morrinsville<br/>                 Napier<br/>                 New Plymouth<br/>                 Otaki<br/>                 Palmerston Nth.<br/>                 Patea<br/>                 Raetihi<br/>                 Rotorua<br/>                 Stratford<br/>                 Taihape<br/>                 Taumarunui<br/>                 Tauranga</p> | <p>Te Aroha<br/>                 Te Kuiti<br/>                 Temuka<br/>                 Te Puke<br/>                 Timaru<br/>                 Waipawa<br/>                 Waipukurau<br/>                 Waioa<br/>                 Wanganui<br/>                 Waiverua<br/>                 Whakatane<br/>                 Whangarei</p> |
|--|--|--|--|

**Principal Correspondents in North America**

- |   |   |
|---|---|
| <p><b>CANADA:</b><br/>                 Bank of Montreal<br/>                 Canadian Bank of Commerce</p> <p><b>UNITED STATES:</b><br/>                 Bank of New York &amp; Trust Co., New York<br/>                 Hanover National Bank, New York<br/>                 National Bank of Commerce, New York</p> | <p><b>UNITED STATES, Contd.:</b><br/>                 National City Bank of New York<br/>                 Continental &amp; Commercial Nat. Bk. of Chicago<br/>                 Illinois Merchants Trust Co., Chicago<br/>                 National Bank of the Republic, Chicago<br/>                 Franklin Fourth Street Nat. Bk., Philadelphia<br/>                 Wells Fargo Bank &amp; Union Trust Co., San Francisco</p> |
|---|---|

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

# THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the  
AFRICAN BANKING CORPORATION, LIMITED)

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

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

**BANKING BUSINESS TRANSACTED  
IN ALL PARTS OF THE WORLD**

**HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.**

London Wall Branch : 63, London Wall, E. C. 2

West End Branch: 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

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

Branches and Agencies Throughout  
SOUTH, SOUTH WEST and EAST AFRICA

**New York Agency: 67 Wall Street**

ROWLAND SMITH and R. GIBSON, Agents

*Also representing* { Bank of British West Africa, Ltd.  
*in New York* { Bank of New South Wales

**The New York Agency**

offers to Bankers and Merchants throughout the United States and  
Canada its unsurpassed service for facilitating trade with  
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

# BANK OF NEW SOUTH WALES

## AUSTRALIA

Paid-up Capital . . . . .		\$30,000,000
Reserve Fund . . . . .		23,750,000
Reserve Liability of Proprietors . . . . .		30,000,000
		<hr/>
		\$83,750,000



Aggregate Assets, 30th Sept., 1926, \$410,975,720  
 OSCAR LINES, General Manager

**AUSTRALIA**  
 Pop., 6,000,000; area, 2,974,581 sq. miles; sheep, 80,110,000; cattle, 14,350,000; horses, 2,400,000; imports, \$785,500,000; exports, \$805,000,000.

**Annual Value of Australia's Products**

Agriculture .....	\$405,625,000
Pastoral .....	514,215,000
Dairying .....	210,559,000
Mining .....	111,159,500
Manufacturing .....	1,742,888,000
Total .....	\$2,984,446,500

431 BRANCHES AND AGENCIES

431 BRANCHES AND AGENCIES

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

### 431 BRANCHES AND AGENCIES

In all Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

Foreign Bills Negotiated and Collected.

Letters of Credit Issued.

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

### Agents in New York :

Standard Bank of South Africa, Ltd.  
 National City Bank of New York  
 National Bank of Commerce in New York

Agents in San Francisco, Bank of California National Association, Crocker First National Bank and Anglo and London Paris National Bank



## “The Purchase Options Had Thirty Minutes to Run”

ONE of our customers who had gone to London to complete a £200,000 transaction, for which the Guaranty had established a credit, suddenly fell ill. His purchase options had about thirty minutes to run. One of our London branches, by quick action, enabled him to accomplish his object. In appreciation, he wrote:

*“There is a great advantage to Americans doing foreign business through bankers who know American methods. Your London people appreciate this keenly, and what is more, they make it count.”*

This Company's bank customers in the United States are assured of efficient service and coöperation through our European branches. Our booklet, “Banking Facilities in Europe,” will be sent on request.

# Guaranty Trust Company of New York

NEW YORK

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

# THE BANKERS MAGAZINE

ESTABLISHED 1846

ELMER H. YOUNGMAN, *Editor*

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VOLUME CXIV

MARCH, 1927

NO. 3

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## *Editorial Comment*

### THE NEW BANKING LAW

**W**HAT has been referred to for several years as the "McFadden Bill" now becomes the "McFadden Law."

As this measure has been frequently explained in these pages, it is unnecessary to rehearse its provisions now.

Controversy has prevailed as to just what the new law intends. Is its purpose to extend branch banking or to circumscribe it? Since the law enlarges the branch privilege of national banks, it would seem to that extent to be an extension of branch banking. Indeed, a main purpose of the measure was to put the national banks more nearly on an equality with state banks regarding branches. There was general agreement as to the desirability of doing this if the national banks were to hold their own in competition with the state banks.

Mr. McFadden, chairman of the Banking and Currency Committee of the House, says of the new law:

"It is an anti-branch banking measure severely restricting the further spread of branch banking in the United States."

But he took care to make the following qualification of this statement:

"So far as lies within the power of Congress, the bill as here proposed restricts the future establishment of branches to the corporate limits of a few large cities of the United States. This restriction applies both to national and state member banks of the Federal Reserve System."

And there it stops, because Congress has no power to extend the restriction. The membership of state banks being so few, it can hardly be supposed that this

restriction on their branch activity will amount to much.

Obviously, it would be unreasonable to expect Congress to impose restrictions of any kind beyond its powers. But since the restrictions in this case are rather negligible, especially when offset by the extensions, it hardly seems accurate to style this "an anti-branch banking measure." Legislating on banking is—or at least ought to be—a serious matter, and pretending to do one thing while actually doing something else is hardly consistent with the dignity supposedly attaching to banking legislation.

The operations of the new law will be studied with interest. It will be surprising if it does not result in the multiplication of branches of national banks, and equally surprising if it greatly interferes with the growth of branch banking among the state banks. Should this be the effect of the new law, it must be inferred that it was so intended.

Thoughtful observers of the present financial situation can but regret the action of Congress in rechartering the Federal Reserve Banks without correcting the inflationary features of the Federal Reserve Act as amended. This was an opportune time to make improvements in that law, and the failure to do so can but be considered as unfortunate.

It can hardly be claimed for the new law that it will make banking any safer, and that would seem to be, under present conditions, the most desirable aim of banking legislation.

Laws enacted by Congress rarely rise much above the level of public intelligence. And the level of public intelli-



gence as related to banking has not yet attained to the height of Mount Everest.

### USE OF MONEY IN ELECTIONS

**W**EALTH is being subjected to criticism for its contributions made with the apparent purpose of influencing the result of elections. The growth in population, changed methods in regard to publicity, and the large increase in the number of voters, actual or potential, since the adoption of woman suffrage, have all tended to add to the cost of obtaining office. The direct primary has practically called for double expenditure.

In the old days a candidate was pretty well known in his state or district, either personally or by reputation. Now he must make himself known; and, with so much noisy competition, the task is not an easy one. He finds himself compelled to spend money; and, lacking it on his own account, he must look to his friends for help. These friends may be personal or political, or they may consist, to some extent, of those whose contributions are prompted by a lively expectation of favors to come. This latter kind of contributions occasions the severest criticism. But it may be doubted whether the financial magnate, especially if of wide experience and keen knowledge of human nature, ever expects to realize on his political contributions. He charges them off at the outset if he is wise.

In considering political contributions, it must be remembered that the significance of a gift is not necessarily in proportion to its size. The magnate who gives a thousand may not relatively tax himself more than the ordinary citizen who gives a hundred.

Recently the part played by the use of wealth in elections has attracted attention in Senate contests in Illinois and Pennsylvania. The Senate has denied a seat, pending a hearing, to Col. Frank L. Smith, who was appointed by the

Governor of Illinois to fill a vacancy caused by the death of Senator McKinley. Col. Smith was also elected at the November election to the full term of six years. Refusal to administer the oath of office was based on the assertion that in his primary campaign he had received a large contribution from the head of a well-known Chicago public utilities concern.

As the Constitution itself prescribes the qualifications of a senator, and does not say anything about contributions of money, the claim is made that Col. Smith is entitled to his seat. The House and Senate, under the Constitution, are made the judges of the election and qualifications of their members. As there was no question as to the legality of Col. Smith's claim to his seat, he having been lawfully appointed by the Governor, the controversy hinged on the meaning of the word "qualifications" as used in the Constitution. Did that instrument mean to limit the word to embrace only those qualifications specified, or was it the intent to enlarge the term so as to include objections of whatsoever kind the Senate itself may raise? Should the latter view prevail, we should have elections to the Senate made virtually by the Senate instead of by the states. Members-elect might be rejected because they were protectionists or free-traders, or because they were "wet" or "dry." As the principle of conforming to the tastes of the Senate expanded, the fat and lean would alternately be excluded. There is a classical example of objection on the latter score. Julius Caesar did not like Senator Cassius because of his spareness. Not only was he declared to have a lean and hungry look, but was given to the unfashionable habit of thinking too much—obviously a disagreeable quality.

Coming down the dusty lane of antiquity, it is found that Henry Clay was a fairly good poker-player, and Daniel Webster somewhat bibulous. But their qualifications for membership in the Senate were not challenged.

Perhaps a state is entitled to such senators and representatives as its people desire. True enough, the inordinate use of money may hinder a free expression of the popular will.

### PRESERVING MONETARY STABILITY AND CREDIT

**I**N the troubled conditions following the Great War, England was one of the countries that resolved at the earliest practicable moment to return to the gold standard and to provide for meeting the huge obligations incurred in carrying on the conflict. These steps were both taken, and to take them required great courage and entailed much hardship. So far as relates to the return to a gold standard, the hardship was less serious and lasting than in respect of the debt payments. But it is the opinion of Winston Churchill, Chancellor of the Exchequer, that both steps were wise. Speaking recently in regard to these matters, he said:

"I was much criticized myself for returning to the gold standard in England two years ago, and Prime Minister Stanley Baldwin was also scolded for his settlement of the American debt. But I think experience has shown that the gain exceeded the loss. After all, a strict stable finance and firm national credit are the only foundations on which the material prosperity of a nation can be maintained over a long period of time."

There is not complete agreement as yet, even among bankers, as to whether the return to a gold standard might not have been made in a more leisurely manner. Evidently, Mr. Churchill acted according to Horace Greeley's dictum, that "the way to resume is to resume."

Recently the rigidity of the note issues of the Bank of England have been subjected to criticism, one well-known London banker coming out in favor of something like our Federal Reserve System. No doubt, should this suggestion be adopted, England would experience

the stimulating influences of inflation; but perhaps there—as ultimately must be so here—this stimulation would be followed by periods of rest and recuperation, to be profitably employed in considering whether a less exhilarating currency might not after all have been the safest and best.

### THE REAL BASIS OF BANKING

**B**ANKING is quite commonly looked on in the light of an instrumentality created and managed by large capitalists. But an examination of the constitution of the funds of the average bank will show that this idea of a bank is wrong. Not many banks are owned by a few big capitalists. As a rule there are numerous shareholders whose individual stake in the institution is not large. When we come to examine the deposits, we find that their number is much greater than those of shareholders. Both with respect of the capital and deposits the funds of a bank are supplied chiefly through savings. This fact was thus stated by Sir Drummond Fraser in an article in the *Bankers Magazine* of London:

"If anyone doubts the power of the small investor, permit me to call attention to a few facts, which one can ascertain and confirm for oneself. One knows that successful banking is nothing more than successful lending. And one cannot lend unless one has first the real deposits—savings. Therefore bankers must concentrate their attention first of all upon securing the deposit of savings which are made in small amounts by millions of people throughout the land. A branch which gathers savings but does not lend much may by itself be unremunerative, but because it provides the raw material for the lending branches it is worth (to the bank) its weight in gold. A lending bank does not amalgamate with another lending bank. It must, to justify such a transaction, acquire a bank which secures deposits in the form of

savings. Savings are the real basis of banking."

Doubtless this truth may not be well understood by the savings depositor who puts by a small sum weekly. He would probably be surprised that he constitutes one of the main bulwarks of banking. As a matter of fact, he does more than this, for his savings help to support the entire commercial and industrial fabric.

Of course, the income on capital which may be reinvested is in a little different class from wage savings. But it is a form of savings nevertheless.

#### AUTHOR OF THE FEDERAL RESERVE ACT

**S**EVEN cities are said to have been claimants to the honor of Homer's birthplace. There are perhaps an equal number of contestants for the honor and fame supposing to attach to the authorship of the Federal Reserve Act.

Senator Glass, who was chairman of the Banking and Currency Committee of the House, and who certainly had much to do with framing the measure, has lately contributed a series of articles to the *New York Evening Post* giving the history of this important piece of banking legislation. Mr. Glass has furnished much interesting information on the subject, some of which was not well known even if it had ever before been published. He confirms the impression that had long prevailed as to William J. Bryan's influence in helping put the act through Congress.

Mr. Glass deals with the charge that the Federal Reserve Act was of Wall Street origin. He presents facts which, he thinks, explode this charge. But on the heels of this confident assertion comes a letter from Professor Seligman of Columbia giving credit to Paul Warburg for the authorship of the act. This is coming perilously near Wall Street.

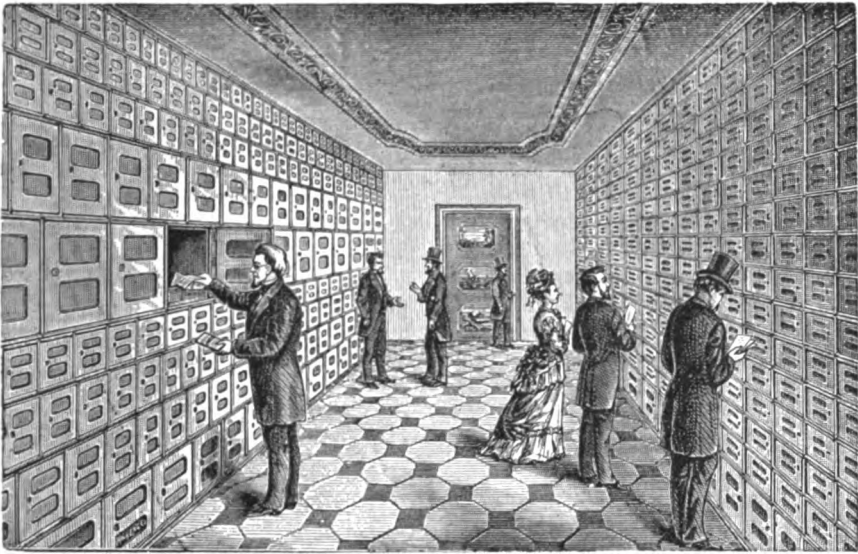
Senator Glass has published a refutation of Professor Seligman's claim.

Giving due credit to Mr. Warburg, Mr. Glass, and others, perhaps the truth is that, whoever drew the act itself, many minds contributed to its make-up. The Federal Reserve Act did not grow up in a night, and the ideas contained in it are not the product of a single mind.

Mr. Glass, having been so closely identified with this great piece of constructive legislation, could hardly be expected to preserve the impartial attitude desirable in the writer of history. But he has presented many valuable documents and much illuminating comment on the course of the bill through Congress. It is fortunate for the student of our banking history that he has done this.

#### DEATH OF MR. GAGE

**F**EW bankers in America were better known in their day than Hon. Lyman J. Gage, who died recently at his home in California at the age of 90. He began life in a very modest way in New York State, later gravitating to Chicago, where he became cashier and finally president of the First National Bank. He was prominently identified with civic affairs in that city, and gradually attained national prominence, which was increased when he became Secretary of the Treasury in 1897, a position he held for six years, and which he administered with conspicuous ability. He rendered the country notable service in floating popular loans at advantageous rates during the Spanish-American War, and was instrumental in securing the enactment of the Act of March 14, 1900, more firmly committing the country to the gold standard. He had a correct understanding of the principles of banking and currency, and the ability to state his views with clearness and force. In support of these principles he never wavered, and he exercised a conservative influence on banking and currency legislation.



## GUARDING AMERICA'S WEALTH

### Some Observations and Statistics on the Development of the Safe Deposit Business

BY GEORGE G. BRADFORD

Mr. Bradford is manager of the Union Safe Deposit Vaults, Boston. He is also ex-president and member of the executive council of the Massachusetts Safe Deposit Association and a member of the National Safe Deposit Advisory Council. Mr. Bradford's article is the first of a series which will appear in *THE BANKERS MAGAZINE* during the coming year covering every phase of safe deposit management and operation.

**T**HE modern safe deposit box is an American invention. It is also a very recent one. Indeed, a new profession was created in June, 1865, when Francis H. Jenks of New York organized and opened for business the first safe deposit vault in the world.

The novel feature of the new enterprise was the offering to a community of individuals the strength and security of a massive community vault and to each individual the independent control of his own private safe and its contents. This was secured by the ingenious invention of the safe deposit lock with its two keys—the guard key held by the vault custodian, the customer's private key fitting the customer's own safe and giving to him its exclusive control. This invention met two of the most distin-

guishing characteristics of our American life—our love of independence and our capacity for community effort.

There is nothing new in using a community vault for the safe keeping of private wealth. For centuries the banks have used their strong vaults for the "safe keeping" of the securities and personal wealth that their customers have brought them.

In the Middle Ages the goldsmith's strong box was the community place of safe deposit. In classic times it was the temple and in prehistoric times it was the circular earthwork into which prehistoric man, drove his four-footed treasure for safe keeping against the night raiders and hold-up men of his day.

There is nothing new about a community place for the safe deposit of per-

sonal wealth. The distinctive feature of this new American invention was in renting to an individual space in the community vault under conditions which gave that individual privacy and exclusive control over his own property.

The legal relationship thus created was novel. Even the rich heritage of our ancient common law has no exact precedent for determining the true relationship between the renter of a safe deposit box and the safe deposit vault. General principles were the main aids to the courts which dealt with the early cases arising under the novel conditions of the business.

#### FIRST VAULTS

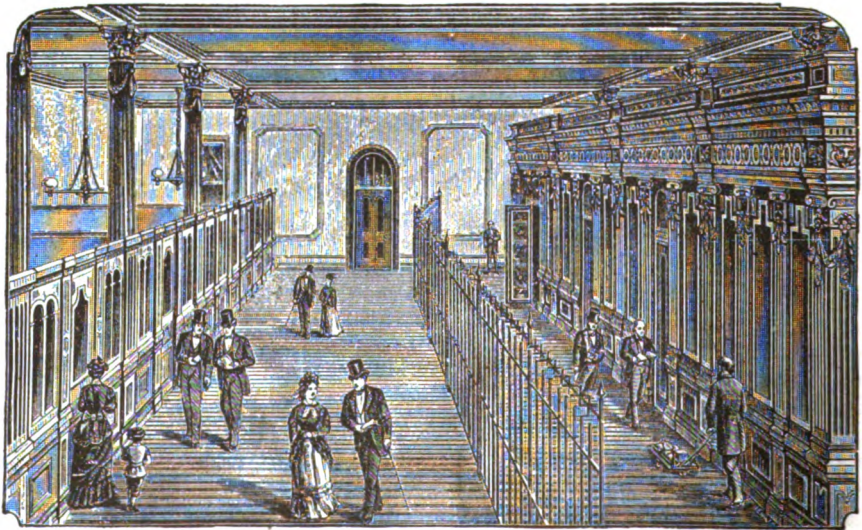
The first safe deposit vault to be organized was the Safe Deposit Company of New York, which opened for business in June, 1865, just at the close of the Civil War. It met an immediate need. The patriotic citizens of the day had invested very heavily in Government bonds and needed a safe place in which to keep them. The new venture was therefore an immediate success.

The second safe deposit vault was opened in Philadelphia on November 26, 1866, by the Fidelity Trust Company.

The third vault was opened in Boston at 40 State street, January 1, 1868, by Col. Henry Lee, under the name of the Union Safe Deposit Vaults. This third vault, equipped as first built, is still standing, although no longer used—probably the oldest existing safe deposit vault in the world.

Other sections of the country followed New York's lead slowly; New Orleans in 1870 opened the Louisiana Savings Bank and Safe Deposit Company; Chicago in 1871, the Fidelity Safe Deposit Company. In 1874, Denver and St. Louis both opened vaults. The Union Deposit and Trust Company of Denver says that its vaults are the "oldest west of the Missouri River," and that they "still have in their possession, although not in use, the original safe deposit boxes which were shipped from the Missouri River across the plain by ox-teams."

Following is a partial list of the pioneer vaults that were started during



The above and the illustration on the previous page are two views of the safe deposit vaults of the Trust, Security and Safe Deposit Company which was formerly owned by the Wayne County Savings Bank, now the Wayne County & Home Savings Bank, Detroit. These views were taken from an illustrated guide and souvenir of Detroit published in 1891.



the first fifteen years of the safe deposit business, so far as reported.

It is interesting to note how few vaults were started then and that all but four were organized especially to do a safe deposit business, as their names indicate. Bankers began to open safe deposit departments about 1880. Two of the four banks listed below opened their departments in 1879.

PIONEER SAFE DEPOSIT VAULTS  
1865-1879

June, 1865, Safe Deposit Company of New York, New York City.

November 26, 1866, Fidelity Trust Company, Philadelphia. (Present name Fidelity-Philadelphia Company.)

January 1, 1868, Union Safe Deposit Vaults, Boston.

January 1, 1869, Long Island Safe Deposit Company, Brooklyn, N. Y.

March 29, 1869, Safe Deposit Company of the City of Rochester, Rochester, N. Y. (Present name Rochester Trust & Safe Deposit Company.)

May, 1869, Worcester Safe Deposit & Trust Company, Worcester, Mass. (Vault business now conducted by Worcester Safe Deposit Vaults, Inc.)

October 15, 1870, Louisiana Savings

Bank & Safe Deposit Company, New Orleans.

June 1, 1871, Fidelity Safe Deposit Company, Chicago.

1872, Portland Safe Deposit Company, Portland, Maine.

January 1, 1872, Wayne County & Home Savings Bank, Detroit.

1873, Rhode Island Safe Deposit Company, Providence, R. I.

1874, Guarantee Trust & Safe Deposit Company, Philadelphia.

March 23, 1874, Denver Safe Deposit & Savings Bank, Denver. (Present name Union Deposit & Trust Company.)

1874, St. Louis Safe Deposit Company, St. Louis. (In 1902 absorbed by Mercantile Trust Company.)

1875, Mercantile Safe Deposit Company, New York.

1875, Boston Safe Deposit & Trust Company, Boston.

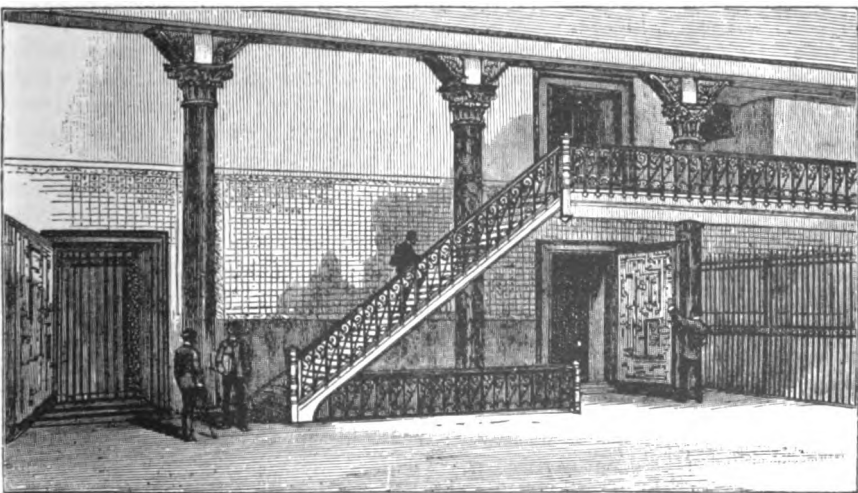
1876, Security Safe Deposit Company, Boston.

1879, First National Bank, Chicago.

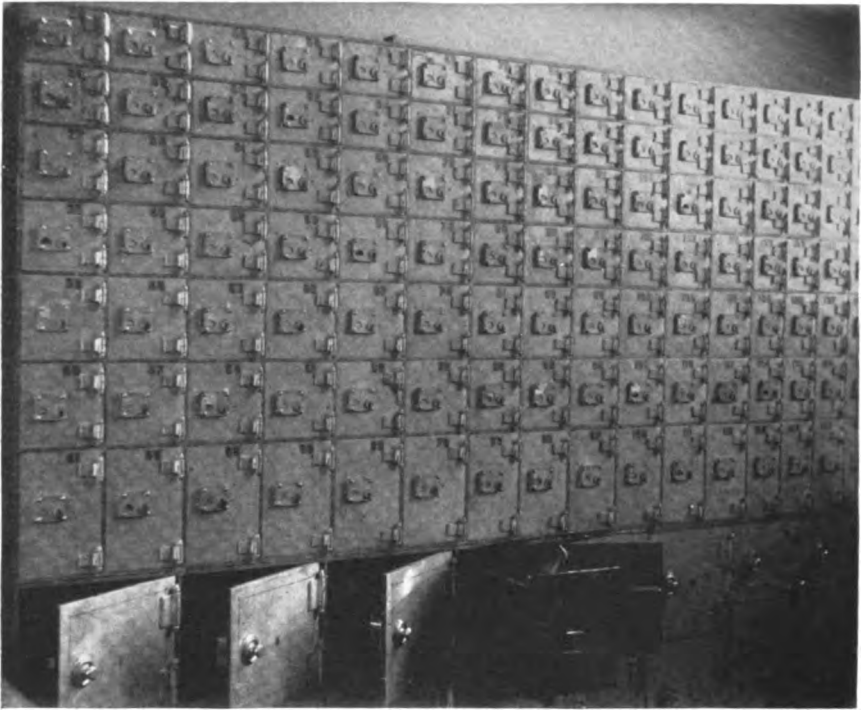
March, 1879, Girard Trust Company, Philadelphia.

EUROPEAN VAULTS

Europe followed America's lead in the new venture. The safe deposit vaults



Entrance to the safe deposit vaults of the Lincoln Safe Deposit Company, from an illustration appearing in *Harper's Weekly* in 1883 shortly after the opening.



Original safe deposit boxes of the Union Deposit and Trust Company, Denver, which were brought across the plains by ox teams in 1874. The locks are the old fashioned two-key locks. The first key raises the little shutter in the center of the door behind which shutter is the second key hole which is unlocked by the second key.

opened in London, Paris, Rome and other financial centers all had the distinctive safe deposit lock with its guard key and customer's key and methods of organization similar to those adopted by the best managed vaults in America. Certain distinctive local customs grew up in the different countries very interesting to a traveler versed in safe deposit lore.

In France, for instance, there has been adopted a method of vault construction called the "divided risk," that reflects the people's bitter experiences from foreign invasions and social revolutions. All the newest and strongest vaults are built, each with a large outer vault with massive walls and ponderous doors like our American vaults, then within are placed small burglar-proof safes, within which are the safe deposit boxes, fifty or sixty only in each safe.

When a customer wishes to visit his box the burglar proof safe has first to be opened, then the guard key used, as with us. When the customer is through, his box is locked and the safe is then locked, a slow and somewhat cumbersome process for the impatient American.

This is the cautious French method of guarding against riots, and proved very effective during the World War in baffling German raiders.

In Roman vaults there is a most curious custom. Each keyhole is sealed by a metal strap locked into place by a padlock which the customer furnishes himself. The motley array of personally selected padlocks of all shapes and styles causes the speculative traveler to wonder at a civilization that produces a Mussolini—and "padlocks."

London, the great banking center of the world, has with characteristic con-



servatism held fast to its banking traditions and still uses the true banking method of "safe keeping," that of receiving and holding securities of customers on deposit. None of the great London banks that the writer visited had safe deposit departments, while all the Paris banks had.

In France the business is conducted entirely as a department of the banking business. In a very interesting French treatise on the safe deposit business just published, the statement is made that there are no independent safe deposit companies there. Yet the same French writer, a professor of commercial law, has a very clear conception of the different legal status of the bank depositor and the box renter.

#### CONSERVATISM OF LONDON

The London bankers, recognizing its distinctive character, organized the new business independently. The oldest and largest safe deposit vault in London does exclusively a safe deposit business and was organized for that purpose.

It is a fact worthy of note that in New York State, where the business first originated as a separate business, there is on foot a movement pointing to a return to that policy. Within the last five years some forty safe deposit companies have been incorporated there, almost as many as in the previous fifty years.

Our London neighbors are strikingly conservative in regard to mechanical devices for protecting their bank vaults. American bankers will be amazed to know that some of the largest and wealthiest banks in London, in erecting new bank vaults for their own securities and cash reserves, have found it unnecessary or inadvisable to use combination locks, time locks, or electric protection. They have perfected methods of bank and community organization for the protection of personal property so effective that these mechanical devices are apparently looked upon by them as non-essential. A notorious American safe breaker, hearing of the primitive types of

safes used in England, went over and began safe breaking, made a few hauls with the greatest ease and was looking forward to making his everlasting fortune, when suddenly he found himself arrested, tried, convicted and safely locked up.

The whole of England appears to be



Storage vaults of the Lincoln Safe Deposit Company, New York, reproduced from a copy of *Harper's Weekly* for July 21, 1883.

organized upon the basis of responsibility—great freedom until something goes wrong, when the individual responsible is quickly and effectively eliminated or held to a "strict accountability."

A most delightful illustration of the English skill in protecting personal property without red tape or "padlocks" is their method of checking baggage. You take your baggage to the baggage room and say "Oxford." "Very good, sir," replies the baggage master. No receipt, no check. When you arrive at Oxford you stroll down the platform, pick out a good looking pile of baggage and say to the porter, "That's my luggage." "Very good, sir," he replies without question, and you walk off with it. Under this apparently reckless method, baggage in England is seldom lost or stolen.

The people have developed the art of responsible management and have reduced bank burglaries, defalcations, em-

bezzlements, pilferings and losses to a minimum.

This should be of special interest to all banks doing a safe deposit business, as the experts on safe deposit protection have for years been preaching the doctrine of trained and responsible management as the *sine qua non* of safety.

#### PERIODS OF GROWTH

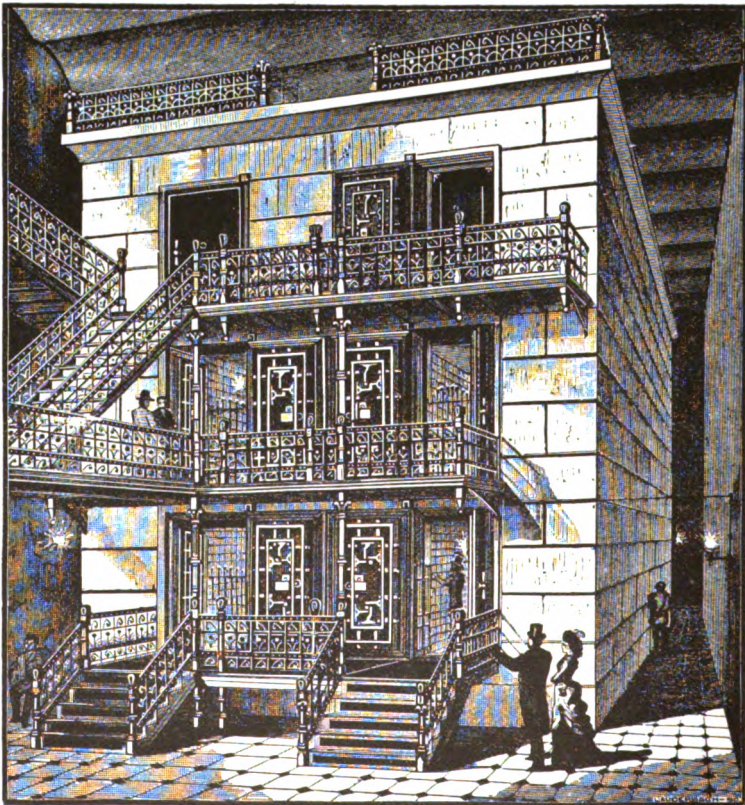
A study of the growth of the safe deposit business brings out some significant facts. The sixty-odd years of this new business may be divided roughly into three periods:

1. The post-Civil War period of about

twenty-five years—1865-1889 inclusive—a period of great danger, slow and conservative development and practically no losses.

2. The anti-war period of twenty-seven years—1890-1916 inclusive—a period of relatively little danger, the rapid development of small safe deposit departments and numerous small losses.

3. The World War period, from 1917 to date—a period of great danger, slower development and many losses. A period also of co-operative organization of all institutions doing a safe deposit business, to establish conservative "customs of the trade."



View of the vaults of the Guarantee Trust and Safe Deposit Company, Philadelphia, reproduced from an old pamphlet published probably in 1875 just as the company's building and vaults were completed. These vaults, which are still in use, were erected at a cost of \$100,000 when "dollars were dollars," an immense sum to spend in those days, but the company believes that it was money well spent for there never has been but minor repairing needed and only time locks and electric protection added.

A FEW STATISTICS

Through the courtesy of the Massachusetts Safe Deposit Association the following data have been obtained through a questionnaire sent out by the association to all the banks and safe deposit vaults in New England. This questionnaire brought replies from 409 institutions having safe deposit departments, giving data that reflect fairly accurately the growth and present conditions in New England. Information received from correspondents in other sections of the country indicates that the rate of growth has been similar in all sections.

Total number of vaults in New England. Number replying to questionnaire,

in the opening of new vaults. (See chart.)

SIZE OF VAULTS

No accurate data are obtainable as to the total number of safe deposit box renters in the country, but some suggestive data for New England have been obtained: 264 vaults in New England report 151,189 boxes rented; 130 vaults in New England report 103,849 boxes installed, but not all rented; total rented or installed 255,038.

Of these 394 vaults, more than 60 per cent. report having less than 500 boxes each.

From the three financial centers, Boston, Worcester and Providence, where the three oldest vaults in New England are located, 29 vaults report 95,871

GROWTH OF BUSINESS

Numbers of vaults opened by periods	Banks and safe deposit companies in New England		**Banks and safe deposit companies in New York City		†Deposit companies only in New York State	
	Number	Per cent.	Number	Per cent.	Number	Per cent.
Pioneer period .....1865-1889	14	3.4	22	15.5	10	10.9
Period of slow expansion .....1890-1899	60	14.6	15	10.5	2	2.1
*Rapid expansion or "cooky jar" period .....1900-1916	113		105	74	19	
War period .....1917-1926	84	48.2			13	34.8
	138	33.8			48	52.2
<b>Totals</b> .....	<b>409</b>	<b>100</b>	<b>142</b>	<b>100</b>	<b>92</b>	<b>100</b>

\*For description of the difficulties of this period of rapid expansion and their remedy see paragraph headed "Cooky Jar" Period.  
 \*\*Includes banks and incorporated safe deposit companies engaged in the business in New York City only up to 1911. Data from "In the Cave of Aladdin" published in 1911.  
 †Includes only incorporated safe deposit companies, and indicates a tendency to incorporation and specialization during the last ten years.

409; total number, estimated, 600-650. Total number of national banks, trust companies and savings banks in New England, 1176. Percentage of vaults in proportion to this number, over 50.

The total number of national banks, trust companies and savings banks in the United States is 29,745.

The number of vaults in the United States is wholly conjectural but, from the above figures, it would seem to be safe to estimate the total as between 10,000 and 15,000. Of these approximately one-half were opened during the brief period of fifteen or twenty years before the World War. After we entered the war in 1917 there came a surprising drop

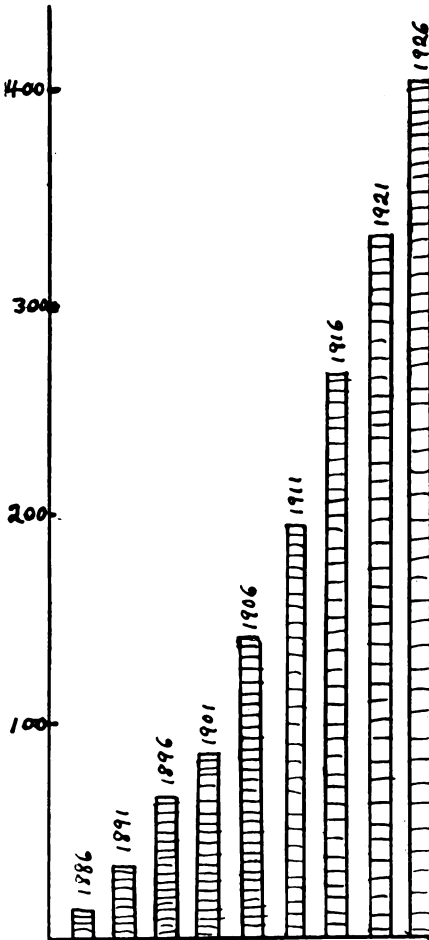
boxes installed or rented, an average for those cities of some 3000 boxes.

For the rest of New England the average is a little more than 430 boxes to a vault. That looks very small, until one reckons up the contingent but unknown liabilities represented by the negotiable securities contained in those boxes. These will probably average not less than one million dollars to a vault, and generally many millions.

The problem of these small vaults is that of adjusting the rent charges, so that the gross rentals received from their few customers will cover the cost of adequately protecting the millions of negotiable securities in the customers' boxes.

## IMMUNITY FROM LOSS

The complete immunity from loss during the first twenty-five years of the safe deposit business is deserving of comment. It was a period of great danger.



Showing the number of safe deposit vaults in operation in New England at the close of the years indicated.

Safe deposit boxes were filled with Government bonds, easily negotiable, as tempting to the thief as cash. The community was full of reckless criminals, trained by the exigencies of a great war to take desperate chances to gain their own ends. Bank burglaries, holdups and confidence games were of almost daily occurrence. Some of the most spectacu-

lar bank burglaries of the country occurred during the first fifteen years after the Civil War.

As history is likely to repeat itself, let us note the significant dates of the greatest American bank burglaries. Four years after the Civil War, in 1869, burglars stole more than \$1,000,000 in cash and bonds from the Ocean Bank, New York. In 1876, eleven years after the war, came the famous Northampton Bank burglary, with the loss of more than \$1,500,000 and in 1878, two years later, came the greatest of all, the famous robbery of the Manhattan Savings Bank of New York with a loss of \$2,747,700 in cash and bonds. This, one of the last of the great bank burglaries, came thirteen years after the war.

Today, as we enter a period ten or fifteen years after a great war, the banks and safe deposit vaults of the country are threatened with the same danger that threatened the banks of the country following the Civil War. In a recent lecture on vault protection, Frederick S. Holmes, one of the great vault engineers of the country, discussed the possibility of a "Renaissance of Bank Burglary."

He believes, as the writer believes, that out of the ranks of the common bandits committing the crimes of violence so prevalent today there is likely to emerge the master criminal "with the art and skill" to repeat the great bank burglaries of the Civil War period.

The safe deposit vaults and banks specializing in the safe deposit business came through the period of great danger without a loss, for all of the early vaults were organized with the most experienced and responsible management and rates were charged that enabled them to maintain a most adequate and efficient force of day and night guards. These rates were not excessive, they were merely commensurate with the value to the customers of the services rendered and of the liabilities assumed by the vaults. To illustrate, the Safe Deposit Company of New York, the first to open, charged \$30 to \$40 a year. The Union Safe Deposit

Vaults of Boston, the first in New England, charged \$20 for a small box 3 inches high, 4½ inches wide and 19 inches long and for larger sizes in proportion.

These vaults were operated on the sound economic principle that an institution serving the community must make a fair profit and have an ample margin of safety if it is to render good service. The record of complete immunity from loss of all these early vaults confirms the soundness of this policy. As a matter of safety and protection for the box renters safe deposit rates should be re-adjusted to conform to this policy.

During the ten years from 1890 to

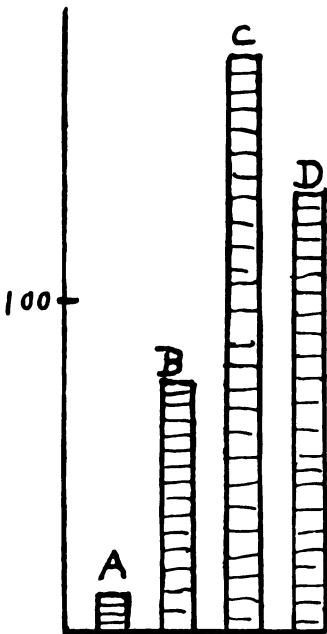
strong, well-equipped vaults and responsible management and the record of practical immunity from loss was continued. By 1900 this tradition of immunity became so strong that thousands of banks all over the country began to enter the business on a small scale with inadequate equipment and inexperienced managers.

#### THE "COOKY JAR" PERIOD

The extreme informality with which these small safe deposit departments were conducted has caused this period from 1900 to 1917 to be known as the "cooky jar" period. It was a brief period of fifteen or twenty years that will perhaps never again have its parallel in this country, a period thirty-odd years after the Civil War and before the World War, when the safe deposit boxes of the country held practically no Government bonds and little that the ordinary thief could steal and dispose of without certainty of detection.

The securities of the day were mortgages or certificates of stock that were not negotiable or bonds that could not easily be negotiated by thieves in the somewhat narrow bond markets of that day. To accommodate a few conservative customers who wanted a fire-proof place of deposit for their valuable papers and securities, banks installed small nests of 50 or 100 boxes in the back of their bank vaults (vaults often only fire-proof, not burglar-proof) and rented them at nominal rates of \$2 or \$3 a year. This was done with the greatest informality. A prevalent custom that gave the name to the period was to hang the guard key at the entrance to the vault or have the teller pass it out to the box renter with the days of the writer's boyhood when every well regulated family had its cooky jar and the hospitable custom prevailed for the boys and girls of the neighborhood to walk in and help themselves.

Other customs equally joyous and equally incompatible with the traditions of sound safe deposit protection were practiced all over the country with ap-



Showing the number of safe deposit vaults established in New England by periods. A Pioneer Period (1868-1886) 11 vaults. B Slow Expansion Period (1887-1901) 78 vaults. C Rapid Expansion Period (1902-1916) 179 vaults. D War Period (1917-1926) 137 vaults.

1900 an increasing number of banks began to enter the business but, as a rule, on a sound and conservative basis, with

parent impunity, until the World War and the Liberty bonds came. Then rude and unscrupulous boys began to break into the safe deposit cooky jars by the hundreds and clean out their Liberty bonds, amounting in the aggregate to many millions of dollars. It was the end of a period. Cooky jars went out of fashion.

The bankers of the country, the writer is sure, will forgive this facetious reference to the informal way many of them conduct their safe deposit departments. No discourtesy is intended. All professional safe deposit managers appreciate the difficulties and perplexities of the busy bank cashier who is responsible for the safe and wise management of a small and probably unprofitable safe deposit department. (There are probably eight or ten thousand of them in the United States.)

He wishes to arouse these bankers to the simple fact that there is danger now where there was no danger ten years ago, and to put them into association with other bankers and vault managers who, doing business under the same conditions, have found practical ways of meeting the situation. This can be done through the safe deposit associations that are springing up in all sections of the country. Every bank having a safe deposit department should join the nearest safe deposit association or start one in its own state.

#### LEGAL DECISIONS

It does not come within the scope of this article to discuss the legal aspects of the safe deposit business. That will be done in a later article. But it is pertinent to note the historic fact that almost all the early legal decisions affecting the safe deposit business came during the period of rapid growth and great informality, and that many decisions of this period established legal precedents that have proved most embarrassing to the conservative and convenient conduct of the safe deposit business. It is believed that most of these will ultimately be reversed

as the business becomes better organized and its distinctive features are better understood. Certain legal decisions rendered within the last two years, and public addresses made by legal counsel well informed on sound safe deposit practice, indicate that this legal re-adjustment is to come in the near future.

In explanation of the difficulties under which the courts and legal counsel have labored, let us again remind ourselves of the extreme novelty of the business and that until quite recently there had been no effective state-wide organization of the business in any state, with the possible exception of New York; no well established state-wide "customs of the trade" and no well defined trade vocabulary or terminology with which to describe accurately the novel and distinctive features of the business.

The legal decisions of that period, therefore, reflect the unorganized condition of the business at the time—not the true legal status of the business.

The following may illustrate the practical difficulties and importance of terminology or trade vocabulary. At the present time experienced vault managers are discussing the proper terms to use in describing different rules of access. Should "double access" or "double control" be used to mean that access is to be granted only to two persons coming together, and should "joint access" mean that either one of two "joint tenants" can go alone to the box under a form of contract technically known as "joint tenant contract?" Or does it mean that two must go?

#### USE OF TERMS IMPORTANT

The importance of the accurate use of these terms is shown by the fact that the most important suit brought against a safe deposit company in Massachusetts in forty years arose out of an alleged misunderstanding as to whether access should be granted to one person or to two persons only coming together.

A rose by any other name may smell



as sweet, but the name used in describing the "guard key"—that distinctive feature of the safe deposit box—is a matter of great concern to every box renter in the United States. The manager of one of the oldest safe deposit vaults in the country and his most competent legal counsel both claim that they lost an important test suit because the legal counsel had not been coached in that apparently insignificant matter of name. Throughout the trial he spoke of the "guard key" as the "master key." As a "master key" opens any lock, the possession of a "master key" carried with it the implication that the safe deposit vault had access to the box renter's box and, therefore, control of its contents. The decision of the court was in conformity with that theory and in consequence every safe deposit box in the state is subject to trustee or garnishee process, called "attachment" by most business men.

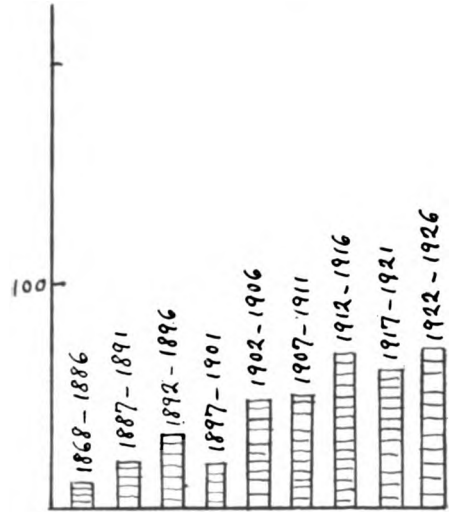
It is a matter, therefore, of some concern to every bank and box renter in a community, that correct names as well as safe customs be used in the safe deposit business. While there is great controversy as to whether this error in describing a "guard key" did or did not affect the decision of the court in this particular case, the writer notes the historic facts as cited above. It is also a fact that it has only been within comparatively recent years that the safe deposit managers of the country have been aroused to the necessity of conferring with their associate vault managers in this important matter.

About 1921 the late Trigg Waller, then head of the Illinois Safe Deposit Association, first brought to the writer's attention this matter of the proper name for the "guard key," stating that suits in Illinois and other neighboring states had been lost through confusion of terms and that greater accuracy of terminology was in his judgment most essential. At this suggestion, the question was taken up with the managers of the safe deposit lock manufacturing company of

which the writer had been managing director and the idea of their doing missionary work along that line was suggested.

The last World War period through which we are now passing is forcing increased attention to all these matters.

The distinguishing features of this period have been the advent of the Liberty bond, the many losses suffered



Showing the number of new safe deposit vaults established in New England during years indicated. 1868-1886, 11 vaults; 1887-1891, 22 vaults; 1892-1896, 34 vaults; 1897-1901, 22 vaults; 1902-1906, 52 vaults; 1907-1911, 54 vaults; 1912-1916, 73 vaults; 1917-1921, 64 vaults; 1922-1926, 73 vaults.

by poorly organized and inadequately equipped vaults, and the forming of many state safe deposit associations.

#### LIBERTY BONDS

Liberty bonds have not been an un-mixed blessing to the safe deposit business. A careful analysis of the growth of the business brings out some rather contradictory figures. That they created a great demand for boxes is a matter of common knowledge and this is reflected in the gains reported by all established vaults, but there is a most surprising



drop in the number of new vaults built during the first five years after 1917—a drop from a 36 per cent. increase in the preceding five years to an increase of only 22 per cent. During the last five years the rapid retirement from circulation of several billions of the smaller de-



Interior of the Union Safe Deposit Vaults, Boston, showing the inner burglar-proof safes (or wardrobes) with their doors closed. (The other view shows them with doors open.) These "wardrobes" contained the nests of boxes and were installed inside a massive burglar-proof vault. Each "wardrobe" had its own combination lock and was closed at night and opened in the morning. This double system of inner and outer vaults is similar to the "Divided Risk" system used in all modern French vaults.

nominations has caused a surrender of thousands of boxes and an actual reduction in the number of boxes rented in many vaults, especially during the last two years. The total number of new vaults opened appears to be the same as during the five years before the war, but the number built in 1926 was the smallest for many years.

The World War period has done one good thing. It has forced the safe deposit managers out of their holes and sent them forth to preach the gospel of independent, responsible management and co-operation. They have done this through a method of co-operative organization that was unfamiliar to the banking fraternity when they began their crusade. They generally called it the "group meeting" or "shop-talk dinner." It is not a new method. Doctors have used it successfully for generations to maintain the high ethical standards of their profession.

#### SAFE DEPOSIT ASSOCIATIONS

The safe deposit associations hold monthly or quarterly meetings open to all members for the informal discussion of all questions or difficulties that arise. These discussions are reported verbatim and published in monthly bulletins mailed to the members. The purpose of this method is to place at the service of each member of the association the experience of every other member and yet leave each member free to exercise his own sound discretion in meeting his own local problems and needs.

The first safe deposit association was formed in New York, March 16, 1906, with John R. Van Wormer of the Lincoln Safe Deposit Company as its first president. The credit for starting the association movement in this country is due John P. Carter of the Lincoln Safe Deposit Company, author of "In the Cave of Aladdin," published in 1911, a valuable narrative of the safe deposit business of that day.

During the first four years the new association operated by the committee method common in banking associations. About 1910 Walter C. Reid, of the Lincoln Safe Deposit Company, became a director and suggested the issuing of a bulletin.

This led to the custom of inviting all members of the association to the monthly shop-talk meetings, previously open only to members of the executive com-

mittee, and the "group meeting" became an established custom. Later, all vault managers in the country were invited to attend an annual convention in New York for free and informal "shop talk" discussions. Bulletins containing verbatim reports of the meetings were sent to subscribers all over the country, doing in this way missionary work of the highest value. In 1911, San Francisco formed an association; in 1915, Illinois and St. Louis; in 1917, Massachusetts and California and in 1920, Cleveland.

#### NEW STEP TAKEN

In that year a new and decisive step forward was taken largely under the leadership of Edward J. Phelps, president of the Northern Trust Safe Deposit Company of Chicago, with the co-operation of Walter C. Reid of New York

A conference was called in Buffalo of twelve representative vault managers from six associations—New York, Illinois, Massachusetts, St. Louis, Cleveland and Buffalo.

This Buffalo conference was the first step toward co-operative effort on a national scale. At this conference also the policy was agreed upon of establishing local "group meeting" associations in the smaller financial centers to meet the needs of local bankers carrying on the business on a small scale. Up to this time the safe deposit associations of the country were located in great metropolitan centers. Their benefits were enjoyed mainly by the professional vault managers and were highly prized by them.

In 1919 Massachusetts had begun a missionary campaign to establish local group meetings for the benefit of the bankers of western and central Massa-



Interior view of the original safe deposit vault of the Union Safe Deposit Vaults, Boston, which opened January 1, 1868, the third oldest in the United States. This vault with its original equipment is still standing, although for several years it has not been used. As the two older vaults are said to have been dismantled, this vault is today the oldest vault in the world built and equipped for the safe deposit business.

chusetts and to persuade the bankers of eastern Massachusetts to attend the monthly meetings in Boston. To the two representatives from Massachusetts is due the credit of suggesting this missionary policy as a national policy. They were Oscar W. Coddling, manager of the First National Bank Vaults of Boston, and the writer. It was immediately taken up by the other associations and pressed with great vigor. Illinois started associations in Michigan, Minnesota and Wisconsin. New York started associations in Connecticut, Pennsylvania and New Jersey and developed branch or affiliated groups in Buffalo, Albany, Rochester and central New York. Massachusetts carried its organization into every county in the state and established strong local organizations in Maine, New Hampshire and Rhode Island.

Fifty per cent. of the safe deposit banks of New England are now members of either the Massachusetts or Connecticut associations. Similar results have been obtained in New York and New Jersey. All these eastern states are relatively small, with many financial centers within easy reach of each other. The co-operative organization of these states has therefore proceeded a little more rapidly than in the larger, more sparsely settled western states. But there also the good work is being pressed steadily on.

In the South there is only one association, the Louisiana Association, which was started through the energy and vision of L. E. Thoman, manager of the safe deposit department, Hibernia Bank and Trust Company, New Orleans. Mr. Thoman is also a member of the executive committee of the National Safe Deposit Advisory Council.

#### NATIONAL CONFERENCE GROUP FORMED

Through the untiring efforts of Edward J. Phelps of Chicago, a national conference body has been formed known as the National Safe Deposit Advisory Council. Its statement of purpose reads:

"The object of the organization shall

be the consideration of, and the suggesting of, matters of interest for discussion at meetings or conventions, and for the general improvement of the safe deposit business as a whole, by promoting more effective co-operation between safe deposit associations without interfering with the right of every state association to maintain its own local state laws, customs and traditions."

One of the most important questions discussed by this council and its member associations is how to serve more effectively the thousands of banks engaged in a small way in the safe deposit business.

Every banker engaged in the safe deposit business must have some practical way of informing himself of the wisest "customs of the trade" in his own state. A steadily increasing number of bankers are recognizing this necessity and are joining some association—their own state association or one in a neighboring state.

To aid bankers wishing to take this step the writer appends the list of safe deposit associations in the different Federal Reserve Districts. Several districts have no associations.

Bankers in those districts wishing for information should communicate with some one of these associations or with the officers of the National Safe Deposit Advisory Council.

#### NATIONAL SAFE DEPOSIT ADVISORY COUNCIL

President, Oscar W. Coddling, First National Bank Vaults, Boston, Mass.; vice-president, Philip S. Malcolm, City National Bank, Bridgeport, Conn.; secretary-treasurer, William O. McClure, Cleveland Trust Company, Cleveland, Ohio; executive committee: officers ex-officio—Louis V. Ennis, Chatham Phenix National Bank & Trust Company, New York; E. J. Phelps, Northern Trust Safe Deposit Company, Chicago, Ill.; C. J. Shaw, Merchants & Manufacturers National Bank, Newark, N. J.;

and L. E. Thoman, Hibernia Bank & Trust Co., New Orleans, La.

SAFE DEPOSIT ASSOCIATIONS BY FEDERAL RESERVE DISTRICTS

District 1. Massachusetts Safe Deposit Association, Robert McIntyre, secretary, 88 Summer street, Boston, Mass. (Organized 1917—250 members.)

Connecticut Safe Deposit Association, Philip S. Malcolm, secretary, City National Bank, Bridgeport, Conn. (Organized 1921—77 members.)

District 2. New York State Safe Deposit Association, F. J. Spadinger, secretary, New York Stock Exchange Safe Deposit Company, New York, (Organized 1906—606 members.)

District 3. New Jersey Safe Deposit Association, C. J. Shaw, secretary, Merchants & Manufacturers National Bank, Newark, N. J. (Organized 1923—188 members.)

District 4. Pennsylvania Safe Deposit Association, D. J. McInerney, secretary, Continental Equitable Title & Trust Co., Philadelphia, Pa. (Organized 1921.)

Cleveland Safe Deposit Association, Milton R. Norris, secretary, Society for Savings, Cleveland, Ohio. (Organized 1920—79 members.)

District 6. Louisiana Safe Deposit Association, Leo Gauslin, secretary, Canal Bank & Trust Co., New Orleans, La. (Organized 1923.)

District 7. Illinois Safe Deposit Association, Oscar C. Landolf, secretary, Northern Trust Safe Deposit Company, Chicago, Ill. (Organized 1915—119 members.)

Wisconsin Safe Deposit Association, F. Bahr, secretary, National Bank of Commerce, Milwaukee, Wis.

Michigan Safe Deposit Association, George W. Willard, president, Penobscot Safe Deposit Vaults, Detroit, Mich. (Organized 1922.)

District 8. St. Louis Safe Deposit Association, John J. Langley, secretary, American Trust Company, St. Louis, Mo. (Organized 1915.)

Kansas City Safe Deposit Association, Margaret S. Cockle, secretary, Safe Deposit Company of Kansas City, Kansas City, Mo. (Organized 1926.)

District 9. Minnesota Safe Deposit Association, E. M. Pettibone, president, Central Trust Company, St. Paul, Minn.

District 12. California Safe Deposit Association, Elizabeth Ann Drake, secretary, Commercial National Trust & Savings Bank, Los Angeles, Calif. (Organized 1917—96 members.)

San Francisco Safe Deposit Association, Henry L. Whipple, secretary, Savings Union Office, Mercantile Trust Company, San Francisco, Calif. (Organized 1911.)

Oregon Safe Deposit Association, B. W. Linton, secretary, United States National Bank, Portland, Ore. (Organized 1924.)

CALIFORNIA BANK ANNOUNCES PERSONNEL CHANGES

CHANGES made in the California Bank, Los Angeles, at a meeting of the board of directors, are as follows: A. N. Kemp, executive vice-president, was elected chairman of the executive committee; Lewis E. Bliss, vice-president in charge of the Eighth and Broadway office, was transferred to the executive department at the head office; T. E. Ivey, Jr., cashier, was given a vice-presidency in addition to the cashiership; A. T. Brett, formerly assistant cashier, F. M. Magee, manager of the credit department and George A. Kern, manager of the American branch, were made junior vice-presidents.

W. J. Murray, formerly manager of the Van Nuys branch, was made supervisor of the San Fernando district and W. E. Chisholm was appointed manager of the Van Nuys branch with Norb Hargrove and George M. Kepper as assistant managers. W. E. Drew is junior vice-president in charge of the San Gabriel district; C. H. Burlingame, junior vice-president in charge of the Hollywood district and G. Maulhardt, junior vice-president, supervisor of the Market district.

# TO DARE OR NOT TO DARE

BY RICHARD W. SAUNDERS

A STUDY of men, successful and unsuccessful, would seem to justify their division into two groups, those who dare and those who, through caution, only play what is thought to be a "safe game." Not that the daring men are always successful, or the cautious unsuccessful, nor is the contrary true. But, from example, it would seem to be safe to assert that the majority who have succeeded beyond the ordinary degree are the men who have been willing to take chances.

It is largely if not entirely a question of the type of mind. Some men have the faculty of staking their all upon a single cast. As Kipling says in "If:"

"If you can make one heap of all your  
winnings  
And risk it on one turn of pitch-and-  
toss,  
And lose and start again at your be-  
ginnings  
And never breathe a word about your  
loss;"

This is generally referred to as the "gambling spirit" and is looked at askance by people of the conservative type of mind. Yet all men must take chances of some kind or other, for life is full of instances where decisions must be made. And the world is too full of human derelicts who have dared and failed for one to deliberately suggest the policy of daring indiscriminately. There must be other qualities to "back up" such a method. Judgment of men and things, the ability to foresee results, a temperament that is not easily frightened or discouraged, a constitution that enables one to sleep at night no matter what tremendous issues are at stake, a mind not easily worried—these are all requisite, and many more. Sometimes the mere knowing when to "let go" decides the result.

The cautious mind is so constituted that a slight success is immediately harvested, so to speak. After all, if a man

is easily satisfied, and is not prone to worry over what might have been, that is the safest thing to do. Saving a lot of small earnings will bring a man a competence. But such a man rarely accumulates a fortune. Audacity and the power to sustain it are great attributes which not all men possess and when they do, and use them with good judgment, they spell riches. The conservative man can be as happy but will not be as wealthy.

The happy combination would seem to be when the daring man, having made his "pile," becomes conservative and invests it wisely without taking again and again the risks through which it was made. But his mind being of the daring type, it is hard to resist the lure of the game. Success brings confidence and sometimes overconfidence, and the wealth disappears through the same process through which it was accumulated.

The cautious man, on the other hand, with a competence assured, may bring himself to dare a little further than he had before felt he could go. And the chances are his conservative mind will prevent his staking his all and by restricting his efforts to moderate risks, he may be fortunate and try again. True he may have a "hard knock" or so, but he is not likely to suffer a severe reverse. And perhaps one sad experience will convince him that he is not made for that sort of thing and leave him content with what he can add through the same cautious proceedings that are in-bred in him.

For the man who has no qualifications for this highly specialized game, which might be called the "risk for riches," the savings banks, life insurance investments and the highest grade of securities are absolutely and positively the only safe things to consider. For there is truth in the biblical saying, "for whosoever hath to him shall be given; and whosoever hath not from him shall be taken even that which he seemeth to have."



# WHY THE TARIFF SHOULD BE REVISED

BY CORDELL HULL

This article by Congressman Hull of Tennessee is one of a series appearing in *THE BANKERS MAGAZINE* discussing various phases of the tariff problem. Now that the United States has become a creditor nation our foreign trade assumes a new importance and our whole tariff policy becomes subject to re-examination. These articles will attempt to set forth both sides of the argument for and against high protective duties. Congressman Hull is a member of the Committee of Ways and Means of the Sixty-ninth Congress.

**A**MERICA today more urgently needs sound, courageous, economic leadership than at any time in the past. There is no lack of economic statesmanship, but the will to lead is feeble. The result is that an insignificant, but powerful and selfish, minority during recent years has dictated unwisely all important economic policies in this country. High tariffs have been their fetish. All other financial, trade, and general economic policies are rigidly subordinated to a system of ultra high tariffs designed to afford greater protection than any in fiscal history, although far less is needed from any viewpoint.

Tariff protection, as has often been said, necessarily implies two classes, one to be protected and the other to protect it. Such protection bestows full benefits on some producers, less on others, and none at all on still others. A certain cross section of our domestic manufacturers is the principal tariff beneficiary. This is well, from the standpoint of tariff protection, because the very secret of its success is that its benefits are restricted to relatively small numbers, otherwise the system would fail to be sufficiently remunerative. Under this system a share of the earnings of all other classes is taken from them by law and diverted to the use of the tariff beneficiaries. Such free contributions or gifts are made by compulsion and without compensation. The victimized classes are required by the Government both to maintain a livelihood for themselves and to contribute extra profits to the business of the tariff

beneficiaries. The amazing fact is that these latter comprise not more than 10 per cent. or 15 per cent. of our population, and yet their unbridled tariff license to extort from the other 85 per cent. or 90 per cent. goes unchallenged by millions of intelligent citizens knowing the facts.

## DETERMINATION OF ECONOMIC POLICIES

Economic policies must be determined, not by conditions existing one hundred years ago, or fifty years ago, or ten years ago, but by those of the present post-war financial, industrial and commercial period. No country in history has experienced a transformation in its material affairs so rapid and radical as America during the last ten years. Vast changes in economic conditions everywhere were wrought by the World War, and most unfortunate will be the nation which fails to recognize and act upon them.

The war, for example, almost completely reversed all the previous conditions on which high tariffs were predicated in this country. For two generations prior thereto this nation pursued a high tariff policy most of the time upon the idea that we were a debtor country, and upon the naked assumption that Europe, having a superabundance of capital and superior manufacturing skill, could vanquish America in all competitive lines. Our tariffs were kept at such high rates as would protect from foreign competition not only the least efficient industries, but the least efficient business concerns in those industries.

They were also designed to protect any pretended business or industry, the existence of which was not economically justifiable from any viewpoint; and finally, tariffs were heaped promiscuously and indiscriminately upon raw materials and manufactures for the asking. Little thought or attention was given either to agriculture or foreign trade. Our pre-war tariffs only contemplated a productive output that would meet home consumption. Any business or industry unwise or unfortunate enough to have a surplus was expected to "dump" it on other countries.

#### AMERICA AS A CREDITOR NATION

America emerged from the World War as a great creditor nation and industrial giant with a productive capacity largely in excess of domestic needs, and with manufacturing skill and efficiency far outstripping that of the disorganized, dislocated, and impoverished industries of Europe. Our output of manufactures jumped from \$24,000,000,000 in 1914 to \$60,000,000,000 in 1923, and nearly \$65,000,000,000 in 1926. Our exports increased from \$2,466,000,000 in 1913, to \$8,228,000,000 in 1920, and stood at \$4,868,000,000 in 1925, or nearly 25 per cent. above the level of 1913, measured by pre-war prices. Almost one-half of the gold supply of the world has gravitated to the United States. American pre-war indebtedness of \$5,000,000,000 owed abroad has been converted into credits—Government and private—aggregating \$21,000,000,000. The nation possesses unlimited supplies of foodstuffs, mostly raw materials, and a huge manufacturing plant never before equalled in efficiency and output.

The balance of the world after the war, on the other hand, found itself denuded of foodstuffs, raw materials, and manufactures; overwhelmed with debt; cursed with collapsed exchanges, depreciated currencies, and unbalanced budgets. America had but to adopt economic policies applicable to the post-

war domestic and world conditions in order to become the permanent leader of all nations in finance, industry and commerce. It is tragic that our nation thus far has pursued the opposite course of economic aloofness and isolation, seeking to live unto itself alone.

We proceeded rapidly to construct extremely high tariff walls, bristling with a network of trade obstructions, reprisals and restrictions. Our world leadership in thus propagating high tariff systems today beholds more than fifty other countries imitating our example, thereby restricting trade with each other to the minimum. One result thus far is that European trade in 1925 was 10 per cent. below the pre-war level, while the total world trade only exceeded it by 5 per cent. The rehabilitation of credit, commerce, and economic stability in Europe, always our best customer and now our largest debtor, has been hopelessly handicapped and delayed. The serious reactionary effects upon our own country have been tremendous.

#### POLICIES DICTATED BY FEAR AND GREED

Unreasoning fear and selfishness or greed on the part of tariff beneficiaries have dictated our economic policies since the war. From 1920 to 1922 the American people were doped half to death with propaganda to the effect that our country was about to be submerged by a flood of foreign imports, although for the four years from 1919 to 1922 our exports were \$24,465,000,000 and imports \$14,804,000,000, giving us a favorable trade balance of \$9,661,000,000. Our imports of finished manufactures, dutiable and free, in 1921, in quantity were not above the pre-war volume, while our exports of finished manufactures showed an increase of a billion dollars above the five year pre-war average. The fact that collapsed exchanges and depreciated currencies in certain countries abroad made some sporadic imports to this country possible during 1921-22, was seized upon and



greatly magnified by tariff beneficiaries, with the result that widespread fear of these scattering import items became virtually the sole pretext for the Fordney tariff enacted in September, 1922. This astounding feat will long afford an outstanding illustration of Government by a small minority. No home market was ever so impregnable and secure as ours during this period. The balance of the world was hungry and crying for our surplus food stuffs, raw materials, and finished manufactures.

The Fordney tariff law was framed without information and without regard to facts, conditions, or justice. Its proponents confessed as much and rested their justification for utterly haphazard tariff legislation upon the flexible provisions of the Fordney act, which they claimed would enable the President gradually to develop a scientific tariff system in the light of actual facts and conditions—a perfectly absurd prediction. The Fordney law grossly outrages even the doctrine of tariff protection. It strikingly illustrates the historic fact that tariff beneficiaries never practice what they preach to the American voters. They preach reasonable tariff protection and practice prohibitive tariffs or embargoes. The general public is naturally slow to detect the difference. Nearly three-fourths of the rates and classifications of the Fordney act are either prohibitive, or useless from the standpoint of appreciable competition.

#### RESULTS OF HIGH TARIFF

If the chief effect of existing high tariffs were only to enhance the profits of the domestic manufacturer, the situation, while grossly unjust, would not be so serious. It is astonishing, however, in the light of post-war conditions, to find that the Fordney tariff is either a controlling or major factor in (1) the high cost of living, (2) the high cost of production, (3) excessive freight rates to the extent of over \$200,000,000, (4) the measurable prevention of the repayment

of \$21,000,000,000 of public and private debts owed us from abroad, (5) inability to maintain and develop a suitable merchant marine, (6) existing barriers, obstructions and restrictions against international commerce, (7) trade retaliations, reprisals, boycotts, and hold-ups, as in the recent instance of rubber, (8) the growing number of trusts and other price-fixing combinations, (9) the use of unlimited slush funds to corrupt and buy elections and control the Government, (10) the long delay in the restoration of credit and commerce, and the economic rehabilitation, of European countries, and (11) the redistribution of wealth as between agriculture and industry in this country. Any unbiased economic authority must concede that our prohibitive tariffs and the network of restrictions, embargoes, retaliations and other trade and financial methods and practices which accompany them, are either a prime or a controlling factor in each of these eleven conditions.

The immediate money cost of the Fordney tariff to the general public can only be arrived at by taking the total customs revenues that reach the Federal treasury and adding thereto the aggregate increased profits to American manufacturers which such tariffs make possible. These will total around \$5,000,000,000. This, however, is not the only item of high tariff cost to the American people. Other losses of money, opportunities, benefits and advantages with respect to our foreign market situation, our merchant marine, the repayment of foreign debts, and other vital interests, while less tangible but equally real, will easily increase the total to \$15,000,000,000 annually. The Fordney tariff not only inflicts gross injury to our economic life, but, worst of all, diverts it from its true course to an extent wholly contrary and repugnant to its organic nature. It is also prohibitive rather than competitive or protective in the ordinary sense. A large number of its rates applicable to thousands of commodities operate as an embargo.

## WIDESPREAD MISAPPREHENSION EXISTS

A widespread misapprehension exists as to the exact nature of the Fordney tariff system because of its revenue yield of more than \$550,000,000 and its average *ad valorem* rates of slightly less than 37 per cent. Neither the revenue nor the average *ad valorem* rates afford a criterion by which to judge the true nature of a tariff structure. England, with an average tariff of 60 to 75 per cent. on non-competitive imports, derives a revenue of nearly \$550,000,000. And furthermore, the *ad valorem* average of a tariff system rises and falls according to price levels. This average rate of the Dingley law fell from 52 per cent. in 1899 to 42½ per cent. in 1907, while the average *ad valorem* rates of the Underwood tariff fell from 33½ per cent. in 1915, to 16½ per cent. in 1919, on account of increased prices. The fact also should be observed that the mass of prohibitive rates in the Fordney Act do not appear in the calculations. The amount of customs revenue is of even less significance. The English tariff rate on sugar for many years, if applied here, would alone yield over \$300,000,000. Between one-fourth and one-third of our total customs revenues are derived from sugar and wool. A considerable portion also comes from imported articles that we do not produce. Most of the remainder is derived from imported articles we produce in inadequate quantities, and from those specialties which the rich insist on importing on account of fashion or design—tariffs or no tariffs. And finally each \$100,000,000 of customs revenue means the loss of \$500,000,000 of foreign trade.

The one true test of the competitive, protective or prohibitive nature of a tariff structure is found in the amount of imports of dutiable finished manufactures which all the people must buy to eat, wear or use. The Fordney law transferred to the dutiable list many articles on the free list in the Underwood act, including burlaps. If we deduct the

amount of imports of burlaps alone, \$85,000,000 for 1925, for the sake of comparison, and equalize prices of 1914 with those of 1925, the official figures show imports of finished dutiable articles \$442,000,000 for 1925, and \$465,000,000 for 1914, or less now than before the war, notwithstanding the natural growth of population and expansion of business. This big fact exposes the prohibitive nature of the Fordney tariff law and the utter lack of competition. For illustration, imports of finished cotton, wool and silk textiles were \$175,000,000 in 1921 and only \$161,000,000 in 1924. The rates are mountain high. It is not possible here to attempt a detailed analysis of the rates and schedules of the Fordney tariff. It is sufficient to call to attention that of the \$40,000,000,000 of retail sales in this country, but little more than 1 per cent. are imported in the form of dutiable finished manufactures.

Another widespread misapprehension created by false propaganda relates to the amount of imports under the Fordney law. The apparent increase of \$697,000,000 for 1923 over 1922 is explained by Secretary Hoover's Year Book of Commerce for 1923, which says: "Higher prices account for most all of the increase." Imports for 1924 were less than those of 1923, while those for 1925 exceeded the figures for 1924 by \$618,000,000, but let Secretary Hoover's department again explain as follows: "Fully half of that increase has been owing to price advances." Silk, sugar, coffee, rubber, wool, newsprint paper, and similar materials accounted for these conditions.

## EXPORTS RETARDED BY TARIFF

Our exports, on the other hand, are far below the level that would have been reached according to the percentage of annual increase prior to the war, had there been no interruption of normal conditions since 1914. This reveals our great loss of foreign trade and the consequent inability of a growing number of

great industries, such as agriculture, the textiles, the coal, and others, to dispose of their increasing annual surpluses. Our exports, instead of being below \$5,000,000,000, should exceed \$7,500,000,000 today. It has only been possible to maintain this diminished level of trade by the importation of \$1,500,000,000 in gold and foreign loans of nearly \$12,000,000,000 with which to pay for our exportations; otherwise our foreign trade situation today would be pitiable. A large number of domestic industries are obliged constantly to restrict production due to the lack of suitable tariff trade policies.

Probably the greatest economic falsehood ever perpetrated upon the American people is the chronic misrepresentation to the effect that high tariffs are responsible for high wages and high living standards in the United States. The unvarnished truth is that of the 42,000,000 wage earners more than 35,000,000 are employed in industries that do not pretend to receive the slightest tariff benefits, such as agriculture—except minor specialties—the building trades, transportation, coal, the automobile, and literally scores of other great industries. Even the casual reader knows that the 550,000 employes in the textile industries of New England, more highly protected than almost any other, receive the lowest wages. America pays high wages, regardless of tariffs, on account of the superior intelligence, skill, energy and productivity of her labor aided by enormous horse power, mass production, and modernized machinery. Tariff protection has only been kept alive in this country by the propagation of myths such as the one just exposed. "High tariffs and prosperity" constitutes another tariff myth. Every important panic since the Civil War has occurred either under high tariff legislation or high tariff administrations. The panic of 1891-94 occurred under the operation of the McKinley tariff, which was not repealed until August, 1894, some time after the panic had been receding.

#### IMPORTANCE OF ECONOMIC POLICY

Economic policies for several years will affect more people than any or all others. This nation is rapidly approaching a crisis with respect to its financial, industrial and commercial policies and practices. Our future prosperity more than ever calls for wider foreign markets and ever increasing foreign trade. The average citizen has, by high tariff propaganda, been led to believe that increasing foreign trade displaces a corresponding amount of desirable domestic production. This is by no means the case. Foreign trade, as has so often been said in substance, is primarily a system of barter between nations. They have goods to sell and in turn they desire to purchase certain commodities from others, such as those not produced at home, produced in a grossly inefficient manner, or the production of which is not economically justifiable. The general result is that under liberal trade relations and fair trade practices each nation profitably disposes of its annual surpluses in all lines and receives in return commodities it either does not produce or produces at such staggering cost as cannot be justified from any standpoint of sound or successful business. America would suffer least and gain most from foreign competition and trade under moderate tariffs and liberal trade policies, because her unrivaled capacity for efficient production would greatly augment the sale of her goods abroad, while imports, as at present, would comprise chiefly raw materials, semi-manufactures, commodities we do not produce, and a variety of costly finished articles which our wealthy citizens purchase, regardless of tariffs.

Moderate or competitive tariffs for revenue mean that when we buy abroad we not only get something we consider specially desirable, but we give for it surplus goods which we must sell in order to avoid over-production and stagnation at home. International commerce, instead of displacing home manufactures in any hurtful way, generally finds new

customers, new markets, and expands undeveloped trade. Its development means larger earnings of capital and higher wages.

#### HIGH TARIFFS INCREASE COSTS

High tariffs, on the other hand, mean high artificial costs of production, which mean less trade, less foreign markets, less exports, less income, a declining merchant marine and less purchasing and debt-paying power among nations. The Fordney tariff means a purely national policy which ignores external trade and financial interests. House Leader Fordney declared that "an American dollar loaned abroad is an American dollar lost." Such policies are archaic and suicidal to a great, young, efficient, growing nation. This utter sophistry preached since 1920 is measurably responsible for the woes of agriculture and serious injuries to numerous other industries in this country. Under the leadership of this group of American thought, the world today presents a network of restrictions, obstructions and barriers to the suitable flow of trade and commerce among nations. It is vitally necessary to substitute moderate tariffs and justice and equality in international commerce and finance if this and other nations are to grow and prosper.

America is no weakling but an economic giant, standing at the head of the column of nations, and she cannot maintain a healthy growth in an industrial hothouse. Why wait for a crisis or panic before correcting unsound policies? The existing tariffs should, of course, be reduced gradually and with careful regard for industry which has been accustomed to artificial stimulants and influences. There should be no disposition to destroy or materially injure any efficient industry, economically justifiable in this country. From the standpoint of adequate tariff protection even, there is room today for a great issue on whether the enormous excesses and abuses in the Fordney law, with its heavy restrictions on production and commerce, shall be

eliminated and abandoned. Our continued failure to throw off preconceived or provincial notions and resolutely to face the world economic situation as it actually exists will bring swift and unerring penalties, whereas the pursuit of sound economic policies will make America the world leader in finance and commerce for generations to come.

#### FINANCE FIRMS FORM CENTRAL DISCOUNT BODY

A FURTHER movement in the general direction of the stabilization of the purchase of instalment paper took place recently with the formation of the Allied Rediscount Corporation, chartered under the laws of New York State. The formation of this company represents the combined action of several financing companies and contemplates the addition of others.

The companies instrumental in starting this movement have agreed that membership in the organization will be subject to the following requirements and restrictions: Periodical audits of member companies' books by certified public accountants, limitation of automobile financing to twelve months, 33 1-3 per cent. cash payment on the purchase price of new cars, 40 per cent. cash payment on the purchase price of used cars and no member company will be allowed at any time to have outstanding obligations in excess of a ratio of four to one as against capital and surplus, and that only during the heaviest season for borrowings.

The Rediscount Corporation will maintain a statistical department collecting data of every description pertaining to the instalment business. The temporary office of the company will be located at 5 Nassau street, New York. At a meeting of the directors on January 11, E. W. Johnson, of Blake Brothers & Co., was elected president; A. M. Klepinger and W. Worth Smith, Jr., vice-presidents, and O. I. Pilat, secretary and treasurer.



## WHAT VALUE DO YOU PLACE ON ACCRUAL ACCOUNTING ?

BY PHILIP S. WISEMAN

In this article the author, who is comptroller of a large middle-western banking institution, points out that many bankers who pride themselves on being up-to-date are seemingly unappreciative of the need for competent accounting systems in their own banks.

**W**ILL it always be thus—that the banker will dispense volumes of advice to his clients, yet, in all too many instances withhold from his own business the application of these same identical principles?

A conversation similar to the following will strike a familiar note—"Yes, Mr. So and So, I have looked over your financial statement but it does not present a very comprehensive picture. For instance, your inventory appears to be considerably out of proportion to your sales and you have grouped the finished goods, materials, supplies, etc., all into one item. In fact, the entire amount seems to be more or less of an estimate which will cause a decided difference in your earnings. I also notice that no provision has been made for any taxes that you may owe, particularly the income tax for the year just ended. Then, too, at the date of your statement there were under discount here at the bank several pieces of your customers' paper and that fact is not mentioned.

"It occurs to me, Mr. So and So, that your fingers are not on the pulse of your business in the way that they should be. I am somewhat fearful that your costs are not on a practical basis and I think it would be most advisable for you to have someone install a good system of accounting. It need not be elaborate but adequate to keep you properly informed as to your progress and enable you to prepare a satisfactory statement of assets and liabilities together with earnings."

Now let us assume for a moment the

possibility of a reverse situation—"Mr. Banker, in looking over your recent statement of condition, I notice that no provision is evident covering your liability for accrued interest on deposits, likewise, the accrued interest receivable on loans and securities has not been set up. Then, too, you have a liability for interest collected but not as yet earned. These are very sizeable items and if they are embodied in the balance sheet under proper classifications, the mental grasp will be facilitated."

It is somewhat of a paradox, that many bankers who pride themselves on being up-to-date and abreast of rapidly moving conditions are seemingly so unappreciative of the need for competent systems of accounting and methods that will reflect the changing panorama and tell a worth-while story.

After several years of discussion and urging, both through Governmental and private channels, a great many banks today compute their earnings on an accrual basis, but probably the great majority of banks throughout the country, inclusive of many of the larger institutions, still retain the cash receipt and disbursement method.

### IMPORTANCE OF THE ACCRUAL BASIS

During the last few years, the writer has had occasion to discuss accrual results with a large number of bankers, bank auditors and bank accountants. He does not recall a single instance where these individuals have not acknowledged the fact, that a statement of earnings

prepared on a real accrual basis was more nearly correct, more comprehensive and far more indicative of the true condition than on any other basis. As a matter of fact, this is almost universally conceded. However, lurking in the shadows, is a certain fear that the installation and operating cost would entail an expenditure of money far in excess of the value of results. The question is—"What value do you place on results?" Like many other things in this life, you can derive benefits commensurate with the effort that you put into it.

Probably the most potent factor in a sensible and well administered plan of accrual accounting is the feature of competent control that may be maintained over the income receivable from loans, securities, real estate, buildings, leaseholds, etc., together with proper regulation of stated expenditure among certain classes of liabilities.

It is a comparatively simple process to establish the daily earning power on loans and to take care of rebates, adjustments, minimum charges, non-accrual items, etc., and when these figures are definitely determined, one's income is automatically tied up and must either be collected or satisfactorily accounted for. The same thing applies to the earning power of securities and where they are not producing an active yield such principal is tied under a separate control which renders manipulation difficult and insures the integrity of these earnings.

The liability for unearned interest can be accurately computed and periodical proofs will substantiate any variations, which again closes a possible channel of temptation.

The earning power on all classes of loans and securities, together with the average cost on all classes of liabilities, is coincidentally produced for any given period. The averages of the principal sums of such assets and liabilities broken down into sub-classifications and linked with the earning power or cost, as the case may be, will provide the vital factors necessary in the administration of the

budget or for the purpose of forecasting earnings. Even though these two latter phases are not to be utilized, the results obtained will give the executives illuminating information which obviously cannot be obtained on a strict cash basis with the same degree of sensitiveness.

#### ACCRUAL ACCOUNTING PRACTICAL FOR SMALL BANKS

Due to its flexibility, the accrual may be applied to a small banking business with results equally as satisfactory as those obtained in the larger institutions. Where the business is large enough to require the services of an auditor or auditors, the accrual will function for him or them in many cases with a consequent saving of audit effort.

There is no system of accounting in existence, covering every phase of a business, which is absolutely 100 per cent. proof against defalcations, therefore, every reasonable effort should be put forth to minimize such possibilities. A properly installed, closely supervised, system of accrual accounting will provide splendid insurance against speculations in the earnings from such assets as can be controlled in the principal sums. Naturally miscellaneous income or recoveries on old charged-off accounts are more difficult to regulate.

In the last few years much discussion has taken place, both in magazine articles and convention addresses, about "Rising Costs in Banking." Present-day banking in many institutions has reached a rather tense point in the matter of profit and loss and, therefore, there is every reason in the world why the banker should obtain the exact facts about his own business in detail. He should have a comprehensive distribution of his operating expenses, the correct earning power on his loans and securities, the average principal invested in all classes of his assets, together with a comparative profit and loss statement based on the respective calendar years, and a comparative balance sheet, embodying the various accrued items on both sides. If he is going

to successfully combat rising costs he most certainly must be fortified with statistics that tell a real story and not an estimated one. Banking "service" has become so intensified that it is not only expected but demanded and in many cases it is costing the banker far more than he realizes. The ratio between

the earning power of every dollar in the business and the cost of operation, plus interest on deposits, is remarkably small per dollar and this is the best reason in the world why the income should be rigidly supervised and a monthly study be made in detail of the vital factors which determine the net result.

## ADVANTAGES OF THE LIFE INSURANCE TRUST

**I** THINK it is safe to say that the day has passed when the greatest protection likely to be rendered in a life insurance settlement is a lump sum settlement," said M. Albert Linton, vice-president of the Provident Mutual Life Insurance Company, Philadelphia, in introducing the subject of life insurance trusts at the A. B. A. Fiduciary Conference. What he meant was that experience has shown that lump sums are usually spent by beneficiaries, or swindled away from them too quickly. The purpose of life insurance is to protect beneficiaries. True protection, he said, means, not a sum of money, but assurance of three meals a day, a house to live in, and good clothes to wear. These are better secured by a definite income to the beneficiaries than by a lump sum payment of money.

But most life insurance companies themselves have serial payment plans in their policies for those who desire them. Then where does the trust company come in? Chiefly, he said, where these serial plans fail—to provide flexibility. There is no provision in such serial payment plans to meet any sort of emergency. The amount to be paid is fixed and it is paid, regardless of changing conditions. For example if the widow needs some extra money to educate the children, she cannot get it under the serial payment plan. If the boy for whom a serial payment plan has been established to send him to college flunks out, there is no way to conserve the money

so provided until he is old enough to know how to take care of it. If the purchasing power of money decreases as it did during the war, nothing can be done about it under a serial payment plan. The trust company, on the other hand can, at its discretion, use some of the principal of a trust fund in such emergencies and that is its greatest advantage.

Important, too, if the estate is sizeable, is the fact that investments selected by bank trustees yield about  $5\frac{1}{2}$  per cent., while the average rate paid by life insurance companies on serial payments is 4.87 per cent.

Finally, the creation of a life insurance trust provides the widow with a business advisor. "Sound business advice may be of great value to her," said Mr. Linton. "Her children also may get into the habit of turning to business men for sound advice on business problems."

### INSURANCE TRUST AVOIDS DELAYS

Of course, he said, some of a man's insurance should be payable in a lump sum to cover unpaid bills and necessary funeral expenses. The bulk of it, however, should go into a life insurance trust or to the estate. If it goes into the estate it is subject to all the delays incident to estate settlement, probating the will, etc. But if it goes into a life insurance trust it is paid over promptly; there is no difficulty over a will contest; in most states the amount so bequeathed



is tax exempt; and it begins earning interest and caring for the beneficiaries at once.

Mr. Linton illustrated an insurance trust deed by describing his own. "A specified sum is set aside for my parents, wife, and children successively. Interest only is payable to them. . . . The balance of the insurance money is to be held for the benefit of my wife so that she will receive the interest for life. The right is given to her to withdraw a certain amount of principal each year, with an upper limit on the aggregate of all withdrawals. The trustee also is given the power at its discretion, to pay out principal up to a certain amount each year for the proper maintenance of the family.

"At the death of my wife, or at my death if she be not living, the trust is to be divided into equal shares for the benefit of the children who receive the interest." The same provision for the payment of principal, if necessary, is included here.

"At age thirty, upon written request of a child, the trustee shall pay to the child a certain amount of the principal. If no request is made, the entire principal shall remain in the hands of the trustee. At 35 the unwithdrawn principal shall be paid over to the child, if the trustee believes it would be to the best interest of the child to do so. . . .

#### IN THE INTEREST OF HARMONY

Even at the risk of being suspected of prying, Mr. Linton said, it is wise for the insurance company to ask to see the deed of trust covering an insurance trust, to make sure that the policy and the deed dovetail. If this is refused, the trust company will probably furnish "date of the deed; names of the parties executing it; whether the insured has reserved the right to revoke or change the beneficiary in the policy, to collect dividends, to obtain advances or loans on policies; and,

if the policy is an endowment contract, whether the trust is to be applied at maturity as well as at death. The whole purpose in taking the trouble to find out these facts is to make sure that everything will move along smoothly so that the beneficiaries under the policies may receive the protection which they are intended to receive."

#### APPLIED TO BUSINESS INSURANCE

He gave the following example of the application of the insurance trust to a business relation:

"A closed corporation of three men was engaged in the advertising business. Each man owned one-third of the stock. Each ran a special department, the success of which depended upon his personal efforts. In the event of death of one of the partners, it would be desirable for his business to be bought out rather than to have his place taken by his widow or by the representative of his estate.

"Each party indorsed his stock and delivered it to a trust company, receiving back a trustee's certificate with voting right. Each man agreed to sell his stock to the survivors and the trustee was empowered to make such transfer at a given price per share. . . . Each year the parties submit a price to govern for the ensuing year.

"A and B obtain and pay the premium on insurance on the life of C, to buy out C's interest. Likewise for the others. At the death of one the insurance automatically provides a fund to buy out his share in the business at the agreed price and the other two may continue the arrangement between themselves if they desire. If they decide to terminate it, they may cancel the remaining policies and one-half of the cash surrender value of each policy goes to the decedent's estate. Each survivor gets one half of the cash surrender value of the policy on the life of the other." For one company, this plan brought in \$75,000 of business.



# THE ANALYSIS AND CONTROL OF BANK OPERATING EXPENSES

BY PAUL M. ATKINS

In this article the author points out that many bank expense classifications are unscientific and have the tendency to conceal rather than reveal the real progress of the bank. This is a plea for a more scientific treatment of bank expense items.

**T**HE rate of wages and salaries in banks is rising with the increases in the wage level of the community. The cost of materials, rent and other expenses of operation are mounting for banks as well as for commercial and industrial concerns. The output per employe shows no tendency to augment in most cases, and the rate at which income is earned, while it fluctuates with the business, does not increase. The rate of interest paid on deposits, and taxes are beyond the control of individual banks. If the rate of net profits of the past is to be maintained in the future, operating expenses and losses must be controlled and reduced. This is a problem which is confronting the executive vice-president or cashier of every bank in the United States.

A bank, like any other business organization is made up of a complex of inter-related activities or functions. These functions should be logically and practically defined and so co-ordinated that the work of the bank may be accomplished effectively and quickly. The performance of these several functions causes expenditures of various kinds—for rent, wages and salaries, stationery, etc.—and these expenditures are called expenses.

## THE PROBLEM OF EXPENSE CONTROL

At the present time, it is not common in this country to find a bank in which scientific study has been given to the problem of expense analysis and control. In the banks where this is true, the problem has been largely solved. As a matter

of fact, bank expense classifications are unscientific and have the tendency to conceal rather than reveal the real progress of the bank. Moreover, expenses are commonly charged in a most haphazard fashion. A study of one bank, for example, revealed the fact that the cost of credit agency and association reports was debited on several occasions to two other accounts beside the one set up for this purpose. Half the charges to a "miscellaneous subscription" account should have been allocated, it was found, to an account for "subscriptions for magazines and books," while most of the others should have been charged to an account for "dues." Under such conditions, the expense accounts lose their significance and their utility for comparative purposes is destroyed. The bank cited had, moreover, one of the best systems of expense accounts which has yet come to the attention of the writer.

Another very common custom among banks is that of charging all stationery and such items as an expense in the month in which they are paid for, even though a supply sufficient for six months or more has been delivered. In most instances, also, expenses are charged in the month in which the bill for them is paid. Such habits as these destroy all significance of monthly expense accounts.

Most banks also charge all purchases of desks and other permanent equipment as an expense of the month in which they are acquired. Obviously, such items are additions to fixed assets. Even if a bank wishes to follow an ultra-conservative policy and write off such assets at

once, they should not be treated as an expense, but should be handled in some other way.

Such loose methods of accounting on the part of a client of a bank would be most heartily condemned by the majority of bankers if brought to their attention, yet the same bankers will tolerate the conditions described in their own banks. It is not astonishing in the light of such facts that the operating expenses of banks rise or that they get beyond the control of the executive officers of the banks.

#### THE SOLUTION OF THE PROBLEM OF EXPENSE CONTROL

The solution of the problem of expense control depends on:

I. The analysis of all pertinent facts so that an opinion may be formed and plans prepared on a scientific basis instead of by guesswork.

II. The formulation of policies and plans for putting these policies into effect.

III. The execution of the plans adopted.

The first step, the analysis of the expenses, depends on:

1. A scientific expense classification.

2. An adequate accounting mechanism so that expenses as they are incurred will be allocated to the proper expense account for the period within which the benefit of the service represented by the expense was received.

#### A SCIENTIFIC BANK EXPENSE CLASSIFICATION

A scientific expense classification for a bank necessitates that the bank be divided up into "banks"—commercial, savings, country banks, women's, etc.; and into departments—collections, credit, transit, bond, trust, safety vault, etc. The first sub-division of expenses should be made according to such a grouping of activities or functions for these functions are the units of administrative control. The control of their

operations is the significant feature in the internal administration of a bank. Moreover, such a classification of expenses makes possible the determination of which "banks" and departments are profitable and which are being run at a loss.

The second sub-division of the expenses should be within the several departments according to the nature of the expense, such as—wages and salaries of employes, salaries of officers, stationery, rent, maintenance and upkeep. This facilitates the detailed control of the cost of operations of the several departments.

Moreover, such a classification as this, once it is established, costs no more to operate than does the classification—or rather, lack of classification—commonly found in most banks.

In addition to the benefits already indicated, such a classification aids in the establishment of departmental budgets and a general budget for the operation of the entire bank. This budget serves as a standard, as a means of forecasting the future requirements of the bank, and as a measuring device for evaluating the efficiency of operation of the several departments.

#### AN EXPENSE ACCOUNTING MECHANISM

In the development of an accounting mechanism for expenses, banks can learn much from the experience of industrial concerns. An analytical expense ledger should be set up with a controlling expense account in the general ledger. The entries for the expense ledger should be prepared by being entered in a voucher register for all purchases of materials, services, and wages. Suspense accounts should be established for those expenses which are paid only occasionally but whose benefits are obtained each month. An expense journal should be set up in which internal transfers should be recorded, and in this way the general journal may be relieved of such entries. Such an arrangement as this will make it possible to charge all expenses to the departments which have benefited by the

services which they represent, to do this so that all expenses for a single month will be charged to the proper accounts for the month in which the benefits were received, and at the same time permit the allocation only of expenses for which the benefits have actually been conferred during the current period.

The policies to be adopted will be dependent, naturally, on the results revealed by the expense analysis. Whatever plans the officers of the bank may make, however, may be based on definite and accurate knowledge of existing conditions and not on guess work. Knowledge is indeed power if subsequent action is based upon it. No plan or policy is productive unless it is put into effect. This applies quite as well in the case of expense control as in any other.

#### THE BENEFITS OF EXPENSE ANALYSIS AND CONTROL

The benefits to be obtained by such expense control are many and varied:

1. It informs the officers of the exact cost of running the bank as a whole for the period.

2. It shows the cost of operation of each department.

3. When combined with an expense budget, it provides a means for measuring the effectiveness of the management of the several departments.

4. It gives a basis for the formulation of an expense budget.

5. It makes possible a comparison between the income and expense of each department.

6. When combined with a sound distribution of the expense of such auxiliary departments, such as the credit department, executive department, etc., it makes possible the computation of unit costs of operation and the cost of deposit accounts.

7. If the department shows a loss, it provides data for deciding whether it is better to eliminate the activity in question or to retain it because of offsetting gains elsewhere.

In short, it is one of the most important means of the control of the internal operation of a bank, because it supplies facts on which the officers may base policies of internal administration instead of formulating them by guess-work.

#### TEXAS BANK ENTERTAINS INSURANCE MEN

LIFE insurance underwriters of Houston, Texas, who have been co-operating with the trust department of the Second National Bank of Houston in closing up estates, were entertained at a dinner during the Christmas holidays by the bank.

Addresses were made during the evening dealing with the co-operation possible between the two lines of business and the ways in which it could be carried out in Houston. Officials of the various insurance companies spoke and A. B. Culbertson, assistant trust officer of the bank, who has been actively engaged in co-operative work with the agents, spoke briefly on what the agents have done for the bank and what he would like to have them do in the future. He cited numerous incidents where the agents had been instrumental in procuring wills and trust agreements for the bank and of the efforts of the bank in selling insurance to customers who are in need of it.

The trust department of the Second National Bank is manned by skilled men qualified by training and experience to handle the intricate matters connected with trust and estate management. The trust officer, Hudson P. Ellis, is a graduate of the law school at Ann Arbor, Mich. L. R. Bryan, Jr., a graduate in law from the University of Texas, is an assistant trust officer. A. B. Culbertson, former county attorney of Henderson County, is an active assistant trust officer. He has immediate charge of the problems of setting up the various trusts and it is largely through his efforts that the bank has enjoyed the hearty co-operation of the life insurance underwriters.



# ELECTRIC LIGHT AND POWER BONDS

By H. M. ADDINSELL

Of Harris, Forbes & Company.

Writing last month in the February number, Dr. Edwards pointed out the increasing importance of the investment accounts of commercial banking institutions. A large percentage of the funds of American banks are now being placed in long-term investment securities and as a consequence the bank executive must be just as familiar with the technique of long-term investments as in the purchase of short-term commercial paper. The present article is the first of a series covering the high lights of various general types of investment securities.

**T**HE electric light and power business, from the standpoint of invested capital, now ranks with the leading industries in this country. Farming, the most basic, and probably the oldest, industry in the world is first by such a large margin as to be in a class by itself. That the railroads rank second is without question. It is extremely difficult, however, to place authoritatively the petroleum, iron and steel, textile or electric light and power industries in their proper rank.

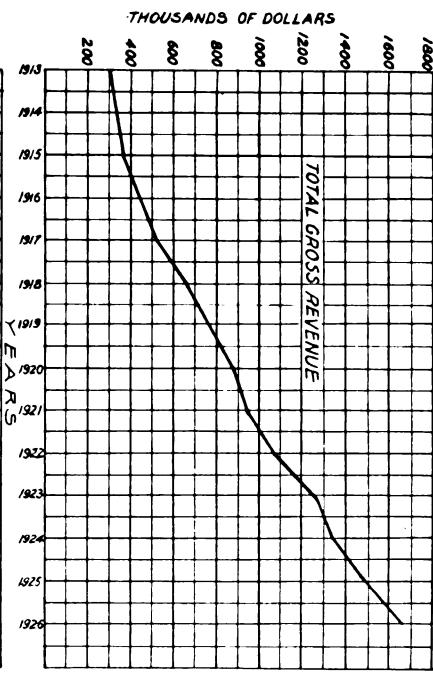
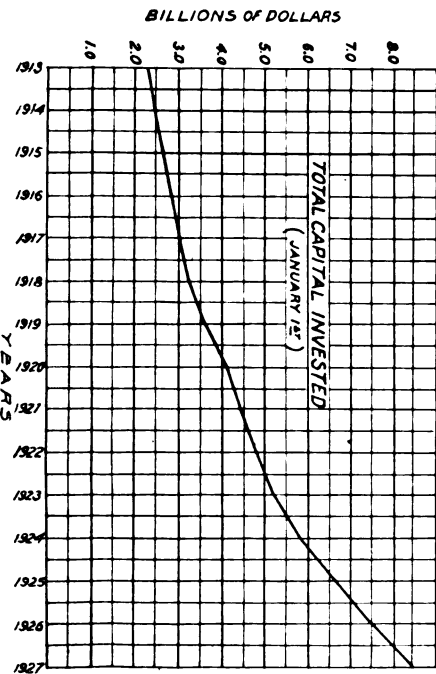
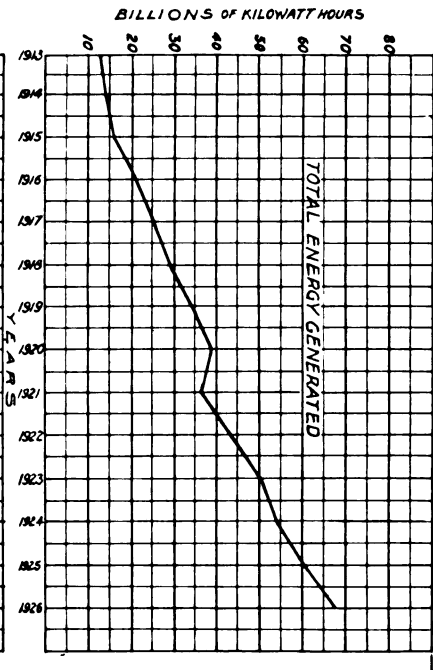
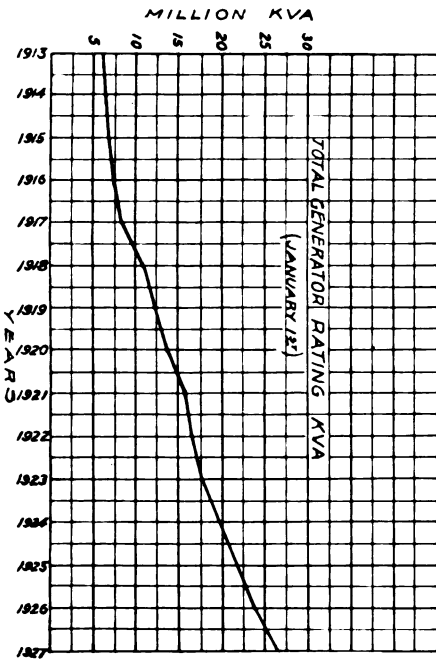
Once established through tilling of the soil, the earliest settlers in our country pushed forth into new lands. Avenues and new means of transportation were developed, leading ultimately to the construction of the railroads which began more than ninety-five years ago. Not until more than fifty years after the incorporation of the first railroad was the foundation laid for the electric light and power industry through the establishment of the first electric central station. Since that time the industry has grown rapidly and has been responsible for many of the conveniences which we now enjoy. It is probably safe to say that the tremendous growth of our cities during the last half century both was made possible by, and has rendered indispensable, the services of electric light and power. Our homes, offices, shops and streets are lighted by electricity. Our daily tasks are made easier, our hours of recreation and leisure more enjoyable. The wheels of industry and of transportation are turned by electric power. Greater efficiency and production have been at-

tained with their consequent benefits to the workman in higher wages, better working conditions and improved scale of living. But with all the developments that have taken place, probably no other industry possesses the same possibilities for further expansion.

In the development of the central station electric industry the United States leads the world. The latest available comparative figures show that over 50 per cent. of the world's installed generating capacity is in this country and that our annual consumption of electrical energy exceeds the aggregate consumption of all other nations. In 1926 close to 70,000,000,000 kilowatt hours of electric energy were generated in this country as compared with only 175,000,000 in 1887, and the growth has come principally since the World War.

## LAST FEW YEARS NOTABLE

The last few years have been notable for the tremendous increase they have shown in the use of electricity in the home. In addition to the numerous improvements in lighting facilities, electrical appliances are more and more coming into use to lessen the drudgery of the housewife. Electric flatirons, toasters, vacuum cleaners, dishwashers, washing machines, sewing machines, fans and numerous other appliances, as well as electrical refrigeration, are becoming more popular in the present era of economic development, which is continually pointing toward increased efficiency and a lessening of the domestic tasks. With



The growth of the electric light and power industry in the United States. Based on figures appearing in the *Electrical World*.

all this development, however, it has been estimated that the average home is not more than 10 per cent. electrified.

To a large degree, the increase in annual consumption has been due to the development in the use of central station energy for large scale power purposes. So many and diverse are the uses of electricity in the power field and so indispensable has it become that it has now established itself as an operating charge in practically every industry and business. Great opportunity in this direction, however, still lies in the future.

Electrification of the railroads, which is now less than 2 per cent. complete, presents tremendous possibilities. Initial steps toward the electrification of terminals in the larger cities have already taken place, as in Chicago and New York, and are extending to the short heavier traffic lines and on to the main transcontinental routes. While possibly not in the immediate future, it does seem that the day is surely coming when many of the principal railroads of the country will find electrification economically possible and desirable. Comparatively recent surveys have shown that even without considering the enormous possibilities in connection with railroad electrification, almost two-thirds of the power of the industries of the country is yet to be electrified from central stations, and it would hardly be exaggerating to say that, with comparatively few exceptions, every mine and manufacturing plant now generating its own power is a potential customer for the central stations.

#### DEVELOPMENT OF GENERATING UNITS

At the beginning of this century the average person would have smiled discreetly and remained incredulous when told that in 1926 a single generating station would be under construction in New York City to have an ultimate capacity of more than 700,000 kilowatts, capable of supplying from under one roof the electric light requirements of 3,000,000 six room homes. Or would not he have shaken his head in amazement

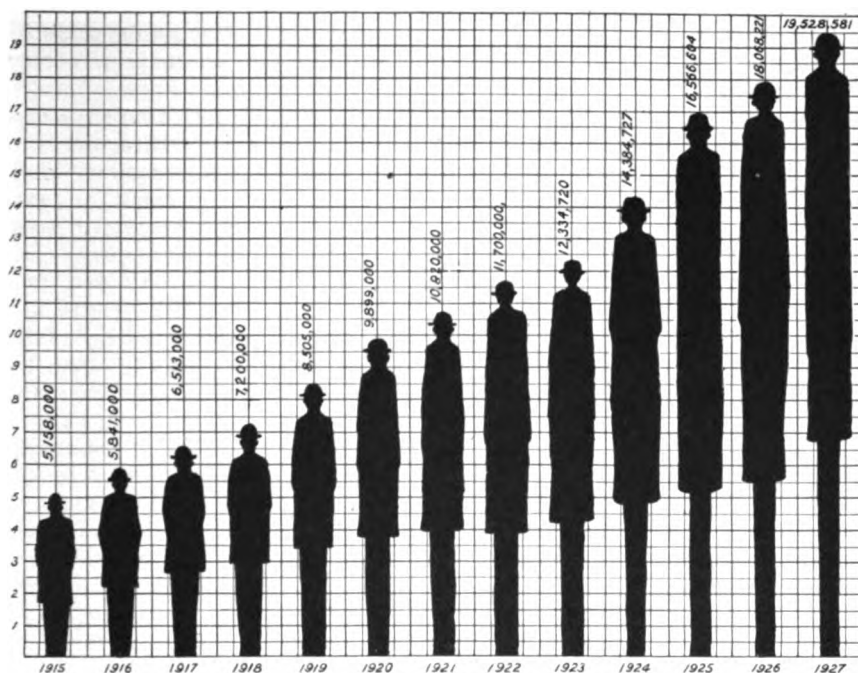
when informed that Boston and Chicago would be interconnected by a network of electric transmission lines.

The development of larger generating units, together with the ability to transmit energy long distances at high voltages has brought about an amazing growth in the development of transmission systems in this country. One by one various systems have been interconnected until the entire country is being covered by a network of lines. Interconnection adds tremendously to the stability of service. It makes possible the exchange of aid between companies in case of emergency, tends to minimize the necessity of reserve or stand-by stations and has aided in the conservation of the country's diminishing fuel supplies. Smaller capital investment per unit of service is needed, operating costs are reduced, both of which eventually react to the benefit of the consumer. Moreover agricultural communities which heretofore have been more or less isolated from power facilities are now finding themselves within reach of constant service at reasonable rates but, as yet, only a very small percentage of the farms in the United States is served from central stations. The farming communities present a fertile field for future growth in both lighting and power business. As time goes on a larger and larger percentage of the farmers will become educated to the use of power as an aid in the many tasks which are now performed by hand. In sections of the country, such as California, where irrigation is being developed, a large demand is becoming available in supplying electricity for pumping purposes.

Much has been said of the development of our hydro-electric resources in the last few years. Thus far only about one third of the estimated minimum potential water power of our country has been brought into service. Of the total kilowatt hour output of electric energy in 1926, it is estimated that about 63 per cent. was generated by steam and 37 per cent. by hydro.

Interconnection has made possible the





Total number of customers of electric light and power companies, January 1, by years.  
Based on figures appearing in the *Electrical World*.

utilization of unharnessed water powers heretofore inaccessible, far from the center of industry, and has substantially reduced generation costs through the joint economic use of steam and water power. The "pooling" of power is well illustrated by drawing a simple analogy of an article with which most of us are familiar, a sponge. Water poured on one or more places on the surface of a sponge quickly permeates its entire structure and can be forced out from any part on the application of pressure. So with interconnection. Steam or hydro power may be generated at different parts of the transmission system and by the aid of high voltages transmitted to the consumer.

#### CONSTANT DEMAND FOR SERVICE

The constant demand for service has been largely responsible for the stability of earnings of the electric light and power companies, and this demand is steadily increasing, due to the new uses

being continually developed for electricity. The earnings of industrial companies, as we all know, are particularly susceptible to fluctuation in accordance with the degree of prosperity which our country enjoys. While the railroads have fared much better, their record cannot compare with that of the electric power and light industry. Authoritative compilations show that not only have the total annual gross revenues of the power and light companies from the sale of energy never shown a decrease, but no single important section of the country (such as the New England states, Atlantic states, North Central and South Central states and Mountain-Pacific states) has ever reported a decrease. What is even more remarkable, during the last ten years, which included the trying war and post-war periods, there has not been a failure on the part of any company engaged exclusively in the electric light and power business to meet the interest on its obligations. A recent analysis, which included practically

every electric light and power company having annual gross earnings of \$1,500,000 and over, revealed that of the 139 having preferred stock outstanding, 124 have never been delinquent in the payment of dividends and the fifteen which had accumulations have paid them off. No other industry has such a record.

The investors of this country are recognizing to an ever increasing degree the stability of the industry and its remarkable record in meeting its obligations. They have aided in financing its remarkable growth through the extensive purchase of power and light securities which have become so much in demand as to challenge the long, undisputed supremacy of railroad issues. Insurance companies and other large institutions in a position to employ shrewd and experienced investment experts have been purchasing the better power and light bonds for many years. The investment of savings bank funds, in view of the conditions of trust implied, are in most states carefully regulated by law. The confidence in the industry has resulted in a growing tendency to legalize power and light bonds under certain restrictions for such investment in various states. Massachusetts, Rhode Island, Connecticut, Vermont, New Hampshire, Maine and New Jersey are among those states which already have such laws. A bill along the lines of that existing in Massachusetts has been brought up for consideration by the present New York State Legislature.

#### ADVANTAGE OF POWER AND LIGHT BONDS

In the discussions leading up to these proposed changes in the banking laws of the various states, the advantages of power and light bonds have been clearly brought out. There is the necessity of the service which lends to the bill for electric service something that is very like the taxing power of a municipality. The consumer cannot withdraw his patronage and place it with a cut-rate dealer, for the economic fallacy of competition among the power and light companies has been widely and publicly

recognized. Such competition would involve enormous and expensive duplication of facilities for which the consumer would in the long run have to pay, either in higher rates or poorer service. To protect the consumer against these unnecessary charges a system of practical monopoly in a given territory has been developed. To protect him against possible exploitation by the holder of such monopolies there has been developed a system of regulation by state commissions which have the power to demand and enforce adequate service at reasonable rates.

Which power and light bonds shall we buy? This question is answered for the insurance companies by men who have had long experience in purchasing securities. The private investor must rely largely on the integrity and standing of the banking house which is offering the securities for sale. It is the function and the duty of the investment banker to make thorough engineering, accounting and legal examinations of the company and its affairs. Only through such examinations can the value of the securities be established. Of course, the individual investor can spare neither the time nor the money to conduct such investigations.

For obvious reasons, it is impossible to set up any "rules of thumb" for the purchase of power and light bonds, as conditions surrounding each company may be totally different. The various savings bank laws probably have evolved the best tests which have as yet been developed. Being very properly drafted from an extremely conservative point of view, it is only natural that the restrictions prevent many bonds from becoming legal which are nevertheless entirely satisfactory investments for the individual investor.

Let us see what are some of the requirements of the present existing Massachusetts law, as applicable to companies operating outside that state.

#### A. THE COMPANY

1. The company must be incorporated under the laws of the United States, or



Butler Savings & Trust Co., Butler, Pa.

**A** COMBINED bank and office building in the opinion of many bankers is a most desirable means of advertising and increasing the prestige of the institution it houses. This together with its income producing factor creates a valuable asset. Our extensive experience not only assures bankers of a sound investment but also commodious and practically planned banking facilities. Write us for a list of bank buildings designed by us and erected in your vicinity.

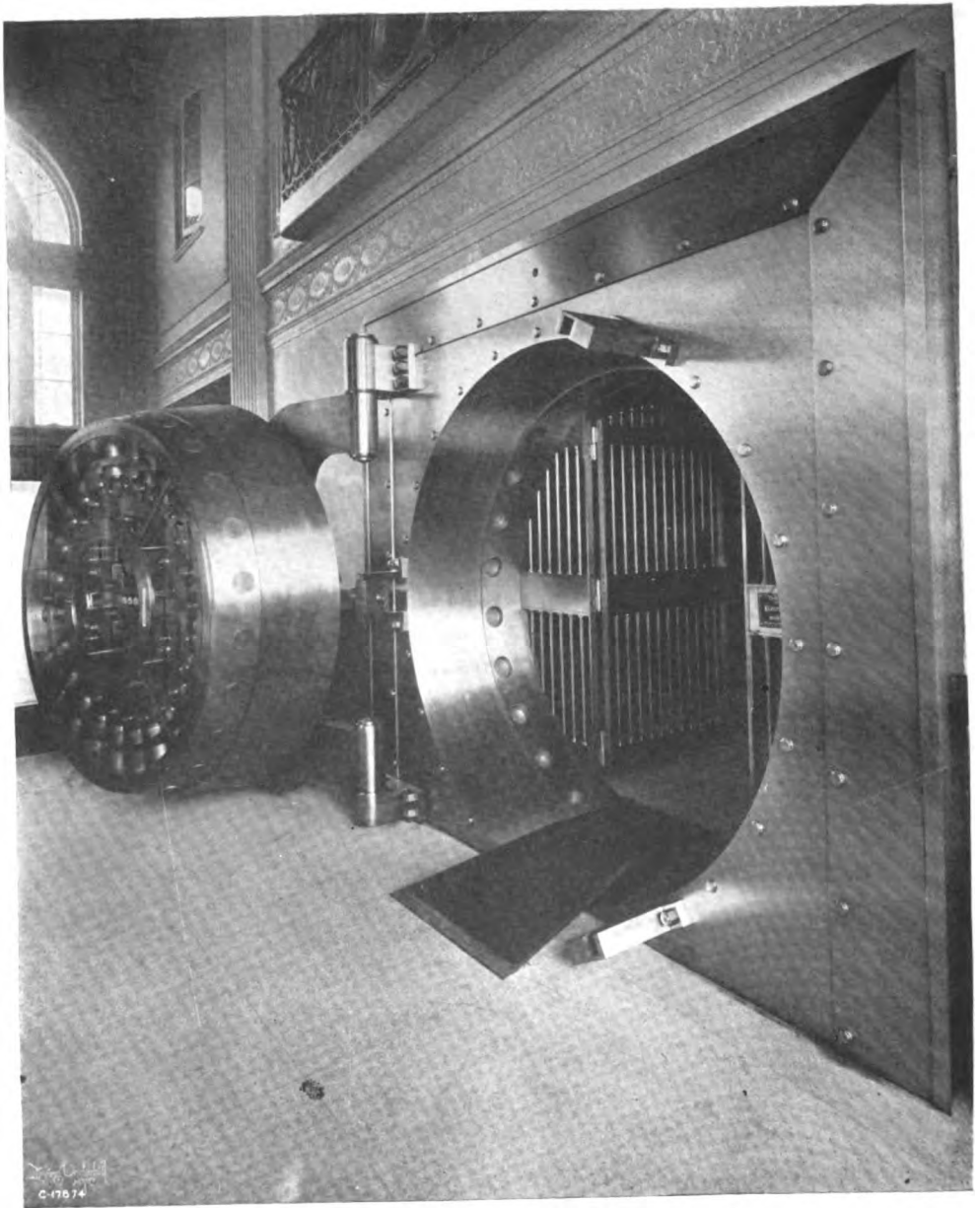
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Entrance to Safe Deposit Vault, Bank of Nutley, Nutley, New Jersey

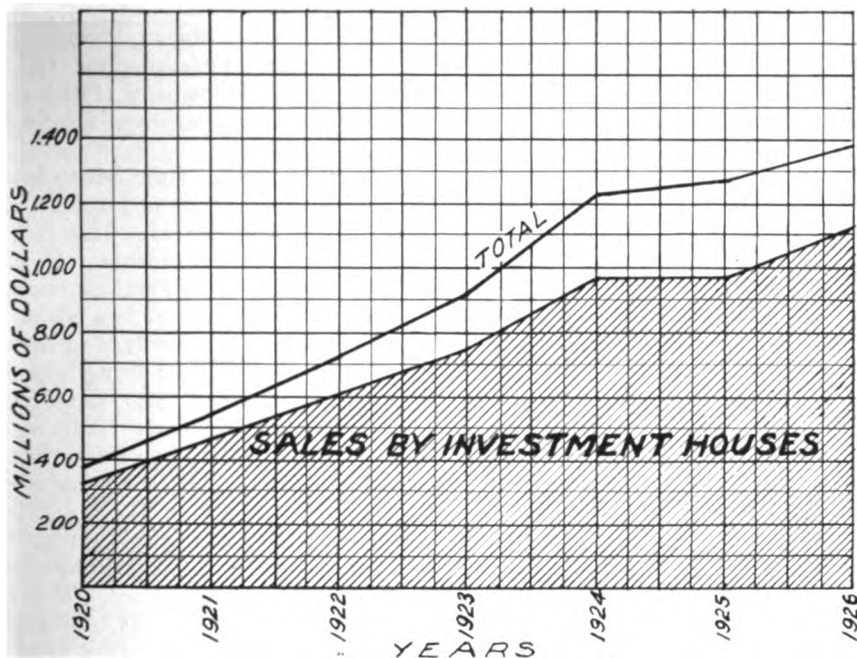
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**Herring-Hall-Marvin Safe Co.**

**Factory—Hamilton, Ohio**

**New York Boston Chicago San Francisco Birmingham**

*Cable Address "Fireproof" New York*

*The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will always continue to build the same undeviating quality into its product.*



Sale of power and light securities. Based on figures appearing in the *Electrical World*.

any state thereof, or the District of Columbia. At least 80 per cent. of its business must be carried on within the territorial limits of the United States.

2. The company must be subject to regulation by a public service commission or similar regulating body.

#### B. EARNINGS

1. Gross earnings shall have been at least \$1,000,000 in the last fiscal year.

2. At least 75 per cent. of the gross operating revenues shall be derived from the sale of electric light and power or artificial gas or both, and not exceeding 20 per cent. from the operation of a transportation system.

3. Average net earnings for five years, (after deducting all operating expenses, maintenance, taxes, rentals and guaranteed interest and dividends) shall have been equal to at least twice the interest charges for the same period on the company's total outstanding funded debt, and for the year immediately preceding in-

vestment at least twice the total annual interest requirements at the time of investment.

#### C. VALUE OF PROPERTY

1. The outstanding bonds secured by mortgage and all prior lien bonds shall not exceed 60 per cent. of the book value of fixed assets as per the company's books.

#### D. EQUITY BACK OF BONDS

1. Capital stock must be equal to at least two-thirds of the total funded debt. When company has no par value shares, value of stock shall be stated value on company's books.

#### E. BONDS

1. Must be mortgage bonds.
2. Must mature not later than thirty years subsequent to investment.
3. If underlying mortgage bonds, the



junior mortgage must provide for the refunding or retirement of same. Underlying mortgage must be closed or remain open solely for the issue of additional bonds which are to be pledged under the junior mortgage.

4. If refunding mortgage bond, mortgage must provide for retirement all prior lien bonds. Prior lien mortgages must be closed or open only for pledge under the refunding mortgage.

5. Additional bonds may be issued only under certain restrictions.

#### F. FRANCHISES

1. Company shall have all franchises necessary to operate in territory in which at least 75 per cent. of its gross income is earned, and such franchises must extend three years beyond the maturity of the bonds.

#### LAWS SET HIGH STANDARD

The savings bank laws set up an exceptionally high standard of public utility investments. Very properly they have been drawn to exclude all but the choicest utility bonds. Inevitably it has been impossible to draw these laws in such a way that they would include all prime utility securities, and many of the very best bonds in this class are not available for savings bank investment because they fail in some minor respect to come up to the exact letter of the law.

For instance, in many states there are no public service commissions, or commissions with very limited powers, and for this reason the bonds of such companies as Nebraska Power Company, Minnesota Power & Light Company, Northern States Power Company (Minnesota), Louisville Gas & Electric Company (Kentucky), Texas Power & Light Company, Dallas Power & Light Company and Florida Power & Light Company fail to qualify under the Massachusetts law. Other technical considerations rule out the bonds of some of the strongest and most highly regarded public utility companies in the United States, including New York Edison Company, Consolidated Gas Company of New

York, Detroit Edison Company, Philadelphia Electric Company, Potomac Electric Company (Washington, D. C.) Duquesne Light Company (Pittsburgh), Alabama Power Company, Toledo Edison Company.

The competition of the Massachusetts savings banks for these bonds is thus automatically eliminated. This fact has worked to the advantage of many shrewd investors who purchase bonds on a large scale and who are in a position to apply the principles involved in the savings bank laws without being bound by the absolute letter of them, so that these bonds find a particularly ready market among the insurance companies, the commercial banks and various other big institutional investors.

The year 1926 marked a new high record in volume of financing by electric light and power companies. The *Electrical World* estimates that approximately \$1,390,000,000 of securities were sold as compared with \$369,374,000 in 1920. Close to 60 per cent. of the money raised in 1926 came from the sale of bonds. A substantial portion of the balance was raised through the sale of stock in "customer ownership" campaigns which has served two purposes, namely, the creation of a spirit of interest and a pride of ownership on the part of the customer, and the building of a "cushion" or "equity" which makes the securing of lower rate money through the sale of bonds so much the easier in the future. The latter is particularly important to the bondholder as it tends to maintain a proper ratio of debt to property investment and the security of the bonds. Many thousands of new stockholders have been obtained through this plan. This wider stock ownership entails much responsibility as it calls for a conservative and well thought out policy on the part of those responsible for the financing in order that maximum stability and safety may be given to the capital structure as a whole.

The industry itself is continually striving to lower generation costs and to bring all phases of its business to a high

degree of efficiency. Great strides have already been made, but the future holds promise of greater achievements. The increasing popularity of power and light bonds has meant a wider market for its securities. Increasing recognition of the stability of its business will aid in lowering the costs of new money, which less

than ten years ago was itself a large problem.

With the continued growth and prosperity of our country it is not impossible that the time may come when the electric light and power industry will replace the railroads as the second industry of the United States.

## DETROIT BANK PLANS NEW SERVICE

**A** NEW service has been added by the First National Bank of Detroit, Mich., to the many already offered by banks to their customers—that of providing parking space for customers' cars while they transact their banking business. To this end the bank will erect an eighteen story garage building, directly connected with the bank, on the site now occupied by the Normandie and the Hermitage hotels, on Congress and Bates streets.

The building, when completed, will have space for 700 cars and customers and tenants of the bank building may drive into the garage, leave their cars in the care of attendants and pass into the bank over a bridge structure which will connect the two buildings at each floor over the alleys which now separate the two properties.

When they have completed their business they may return to their cars in the same manner, without crossing a single street, without worry over traffic regulations and without that search for parking space which faces every automobile driver on city streets.

If the present plans, as announced by the First National, are carried out, preferential storage rates will be given to office-tenants of the building. Customers of the First National Bank and the Central Savings Bank who are not tenants of the building, will be able to use the garage while transacting business in the bank. A small charge will be made if the car remains in the garage over a specified limit.

The garage building, according to the plans, will have a number of floors devoted to office space. The garage will

be of the ramp type, with auxiliary elevator equipment. It will follow in architectural design the lines of the present banking structure of the First National.

"It is entirely fitting that Detroit, which is known the world over as the center of the automobile industry, should have the first building in which it is possible to park one's car and do one's banking," according to an officer of the bank.

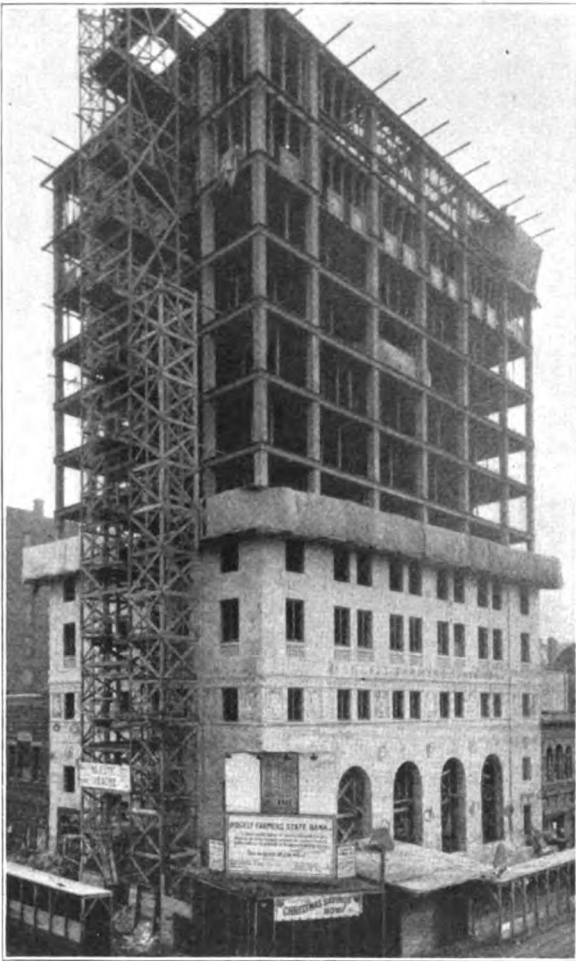
"This forward step should do much to alleviate the parking situation in the loop district, which is at present acute. The garage facilities of the bank will be a valuable addition to the Cadillac Square district, providing garage space within eighty feet of Woodward avenue and close to the heart of Detroit's financial district."

This new service of the First National Bank of Detroit, is, so far as is known, unique among similar public institutions.

## GUARANTY TRUST STATEMENT

STATEMENT of condition of the Guaranty Trust Company of New York as of December 31, 1926, shows deposits of \$604,960,206, a gain of \$93,852,802 since the last published statement as of November 15. Resources are \$739,834,965, an increase of \$100,937,932; undivided profits are \$5,958,981, a gain of \$756,411. Since December 31, 1925, the surplus was increased from \$15,000,000 to \$20,000,000 and the total amount of surplus and undivided profits increased from \$21,884,933 to \$25,958,981, a gain of \$4,074,047. Deposits increased \$57,602,454, and resources increased \$60,227,038 during the year.





Ridgely-Farmers State Bank Building, Springfield, Illinois

**SERVICE:** 3 months and 2 weeks after excavating was started this building was topped out and the last rivet driven. 5 months after excavating started the building appeared as shown in the photograph. It will be *ready for tenants 11 months from the starting date.*

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*Design, Engineering Service,  
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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

## COLLECTIONS SHOULD BE MADE IN CASH

First National Bank of Rigby, Idaho, v.  
First Utah National Bank of Ogden,  
United States Circuit Court of  
Appeals, 15 Fed. Rep.  
(2d) 913.

**W**HERE a correspondent bank, to which checks are sent for collection, receives in payment the drawee's draft indorsed by another bank without recourse and the draft is dishonored because of the issuing bank's failure before presentment of the draft, the correspondent will be responsible for the amount of the checks to the forwarding bank. In the absence of agreement, a collecting bank is without authority to receive anything except cash in payment of checks sent to it.

In this case, the plaintiff bank at Rigby, Idaho, received from different depositors three checks drawn on a banking firm at Blackfoot, Idaho, issuing deposit slips upon which was printed the following: "Outside checks credited subject to payment." The plaintiff bank sent these checks to the defendant bank at Ogden, Utah, its correspondent. The defendant bank sent them to the First National Bank at Blackfoot, Idaho, and the latter presented them to the drawee, receiving in payment the drawee's draft on a bank at Salt Lake City. The First National Bank of Blackfoot indorsed this draft without recourse and sent it to the defendant bank. Before the draft was presented, the banking firm on which the checks were drawn failed and the draft was consequently dishonored. It was held that the plaintiff bank was the owner of the checks notwithstanding the stipulation printed on the deposit slips; that the defendant bank was negligent in receiving the draft in payment of the checks; and that it

was responsible to the plaintiff for the amount of the checks.

Action by the First National Bank of Rigby, Idaho, against the First Utah National Bank of Ogden, Utah. From the judgment, plaintiff brings error. Reversed and remanded, with directions.

The parties being referred to in the order in which they appear in the trial court, plaintiff, a national bank doing business in Rigby, Idaho, received three checks, each dated November 26, 1923, from different customers, drawn by one T. C. Bond, on D. W. Standrod & Co., Bankers, of Blackfoot, Idaho, in following amounts, to wit: \$247.50, \$1137.75, and \$1956.57, aggregating \$3341.82—and indorsed by payee customer for deposit, to whom it issued a deposit slip for amount of such check on which was printed the following: "Outside checks credited subject to payment." These checks were sent by plaintiff to defendant, its correspondent at Ogden, Utah, in the usual course of business between them, which was, upon the mailing of the checks by plaintiff to defendant the latter would immediately be charged with the face thereof, and upon receipt of same plaintiff would immediately be credited with such amount. The checks reaching defendant on November 27, 1923, it immediately gave credit to plaintiff for amount of \$3341.82, and sent same for collection to First National Bank of Blackfoot, Idaho. Said checks being received on November 28, 1923, and on same day presented for payment, it accepted in payment a draft drawn in favor of said First National Bank of Blackfoot on Walker Bros., Bankers, of Salt Lake City, Utah, in the sum of \$3341.82, surrendering same to said D. W. Standrod & Co. This draft, indorsed by First National Bank of Blackfoot, Idaho, without recourse, was sent directly to defendant.

*The* **FIRST**  
**NATIONAL BANK of**  
**BOSTON**

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54% of the New England banks have selected us as their Boston depository. This intimate contact with every community of commercial importance in this section insures the best direct collection service available. We shall be glad to handle your items.

*Capital and Surplus \$40,000,000*

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BUENOS AIRES, ARGENTINA

HAVANA, CUBA

*European Representative*

LONDON, PARIS, BERLIN

November 29, 1923 (Thursday), being a legal holiday, the following day D. W. Standrod & Co., Bankers, failed to open for business, the state banking commissioner taking charge of said bank. Defendant on said date, receiving notice of such failure, so advised plaintiff, and stated that it would forward to it the three checks as soon as same were returned to it, and thereafter on same day received from First National Bank of Blackfoot a card acknowledging receipt of the three checks. On December 1, 1923, defendant receiving through the mail said draft on Walker Bros., Bankers, advised plaintiff by mail that it was forwarding same to Walker Bros. at Salt Lake City for collection. On December 4, 1923, said draft being dishonored, it was returned to defendant. Defendant, through its cashier, calling plaintiff over long-distance telephone and asking for instructions concerning said draft, was directed by plaintiff's cashier to return said draft to First National Bank of Blackfoot for recovery of original checks or items; the plaintiff at that time not having been advised that the draft on Walker Bros. was indorsed without recourse. Thereafter defendant advised plaintiff by letter that it had returned the draft to First National Bank of Blackfoot, with request that it demand of the D. W. Standrod & Co. the return of said checks that had been surrendered in lieu of said draft. On December 6th defendant again received from First National Bank of Blackfoot the draft on Walker Bros. with a letter stating that it could not obtain return of said checks. Defendant then by mail advised plaintiff of such fact, inclosing to it said draft. Plaintiff, receiving said draft on December 7, 1923, immediately returned same to defendant, demanding credit for the amount of the three checks, to wit, \$3341.82, which was refused.

Plaintiff in its petition averred that it was "the owner and holder of each and all of said checks," and that plaintiff "has been damaged in the sum of \$3341.82, which said loss grows out of the loss to the complainant of the checks

as aforesaid, and said loss was occasioned solely by the carelessness and negligence of the defendant."

Without a conflict it was proved that "it was not in the ordinary course of banking, in the sections where these various banks were located at the time in question, to remit a draft drawn by the bank from whom the collection was made, payable to the collecting bank and indorsed by the collecting bank without recourse." The customary method was for the collecting bank to remit exchange in the form of a draft drawn by the collecting bank and payable to the bank from which it received the collection items.

After the introduction of all the evidence, both parties moved the court for directed verdict, the defendant assigning grounds as follows: (1) No proof that plaintiff was owner of said checks; (2) improper parties plaintiff; (3) ratification on part of plaintiff; (4) negligence on part of plaintiff in not charging items back to the three depositors; (5) no negligence on part of defendant; (6) plaintiff, if entitled to bring action, it is only as assignee of depositors, and none of the separate items within the jurisdictional amount. And plaintiff as follows: (1) Defendants surrendered said items for something other than cash and contrary to usual custom of banks in handling same; (2) defendant negligent in receiving draft indorsed "without recourse," under conditions disclosed by record, and not properly notifying plaintiff on December 1, 1923.

Plaintiff and defendant each having indicated their intention to move for directed verdict, the court stated that "the two motions in effect take the case from the jury and requires the court to pass upon it." Counsel for plaintiff then stated: "Would this be possible under the circumstances, if the court please, in view of the turn the case has taken, and apparently it is being narrowed down to perhaps one or two propositions: Couldn't the jury be discharged here by understanding, and the matter submitted to your honor for final decision upon the

# The Securities of the Bell Telephone System are based on Service



THE physical properties of the System have a book value of more than \$2,800,000,000, but besides that there is a scientific and technical force of 5,000 people engaged solely in seeking to further develop the science of telephony and to improve methods for making the service better. The activities of this force furnish dependable assurance of continued improvement in the plant of the System and its service to the public.

*The stock of A. T. & T., parent company of the Bell System, can be bought in the open market to yield a good return. Write for booklet, "Some Financial Facts."*



## BELL TELEPHONE SECURITIES CO. Inc.

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*"The People's  
Messenger"*

matter?" And the court stated: "I couldn't consider it, unless you men agreed to it. \* \* \* If you gentlemen will consent to the discharge of the jury and submit the case to the court, I will take it under advisement, and you may file briefs upon this question." Counsel for defendant then stated: "I don't believe we are in a position to agree to that. We think the orderly course would be—we have raised other questions here which we would also desire to raise, and we think it would not be fair to us now to ask us to agree that this case be continued for further hearing. We think it should be disposed of, and upon motion for new trial we can argue all those questions; then either side can take such further action as they see fit." The court then stated: "Unless counsel consents, we cannot waive a jury. So far as I view it, the case is within very narrow limits. Fill out a verdict, finding in favor of the plaintiff, and assess his damages at \$1."

**WILLIAMS**, District Judge (after stating the facts as above). Under controlling authority in Federal courts upon the deposit of paper unrestrictedly indorsed and credit of the amount to the depositor's account, the bank becomes the owner of the paper, notwithstanding a custom or agreement to charge such paper back to the depositor in event of dishonor; such agreement evidenced by following indorsement on the deposit or credit slip: "Outside checks credited subject to payment." *City of Douglas v. Federal Reserve Bank of Dallas*, 271 U. S. 489, 46 S. Ct. 554, 70 L. Ed. 1051, decided by Supreme Court of United States June 1, 1926, and *Federal Reserve Bank v. Malloy*, 264 U. S. 166, 167, 44 S. Ct. 296, 68 L. Ed. 617, 31 A. L. R. 1261. The defendant bank, in receiving the checks for collection, was itself bound, not only to use due care, but was also liable to plaintiff for a failure to collect, resulting from negligence of any bank to which it transmits the checks for collection, in effect being responsible for proper diligence on part

of correspondent employed by it to effect such collection. *City of Douglas v. Federal Reserve Bank of Dallas*, supra. The acceptance of the draft on Walker Bros., of Salt Lake City, by the First National Bank of Blackfoot, Idaho, acting for the defendant, had effect of releasing drawer as well as indorsers of said three checks, resulting in a transfer of the drawer's funds and surrender of his right of action against the drawee bank; previous rights and obligations by the owner of the check and drawer being superseded and released to the drawee, the checks being thereby paid, and the drawer and indorsers discharged. *City of Douglas v. Federal Reserve Bank of Dallas*, supra; *Id.* (C. C. A. 5th Cir.) 2 F.(2d) 818, 44 A. L. R. 1425; *Id.* (D. C.) 300 F. 573; *Malloy v. Fed. Reserve Bank*, supra; *Id.* (C. C. A. 4th Cir.) 291 F. 763; *Id.* (D. C.) 281 F. 997.

A bank, as collecting agent, is without authority to accept for the debt of the 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; the rule applying to a bank receiving commercial paper for collection. 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. The acceptance by the bank as collecting agent of anything else rendered it liable to the holder as though it had been collected in cash. *Federal Reserve Bank v. Malloy*, 264 U. S. 166, 167, 44 S. Ct. 296, 68 L. Ed. 617, 31 A. L. R. 1261.

The cause of action as herein declared complies with the essentials of assumpsit at common law: (1) Implied promise; (2) breach; and (3) damages—the measure of recovery being sum due on account of what was done under such contract.

The effect of a request by each side for a directed verdict in the hearing before this court is not in any way considered by counsel. Both parties, asking for a directed verdict, thereby submitted to the court the ascertainment and final

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In Total Deposits**



**DEPOSITS**  
**\$201,171,872.84**  
**On December 31, 1926**

**THE MARINE**  
**TRUST COMPANY**  
**OF BUFFALO**

*Resources more than \$200,000,000*



determination of the disputed facts of the case, and as to such controverted facts there can be, under this record, no review. But as to the undisputed facts in the court below, as disclosed by the record before us, on review here, it may be determined whether error was committed as to the application of the law. *Empire State Cattle Co. v. Atchison, Topeka & S. F. R. Co.*, 210 U. S. 1, 28 S. Ct. 607, 52 L. Ed. 931, 15 Ann. Cas. 70; *Meyer & Chapman State Bank v. First National Bank of Cody (C. C. A.)* 291 F. 42; *Jackson v. Bell (C. C. A.)* 14 F. (2d) 61. The trial court upon the uncontroverted evidence should have directed a verdict in favor of plaintiff for \$3341.82, with interest.

This case is reversed and remanded, with instructions to proceed in accordance with this opinion.

#### BANK COMMISSIONER MUST GIVE NOTICE OF DISHONOR ON NOTE IF IN CHARGE OF INSOLVENT BANK

State ex rel Mothersead, Bank Commissioner, v. Rutland, Supreme Court of Oklahoma, 250 Pac. Rep. 914.

Unless the indorser of a note has waived notice of dishonor, notice must be given to him if the note is not paid at maturity. The failure to give him such notice will discharge him from liability on the note. This rule applies to a state banking commissioner in charge of the affairs of a bank in the course of liquidation with the same effect as it does to any private individual or corporation. If the bank commissioner, in such a case, neglects to give notice of dishonor he will not be permitted to collect the amount of the note from the indorser; nor can he apply to the satisfaction of the note a sum on deposit in the bank in the indorser's name.

Action by the State, on the relation of O. B. Mothersead, Bank Commissioner,

against Ray Rutland, principal, and Eugene M. Kerr, as indorser, on a promissory note. Cross-action by Eugene M. Kerr against plaintiff. From an adverse judgment, relator appeals. Affirmed.

STEPHENSON, C. [1] The petition of the plaintiff alleges that Ray Rutland executed and delivered his several notes to Eugene M. Kerr and James F. Spaulding, doing business as the Muskogee Nash Motor Company; that Eugene M. Kerr and James F. Spaulding, for value before maturity, transferred and assigned the notes to Eugene M. Kerr, who transferred and assigned the notes before maturity for value to the Central State Bank of Muskogee. The bank commissioner took charge of the bank for the purpose of liquidation some five months before the notes became due. The answer of the defendants pleaded that the notes did not waive notice of presentment for payment and notice of dishonor; that the notes were not presented for payment, and the notice of dishonor was not given to the indorsers. The answer further set forth that Eugene M. Kerr had \$900 on deposit in the Central State Bank when the bank commissioner took charge of the institution for the purpose of liquidation. The funds to the credit of Eugene M. Kerr were credited on the notes. The defendant charged that the appropriation of the funds to the payment of the notes was unlawful and without authority, and prayed judgment against the plaintiff in his cross-action. The trial of the cause resulted in judgment against the plaintiff. The plaintiff has appealed the cause here, and presents the single proposition that the bank commissioner is not required to comply with the Negotiable Instruments Act (Comp. St. 1921, §§ 7664-7859) in winding up the affairs of a failed bank, and was not required to present the notes for payment and give notice of dishonor to the indorsers. The plaintiff in error cites the case of *Engle v. Shepherd*, 100 Okl. 200, 229 P. 208, in support of his contention that he was relieved from presenting the note for payment and giving



**1st**

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—Rendered by the First National Bank in St. Louis is not only adequate, but on a scale assuring the utmost to every correspondent.

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YOU in the Mid-  
Continental District?*

**ST. LOUIS' LARGEST BANK**



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notice of failure of payment. The Engle case goes no farther than to hold that presentment for payment and notice of dishonor are unnecessary, where a principal insolvent bank is in the hands of a liquidating agent. The case is not in point on the question here presented.

The plaintiff in error cites the case of *White et al. v. State ex rel. Attorney General*, 94 Okl. 7, 220 P. 624, in support of the proposition submitted. But the case goes no farther than to apply the rule that the statute of limitation does not run against the state on an action on a promissory note held by the state bank commissioner as assets of an insolvent bank. The plaintiff in error also calls the attention of the court to section 7751, C. O. S. 1921, but this statute excuses presentment of payment only when the default is caused by circumstances beyond the control of the holder and not imputable to his default, misconduct, or negligence. By the statute, the holder under such circumstances is required to make presentment with reasonable diligence after the cause for delay ceases. The plaintiff in error did not attempt to plead any excuse for the failure to present the notes for payment or plead any waiver of the requirement for presentment for payment and notice of dishonor on the part of the indorsers.

We do not understand that the bank commissioner is relieved from meeting the requirements of the *Negotiable Instruments Act* in relation to the collection of notes payable to a failed bank. The plaintiff in error has failed to cite authority showing that the bank commissioner is relieved from the requirements of the *Negotiable Instruments Act* in this respect. In the case of *Grimes v. Tate*, 21 Okl. 361, 99 P. 810, the court said:

"In an action upon a promissory note by an indorsee against an indorser, the petition must allege notice of dishonor by the maker, or such facts as excuse a notice of dishonor."

In the case of *Shaffer v. Govreau*, 36 Okl. 267, 128 P. 507, the court said:

"A petition, in an action on a nego-

tiable promissory note against the indorser thereof, which fails to allege, either that the indorser had been notified of its dishonor, or facts excusing its failure to give notice, is defective."

If, as a matter of law, the bank commissioner is relieved from the duty of presenting a note for payment and giving the indorsers notice of the dishonor, the petition would be sufficient by alleging the insolvency of the bank and the possession of the notes by the bank commissioner in course of liquidation, and that the same were due and payable. But, if the plaintiff relied on a waiver on the part of the indorsers, it would be necessary to plead the facts on which the plaintiff relied.

The plaintiff undertook to prove acts and conduct on the part of the indorsers to waive the requirement of presentment and notice of dishonor, but this evidence went in over the objection of the defendants. So the question is now before us in the same situation as if it had been presented on a judgment overruling a general demurrer to the petition.

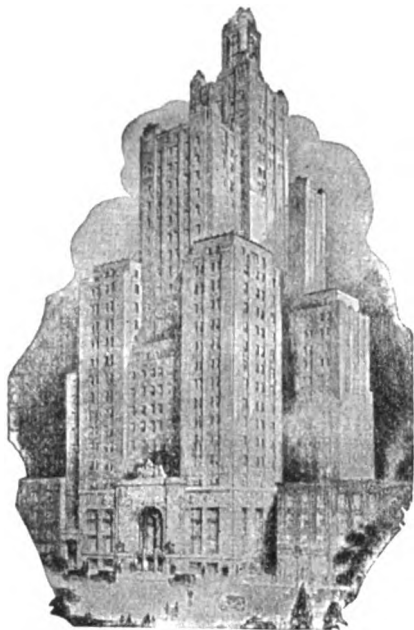
[2] The court did not commit error in rendering judgment against the plaintiff.

The judgment is affirmed.

#### LOSS DUE TO TEMPORARY MIS- PLACEMENT OF SUBSCRIPTION WARRANT COVERED BY BANKER'S BLANKET BOND

*Manufacturers National Bank of Troy  
v. United States Fidelity & Guaranty  
Co.*, New York Supreme Court,  
Appellate Division, 218 N. Y.  
Supp. 332.

The defendant company issued a "banker's blanket bond" in which it agreed to indemnify the plaintiff bank for any loss of money, currency, bonds, notes, or other securities, in which the bank might have a pecuniary interest, or which it might hold as collateral or as bailee, trustee, or agent, sustained by the



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The better to serve the ever growing business needs of Rhode Island, Industrial Trust Company is constructing this modern American office building.

The Bank's new home will rise twenty-five stories above the heart of the business centre of Providence. Vaults and banking rooms will occupy three floors and two mezzanines.

The offices to be rented on the upper floors are especially attractive because the design of the building allows the maximum daylight. Ready for occupancy during the summer of 1928.

## INDUSTRIAL TRUST COMPANY

Resources More Than \$100,000,000

Member of Federal Reserve System

Four PROVIDENCE Offices  
49 WESTMINSTER ST. — 63 WESTMINSTER ST.  
1515 BROAD ST — 220 ATWELLS AVENUE

E. PROVIDENCE	PAWTUCKET	NEWPORT
WOONSOCKET	BRISTOL	WESTERLY
PASCOAG	WARREN	WICKFORD

bank through robbery, misplacement or destruction, with or without negligence on the part of the bank's employes.

While this bond was in force and on January 4, 1926, a customer of the plaintiff bank delivered to the bank's assistant cashier a subscription warrant which entitled the customer to subscribe for bonds of the Brooklyn Gas Company. Under the terms of the warrant, the right to subscribe expired at 3 o'clock on the afternoon of January 15, 1926. The warrant should have been filed in such manner as to go forward in the regular course of business in time for the right of subscription to be exercised. But, through an oversight on the part of the assistant cashier, it became mixed with other papers on his desk and was misplaced.

At about 11 o'clock in the forenoon of January 15th, the customer asked the assistant cashier if the warrant had been sent forward, telling him that the right to subscribe expired at 3 p. m. on that day. After an extensive search, the assistant cashier found the warrant and immediately sent it to the National City Bank, the gas company's agent in the matter. The warrant arrived at the National City Bank after 3 o'clock, however, and the customer's right to subscribe was lost.

It was held that the loss caused by the misplacement of the warrant was covered by the bond notwithstanding the fact that it was merely temporarily misplaced and not permanently lost and that the defendant company was, therefore, liable.

Appeal from Trial Term, Rensselaer County.

Action by the Manufacturers' National Bank of Troy against the United States Fidelity & Guaranty Company. Judgment for plaintiff, and defendant appeals. Affirmed.

The question in this case is the construction of an indemnity insurance policy, called a banker's blanket bond. The terms of the policy, excluding parts we deem unnecessary to the decision of this

case, are as follows: The policy or bond, after reciting that each annual premium is based upon the total number of the insured's officers, clerks, and other employes, continues: "The underwriter hereby undertakes and agrees to indemnify the insured and hold it harmless from and against any loss \* \* \* of money, currency, bullion, bonds, \* \* \* warrants, \* \* \* promissory notes, checks or other similar securities, in which the insured has a pecuniary interest, or held by the insured as collateral, or as bailee, trustee, or agent, and whether or not the insured is liable therefor, \* \* \* sustained by the insured \* \* \* through robbery, \* \* \* misplacement or destruction, whether effected \* \* \* with or without negligence on the part of any of the employes while the property is actually within any of the insured's offices covered hereunder. \* \* \* The foregoing agreement is subject to the following conditions and limitations: \* \* \* (5) The value of any securities for the loss of which claim shall be made hereunder shall be determined by the average market value of such securities on the day preceding the discovery of such loss. \* \* \*"

VAN KIRK, J. On or about January 4, 1926, and while defendant's blanket bond was in force, a customer of plaintiff was the owner of a subscription warrant, the value of which was an assured right to subscribe for bonds of the Brooklyn Gas Company. On that day he delivered such warrant properly indorsed, to plaintiff's assistant cashier in its bank, and instructed him to transmit it, together with the sum to be paid for the bonds, and in due time, to the National City Bank of New York City, the agent through whom his right must be exercised. The time within which to exercise that right expired at 3 o'clock in the afternoon of January 15, 1926. The assistant cashier, duly authorized to perform such service on the part of the bank, received the warrant. The bank had provided a security box, within

which were compartments arranged for the safe-keeping of outgoing business according to the time when action must be taken thereon, and it was the duty of the assistant cashier to place this subscription warrant in the proper compartment. If he had done so, the warrant would have been forwarded in the regular course of business in sufficient time to exercise the rights conferred therein.

The assistant cashier, however, neglected to so deposit this warrant. He laid it upon his desk; it became mixed with other papers and was misplaced. About 11 o'clock in the forenoon of January 15, 1926, the customer asked the assistant cashier if he had sent on his subscription warrant, and told him that the time for exercising his right thereunder expired at 3 o'clock in the afternoon of that day. The assistant cashier thereupon made search for the warrant and found it in a drawer of his desk among other papers. He immediately sent it on to the National City Bank, where it arrived after its due hour, and the right to subscribe was refused. The value of the right to subscribe under this paper is admitted, and the amount of the judgment is undisputed. It is also admitted and found that the bank has paid to the customer, before this action was begun, the amount of the loss sustained by him.

Appellant's whole contention is that the only loss against which the defendant indemnified plaintiff was the physical loss of a specific kind of property named in the bond, and that the bond does not cover a money loss not actually due to the physical permanent loss of specific property; that it does not cover a loss sustained by reason of a misplacement of a valuable paper named therein, which was found too late, when valueless.

[1] We think this construction is too narrow. A reading of the policy suggests that the parties thereto intended that it should cover broadly losses which were sustained in consequence of the misplacement of any one of the securities or kinds of property named in the bond, and which misplacement was due to the

negligence of the officers and employes of the bank. That the bond is called a "blanket bond" has significance. The bond was drawn by the defendant company, and it must receive a fair and reasonable construction, giving to its words and expressions their usual and expected meaning, and in the light of the nature of the transaction. *Kean v. National Surety Co.*, 241 N. Y. 252, 149 N. E. 849.

[2] What, then, is the usual meaning of some of the words and expressions used? The bond secures against the loss of "money" and "currency." Currency is certainly money; it consists in common speech of coin, government notes, and bank notes. But money means not currency only; it means wealth, capital, property. If money meant only currency, there would be no reason for using the two words. In ordinary expression, "loss of money" means "money loss." It is very common to hear the expression, "he lost in such a deal;" "he lost money on such a security." Indeed, the loss of a bond would occasion no loss, if the bond had no money value; it is then but a souvenir of ill luck or folly. The loss of a bond is not confined to the physical loss of the paper on which it is printed; the obligation to pay gives the only value to the bond, and, when the valid obligation thereon is lost, the bond is lost.

The meaning of "misplacement" cannot be questioned. It means "put in a wrong place." To place a subscription warrant where, in the accustomed way of work, it ought not to be, is a misplacement of the warrant. What else could the parties have thought the word meant? Misplacement of an article certainly does not contemplate a permanent loss of the article, as would happen in case of "destruction"—a word used in the bond along with "misplaced." If a paper is misplaced, it is lost by reason of misplacement until it is found, and finding it does not establish that it was not lost while misplaced. The search for it might occasion a damaging delay. The bond

covers misplacement while the property is actually within any of the insured's offices covered thereunder; the expression does not contemplate a permanent physical loss. Ordinary meanings of the word "through" are "by means of," "in consequence of," or "by reason of."

We think, first, that within the meaning of this bond the subscription warrant was lost through, or in consequence of, misplacement, which in turn was due to the negligence of an employe; while so lost it became valueless; its life had expired; it was no longer a valuable piece of property; it was as if destroyed. There was the actual loss of the warrant.

[3] We think, second, that, giving the words of the bond their ordinary meaning, as applied to this particular case, the underwriter agreed in this "banker's blanket bond" to indemnify the plaintiff against any "money loss," "loss of value," sustained in consequence of, or as the result of, the misplacement of the subscription warrant through the negligence of the assistant cashier while the property was actually within the insured's offices, even though the misplacement of the warrant be not considered the equivalent of its physical loss.

The condition "that the value of any securities for the loss of which claim shall be made hereunder shall be determined by the average market value of such securities on the day preceding the discovery of such loss" is referred to as sustaining appellant's contention. In our view, this "condition" was not added for the purpose of limiting the terms of the bond, or of defining what was intended by the word "loss." The key word in the condition is not "loss," but "value;" the words "for the loss of which claim shall be made" constitute merely a clause modifying and descriptive of the "securities," the value of which is to be determined. This "condition" is confined to securities, the only kind of property named in the bond which has a constantly fluctuating value; because of that fact the other kinds of property are not mentioned. Securities fluctuate in value

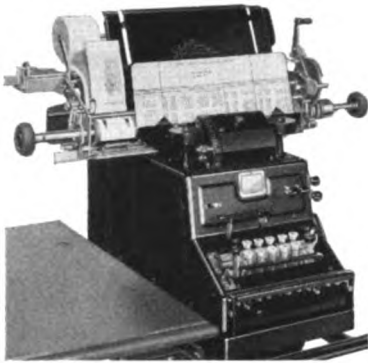
from day to day. Whether they are listed or over the counter securities, their sales are quoted in the financial sheets. Their prices rise and fall as sales are made; the average of these selling prices shows the average market value of the security on a given day.

The value of a security for which a defendant is liable is always an important question, and often a sharply contested one. May a recovery be had for the highest price, or the average price, in order to fix market value? And within what period of time is finding of the market price to be confined? The parties here by this condition removed this vexed question from dispute, and such was the one purpose of adding it. If this condition limited the bond to cover physical loss only of property, we think there would be no meaning to the provisions of the bond, which provide for indemnity against loss of money sustained by the insured through, or in consequence of, the misplacement of a valuable paper while it is actually within the insured's offices.

Let us take an illustration: One of the valuable papers named in the bond is a promissory note. Assume that the maker is financially irresponsible—in common speech, is execution proof—and that the obligation of the indorser alone makes the note valuable. An employe of the bank misplaces this note, so that, when the time for protest arrives, it is not found, is lost, and the indorser is thus discharged of liability. The bank thereby suffers a money loss by reason of the misplacement of the promissory note through the negligence of an employe and while the note is still in the bank. In our view, such a loss would come within the terms of this bond and would be a parallel of the loss in the present case. Or assume that a note, delivered to the bank for collection, is misplaced, and so remains until the statute of limitations has run against it; is not the note lost, unless the indorser waives the statute?

The judgment should be affirmed, with costs. All concur, except





## F-A-S-T-E-R than the fastest fingers

**B**ECAUSE the operation of the Dalton bank posting machine is geared to 140 strokes per minute—40 more than the average bank machine—you can turn out more work with it than with any other posting machine on the market! The 10-key keyboard is scientifically arranged so that fingers find the correct keys instinctively. And no matter how fast you operate it, this Dalton always has speed in reserve.

Yet it is so *easy* to operate. No turning the head from machine to work and back again. You operate the Dalton by "touch method"

—eyes on work, fingers on keys. Spend a whole day at the machine—you're still fresh, ready for more work. No fatigue, no "figure fuzz".

Drop in at the office of the nearby Dalton Sales Agent and operate the Dalton bank posting machine—see for yourself how remarkably simple and speedy it is. Learn, too, about all the other *exclusive* posting advantages which this model offers. Or phone the Dalton Sales Agent—he will arrange a demonstration at your convenience.

**DALTON ADDING MACHINE DIVISION OF  
REMINGTON RAND, INC.**

**Cincinnati, Ohio, U. S. A.**

**Agents for Canada: The United Typewriter Co., Toronto and Branches  
Sales Agencies in all the Principal Cities of the World**

*Dalton*

**Adding-Calculating - Bookkeeping - Statement  
and "Cash Register" Machines**

HENRY T. KELLOGG, J. (dissenting). Mr. Justice VAN KIRK interprets the words "any loss \* \* \* of money" to mean any financial loss, or any damage. That reading makes superfluous the words "currency, bullion, bonds, debentures, scrip, certificates, warrants, transfers, coupons, bills of exchange, promissory notes, checks, or other similar securities," which follow the word "money." With these words omitted, the bond would insure against "any loss of money \* \* \* through robbery, larceny (whether common-law or statutory), burglary, theft, holdup, misplacement, or destruction," and the precise meaning which Mr. Justice VAN KIRK gives to the bond would be expressed. The words which he seeks to omit are present in the bond for some useful purpose. Of "currency," "bul-

lion," "bonds," "scrip," "coupons," "warrants," etc., the only "loss" possible is a physical loss. "Loss," having been used in the sense of a concrete loss as to such items, cannot, in the same sentence, have been used to express an abstraction, such as is signified by the words "deprivation" or "damage." Clearly the loss intended is the loss of a physical thing. This is conclusively shown by the following provision of the bond, viz.:

"The value of any securities for the loss of which claim shall be made hereunder, shall be determined by the average market value of such securities on the day preceding the discovery of such loss."

I think there should be a reversal and dismissal.

## "BANKERS' HOURS" AT THE GUARANTY

THE average man, with his conception of "bankers' hours" as ten to three, would have received the shock of his life if he had looked into the Guaranty Trust Company, New York, on Sunday, December 12, 1926.

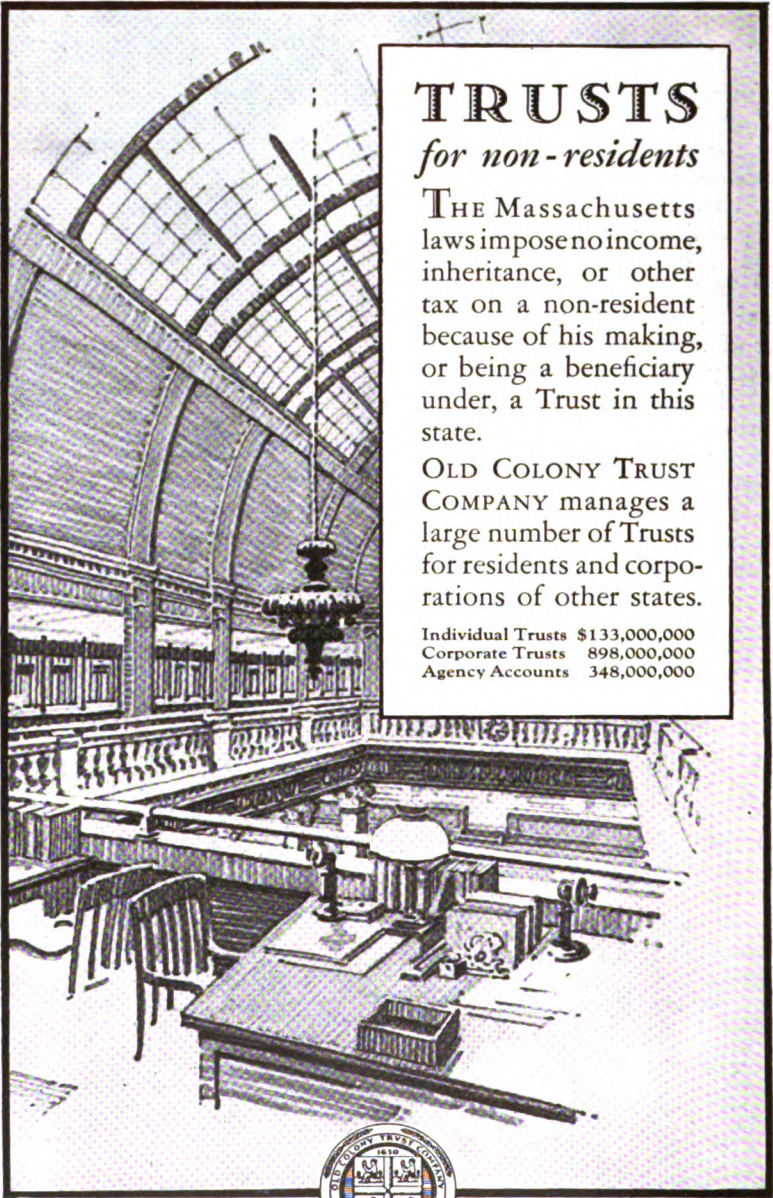
Tables filled every aisle of the main banking floor. At 7.00 o'clock in the morning some of the staff was at work there. More came at 9.00. By noon a force of 290 was at work at full speed. And they stayed at it until the job was



Club rooms at the Guaranty Trust were open all day and music and dancing offered diversion during intermissions in the work.



NEW ENGLAND'S LARGEST TRUST COMPANY



## TRUSTS *for non-residents*

THE Massachusetts laws impose no income, inheritance, or other tax on a non-resident because of his making, or being a beneficiary under, a Trust in this state.

OLD COLONY TRUST COMPANY manages a large number of Trusts for residents and corporations of other states.

Individual Trusts \$133,000,000  
Corporate Trusts 898,000,000  
Agency Accounts 348,000,000



TRUST

DEPT.

# OLD COLONY TRUST COMPANY

17 COURT STREET, BOSTON, MASSACHUSETTS



A few of the 300 employees who volunteered from practically every department of the bank for the week-end of extra-routine work.

finished at about 4.00 o'clock the next morning.

For the Guaranty had a "rush job" on hand. The Standard Oil Company of New Jersey had offered to its \$200,000,000 of preferred stockholders \$120,000,000 of debenture bonds for subscription, subject to allotment. The Guaranty, being transfer agent for the stock, had the monumental job of transferring it. Some of the subscriptions could not be filled, and new certificates had to be issued for the stock sent in. The rest of the stock had to be transferred to a nominee of the Standard Oil Company, for retirement March 15, 1927.

Thus, between Saturday morning, when the stock began to come in from J. P. Morgan & Co., and Monday morning, indorsements had to be passed on; wills, waivers, probate certificates and trust agreements had to be examined; certificates had to be checked for stop transfers; new certificates had to be made out, recorded and checked; old certificates had to be canceled and filed in the archives; the transfer sheets had to be

examined and the totals proved—these and many other operations for \$120,000,000 of stock had to be completed.

The loyal employees who gave up their day of rest to make it possible were served a big turkey dinner on Sunday in the bank's restaurant; they had a "tea party" at midnight (but coffee was served to keep them awake); and at 4.00 a. m. Monday Vice-President O'Neill led a raid on the bank's ice box and a successful ham and egg hunt. Everybody had a good time, including Captain Gaul of the special officers, who, attired in a natty business suit instead of his uniform, was mistaken by a caller for a vice-president in charge of the work.

At 5.00 a. m. Monday the last delivery of shares arrived from J. P. Morgan & Co. By 6.30 they had been transferred and delivered to the registrar, the Equitable Trust Company, and by 9.30 the job was completed, with the last delivery of the new shares to J. P. Morgan & Co. And the staff went and had breakfast.

Such jobs are not unusual at the Guaranty. The fiduciary department

# International Securities Trust

## OF AMERICA

A MASSACHUSETTS TRUST

### Condensed Statement

November 30, 1926

#### RESOURCES:

Investments at Cost (market value \$22,108,372.04).....	\$20,862,383.77
Cash in Banks.....	1,782,236.38
Accrued Interest and Current Items .....	472,262.41
Subscriptions to Capital Shares (since collected).....	2,261,251.44
Bond Discount (unamortized) .....	97,775.36
	<b>\$25,475,909.56</b>

#### LIABILITIES and CAPITAL:

Cumulative Preferred (\$100 par) .....	\$ 9,594,100.00
Common Class A (no par)	
226,466½ issued; 10,538½ subscribed .....	3,415,090.00
Common Class B (no par)	
600,000 subscribed .....	2,222,220.00
Secured 6% Serial Gold Bonds .....	6,000,000.00
Secured 5% Serial Gold Bonds .....	2,000,000.00
Current Liabilities and Accrued Taxes .....	470,914.57
Accrued Interest and Dividends .....	478,589.38
Surplus and Reserves .....	1,294,995.61
	<b>\$25,475,909.56</b>

Bond interest was earned more than five times during the year ended November 30, 1926.

Preferred share dividends were earned more than four and a half times during the year.

Earnings on common shares, before reserves, were more than four and a half times Class A dividends paid; after reserves, more than three times. Current dividends on Class A common shares are at the annual rate of \$1.80.

### American Founders Trust

A MASSACHUSETTS TRUST

1 Federal Street  
Boston

FISCAL AGENT

50 Pine Street  
New York

rather prides itself on its ability to handle them. In November, the Standard Oil Company of New Jersey decided to give its 45,000 common stockholders the right to purchase new common stock on a one-for-six basis. Extra warrants had to be made out for fractional shares for each stockholder whose holdings were not divisible by six, so that over 75,000 warrants were needed. The *Guaranty News* reports it thus:

"For the purpose of sending out the warrants the books were closed on Friday, November 25. By Saturday afternoon, just a day later, the Guaranty had posted 14,565 accounts, closed out 2505 old accounts and opened 1010 new ones, all of which involved the handling of eighty-three ledgers devoted exclusively to the Standard Oil issues. . . . On Monday the stock bookkeeping department presented a list showing the names of all common stockholders, together with the holdings of each one. Then computation was made of the number of shares to which each was entitled. That left two days for the actual filling out of the warrants. . . . It took many a quart of ink and threatened with writer's cramp the seventy-five members of the staff who pitched into the task in the finest kind of spirit." The work began on Monday, and the warrants were scheduled to be mailed by 11.00 p. m. on Wednesday of the same week, in order to bear the December 1 postmark. It is changed to December 2, at 11.00.

The writing of the warrants proceeded furiously, and the ultimate result was that at one minute of 11.00, a dozen husky Guaranty porters staggered into the Wall Street post office carrying a load of mail sacks—the last of the warrants.

Thus the Guaranty scored a touch-down on Old Father Time, with one minute to play. And it repeated the feat again later in the month, as described above. It is, as the *Guaranty News* says, "a remarkable tribute to the ability of a number of departments to absorb a tremendous volume of extra-routine work

without straining the regular machinery of the bank. The untiring efforts of the people who did the work calls for commendation, especially of the employes of the fiduciary and mailing departments, who bore the brunt of the task."

#### HANDERSON MADE ASSISTANT VICE-PRESIDENT OF UNION TRUST COMPANY

C. H. HANDERSON, publicity manager of the Union Trust Company of Cleveland, was made assistant vice-president of that institution at the annual directors' meeting on January 12. Mr. Handerson became publicity manager of the Union Trust in 1921. Prior to this he had been for five years advertising manager of the Cleveland Twist Drill Company. He was graduated from Western Reserve University in 1911 and for a year and a half following did investigation and copy work for the Fuller & Smith Advertising Agency of Cleveland. Later he sold space in the *Motor World*, a class journal publication. He then entered the advertising department of the H. Black Company, manufacturers of Wooltex coats and for a time ran a retail store for them. He has been a director of the Cleveland Advertising Club and of the Financial Advertisers' Association. He was elected president of the Financial Advertisers' Association at the annual meeting in Detroit last September, 1926.

T. V. Bastel of the 105th-Pasadena office was made assistant treasurer of the Union Trust Company.

At the main office J. H. Clark, employment manager, formerly assistant secretary, was made assistant vice-president.

C. D. Hajek, manager of the Kinsman-East 140th office and assistant secretary, was made assistant vice-president.

J. H. Lackamp, manager of the East 105th-Pasadena office, formerly assistant treasurer, was made assistant vice-president.





FIRST AND LAST SECRETARIES OF THE UNITED STATES TREASURY

Andrew W. Mellon standing beside a portrait of Alexander Hamilton, the first Secretary of the Treasury. The portrait hangs in the Secretary's rooms in the Treasury building in Washington, D. C.



**BANKING AND FINANCE ABROAD  
AND  
INTERNATIONAL BANKING NOTES**

**BROWN BROTHERS & CO.**

*Established 1818*

1531 Walnut Street  
Philadelphia

59 Wall Street  
NEW YORK

60 State Street  
Boston

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Investment Securities  
Letters of Credit  
Foreign Exchange

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**BROWN, SHIPLEY & COMPANY**

Founders Court, Lothbury  
London, E. C.

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

## To officers of corporations

The Equitable acts in the following corporate trust capacities:

1. As trustee under mortgages and deeds of trust, securing bonds of railroad, public utility and industrial corporations.

2. As transfer agent and registrar of stock. (*In the transfer of even a single share of stock there are thirty-five separate steps. Each one of them is vital to a proper transfer; if a single error is made confusion, loss of time and expense will result.*)

3. As depository under protective agreements or under plans of reorganization of railroad, public utility and industrial corporations.

4. As agent and depository for voting trustees.

5. As assignee or receiver for corporations under action for the protection of creditors.

6. As fiscal agent for the payment of bonds, and coupons of states, municipalities and corporations.

Without incurring any obligation, consult the nearest office of The Equitable with regard to any of the services rendered by our Corporate Trust Department.



## In the transfer of one share of stock you can make thirty-five mistakes

And any of those mistakes may cause expensive litigation, loss of prestige and perhaps the loss of a customer.

The appointment of The Equitable as transfer agent assures the complete and proper execution of that phase of business.

Read the column at the left . . . then send for our booklet, *The Equitable Trust Company of New York, Transfer Agent.*

## THE EQUITABLE TRUST COMPANY OF NEW YORK

37 WALL STREET

MADISON AVE. at 45th STREET

MADISON AVE. at 28th STREET

247 BROADWAY

### DISTRICT REPRESENTATIVES

PHILADELPHIA: Packard Building

ATLANTA: Healey Building

CHICAGO: 105 South La Salle St.

BALTIMORE: Keyser Building, Calvert and Redwood Sts.

SAN FRANCISCO: Financial Center Building

LONDON · PARIS · MEXICO CITY

Total resources more than \$475,000,000

© E. T. C. of N. Y., 1927

# THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

THE barracks walls at Portsmouth, England, resounded with strains of "Tipperary," "Colonel Bogey," and "The More We Are Together." The Tommies were getting ready to sail for China. The anti-foreign sentiment there became so menacing in the latter part of January that a whole regiment, 12,000 men, embarked for Shanghai, further protection for British citizens in China.

Anti-foreign demonstrations in January had been numerous. Mobs had looted the Y. M. C. A., mission churches and mission residences at Foochow. Another mob had raided the British concession at Hankow. Several British and American women had been beaten, and some were dragged in the streets. Sir Francis Anglen, the customs chief, had been dismissed. But during most of February, there were no further outbreaks against foreigners, though the situation steadily grew more tense.

Behind all this hatred for foreigners is the feeling that China has been unduly humiliated by the Powers in the past. The Kuomintang, represented by the Cantonese or Nationalist Government, like the Fascisti in Italy, demands that China be for the Chinese. It cannot be so while there is a foreign customs chief, while the great trading cities in China have foreign "colonies, policed by foreigners, ruled by foreign law administered by foreign judges (as the concessions in China are)." So the Nationalists demand tariff autonomy, abrogation of extra-territoriality rights and, in general a reconsideration of all the old treaties.

The Powers are sympathetic to this

demand. But they are apprehensive of the stability and permanence of the Cantonese Government. It has gained power rapidly, but it is not yet by any means representative of all China. If the Cantonese Government should not be permanent, a treaty or treaties negotiated by it would probably be repudiated by the government succeeding it. In spite of this, however, Britain did send a representative to discuss revision of the treaties, only to be told that the Nationalists will not deal with the British until they "cease their heavy concentration of troops and warships at Shanghai." The United States, according to an announcement of Secretary Kellogg, is prepared to negotiate new treaties "if China can agree upon the appointment of delegates representing the authorities or the people of the country."

## NO STRONG GOVERNMENT

Both nations fear that no government in China is strong enough to guarantee the safety of their nationals, and they, therefore, continue to concentrate troops at Shanghai, whence most of the foreigners in China have fled. The attempt was made to declare Shanghai a neutral sanctuary, but it failed because of the opposition of General Sun Chuang-fang, then in control of Shanghai.

The phrase "then in control" is used because at the time this is written the Cantonese are reported to have defeated Sun's army, and to be within sixty miles of Shanghai, and still advancing. However, even should Shanghai be taken by the Nationalists, it is believed that the protection for foreigners is now adequate.

## THE BRITISH OVERSEAS BANK LIMITED

Capital Authorised - £5,000,000  
Issued and Paid-up - £2,000,000

The Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of every form of foreign trade, and to provide up-to-date credit reports and information as to business conditions in all parts of the world. Correspondence invited.

33, GRACECHURCH STREET  
Lombard Court, LONDON, E. C. 3

Telegraphic Address: "Saesrevo, London."

**Affiliated Institution in Poland:**  
**Anglo-Polish Bank, Limited, WARSAW**

After six weeks without a cabinet, Germany found herself on January 28, with a coalition government, headed by Dr. Wilhelm Marx, Chancellor for the fourth time in his career. The Nationalists, who had been blocking the formation of a cabinet so persistently, agreed, in return for four cabinet posts, to support the following program of the Centrists:

Recognition of the German Republic as the only form of German state at present admissible.

Reform of the German army to insure recruits loyal to the Republican Constitution.

Adherence to the League of Nations and the Locarno treaties.

Evacuation of the Rhineland through a closer rapprochement with France.

Political observers do not expect the new Marx cabinet to last long. It has only 270 votes in the Reichstag to the 222 votes of the opposition. It is such

a heterogeneous mixture of parties that it was unable to agree on a declaration of policies at its first meeting. Charges of treason have already been brought against Minister von Kendell of the Interior Department resulting in an investigation. But for all its weakness this cabinet is better than no government.

### JUGOSLAV PREMIER OUT AND IN AGAIN

Jugoslavia's full name is "the Kingdom of the Serbs, Croats, and Slovenes." The name is indicative of the temper of the people; each faction is intensely class or race-conscious and is constantly warring against the others. The result is repeated changes of the government, for no particular reason. Thus, when the Croats fancied that the government was not treating them fairly on January 28, they voted with the opposition, and Premier Uzunovitch, defeated, resigned for the sixth time since April, 1925.

The King, with the facility born of long practice, promptly asked M. Uzunovitch to form another government. Following the example of Chancellor Marx of Germany, Uzunovitch this time (the seventh) formed a coalition government, which is said to be as weak as Marx's German coalition government.

Americans have remarked on the futility of such frequent changes of government, especially as there is no real change—the same man remaining premier throughout. Repeated defeats would seem to indicate dissatisfaction with Uzunovitch. Yet no one is found to replace him. The conclusion must be, therefore, that these periodic expulsions and reinstatements are merely political gestures, to show him that he holds office by suffrance.

### ANOTHER PORTUGUESE REVOLUTION SQUELCHED

To keep up its record of at least two revolutions every year, established and maintained since 1925, Portugal started early in 1927, with a revolt on February

## Tested Banking Service

*"Our connection with your bank has been a long and pleasant one. We feel that you have treated our various affiliated corporations liberally and have granted them accommodations within reason at all times."*

THIS statement by an executive of a large manufacturing concern, which opened its account with us in 1890, was prompted by the competent service which American Exchange Irving Trust Company has given them for many years.

This Company's Out-of-Town Office,

a complete banking unit devoted solely to handling the business of out-of-town customers, offers tested service developed through many years of wide experience.

This Company's resources of over \$600,000,000 are sufficient to meet every seasonal demand.

OUT-OF-TOWN OFFICE

AMERICAN EXCHANGE IRVING TRUST COMPANY

Woolworth Building, New York

3, originating in Lisbon and spreading first to Oporto and then throughout the country. The object, of course, was to unseat President Carmona. His tyrannical restraint of the press, his imprisonment or exile of his adversaries, and finally his proposal to borrow £12,000,000 abroad and spend it without any of the usual constitutional checks upon it (for his government is a sort of dictatorship) for some time have caused smoldering dissatisfaction, which finally took fire in the revolt.

Carmona, by the way, gained his position through a similar revolution against General Machado last July. Previously he had been Machado's Foreign Minister, until Machado decided to rule alone. Then Carmona engineered a revolution which secured the dictator's seat for himself.

To come back to this 1927 revolution, it was led by Souza Diaz and other politicians who demanded the resignation of the Carmona government and the re-establishment of a parliamentary government. The Carmona government answered by sending troops to suppress the revolt. There was brisk fighting for about a week in Lisbon and Oporto, during which the American Legation in Lisbon was hit several times by the gun fire. Eventually, the government suppressed the revolt in both places. Carmona then announced that the prompt

suppression of the revolt is proof that the army is behind his government.

### NO OIL FOR TROUBLED MEXICAN WATERS

Calles is meeting opposition from both within Mexico and without, in his policy of putting into effect the Constitution of 1917. Within Mexico, the Catholics resist passively the burdens placed upon them by this Constitution. In the United States, oil companies are protesting about the retroactive character of the land laws of the 1917 Constitution. The correspondence between the State Department and the Mexican Government on these laws was reviewed in these columns in the January issue. Since that time, there have been implied threats that the United States would sever diplomatic relations with Mexico, proposals for arbitration, explanations from the Mexican Government, etc.

When it was proposed to arbitrate this vexing question, and Mexico accepted the principle of arbitration, many people concluded that the dispute was as good as over. They were surprised to find, a few days later, that President Coolidge is rigidly opposed to arbitration of this dispute. His attitude is that the Mexican land laws are open confiscation of private property. The right of private property is not a subject for arbitration. Confiscation is illegal, and

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should not be recognized and dignified by arbitrating an attempted confiscation.

The Senate is of a different mind. A few days later it passed, by a vote of 79 to 0, a resolution declaring that it is "sound policy, consistent with the honor and best interest of the United States . . . to submit to an arbitration tribunal . . . the controversies with Mexico relating to the alleged confiscation or impairment of the property of American citizens and corporations in Mexico." This resolution, of course, has no binding or mandatory effect on the action of the President. It simply is indicative of the sentiment of the people, that the country must be, as Will Rogers commented, in a bad way if we can't trust anybody to be fair with us in the arbitration.

Some of the oil companies operating in Mexico have conformed to the Mexican law, without waiting for the action of the State Department. Mexico claims that almost 80 per cent. of the American oil firms in Mexico have done so. The State Department says that only four companies have. The actual facts of the situation are so clouded with statements and denials that it is impossible to say on which side the majority of the oil companies, whose interests are most vitally affected, stand. It is natural to assume, though, that they are behind the action of the State Department.

## BOLSHEVISM IN CHILE

When a convention of teachers in the primary grades allows some of its time to be taken up with heated attacks on the

government, and fervid advocacy of Communism, it is worthy of notice. When this is followed by Communist demonstrations during a railroad strike, there is cause for alarm. And when finally, a Communist agitator tells a meeting that if war came between his country and another, he would turn his gun on the tyrants who govern his own country, it is time for action.

Reasoning thus, after the events described above, General Carlos Ibanez, Minister of War of Chile, on February 9 began organizing a cabinet to settle this problem of Communism in Chile once for all. It is, to say the least, a bit unusual to begin organizing a cabinet, for any purpose, while there is still another cabinet functioning. However, as soon as it became known that General Ibanez was organizing a cabinet, the cabinet then serving in Chile resigned. That allowed the President to ask General Ibanez to form a cabinet in the regular way. When this is done, it is reported that President Emilio Figuero-Larrain will resign, and allow Ibanez to succeed him as President, thus giving Ibanez a free hand to deal with the "Moscow influence" which he believes is menacing Chile.

## GREAT BRITAIN

The speedy revival of coal production caused some premature optimism in Britain. Reports that "brighter outlook heartens Britain," and that "London hears of a real revival in British trade" in the last week in January were fol-

lowed, in the middle of February, with the news that "discouragement in London is growing."

What happened in the interval to change the attitude was not the decline of coal production, for it continued to increase to 5,225,100 tons in the week ending January 29. In fact, production in Britain in most lines is generally increasing. It was the trade statistics and the financial situation that caused the gloom. The report of the Board of Trade on foreign trade for 1926 showed an import balance for the first time in many years. This was due to a decline of more than 16 per cent. in exports while imports declined only about 6 per cent. Visible imports showed a balance of £477,000,000 over exports. It is usual for British trade to have a surplus of visible imports, which is more than covered by the invisible exports. In 1926, however, invisible exports amounted to only £465,000,000, leaving an import balance for the year of approximately £12,000,000.

Trade figures for January showed a slight recovery, the import balance being about £4,000,000 less than in December, 1926, but still about £3,000,000 above the import balance for January, 1926. This improvement was due almost entirely to an increase in exports of British manufactured goods.

During January and February of this year there has been an almost world-wide decline of the discount rates of central banks. The Bank of Latvia began it on January 1, with a reduction of its rate from 8 per cent. to 7 per cent. The Reichsbank followed on January 11, with a reduction from 6 to 5 per cent. The next day the National Bank of Belgium reduced its rate from 7 to 6½ per cent., and the Bank of Austria made a similar reduction of its rate. On February 3, the Bank of France reduced its rate from 6½ per cent. to 5½ per cent. Only in India has the bank rate been raised, but there it has been raised twice—from 4 to 5 per cent. on January 1, and from 5 to 6 per cent. on February 11.

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This general decline in money prices, observers say, is one of the cheerful signs of returning normalcy in European governmental finance. It is also expected to be a potent factor in assisting the restoration of business prosperity and trade in the former belligerent nations. These readjustments of money rates mark the passing of the war conditions in the financial markets.

Exports of gold continue to worry London, especially as they are accompanied with a slowly declining pound sterling. Between February 1 and February 15, a total of more than \$8,750,000 of gold was shipped to the United States from London. Add to this a price index which has been declining since October, and there is some cause for British pessimism.

Further cause for pessimism is contained in the annual reports of the principal English banks. In general, 1926, was not so profitable a year for the banks



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as 1925. Only Barclays Bank Ltd., shows any particular increase in net profits. The Midland Bank, and the Lancashire and Yorkshire show small increases. The exact figures are as follows:

#### NET PROFIT OF BRITISH BANKS

	1926	1925
	£	£
Barclays .....	2,427,162	2,289,837
Lloyds .....	2,523,582	2,569,366
Midland .....	2,535,730	2,522,469
National Provincial ....	2,115,654	2,161,580
Westminster .....	2,157,233	2,205,393
Bank of Liverpool and Martin's .....	542,731	572,316
District .....	450,139	458,993
Lancashire and Yorkshire	264,528	245,359
Manchester and County	186,116	199,319
Williams Deacons ....	330,856	344,859

Interesting among the comments of the chairmen of the big English banks in their annual reports were those of Reginald McKenna, chairman of the Midland Bank, and of F. C. Goodenough, chairman of Barclays Bank. Mr. McKenna argued for the modernizing of the British banking system, which is now practically the only system in the world not permitting the issue of notes over a limited amount unless secured pound for pound by gold. For some years Mr. McKenna has been an opponent of the "deflation policy" of the British Government, and his present remarks are an argument for inflation of the currency as a stimulus to trade. For he says:

"We have been working on a gold standard for nearly two years and except for the rigidity of the Bank of England system there is nothing now to prevent the same response being given to

growing trade demands in this country as has been given in America. It may be argued that if the Bank of England were to buy or lend more freely, thus increasing bank cash and enabling banks to grant additional accommodation to industry, we should have no absolute assurance that this step would be followed by greater production. If it were not, it would be in the nature of a sure inflation.

"Admit the risk. But what reason is there for supposing production would not be stimulated as it was in the United States in the autumn of 1921 and at intervals since that time when exactly this policy was pursued.

"In the United States credit can readily be expanded to meet trade requirements more or less regardless of the movement of gold, while with us such movements are guiding factors and the explanation of the difference is to be found in a far greater elasticity of the Federal Reserve System, compared to our own central bank.

"The American system has been framed to suit modern conditions, and in fixing reserve requirements the development of deposit banking has been duly recognized. On the other hand, the Bank of England continues to operate under an act of 1844, and as a consequence, though it holds £150,000,000 in gold, its reserve against deposit liabilities is only about £34,000,000. [The bulk of the gold of the Bank of England is held as a 100 per cent. reserve against its notes.]

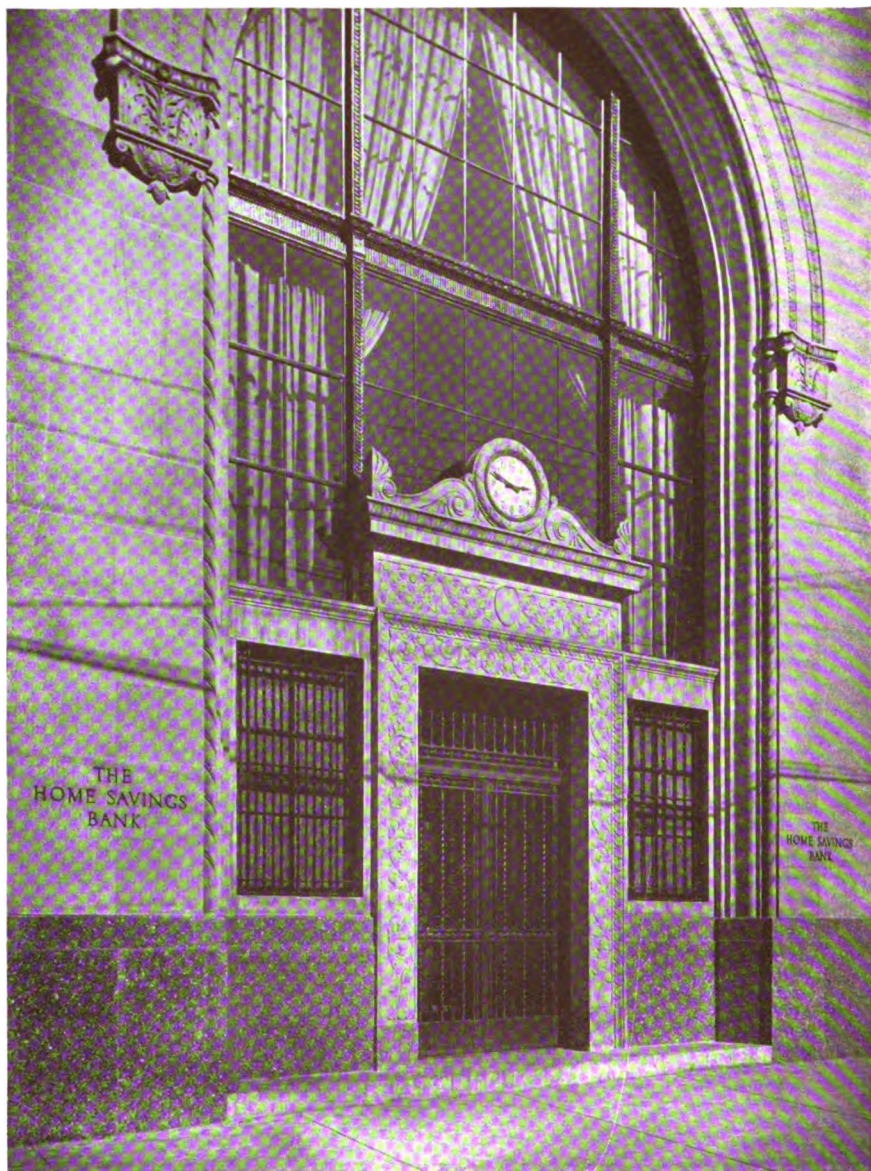
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foreign demands for gold, is insufficient to permit our own market operations with a view to increasing the volume of credit on anything more than quite a small scale. Its diminutive size does not allow the same freedom of policy as enjoyed by the Federal Reserve Bank in order fully to occupy our people and give the volume of commodities which the unemployed and new recruits to labor would produce."

American bankers and particularly Federal Reserve officials will probably make some objection to Mr. McKenna's implication above that the Federal Reserve System has pursued a policy of deliberately injecting credit into the American banking system in order to stimulate business. Putting that aside, however, Mr. Goodenough defends the British system on its merits.

"Our system," he said, "has had the great advantage of being largely automatic, besides being free from government control. The gold reserves held by the bank are diminished by the payment of our liabilities abroad and re-

plenished by the payments made to us and by the raising of the bank rate, which serves first to check the outflow of gold, and second, to attract foreign money for employment here. It also contracts credit here, through higher rates for loans, and helps to restore the reserve of the bank in relation to liabilities. . . .

"It is often suggested that instead of the simple system which I have described, this country should adopt permanently a ratio system on the lines of those in operation in the United States of America. . . .

"After the first twelve months of the war—the outbreak of which followed very shortly after the adoption of the Federal Reserve System—there has been a large surplus of gold in America, and the ratio system, therefore, as such, has not been for practical purposes operative. If, however, the surplus should entirely disappear and the ratio become fully operative, gold movements might cause monetary disturbance, since it would then be possible for the export of

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JAMES STEUART, Chief Manager

\$40 in gold to involve the withdrawal of \$100 in currency, and as currency is the basis of bank credit there would follow still greater contraction of credit. . . .

"The Federal Reserve System, so far, has proved successful in the United States of America, but, in my opinion, conditions here are sufficiently different to justify the conclusion that it would not necessarily, or even probably, be successful here. In this country our external trade is far more important, in relation to our total trade, than is the export trade of the United States of America. As a consequence of this, and of our position as an international monetary center, we are very liable to external demands for gold. For this reason, as I have already mentioned, the rapidity with which the Bank of England rate will correct the position and the minimum of disturbance which it will cause are of undoubted advantage."

## GERMANY

The fallacy of impressionistic summing up of the business situation is illustrated in a dispatch from Berlin to the *New York Times*. It is headed "Good Reports Come from German Trade," and cites the impression that conditions are favorable in the chemical and electrical branches of industry, as well as industry and shipbuilding. Then it gives a few statistics, which directly contradict the impression. The number of unemployed men has increased from 1,467,409 on December 15 to 1,747,281 on January 1, and 1,833,967 on January

15, and it has not improved since that time. There were only 452 bankruptcies in Germany in December, 1926, but 513, in January, 1927. Business was so poor and the demand for credit so small that the Reichsbank reduced its rate from 6 per cent. to 5 per cent. on January 11, and even that rate did not stimulate any borrowing. Wholesale prices are slowly but steadily declining. Call money is available in Berlin at from 3½ per cent. to 5½ per cent. A government loan sold in February was priced to yield 5.43 per cent. and the Krupp company also placed a 6 per cent. loan of 60,000,000 marks, to refund its five-year 7 per cent. bonds sold in New York in 1925.

The German government loan was a twenty-five-year issue of 5 per cent. bonds at 92. The 500,000,000 marks were placed, 300,000,000 with the large banks through the Reichsbank, and 200,000,000 with the public. These bonds are unredeemable before 1934, and after that, only at par. The loan is necessary, said Herr Reinhold, finance minister when the loan was arranged, in order to balance the extraordinary budget. It was floated at this time to take advantage of cheap money conditions which Herr Reinhold believed would be only temporary. The total German debt, including this issue, now amounts to 2,696,000,000 marks, and is justly causing some alarm among conservative financiers.

If the Berliner Handels-Gesellschaft, Berlin, is typical of the German banks, 1926 was a profitable year for them. The Berliner Handels-Gesellschaft earned

a net profit of 3,988,280 marks during 1926, almost a 40 per cent. increase over the 2,862,401 earned in 1925, enabling the bank to pay a 12 per cent. dividend and carry 1,150,483 marks to undivided profits account.

The steel industry, also, had a good year—too good, in fact. Production aggregated 12,341,636 tons, compared to the 12,194,501 tons produced in 1925. Output during December, 1926, was 120 per cent. above the amount allowed Germany by the steel cartel. There was excess production also in October and November and, according to the terms of the cartel, the German firms must pay \$2,784,000 into the common fund, as fines for this excess production. This common fund, after paying the expenses of the trust, is divided among the members in proportion to their production quotas. Since Germany had a net loss on the fund for the first three months of \$1,496,000, she has served notice on the cartel that unless she is permitted a larger quota of production she intends to withdraw. A meeting of the trust was held in Luxemburg on February 7, to discuss this demand, but no agreement was reached. So far Germany has not formally withdrawn, but it is expected that she will, after perhaps one more attempt to have her quota raised.

In order to avoid disturbing German exchange, Germany has arranged to pay the  $2\frac{1}{4}$  per cent. of the reparations which comes to the United States, by having German firms doing business in the United States deposit the money they receive in the Federal Reserve Bank of New York, to the credit of the Agent General for Reparations Payments. As soon as cable reports are sent by the Federal Reserve Bank to the agent general, he will pay to the German firms the mark equivalent of the amount deposited, at the average Berlin rate for cable transfers on the day on which the money was transferred. The amount so transferred in "normal years"—that is after 1928—will amount to about \$10,000,000



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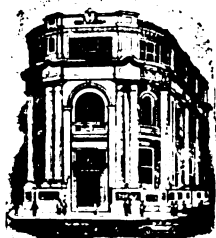
a year. At present, it is a little over \$5,000,000 a year.

German opinion, however, seems to believe that it is a figure of speech to talk of a "normal" reparations year, since the "normal" reparations will never be able to be met. This view was officially propounded by Herr Koehler, the new finance minister, in his first speech. He said that in 1928 (the first "normal" year) "according to the Dawes plan, the charge on the budget and the service of the railway and industrial bonds will be increased by 432,000,000 marks and in 1929 by a further 290,000,000 marks. I recognize at the present moment that there is no possibility of our producing these payments, despite our good will."

Henry M. Robinson, president of the First National Bank, Los Angeles, Calif., who was a member of the Dawes Commission, says after an investigation, that the German people are well able to pay the full reparations, for "the reparations

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burden is probably less—certainly no greater—than Germany sustained in maintaining her war establishment before 1914.”

All that will be required of Germany, according to Mr. Robinson, is that 95 per cent. of her present income must support the full 100 per cent. of producers, while the remaining 5 per cent. is applied to reparations. The annual income of Germany, Mr. Robinson points out, is about \$14,000,000, or more than twenty times the reparations payment.

This was met, as was to be expected, by a flood of editorials in German newspapers contradicting Mr. Robinson. Now it only remains for time to prove which is right.

### FRANCE

To Poincare rather than to Caillaux belongs the title of the “wizard” of French finance. Capping his achievements of the last six months in restoring the almost shattered financial structure of the French Government, is the arrival of a steady stream of gold shipments in New York from France. The shipment of \$4,000,000 mentioned in these columns in February was followed on January 24 with another shipment of \$4,200,000, on January 28 with \$6,200,-

000, and on February 3, with \$4,000,000 more, a total of around \$19,000,000.

It is believed that these gold shipments are preparatory to official stabilization of the franc. They provide a reserve against speculative attacks when stabilization is attempted. Of course, gold would be just as effective a reserve against such attacks if it were in the vaults of the Bank of France as in the vaults of the Federal Reserve Bank. But the popular prejudice against using the gold reserve of the Bank of France would hamper its use. Hence it was thought wise to invest the gold in revenue producing securities in New York, and yet have it available for use in protecting franc exchange.

In spite of these shipments, money is plentiful and is steadily growing easier in Paris. On February 3 the Bank of France reduced its discount rate from 6½ per cent. to 5½ per cent., and three-months discounts were obtainable about the middle of February at 4½ per cent. Less commercial demand is responsible for most of this ease in money, and the money put into circulation by the Bank of France, through purchase of foreign bills and gold, is a complementary factor.

The cause of the dull business, of course, is the decline of prices which, in turn, is the result of the appreciation of the franc. Since November the decline of prices has been steady and rapid, as



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 Cavalla  
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 Chio  
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 Corinth  
 Coumi  
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 Dadi  
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 Didimotichon

Dimitiana  
 Drama  
 Florina  
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 Gravosa  
 Gythion  
 Hydra  
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 Jannina  
 Kiato  
 Kyparissia  
 Lamia  
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 Limni  
 Megalopolis  
 Missolonghi  
 Mitylene  
 Naftactos  
 Nigrita

Patras  
 Piraeus  
 Potamos  
 Preveza  
 Pyrgos  
 Rethymo  
 Salonica  
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 Sorovitch  
 Soufli  
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is shown from the index number given below:

	Index No. of French wholesale prices.
End of	
October .....	768
November .....	698
December .....	641
January .....	635

With business depression has come increasing unemployment. The figure on January 1 was 39,000, and by February 1, this had risen to 45,000. Protests have already been raised in the Chamber of Deputies against the government's policy. Poincare has been able to sidestep the issue easily to date, but it is to be expected that it will become increasingly difficult to do so in the future.

The unusually heavy tax receipts which were such a factor during the latter part of 1926 in restoring the finances of the government, are already dropping off. In 1926, of the 12,000,000,000 francs increase over tax collections in 1925, more than 7,000,000,000 francs

came from the business turnover tax, with the very active business which France then enjoyed. The effect of the growing depression in reducing this item, and thus the total tax receipts, is evident in the January returns which amounted to 3,293,044,000 francs, just about 10 per cent. less than in January, 1926.

The increased value of the franc in the latter half of 1926 had the salutary effect of wiping out the import balance that threatened in the first half of the year. Total returns for the year show imports of 59,514,725,000 francs, and exports of 59,534,649,000 francs, an export balance of about 20,000,000 francs. January foreign trade alone showed an export balance of several times that amount, with exports of 4,708,855,000 francs, imports of 4,079,092,000, and an export balance of 629,763,000. Probably the gold shipments had a great deal to do with the swollen exports in January.

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Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

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**GENERAL BANKING BUSINESS**

bonds due in September of this year, was brought out the issue of an equal amount of fifteen-year 7 per cent. treasury bonds. They were offered beginning February 15 at a price of 92, and will remove another of those short term obligations which have made so much trouble for the French Government in the past.

Finally, it was announced in the *New York Times* of February 18 that the French Government has prepared an offer to the United States to begin payments on the French debt on the schedule provided for by the Berenger settlement, pending final decision and ratification of that agreement. The purpose of the offer is to show France's good faith, even though it is impossible at the present time to get the Berenger settlement ratified.

## ITALY

Though Italy insists repeatedly, so the newspaper correspondents tell us, that there is no "deflation crisis," the facts seem to indicate that there is. The bank rate remains at 7 per cent., and the American Commercial Attache in Rome reports that "the banks are following a policy of extreme caution on account of inability to liquidate security holdings and the existence of large frozen credits." The decline of 1,037,000,000 lire in loans and advances of the Bank of Italy during December is indicative of the extent of the credit restriction which is in force.

Declining prices show more plainly than any other indicator the effect of deflation. The index of wholesale prices has fallen from the high of 691 in

August, 1926, to 600 by February 6, 1927. This is the lowest point in two years. Unemployment is increasing and now stands at 150,000, an increase of about 35,000 over the number unemployed at this time last year. It is due to the decline in activity in the metal industries, the automobile industry and the marked depression in the cotton industry.

Government finances, however, are in good shape. Revenues continue to show a surplus over expenditures amounting to 19,000,000 lire for the first four months of the fiscal year. The lictoral loan offered for subscription in November, the details of which were described in these columns in the December issue, was phenomenally successful. Over 3,000,000,000 lire were subscribed, and at a price considerably in excess of market quotations for similar loans.

The trade deficit, which threatened in the early months of 1926 to be unusually large, finally turned out to be smaller than in 1925. Exports amounted to 18,607,000,000 lire and imports to 25,765,000,000 lire, making an import balance of 7,158,000,000 lire. The corresponding import balance in 1925 was 7,875,000,000 lire. Most of the improvement in exports came in the last five months of the year, and is due in large part to the higher value of the lire.

## BELGIUM

Since the stabilization of the belga, Belgian trade has been quiet. This is partly attributable to the usual seasonal dulness at this time of year. The heavy

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industries, however, such as glass, cement and coal, had the best year since the war. In the last month of 1926, demand in those industries began to slack off also. Commercial bankruptcies totaled 656 in number in 1926, as against 514 in 1925.

Financial conditions at present are very favorable to trade revival. The preliminary figures for the budget of 1927 estimate receipts of 9,577,000,000 francs and expenditures of 9,415,000,000, leaving a surplus of 162,000,000 francs. The size of Belgium's debt burden (service on which amounts to about \$1,500,000,000 yearly) is apparent in the calculation that half of the general receipts go for debt service.

The reserve of the National Bank of Belgium amounts to more than 50 per cent. of its note and deposit liabilities. The bank reduced its rate from 7 per cent. to 6½ per cent. on January 12, 1927. The City of Brussels in January sold an issue of 150,000,000 francs of 7 per cent. sixty-year bonds in the Bel-

gian money market at 94, at which price the yield is about 7.45 per cent. The stock market is strong and all classes of securities are advancing, stimulated by easy money. Commodity prices also are advancing slowly.

Foreign trade in Belgium for 1926 established a record. With imports of 23,000,000,000 francs and exports of 19,500,000,000 francs, the import balance was only about 15 per cent. In 1925 it amounted to 18 per cent.

### THE NETHERLANDS

The good business enjoyed by the Netherlands through most of the year 1926 continues. Tax receipts were higher than estimated, and there is prospect for some reduction in the tax burden. Unemployment is comparatively low; the Netherlands Bank holds a reserve of 50 per cent. against its notes; business failures are declining; security prices are advancing. The only unfavorable factor in the situation is the difficulty

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in securing investment capital. Most of it seems to have been placed into high yield foreign bonds.

## SWITZERLAND

The Swiss budget for 1927 provides for estimated receipts of £12,387,000 and expenditures of £12,938,000, a deficit of £551,000. It is hoped to reduce this deficit during the course of the year by increasing the tax on coupons, the stamp duty and the tax on malt. The government's program for the year looks toward:

Progressive redemption of the national debt, which now amounts to £86,738,800.

Balancing of the budget.

Maintaining the gold parity of the Swiss franc.

Gradual repayment of the deficit in the pension fund for federal officials.

Two facts indicate the ease of the Swiss money market: The bank rate of  $3\frac{1}{2}$  per cent., lower than anywhere else in the world except Amsterdam; and the recent flotation of a \$26,000,000 bond issue for the French State Railways in Switzerland. It carried a rate of 7 per cent.

## NORWAY

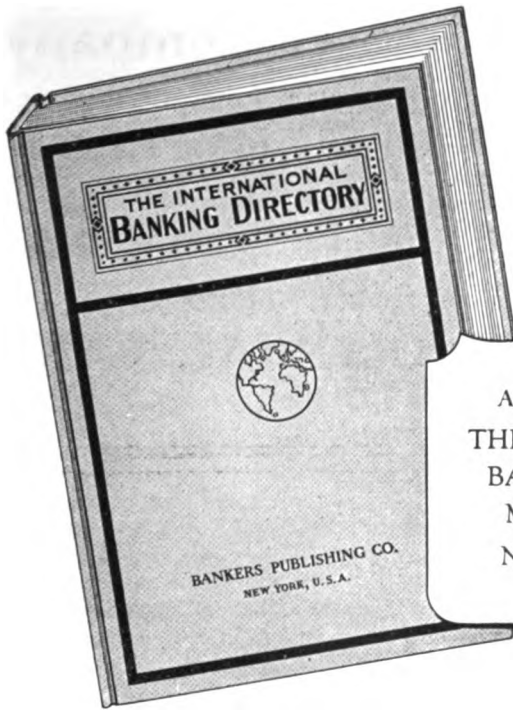
All through 1926 the Norwegian krone has been advancing, rising from 75 per cent. of its gold parity in January, 1926, to 94 per cent. of parity in December, 1926. The resulting decline of prices and business transactions has been commented on before in these columns.

The Norwegian index number of wholesale prices fell from 214 in January, 1926, to 184 in December, 1926. This is based on the index number for 1913 as 100. Unemployment amounted to 27,261 men at the end of the year, as compared with 26,662 men at the beginning of the year. There was a slight decrease in unemployment during the summer, when the British coal strike gave a fillip to shipping. But this condition did not last. Workmen have found themselves faced not only with less work, but also with wage reductions running from 12 to 17 per cent. Foreign trade has also declined, though the import balance was reduced slightly.

This is reflected very clearly in the banking figures. Notes in circulation have declined from 362,824,000 kroner on December 31, 1925, to 337,145,000 kroner on December 31, 1926. Loans and discounts of the Norwegian joint stock banks have shown an almost steady decline since December 31, 1920. Recent figures are as follows:

	Loans and dis. Kroner
June 30, 1925 .....	2,292,500,000
November 30, 1925 .....	2,203,018,000
June 30, 1926 .....	1,929,796,000
November 30, 1926 .....	1,826,971,000

Liquidation of "frozen" credits, which has been going on all this time, seems now almost completed, for in 1926, for the first time since 1920, deposits increased slightly, totaling 1,891,656,000 kroner on November 30, 1926, as compared with 1,887,258,000 kroner on the same date in 1925. Bankers considering



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this record are inclined to think that the United States was very lucky to get off with a deflation period of only about two years. This thought gains confirmation from the increasing advances and rediscounts made by the Bank of Norway since the middle of 1926. They may presage increasing credit demands from the joint stock banks.

#### SWEDEN

It is gratifying to be able to report that conditions are quite different in Sweden. Business has been picking up there since the middle of 1926, and, showed considerable further increase in December. Imports in that month were 147,521,000 kronor, and with exports of 152,435,000 kronor Sweden had an export balance for the first time since 1920. The import balance for the entire year 1926 was equal to \$20,140,000, a slight reduction from the 1925 figure of \$21,925,000, and considerably under the \$43,460,000 reported in 1924. This has

caused firmness and temporary tightness in money rates. The budget for 1927 balances at 709,000,000 kronor, a decrease of about 35,000,000 kronor from the 1926 budget.

#### DENMARK

Business in Denmark could hardly be worse. The re-establishment of the gold standard on January 1, therefore, caused no particular change in the situation. The resumption of gold payments had been long forecast, and the effect discounted in the drop of the price index from 178 in October, 1926, to 170 in November, and 158 in December. Denmark followed the lead of England in giving her central bank the option of paying gold coin or gold bars for notes. She also arranged for a £3,000,000 credit in London, to protect the exchange rate, if necessary. A credit in New York is also under consideration.

More than 93,000 men, almost one third of the population in Denmark, were unemployed on January 15.



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### ESTONIA

Called in to advise the Estonian Government on the reorganization of its banking and financial system, the League of Nations Financial Committee advised in 1925 that the Bank of Estonia should be made completely independent of the government, that the gold reserve of the government should be handed over to the bank, and that the bank should have a monopoly of note issues. It added that the bank must be relieved of a large amount of its "frozen credits" before normal conditions could be restored.

After trying for a year to accomplish this, Estonia was forced to ask the League to advise it again in 1926, as to how to accomplish these reforms. The recommendations of the finance committee, summarized below, would establish a banking and financial organization for Estonia almost identical with the Federal Reserve System.

The Bank of Estonia, the committee said, should be reorganized as a private company, with capital of 500,000,000 Estonian marks. At the beginning the government will have to supply this capital, but two years after the bank begins operations the shares should be sold to the public.

The bank should be governed by a board of directors, six of which should represent the businesses of the country. The government will name the president

of the bank, who will hold office for five years. Two of the officers of the bank named by the president of the bank will also be on the board of directors. In addition, in order to create confidence, it is suggested that the Council of the League of Nations be allowed to appoint an advisor for the bank.

The bank is to exercise the regular functions of a central bank, lending only to the government in temporary anticipation of revenue, having a monopoly of note issues, and being obligated to redeem its notes in stable foreign exchange and maintain the value of the currency at the gold point. Its main business should be the discounting of "commercial bills of a self-liquidating character" which should bear "the signature of at least two solvent persons and should not have a longer term than ninety days. It will allow no interest on deposits, accept no fixed time deposits, and make no long time or unsecured loan. The one exception is that it may loan on agricultural or timber bills for terms of six and nine months respectively. In addition, it will guide the monetary policy of the country, fix the bank rate, and act as fiscal agent for the government, publishing a weekly balance sheet of its position.

Before this is possible, however a mortgage bank, with capital of £350,000 must be formed to take over the long term assets. The mortgage bank will then have the work of liquidating these loans

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gradually, and it may grant further long term credits with proper security, issuing its own mortgage bonds to the public to obtain the necessary capital.

Another prerequisite is the raising of £1,350,000 by a foreign loan. As security for the service of this loan, the committee recommends that the excise duties on tobacco and matches be pledged, and that these revenues be placed under the control of a trustee appointed by the Council of the League of Nations.

The committee also discussed with the finance minister of Estonia the provisions of the new currency law which will have to accompany this program (including the new monetary unit, and the amount of reserve the bank will be required to maintain) and the way in which the government note issue will be transferred to the Bank of Estonia, but these recommendations are not incorporated in the report. Information on them will be awaited with interest.

### SPAIN

The budget for 1927 for Spain shows estimated revenue of 3,073,378,604 pesetas, and estimated expenditures of 3,139,441,153 pesetas, leaving a deficit of 66,062,549 pesetas. The budget provides for the issue of treasury bonds for a sum equal to about one-eighth of the expenditures provided for. This is a considerable improvement over other years when the issue of treasury bonds was one fourth of expenditures.

Over a billion pesetas of the 5,225,000,000 pesetas of floating debt fell due on February 4. To provide for this maturity, the treasury offered cash repayment or an exchange of the present bonds for fifty-year tax free 5 per cent. bonds at 98. This new issue proved very attractive. Only 18,000 pesetas were cashed. Six million pesetas were not presented, and the balance of the billion was exchanged for the new bonds.



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AT ALL BANKING POINTS**

## THE PAST MONTH IN CANADA

By J. W. TYSON

**A** PART from the seasonal decline in current trade following the holiday season, which finds reflection in the contraction of current loans by the banks, developments in finance and commerce continue to be of a constructive character. Some apprehension, caused by predictions of a business reaction in the United States, is passing with the indications that nothing like a serious setback is now anticipated. In Canada that measure of prosperity recently experienced in the United States was not attained, and there are not the same reasons to anticipate a check here. Should the American situation have the effect of curbing the speculative enthusiasm on the Canadian stock markets to some extent, it would not be an unmixed evil.

The weekly index representing the twenty-five best selling industrial and public utility common stocks on the Montreal and Toronto exchanges attained a level above 235 at the middle of February as compared with 183 a year ago, and 100 in January, 1925. The upward movement has been without any serious reaction and it is felt that, even with sound conditions and everything indicating a period of prosperity in the future, the advance has been too rapid to be healthy.

Practically all the indicators of Canadian business are favorable. There seems to be little reason to anticipate a

change in the trend during the first half of the year at least. Later much will depend, as usual, upon the crop results from the standpoint of yield and profit. The credit situation continues easy. The banks have plenty of money to finance business extensions and there are also available substantial sums for investment in industrial and utility securities to finance the building of power plants, paper mills, etc. A number of important industrial bond issues have appeared this year and have been quickly subscribed by the public. Trade with Great Britain should show some improvement with the settlement of the strike. There is no general accumulation of inventories and the trend to lower price levels should encourage consumption of industrial products.

### BUILDING INCREASE

Construction awards in January are reported as being nearly 25 per cent. in excess of awards for the same month last year, and 1926 was the most active building year since the 1912-1913 boom. Residential building in some of the large cities seems to have caught up with the demand, for the time being, but there is evidently still room for expansion in business and institutional construction, railroad building and government and municipal improvements. January in-

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solveny statistics for Canada showed a decrease in commercial mortality. There were 244 defaults against 270 during January, 1926, and the indebtedness of \$2,823,000 was considerably below the \$3,943,000 of last year. Car loadings so far this year have been showing considerable increase; January figures were nearly 8 per cent. larger than the same month last year. Railroad earnings have been reflecting the increased volume of business throughout the country; ag-

gregate figures of the Canadian Pacific earnings for 1926 indicate the highest net of any period since 1917.

Canada's trade figures for 1926, while indicating large volumes in exports and imports, are somewhat disquieting in regard to the balance of trade. During the year imports were more than \$1,000,000,000, an increase over the previous year of about \$118,000,000, while exports of \$1,268,500,000 showed a decrease of \$2,400,000. This retrograde



CLEVELAND BANK HEAD TALKS TO LONDON

J. R. Nutt (at left) president of the Union Trust Company, Cleveland, Ohio, talks over the telephone to the foreign general manager and the arbitrageur of Barclay's Bank, Ltd., London. During the call J. G. Geddes (at phone), manager of the foreign department of the Union Trust sold Barclay's Bank a million United States dollars and bought from it a million pounds sterling.

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tendency in the increase in imports and the decrease in exports is noted in trade with two important customers, the United Kingdom and the United States. Exports to Great Britain decreased \$33,000,000, and imports from the United Kingdom increased over \$2,000,000. Exports to the United States decreased more than \$7,000,000, and imports from the United States increased nearly \$90,000,000. What this tendency means to Canadian industry is indicated in the case being made by the woollen manufacturers before the Tariff Enquiry Board at Ottawa. Imports of woollens and knit goods into Canada during 1926 reached their highest peak for six years. The total was over \$43,000,000, compared with \$29,000,000 in 1921. The woollen manufacturers submit that production in Canada is being curtailed by imports made possible in the case of England because of the preferential tariff and in the case of European coun-

tries because of depreciated currencies. Other industries are likewise seeking relief from the tariff board. Nova Scotia companies engaged in coal production and steel manufacture ask bonuses or restrictions which will overcome their present handicaps in reaching the markets of central Canada in competition with products from the United States.

### FINANCIAL EXECUTIVES OPTIMISTIC

Officials of the banks and other financial institutions and industrial corporations have been generally optimistic in reviewing the business situation and future prospects, although they have taken occasion to repeat their advice, that something should be done to remove the taxation burdens on capital if Canada is to get her share of foreign funds for the development of new enterprises. Sir Herbert Holt, president of the Royal Bank of Canada, and Sir John Aird, president of the Canadian Bank of Commerce, together with other bank officials, have referred to the passing of the agricultural depression and the discouraging conditions of the post-war period as fundamental improvements in the general situation. They have also referred to the important developments taking place in regard to the country's natural resources—pulpwood, water power and minerals. Sir Herbert Holt, who has in recent years been identified with important power developments in the Province of Quebec and with a number of the biggest of the pulp and paper companies, makes the prediction that mineral developments now taking place in northern sections of Canada, which are placing the country among the greatest producers of precious and commercial metals in the world, will be the outstanding feature of Canada's history during the next decade. Statements by F. H. Logan, general manager of the Bank of Commerce, and W. G. Gooderham, president of the Bank of Toronto, made at the annual meetings of their respective institutions, similarly emphasize the importance of Canada's mineral resources.

## LUMBER INDUSTRY

An exception to the general prosperity of the basic industries is the lumber business, where, as yet, there does not seem to have been an adjustment from the enlarged production of the war period. Using the Panama Canal, producers in the northwest Pacific area in Canada and the United States are able to reach eastern markets and sell their products on a basis which has curtailed the operations in the woods in eastern Canada. Even so, reports from the Pacific Coast still indicate overproduction there and competition so keen that the mills are making little, if any, profit. A merger of Canadian and American mills on the Pacific is now being planned looking to a curtailment of output and an establishment of a more healthy price level. In the East steps are being taken to encourage a larger consumption of timber products in competition with cement and steel, which have in recent years been cutting deeply into the per capita consumption.

The recent movement of Canadian gold to New York is not regarded as anything more than a normal seasonal correction of the exchange situation—although it is interesting to note that such a normal seasonal situation has not up to the present prevailed since before the war. The change in conditions has been brought about by the return of Canada to a gold basis on July 1, 1926.

In November there was a substantial movement of gold from the United States to Canada, when, as a result of the crop movement, the Canadian dollar was about par. So far as the present situation is concerned Canadian crop shipments prior to the close of navigation were smaller than those of a year ago. Gold shipments may be expected to continue from Canada to the United States to maintain the dollar close to par.

Ottawa's supplies of the yellow metal are reported to be substantial.

The Canadian wheat pools, which now have an annual membership of 135,000 farmers controlling 15,000,000 of the 21,000,000 acres sown to wheat last year, with selling agencies operating throughout the world, are regarded as having passed the first epoch of their existence and to be entering upon a period of test. Having reaped the full benefits of the initial enthusiasm, from now on the pool members are expected to demand benefits in dollars and cents. The record of the pools has been an impressive one, and there have been real advantages. Farmers have been encouraged to maintain production and revenues have been distributed in a manner which has helped business, but the conditions have been altogether favorable and the time has now come when the pools will have to show results as compared with the long-established grain exchange, the machinery of which the pools themselves use.

## INTERNATIONAL BANKING NOTES

**N**ET profits of Banco de Descuento, Guayaquil, Ecuador, for the half-year ended December 31 are reported as Suces \$157,554.15. The balance sheet as of the same date shows total resources of Suces \$16,118,005.02 as compared with Suces \$2,328,789.07 in 1920. A report showing the progress of the bank since 1920, the complete balance sheet as of December 31, the

profit and loss account on the same date, a graph showing the fluctuation of the dollar exchange rate since 1914 and a list of the bank's correspondents has been published by the bank and is available for those interested.

ANNUAL report of the directors of the Lancashire and Yorkshire Bank Limited, Manchester, shows net profits for the



Building of the Banco de Ponce, Ponce, P. R.

year ended December 31, 1926, after payment of all expenses and providing for all bad and doubtful debts, of £264,528, making, with £114,716 brought forward from the previous year, a total of £379,244. This has been disposed of as follows:

	£
To interim dividend of 24 s. per share .....	120,787
To final dividend of 24 s. per share, subject to deduction of income tax.	120,787
To transfer to reserve fund .....	76,312
To carry forward to next account....	61,358

During the year new branches have

been opened at Bradford, Yorks, Bispham (Blackpool) Sale Moor, and Hillside (Southport).

Capital of the bank is £1,207,872, reserve fund £1,131,560, current accounts £23,660,581 and total resources £26,418,232.

THE annual report of the board of directors of the Banco de Ponce, P. R., given by the president, Arturo Lluberas, at the meeting of the stockholders, showed profits for the year ended December 31, 1926, of \$156,451. Distribu-

tion of this amount was recommended by the board as follows:

To cover three quarterly dividends of 2 per cent. already paid .....	\$50,000
To distribution of a 4 per cent. dividend, making the annual dividend of the year 10 per cent. ....	40,000
To directors' fees .....	8,360
To amortization of furniture and fixtures .....	2,591
To reserve for income tax .....	18,000
To surplus fund .....	37,500

In determining the profits of the institution it is essential to note that the capitalization of the bank was increased by \$250,000 in the middle of the year, therefore making the working capital during which the above report is given \$875,000 and profits 17.88 per cent. on the capital. Taking in consideration the average surplus fund during the year, the rate of earning is 14.5535 per cent.

The bank now has a capital of \$1,000,000, accumulated surplus of \$275,000, and its stock has a book value of \$127.50 per share. Deposits of the bank are \$4,403,315 and total resources are \$6,020,539.

THE directors' report of the National Land Bank Limited, Dublin, for the year ended December 31, 1926, shows net profits of £16,032, to which has been added the balance brought forward from the previous year, £6567. This gives a total of £22,599 to be applied as follows:

	£
To interest on capital to December 31, 1926 .....	4060
To transfer to general reserve .....	5000
To bank premises account .....	1900
To debits realization reserve .....	5000
To carry forward to next account.....	6639

Paid up capital of the bank is £203,018, reserve fund £50,000, current accounts £1,705,380 and total resources £1,980,998.

THE fifty-sixth annual statement of the Dominion Bank, Toronto, shows profits for the last year, after deducting charges of management and making full provision for bad and doubtful debts, of \$1,259,276, to which was added \$964,-

298 brought forward from the previous year. This total, \$2,223,574, has been disposed of as follows:

To dividends (quarterly) at 12 per cent. per annum .....	\$ 720,000
To bonus, 1 per cent. ....	60,000
To contribution to officers' pension fund .....	45,000
To dominion and provincial government taxation .....	166,019
To bank premises .....	200,000
To carry forward to next year....	1,032,554

Total resources of the institution are \$127,780,858, paid up capital \$6,000,000, reserve fund \$7,000,000 and total deposits \$98,860,580.

NET profit of the Bank of Liverpool & Martins Limited, Liverpool, for the year ended December 31, 1926, after payment of current expenses and provision for all bad and doubtful debts, amounted to £542,730. To this was added £138,356, brought forward from the previous year, making a total of £681,087 to be disposed of as follows:

	£
To reserve fund .....	150,000
To bank premises account .....	50,000
To payment of two half-yearly dividends of 8 per cent. subject to deduction of income tax .....	375,822
To carry forward to next account....	105,264

Paid up capital of the bank is £2,348,890, reserve fund £2,000,000, current accounts £59,819,326 and total resources £70,540,527.

THE forty-ninth report of the Industrial Bank of Japan, Ltd., Tokyo, shows net profits for the half-year ended June 30, 1926, of 3,601,851 Yen as compared with 3,524,375 Yen, the profit for the preceding six months. After deducting 500,000 Yen for reserve, a sum equal to 8 per cent. per annum on paid up capital has been set aside for individuals. Paid up capital of the bank is 50,000,000.000 Yen and total resources are 486,726,514.240 Yen.

THE District Bank Limited, Manchester, has net profits for the year ended December 31, 1926, of £450,139, according to

### Trade With Sweden

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the report of the directors. To this sum has been added £280,706, brought forward from the previous year and the total of £730,845, is to be applied as follows:

	£
To interim dividend at the rate of 18 1/3 per cent. per annum subject to deduction of income tax .....	173,800
To final dividend at the rate of 18 1/3 per cent. per annum, subject to deduction of income tax .....	173,800
To pensions and annuities fund.....	40,000
To reserve fund .....	46,000
To balance carried forward to next account .....	297,245

The bank has a capital of £1,896,000, a reserve fund of £1,896,000, current accounts of £52,321,531 and total resources of £57,484,026.

NET profits of the Anglo-South American Bank, Limited, London, for the year ended June 30, 1926, shows net profit of £886,639, including £414,925 brought

forward from the previous account.

This amount has been appropriated as follows:

	£
To interim dividend paid April 28, 1926 .....	174,693
To final dividend of 5 s. per share, less income tax .....	174,693
To transfer to staff pension fund....	25,000
To transfer to legal reserve in Chile..	12,228
To amount applied in reduction of cost of capital employed in South America and other countries ....	125,000
To balance carried forward to new account .....	375,024

Total resources of the bank are £61,967,917, issued capital £4,367,330, reserve fund £4,000,000 and current accounts £34,824,312.

DIRECTORS of the National Provincial Bank Limited, London, have presented their annual report to the shareholders of the bank and reported that for the year ended December 31, 1926, the profits amounted to £2,115,653. To this sum was added £916,959 brought forward from the previous account and making a total of £3,032,613, which has been appropriated as follows:

	£
To interim dividend of 9 per cent. subject to deduction of income tax.	853,147
To further dividend of 9 per cent. subject to deduction of income tax.	853,147
To pension fund .....	150,000
To bank premises account .....	100,000
To contingencies account.....	200,000
To balance carried forward .....	876,318

The bank has opened forty new branches and agencies during the year just passed, bringing the total number of offices up to 1172. Paid up capital of the institution is £9,479,416, reserve fund is an equal amount, current accounts £259,249,806 and total resources \$288,251,780.

THE Union Bank of Manchester Limited, in its report for the year ended December 31, 1926, shows net profits of £205,762, which, with £18,283 brought forward from the previous year, make a total of £224,046. This has been appropriated as follows:



	£
To interim dividend of 5 per cent., less income tax .....	60,000
To final dividend of 5 per cent., less income tax .....	60,000
To amount written off premises, etc.	10,000
To pension fund .....	20,000
To income tax .....	55,000
To balance carried forward to next ac- count .....	19,046

Capital of the bank is £750,000, re-serve fund £525,000, current accounts £17,434,521 and total resources £19,696,959. The bank has opened new branches at Earlestown, Salford, Appley Bridge and Old Trafford.

REPORT of the directors of the National Discount Company, Limited, London, shows gross profits for the year ended December 31, 1926, of £771,136. To this was added £223,615 brought forward from the previous year. The total of £994,751 has been appropriated as follows:

	£
To current expenses, including direc- tors' and auditors' remuneration, salaries, profit sharing to staff and all other charges .....	38,575
To rebate of interest on bills not due, carried to new account .....	579,479
To trustees' pension fund .....	10,000
To interim dividend on "A" shares..	16,933
To interim dividend on "B" shares..	41,520
To proposed dividend on "A" shares	16,933
To proposed dividend on "B" shares	50,746
To proposed bonus on "B" shares..	13,840
To balance carried forward to next ac- count .....	226,723

Paid up capital of the bank is £1,000,000, reserve fund £800,000, current accounts £29,135,661 and total resources £57,530,294.

NET profits of the Belfast Banking Company Limited, Belfast, for the year ended December 31, 1926, amount to £106,252, according to the annual report of the board of directors. To this has been added £91,166 brought forward from the previous account, making £197,418, which has been disposed of as follows:

	£
To two half-yearly dividends .....	52,800
To centenary fund for bonus to staff, etc. and supplement to widows' and orphans' fund .....	52,800

## Like Halley's Comet

Once in a generation

*Don't lose a lifetime opportunity  
for lack of courage*

Ecuador is passing through the most severe depression in history. Sound bank stocks and first mortgage bonds are now on the bargain counter. Present prices will probably not be duplicated in many years.

The situation is the same as that which confronted the United States in 1921.

The well informed business man buys for the long swing when prices are lowest. DO NOT vacillate. BE courageous. The time to buy is NOW.

*May we suggest an investment plan?*

## Banco de Descuento

**Guayaquil, Ecuador**

*"Just the Bank You Need"*

To balance carried forward to next ac- count .....	91,818
---	--------

Capital of the bank is £60,000, reserve fund £60,000, current and other accounts £14,316,350 and total resources £18,149,223.

REPORT of the directors of the Munster & Leinster Bank Limited, South Mall, Cork, shows net profits for the half-year ended December 31, 1926, of £91,095, to which has been added the balance from the last account, £46,189. The resulting total, £137,284, has been appropriated as follows:


	£
To half-yearly dividend of 18 per cent. per annum, free of income tax .....	45,000
To reserve fund .....	25,000
To reduction of premises account....	20,000
To balance carried forward to next ac- count .....	47,284

Sub-offices of the bank have been opened at Coachford, County Cork;

**Knauth, Nachod  
& Kühne**

**Leipzig, Germany**

Established 1852



*Seventy-four years of continuous  
banking experience*

**Commercial and Travelers'  
Credits**

**Foreign Exchange**

**Securities**

13 Rathausring  
LEIPZIG, GERMANY

Cable address  
NACHOD, LEIPZIG

Derrylin, County Fermanagh; Newport, County Mayo; Ruskey, County Leitrim; and Tarmonbarry, County Roscommon.

Capital of the bank is £500,000, reserve fund £1,225,000, deposit, current and other accounts £24,793,460 and total resources £26,610,745.

THE sixty-ninth report of the directors of the Union Discount Company of London, for the year ended December 31, 1926, shows gross profits, after making provision for contingencies, of £906,251. To this has been added £232,565 brought forward from the previous year, making a total of £1,138,817 to be appropriated as follows:

	£
To current expenses, including salaries, rent and taxes, directors' fees and all other charges .....	77,150
To rebate of interest on bills discounted not due carried forward to new account .....	608,861

To premises account .....	10,000
To interim dividend for half-year at the rate of 15 per cent. per annum, less income tax .....	67,500
To dividend for the final half-year at the rate of 15 per cent. per annum, less income tax .....	67,500
To bonus 2-6 per share, free of tax..	56,250
To balance carried forward to next account .....	251,557

Paid up capital of the bank is £1,125,000, reserve fund £1,475,000, current accounts £51,922,375 and total resources £55,710,215.

NET profits of the North of Scotland Bank Limited, Aberdeen, for the year ended December 31, 1926, amounted to £268,084, according to the annual report of the directors. To this sum was added £95,077 brought forward from the previous year and the resulting total, £363,162, has been appropriated as follows:

	£
To bank buildings account .....	10,000
To officers' superannuation fund .....	15,000
To reserve fund .....	50,000
To interim dividend at the rate of 18 per cent. per annum, less income tax .....	76,284
To final dividend at the rate of 18 per cent. per annum, less income tax .....	76,284
To income tax on dividends .....	38,142
To carry forward to next account .....	97,452

Paid up capital of the bank is £1,059,500, reserve fund £965,000, deposits £19,853,442 and total resources £24,279,602.

PROFITS of the Williams Deacon's Bank Limited, Manchester, for the year ended December 31, 1926, were £330,856, after making provision for bad and doubtful debts, for rebate of interest on undue bills, for salaries, for income tax and other charges. To this amount was added £42,402 brought forward from the previous year, making a total of £373,258 to be disposed of as follows:

	£
To dividends (13¾ per cent. per annum on "A" shares and 12½ per cent. per annum on "B" shares) .....	253,906
To reserve fund .....	50,000
To bank premises .....	25,000
To balance carried forward .....	44,352

Total resources of the bank are £37,637,769, issued capital £1,875,000, reserve fund £1,350,000 and current accounts £32,438,363. The bank has opened branches at Accrington, Central Beach (Blackpool), Cleveleys (near Blackpool), Deganwy, Miles Platting (Manchester), Sheffield Moor (Sheffield) and Stevenson Square (Manchester). Branches will shortly be opened at Bispham (near Blackpool), Hale (near Altrincham), Queen's Park (Manchester) and Broomhill (Sheffield).

Paid up capital of the Bank of Ireland is £2,769,230, reserve £2,919,230, current accounts £30,099,954 and total resources £44,438,483.

THE balance sheet of Coutts & Co., London, as of December 31, 1926, shows total resources of £18,984,871, paid up capital of £800,000, reserve fund of £800,000 and current accounts of £17,119,599.

NET profit of the Midland Bank Limited, London, for the year ending December 31, 1926, was £2,535,730, according to the annual report of the board of directors. To this has been added £813,165 brought forward from the previous year, making a total of £3,348,896 which has been disposed of as follows:

	£
To interim dividend at the rate of 18 per cent. per annum, less income tax .....	913,937
To dividend at the rate of 18 per cent. per annum, less income tax ..	913,937
To bank premises redemption fund ..	500,000
To officers' pension fund .....	200,000
To carry forward to next account .....	825,021

The paid up capital of the bank is £12,665,798, reserve fund £12,665,798, current accounts £366,423,102 and total resources £430,557,103.

The balance sheet of the Union Bank of Switzerland, Zurich, for the year 1926 shows net profits of Fcs. 6,890,717.03, as compared with Fcs. 6,145,016.60 for the previous year. Gross profits for the year were Fcs. 21,135,439.51 as compared with Fcs. 20,622,883.93 for 1925. The board proposed the following distribution of the profits:

	Fcs.
To distribution of a dividend of 7 per cent. on the share capital of Fcs. 70,000,000 .....	4,900,000
To addition to reserve fund .....	1,000,000
To tantieme to board and local commissions .....	100,000
To balance carried forward .....	890,717

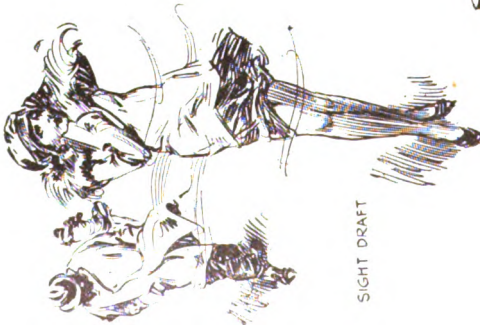
REPORT of the Clydesdale Bank Limited, Glasgow, shows net profits for the year ended December 31, 1926, of £334,191, after deducting rebate on undue bills, and providing for all bad and doubtful debts. To this sum has been added £67,607 brought forward from the previous year, making a total of £401,798 to be appropriated as follows:

	£
To dividend at 18 per cent. payable February and August, 1927, and income tax thereon .....	225,000
To bank buildings .....	20,000
To superannuation and allowances fund .....	30,000
To reserve surplus fund .....	50,000
To balance carried forward to next year .....	76,798

Total resources of the bank are £36,730,043, paid up capital £1,250,000, reserve fund £1,400,000, current accounts £29,887,391.

REPORT of the directors of the Bank of Ireland, Dublin, for the year ended December 31, 1926, shows net profit for the last year of £542,288 to which has been added £70,656 brought forward from the last statement. This total of £612,945 has been disposed of as follows:

	£
To transfer to Rest .....	150,000
To interim dividend of 8½ per cent., less income tax .....	191,779
To proposed final dividend of 9 per cent., less income tax .....	203,066
To balance carried forward .....	68,099



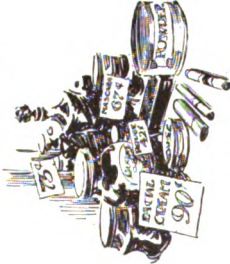
SIGHT DRAFT



COMPOUND INTEREST



SURPLUS



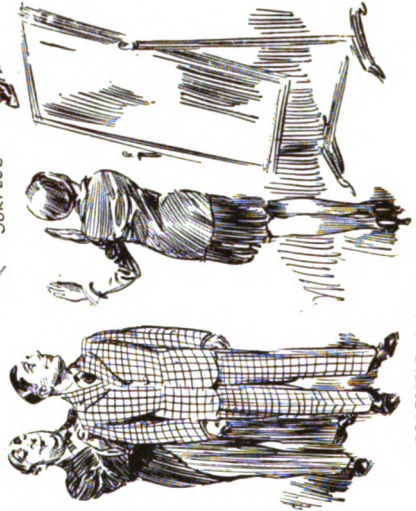
FACE VALUE



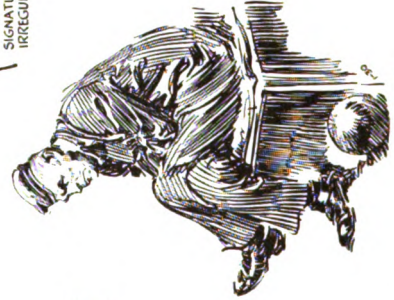
SIGNATURE  
IRREGULAR



UNCERTAIN  
BALANCE



PROTESTED CHECK



SECURITY



IMMATURE NOTE

From the New York Evening Post, January 29, 1927

# How Banks are Advertising

Special Section of The Bankers Magazine

MARCH 1927

A SERIES of four-page folders has been issued by the Union Trust Company of Detroit dealing with the establishment of trust funds, and entitled as follows: "An Anchor to Windward," dealing with the establishment of an insurance trust early in life; "What of Your Son?" discussing trust funds for the education and proper start in business of the younger generation; "What Shall Come After You?" "Life Insurance to Protect Your Wife," and "What of Your Daughter?"

The outside of each folder holds a full page photographic illustration and the words of the title. The two inside pages are devoted to discussion of the question asked or implied in the title.

In another series the bank shows the importance of the making of wills and the convenience of the bank as a trustee.

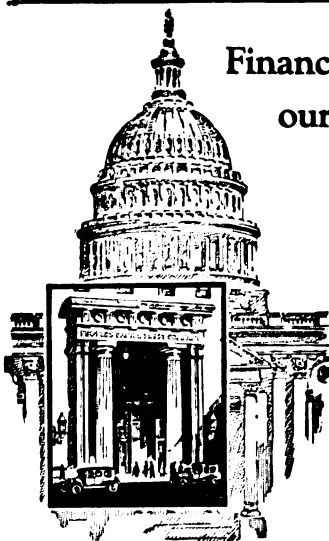
The Union Trust Company shows that it is keeping pace with events by a program of the Detroit Symphony Orchestra broadcast through the courtesy of the bank and two Detroit newspapers.

A TABLE showing how bond interest helps buy other

bonds has been published by the bond department of the Minneapolis Trust Company and sent out, together with return postal cards, to prospective bond buyers. The table illustrates a bond-buying program of \$1000 a year for twenty years. The twenty-first year the interest on

the accumulated bonds pays entirely for the \$1000 bond, and the annual income on the investment of \$10,500 is \$1050.

STORIES of interesting estates are told in a booklet published by the trust department of the United States



## Financing and fostering our foreign trade

FEDERAL RESERVE BANKS have been most active in building up an acceptance market in this country. For instance, in 1924 their purchases totaled more than \$2,000,000,000. A considerable percentage of bills purchased were to finance exports and imports.

With reasonable restrictions the Federal Reserve Act gives a member bank the power to accept bills. This privilege is of importance as a means of giving insurance to helping merchants and merchants to finance both their imports and exports.

To the American business man wishing to build up a foreign trade this means a great deal. It affords a direct and most economical way of transacting business in the foreign field.

Before the passage of the Federal Reserve Act much of our foreign trade was financed by acceptance loans of foreign banks. Now, with member banks empowered to accept bills on the local exchange, American business men have secured one great disadvantage with which they have had to contend in the foreign field.

This bank is a member of the Federal Reserve System. All its numerous advantages and benefits such membership confers are passed along to its customers.

(Which is a great advantage, more than that of the Federal Reserve System itself.)

## PEOPLES BANK and TRUST COMPANY

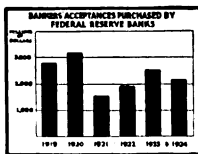
Main Office:  
Fifteenth Street below Market

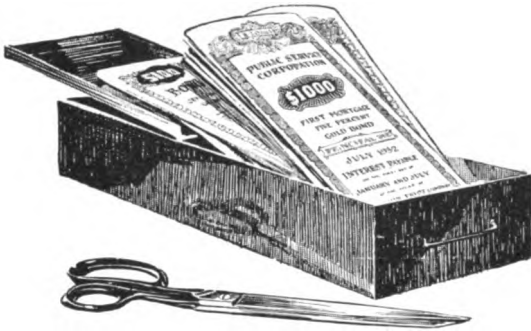
Branches:  
7th Street and Grand Ave. 7th and Bainsbridge Sts.  
7th and Wolf Streets



Banking Service until Midnight daily—AT MAIN OFFICE

One of a series of advertisements run by a Philadelphia bank on the Federal Reserve banks. The series stresses the added advantages and benefits which membership in the Reserve System enables member banks to give customers.





## January Investments!

The Union Trust Company offers a well diversified list of sound government, municipal, public utility, real estate and industrial bonds.

Our officers will be glad to consult with you regarding reinvestment of funds becoming available at this time of the year. Telephone Randolph 4470 if you prefer to have one of our representatives call.

*Write for our monthly list of offerings*

## Union Trust Company

First Trust Company in Detroit      Friend of the Family  
ORHWOLD AT CONGRESS      TELEPHONE RANDOLPH 4470

An example of the inviting combination of layout, illustration and copy which a Detroit bank is using in the advertisements of its bond department.

National Bank of Denver, Colo. The story of Captain Kidd as an administrator of the estate left to his wife by her two previous husbands; the interesting will of James Lick, founder of Lick Observatory; the administration of the estate of the Rose orphans, without cost, by a bank and a firm of lawyers; the estate of Alfred B. Nobel, donor of the Nobel Peace Prize; that of Lord Nelson; the will of Cecil Rhodes, founder of the Rhodes Scholarships—all these and others are told in interesting fashion.

No mention is made of the bank as an executor except in a brief statement at the close of the pamphlet.

LETTERS were sent out the last of December by the State Street Trust Company of Boston suggesting, as one of the many New Year's resolutions made by each person, the decision to make a will. "No single act of a lifetime is more important from the viewpoint of downright common sense," says the letter, "yet no step in our existence is more often neglected until too late." The letter offers

the co-operation of the bank's trust department in making this New Year's resolution.

THE December number of the Cedar Rapids Savings Letter published by the Cedar Rapids Savings and Trust Company, Cedar Rapids, Iowa, deals with the satisfaction given by the ownership of a Christmas club at holiday time and the plans made by the bank for its 1927 Christmas club.

"MANHATTAN Trusteeship" solves all problems of estate administration, according to the Bank of the Manhattan Company, New York, on blotters which it has distributed to its customers.

THE Marine Trust Company *Co-operator* is a monthly bulletin of the activities and progress of the Marine Trust Company, New York, published by co-workers in the company.

THE *Commerce Pulse*, published by and for the employees of the Commerce Trust Company, Kansas City, Mo., contains a large number of personal items of interest to the bank's staff and several inspirational articles. It contains a number of interesting photographs.

AN effective advertisement which has been widely used by the Fidelity Union Trust Company, Newark, N. J., having appeared in all North

Jersey papers and in two New York newspapers, tells how the growth of the Fidelity Union Trust meets the needs of a large state. A graphic illustration demonstrates how the bank has kept pace with the state's growth.

A REVIEW of an address given in 1911 at a convention of the American Bankers Association has been written by the original speaker, Marquis Eaton, and reprinted from "Trust Companies" by the Chicago Trust Company. Mr. Eaton was one of the pioneers in the study of the question of proper division of fiduciary work between the lawyer and the trust company.

AMONG the many methods used by banks in advertising their Christmas clubs, is that of the Farmers and Merchants Bank, Spencer, N. Y., which terms its club the "Santa Claus Special" and invites, "All Aboard."

As an added sales effort in securing new members for their 1927 Christmas club, the Central Trust Company of Illinois, Chicago, adopted a combination dime saver and Christmas folder which it used in a direct-by-mail campaign and for personal solicitation.

THE Memorial Hospital is the subject of the December number of "With Interest," the interesting publication of



Judge Elbert H. Gary  
Clerk of the United States Supreme Court



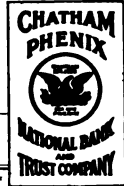
*A Leader Points the Way:*

Judge Elbert H. Gary, one of the great industrial leaders of the nation, conspicuous in the UPBUILDING of property, now points the way in CONSERVING property.

By transferring the site of his Fifth Avenue home in a deed of trust to Chatham Phenix National Bank and Trust Company as trustee, he has established for his family a trust fund—a Voluntary Trust—which will provide a dependable income under all circumstances.

To other men and women who wish to conserve their estates and to assure their loved ones ample and unflinching financial protection, this act of Judge Gary's should be convincing evidence of the wisdom of a Voluntary Trust.

TRUST DEPARTMENT



MAIN OFFICE: 140 BROADWAY COR. LIBERTY STREET  
FROM BATTERY TO 8000  
Branches in: New York, New Jersey, Pennsylvania, Maryland, Delaware, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Louisiana, Mississippi, Arkansas, Missouri, Illinois, Indiana, Ohio, Michigan, Wisconsin, Minnesota, Iowa, Kansas, Nebraska, Oklahoma, Texas, Colorado, Utah, Arizona, Nevada, Idaho, Montana, Wyoming, New Mexico, California, Oregon, Washington, Oregon, Idaho, Nevada, California, Arizona, New Mexico, Texas, Oklahoma, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York.

A New York bank takes full page space in New York newspapers to make capital of a news item telling of the establishment of a voluntary trust with the bank by one of America's most prominent industrial leaders.

the Vermont-Peoples National Bank, Brattleboro, Vt. The booklet is profusely illustrated.

ment plan with regard to the purchase of bonds.

A LETTER to investors of the Liberty Trust & Savings Bank, Chicago, makes up the first page of a four-page folder issued by the company's bond department. The letter urges the purchase of Liberty bonds with re-investment of the interest in order to attain financial independence. The second and third pages of the folder advertise a special bond offering and the fourth deals with an explanation of the partial pay-

THE travel bureau of the Mellon National Bank, Pittsburgh, has published a folder dealing with the services of its travel department, the usefulness of Mellon National Bank Travelers Checks and suggesting a number of winter trips. "Romantic Travel" the folder is entitled.

"THE First National Banker" is a publication of the First National Bank and Trust Company of Freeport, N. Y., and sent to all its depositors.

(Continued on page 459)



## The Editor's Page

TO interpret the services of the bank to the public through the medium of the printed word is a generally acceptable definition of a bank advertising manager's primary responsibility. But the value of the most compelling and persuasive copy is lost unless it has back of it the solid substance of the spirit which it implies.

Very naturally the advertising copy of a bank seeks to present the performance of its services in the most favorable light possible. The advertising manager has his own personal conception of how the bank's services ought to be rendered. He can paint a very compelling picture of this conception in the bank's advertising. Quite conceivably it will be compelling in the same sense that a well written piece of fiction is compelling. The extent to which it interprets the services of the bank to the public is not a question of how well or how convincingly the copy is written. Real interpretation of services is just a matter, first of getting at the facts, and then presenting them in the most favorable light.

The place to begin the interpretation of the bank's services is not outside the bank, but inside—in the minds of those who control the bank's policies in its relationships with its customers. The officers and direc-

tors should be given a picture of the kind of an institution that the bank's advertising is going to tell the public that they are running before the public sees that advertising.

It is often an easier task to persuade the public as to the manner in which a bank renders its services than it is to persuade those who run the bank that "this is the kind of an institution you are running—see to it that the goods are on the table and that they are as represented."

One of the most valuable possibilities that advertising can hold for a bank is to give those within it a unified concept of the manner in which it can most effectively render the services which it is in a position to offer the public.

THE effectiveness of much advertising copy is spoiled by too many cooks. The copy is written. Somebody changes a word here, someone else a sentence or a paragraph there—and the original concept of the copy is scattered to the four winds. The facility and ease with which copy can be read have a direct bearing on whether or not it will be read. And words, sentences and paragraphs must lead smoothly into one another.

The unity of thought must not be disturbed. It is easier for one man to paint a picture than for six to try to do so—and it will be a better picture if the one man paints it, particularly if the one man in question is a good painter. The same analogy applies to the writing of most advertising. Particularly if the one man in question is an expert copy writer.

THE more closely knit an advertising campaign is, the better its chances of success. For example, the matter of correlation between newspaper and direct mail advertising, where the two are being used as units in a campaign, should be gone into very carefully. One can lend strength to the other, and the two can pull much better together where there is a tie-up between them than where each is planned independently of the other.

IF there is one particular phase of a bank's service that is exceptionally well developed, or if there is some particular development of that bank that stands out as being singularly proficient in the performance of its work, and if these can be profitably exploited—the bank's cue is to hammer away at these points for all they are worth in its copy.

*Richard Durham*

(Continued from page 457)

A number of its covers are timely and appropriate photographs posed by motion picture stars. The bank advertised its Christmas Club at the beginning of this year by means of blotters containing an illustration and verse dealing with Christmas happiness and the part the bank, with its Christmas Club, played in it. The institution also advertises its services as an executor.

THE trust department of the Harvard Trust Company, Cambridge, Mass., has issued an interesting folder entitled "2800 Millionaires" and dealing with the fact that 2800 war made millionaires are now out of the rich class, some of them not having enough money left to owe an income tax. "The untrained investor is at a disadvantage in the search for security combined with adequate return on his funds," the pamphlet states.

EDWIN Bird Wilson, Inc., has been appointed advertising agent for the Commerce Guardian Trust and Savings Bank of Toledo, Ohio.

A SERIES of folders describing the "Seven Ways a Business Man Can Protect His Family and Property" has been issued by the trust department of the Union Trust Company of Chicago. The subject of the folder, in each case, is an "if" sugges-

## WHO'S WHO IN BANK ADVERTISING



● BACHRACH

CHARLES H. MCMAHON

Director of advertising First National Bank in Detroit, Detroit, Mich.

**B**EFORE becoming associated a year ago with the First National group in Detroit, Mich., composed of the First National Bank, the Central Savings Bank and the First National Company, Mr. McMahon spent two years as advertising manager of the Guaranty Trust Company of Detroit. Prior to that time he was employed in the Detroit office of the S. W. Straus & Company. Mr. McMahon was a member of the class of 1919, University of Michigan, and during the war was a first lieutenant with the 14th Infantry. He is a member of the Financial Advertisers' Association and served as chairman of the "Steering Committee" at the convention of the organization held in Detroit last autumn. He is a member of the extension committee of the F. A. A. and chairman of the publicity committee for the American Institute of Banking Detroit convention and chairman of the promotion committee of the Board of Trade convention to be held in Detroit in May.



A striking window display in color, designed by the Northern Trust Company of Chicago. The center piece is an oil painting of a beautiful girl. This has an overhead light and is backed with a Mandarin coat in a gorgeous array of colors. The portrait rests on a Chinese shawl of rare beauty. There is a Cloissone vase on either side of the portrait, and on the lower step of the stand on which the portrait is placed is a placard reading "What About Your Daughter's Future?" This trust window attracted wide attention and drew much favorable comment. The window was designed by J. Mills Easton, advertising manager of the Northern Trust Company.

tion, the answer being contained in the service of the trust department. Thus, "if your daughter is soon to marry—", "if there is a 'junior' you hope to send to college—", "if your wife is not experienced in business matters—". Each folder offers on request a copy of the chart which has been compiled by the trust department of the bank, showing the seven ways in which the business man can protect his family and property.

THE Old Colony Trust Com-

pany of Boston has introduced an innovation in New England banking circles by the formation of a women's advisory committee. The committee is intended to bring about a closer personal relationship between a banking institution and its clients and to suggest improvements and ideas that might not occur to the officers of the institution who are more closely connected with the business.

THE travel bureau of the California Bank, Los An-

geles, has published a booklet, "Under Golden Skies in California," for presentation to visitors in California and to the friends and customers of the bank.

The booklet includes a message of greeting from the California Bank and its affiliated institutions to visitors in the state and otherwise consists of twenty-eight pages of photographs portraying the beautiful and interesting spots in the state. The book is attractively printed in shades of brown on cream-colored paper.

## INSTALMENT SALES FROM THE BUYER'S STANDPOINT

**I**N *Nation's Business* for December Senator Couzens lifts the cudgels in behalf of the instalment buyer who, he believes, stands in danger of victimization by the greedy commercial interests that have espoused instalment selling.

While, as an executive of an automobile finance company, the writer cannot consistently indorse this thesis, he does agree most heartily with the Senator's obvious conviction that the subject is a proper one for frank and open discussion.

Instalment selling—or buying if Senator Couzens prefers—must be able to justify itself economically or he is entirely right in contending that we are better off without it.

One gathers the impression from certain of his passages in this particular contribution that he attributes to the finance companies and those who use their services a certain lack of moral courage in this respect—a defeatist attitude of mind that inclines them to shrink from publicity.

It is chiefly to correct this error and the fundamental misconceptions on which it appears to be based that the present analysis of his theme is undertaken.

Senator Couzens would transfer the discussion from the seller's viewpoint to that of the buyer, which is a perfectly fair proposition—gladly acceded to herein.

The fact that the writer's experience with instalment merchandising is limited to the automotive field will restrict the scope of the discussion somewhat. But, since the automotive industry has been the arch protagonist of the instalment system and has demonstrated its effect for weal or woe on a far wider scale than any other, the object lessons it has provided are probably the most convincing that can be applied.

Senator Couzens is interested in instalment buying in a spirit of concern as

to its influence on character. He feels that it makes life a bit too easy for the buyer and undermines his moral stamina somewhat because he can gain physical possession of some needed conveniences before he has earned the money to pay for them. He recites in objection to this privilege the joy of his own family in purchasing a hanging oil lamp after saving for it and his own sense of achievement when he had saved from his earnings the price of a much wanted saddle.

### DOES INSTALMENT BUYING UNDERMINE CHARACTER?

Let us concede at the outset that if instalment buying does in fact tend to undermine character its influence cannot in the long run be anything but harmful. No merchandising method is defensible on any grounds which stimulates business through the destruction of moral fiber. If Senator Couzens can establish this point our hands are up and the debate is ended.

But the fact that one rejoices in acquiring that for which one saves is no proof that character is weakened by instalment buying and the Senator's conviction that he would not remember so clearly his satisfaction over these two purchases if they had been made on the instalment plan is a highly debatable proposition.

For in the first place the instalment buyer must have worked up to a certain earning scale and have saved in cash a substantial percentage of the price of the merchandise before his note will be accepted for the balance. And in the second, possession, under the instalment system, is not synonymous with ownership.

The writer confesses to having bought various utilities on the instalment plan and cannot conceive that Senator Couzens' satisfaction over the cash purchase of a lamp and a saddle could have

**Q** *How many checks does your bank write monthly? . . . How many employees are assigned to this task? How long does it take them to do the work?*

Get the answers to these questions, and with them in front of you consider these facts about

## The New Todd Super-Speed Protectograph

A REASONABLY experienced operator can write the amount line on checks at the rate of 1200 to 1500 an hour. Such speed often makes it possible to assign your check-writing problem to one employee instead of taking the time of several.

The Todd Super-Speed takes up little room whether used on a desk or equipped with compact all-metal stand. Valuable space is saved.


Its mechanical simplicity permits any employee to become proficient on it at short notice. Checks can be fed in singly or in sheets of six. The machine writes like an adding machine. Press a key and it repeats any amount automatically. If an error is made, the machine can be instantly cleared before the imprint. Re-inking is seldom required, but when necessary the ink rollers can be changed speedily—without fuss or muss.

These are time and money saving features that you cannot afford to pass by without investigating. At your convenience a Todd expert will show you the Super-Speed. Wire, write or mail the coupon. The Todd Company, Protectograph Division. (Est. 1899.) Rochester, N. Y. Sole makers of the Protectograph, Todd Greenbac Checks and Super-Safety Checks.



### *The Todd Super-Speed's Ten Points of Excellence*

- 1** Writes 1200 to 1500 checks an hour.
- 2** Operates like an adding machine.
- 3** Protects amount line from check-fraud artists.
- 4** Shreds words and figures into fiber of paper in large, clear type.
- 5** Simplifies re-inking to a quick and clean operation.
- 6** Repeats amounts automatically.
- 7** Can be instantly cleared for corrections.
- 8** Takes checks singly or in sheets of six.
- 9** Covered by the Todd guarantee.
- 10** Sturdy all-metal stand.



Trade-mark

**THE TODD COMPANY 3-27**  
Protectograph Division  
1139 University Ave.  
Rochester, N. Y.

Gentlemen: Please send me information about the Todd Super-Speed Protectograph.

Name of Bank \_\_\_\_\_

Name of Officer \_\_\_\_\_

Address \_\_\_\_\_

## TODD SYSTEM OF CHECK PROTECTION

been more complete than his own when the final payments were made upon an *Encyclopaedia Britannica* and an automobile.

Not that the writer was in any danger of having either repossessed. He was well able to retire either contract at any date within its duration. But he was aiming to keep his prior savings intact and to earn these possessions by budgeting his current income, and the relief when he had done so and could cancel the instalment from his monthly forecasts of expense was inexpressible. He had acquired property of great utilitarian value, and added somewhat to the worth of his estate because he had bought from current income. He had sacrificed in other ways to do it while keeping his past savings intact and providing for current savings simultaneously. Personally, he feels that his character profited quite as much by the effort and its success as Senator Couzens' did through saving in advance the full price of his saddle.

Those who support the negative side of the instalment discussion always take off from the concept that it is no achievement to qualify for instalment credit—that anybody with a dollar to pay down can take away the merchandise. There may be instances of loose instalment practice almost as extreme as this just as there have been countless instances of loose practice among open account creditors, but in the automotive field, and the writer believes in all fields of instalment merchandising, the buyer who has accumulated the down payment, who meets the requirements as a moral risk, and whose assurance of an adequate future income to protect his monthly obligation is dependable enough to warrant the accommodation, has made definite progress in the world and is justified in having a sense of real accomplishment when he secures possession of the goods through this medium.

In other words—one who qualifies for credit in any form and then protects that credit has shown character and gained in character by the experience

quite as much if not more than one who has saved to pay cash.

The latter form of satisfaction is, indeed, open to the buyer who has no credit standing; the former only to one who has earned the right to credit.

And the fact that a tremendous majority of instalment buyers have earned the right to credit is demonstrated by the repossession and loss figures of the finance companies.

#### HOW DOES INSTALMENT BUYING EFFECT SAVINGS?

Another concept popular among opponents of the instalment system is the financial impotence of those who have totally mortgaged their future earnings in the purchase of current utilities or luxuries. Senator Couzens tells us that "thousands and hundreds of thousands of working people are now bound with these instalment payments so that they dare not take even a reasonable risk in a new venture, either of employment or investment."

It is fair to challenge this statement and to call for the facts behind it.

Every index figure that bears upon the subject indicates that the average American today is saving as never before in history. Savings bank depositors, who numbered 11,000,000 in 1912, numbered 43,000,000 in 1925. Their deposits increased within the same period from \$8,400,000,000 to \$28,400,000,000.

Life insurance protection outstanding in 1912 amounted to \$16,000,000,000. In 1925 the figure had grown to \$72,000,000,000.

Home building increased 455 per cent. within the eleven most active years of instalment buying—from 1915 to 1926.

The average wealth per capita in the United States is reliably estimated to have increased 50 per cent. within the brief period from 1920 to 1925.

Memberships in building and loan associations increased from 4,962,918 to 8,554,352 within the same five years and



the assets of such associations simultaneously grew from \$2,519,914,971 to \$4,765,937,197.

If the percentage of the population which is financially handicapped by its future instalment commitments exceeds the proportion which is always financially incompetent through congenital improvidence there is certainly nothing in these figures to prove it.

And, assuming that the finance company or instalment merchandiser exercises any adequate credit supervision—as the figures prove they do—how is it possible for hundreds of thousands of buyers to mortgage themselves up to hilt?

No instalment house will knowingly accept the account of a customer who is already so committed to other creditors that his obligation to itself cannot be met with a comfortable margin to spare, and a proper credit investigation will certainly disclose the facts in this respect.

Senator Couzens has failed to allow for the protection the buyer receives from the self-protective measures of the seller.

Turning to the economic side, Senator Couzens maintains that industry having overproduced the market provided by the buyer's available cash is now fighting for a mortgage on his future earnings and foresees disaster if the earnings ever on a large scale fail to materialize—necessitating extensive repossessions at a time when the demand in all lines is subnormal.

"They will mean frozen assets," he says of the repossessed commodities, "and will raise a question for financiers with which they have not yet had to deal."

Are frozen assets something new? Ask the banker who wrestled with the overpriced inventories of 1920-21. And don't forget while asking him that instalment sales represented a considerable percentage of the total automobile volume even then.

But the banker's headache was not about goods in the consumer's hands but about goods on the dealers' shelves—

worth millions and millions on paper and little or nothing in trade until the market stabilized.

#### THE PROBLEM OF FROZEN ASSETS

Frozen assets are as old a problem as depressions and a by-product of every slump in the business cycle. And the writer submits that the freezing process will be much less complete with the inventories divided among thousands of users who have daily need for the goods than among hundreds of dealers who can only store them until demand is re-established.

Nothing is harder to surrender than one's accustomed standard of living and the user will fight with his last dollar to hold the conveniences to which he has become habituated. But so long as the dealer has the goods this normal human impulse has no power to relieve the situation.

Whether you overproduce a cash market or a credit market your reward is an accumulation of temporarily unsalable goods. All the logic of the question tends to prove that these will be fewer with an inventory widely distributed among instalment buyers who will strain every nerve to keep them than if the same inventory were in the dealer's warehouse. And such of the goods as do come back from the instalment buyers will be at least as easy to handle as if the dealer had never parted with them. Even granting the contrary for sake of argument, there could be no serious complication from incomplete instalment sales for the outstanding volume is not great enough.

The most complete survey yet attempted of new car financing in the automotive field shows that 64 per cent. of all new car sales are on a credit basis, which means about 50 per cent. of the industry's output in dollars. Of this one-third (16-2/3 per cent.) is paid down and with the outstanding balance (33-1/3 per cent.) due in less than twelve months' time.





## *Who is Your Chicago Correspondent?*

“For many years we have worked with the Union Trust Company, one of Chicago’s oldest commercial banks. Its resourcefulness and the spirit of helpfulness it has shown in handling our requirements have been remarkable.”

We invite bankers to become better acquainted with our specialized services to correspondent banks.



FREDERICK H. RAWSON  
*Chairman of the Board*

HARRY A. WHEELER  
*President*

CRAIG B. HAZLEWOOD  
*Vice-President*

# UNION TRUST COMPANY CHICAGO

Complete Private Wire Service—Direct B/L and Collection Facilities



Magnolia Petroleum Company Building, Dallas, Texas

**T**HE combination bank and office building with banking quarters located on the ground floor has many advantages. A monumental building has distinct advertising value to the bank on account of its being a local land mark. Furthermore, tenants of the building automatically become customers of the bank through the convenience of the location.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
680 FIFTH AVENUE, NEW YORK

On a twelve months' instalment basis the average of total annual volume outstanding at any one time is less than 50 per cent.—which means that not one-half of 33-1/3 per cent. of the industry's annual new car volume in dollars is outstanding at this or any other moment. That figures down to the equivalent of somewhat less than sixty days' average output.

The principal difference, therefore, between this showing and that of any industry selling chiefly on open account is not in the percentage of credit outstandings to output but in the fact that the well oiled collection machinery of the instalment system affords for this volume of automotive credit a degree of protection which the open account system cannot provide. It seems, indeed, a reasonable question if, dollar for dollar, these automotive outstandings do not constitute the best safeguarded credit item of comparable size in the world.

From this phase, Senator Couzens travels to the high cost of financing and the increased price the buyer pays to support the instalment system. Reverting again to the automotive picture we find that 1913, when instalment sales had been in limited use for barely one year, the passenger car output of the American factories was 461,500 units and the average retail price \$1155.

#### EFFECT OF INSTALMENT BUYING ON PRICES

In 1925, with 64 per cent. of all new passenger car sales on instalment terms, the American output was 3,699,991 units and the average retail price \$870. The 1913 closed car output was but 1/2 per cent. of the total. In 1925 this percentage had increased to 56.5 per cent. If the same closed car percentage had obtained in 1913 the average retail price would have been 20 per cent. higher on this item alone. The retail price of the 1925 car includes equipment which was extra in 1913, worth perhaps \$100, and the 1925 cost of labor is roughly double

that of 1913. The 1925 engineering features with money value to the buyer represent a tremendous advance over 1913, whose cash equivalent is hard to estimate.

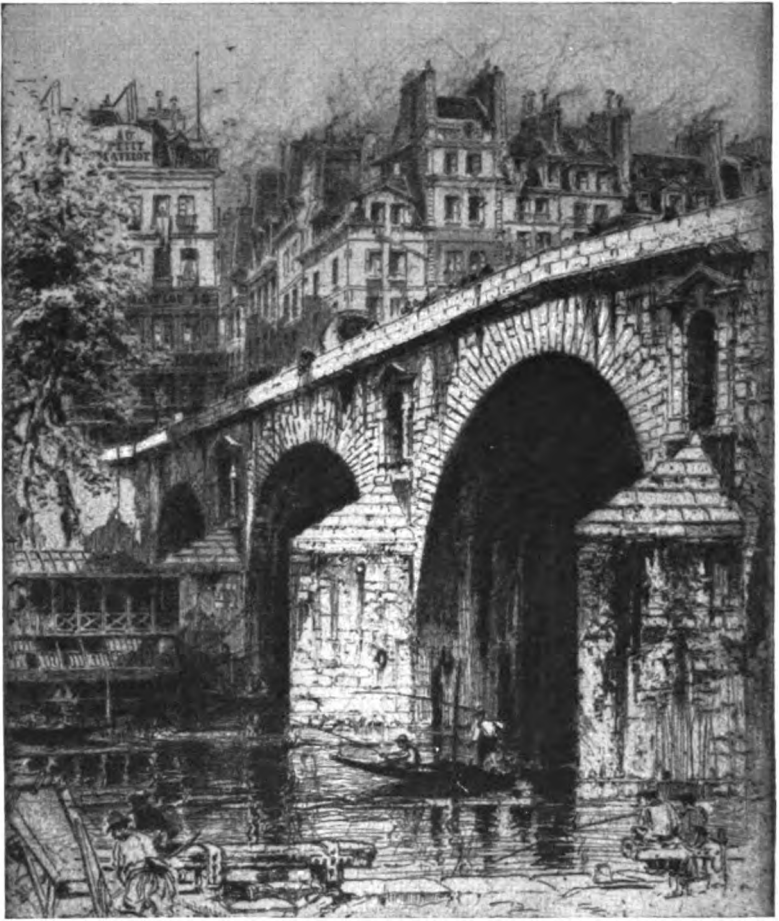
On the most conservative estimate, however, the average 1925 buyer has gained nearly \$400, in the price of his car, plus equipment, thanks to mass production made possible by instalment sales.

No less an authority on production than Albert R. Erskine, president of the Studebaker Corporation, states that the average car of today, produced in only such quantity as could be sold for cash, would cost \$300 more than its present price. The average finance charge, including insurance, on a car retailing at \$870 is \$75. From this it is obvious that in the automotive field the buyer's high cost is purely myth. On the average his price advantage is from four to five times the finance charge, depending on the basis of reckoning and taking no account of the intangible engineering benefits provided by a growing and prosperous industry.

No doubt on close analysis it will be found that the buyer has gained a convincing price advantage in other lines as well though probably not in proportion, for the productive stimulus of instalment selling has not been applied to other lines in equal measure.

#### DISCUSSION OF COST TO BUYER

In his discussion of the buyer's cost on the instalment plan, Senator Couzens seems to harbor the fallacy that the finance companies, through excessive charges, are making exorbitant profits. He writes, "Unfortunately I find no record of the extent of the credit companies who finance these instalment sales, but it is known that there are many hundreds of them who maintain luxurious offices, high salaried officers, thousands of clerks, stenographers, and so forth, all being maintained by the buyer who buys on the instalment basis."



## SUMMER IN FRANCE

*Instead of shuttlecocking between your office and the same old places*

GET away this summer to those enchanting playgrounds across the sea, that stir your imagination—renew your youth—and send you back abrim with fresh energy. The joyous holiday spirit of the French resorts enwraps you directly you board “the longest gangplank in the world.” . . . The French Line inaugurates a weekly express service between the old world and the new—with the de Luxe Liners Paris and France, and the splendid new flagship, Ile de France. Six days only—calling first at Plymouth, England—docking a few hours later at Le Havre de Paris . . . a waiting special express—no long drawn out train ride . . . three hours through beautiful Normandy . . . Paris—the terminus to all the capitals of Europe.

# French Line



Illustrated booklets from any French Line Agent or Tourist Office,  
or write to 19 State Street, New York

Known by whom? Not, the writer ventures to say, by anyone connected with the finance business—for the first thing one learns when one connects with it is that what he makes is what he saves and that cheese paring in the expense account is far more important than in mercantile lines.

The most successful finance companies, out of their rates, have not averaged a net profit quite as high as  $1\frac{1}{2}$  per cent. of their turnover. In the automotive field their percentage of profit to invested capital has never equalled that of a successful factory or a successful dealer.

Because of the safeguards which surround their business these well managed companies represent a sound and conservative investment for capital but expensive offices and excessive salaries are the last of life's amenities that they can afford.

A properly organized local office handling \$500,000 annual volume will have inexpensive quarters, nothing but the necessary equipment, a manager, two clerks, a collector and perhaps a dealer contact man. Its annual budget of operating expense will be somewhat in excess of \$12,000.

Every other operation of any finance company that hopes to make a creditable showing will hold to the same simple standard. It is not a field, as Senator Couzens appears to believe, for either the exploiter or the gambler.

To succeed in it requires the banker's temperament and the very highest order of banking intelligence. By its very nature it is certain to squeeze out the irresponsible type which the Senator seems to have set up in his mind as its standard.

The whole question of its effect on the buyer—and obviously, too, of its economic influence—will be determined by its value as a form of credit.

It would be elementary and altogether needless to discuss the economic advantages of credit *per se*. To argue that the cash buyer is always better off than the credit buyer would be equivalent to in-

dorsing the cash basis as an exclusive principle of commercial exchange—which even the primer economist knows would be hearking back to the Dark Ages.

It is axiomatic to say that every buyer is better off because of credit—whether or not he himself pays cash—provided credit is held within sound limits. And this is true in spite of the fact that credit, however rendered, must cost the buyer something.

If instalment credit, properly safeguarded, is a safe and legitimate form of credit there can be no question that all buyers are better off either directly or indirectly because of it, and condemnation of it in general terms is purely wasted energy.

On this point there appears to be no division of opinion among recognized economic authorities.

#### PREPONDERANCE OF OPINION FAVORS IT

During the week of November 15, 1926, instalment selling was the chief topic of discussion by the Academy of Political Science at a meeting in New York City. The *Standard Trade and Securities Service*, in its bulletin of November 22, reporting this event, says:

"Careful analysis of the arguments advanced both for and against the practice of instalment selling, as well as analysis of other information at our disposal finds a preponderance of opinion in its favor, although modifications are clearly advisable in some instances."

Briefly the conclusions arrived at by the *Service* are as follows:

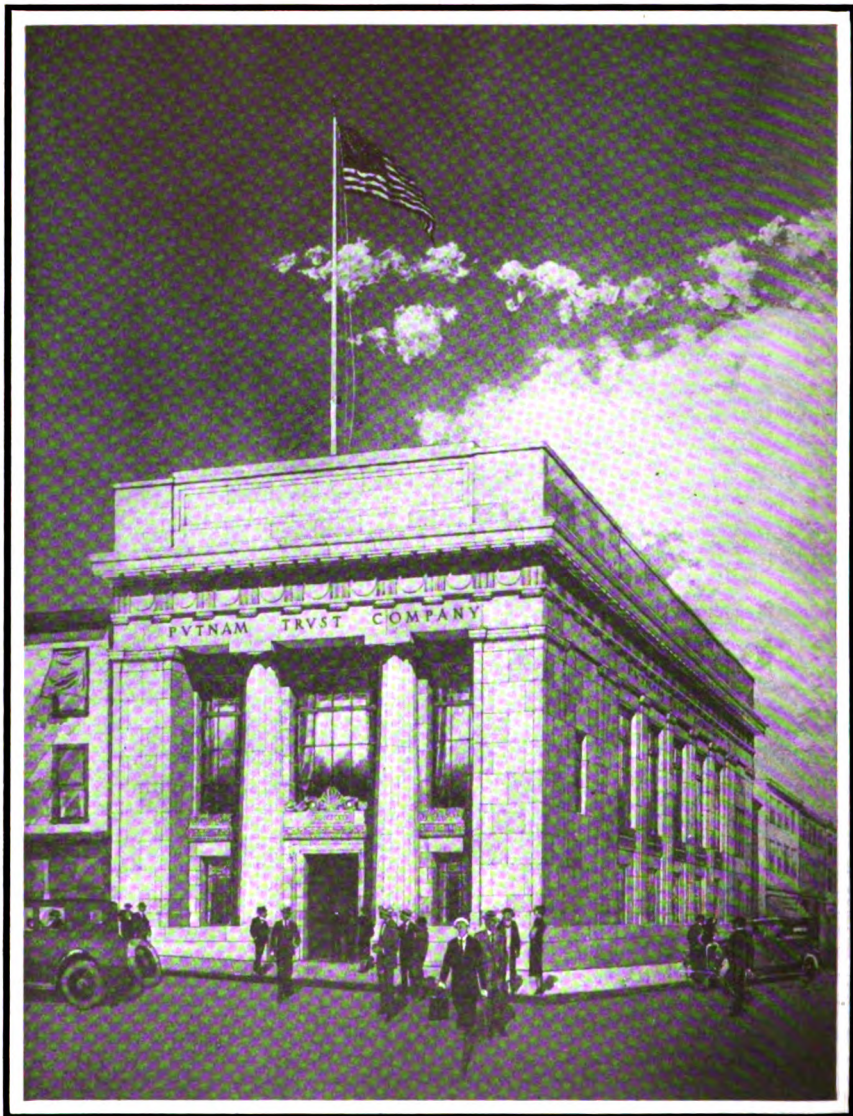
1. While a comparatively new credit development, instalment selling is an economically sound practice.

2. However, until it has passed beyond the present experimental stage, the business of instalment sales will have to be watched carefully by all concerned."

And on this platform all well established finance companies have long since taken their stand.

Experience has shown them that the





New Building for Putnam Trust Co., Greenwich, Conn., now nearing completion, to be ready for occupancy early in April.

---

**MORGAN, FRENCH & CO., INC.**  
ARCHITECTS AND ENGINEERS

19 WEST 44<sup>TH</sup> STREET  
NEW YORK

business is sound when properly organized—

That their own self-protective measures fully safeguard the buyer from over-extension—

That they themselves cannot live by permitting their operations to overstep the limits of credit prudence in any way and that this self regulatory characteristic of the business may be counted upon to keep the system within proper bounds—

And that the onlooker who counsels conservative methods in the expansion of the system is its friend, rather than its enemy.

#### BUSINESS FOR CONSERVATIVES

It is distinctly a business for conservatives, for they alone can make a success of it—and the more discussion the

subject receives the more evident this will be.

It seems quite apparent that Senator Couzens' destructive attitude is the outgrowth of a misconception as to the fundamentals of the business and the character and spirit of the men who are carrying it on.

It is earnestly to be hoped that on better acquaintance he will have a fairer understanding of these matters and that from a bias toward complete eradication of the system he will gravitate toward a sanely regulatory spirit that will align his views with theirs.

If its purpose is worthy, however, a business so little understood cannot but profit by public discussion and, in promoting that, the Senator is entitled to the thanks of its adherents, whatever his motive.



First picture ever taken of the executive committee of the Cleveland Trust Company, Cleveland, Ohio. The bank, established in 1895, now has resources of nearly \$250,000,000 and operates fifty-two neighborhood banks in Cleveland and its suburbs. The members of the executive committee are, from left to right: A. L. Assmus, Col. Leonard P. Ayres and F. H. Hobson, vice-presidents; E. B. Greene, committee chairman; Harris Creech, president of the bank; J. M. Gundry, I. F. Freiberger, A. R. Horr, vice-presidents; H. D. King, secretary.



**FIDELITY  
TRUST  
COMPANY**

**Are YOU  
Less Considerate?**

The will of the late George M. Pullman of the Pullman Company included this clause:

My wife is not named herein as executrix or trustee, because it is my wish to relieve her of the labors, cares and responsibilities of the positions of executrix and trustee.

Would you knowingly subject your wife, your mother—or any relative or friend to the onerous and hazardous duties itemized in the surrounding links? Manifestly it is inconsiderate to make an untrained individual the executor of your will.

A corporate executor has many advantages, all of which are explained in a carefully prepared booklet "Trust Service" which is yours for the asking.

A conference entails no obligation and may save untold sorrows. Call, write or telephone and a trust officer—man or woman—will gladly make an appointment—at your office or ours.

**FIDELITY  
TRUST COMPANY**  
147 W. CONGRESS ST.

Proofs of this and other ads will be sent to any trust company—mats at a nominal figure. Address E. H. McIntosh, Publicity Director, Fidelity Trust Company, Detroit.

DISTRIBUTION OF RESIDUE

FINAL DISCHARGE BY COURT

FINDING THE WILL

WILL ENTERED FOR PROBATE

DISTRIBUTION OF INCOME OF ESTATE

HEARING ON WILL

PAYMENT OF FEDERAL AND STATE TAXES

REVIEW OF ASSETS

PAYMENT OF LEGACIES

INVENTORY OF ESTATE

HEARING ON FINAL ACCOUNTING

ADVISE FOR PRESERVATION OF CLAIMS

NOTICE OF FINAL ACCOUNTING

COLLECT CLAIMS DUE DECEASED

PAY CLAIMS AS ARE JUST IN THE ORDER PROVIDED BY LAW

COLLECT PARTNERSHIP INTERESTS

LIQUIDATION OF DOUBTFUL ASSETS

ATTEND CORPORATION INTEREST OF DECEASED

MANAGE ANY GOING BUSINESS UNTIL IT CAN BE LIQUIDATED OR DISPOSED OF

# MAKING A BANK OPENING YIELD NEW BUSINESS

BY VIRGIL D. ALLEN, JR.

The following article tells how the First Bank and Trust Company of Utica, N. Y., capitalized the opening of its new building, deriving much favorable publicity and considerable new business. The author is assistant vice-president of the bank.

**T**HE occasion of the opening of the new home of the First Bank and Trust Company of Utica, N. Y., was complicated by the fact that the name of the institution itself was new—the First National Bank of Utica having given up its national charter and merged with the Oneida County Trust Company



More than one-seventh of the people in Utica, N. Y., visited the new home of the First Bank and Trust Company, on the occasion of the bank's "open house" in celebration of the opening. The building was designed by York and Sawyer, New York. The vaults were designed by A. B. Trowbridge, New York, and manufactured and installed by the York Safe and Lock Company, York, Pa.

*OUR short term obligations have been purchased by more than five thousand banks in the United States.*

## GENERAL MOTORS ACCEPTANCE CORPORATION

*Executive Office • 250 WEST 57<sup>TH</sup> STREET • New York City*

*Capital, Surplus & Undivided*

*Profits • \$36,428,000.00*

---

to become the First Bank and Trust Company.

This made it necessary for the bank to devote considerable newspaper and direct mail advertising to acquaint the bank's customers and the public with the change in name of the institution. In addition to paid space, every effort was made to obtain publicity, which, in the four months embodying the period of the opening, amounted to more than 1000 inches in the local newspapers. This amount shows a fair ratio to the 5880 inches of paid space used during the same period.

As a result of the opening, during the month of December the safe deposit company rented one-eighth the number of boxes rented by a large middle western bank during a concerted drive for safe deposit business in a city ten times the size of Utica, with the aid of a bank staff more than twelve times the size of the "First's."

The interest accounts opened during the twenty-two business days in December following the opening taxed the capacity of that department and increased

the total number of such accounts at the main office by 15 per cent. The number of commercial accounts opened was far beyond all expectations and the new Christmas Club, from present indications, will surpass in size the oldest Christmas Club in the city.

### ATTRACTIVE STICKER USED

In conjunction with the publicity and newspaper advertising a sticker was designed for use on the bank mail and on the flaps of envelopes sent out by friends and directors. The sticker, in three colors, yellow, blue and black, featured the new fifteen-story bank home, and bore the caption, "A New Home Soon" and signature, "First Bank and Trust Company." Half the directors of the bank made use of these stickers in large quantities, and one of them, an executive of a large department store, used many thousands on the store's monthly statements that were mailed out just before the day of public inspection. It was felt that the sticker, while inexpensive, was helpful, and by way of con-

# Kidder, Peabody & Co.

Founded in 1865

Boston

New York

Providence

Newark

**Government Bonds**

**Investment Securities**

**Foreign Exchange**

**Letters of Credit**

We issue confirmed Circular and Commercial Letters of Credit in £ on

**BARING BROTHERS & CO., Ltd.**

LONDON

and their correspondents throughout the world; also Letters of Credit in \$ on

**THE KIDDER PEABODY ACCEPTANCE CORPORATION**

**BOSTON or NEW YORK**

trust and attractive appearance aroused curiosity concerning the new home soon to be opened.

Although the use of the bright colored sticker might have been said to violate to some extent the conservatism of a bank established 114 years ago, the use of a number of large posters, designed in similar colors by one of the country's leading artists, was not out of place. These posters were used throughout the city—in department store windows, elevators, shops and offices.

Distribution of the posters was effected by means of a letter sent to the executives of the city's largest plants and business houses in which the opening of one of the finest buildings in central New York was pointed out to be a forward step in Utica's progress—one more evidence of sincere belief in the great future of the city. Because of the civic interest involved, more than half of those addressed responded, and a large number of posters were displayed, featuring the caption, "Opening—December, 1926—

New Home of Utica's Oldest Bank," and signature.

These posters helped in a colorful way to tie up the new building with the new name of the bank and its long establishment. Displayed in manufacturing plants, they tended to personalize the newspaper advertising and make those who were not depositors, feel that the invitation to attend the "open house" was meant for them as well as for the bank's customers.

"FORTUNE FOUNDERS" BUILD BUSINESS

In order to cause the workers in industry as well as the younger generation of the city, to take an interest in the opening of the bank's new home, the institution distributed what were called "Fortune Founders," a name loaned to the bank by I. I. Sperling, advertising manager of the Cleveland Trust Company. Inasmuch as commercial banks in New York State are not allowed to use the word "save" in advertising, this name

# A Billion Dollar Business

Fifty-three thousand employes, of whom 13,000 are shareholders, helped to boost Swift & Company's sales close to the billion dollar mark in 1926, an achievement of which the company is proud.

That is just a part of the story told in the new Swift 1927 Year Book.

In his annual address to shareholders, President Louis F. Swift outlines an amazing tale of big business:

Swift & Company spent \$482,708,847 for live animals in 1926, almost a million and a half in cash each business day;

The number of animals purchased was 16,969,708;

Live stock prices averaged slightly higher than in 1925, although sheep sold for slightly less.

Payment of dividends regularly for more than 40 years has earned the confidence of the investing public, and attracted 47,000 shareholders, of whom 20,000 are women.

There are a number of interesting charts in the Year Book.

A copy will be sent free on request. Just fill out the coupon below and mail.

## Swift & Company

Swift & Company,  
Union Stock Yards, Chicago

Please send a copy of the 1927 Year Book to:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

F.N.

### NOTICE

The First National Bank of Wynona, located at Wynona in the State of Oklahoma is closing its affairs. All note-holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

R. F. MULLENDORE, President.

Dated Dec. 15th, 1926.

was chosen for the little books containing pockets for three dollars in dimes. These were supplied by the Moreland Business Builders, Inc., of Chicago, and were of a special design, featuring the new building and the caption, "Central New York's Oldest, Largest Bank—First since 1812," on the back cover and, on the front cover, a spreading oak tree with an inset of an acorn at the root, and signature, and the following message mortised in:

"Fifty cents will be added to a regular interest account opened at our new main office before January 1, 1927, with this Fortune Founder and three or more dollars, providing this sum remains on deposit for six months.

"One such credit shall be given to each person who fills a Fortune Founder with dimes."

No doubt, many in financial advertising work will look with disfavor upon such an offer, but the bank made a thorough investigation of the popularity of the dime saver as shown by the experience of other banks, and came to the conclusion that it would be justified in using it even though few accounts were returned. The cost of each one was but a small amount, and they provided a comparatively inexpensive and yet forceful way of inviting new accounts and, at the same time, impressing prospects with the bank's new location, new name and age.

Distribution of the "Fortune Founders" was effected in much the same way as the posters were placed, and at the close of business December 31, 1926, just twenty-two business days after the opening, the "Fortune Founders" had increased the number of interest accounts at the main office by approximately 7 per cent. Furthermore, many accounts were opened with considerably



more than the \$3 minimum, and others have continued to grow even in so short a period of time. The average initial deposit on these accounts amounted to \$14, and to date the accounts can be figured at a cost of \$2.04 apiece. When more "Fortune Founders" have been turned in, the cost per account will be reduced. In considering the cost per account, however, one must not neglect consideration of the cumulative value of a widely distributed folder, and the fact that the dime saving habit engendered by the "Fortune Founders" provides an easy way to stimulate continued activity on accounts opened through this medium.

#### LUNCHEON CLUBS INSPECT BANK

By way of creating publicity and further curiosity on the part of the public, a series of service club luncheons was scheduled in the new banking rooms. Rotary, Kiwanis, Exchange and seven other clubs arranged to hold their regular meetings at the new bank during the ten days preceding the public inspection. Various officers of the bank acted as speakers on these occasions, and others as hosts, together with the directors. Each officer, director and employe present at these meetings, as well as each newspaper man, was provided with a complete architectural and mechanical description of the bank home. A caterer served the food and members paid their regular luncheon fee, the bank taking care of such extras as flowers and cigars. Souvenir ash trays in the form of a miniature replica of the bank building were distributed to all guests and a private inspection of the five floors of the building devoted to bank operation was undertaken. During this pre-opening period, of course, the stockholders, staff, city and county officials and newspaper men were invited to a private inspection of the new quarters.

#### ACQUAINTANCESHIP CAPITALIZED

Meanwhile, enclosures urging depositors to bring friends to the opening were



A difficult installation thro a window

## 24 Hour Deposit Service through medium of Burglar Proof Rotary Receiving Entrance

and Circular Door Burglar Proof-  
Receiving Chest on Inside of Building

Accept No Substitutes

Manufactured and Installed by

**The Bank Vault Inspection Co.**

Samuel P. Yeo, President

1824 Ludlow St., Philadelphia

" Satisfied Users from Coast to Coast "



Safely guarded in chest

# The Central Mercantile Bank and Trust Company

OF NEW YORK

MEMBER FEDERAL RESERVE SYSTEM

Capital \$2,500,000    Surplus and Undivided Profits \$2,025,400  
Deposits \$40,149,000

**C. STANLEY MITCHELL**  
President



**JULIAN M. GERARD**  
Chairman of the Board

Main Office

**FIFTH AVENUE at 14th STREET**

BRANCH OFFICES

Varick at Spring Street  
East Broadway at Catherine Street

8 West 40th Street at Fifth Avenue  
Seventy Second Street at First Avenue

Broadway at 97th Street

being inserted in the commercial account statements and in interest account pass-books, and invitations were being addressed to all who were customers of the bank. The invitation was in the form of a three-fold announcement, containing friendly copy with illustrations of the doorway, interior and exterior of the building. The third fold was a post card with space for names and addresses under the following copy: "I would like to have the following friends of mine attend Open House on December Third, and wish you would send each one an invitation. I shall also make it a point to invite them personally."

Quite a few of these cards were returned with names. In fact, more were returned than were expected, although the card was attached merely to suggest again that the bank would appreciate having its customers use their influence in behalf of the institution.

The directors, officers and employes of the bank were also asked to make lists of friends and relatives whom they want-

ed to have attend the opening. Almost 100 per cent. co-operation was obtained, and more than 3500 letters were personally signed by the respective hosts, each with an invitation folder enclosed. The letter, which gave a friendly welcome and an offer to personally conduct friends through the various departments of the bank, was multigraphed and filled in on the bank's stationery. The title of the signer, as for example, director or vice-president, was affixed whenever appropriate.

#### OPENING DAY

The week of the opening, two full page advertisements appeared in both the local papers, and the one appearing on the evening and morning of the day of public inspection featured a large cut of the building. At 2 o'clock in the afternoon the doors of the bank were opened to a large waiting crowd. From then until 10 o'clock in the evening more than 15,000 people filled the main banking floor, safe deposit vaults and upper



# Milestones of Progress!

**F**OUR TIMES in fifty years, The Barnett National Bank has been forced into larger quarters to accommodate increasing business.

Four buildings have marked in turn four milestones of Jacksonville's life. Four stages of growth of a throbbing, vigorous city. Four periods of progress of an energetic,

soundly conceived banking institution.

Our newest building is a monument to the soundness of Florida business and to faithfully rendered, constructive service. We believe it presages the dawn of an even greater era of usefulness and industrial influence.

People Have Been Profitably  
Banking With Barnett  
Since 1877

*The*  
**BARNETT NATIONAL BANK**  
Established 1877      **JACKSONVILLE**      A Florida  
Landmark

**Capital, Surplus and Undivided Profits over \$2,350,000**

work rooms. Souvenir booklets containing an interesting historical sketch of Utica, tying in with the early history of the bank, were distributed.

No particular effort was made to attract new accounts. Anyone who indicated a desire to open an account found it easy to do so, however, as tellers were held in reserve for emergency. A special effort was made, nevertheless, to advertise the Christmas Club, a service the First Bank had never before offered to its depositors. In planning the work of this new department, a Christmas Club book with an attractive Christmas cover design was adopted.

Directors, officers and employes in the bank wore white silk ribbons, bearing the legend, "First Bank and Trust Company," and in the evening practically the entire staff was present to meet friends and help make visitors feel at home. The orchestra played light classics, flowers were distributed to the visiting women and the office building was lighted from top to basement during the evening.

Considerable publicity had centered

about the safe deposit vaults. Newspaper stories, including a picture of the mayor of the city and one of the vice-presidents inspecting the twenty-ton doors, had appeared and a great many visitors were anxious to see the modern equipment. To each one as he passed through the entrance grill, a reservation card was given. Without over-emphasis, the visitor was thus informed that he was welcome as a customer in that department.

Following the opening, all advertising was concentrated on the promotion of the Christmas Club. It was felt that the bank should make the most of the Christmas Club season in order to bring in new depositors who would visit the bank often to make club payments and thus give it the opportunity to sell them other services. The bank has felt justified in this effort, for although the Christmas Club of itself cannot be said to be profitable, the club tellers now greet many new faces among old customers, and in time many of them will open interest accounts and rent safe deposit boxes.

# STRESSING THE VALUE OF TRUSTEESHIP TO THE BENEFICIARY

BY THEODORE TEFFT WELDON

This article is one of a series touching on various phases of selling trust company services. In this instalment Mr. Weldon points out the importance of convincing not only the testator but the beneficiary of the value of trusteeship.

**E**XCEPT in the case of agency and living trusts, fiduciary service is rarely sold to the person who is going to benefit. Furthermore, the advantages of naming an executor-trustee will not accrue during the lifetime of the buyer and he will never have the opportunity to witness them or measure them. Yet he is the one to whom the trust company must tell its story of these benefits.

The urge which causes men to make wills and to see that they are carefully carried out is very different from the usual desires which lead them to do things for their own present or future enjoyment and welfare. It is ordinarily a deep seated sense of responsibility toward some one else. Yet it does not always imply unselfishness. In fact the inspiration may be both selfish and vindictive. Or it may be an egotistical motive to make a man's plans live on to fruition far beyond the span of his own life. But usually it is a finer thing—a prompting to look into the future and provide lasting support and comfort for those nearest and dearest to him.

Whatever a man does in his will, it is certain that the effect and the results will not fall upon himself. Yet in advertising and selling trust service, the appeal is directed toward the head of the house, the testator, and not toward those for whom the trust company will do its work. This is of course logical, as he is the one who owns the estate and his is the last word in deciding its disposition. Yet it is well to remember in both advertising and selling, that the opinion of his family may have an effect upon his decision. In most cases those to whom he will leave the benefits of his

wealth are his wife and children—those whom he loves most in all the world. He may be swayed to act against his best judgment in indulging them and in pursuing a course more to their liking if they are not sold on the sound suggestions which a trust company makes to him.

Fortunately, in portraying to a man the value of trust service, the theme is coming more and more to bear upon the benefit such service will render his heirs. *Yet the arguments which will convince the testator may carry little force with his dependents, less used to the complexity and pitfalls of handling capital.* Unless this probability is taken into consideration the trust company may find itself doing very powerful advertising and thoroughly selling its prospects, but getting much less business than it should because the beneficiaries are pulling against it.

There are wives, sons, daughters who believe themselves to be entirely incapable of the competent administration and management of an estate. But the great majority feel perfectly confident of their ability to handle property and, in fact, long for the opportunity. The less experience they have had with capital the more cock-sure they are likely to be that they possess the wizardry to make two dollars grow where there was but one before. Men who have accumulated wealth know this, and the trust advertising of the country keeps the fact, clothed in many garbs, ever before them, and contributes a vital force for action on the part of testators. But it is doubtful if it weighs so heavily with the wife, the son, the daughter.

If you will ask a dozen women or a dozen young men whether, if given the

# STABILITY



The National Bank of Commerce is the Bankers' Bank, centrally located in the United States, and serving for seventy years now an ever-increasing number of correspondents.

An Advertising Service Department available without cost and helpful cooperation from all divisions of our bank for correspondents. If your bank does not have these facilities write us for free descriptive booklet.

*The*  
**National Bank of Commerce**  
with which is affiliated the  
**Federal Commerce Trust Company**  
Investments  
in Saint Louis  
Commercial, Savings, Trust, Foreign,  
Safe Deposits  
BROADWAY OLIVE TO PINE

choice, they would prefer a large sum of money outright, or a liberal and assured income, you will get a unanimous answer in favor of outright possession. Then if you will reason with them a few minutes and choose your arguments carefully, a goodly number of them will revise their first choice.

#### APPEAL TO BOTH TESTATOR AND DEPENDANTS

It would seem neither wise nor necessary to address trust advertising and sales effort to the beneficiaries rather than to the testator, but it certainly reduces sales resistance to keep the heirs in mind and to frame the argument so its most appealing side from their standpoint will have the utmost emphasis. By so doing, the prospect sees a human side to trusteeship in addition to its cold financial soundness. If he communicates his plans to his family, you put the words in his mouth to convince them of the benefits they will receive. If they read the ad-

vertising themselves, the sale has moved forward a step.

Some of the points noted in recent trust advertising and selling which seem to appeal to both a man and his dependents with equal force are as follows:

Burdensome, unpleasant and confining attention to detail as well as much hard work is inevitable if property is to be safely managed and made to return an adequate income. Delegating these duties under a trust agreement will leave the beneficiaries the opportunity to carry on their activities uninterrupted after the testator's death. It will give them the leisure to enjoy their wealth and remove from their shoulders its care and worry.

The death of the head of a household may make it necessary for the family to entirely re-adjust itself, and to re-define the duties and responsibilities of each member. If a competent trustee is appointed, the transition is less abrupt and appalling, and the survivors are spared to a large extent the confusion and dif-

faculties which come with the assumption of an entirely new set of circumstances.

A wife can be assured an adequate income to carry on her home, rear her children, maintain her domestic and social equilibrium without the distraction, worry and effort which come with the management of a large sum of money. She may be spared in the declining years of life the necessity of having to turn from her woman's work within her home to learn the intricacies of business and finance which have always frightened her and for which she is not fitted by training, environment or inclination. She may be shielded from the importunities of her children for financial indulgence in which her heart might be tempted to yield to her head. She may find very welcome relief from the meddling or the well meant advice of relatives and friends which so often results in the loss of both the friend and the property.

A daughter can be protected under a trust agreement so that she will always be shielded from financial want and worry, and at the same time receive the fullest benefit of her inheritance. Provision may be made for her education, her debut, her marriage, her home, her children and any emergency or unforeseen circumstance of the future. An unfortunate marriage, a husband's improvidence, investment mistakes or business misfortunes cannot rob her of her father's thoughtful foresight for her greatest continued and ultimate comfort.

A son can be given as much latitude as his character and ability warrant. Surely he will not wish to hazard his whole patrimony in one venture. By arranging that it come to him in two or three instalments at different ages, he is placed in the strongest position to achieve success. If he loses the first or even the second, he may have gained the priceless experience which will enable him to work wisely and go far with the remainder.

A trust arrangement may be worked out so that the beneficiaries may have a wide latitude in drawing funds from the trustee, so that no matter what is needed

or when it is needed, the situation is met to their entire satisfaction and with practically no effort at all on their part. Inheritances may be left so they will not be subject to attachment for the debts of the heirs, and cannot be jeopardized by assignment. And at all times a thoroughly competent, eminently reliable body of men, kindly, sympathetic, experienced in dealing with the human side of life as well as its commercial side, stands ready and anxious to counsel and advise with the beneficiaries, listen to their troubles, help them out of their difficulties of whatever nature, and to make a sincere and friendly effort to do what they can to take the father's place.

It is undoubtedly true that when a man of strong convictions makes up his mind what he is going to do with his estate, when he has carefully weighed the merits of leaving it in trust or of leaving it to his heirs outright, when he has discussed it with his attorney and with the trust company, he may neither ask nor heed the opinions or desires of his heirs on the subject. He will go ahead and do what he believes to be best for them regardless of their liking for his decision.

But first, the clamor of his dependents may keep him from showing enough interest in trusteeship to fully inform himself. Then he may be in a wavering frame of mind in which the inclination of his heirs might tip the balance.

Most well conceived trust advertising aims to cover this point—the appreciation of the value of trust service by the beneficiaries—in the sweep of its campaign. But there is much of it which does not. The next time you, the trust officer, feel that you have completely sold a prospect on appointing your institution in his will—your advertising has stimulated his inquiry, your follow-up has resulted in a conference, the conference has culminated in his expressed intention—and you hear from him no more, ask yourself if you have forgotten to stress the value of the arrangement so his beneficiaries can see an advantage to themselves.

# THE CASH DISCOUNT—IS IT A PREMIUM OR A PENALTY?

BY ALBERT F. CHAPIN

Mr. Chapin is assistant professor of finance, New York University. In his article he points out that the cash discount is not a part of the seller's profit which is transferred to the buyer, it is a penalty for the buyer. The article is reprinted with permission of *Printers' Ink*.

THE so-called cash discount has been a perennial subject for discussion and the future seems to hold no abatement of the business man's interest in it. The cash discount will be found to be held among business men as both a pest and a benefit; but those who regard it as a pest have never concertedly attacked it with a view to becoming its master. It needs to be seized by the scruff of the neck and throttled until it is brought under complete control. Before its complete control can be effected it must be better understood by business. The object of this article is merely to present an unusual phase of the cash discount.

It is a well-known fact that only when goods are well bought can they be well sold. Quite as much attention is due the cost of merchandise as to its selling price, for the difference between the two measures the profit; and a cent off the price when buying is just as effective and more to be desired than a cent added to the price when selling. Resorting to unusual methods to force the price below the market when buying is not a practice always to be commended, and the attempt to sell above the market may be abortive; but that the buyer in far too large a number of cases does not take advantage of the seller's best price, the books of the manufacturer and wholesaler will amply testify.

The buyer, in the majority of cases, has two or more options as to price and time of payment. The real price of the merchandise may be obscured by the manner of quoting. The buyer is accustomed to think of merchandise as at a certain price, to be paid, not at once, but at a definite time in the future. If the buyer is financially in a position to exer-

cise the option of earlier payment at the lesser price, he is accustomed to regard the sum saved as a financing profit, while if he neglects or is unable to exercise the earlier option, his thought is that he is obliged to forego this additional profit. The important point in his mind is that the sum represented by the cash discount is a premium which, when obtained, becomes additional profit, that it is a part of the seller's profit which is transferred to him, the buyer. Although this is the common viewpoint, nevertheless it is a deluded one.

To take a specific illustration, certain merchandise is quoted to the buyer at \$1000, terms 2/10 net 30, which means, when reduced to the two options contained in the terms, that the merchandise is priced:

\$980—cash within 10 days.

\$1000—cash in 30 days.

Here is a camouflage of price effected by the terms quoted. The common view is that, in the illustration used, the price of the merchandise is \$1000 and the difference between the two prices, or \$20, is the amount the seller is willing to sacrifice in order to get immediate use of his money. This is but another way of saying that the difference in the two quotations is the price put upon time by the seller and which he calls cash discount.

Obviously, both prices do not cover solely the merchandise, and just as obviously the difference between them does not represent solely the value of the time involved. The true price seems to be the cash price, and this assumption is substantiated by an analysis of the difference of \$20 between the two quotations. The buyer, having accepted the quotation

## As Correspondent

this Company is qualified to serve you promptly and efficiently in the handling of your business in New York. Our services are at all times at the disposal of your clients, especially during their visits here.

*Complete Commercial Banking service; Corporate and Individual Trusts; Collections; Foreign and Credit Department facilities.*

**Main Office: 55 Cedar Street**

**Branches**

Broadway at 73rd Street      Madison Avenue at 74th St.  
125th St. at Eighth Ave.      Lexington Avenue at 47th St.

## UNITED STATES MORTGAGE & TRUST COMPANY

Capital and Surplus \$7,500,000

NEW YORK

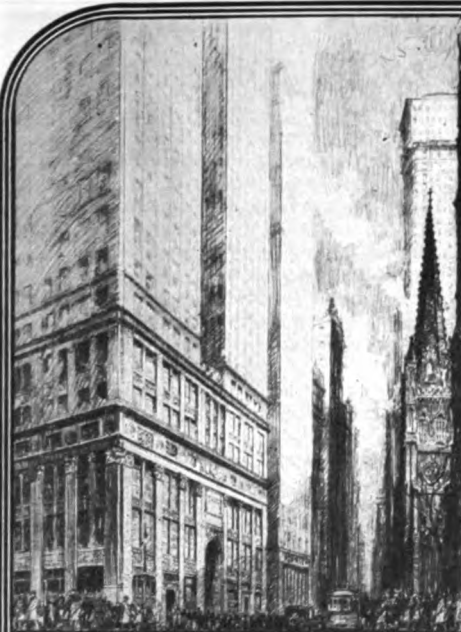
and having arrived at the tenth day after the purchase is confronted with two alternatives: To pay the price of the merchandise, \$980, or to use the \$980 in his own business for an additional twenty days at a cost of \$20, or at the rate of  $37\frac{1}{4}$  per cent.

Granted the worth of money is 6 per cent. per annum, the buyer it would seem, is penalized  $31\frac{1}{4}$  per cent. for the privilege of being financed by his vendor. As a matter of fact, the vendor makes no such inordinate profit. He would prefer to forego the last \$20, if by so doing his customer would be persuaded to buy for cash.

The so-called cash discount marks the division of buyers into two distinct classes, the credit of the one being superior, and that of the other being inferior. It is the buyer who aligns himself with the inferior credit class who fails to buy at the lowest price. He pays a high price for the use of money in the case cited—at the rate of \$1 per day, \$365 per year, for the use of \$980—unless he lessens the cost by arbitrarily

taking additional time over the thirty days from the vendor. The knowledge that this will be attempted by many among this inferior credit class and that it must be combated, is a factor in fixing the seemingly exorbitant financing charge. In other words, this class of buyers must pay the cost of collecting from itself. The buyer must also aid in subsidizing the seller to compensate him for losses occasioned through misjudging credit resulting in bad debts. He pays the cost of financing based, not upon the worth of money plus his individual credit risk, but upon the risk of the entire class in which he has aligned himself. He pays the worth of the money (6 per cent. per annum), his share of the cost of collection, and his share of the losses by bad debts of all in his class.

How, after all, is the case cited unlike the options disclosed by our more or less newly found friend, the time payment plan? The difference in the quotation of the automobile, which is used for illustration, and merchandise generally, is merely that of form. In each case there



### How Our Trust Department Acts for Our Correspondents

**WE** act as co-transfer agent and co-registrar of stocks and bonds, or as agent in connection with any corporate trust matter where another bank is trustee—

As depository for securities in safe-keeping, either on the basis of a reasonable compensation for its services, or by arrangement on the basis of commensurate balances.

Our Fiscal Agent Department is at your disposal for payment of coupons or the maturity of bonds on a reasonable basis of compensation.

*In the Center of Things Financial  
Resources*

**Over Fifty Million Dollars**

Member of Federal Reserve System

## **FIDELITY TRUST COMPANY**

120 Broadway

*of New York*

Equitable Bldg.

is a cash price (the true price) and a financing cost, which in theory will vary according to the hazard existing in the class to whom sold.

Let the buyer not deceive himself that he is getting a premium or a part of the seller's profit when he buys for cash. On the contrary, when he fails to buy for cash he is requiring his vendor to finance him, and, because he has placed himself in a credit class whose risk is inferior, the cost of financing is high. He virtually suffers a penalty imposed because of the inferior credit of the class to which he belongs. Nor is it fair of him to attempt to evade this penalty by the deduction of this charge after he has had the benefit of the financing. It is a cost to the seller for which he has a right to remuneration, and he can in justice to himself, do no less than insist upon that remuneration.

**RESOURCES MORE THAN  
\$25,000,000**

**A CONDENSED statement covering the fis-**

cal year ended November 30, 1926, just made public by International Securities Trust of America, the largest American investment trust, shows resources of \$25,475,909.

The trust reports that gross income on the average capital funds of the trust during the year was at the annual rate of more than 14 per cent. It is further stated that bond interest was earned more than five times during the year ended November 30, 1926, and that preferred share dividends were earned more than four and a half times during the same period. Earnings on common shares, before reserves, were more than four and a half times the dividends paid on the Class A common, and, after reserves, more than three times. The current dividends on the Class A common shares are at the annual rate of \$1.80.

The trust was organized under the laws of Massachusetts on April 18, 1921. Its resources on March 1, 1926, were \$10,342,300.



## THE TEXT OF THE MCFADDEN LAW

**U**NDER the new title, "To Further Amend the National Banking Laws and the Federal Reserve Act and for Other Purposes," the new McFadden law, in full, follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act entitled "An Act to provide for the consolidation of national banking associations," approved November 7, 1918, be amended by adding at the end thereof a new section to read as follows:

"SEC. 1. That any bank incorporated under the laws of any state, or any bank incorporated in the District of Columbia, may be consolidated with a national banking association located in the same county, city, town, or village under the charter of such national banking association on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each association or bank proposing to consolidate and which agreement shall be ratified and confirmed by the affirmative vote of the shareholders of each such association or bank owning at least two-thirds of its capital stock outstanding, or by a greater proportion of such capital stock in the case of such state bank if the laws of the state where the same is organized so require, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper of general circulation published in the place where the said association or bank is situated, and in the legal newspaper for the publication of legal notices or advertisements, if any such paper has been designated by the rules of a court in the county where such association or bank is situated, and if no newspaper is published in the place, then in a paper of general circulation published nearest thereto, unless such notice of meeting is waived in writing by all stockholders of any such association or bank, and after sending such notice to each shareholder of record by registered mail at least ten days prior to said meeting, but any additional notice shall be given to the shareholders of such state bank which may be required by the laws of the state where the same is organized. The capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national banking association in the place in which such consolidated association is located; and all the rights, franchises, and interests of such state or district bank so consolidated with a national banking association in and to every

species of property, real, personal, and mixed, and chooses in action thereto belonging, shall be deemed to be transferred to and vested in such national banking association into which it is consolidated without any deed or other transfer, and the said consolidated national banking association shall hold and enjoy the same and all rights of property, franchises, and interests including the right of succession as trustee, executor, or in any other fiduciary capacity in the same manner and to the same extent as was held and enjoyed by such state or district bank so consolidated with such national banking association. When such consolidation shall have been effected and approved by the comptroller any shareholder of either the association or of the state or district bank so consolidated, who has not voted for such consolidation, may give notice to the directors of the consolidated association within twenty days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors of the consolidated association, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to such shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and the consolidated association shall pay the expenses of reappraisal and the value as ascertained by such appraisal or reappraisal shall be deemed to be a debt due and shall be forthwith paid to said shareholder by said consolidated association, and the shares so paid for shall be surrendered and, after due notice, sold at public auction within thirty days after the final appraisement provided for in this act; and if the shares so sold at public auction shall be sold at a price greater than the final appraised value, the excess in such sale price shall be paid to the said shareholder; and the consolidated association shall have the right to purchase such shares at public auction, if it is the highest bidder therefor, for the purpose of reselling such shares within thirty days thereafter to such person or persons and at such price as its board of directors by resolution may determine. The liquidation of such shares of stock in any state bank shall be determined in the manner prescribed by the law of the state in such cases if such provision is made in the state law, otherwise as hereinbefore provided. No such consolidation shall be in contravention of the law

of the state under which such bank is incorporated.

"The words 'state bank' 'state banks' 'bank' or 'banks' as used in this section shall be held to include trust companies, savings banks or other such corporations or institutions carrying on the banking business under the authority of state laws."

#### INDETERMINATE BANK CHARTERS

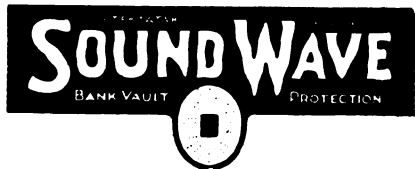
SEC. 2. (a) That section 5136 of the Revised Statutes of the United States, subsection 'second' thereof as amended be amended to read as follows:

"Second. To have succession from the date of the approval of this act, or from the date of its organization if organized after such date of approval until such time as it be dissolved by the act of its shareholders owning two-thirds of its stock, or until its franchise becomes forfeited by reason of violation of law, or until terminated by either a general or a special act of Congress or until its affairs be placed in the hands of a receiver and finally wound up by him."

#### SELLING INVESTMENT SECURITIES

(b) That section 5136 of the Revised Statutes of the United States, subsection "seventh" thereof, be further amended by adding at the end of the first paragraph thereof the following:

"Provided, That the business of buying and selling investment securities shall hereafter be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation, in the form of bonds, notes and/or debentures, commonly known as investment securities, under such further definition of the term 'investment securities' as may by regulation be prescribed by the Comptroller of the Currency, and the total amount of such investment securities of any one obligor or maker held by such association shall at no time exceed 25 per centum of the amount of the capital stock of such association actually paid in and unimpaired and 25 per centum of its unimpaired surplus fund, but this limitation as to total amount shall not apply to obligations of the United States, or general obligations of any state or of any political subdivision thereof, or obligation issued under authority of the Federal Farm Loan act: And provided further, That in carrying on the business commonly known as the safe-deposit business no such association shall invest in the capital stock of a corporation organized under the law of any state to conduct a safe-deposit business in an amount in excess of 15 per centum of the capital stock of such association actually paid in and unimpaired and 15 per centum of its



versus

## Crime Wave

**It is a matter of civic pride in hundreds of cities in the United States and Canada that all the banks in those cities are equipped with complete electrical protection.**

**The fact is established that yeggs avoid banks with complete burglar alarms. When all the banks are so equipped, these yeggs avoid the town.**

**In thus safeguarding the treasures entrusted to their care, banks render a public service that is beyond valuation.**

**The Sound Wave Method of Bank Vault Protection can be installed in the vaults of your bank without interference with the regular routine of business.**

**Send for booklet containing details of this system.**

**O. B. McClintock  
Company**

*The Largest and Most Complete Organization  
of Its Kind in the World*

**Minneapolis, Minnesota**

# **EXAMINATIONS - SYSTEMS - TAXES**

FOR

**Banks and Trust Companies**

**McARDLE & McARDLE**

*ACCOUNTANTS AND AUDITORS*

**Forty-Two Broadway, New York City**

unimpaired surplus," so that the subsection as amended shall read as follows:

"Seventh. To exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title: Provided, That the business of buying and selling investment securities shall hereafter be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation, in the form of bonds, notes and/or debentures, commonly known as investment securities, under such further definition of the term 'investment securities' as may by regulation be prescribed by the Comptroller of the Currency, and the total amount of such investment securities of any one obligor or maker held by such association shall at no time exceed 25 per centum of the amount of the capital stock of such association actually paid in and unimpaired and 25 per centum of its unimpaired surplus fund, but this limitation as to total amount shall not apply to obligations of the United States, or general obligations of any state or of any political subdivision thereof, or obligations issued under authority of the Federal Farm Loan act: And provided further, That in carrying on the business commonly known as the safe deposit business no such association shall invest in the capital stock of a corporation organized under the law of any state to conduct a safe deposit business in an amount in excess of 15 per centum of the capital stock of such association actually paid in and unimpaired and 15 per centum of its unimpaired surplus.

"But no association shall transact any business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the Comptroller of

the Currency to commence the business of banking."

## SITE FOR NEW BUILDING

SEC. 3. That section 5137 of the Revised Statutes of the United States, subsection "First" thereof, be amended to read as follows:

"First, Such as shall be necessary for its accommodation in the transaction of its business."

## CAPITAL OF OUTLYING BANKS

SEC. 4. That section 5138 of the Revised Statutes of the United States, as amended, be amended to read as follows:

"SEC. 5138. No national banking association shall be organized with a less capital than \$100,000, except that such associations with a capital of not less than \$50,000 may, with the approval of the Secretary of the Treasury, be organized in any place the population of which does not exceed six thousand inhabitants, and except that such associations with a capital of not less than \$25,000 may, with the sanction of the Secretary of the Treasury, be organized in any place the population of which does not exceed three thousand inhabitants. No such association shall be organized in a city the population of which exceeds fifty thousand persons with a capital of less than \$200,000, except that in the outlying districts of such a city where the state laws permit the organization of state banks with a capital of \$100,000 or less, national banking associations now organized or hereafter organized may, with the approval of the Comptroller of the Currency, have a capital of not less than \$100,000."

## AUTHORIZING STOCK DIVIDENDS

SEC. 5. That section 5142 of the Revised Statutes of the United States, as amended, be amended to read as follows:

"SEC. 5142. Any national banking association may, with the approval of the Comp-

1923 to 1927

We are gratified to announce the following record of our consistent growth:

December 31, 1923 .	\$ 5,069,317.96
December 31, 1924 .	10,448,173.99
December 31, 1925 .	15,171,402.62
December 31, 1926 .	19,400,134.32

## THE HAMILTON NATIONAL BANK of NEW YORK

ARCHIBALD C. EMERY, President

Main Office 130 West 42nd Street New York

troller of the Currency, and by a vote of shareholders owning two-thirds of the stock of such associations, increase its capital stock to any sum approved by the said comptroller, but no increase in capital shall be valid until the whole amount of such increase is paid in and notice thereof, duly acknowledged before a notary public by the president, vice-president, or cashier of said association, has been transmitted to the Comptroller of the Currency and his certificate obtained specifying the amount of such increase in capital stock and his approval thereof, and that it has been duly paid in as part of the capital of such association: Provided, however, That a national banking association may, with the approval of the Comptroller of the Currency, and by the vote of shareholders owning two-thirds of the stock of such association, increase its capital stock by the declaration of a stock dividend, provided that the surplus of said association, after the approval of the increase, shall be at least equal to 20 per centum of the capital stock as increased. Such increase shall not be effective until a certificate certifying to such declaration of dividend, signed by the president, vice-president, or cashier of said association and duly acknowledged before a notary public, shall have been forwarded to the Comptroller of the Currency and his certificate obtained specifying the amount of such increase of capital

stock by stock dividend, and his approval thereof."

#### CHAIRMAN OF BOARD

SEC. 6. That section 5150 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5150. The president of the bank shall be a member of the board and shall be the chairman thereof, but the board may designate a director in lieu of the president to be chairman of the board, who shall perform such duties as may be designated by the board."

#### BRANCH BANKING PROVISIONS

SEC. 7. That section 5155 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5155. The conditions upon which a national banking association may retain or establish and operate a branch or branches are the following:

"(a) A national banking association may retain and operate such branch or branches as it may have in lawful operation at the date of the approval of this act and any national banking association which has continuously maintained and operated not more than one branch for a period of more than twenty-five

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

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**WILLIAM J. WASON, JR., Vice-President**  
**HOWARD D. JOOST, Vice-President**  
**J. NORMAN CARPENTER, Vice-President**  
**ALBERT E. ECKERSON Auditor**  
**THOMAS BLAKE, Secretary**  
**ALBERT I. TABOR, Assistant Secretary**  
**CLARENCE E. TOBIAS, Assistant Secretary**

**ACCOUNTS INVITED**

**INTEREST ALLOWED ON DEPOSITS**

years immediately preceding the approval of this act may continue to maintain and operate such branch.

"(b) If a state bank is hereafter converted into or consolidated with a national banking association, or if two or more national banking associations are consolidated, such converted or consolidated association may, with respect to any of such banks, retain and operate any of their branches which may have been in lawful operation by any bank at the date of the approval of the act.

"(c) A national banking association may, after the date of the approval of this act, establish and operate new branches within the limits of the city, town, or village in which said association is situated if such establishment and operation are at the time permitted to state banks by the law of the state in question.

"(d) No branch shall be established after the date of the approval of this act within the limits of any city, town, or village of which the population by the last decennial census was less than 25,000. No more than one such branch may be thus established where the population, so determined, of such municipal unit does not exceed 50,000; and not more than two such branches where the population does not exceed 100,000. In any such municipal unit where the population exceeds 100,000 the determination of the number of branches shall be within the discretion of the Comptroller of the Currency.

"(e) No branch of any national banking association shall be established or moved from one location to another without first obtaining the consent and approval of the Comptroller of the Currency.

"(f) The term 'branch' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any state or territory of the United States or in the District of Columbia at which deposits are received, or checks paid, or money lent.

"(g) This section shall not be construed to amend or repeal section 25 of the Federal Reserve act, as amended, authorizing the es-

establishment by national banking associations of branches in foreign countries, or dependencies, or insular possessions of the United States.

"(h) The words 'state bank,' 'state banks,' 'bank,' or 'banks' as used in this section shall be held to include trust companies, savings banks, or other such corporations or institutions carrying on the banking business under the authority of state laws."

SEC. 8. That section 5190 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5190. The general business of each national banking association shall be transacted in the place specified in its organization certificate and in the branch or branches, if any, established or maintained by it in accordance with the provisions of section 5155 of the Revised Statutes, as amended by this act."

## MUST GIVE UP BRANCHES

SEC. 9. That the first paragraph of section 9 of the Federal Reserve act, as amended, be amended so as to read as follows:

"SEC. 9. Any bank incorporated by special law of any state, or organized under the general laws of any state or of the United States, desiring to become a member of the Federal reserve system, may make application to the Federal Reserve Board, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, subject to the provisions of this act and to such conditions as it may prescribe pursuant thereto may permit the applying bank to become a stockholder of such Federal reserve bank.

"Any such state bank which, at the date of the approval of this act, has established and is operating a branch or branches in conformity with the state law, may retain and operate the same while remaining or upon becoming

a stockholder of such Federal reserve bank; but no such state bank may retain or acquire stock in a Federal reserve bank except upon relinquishment of any branch or branches established after the date of the approval of this act beyond the limits of the city, town or village in which the parent bank is situated."

## REVISED SECTION 5200

SEC. 10. That section 5200 of the Revised Statutes of the United States, as amended, be amended to read as follows:

"SEC. 5200. The total obligations to any national banking association of any person, copartnership, association, or corporation shall at no time exceed 10 per centum of the amount of the capital stock of such association actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund. The term 'obligations' shall mean the direct liability of the maker or acceptor of paper discounted with or sold to such association and the liability of the indorser, drawer, or guarantor who obtains a loan from or discounts paper with or sells paper under his guaranty to such association and shall include in the case of obligations of a copartnership or association the obligations of the several members thereof. Such limitation of 10 per centum shall be subject to the following exceptions:

"(1) Obligations in the form of drafts or bills of exchange drawn in good faith against actually existing values shall not be subject under this section to any limitation based upon such capital and surplus.

"(2) Obligations arising out of the discount of commercial or business paper actually owned by the person, copartnership, association, or corporation negotiating the same, shall not be subject under this section to any limitation based upon such capital and surplus.

"(3) Obligations drawn in good faith against actually existing values and secured by goods or commodities in process of shipment shall not be subject under this section to any limitation based upon such capital and surplus.

"(4) Obligations as indorser or guarantor of notes, other than commercial or business paper excepted under (2) hereof, having a maturity of not more than six months, and owned by the person, corporation, association, or copartnership indorsing and negotiating the same, shall be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus.

"(5) Obligations in the form of banker's acceptances of other banks of the kind described in section 13 of the Federal Reserve act shall not be subject under this section to any limitation based upon such capital and surplus.

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"(6) Obligations of any person, copartnership, association or corporation, in the form of notes or drafts secured by shipping documents, warehouse receipts or other such documents transferring or securing title covering readily marketable nonperishable staples when such property is fully covered by insurance, if it is customary to insure such staples, shall be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus when the market value of such staples securing such obligation is not at any time less than 115 per centum of the face amount of such obligation, and to an additional increase of limitation of 5 per centum of such capital and surplus in addition to such 25 per centum of such capital and surplus when the market value of such staples securing such obligation is not at any time less than 120 per centum of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per centum of such capital and surplus in addition to such 30 per centum of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 125 per centum of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per centum of such capital and surplus in addition to such 35 per centum of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 130 per centum of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per centum of such capital and surplus in addition to such 40 per centum of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 135 per centum of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per centum of such capital and surplus in addition to such 45 per centum of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 140

per centum of the face amount of such additional obligation, but this exception shall not apply to obligations of any one person, copartnership, association or corporation, arising from the same transactions and/or secured upon the identical staples for more than ten months.

"(7) Obligations of any person, copartnership, association, or corporation in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock when the market value of the livestock securing the obligation is not at any time less than 115 per centum of the face amount of the notes covered by such documents shall be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus.

"(8) Obligations of any person, copartnership, association, or corporation in the form of notes secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States, shall (except to the extent permitted by rules and regulations prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury) be subject under this section to a limitation of 15 per centum of such capital and surplus in addition to such 10 per centum of such capital and surplus."

#### EXCEPTING FARM LOAN BONDS

SEC. 11. That section 5202 of the Revised Statutes of the United States as amended be amended by adding at the end thereof a new paragraph to read as follows:

"Eighth. Liabilities incurred under the provisions of section 202 of Title II of the Federal Farm Loan act, approved July 17, 1916, as amended by the Agricultural Credits act of 1923."

#### PENALTY FOR ILLEGAL CERTIFICATION

SEC. 12. That section 5208 of the Revised



Statutes of the United States as amended be amended by striking out the words, "or who shall certify a check before the amount thereof shall have been regularly entered to the credit of the drawer upon the books of the bank," and in lieu thereof inserting the following: "or who shall certify a check before the amount thereof shall have been regularly deposited in the bank by the drawer thereof," so that the section as amended shall read as follows:

"SEC. 5208. It shall be unlawful for any officer, director, agent, or employee of any Federal reserve bank, or any member bank as defined in the act of December 23, 1913, known as the Federal Reserve act, to certify any check drawn upon such Federal reserve bank or member bank unless the person, firm or corporation drawing the check has on deposit with such Federal reserve bank or member bank, at the time such check is certified, an amount of money not less than the amount specified in such check. Any check so certified by a duly authorized officer, director, agent, or employee shall be a good and valid obligation against such Federal reserve bank or member bank; but the act of any officer, director, agent, or employee of any such Federal reserve bank or member bank in violation of this section shall, in the discretion of the Federal Reserve Board, subject such Federal reserve bank to the penalties imposed by section 11, subsection (h) of the Federal Reserve act, and shall subject such member bank, if a national bank, to the liabilities and proceedings on the part of the Comptroller of the Currency provided for in section 5234, Revised Statutes, and shall, in the discretion of the Federal Reserve Board, subject any other member bank to the penalties imposed by section 9 of said Federal Reserve act for the violation of any of the provisions of said act. Any officer, director, agent, or employee of any Federal reserve bank or member bank who shall willfully violate the provisions of this section, or who shall resort to any device, or receive any fictitious obligation, directly or collaterally, in order to evade the provisions thereof, or who shall certify a check before the amount thereof shall have been regularly deposited in the bank by the drawer thereof, shall be deemed guilty of a misdemeanor and shall, on conviction thereof in any district court of the United States, be fined not more than \$5000, or shall be imprisoned for not more than five years, or both, in the discretion of the court."

VERIFYING STATEMENT OF CONDITION

SEC. 13. That section 5211 of the Revised Statutes of the United States as amended be amended to read as follows:

"SEC. 5211. Every association shall make

to the Comptroller of the Currency, not less than three reports during each year, according to the form which may be prescribed by him, verified by the oath or affirmation of the president, or of the cashier, or of a vice-president, or of an assistant cashier of the association designated by its board of directors to verify such reports in the absence of the president and cashier, taken before a notary public properly authorized and commissioned by the state in which such notary resides and the association is located, or any other officer having an official seal, authorized in such state to administer oaths, and attested by the signature of at least three of the directors. Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by him specified, and shall be transmitted to the comptroller within five days after the receipt of a request or requisition therefor from him; and the statement of resources and liabilities, together with acknowledgement and attestation in the same form in which it is made to comptroller, shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in the one published nearest thereto in the same county, at



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the expense of the association; and such proof of publication shall be furnished as may be required by the comptroller. The comptroller shall also have power to call for special reports from any particular association whenever in his judgment the same are necessary in order to obtain a full and complete knowledge of its condition."

#### BARRING LOANS TO BANK EXAMINERS

SEC. 14. That section 22 of the Federal Reserve act, subsection (a), paragraph 2 thereof, be amended to read as follows:

"(a) No member bank and no officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year, or fined not more than \$5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given.

"Any examiner or assistant examiner who shall accept loan or gratuity from any bank examined by him, or from an officer, director, or employee thereof, or who shall steal, or unlawfully take or unlawfully conceal any money, note, draft, bond,

or security or any other property of value in the possession of any member bank or from any safe deposit box in or adjacent to the premises of such bank, shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any district court of the United States, be imprisoned for not exceeding one year, or fined not more than \$5,000, or both, and may be fined a further sum equal to the money so loaned, gratuity given, or property stolen, and shall forever thereafter be disqualified from holding office as a national bank examiner."

#### FIVE YEAR REAL ESTATE LOANS

"SEC. 24. Any national banking association may make loans secured by first lien upon improved real estate, including improved farm land, situated within its Federal reserve district or within a radius of one hundred miles of the place in which such bank is located, irrespective of district lines. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument upon real estate when the entire amount of such obligation or obligations is made or is sold to such association. The amount of any such loan shall not exceed 50 per centum of the actual value of the real estate offered for security, but no such loan upon such security shall be made for a longer term than five years. Any such bank may make such loans in an aggregate sum, including in such aggregate any such loans on which it is liable as indorser or guarantor or otherwise equal to 25 per centum of the amount of the capital stock of such association actually paid in and unimpaired and 25 per centum of its unimpaired surplus fund, or to one-half of its savings deposits, at the election of the association, subject to the general limitation contained in section 5200 of the Revised Statutes of the United States. Such banks may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such banks may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by state banks or trust companies organized under the laws of the state wherein such national banking associations is located."

#### LOWER PAR VALUE OF NATIONAL BANK SHARES

SEC. 16. That section 5139 of the Revised Statutes of the United States be amended by inserting in the first sentence thereof the following words: "or into shares of such less amount as may be provided in the articles of

association" so that the section as amended shall read as follows:

"SEC. 5139. The capital stock of each association shall be divided into shares of \$100 each, or into shares of such less amount as may be provided in the articles of association, and be deemed personal property, and transferable on the books of the association in such manner as may be prescribed in the by-laws or articles of association. Every person becoming a shareholder by such transfer shall, in proportion to his shares, succeed to all rights and liabilities of the prior holder of such shares; and no change shall be made in the articles of association by which the rights, remedies, or security of the existing creditors of the association shall be impaired."

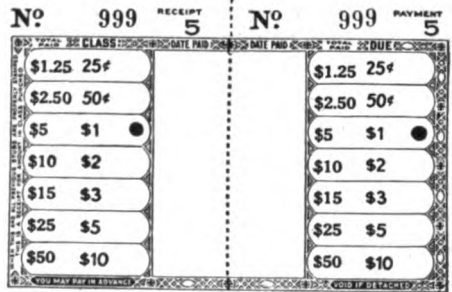
**SMALLEST NUMBER OF SHARES DIRECTORS MAY OWN**

SEC. 17. That section 5146 of the Revised Statutes of the United States as amended be amended by inserting in lieu of the second sentence thereof the following: "Every director must own in his own right shares of the capital stock of the association of which he is a director the aggregate par value of which shall not be less than \$1,000, unless the capital of the bank shall not exceed \$25,000, in which case he must own in his own right shares of such capital stock the aggregate value of which shall not be less than \$500," so that the section as amended shall read as follows:

"SEC. 5146. Every director must, during his whole term of service, be a citizen of the United States, and at least three-fourths of the directors must have resided in the state, territory, or district in which the association is located, or within fifty miles of the location of the office of the association, for at least one year immediately preceding their election, and must be residents of such state or within a fifty-mile territory of the location of the association during their continuance in office. Every director must own in his own right shares of the capital stock of the association of which he is a director, the aggregate par value of which shall not be less than \$1,000, unless the capital of the bank shall not exceed \$25,000, in which case he must own in his own right shares of such capital stock the aggregate par value of which shall not be less than \$500. Any director who ceases to be the owner of the required number of shares of the stock, or who becomes in any other manner disqualified, shall thereby vacate his place."

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Patented Feb. 24, 1925—Aug. 4, 1925



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**EXTENDING FEDERAL RESERVE BANK CHARTERS INDETERMINATELY**

SEC. 18. That the second subdivision of the fourth paragraph of section 4 of the Federal Reserve Act be amended to read as follows:

"Second. To have succession after the approval of this act until dissolved by act of Congress or until forfeiture of franchise for violation of law."

**DISCONTINUING RESERVE BANK BRANCHES**

SEC. 19. That section 3 of the Federal Reserve Act, as amended, is further amended by adding at the end thereof the following:

"The Federal Reserve Board may at any time require any Federal Reserve Bank to discontinue any branch of such Federal Reserve Bank established under this section. The Federal Reserve Bank shall thereupon proceed to wind up the business of such branch bank, subject to such rules and regulations as the Federal Reserve Board may prescribe."

# BANCO ALEMAN-ANTIOQUENO

**T**HE Banco Alemán-Antioqueño of Medellín, Colombia, was founded in 1912 with an authorized and fully paid up capital of \$750,000, of which three-fourths was subscribed by German and one-fourth by Colombian shareholders.

In 1924 this capital was increased to



Home of the Banco Aleman-Antioqueno, Medellín, Colombia, S. A.

\$2,000,000, the reserve fund being \$410,000. According to the statement of December 31, 1926, the capital accounts of the bank totalled \$3,053,562 as follows:

Capital paid up .....	\$2,000,000
Reserves .....	410,000
Undivided profits .....	643,562
<b>Total .....</b>	<b>\$3,053,562</b>

The bank was founded with offices in Medellín (Colombia) and Bremen (Germany). The head office is in Medellín. Later on the following branches were established: 1920, in Barranquilla; 1922, in Honda; 1923, in Cali; 1924, in Bogotá; 1925, in Bucaramanga; 1926, in Armenia (Caldas).

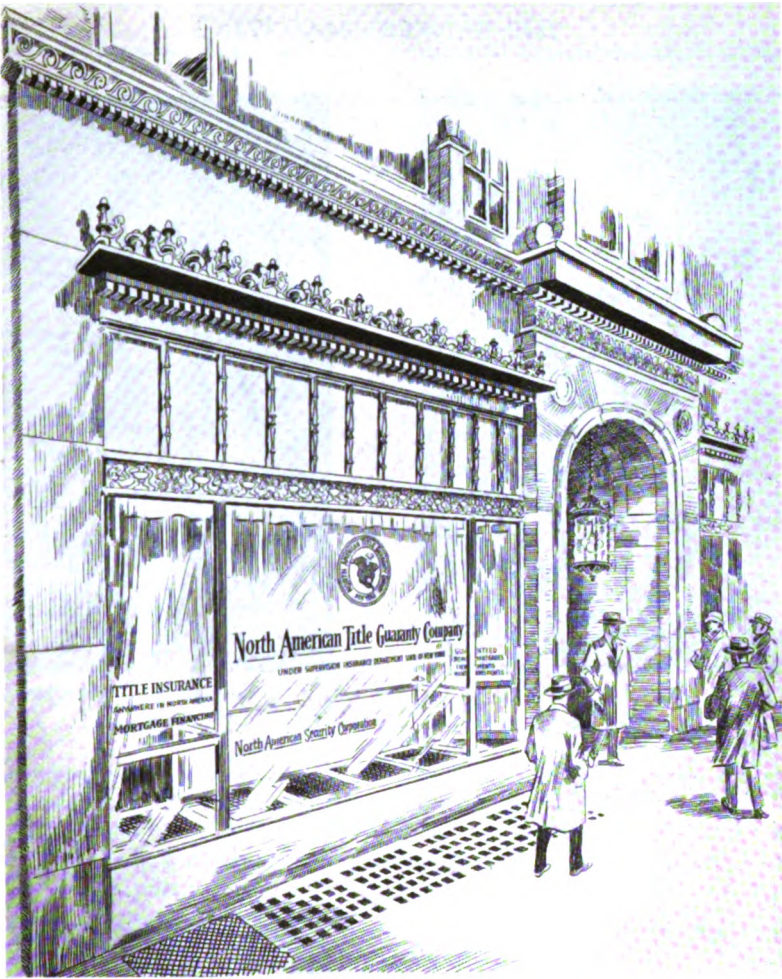
The institution is doing an extensive commercial banking business. Owing to its intimate knowledge of local conditions and to its system of branch offices established in most of the more important cities of Colombia, the bank is in excellent position to serve the interests of those doing business with the Republic of Colombia.

The bank's New York correspondents include: J. Henry Schroder Banking Corporation; Bank of America; International Acceptance Bank, Inc.; Central Union Trust Company of New York; The Equitable Trust Company of New York; American Exchange Irving Trust Company; Chase National Bank; Seaboard National Bank of New York; and Huth & Co.

## NEWARK NATIONAL OPENS

**T**HE Newark National Bank, Newark, N. J., organized by a group of men closely associated with the National Newark & Essex Banking Company of the same city, opened for business early this year.

The management of the new institution is the same as that of the National Newark & Essex and Charles L. Farrell is president of both banks. The two are not competing institutions, the purpose of the Newark National being primarily to afford convenient banking facilities for the customers of the older bank. It is expected that the establishment of the new bank will be followed by the organization of others similarly allied to the National Newark & Essex in outlying sections of the city.



Main entrance, North American Title Guaranty Company, New York.

## TITLE GUARANTY ORGANIZATION TO DO BUSINESS THROUGHOUT NORTH AMERICA

**I**NSURING titles and conducting a general mortgage and security investment business throughout the whole of North America is the plan of the recently organized North American Title Guaranty Company with offices at 8 West 40th street, New York.

It is interesting to note that the company's charter is the first of its kind to be granted in Manhattan by the New York State Insurance Department in eighteen years.

The possibilities for unusual financial returns by the new company are best indicated by the splendid dividend record and the large surpluses of the few title companies which are operating in New York City. The success of the larger companies in New York has been repeated in a smaller way by the local companies throughout the country.

Realizing that, as much if not more than in any other business, the men behind a mortgage and title company de-





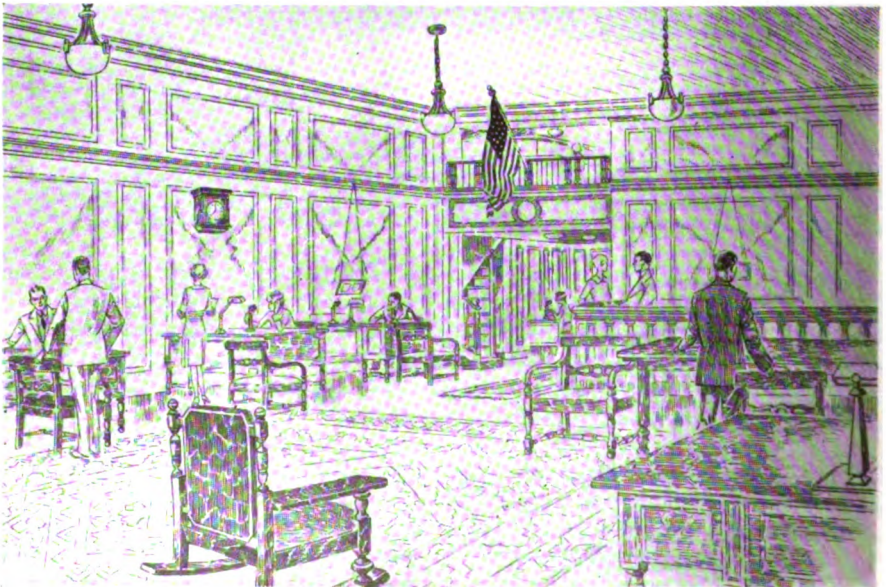
EDWARD I. EDWARDS  
Chairman of the board.



WILLIAM E. WALTER  
President.

termine its success, the officers chosen are all farseeing men fully acquainted with the business of the company. Hon. Edward I. Edwards, United States Senator, is chairman of the board. Senator

Edwards is also chairman of the board of directors of the First National Bank of Jersey City; William E. Walter, formerly president of the National Bank of America in Paterson, N. J., has been



Executives offices, North American Title Guaranty Company.



**GEORGE C. VAN TUYL, JR.**  
Vice-president.



**CARL SHERMAN**  
Vice-president.

elected president and general manager of the new institution; the vice-presidents are Hon. George C. Van Tuyl, Jr., formerly superintendent of banks of the

State of New York, and Hon. Carl Sherman, former attorney general of the State of New York; John F. McCabe, treasurer, lawyer and member of the



**JOHN F. MCCABE**  
Treasurer.



**RUSSELL R. WHITMAN**  
Secretary.



firm of Lingley, Baird & Dixon of New York; and Russell R. Whitman, former publisher, *New York Commercial*, secretary, complete the list of officers.

While the directorate is still in a formulative state, it already includes prominent bankers, real estate operators, architects, lawyers and business men. Among the directors the most prominently known are: Walter B. Adams, as-

sistant treasurer of E. H. Rollins & Sons; John G. Borgstede, president North Side Savings Bank; George Elbogen, president George Elbogen & Company; Hon. Charles J. Esterly, member House of Representatives, Washington, D. C.; Hon. Frederick W. Kavanaugh, vice-president Murray Hill Trust Company; Charles K. Ovington of Ovington Brothers Company; Arthur S. Van Winkle, president Empire City Savings Bank.

Recently the board of directors, in order to bring the capital structure into conformity with the plan and scope of the company, voted, with the approval of the insurance department of the State of New York, to increase the capital stock from \$150,000 to \$1,000,000.

The title company is affiliated with the North American Security Corporation for the development of inter-related business, namely: Title insurance—complete service will be performed incident to the transfer of real estate and insurance of titles; mortgage loans—loans on bonds and mortgages, supplying carefully selected first mortgage investments guaranteed as to both principal and interest, and other security investments as may be recommended by the directors of the Security Corporation.

A great deal of care has been given in the selection of the personnel of the organization in order to furnish a complete and satisfactory service to customers, not only locally, but also in connection with its inter-state business.

The executive offices of the company are very well located on the ground floor at 8 West 40th street, New York, directly opposite the New York Public Library. This mid-town section is becoming known as the uptown Wall Street because of the large activities and increasing business done in that section.



Eight West 40th street. Home of North American Title Guaranty Company of New York.

# PROBLEMS IN BANK CREDIT

By M. E. ROBERTSON

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.

**QUESTION:** What is your opinion regarding surplus and its distribution in the form of stock dividends? Do you feel that it has any bearing on the credit standing of a company and what are its chief advantages? Any remarks you care to make will be very much appreciated.

S. H. L.

**ANSWER:** There are several advantages to stock dividends from the company's standpoint. After the company has been in business for some time and has accumulated a good sized surplus in proportion to the amount of capital stock outstanding, it is perhaps not a poor idea in many instances to declare a stock dividend. Let us assume that the capital stock of a company is \$1,000,000 and the surplus of \$4,000,000 has accumulated over a period of years from earnings. The par value of the stock is \$100; the book value is \$500. It is earning, say \$60 per share and selling for about \$600 per share. We will assume that it is paying say \$36. There are only 10,000 shares of stock outstanding. By means of a stock dividend of say 200 per cent. the capital stock is increased to \$3,000,000, and the surplus reduced to \$2,000,000. The net worth is naturally unchanged. The stock has been increased from 10,000 shares to 30,000 shares. The book value is reduced to \$166.66 per share. The earnings, instead of being

\$60 per share, are equal to \$20 per share on the new stock. If the dividend is cut to \$12 a share on the new stock and the new stock sells at \$200 a share, the set-up is unchanged. The stockholders, so to speak, have received merely an equal divisional change of their original holdings.

However, because the sale price of the stock is lower it will probably have a more active demand, a wider distribution is obtained and perhaps the total market price of the new units will exceed the total market price of the old, bringing an enhancement in market value. Tangible evidence has been given of value of the increase in value of original holdings. Also, those stockholders who have a desire for distribution of surplus, have been partially satisfied without any cash being distributed or without a reduction in capital. Large earnings are better hidden by being distributed over a larger amount of stock at a lower rate and, as mentioned, the market value is on a more satisfactory basis. If an effort is made to continue the old rate of dividend in the case of small stock dividends, there of course is then the same effect as an increased dividend on the old stock.

Take a stock selling at \$150, earning \$15 and paying \$5; the company having a large surplus, perhaps, elects to pay a stock dividend of 100 per cent. and continue the old dividend rate of \$5 per



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share on the new stock rather than increase the dividend to \$10 a share on the old. The stock will perhaps sell at about \$75, will be earning \$7.50 per share and paying \$5. However, some of the features previously mentioned are accomplished by the stock dividend in preference to the mere increase in dividend rate. The action of declaring a stock dividend has no ill effect on the credit risk, so long as the new dividend rate is in line with earnings. In fact, some banks have refused to lend to companies with a large surplus feeling that there was the possibility of a large cash dividend distribution and thereby a material change in net worth. To the writer, this has never seemed like a great objection because if the moral risk is back of the company it would not do such a thing to jeopardize the position of creditors, and if the moral risk isn't there it can do a lot worse if bent that way.

**QUESTION:** When asking for additional information in connection with a financial statement which is the most important information to obtain? Will you give a list of questions arranged in the order of their importance which can be used as a guide?

G. H. C.

**ANSWER:** It is impossible to say what the most important question to ask might be. One concern might have a false cash item. The most important questions to that concern would naturally be regarding cash. Another might have a lot of bad accounts on the books, and the most important questions to that

company would be regarding the condition of its receivables. So, still another might have an overvalued inventory and naturally the most important data to get from this company would be data affecting this valuation. In other words, the most important information to have is that regarding the weak spots. As you are not familiar ordinarily with which spots are weak, it is not possible to know what information may prove the most valuable and important. It is, therefore, only proper to get information regarding all points and endeavor thereby to find out the weak ones. As a general list of points to be covered, arranged in what might seem a logical order and with hints on each, the following are given:

1. Information as to merchandise:
  - (a) Basis of valuation.
  - (b) Freshness of stock.
  - (c) Salability.
  - (d) Insurance.
  - (e) Consigned merchandise.
2. Value of receivables:
  - (a) Classification as to age.
  - (b) Doubtful accounts.
  - (c) Collectability.
  - (d) Class of customers.
3. Cash:
  - (a) Banks of deposit and amount with each.
  - (b) Large amounts of cash on hand.
4. Liabilities:
  - (a) Are all shown?
  - (b) In the case of any asset, is only the equity shown?
  - (c) Maturity of mortgages.
  - (d) Liabilities to others.

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- (e) Amount due each bank.
- (f) Trade debts past due.
- 5. Commitments:
  - (a) Amount.
  - (b) Prices compared with present market.
  - (c) Customary amount.
- 6. Contingent liabilities.
- 7. Sales volume.
- 8. Profits and trend of same.
- 9. Overhead and trend of same.
- 10. Open bank lines.
- 11. Condition and depreciation of fixed assets.

**QUESTION:** Of the various ratios developed for use in analysis work, it seems to me that the one of cash to current liabilities has never received a great deal of attention. I should think that this would be quite an important ratio inasmuch as it is the best asset of the company. L. C. T.

**ANSWER:** This ratio under certain conditions could prove quite a valuable

one. From it presumably one is to gauge the cash position of the company. It may be taken as such an indicator many times, although there are many instances when it reflects little. If it can actually be taken as an indication of the unusual amount of cash kept on hand, it would be very valuable. However, it is an item which can be subject to much "window dressing." Cash may be borrowed to build up a good cash position on statement date. Sometimes cash borrowing can be put in under the coverage of slow liabilities. Then again, the merchant realizes that as current assets and current liabilities are reduced equally, the current ratio is improved. Taking an amount of cash and reducing current debt the same amount, the ratio is helped. Therefore, when some feel it so necessary to hit the much looked for two-for-one basis, they can cut on both sides to help and usually do so. Bills are paid by drawing cash down and, therefore, cash gets below its normal figure. Again, the writer believes that in some states certain cash balances are taxable and

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perhaps this might necessitate the drawing down of cash to an abnormal figure. It is an interesting ratio in the sense that it can be used as a qualifying ratio to the usual current ratio. In this conjunction it is the writer's opinion that the

ratio of cash and accounts receivable to current liabilities is a much more important and useful one. That is, cash and accounts receivable added together and the combined figure taken to compare to current indebtedness.

## DETROIT GUARDIAN GROUP FORMS NEW BANK

**L**EADING commercial and financial interests who have largely contributed to Detroit's phenomenal growth in recent decades are now organizing a new financial structure which will add greatly to the city's prestige as a financial center. Plans call for the organization of a commercial and savings bank, a trust company and a securities company. Aggregate invested capital of the three institutions will approximate \$12,500,000.

The present Guardian Trust Company of Detroit is the nucleus around which the bank and securities company will be formed.

Preliminary details of the project were made public recently by William Robert Wilson, president of the Guardian Trust Company of Detroit and chairman of the organization committee which is working on the new enterprise. With Mr. Wilson on this committee are Henry E. Bodman, Howard E. Coffin, Ernest Kanzler, Jerome E. J. Keane, W. Ledvard Mitchell and Fred T. Murphy.

Mr. Wilson emphasized most strongly that the new project is not fathered by any particular group for the benefit of any particular financial interests. He said that the committee and its associates

are trying to attract to the enterprise men representing all financial and industrial organizations in the city and state.

The plan calls for the early formation of a completely rounded financial structure including in its three basic units the facilities necessary for almost every important financial service, from handling a small savings deposit to originating and distributing the stocks and bonds of large industrial concerns.

While the bank, the trust company and the securities company will each have its own officers and staff, the separate managements will be co-ordinated through a common chairman and through inter-related directorates on the three boards.

As a nucleus for the larger organization to come, substantially all of the stock of the Guardian Trust Company of Detroit, including the Guardian-Detroit Securities Company, has been acquired.

It is proposed that the bank, to be known as the Guardian Bank of Detroit, will be newly organized under the provisions of a Michigan state charter and it is intended to make application to include the bank in the membership of the Federal Reserve System.

While organization work has not pro-

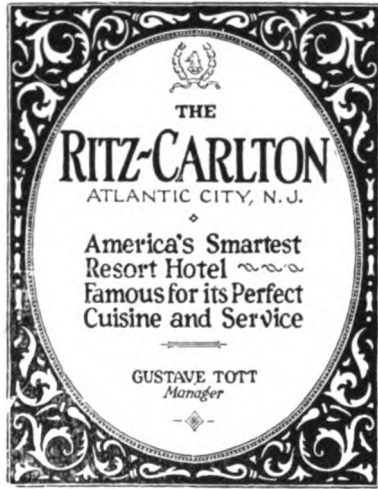
gressed to a point where definite schedules have been prepared, Mr. Wilson stated that the new bank will be opened for commercial and savings business in May or June of this year.

The bank will open in temporary quarters on the ground floor of the Buhl building where the present Guardian Trust Company facilities have been considerably enlarged. As a permanent arrangement however, the bank will occupy the first five floors of the Greater Penobscot building now under erection at the corner of Griswold and Fort streets and scheduled for completion in the summer of 1928.

A partial list of the men actively interested in the project, to be augmented as the organization work proceeds in the next few weeks, includes: Ford Ballantyne, Henry E. Bodman, Howard Bonbright, Ralph Booth, Judson Bradway, Walter O. Briggs, Lawrence D. Buhl, Roy D. Chapin, Howard E. Coffin, George Cooke, Frank Couzens, George R. Fink, Fred J. Fisher, Edsel Ford, John H. French, Luman W. Goodenough, John C. Grier, Jr., Edward P. Hammond, Carter M. Higbie, Harley G. Higbie, Sherwin A. Hill, Albert Kahn, Ernest Kansler, Jerome E. J. Keane, Alvan Macauley, Louis Mendelssohn, W. Ledyard Mitchell, Charles S. Mott, C. Hayward Murphy, Fred T. Murphy, James R. Murphy, Edward B. Naar, Phelps Newberry, Walter S. Russel, Alger Sheldon, Allan Sheldon, Luther S. Trowbridge, Charles B. Van Dusen, Hiram H. Walker, Lewis K. Walker, William Robert Wilson, Clarkson C. Wormer, Jr. and Charles Wright, Jr.

The financial structure of the new project calls for the issuance of 50,000 shares of the bank stock, 50,000 shares of the securities company stock and 10,000 shares of the trust company stock.

Stock ownership and control in the three companies will be identical in that the three kinds of stock will be sold in units to consist of one share of bank stock, one share of securities company stock and one-fifth of a share of Guardian Trust Company stock.



Capital of the bank will be \$5,000,000 and its surplus \$3,000,000; capital and surplus of the securities company \$1,750,000; to which will be added the capital, surplus and undivided profits of the Guardian Trust Company; a combined total approximating \$12,500,000.

"The Guardian Bank will open this spring with a larger initial capitalization than any bank in Michigan has had if not in the entire country," said Mr. Wilson. "From assurance already received, we will not be surprised if initial deposits on the opening day would also set a record mark.

"It is the main purpose in founding these unified institutions to establish a well-rounded, complete piece of financial machinery to work and co-operate with the many and varied business and financial interests of Detroit and Michigan. The members of the organization committee and their associates are endeavoring to attract all elements rather than any single group.

"Surveys show that those Detroit industries and individuals, which have just emerged from a period of tremendous expansion, are now accumulating large reserves. They need and want large depositories and wide varieties of banking and investment facilities.

"In making public the preliminary plans," continued Mr. Wilson, "the or-



gанизation committee wishes to emphasize most strongly that the enterprise is not fathered by any particular group for the benefit of any particular interests. We have been guided by a desire to create, for Detroit and Michigan, a somewhat

new type of financial organization wider in scope than anything before attempted in the city, co-operating with existing institutions to the ultimate that the demands of local industries and individuals may be capably and adequately served."

## BANKING OPINION ON BUSINESS

**A** TRIP through New England, the South, the Middle West, and out to the Pacific Coast, on board the various bank reviews of business, reveals a rather spotty prosperity, but almost universal optimism.

"Among textiles," says the February *New England Letter* of the First National Bank of Boston, "the cotton industry has the most favorable setting, with cheap raw materials, moderate inventories and a fair spread between the price of raw cotton and finished goods. The recent strength in the raw material and cotton goods has encouraged future buying on a greater scale, and some firms are reported to be sold ahead for several months. . . . The outlook for the silk industry during the first quarter . . . is considered more promising than a year ago. The amount of raw materials used by the woollen and worsted industries during the last month was slightly below November, although it was well above the corresponding period of 1925. . . .

"Employment in the Massachusetts industries during December declined slightly from the preceding month. . . . Of the total number of persons employed, 64 per cent. were on a full time basis. . . . Reflecting improvement in the cotton goods industry, the number of persons employed at New Bedford during the last month was nearly 10 per cent. above November."

Bond market activity in New York has been phenomenal, says *The Review* of the Bank of America, New York, for February. "A wave of buying, beginning shortly after the first of the year, has swept the bond market into new high

ground for the post-war era." Measuring the price advance, the New York Trust Company, in *The Index*, finds that of its list of sixty-six bonds "the only ones to advance appreciably during the month of January were those of foreign governments and cities. The average price of sixteen bonds of this character increased 1.19. The average price of twenty railroad bonds rose .60 points, and the list as a whole showed an advance of .24 points."

One of the dark spots in the picture is Pennsylvania. "Bituminous coal has fallen back more in price and also in current demand," reports *The Economic Review* of the Philadelphia-Girard National Bank, Philadelphia, Pa., for January 15. "Some mines opened during the British strike have been shut down again, and wages in various places have been reduced. However, the market is quite likely to improve in activity if not in price, on a probable stocking up against the possibility of a suspension or strike in the union fields when the Jacksonville agreement expires March 31. There is now in storage about 47,000,000 tons of bituminous. Anthracite demand has been unsatisfactory to the producing companies."

The South is in similar difficulties. "Cotton ginned from the 1926 crop to December 13," says the February *Business Digest* of the American Banks, Nashville, Tenn., "totaled only 15,542 bales, an increase of only 5 per cent. over ginnings to the same date in 1925. The ginning record now begins to give some idea of the probable portion of the 1926 crop which will remain unpicked. Cotton consumed in manufacture during



December totaled 605,000 bales, an increase of 5 per cent. over a year ago. Stocks at the close of the year were 8,245,000 bales, an increase of 13 per cent. over a year ago."

"Michigan's industries, with the exception of automobile factories, are operating at or close to normal," says the February, *Michigan Business Review* of the Union Trust Company, Detroit. "Detroit's employment figures . . . now slightly exceed the figures for the corresponding period in 1925. . . . Building construction in this state promises to be in good volume during the first half of 1927 at least."

From California, as might be expected, comes the best report of all. The monthly summary of business conditions in the Pacific Southwest, issued by the First National Bank of Los Angeles, in February reports that in that region "the first month of the new year has made a good showing. . . . The volume of trade continues large. January bank clearings

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<b>Greenville, S. C. - Columbia, S. C.</b>	
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Norwood Nat. Bank Greenville, S. C.	Carolina Nat. Bank Columbia, S. C.
Capital _____	\$ 1,100,000.00
Surplus _____	650,000.00
Resources _____	25,000,000.00

in Los Angeles established a new monthly record. . . . Bank debits registered similar gains. . . . Retail trade has been good. Wholesale trade is showing but a moderate gain in most lines. . . . Prospective building operations . . . show little change from recent levels. . . . Industrial production has been good. . . . The outlook for the new crop season remains favorable."

## BUSINESS EVOLUTION UNDER THE MICROSCOPE

"THE spirit of the age," said Walter Leaf, chairman of the Westminster Bank Limited, London, in his annual report to the stockholders on January 27, "is developing industry on the following main lines. First, there is in progress a rapid broadening of the area of capital; the joint stock system is quite rapidly breaking up the ownership of capital and passing it on in small parcels to the little shareholder. As a consequence of this, the owners of capital delegate the control of their business to professional managers, who are paid chiefly salaries. Next, there is marked tendency to amalgamation of businesses on the largest possible scale. And, finally, there is a growing recognition of the fact that this amalgamation must not proceed to the point where it becomes a monopoly." The state must see to that.

He illustrated this by pointing to the

status of banking. Amalgamations to form larger units were very numerous in Britain until forbidden by the state. The control of currency "once considered to be the very essence of banking" now belongs to the Treasury. The Bank of England now "exercises a very real control over the policy of joint stock banks." The banks are, thus, under the control of the government, yet they are not governed by a bureaucracy, and are stimulated by competition to maintain efficiency. The management of the Big Five is practically democratic. Their capital stock of more than £60,000,000 is owned by 275,000 shareholders, making the average holding less than £220, and the executive control of the banks is entirely in the hands of the staff.

Most of Mr. Leaf's address was, as is customary, devoted to a review of the last year, and survey of future business possibilities. "The statistics of commer-

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cial failures," he reported, "show a considerable diminution in the year. Large issues of fresh capital for internal use have been taken up without difficulty; and, moreover, the market has been able to digest large loans for overseas purposes without taxing the foreign exchanges. . . .

"The last year has seen interesting experiments in the comparative methods of stopping inflation, whether by the adoption of the gold standard or by what is known as the 'policy of a managed currency.' In Denmark and Norway the attempt has been made to manage the currency. . . . In both cases the experiment has been unsuccessful, because the currency refused to be managed and, taking the bit between its teeth, returned almost automatically to the gold standard at a pace which was not contemplated by those who had undertaken to control it. Denmark, however, is well satisfied with the result, and has now

formally adopted the gold standard; Norway has almost reached it, but with great reluctance. In Belgium, on the other hand, the gold standard has been deliberately attained by way of stabilization of the Belgian franc at a devaluated rate. . . . The transition in Belgium has so far been very easy, and the country has not felt the ills which are normally connected with deflation. . . ."

"The prospect for the immediate future (of British trade)" he said, "is not easy to forecast. In the iron and steel trades there are plenty of orders on hand and there is the prospect of an active and prosperous year. . . . The most anxious point in the outlook is probably the cotton trade. . . . Meanwhile, there are not wanting signs of revival; even the serious situation in China has not interfered with trade as much as would seem likely."

Finally, Mr. Leaf saw in the "Bankers Manifesto" on tariff, and the recent organization of the steel cartel in Europe, attempts by big business to find "some means by which it can attain to a freer interchange of products in spite of the artificial walls which the nations of Europe have been busy setting up to their deadly harm." These cartels form "the only possible means of escape" but the task of setting them up in a way which will be acceptable to the public "is one which will call for all the statesmanship which is to be found among the leaders of the great industries both here and abroad."

## OLD COLONY INVESTMENT TRUST

**T**HE Old Colony Corporation, Boston, Mass., subsidiary of the Old Colony Trust Company, has recently organized an investment trust under the above name. The capitalization consists of \$5,000,000, 4½ per cent. debentures due February 1, 1947, \$1,000,000 preferred shares, par \$100 (6 per cent. cumulative) and 100,000 shares of common stock, no par value.

The debentures are the senior obligation of the trust: junior to them will be issued 6 per cent. cumulative preferred shares (having a beneficial interest in the assets and earnings of the trust next junior to the debentures) and junior to these shares will be an issue of common shares.

The preferred shares have been purchased for cash at \$120 a share and ac-

crued dividend and are owned by the Old Colony Corporation.

One half of the present issue of common shares accompanies the preferred shares subscribed for by Old Colony Corporation. From the remaining one-half, one share of common will accompany each \$100 debenture sold.

The powers and duties of the trustees are defined in the prospectus as follows:

"The trustees shall hold title to, and have the absolute control and management of all the property at any time belonging to this trust, subject only to the specific limitations contained in the trust agreement. They may invest and reinvest the trust fund in their uncontrolled discretion, it being the intention to give them the utmost freedom in the choice of investments, in accordance with the terms of the trust agreement.

"No investment or reinvestment shall be deemed improper because of its speculative character or because a greater proportion of the trust is invested therein than is usual for trustees or by reason of any interest, direct or indirect, which any trustee or any contributor or shareholder or depositor or old Colony Trust Company or Old Colony Corporation or any subsidiary or affiliated interest, either individually or in any representative or fiduciary capacity, may have therein, or by reason of any profit which they or any of them may make therefrom. Old Colony Trust Company and Old Colony Corporation

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and any subsidiary or affiliated interest or any trustee may buy from the trust and sell to others, any shares, debentures and obligations of the trust, in all respects as if no fiduciary relation existed, and no such transaction shall be considered improper whether or not any profit is received."

## REGIONAL SAVINGS CONFERENCE OF EASTERN DIVISION A. B. A.

**W**ASHINGTON, D. C., bankers are making elaborate plans for the two-day regional savings conference of the eastern division of the American Bankers Association to be held in Washington April 7 and 8. Many bankers from throughout New England, the middle Atlantic and the south Atlantic states are expected to attend, and a general invitation is being sent, not

alone to savings banks, but also to those institutions who maintain such departments and are interested in savings subjects.

Final arrangements are being made by Howard Moran, general chairman of the convention and chairman of the District of Columbia Bankers' Association; W. R. Morehouse, president of the Savings Bank Division of the American Bankers

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Association; and W. Espey Albig, deputy manager, American Bankers Association. Mr. Morehouse will come from California to attend the conference and preside at the various meetings.

The Washington banks are planning



New Willard Hotel, Washington, D. C., headquarters for the regional savings conference of the eastern division, A. B. A.

to entertain the various members of the conference. The New Willard Hotel will be the conference headquarters and reservations may be made through Lanier F. McLachlen, chairman of the hotel committee, c/o the McLachlen Banking Corporation, Washington, D. C.

Mr. Moran, as general chairman, has working with him on the executive committee of the conference all of the presidents of Washington banks who are members of the American Bankers Association, and has appointed the following persons as chairmen of various committees: Harry V. Haynes, president the Farmers' and Mechanics' National Bank, reception committee; Joshua Evans, Jr., District National Bank, luncheons and dinner committee; L. P. McLachlen, president McLachlen Banking Corporation, hotel reservations; George O. Vass,

1927

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vice-president Riggs National Bank, registration committee; Edward J. McQuade, vice-president Liberty National Bank, entertainment committee; C. H. Doing, vice-president Washington Loan and Trust Company, committee on decorations; Frederick P. H. Siddons, secretary American Security and Trust



Japanese cherry blossoms in bloom around Tidal Basin and Washington Monument, Washington, D. C.

Company, publicity and exhibits committee; Oscar Collican, manager Washington office G. M. P. Murphy Company; committee on automobiles; and Mrs. Howard Moran, ladies' committee. Working with him, as a management committee, Mr. Moran has Harry V. Haynes, president of the Clearing House

as vice-chairman of the conference; Francis G. Addison, Jr., vice-president Security Savings and Commercial Na-

tional Bank, as secretary; and Victor B. Deyber, president the Second National Bank as treasurer.

## MIDWEST REGIONAL SAVINGS CONFERENCE IN ST. LOUIS

**A**RRANGEMENTS have been completed for the Midwest Regional Savings Conference to be held in St. Louis, March 29 and 30, under the auspices of the American Bankers Association, according to H. H. Reinhard, vice-president the National Bank of Commerce in St. Louis, who is chairman of the arrangements committee.

A well-balanced but busy two-day program has been scheduled for the representatives who are expected to attend from banks in sixteen states, including North and South Dakota, Nebraska, Kansas, Oklahoma, Texas, Minnesota, Wisconsin, Alabama, Iowa, Missouri, Louisiana, Mississippi, Arkansas, Tennessee and Illinois.

The program for the St. Louis meeting includes speeches from leaders in the savings bank field and a number of round-table discussions, where everyday problems will be threshed out. The speakers and their subjects for March 29 are:

Address of welcome by John G. Lonsdale, president the National Bank of Commerce in St. Louis and head of the St. Louis Clearing House; address by W. R. Morehouse, president the Savings Bank Division of the American Bankers Association and vice-president the Security Trust and Savings Bank, Los Angeles; "Competition for the Savings of the People," by Rome C. Stephenson, president St. Joseph Loan and Trust Company, South Bend, Ind.; "Methods of Procuring New Business," John W. Rubecamp, assistant cashier Illinois-Merchants Trust Company, Chicago; "Building Savings Balances," Gaylord F. Morse, assistant cashier State Bank, Chicago; address by Noble R. Jones, savings manager First National Bank of St.

Louis; "Organizing and Building a Savings Department," Arthur R. Cooney, assistant vice-president Texarkana, (Tex.) National Bank; "The Value of Savings to the Community," C. B. Mudd, cashier First National Bank, St. Charles, Mo.; "The Dilemma of Thrift," F. S. Wettack, cashier First National Bank, Coffeyville, Kan.

A banquet will be held on the evening of March 29, at which Walter B. Weisenburger, vice-president the National Bank of Commerce in St. Louis, will be toastmaster. Speakers at this gathering will be Fred N. Shepherd, executive manager of the American Bankers Association, and Eugene Angert, a St. Louis attorney.

The program for the second day will be:

"Savings Bank Taxation and Other Handicaps," W. S. Webb, president Missouri Savings Association Bank, Kansas City, Mo.; "Printed Figures Versus Pen and Ink," Stephen C. Thorning, manager savings department, First National Bank, Kansas City, Mo.; "School Savings," Paul S. Abt, vice-president Southern Illinois National Bank, East St. Louis, Ill.; "Fashions Have Changed in Savings," Mrs. L. D. Sultzer, manager savings department, Mercantile Trust Company, St. Louis; "Developing the Bank's Personnel," Fred W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans; "Savings Bank Literature," E. E. McCleish, president William Elliott Graves Company, Chicago; "Paid Space," Charles H. Wetterau, assistant vice-president American National Bank, Nashville, Tenn.; "The Blue Sky Menace," H. W. Riehl, manager Better Business Bureau, St. Louis.

## WHAT BANKS AND BANKERS ARE DOING

**HARRY L. HILYARD**, an assistant vice-president of the Philadelphia-Girard National Bank, Philadelphia, has resigned to study engineering. He will complete his course in engineering at Cornell University.

**WILLIAM S. RYLAND**, formerly vice-president State-Planters Bank and Trust



**WILLIAM S. RYLAND**  
President Citizens National Bank of  
Raleigh, N. C.

Co., Richmond, Va., who resigned recently to accept a similar position with the Citizens National Bank of Raleigh, N. C., has been made president of the latter institution, due to the death on January 30, of Joseph G. Brown, formerly president. Mr. Ryland is one of the youngest bank presidents in the United States.

The Raleigh Savings Bank, which for some years past has been controlled by the Citizens National Bank, is to be consolidated with the latter, and the working out of this merger will come under Mr. Ryland's supervision. His recent

experience in connection with the merger of the State and City Bank and Trust Company and the Planters National Bank last March will prove invaluable.

Mr. Ryland began his banking career in 1907 with the National State Bank and, except for a brief period with the National City Bank of New York, has been continuously with that institution and its successors—the State and City Bank and Trust Company and the State-Planters Bank and Trust Company. He has risen steadily. In 1916 he was made an assistant cashier, and in May, 1919, was elected vice-president.



**C. H. HANDERSON**

President of the Financial Advertisers' Association and assistant vice-president of the Union Trust Company, Cleveland, Ohio, who spoke recently before the Boston and the Pittsburgh members of the F. A. A.

**VICTOR A. LERSNER** has been elected president of the Bowery Savings Bank, New York, to succeed William E. Knox, who died recently. Mr. Lersner has been



executive vice-president of the institution since 1923, before which time he was comptroller of the Williamsburgh Savings Bank. He was connected with the latter bank for thirty-six years, having started there as junior clerk.

The new president was chairman of the centenary celebration committee of



VICTOR A. LERSNER  
President the Bowery Savings Bank,  
New York.

the American Bankers Association in 1917 and was responsible for the thrift campaign for universal saving as an appropriate commemoration of the 100 years of savings bank work in the United States. He has been president of the Savings Bank Section of the American Bankers Association and of the Savings Bank Association of the State of New York.

JOHN E. HUHN has been elected president of the Liberty Insurance Bank, Louisville, Ky., to take the place of A. P. Winkler, who becomes chairman of the board. He is the youngest bank president in Louisville and has advanced to his present position from bank runner,

which he became at the age of 14. He is now 46 years of age.

Other changes in the bank personnel as a result of the election include R. M. Fible, vice-president of the bank, who becomes treasurer of the insurance company while he retains his vice-presidency; W. S. Kohnhorst, cashier, who becomes a vice-president in addition to cashier; W. S. Kammerer, trust officer, who becomes a vice-president; Fred A. Diehl, assistant secretary of the insurance company, who



JOHN E. HUHN  
President Liberty Insurance Bank,  
Louisville, Ky.

becomes a vice-president of the company; John A. Heitmeyer, who becomes assistant secretary and John A. Reeb, who becomes assistant cashier of the bank. Theodore Ahrens, president of the Standard Sanitary Company, was made a director in the bank.

JOSEPH KOHL, watchman of the City National Bank, Kankakee, Ill., has restored to their owners, sums of money, checks and drafts amounting to \$1400.33 during the last year. Since January, 1922, when he began to keep account

of the amounts he found in the bank during banking hours, Mr. Kohl has found and returned the sum of \$6356.17. He makes note of any article he finds and at the end of the year turns over to the di-

rector of the National City Bank of New York.



**JOSEPH KOHL**

Watchman of the City National Bank, Kankakee, Ill.

rectors a statement showing the amount of each find, its disposition and its final return to its owner. According to officers of the City National Bank, Mr. Kohl is the "best watchman in the world."

**F. O. FOXCROFT**, cashier of the National Park Bank of New York, has been elected chairman of the Bank Clerks' Cooperative Building and Loan Association. **William H. Judson**, of Judson & Co., was appointed president; **J. F. Flaacke** of the Chemical National Bank and **Thomas B. Nichols** of the Chase National Bank were made vice-presidents; and **C. Harry Minners**, secretary and treasurer.

**DANIEL A. FREEMAN** has been appointed assistant cashier and **Harbeck Meeker**, assistant manager of the 72nd street of-

**ROBERT WILLIAMSON** has been appointed trust officer of the Hamilton National Bank of New York, according to announcement by **Archibald C. Emery**, president. Mr. Williamson has been employed for eight years in the trust department of the American Exchange Irving Trust Company, New York, where he was assistant secretary. He is a graduate of New York University.

**PHILIP P. EDWARDS**, manager of the buying department of the First Wisconsin Company, Milwaukee, Wis., has been elected vice-president of the First Wisconsin Trust Company, in charge of investments. Mr. Edwards, who is a na-



**PHILIP P. EDWARDS**

Vice-president First Wisconsin Trust Company, Milwaukee, Wis.

tive of Ohio, has been with the First Wisconsin Company since 1921.

Prior to that time he spent a year with the New York Citizens' Bureau where his work consisted of surveys of the business administration of public schools. He

is a graduate of Oberlin College and attended the school of business administration of Columbia University.



EARL ADAMS CLARK

New business and advertising manager the City Trust Company of Indianapolis, Ind. Mr. Clark began his banking career with the Dickinson Trust Company, Richmond, Ind., where he had charge of the promotion of new business. During the war, Mr. Clark suggested the publication of army newspapers in every camp and was himself editor of the paper at Camp Zachary Taylor.

### NASHVILLE BANK ELECTS

THE American National Bank of Nashville, Tenn., has announced the election of P. D. Houston as chairman of the board of directors and Paul M. Davis as president.

### DETROIT BANKS TO MERGE

A SYNDICATE composed of directors of the Griswold National Bank, Detroit, has acquired control of the First State Bank of Detroit, preparatory to merging it with the former institution. The two banks have combined resources of \$47,-

000,000. George H. Kirchner, president of the First State Bank, will remain with the new institution as director and chairman of the executive committee.

Capital of the Griswold National is \$2,000,000, surplus \$1,000,000 and total resources \$20,000,000. The capital of the First State Bank is \$2,500,000, surplus \$700,000 and total resources \$27,917,000.



WALLER HOLLADAY

Vice-president the American National Bank and the American Trust Company, Richmond, Va., who has accepted, at the request of the Richmond City Democratic Committee, the nomination for senator from his district for a special session of the Legislature.

### STEVENS HEADS ILLINOIS MERCHANTS

EUGENE M. STEVENS has been elected president of the Illinois Merchants Trust Company of Chicago, the bank which resulted from the consolidation in 1923 of the Illinois Trust & Savings Bank, the Merchants Loan & Trust Company and the Corn Exchange National

Bank. John J. Mitchell, formerly president, will become chairman of the board.

Mr. Stevens is a native of Minnesota and became vice-president and manager of the bond department of the Illinois Trust & Savings Bank in 1917, when he had already become known in the investment field by reason of his organization and management of an investment house in Minneapolis. In the last ten years he has become a dominant figure in his institution.

He is one of the founders of the Investment Bankers' Association and has served it in a number of capacities. He is also a former president of the Bankers' Club of Chicago.

#### FISCAL AGENT FOR OREGON

THE National Park Bank of New York has been appointed fiscal agent for the State of Oregon, beginning March 1, 1927. All maturing bonds and coupons of the state should be presented at the National Park Bank after that time.

#### TO HEAD CLEARING HOUSE COMMITTEE

RICHARD S. HAWES, vice-president of the First National Bank in St. Louis, was re-elected chairman of the committee on management of the St. Louis Clearing House Association at a recent election of that group. Mr. Hawes was also elected vice-president of the association.

#### CHASE NATIONAL TO OPEN NEW BRANCH

ITS nineteenth New York City branch, in the new Graybar building in the Grand Central district, will be opened about May 1 by the Chase National Bank of New York, the second largest financial institution of its kind in the United States. George D. Graves, vice-president, will be in charge of the new Grand Central branch, which is the second to be established by the Chase

National Bank in this zone. All forms of banking service now available in the main office of the bank will be offered in the new location. The new branch will occupy spacious quarters on the main floor of the Graybar building, which is the largest office structure in the world above ground.

"The business of New York City can no longer be served adequately by large



GEORGE D. GRAVES  
Vice-president Chase National Bank,  
New York City.

banks in Wall Street and small unit banks uptown," Albert H. Wiggin, chairman of the board of the Chase National Bank, said recently in explaining the bank's expansion program.

"The city of New York now has several important business centers, and there is business of great magnitude, particularly in the 42nd and 16th street districts, which needs contact with the largest banks and which yet finds it inconvenient to do its banking in Wall Street. Our uptown branches are necessary to provide Chase service in convenient form."

### NEW HOME FOR BRANCH

THE American National Bank of Richmond, Va., has bought property on which it expects to begin immediately to build a home for its northside office and celebration of the fifth anniversary of the establishment of this branch, now located just across the street from its new site, will be made July 1 of this year in the new building, it is announced.

One of the most modern branch offices in Richmond will be erected, it is said, and one of the features will be the "cageless counters" which have been adopted in a number of new bank buildings. The building will be the fifth bank building to be erected in Richmond by the American National Bank and the American Trust Company. Two of the buildings are skyscrapers.

### TAMPA BANK PROMOTIONS

R. J. BINNICKER, vice-president, has been elected president of the First National Bank of Tampa, Fla., and T. C. Taliaferro, formerly president, has been elevated to the recently created office of the chairman of the board. At the same time R. W. Masters, cashier, was also elected trust officer; J. H. Boushall was elected assistant trust officer and W. M. Taliaferro was added to the board of directors.

T. C. Taliaferro will continue active in the direction of the bank. He was one of its organizers and has been its chief executive for forty-three years.

Mr. Binnicker is a native Floridian, a distinction among Florida bank presidents. He was born in Marion County November 29, 1874. His first business experience was as a railroad agent and telegraph operator at the age of 18. He received various promotions and one of these took him to Tampa thirty years ago as chief clerk of the Atlantic Coast Line. From that affiliation he was graduated into banking as a bookkeeper for the First National Bank in 1903. He became assistant cashier in 1907 and cashier in 1908. For the last five years he has been vice-president.

Chairman Taliaferro, on the occasion of his election, made this strong and dignified statement to the board of directors:

"It has been my rare privilege to serve South Florida's first bank throughout its long history of forty-three years. I have seen Tampa grow from a little village to the splendid city it is today.

"Confidence in the underlying soundness of Tampa and its trade territory led to the establishment of the First National



R. J. BINNICKER  
President the First National Bank of  
Tampa, Fla.

Bank of Tampa in those days of 1883. The same confidence has actuated every forward step, even to the erection of the new building which is now the banking home of thousands of Tampa people. That building is testimony to faith justified and faith continued; it typifies more than the growth of an institution, for it typifies the progress of Tampa.

"By strict adherence to the highest banking ideals which have always been our constant guide, Tampa's further substantial growth will be aided in the future, as in the past, by the First National Bank."

Starting in a rude wooden shack in 1883 with a capital of \$25,000 and initial deposits of \$5636, the First National Bank, actually the first bank in south Florida, has become one of the state's most prominent institutions, with resources of nearly \$20,000,000. The exact figures from its report of December 31 are \$19,826,854, of which deposits are \$17,053,971, capital \$1,200,000 and surplus and profits \$1,150,642.

Developments after the founding of the bank came rapidly. It obtained a national charter on April 26, 1886, and erected Tampa's first brick building at Washington and Franklin streets that year. In 1896, its quarters had been again outgrown and the third building was erected of Georgia marble at Franklin and Madison streets.

In 1926, after more than than forty years of service to its community, the First National Bank of Tampa erected a modern office building at Franklin and Madison streets, one of the most handsome, modern and completely equipped structures of its kind to be found anywhere.

#### F. A. A. TRUST DIVISION'S EXECUTIVE COMMITTEE

THE recently organized Trust Development Division of the Financial Advertisers' Association has completed the first stage of its organization and announces the following executive committee: Oliver J. Neibel, chairman, Commerce Trust Company, Kansas City; T. E. Herrick, vice-chairman, Cleveland Trust Company, Cleveland; Paul Lafferty, secretary, Union Trust Company, Cleveland; R. S. Racey, Equitable Trust Company, New York City; A. Douglas Oliver, Provident Trust Company, Philadelphia; W. A. Stark, Union Trust Company, Cincinnati; F. R. Robinson, Guardian Trust Company, Detroit; H. F. Pelham, First National Bank, Flint; A. F. Young, Guardian Trust Company, Cleveland; H. W. Kitchell, Illinois Merchants Trust Company, Chicago; Samuel

Witting, Continental & Commercial Trust and Savings Bank, Chicago; Samuel Marsh, First Trust & Savings Bank, Chicago; George M. Pyle, Union Trust Company, St. Louis; Wm. T. Cross, Bank of Italy, San Francisco; C. C. Lincoln, Security Trust & Savings Bank, Los Angeles; J. E. Drew, Mercantile Trust Company, San Francisco; and R. M. Alton, United States National Bank, Portland, Ore.

This new division is designed to bring about a common meeting ground for the men whose major duty is the development of trust business—partly or entirely through personal selling.

The above committee is in effect the "steering committee" for this new division and is working on a program of assistance for the trust salesman. In the near future a meeting is planned to crystallize plans for the new division whose objective is to bring to trust salesmen a more thorough understanding of their mutual problems and the various solutions in this new field of personal salesmanship.

#### ACCEPTANCE BANK EARNINGS GROW

ACCEPTANCE houses in general had greater earnings in 1926 than in previous years despite the fact that, according to the *Wall Street Journal*, the volume of acceptances outstanding has been running smaller. For the most part, however, larger earnings were due to the fact that these houses extended their activities into other fields, such as syndicate operations, including flotation of foreign issues, and trading in securities.

There are few what might be called purely acceptances houses in the United States, comparable to the real acceptance, or merchant banking, houses of Europe. Nearly all the leading banks, trust companies and private banks now do an acceptance business, but in most cases accepting is a "side line" with them. Special provisions under the banking laws empower the national and state in-



stitutions to accept bills of exchange.

Of original acceptance houses, the largest are International Acceptance Bank, Kidder, Peabody Acceptance Corp., J. Henry Schroder Banking Corp., French-American Banking Corp. and Huth & Co. Houses such as J. P. Morgan & Co., Brown Bros. & Co., Goldman, Sachs & Co., Heidelbach, Ickelheimer & Co., accept on a large scale, but they have for many years also undertaken other financial operations.

According to the American Acceptance Council, which is designed to further the acceptance business generally, volume of bills outstanding at close of last year was \$751,365,000 as reported by the principal accepting banks throughout the country, compared with \$773,735,600 at the close of 1925.

#### BARNESON & CO. OPEN OFFICE IN SAN FRANCISCO

J. J. BARNESON & Co., for many years one of Los Angeles' financial institutions, has opened an office in the Barneson building, 256 Montgomery street, San Francisco. The firm consists of H. J. Barneson and C. C. Streeter, with Thomas H. Work as the San Francisco manager.

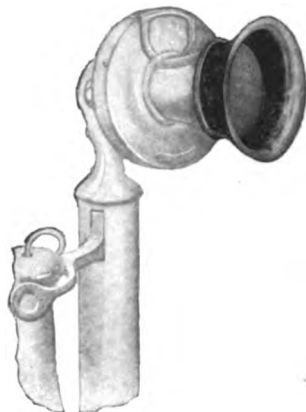
A feature of the office is the location of the boards quoting the stocks of the New York Stock Exchange and the Los Angeles and San Francisco exchanges. The New York board occupies the entire width of the room and all three are placed so that they may be easily read from all parts of the room. The company is a member of the three exchanges above mentioned.

#### NEW TELEPHONE ATTACHMENT ON THE MARKET

THE Tauk-Lo is a new invention used to supplement telephone service. Attached to the standard mouthpiece, it forms an enlarged mouthpiece that collects and concentrates a larger volume of the voice to the phone, thus enabling the speaker

to speak in the lowest possible voice which furnishes ample volume for the hearer and, by talking directly into the mouthpiece in a low tone, privacy of conversation.

The transmitted conversation is clear in tone and assures accuracy of conversation. The Tauk-Lo is so constructed that room noises are shut out of the trans-



The Tauk-Lo, a new telephone attachment.

mitter, thus improving the speaking and hearing. The Tauk-Lo has been thoroughly tested by acoustic experts, and performance under all circumstances is assured.

The attachment is made in aluminum, nickel-silver, non-corrosive brass and gold, including name engraved, and comes mounted on a standard mouthpiece ready for easy installation. The price is placed so that large or small offices can afford to equip all their phones.

The Tauk-Lo Company of 33 West 42nd street, New York, is the manufacturer and distributor.

#### NATIONAL CITY COMPANY ADDS COMMON STOCK

SELECTED common stocks have been added by the National City Company, New York, to the list of securities it recommends to the public for investment, and the initial step has been taken in



offering to investors the common stock of the Southern Railway. Previously it has been the National City Company's policy to restrict stock recommendations to a few preferred issues.

President Charles E. Mitchell in explaining his company's departure from old methods, says that the change of policy is due to a belief on the part of the National City Company that certain common stocks in prosperous companies can be classified as sound investments.

The change, he says, is made in response to a demand on the part of the National City Company's clientele. "Our salesmen are constantly asked to recommend a good common stock for investment," Mr. Mitchell asserted in a statement just issued. "As investment specialists, we shall now be able to guide their commitments in that field as we have always done in respect to preferred stocks. It was partly with this in mind that the National City Company last year made extensive purchases of the rights to subscribe to the new \$10,000,000 issue of Southern Railway common stock and has offered such stock to a portion of its clientele."

### GUARANTY TRUST PLANS CAPITAL INCREASE

THE board of directors of the Guaranty Trust Company, New York, has approved a plan for increasing the capital stock from \$25,000,000 to \$30,000,000. At the same time the regular dividend was increased from \$12 to \$16 per share.

The increase of capital stock, being \$5,000,000, or 50,000 shares, will be offered to stockholders of record at the close of business March 11, 1927, at \$200 a share, for subscription and payment ratably in the proportion of their respective holdings. The date of the issue of the \$5,000,000 increase will be April 11, 1927, payment to be made on or before that date.

Thus, if the plan is approved, each stockholder of record at the close of business on Friday, March 11, 1927, will

be entitled to subscribe for one new share of stock at the price of \$200 a share for each five shares of stock held by him. The proposed increase will add \$5,000,000 to the capital and \$5,000,000 to the surplus of the company. The directors have also voted to transfer to the surplus fund of the company, from undivided profits, the further sum of \$5,000,000. Accordingly, upon the increase of the amount of capital stock as planned, the company will have a capital of \$30,000,000 and a surplus fund of \$30,000,000.



DALE GRAHAM

Advertising manager the Mississippi Valley Trust Company, St. Louis, was the principal speaker before a meeting of the Chicago members of the Financial Advertisers' Association recently. His subject was "Peaches and Lemons from the Garden of Financial Advertising."

### SEWARD NATIONAL BANK OPENS IN NEW YORK

THE Seward National Bank of New York, located at Fourth avenue and 30th street, opened for business March 7, giving mid-town New York a new national

bank. The bank was organized "to render a personalized head-office banking service to mid-town business and to provide a convenient banking home for residents of the Fourth avenue-Park avenue district." After January 1, 1928, the bank will be located in the Two Park Avenue building, now in the course of construction.

Alexander Stewart Webb is president of the new bank and Clayton Lawrence



● UNDERWOOD & UNDERWOOD

ALEXANDER STEWART WEBB  
President the Seward National Bank,  
New York.

Moak, vice-president. Directors include Howard E. Atterbury, president Atterbury Bros.; Charles C. Davis, vice-president Eaton, Crane & Pike Co.; Charles A. Ernst, former president American Viscose Co.; R. W. Evans, president R. W. Evans Co.; Byron E. Hepler, vice-president and treasurer Hope Engineering and Supply Co.; Patrick McGovern, president Patrick McGovern, Inc.; Clayton Lawrence Moak, vice-president; Patrick F. Murphy; president Mark Cross Co.; Henry W. Nuckols, vice-president Valvoline Oil Co.; Lionel

F. Straus, president F. A. Straus & Co., Inc.; Arlen G. Swiger, Willcox & Swiger; William B. Warner, president McCall Corporation; Alexander Stewart Webb, president.

### HANOVER BANK ACQUIRES ELEVEN BRANCHES

THE Hanover National Bank of New York has entered the branch banking field by its purchase of the Greenwich Bank, giving it eleven branches situated at points from Fulton and William streets downtown to 79th street and Lexington avenue uptown. During the seventy-five years in which it has been in existence, the Hanover has never before occupied quarters other than at Pine and Nassau streets, where its building is located.

The present consolidation did not involve an exchange of stock, as have some mergers, but was a direct purchase. The Hanover acquired more than two-thirds of the stock of the Greenwich chain and is bidding for the minority holdings. There will be no issuance of new stock by the Hanover and the new chain will be known as the Hanover National Bank, the Greenwich name having been dropped.

The consolidation brings together two of the oldest banks in New York City. The Greenwich Bank was established in 1830 and its various offices serve widely diversified lines of industry. Control of the Greenwich Bank has rested with the Hanover for years, but it was only recently that the decision was reached to buy in additional stock and effect a formal consolidation.

The Hanover National Bank, as of December 31, 1926, reported total resources of \$195,018,107. Its capital is \$5,000,000; surplus fund, \$15,000,000, and undivided profits, \$11,605,077, giving it more than \$31,000,000 of capital funds. The latest statement of the Greenwich Bank lists capital as \$1,000,000, surplus as \$2,600,000, and total re-

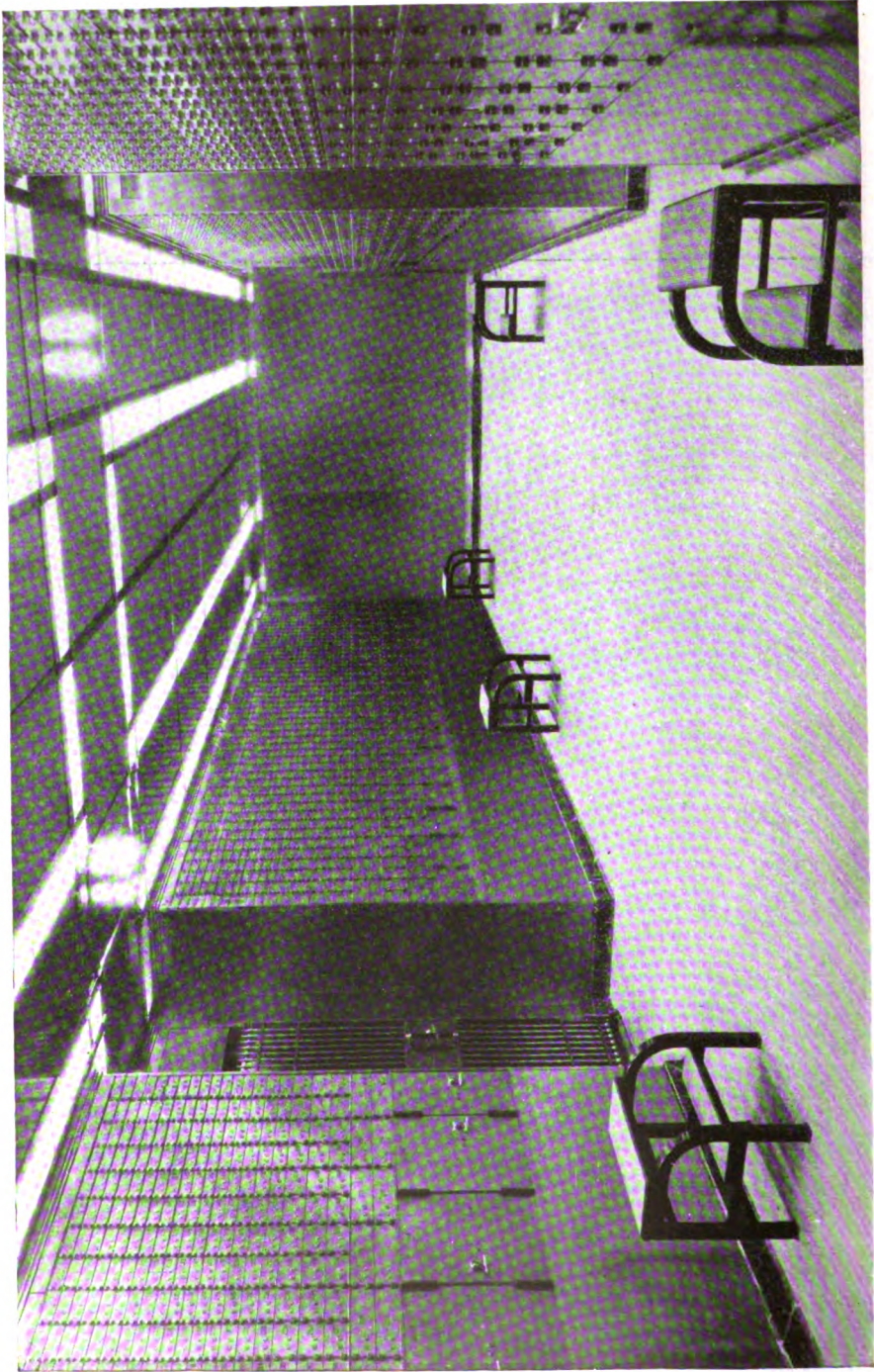
(Continued on page 525)

## EXAMPLES OF RECENT BANK BUILDING OPERATIONS



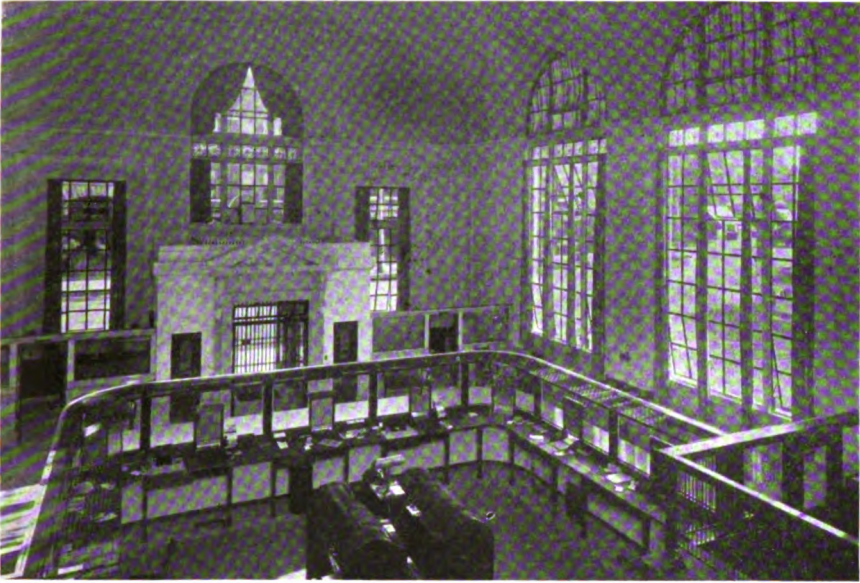
Monumental building of the Greenwich Savings Bank at Broadway and 36th street  
New York.





Interior of vault of the Norristown-Penn Trust Company, Norristown, Pa. A feature of this vault is the diffused lighting system which illuminates evenly the entire vault. Designed, manufactured and installed by the Herring-Hall-Marvin Safe Co., New York.





Riverhead Savings Bank, Riverhead, L. I., N. Y.



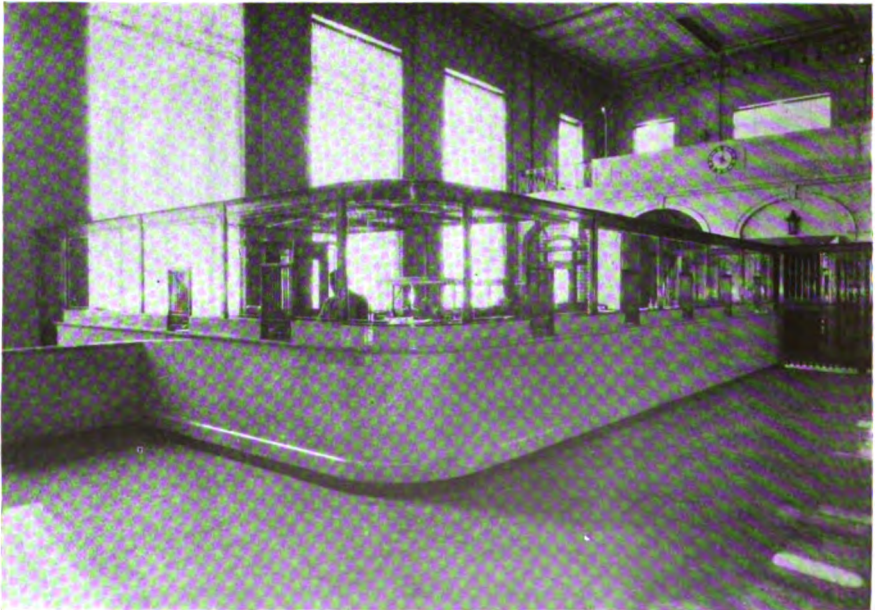
Meriden Savings Bank, Meriden, Conn.

The two views above illustrate in an interesting way two different types of interior arrangement. The top view is the so-called island type of layout with the working space and tellers' cages surrounded by the public lobby. In the bottom view the public space is in the center and is surrounded by the cages and working quarters.

Both banks were designed by Holmes & Winslow, architects, New York.



New Colonial bank building being erected for the Randolph Savings Bank, Randolph, Mass.



An interior suggestive of early American character provides the Nazareth National Bank of Nazareth, Pa., with a most inviting bank room. The blues and ivories introduced in the cornice give delightful relief to the light colors of the walls and counterscreen. The directors' room is situated on a mezzanine in the front portion of the building, the mezzanine at the rear will be utilized later as a work space. This building was designed and erected under the supervision of Mowbray & Uffinger, Inc., bank specialists, New York City.





Architect's drawing showing the new building to be erected this year for the Fairfield Trust Company, Fairfield, Conn. The building will be constructed of red brick and the old Colonial spirit will pervade the interior as well as the exterior. The floor in the public space of the banking room will be laid in squares of alternate black Belgian marble and white marble, while the counterscreen will be constructed of black and gold marble; the superstructure will be of gold bronze and glass. The furniture and cabinet work will be of high grade mahogany, and the vaults will be commodious and of the most approved construction. Construction work will begin in March and the new building will be occupied late in the fall. The bank was designed by and will be erected under the supervision of Morgan, French & Co., Inc., architects and engineers, New York.

## WHAT BANKS AND BANKERS ARE DOING

(Continued from page 520)

sources as \$32,527,026. Its deposits are \$28,470,247.

The offices of the Greenwich Bank are at Fulton and William streets, 97 Warren street, 260 West Broadway, 402 Hudson street, 874 Broadway, 220 Seventh avenue, 136 East 34th street, 596 Sixth avenue, 224 West 47th street, 773 Third avenue and 151 East 79th street.

### CHICAGO FIRM MOVES

DUE to their rapid growth last year, Devlin, Merrill, Price & Bennett, Inc.,

financial sales and advertising counselors of Chicago, have moved from the Wrigley building to larger quarters in the Lake Michigan building, 180 North Michigan avenue. The firm is known chiefly for its campaign to install a service charge on unprofitable checking accounts. This campaign has been used in a number of middlewestern cities.

### PITTSBURGH BANKS UNITE

DIRECTORS of the Bank of Pittsburgh, N. A., and of the Columbia National Bank, Pittsburgh, have approved a plan



for the consolidation of the two institutions which was to have been presented to stockholders of the two banks on



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**GATES W. MCGARRAH**

Chairman of the Board of Directors of the Federal Reserve Bank of New York.

Mr. McGarrah, who has recently been appointed Class C Director and Chairman of the Board of the Federal Reserve Bank of New York and Federal Reserve Agent, is fitted for his new position by more than forty years' New York banking experience. At the time of his appointment he was chairman of the executive committee of the Chase National Bank, which connection he will sever May 1 to take up his new duties. At the time of the organization of the Federal Reserve System, in 1914, Mr. McGarrah was president of the Mechanics & Metals National Bank, New York. He later became chairman of the board of that institution and, on its merging with the Chase, assumed his present position with the Chase National Bank. For three years he was a Class A director of the Federal Reserve Bank of New York and in 1924 was chosen the American member of the general council for the Reichsbank, under the Dawes Plan.

March 4. If ratified the merger was to become effective March 7.

The name of the new institution will be the Bank of Pittsburgh, N. A. The acquisition of the Columbia National will increase deposits by \$11,000,000, making the total \$65,000,000, based on statements of December 31, 1926.

**A. O. CORBIN TO HEAD FOREIGN INVESTMENT TRUST**

ALFRED O. CORBIN, member of the investment banking firm of F. J. Lisman & Co., New York, has been elected president of the First Federal Foreign Investment Trust New York. The board of directors includes, in addition to Mr. Corbin, F. J. Lisman, senior partner of F. J. Lisman & Co., chairman; Col. Benjamin F. Castle, vice-president and general manager; Julian M. Gerard, chairman Central Mercantile Bank and Trust Company; Charles A. Marshall of Hines, Rearick, Dorr, Travis & Marshall; Mitchell May of F. J. Lisman & Co.; and James T. Monahan, vice-president Chatham Phenix National Bank and Trust Company.

Mr. Corbin has come rapidly to the front in the financial affairs of this country. He has done much to interest American investors in international methods and foreign bonds, as well as to list many American issues on the Amsterdam Stock Exchange. He is considered a master salesman, having sold American and European bonds in practically all parts of the world, and for his work in placing French bonds during the war he was decorated by the French Government. The early training received while with Sperling & Co. of England after his graduation from Groningen University, with the degree of doctor of law, stood Mr. Corbin in good stead when he was invited to New York in 1915 to organize the foreign department of A. B. Leach & Co., of which he was manager for five years. In 1921 he became a partner of F. J. Lisman & Co.

Mr. Corbin has written a number of books on financial subjects, possibly the

best known being "The Golden Horde," a work on the dislocated foreign currency situation and the remedy.

### DIME BANK HAS NEW VICE-PRESIDENT

DIRECTORS of the Dime Bank Title & Trust Company, Wilkes Barre, Pa., have announced the election of George A. Augherton as active vice-president.

### DISTRIBUTION OF LARGE BANKS

BANKS with deposits of more than \$55,000,000, according to figures of December 31, 1926, are distributed from coast to coast, New York coming first with 32 such institutions and California second with 15. Illinois brings the Middle West in third place with 12, while Pennsylvania has 10, Massachusetts 6 and Michigan 5.

Among American cities New York is first with 27; Chicago second with 12; San Francisco third with 9; Philadelphia, 7; Boston, 6; Los Angeles, 5; Detroit, 5; Pittsburgh, Cleveland, St. Louis and Buffalo, 3; and Providence, 2.

### HIBERNIA BANK PROSPEROUS

REPORTS of the activities of the various departments of the Hibernia Bank & Trust Company, New Orleans, La., for the last year show a year of prosperity. The capital, surplus and undivided profits total \$4,720,000, deposits are \$52,000,000 and total resources are \$62,200,000. The entire staff of officers has been re-elected.

### E. S. CONRO ELECTED TREASURER FRANKLIN TRUST CO.

E. S. CONRO, formerly assistant treasurer of the Franklin Trust Company of Philadelphia, has been made treasurer of the institution.

Mr. Conro entered the business world after he was graduated, in 1915, from the Northeast high school, as office boy in

the sales department of the United States Cast Iron Pipe and Foundry Company. After holding several clerical positions with this organization he resigned in 1917 to enter the banking business, becoming associated with the New York brokerage house of E. Naumberg & Com-



EDWIN S. CONRO  
Treasurer Franklin Trust Company,  
Philadelphia.

pany. During the war Mr. Conro was in the field artillery and on his return to Philadelphia entered the employ of the Fourth Street National Bank. In 1919 he joined the staff of the Franklin Trust Company as manager of the credit department and two years later was elected assistant treasurer.

### PHILADELPHIA BANK DIVIDEND

THE board of directors of the Tradesmen National Bank, Philadelphia, has declared a regular quarterly dividend of \$3.50 per share, at the rate of 14 per cent. per annum, which was payable February 1 to stockholders of record at the close of business January 31, 1927.

## COMING BANKERS' CONVENTIONS

**AMERICAN BANKERS ASSOCIATION**, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**AMERICAN BANKERS ASSOCIATION**, executive council, Hot Springs, Ark., week of May 1. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**ALABAMA BANKERS ASSOCIATION**, Birmingham, May. Secretary, H. T. Bartlett, American Trust & Savings Bank, Birmingham.

**ASSOCIATION OF RESERVE CITY BANKERS**, Pittsburgh, Pa., May 19-21.

**CALIFORNIA BANKERS ASSOCIATION**, Del Monte, May 18-21. Secretary, Frederick H. Colburn, 628 Mills Building, San Francisco.

**CANADIAN BANKERS ASSOCIATION**, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

**CREDIT MEN'S ASSOCIATION OF CALIFORNIA**, San Francisco, March 24-26. Headquarters, Palace Hotel. Secretary, E. E. Hills, Hills Bros.

**FINANCIAL ADVERTISERS' ASSOCIATION**, mid-year conference, New Orleans, March 10-12. Executive secretary, Preston E. Reed, 231 South LaSalle street, Chicago.

**FLORIDA BANKERS ASSOCIATION**, Sarasota, April 25-26. Secretary, W. O. Boozer, Jacksonville.

**GEORGIA BANKERS' ASSOCIATION**, Atlanta, May 16-18. Secretary, Haynes McFadden, 101 Marietta street, Atlanta. Hayden Lake, June. Headquarters Bozanta

**IDAHO BANKERS ASSOCIATION**, Tavnern. Secretary, J. S. St. Clair, vice-president Boise City National Bank, Boise.

**ILLINOIS BANKERS ASSOCIATION**, Danville, June 23-24. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

**KANSAS BANKERS' ASSOCIATION**, Manhattan, May 18-20. Headquarters, Kansas State Agricultural College. Secretary, W. W. Bowman, Hotel Kansan, Topeka.

**MISSISSIPPI BANKERS ASSOCIATION**, May 10-11. Secretary, George B. Power, Capital National Bank Building, Jackson.

**MISSOURI BANKERS ASSOCIATION**, May 17-18. Secretary, W. F. Keyser, Sedalia.

**NEW MEXICO BANKERS ASSOCIATION**, Deming, October. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

**NORTH CAROLINA BANKERS ASSOCIATION**, Pinehurst, April 21-23. Headquarters, Carolina Hotel. Secretary, Paul P. Brown, Raleigh.

**NORTH DAKOTA BANKERS ASSOCIATION**, Jamestown, June. Headquarters, Gladstone Hotel. Secretary, W. C. McFadden, 54 Broadway, Fargo.

**OKLAHOMA BANKERS ASSOCIATION**, Oklahoma City, May 10-11. Headquarters, Huckins Hotel. Secretary, Eugene P. Gum, 907-8 Colcord Building, Oklahoma City.

**OREGON BANKERS ASSOCIATION**, Gearhart-by-the-Sea, June 3-4. Secretary, Andrew Miller, 914 Porter Building, Portland.

**NEW YORK STATE BANKERS ASSOCIATION**, Washington, D. C., June 6-8. Headquarters, the Mayflower Hotel. Secretary, Edward J. Gallien, 128 Broadway, New York City.

**PENNSYLVANIA BANKERS ASSOCIATION**, Pittsburgh, June 8-10. Headquarters, William Penn Hotel. Secretary, C. F. Zimmerman, First National Bank, Huntingdon.

**SAVINGS BANK DIVISION**, American Bankers Association, conferences: Oakland, Calif., March 17-18; Cleveland, Ohio, March 24-25; St. Louis, March 29-30; Washington, D. C., April 7-8. Deputy manager, W. E. Albig, 110 East 42nd street, New York.

**SOUTH DAKOTA BANKERS ASSOCIATION**, Deadwood, July 1-2. Headquarters, Franklin Hotel, Secretary, Geo. A. Starring, Huron.

**TENNESSEE BANKERS ASSOCIATION**, Chattanooga, May 12-13. Secretary, H. Grady Huddleston, 1015 Independent Life building, Nashville.

**TEXAS BANKERS ASSOCIATION**, El Paso, May 10-12. Secretary, W. A. Philpott, Jr., Dallas.

**VIRGINIA BANKERS ASSOCIATION**, Virginia Beach, June 23-25. Secretary, Scott Irby, Kenbridge.

**WASHINGTON BANKERS ASSOCIATION**, Tacoma, June. Secretary, J. W. Brislawn, Alaska Building, Seattle.

**WISCONSIN BANKERS ASSOCIATION**, Madison, June 21-23. Secretary, Wall G. Coapman, 717 Caswell Block, Milwaukee.

# BOOK TALKS

Special Section of The Bankers Magazine

MARCH 1927

## " HE KNEW ROOSEVELT "

Many are the incidents that people who came in contact with Theodore Roosevelt are able to relate in these after-days of his life; and here is given one that the late James B. Forgan, dean of the banking fraternity of Chicago, recalled in his autobiography, "Recollections of a Busy Life," (Bankers Publishing Company, \$6.00). This edition of Mr. Forgan's book includes an autographed page, a facsimile of which is shown on the page following, which gives an added value and interest to owning or presenting the book as a gift.

FROM the day "Jamie" Forgan's grandfather walked three-quarters of the two miles along the Fyfe seacoast with his youthful grandson before the latter embarked for Canada to the day when James B. Forgan, banker, was summoned to the White House by Theodore Roosevelt to give the President his views on a national system for the mutual guarantee of bank deposits, which Mr. Forgan opposed as inimical to sound banking, is a period of over fifty years, not one of which the author considered too "busy" to enjoy to its fullest. Concerning his visit with Roosevelt he writes:

Mr. Roosevelt was seeking information on the subject of the mutual guarantee of bank deposits, and someone told him that I had been opposing the idea. He had heard from those in favor of it and he asked me to come to Washington to discuss the matter with him. I, of course, promptly responded and a day and hour were set for an appointment with him.

I arrived at the White House in the forenoon and about noon was ushered into the President's office. He received me with his well-known cordiality. He told me he was going into the next room where the barber was waiting to shave him and this would give me a fine opportunity to talk to him. He said if I had come to discuss the Panama Canal or some other of his hobbies he would want to do his full share of the talking, but as to the mutual guarantee of bank deposits he knew nothing and he told me to fire ahead and tell him all about it.



This demure youth with the twinkling eyes is the late James B. Forgan, one of Chicago's best-loved bankers. Throughout his long financial career he never lost the kindly twinkle from his eye, or became too engrossed in business to forget to live humanly. One of his last acts was to insure that the royalties from his autobiography (completed only a few weeks before he died) should be paid to the Scottish Old Peoples Home.

(Continued on page 3)

# BOOK TALKS

EVELYN PRICE, Editor

Monthly Book Section

## THE BANKERS MAGAZINE

71-73 Murray St., New York

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MARCH 1927

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### SHOP TALK

**"B**EFORE an attorney can begin the practice of law he must take an examination before a board of examiners and unless he proves himself qualified, he cannot practice. The same is true of the physician, the engineer, the architect, the electrician, the plumber; in fact, of almost every line wherein the public's interests are concerned, excepting the banker. Then why shouldn't he be required to take some such examination? I am not prepared to say just how this can be worked out, but I do believe that before a man is permitted to engage in the banking business, he should be required to pass some sort of examination which would determine his fitness for the position of managing officer of a bank. Unless a man is a fairly good judge of human nature and has the ability to pass on credits and has the backbone to say 'No' occasionally, or I might say frequently, he has no business lending other people's money."—Roy L. Bone, of Topeka.



THE above is one man's opinion and perhaps at first you may not agree wholeheartedly with him; but it won't hurt you in the least to read *The Cause and Prevention of Bank Defalcations* and see how this man's opinion links up with a bank examiner's opinion. The cost of the book is so small (\$1.50) that you are not taking a chance when purchasing it, and you will get from it many times the price in information.



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"I KNOW of no business or profession that offers a greater opportunity, through courses of training, than does the banking business."—F. B. Brady, vice-president *Commerce Trust Co.*, Kansas City, Mo.



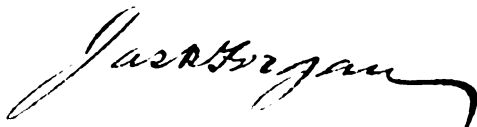
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  - Insolvency and bankruptcy?
  - Mortgage, pledge, and lien?
  - Personal security and collateral security?
  - Legal tender and lawful money?
  - Federal land banks and joint-stock land banks?
  - Intermediate credit banks and agricultural credit corporations?
  - Federal reserve cities and central reserve cities?
  - Federal reserve notes and Federal reserve bank notes?
  - Extended bonds and extension bonds?
- Having the *Encyclopedia of Banking and Finance* (\$10) on your desk would help you to verify your answers to the above questions. Do you want to order it sent on five days' approval?



LOOK over the list of banking books on the last page of BOOK TALKS, and check those you would like to have. You can order any of these books on five days' approval.

*"My business success was, of course, co-ordinate with that of the banks I worked for and their success was attributable to the marvelous opportunities they had for growth and development. . . . The fact is that the extraordinary business development of the United States and Canada during the past generation has afforded opportunities for bankers and banking in both countries unparalleled in any previous generation in any country in the world's history. All that we bankers had to do, therefore, was to keep the middle of the road, manage the affairs of our banks honestly and with ordinary care, and success for ourselves and our institutions was inevitable."*



Above is a facsimile of the autographed page which is included in each copy of the de luxe edition of "Recollections of a Busy Life." In addition the book is bound in full leather, in an attractive green. The illustrations are numerous.

(Continued from page 1)

By this time he was in the barber's chair and well soaped, which is said to be half shaved. It was a new experience with me. I did not know where to commence or how to address him and I am afraid I made a poor attempt in my effort to enlighten him on the subject.

After the shaving operation was finished he asked me to come to lunch with him. . . . During luncheon the

President told the other guests that he had asked me to come to Washington to discuss with him the mutual guarantee of bank deposits, and in that way started the general discussion of the subject.

His comments and questions and those of his other guests drew me out and I had the satisfaction of having him tell me in his usual forceful way, "It won't do, Mr. Forgan. It won't go. We will cut it out."

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# BOOK REVIEWS AND NEW BOOKS

## Recent Announcements of Other Publishers

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**CREDITS AND COLLECTIONS.** By Richard P. Ettinger and David E. Golieb. New York: Prentice-Hall, Inc. \$5.00.

PROMPT collections are a vital feature of every business, for profits depend largely upon the number of times a manager can turn over his capital, and frequent turnovers can hardly be coupled with slow collections. The enlarged edition of "Credits and Collections" explains and illustrates collection systems and collection methods that are effective. How to handle a weak debtor to secure the best results, when to use collection agencies and attorneys, what actual procedure to follow in going after the slow accounts are among the subjects covered in the new book.

The extent of the revision of this already popular book is indicated by the fact that the new edition is more than one-third again as large as the old book. Several entirely new chapters have been added. For example, there is a new chapter on the trade acceptance, explaining how it is used, its advantages and disadvantages to both the seller and the purchaser. Two entirely new chapters on collection letters and collection devices contain a number of typical successful collection letters and show by example the difference between a good collection letter and a poor one. The chapter on retail credits is another new chapter and includes a discussion on instalment sales, and illustrates all forms used.

A practical explanation of the Federal Reserve System and its operation is condensed in a special chapter devoted to this subject. Three new chapters are devoted to foreign credit, sources of foreign credit information, and methods of collecting foreign accounts.

The chart containing the terms of credit exchange by various houses in different lines of business will be found especially interesting, for the terms shown are grouped not only according to trade but also according to countries.

Among other valuable subjects are the Foreign Credit Exchange Bureau of the National Association of Credit Men and illustrations from successful office systems.

**TAX DIARY AND MANUAL.** New York: Prentice Hall, Inc. \$5.00.

THE Federal Government and all states impose severe penalties on corporations which delay in filing returns and reports. Thousands of dollars have been lost because of these delays and, in some instances, organizations have been deprived of their rights to do business in various states.

Prentice-Hall, whose tax services are well known in Governmental tax departments, have just issued the 1927 Tax Diary and Manual. This book, like previous editions, strikes one at once as being different from all other diaries. It gives a digest of all the corporation, inheritance, and personal income taxes of the various states. Under State Corporation Taxes, for example, are shown what states impose a tax upon corporations, as such, what tax reports, returns and payments should be made, and the basis of each tax.

A digest on inheritance taxes contains a valuable chart with the tax rates for each state and for each class of beneficiary. Of particular interest to those interested in the settlement of estate, is the summary showing how each state taxes the stock of corporations, incorporated in or owning property within that state and what exemptions are allowed residents and non-residents.

Material relative to state income taxes on individuals was prepared especially for this book and cannot be found elsewhere.

In the 1927 edition new features have been added. These include outlines on Federal Income tax, Stamp tax, excise tax, dues and admission tax. Of particular importance are the comparative



charts showing factors to be considered when incorporating in the chief incorporating states. The 1927 Tax Diary and Manual shows by calendar date, the exact day upon which tax reports, returns and payments should be made.



### "TRUST INVESTMENTS"

TRUST Companies Magazine, of New York, announces publication of the new and enlarged 1927 edition of "Trust Companies" the standard and authoritative guide dealing with legal investments for trust funds and savings banks. This book is by Frank C. McKinney of the New York Bar and embraces a general discussion of principles and duties governing legal investments, statutes of the various states, careful digest of court decisions and revised list of investments legal in various states. The book contains 550 pages and is attractively bound in Koda leather.

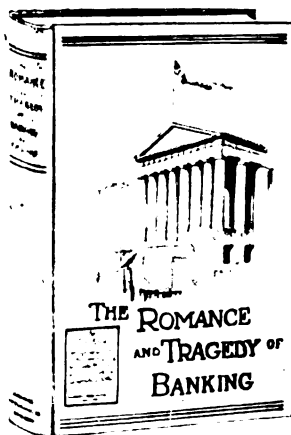
### THE WORLD'S EXPORT TRADE

THE first of a series of "Fact Finding Pamphlets in Foreign Trade" is given the above title. It is published by the National Foreign Trade Council, India House, 1 Hanover Square, New York, and gives comparative statistics on the export trade of seventy-two different countries. Other pamphlets are in preparation on "Trade with the Irish Free State," "Foreign Trade in the Cotton Textile Industry," "Can Germany Pay?" "The New American Penetration." We advise writing to the Council to insure your receiving these pamphlets if you are interested.

### SWISS COLLECTION TARIFF

THE Union Bank of Switzerland has recently issued in English in pamphlet form the "Collection Tariff" of the country. In its pages are given the most favorable terms for collections, and full information on stamp duty and on the requirements of bills of exchange according to Swiss law.

This bank has also published in English a 36-page booklet on "The Natural Resources and the Industries of Switzer-



## They say:

"The writer has reviewed a good many books on banking and finance but 'The Romance and Tragedy of Banking' is the first that has inspired him with any such broad verdict that reading it should be a part of every banker's education." J. J. S. in "The Bank Man," official organ of the Chicago Chapter of the A. I. B.



"Mr. Kane's book lives up to its ambitious title, making interesting reading for the layman as well as for the banker, who has a personal interest in the subject."—St. Louis Globe-Democrat.



"It cannot but have a decided influence for better banking and stricter observance of the national banking laws and sound banking practice." William G. Edens, vice-president Central Trust Company of Illinois, Chicago.

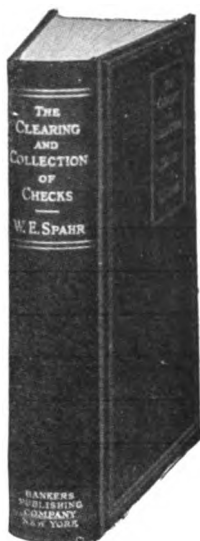


"I believe this book should be read by all young bank officers just coming into positions of responsibility and trust in order that they may have the benefit of so many historical cases as a guidance to them in their work." F. O. Wetmore, President First National Bank, Chicago.

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land.” Copies of these publications can be obtained without charge from the bank.

#### INDUSTRIAL MILWAUKEE

A TRADE review of 1926 has been issued by the First Wisconsin National Bank of Milwaukee under the title of “Industrial Milwaukee.” The information in the booklet is the only material of its kind available in that city, and the bank will no doubt be glad to send copies to anyone who requests one.

#### BANK INSURANCE GUIDE

A COMPREHENSIVE treatise on bank insurance intended as a guide-book for members of the American Bankers Association has been issued by its Insurance Committee bringing out the coverage now enjoyed under the most dependable forms of contracts, including those copyrighted by the Association. It also in-

structs bankers how to get the maximum benefits from their various insurance contracts, especially directing attention to risks covered under a number of forms.

#### THE INVESTMENT TRUST

THE American Founders Trust have just issued a reprint of several newspaper articles of recent date, covering the importance of the investment trust in present-day financing. They will send copies to anyone who wishes to write to them at the address, 50 Pine street, New York.

#### BUILDER-ECONOMIST

UNDER the above title the America Bond & Mortgage Company of Chicago are issuing a new monthly bulletin prepared by their statistical staff to keep readers posted as to the conditions and trend in the building industry throughout the country.



Spring is here! At any rate the bank that uses this window display is ready when it does come. The passers-by are in a receptive mood when the lift of spring is in the air, and what season could be better to begin to use your windows than the coming one? "101 Window Displays" (Bankers Publishing Co. \$5) in which this display is reproduced and planned will also give you new ideas if you have already been using this means of advertising.

#### THE MCFADDEN-PEPPER BILL

THE Bank of America, New York, has just issued in pamphlet form the McFadden-Pepper Bill, the changes in the National Bank Act in 1927. The contents include four sections: Need of Banking Reform in 1927, History of Changes in the National Banking System; Analysis of the McFadden-Pepper Act; Comparative Reprint of New and Old Acts by Sections.

#### CAN WE COMPETE ABROAD?

THE National Foreign Trade Council is distributing at cost (25 cents in paper, \$1 in cloth) a 155-page booklet entitled "Can We Compete Abroad?" The council believes that this book is a real honest-to-fact account of the recent progress of American foreign trade and is recommending it to all who are interested in the subject.

#### NEW BOOKS

FOREIGN POLICIES OF THE UNITED STATES; Their Bases and Development. By J. Q. Dealey. Boston: Ginn & Co. \$2.80.

POLAND OLD AND NEW; Three Lectures. By Roman Dyvoski. N. Y.: Oxford. \$1.25 (pap.)

EMPLOYEE STOCK OWNERSHIP IN THE UNITED STATES. By R. F. Foerster and E. H. Dietel. Princeton Univ. \$2. (pap.) \$1.50.

UNEMPLOYMENT; The Gateway to a New Life. By G. W. Mullins. Longmans. \$2.50.

TRAFFIC MANAGEMENT. By G. L. Wilson. Appleton. \$3.50.

THE UNITED STATES IN RELATION TO THE EUROPEAN SITUATION. By C. L. King. Phila. Amer. Acad. Political and Social Science. \$2.50, (pap.) \$2.00.

READINGS IN CORPORATE FINANCE. By M. N. Nelson. Ronald. \$5.

CONSOLIDATED BALANCE SHEETS. By G. H. Newlove. Ronald. \$6.

THE BANKER AS A LENDER. By F. E. Steele. Pitman. \$1.50.

THE NEW KOREA. By A. Ireland. Dutton. \$5.

CORPORATE RESOLUTIONS. By I. Drummond. Ronald. \$6.

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**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, including the Negotiable Instruments Law. \$1.25

**THE BANK CREDIT INVESTIGATOR** By R. 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 credit risk. \$1.50

**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

**NEW BUSINESS DEPARTMENT** By T. D. MacGREGOR  
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The first book devoted to this department, which is one of the newer phases of banking, is a necessity to banks that are contemplating its organization, and is full of ideas for departments that are already organized. \$1.25

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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

**THE ROMANCE AND TRAGEDY OF BANKING** By T. P. KANE  
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APRIL, 1927

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## Service

**T**HE service rendered by a financial institution is the chief factor in retaining customers.

In both our Banking and Trust Departments we are still serving many of the grandchildren and great-grandchildren of those who originally opened deposit or fiduciary accounts with us.

**Experience—Fidelity—Permanence**



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over \$16,000,000

*Main Office*  
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*“ A sound, experienced and helpful bank to be associated with; one to rely on, both now and in years to come.”*

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RESOURCES OVER A QUARTER BILLION DOLLARS



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your name on our  
mailing list.

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**Y**OU will find our monthly review of business conditions an authority on matters affecting agriculture, trade and finance.

Particular attention is given to conditions in Canada, the West Indies and South America.

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*Resources Exceed 766 Million Dollars*

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OF THE CITY OF NEW YORK

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ELTON E. OGG  
TRUST MANAGER

Capital \$5,000,000  
Surplus and Profits 26,000,000

The "Hanover" is New York Correspondent of over 4000 Banks



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All-Year-Round  
Special for Banks

*Superior Transit Service*

# Commerce Trust Company

Capital and Surplus 8 Millions

Kansas City



*When you come to Washington*

drop in to see us. It often pays to be  
"personally acquainted."

Who knows but what we may have  
something your way some day, or you  
have some important matters to be look-  
ed after here.—Let's get together!

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NATIONAL BANK  
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Wm. John Eynon, *Vice Pres.*  
W. J. Waller, *Vice Pres.*  
C. B. Lyddane, *Vice Pres.*  
C. D. Boyer, *Cashier*

W. T. Galliber,  
*Chairman of the Board*



*The bank with the  
"cageless counters."*

Resources \$15,000,000.00

# Trail-blazers!



FLAGS of the Explorers' Club have been carried by Peary to the Pole, and by noted explorers to the top of the world on the Himalayas, as well as to the far outposts of human discovery.

AS these words are written a man is on the way to the banks of the Rio Xingu, as far as history tells, never yet visited by civilized man. Another is photographing wild animals in Nairobi. Another is preparing to solve the mystery of the "great quiet zone" off Labrador across which no radio message has yet been able to pass.

These men are distinguished members of the Explorers' Club of New York, the only explorers' club in the world.

While world-wide interests center here, they are equally at home in the offices of such banking institutions as the Seaboard, further down town.

In the Explorers' Club are men who have opened up distant lands to science. In the Seaboard are men who have furthered commerce with far-off lands. The Seaboard explores and studies the unfamiliar customs of foreign countries. It extends efficient commercial banking to business interests in all parts of the world.

This Bank will gladly act as your pilot and guide along difficult financial trails.

## The Seaboard National Bank

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115 Broadway

Broad and Beaver Streets

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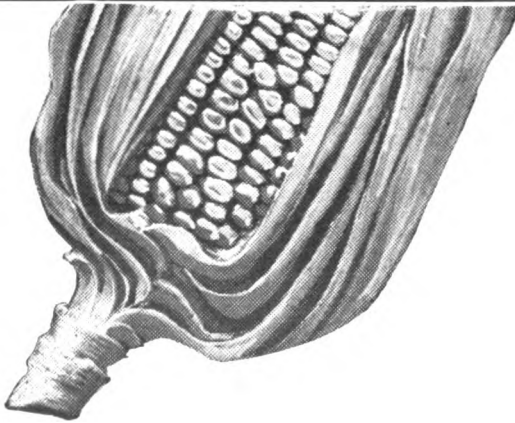
(MAIN OFFICE)



*Experience, facilities and  
desire to be helpful at the*

## **CORN EXCHANGE NATIONAL BANK**

**PHILADELPHIA**



## The Publisher's Page

**T**HE second article in the series on various phases of the safe deposit business will be from the pen of EDWARD J. PHELPS, president Northern Trust Safe Deposit Company, Chicago. The title of Mr. Phelps' article will be "The Manager's Duty When Confronted by Claims" and it will appear in the May number. Mr. Phelps, who is one of the best known safe deposit men in the country, enjoys a national reputation for his ability to adjust in a diplomatic way the many troublesome claims with which every safe deposit department is confronted. For example, when a box renter opens his box and finds some property missing which he expected to find in the box, his first instinct is that the box has been robbed and he immediately accuses the company of carelessness. The chances in ninety-nine cases in a hundred are that the fault lies with the tenant and that the property which he thought to have placed in the box was never placed there. The diplomatic manager is one who is able to handle such a situation by inducing the box renter to think back and recall when he last saw the property and to put him in a frame of mind where he will get over the idea that his box has been tampered with and that if the property is not there it is because it was never placed there. This is a very human problem of the safe deposit business and one with which Mr. Phelps is fully competent to deal.

An article in the May number will raise the following point:

"The McFadden law authorizes national banks to make real estate loans estimated at \$3,000,000,000 and extends the time limit to five years for loans on land other than farms. This class of excellent business is for the first time opened to national banks in the Central Reserve cities. No doubt some mortgages are both safer and more liquid than some commercial paper and banks are increasing their resources faster than the supply of paper eligible for rediscount increases. At such times the temptation toward locking up assets in slow descriptions which are not self-liquidating is strong. It is good business but not peculiarly fit to be done by banks which keep the nation's reserves. There ought to be banks for every purpose, but it is not ideal to authorize all banks to do all business any bank should do. There are objections to excess of credit as well as deficiency of credit and that is even more true of commercial banks than of farmers' banks. Both are sensitive to seasonal variations, but the commercial banks are more subject to trade cycles."

A writer in the *Wall Street Journal* recently pointed out that during the last eight years the banks have increased their invest-

[Continued on page xiv]

COMMERCIAL BANKING  
SINCE 1812

DIRECT FOREIGN BANKING  
SINCE 1814

TRUST DEPARTMENT  
ORGANIZED 1888



Quick=  
Direct=  
Personalized=

Our correspondent service for banks and bankers has these qualities.

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Capital, Surplus and Undivided Profits Over \$11,000,000



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## ARGENTINA — thirteen branches

Our thirteen branches throughout Argentina furnish the utmost co-operation to American business. Years of actual residence in Latin-American countries enable our officers to supply accurate trade information to our clients.

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*38 Years of Foreign and General Banking*

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*Resources*  
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*—and More*

Back of these banking resources, outstanding in Chicago, is a volume of business that indicates satisfaction to customers

*The* **CONTINENTAL** *and*  
**COMMERCIAL**  
**BANKS**  
**CHICAGO**

Resources—December 31, 1926—\$618,933,546



[Continued from page xi]

ments by more than \$6,000,000,000, their total holdings of securities as of June 30, 1926, being more than \$15,000,000,000. During the same period insurance companies have also been increasing their holdings at the rate of about \$19,000,000 a month. This writer believes that the monthly purchases of banks and insurance companies, being a combined total of \$81,000,000, give to these two groups a "controlling interest" in the stock market. Whether this be actually the case or not it is not to be denied that banks are becoming increasingly important factors as buyers of securities for their own account, for the accounts of their customers and for the investment of trust funds committed to their charge.

In this connection it is interesting to note that in the past national banks were permitted by a ruling of the Comptroller of the Currency to deal in bonds under section 5136, U. S. Revised Statutes which permits a national bank to discount and negotiate "promissory notes, drafts, bills of exchange, and *other evidence of debt.*" Thus a mere ruling of the Comptroller was the only legal basis for a very important banking function. Under Section 2-B of the McFadden law this function is now legalized.

The report of the Federal Reserve Bank of New York recently issued points out how the merger movement, particularly in the cities, is keeping down the total number of banks. The report states:

"The number of banks operating in Greater New York has shown practically no net change during the entire thirty-seven years. There were 142 banks operating in 1889 and there are now 143, and the distribution of these banks between national banks, state banks, and trust companies is approximately the same as it was a generation ago. Thus the mergers in this period have not actually diminished the number of banks in operation. There have been new banks organized rapidly enough to offset mergers, but not rapidly enough to keep pace with the growth of population, so that each bank now serves a larger population.

"The greater concentration of banking resources is illustrated by the figures for the total resources of the ten largest banks in the city. These resources amounted to \$343,000,000 in 1889 and \$6,098,000,000 in 1926, and showed a much more rapid growth than the resources of all banks. In fact, in 1889 the resources of the ten largest banks amounted to 33 per cent. of the total commercial banking resources of the city, whereas on June 30, 1926, they amounted to 59 per cent. This tendency toward the greater concentration of banking power is in keeping with the experience of the older European countries."

Another article in the bank investment series will appear in May.



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**P**PRIVATE WIRE—over 11,000 miles of it—connects our offices in over fifty principal cities of the country and brings our banker-customers everywhere in almost instant touch with the great investment centers.

These facilities are yours to command when you want quick action on a bond offering or seek market quotations or other investment information.



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*National City Bank Building, New York*

Offices in more than 50 leading cities throughout the world

**BONDS / SHORT TERM NOTES / ACCEPTANCES**

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This Company offers its spe-

cial training and experience to individuals and corporations having fiduciary business in this State, and invites correspondence with the President or other officers of the Company.

CHARLES E. ROGERSON, *President*

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AND TRUST COMPANY**  
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*At ARCH and DEVONSHIRE STREETS*

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*Main Office*  
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Member Federal Reserve System

Resources Over  
**\$92,000,000**

DEPOSITORY FOR  
United States Postal Savings Funds  
State of New York                      City of New York

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***Domestic and Foreign Letters of Credit Issued***

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**Accounts of Banks and Bankers Invited**

1864

1927

*Comprehensive  
Foreign  
Banking  
Service*



*Traveler's  
Checks  
Foreign  
Currency*

## 63 Years

**THIS** Company offers you its services based upon the experience gained during more than half a century of conservative activities.

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- A commercial banking business including discounts, acceptances, etc.
- Foreign Exchange, Commercial and Traveler's Letters of Credit, etc.
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(£5=£1)

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PHILADELPHIA, PA.

Capital, Surplus and Profits - \$28,500,000



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*Booklet sent on request*

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# ILLINOIS MERCHANTS TRUST COMPANY

Capital & Surplus 45 Million Dollars

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**BARNETT NATIONAL BANK**  
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*Capital, Surplus and Undivided Profits over \$2,350,000*

# Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System

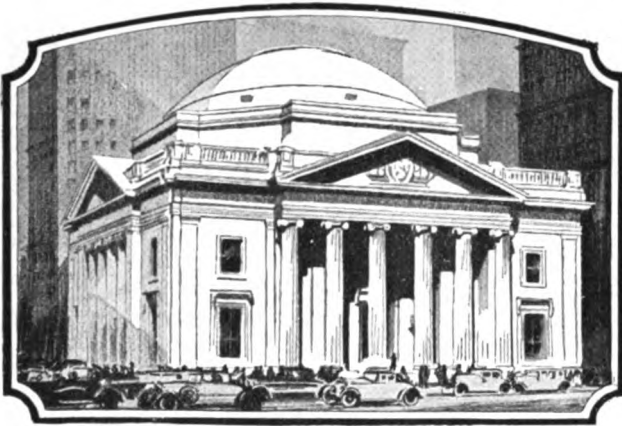


Capital - - - - \$1,000,000.00  
 Surplus and Undivided Profits 1,250,000.00

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*Collections given special attention, and prompt remittances made*

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*Chartered 1836*

**G**IRARD TRUST COMPANY  
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The Company will be glad to act jointly with institutions in other cities.



*Corporate Trust Funds*  
**\$1,450,000,000**

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STATE BANK**  
DETROIT MICHIGAN

(192)



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Over 1,700 Offices in  
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several in India and  
Burmah.

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DEPOSITS, &c. \$1,738,267,290

ADVANCES, &c. \$973,787,595

The Bank has Agents  
and Correspondents  
throughout the British  
Empire and in all parts  
of the World, and is  
closely associated with the  
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Bank of London & South America Limited.  
Lloyds & National Provincial Foreign Bank Ltd.  
The National Bank of New Zealand Limited.  
Bank of British West Africa, Limited.  
The British Italian Banking Corporation, Ltd



# Canada Newfoundland West Indies

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- Cuba—Havana and 4 other principal cities.
- Porto Rico—San Juan and Fajardo.
- Dominican Republic—Santo Domingo, San Pedro de Macoris, Santiago de los Caballeros.
- Jamaica—Kingston and nine other points.

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Reserve Fund . . . . .	19,500,000
Total Assets over . . . . .	240,000,000

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Reincorporated by  
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Capital subscribed £ 6,975,500

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Pine Street, Corner William

NEW YORK

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Capital Paid Up and Reserves .....	21,686,230
Deposits, etc., at 31st Dec., 1925 ...	299,098,130

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

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[Yokohama Shokin Ginko]

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Reserve Fund . . . . .  . . . Yen 89,500,000

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Canton	Harbin	London		Semarang		

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(Established before 1800)      (Established 1809)

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*Managing Partners*

LORD WOLVERTON      LAURENCE CURRIE      LORD HILLINGDON

General The Hon. Sir H. A. LAWRENCE, K.C.B.

Brigadier-General A. MAXWELL, C.B., C.M.G., D.S.O.

ERIC GORE BROWNE, D.S.O.      FREDERICK WILLIAM FANE

*Head Office:* 67, LOMBARD STREET, LONDON, E. C. 3

*Childs Branch:* 1, FLEET STREET, LONDON, E. C. 4

*Holts Branch:* 3 & 4, WHITEHALL PLACE, LONDON, S. W. 1

The Bank, which is represented by Agents and Correspondents in all the principal Cities and Towns of the United Kingdom and throughout the World, conducts every description of Banking business, both British and Foreign.

Letters of Credit issued.

Home and Foreign Credits established.

Executorships and Trusteeships undertaken.

# Banca Nazionale di Credito

Capital - - Lit. 300,000,000

HEAD OFFICE: MILAN, ITALY

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Over 60 Branches and Agencies Throughout Italy

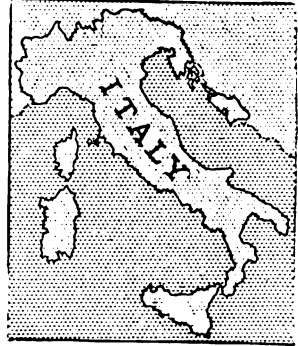


VENICE OFFICE

# In Every Important Italian Market

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

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



## Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 700,000,000

Surplus Lire 500,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

*Organized*

## Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$750,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

*All Banking Facilities*



# THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

**Head Office: TAIPEH, JAPAN**

**Capital Subscribed..... Yen 45,000,000**

**Capital Paid Up..... Yen 39,375,000**

**HIROZO MORI, Esq., President**

**Directors**

**GUNJI KAWASAKI, Esq.**

**TADASU HISAMUNE, Esq.**

**DENKICHI TAKITA, Esq.**

**MASAKAZU SHUTO, Esq.**

***Branches :***

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

**TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Makong, Nanto, Shinchiku, Taichu, Tainan, Takao, Taito, Toen, Tansui.**

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

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

**New York Office: 165 Broadway**

**K. YAMAMOTO, Agent**

**London Office: 25 Old Broad Street**

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

# The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed . . . . . Yen 70,000,000

Capital paid up . . . . . " 50,000,000



## Head Office : OSAKA, JAPAN

N. YATSUSHIRO, Esq., Chief Managing Director

S. IMAMURA, Esq., Managing Director

K. OHDAIRA, Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

### HOME OFFICES

Osaka (18)  
Shimonoseki  
KurumeTokyo (15)  
Moji  
KureYokohama  
Hiroshima (2)  
WakamatsuKobe (3)  
Hakata  
KokuraKyoto (3)  
Yanai  
NagoyaNiigama  
Oomichi  
Kumamoto  
Okayama

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

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

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

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

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

# THE MITSUI BANK, LTD.

Capital Subscribed . . . . . Yen 100,000,000.00

Capital Paid-Up . . . . . Yen 60,000,000.00

Reserve Funds (June 1926). . . . . Yen 53,400,000.00



## Head Office : TOKYO, JAPAN

(No. 5 Honkawayacho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

### Home Branches:

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

### Foreign Branches:

Bombay London New York Shanghai Sourabaya

# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 40,000,000
Capital Paid-Up . . .		Yen 25,000,000
Total Resources . . .		Yen 547,000,000

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

FOREIGN EXCHANGE DEPARTMENT: TOKYO

Governor, S. SUZUKI

Deputy Governor, J. YOKOBE

Y. KATAYAMA      I. IUCHI      M. HASHIMOTO      T. KAKIUCHI

*Directors*

*Branches*

**Japan Proper**

Osaka

Kobe

Korea

Tokyo

Seoul  
Kunsan  
Wonsan

Fusan  
Chemulro  
Chungjin

Taiku  
Pyengyang  
Hollyong

Mokpo  
Chinnampo

Dairen  
Liaoyang  
Harbin

Antung  
Mukden  
Fuchiatien

Manchuria

Ryojun  
Tiehling  
Kalyuan

Yingkow  
Changchun  
Lungchingtaun

**China Proper**

Tsingtao

Shanghai

Tientsin

**Siberia**  
Vladivostok


London Representative: 34 Old Broad Street, London, E. C. 2.

**New York Agency, 165 Broadway**

K. HIYAMUTA, Agent

# The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		6,600,000.00
DEPOSITS (Dec. 31, 1926)		182,345,773.07

<b>Kelzo Hirooka, Esq., President</b>	<b>Manroku Matsui, Esq., Managing Director</b>
<b>Chusuke Yoshii, Esq., Managing Director</b>	<b>Yukinori Hoshino, Esq., Director</b>
<b>Seishichi Kawakami, Esq., Managing Dir.</b>	<b>Hikotaro Omura, Esq., Director</b>
<b>Seijiro Gion, Esq., Director</b>	<b>Kyuemon Hirooka, Esq., Auditor</b>
<b>Shikazo Sato, Esq., Director</b>	<b>Tadanosuke Emura, Esq., Auditor</b>
<b>Gihel Hoshijima, Esq., Auditor</b>	

**Head Office, Osaka, Japan**

*Principal Branches:*

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tekuyama

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

*New York Correspondents*

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
American Express Co.  
American Exchange Irving Trust Co.  
Guaranty Trust Company of New York

*London Correspondents*

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
Midland Bank Ltd.  
Bank of London and South America, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG      STOCKHOLM      MALMÖ

Branches  
In All Parts of Sweden

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

*Head Office: Athens*

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

*ASSOCIATED BANK in LONDON*

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

4 London Wall Buildings, E. C. 2

*with branch in CONSTANTINOPLE*

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

**GENERAL BANKING BUSINESS TRANSACTED**

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

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

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



# Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

## BANKERS

Capital Paid up.....f.80,000,000 Neth. Currency (£6,666,666)  
 Statutory Reserve Fund.....f.21,117,340 “ “ (£1,759,778)  
 Extraordinary Reserve Fund f.22,660,000 “ “ (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

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

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

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

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

# The Union Bank of Australia, Limited

Established 1887. Incorporated 1880.

CAPITAL AUTHORIZED AND ISSUED .....£10,500,000  
 PAID-UP CAPITAL .....£3,500,000 } together £7,700,000  
 RESERVE FUND .....£4,200,000 }  
 RESERVE LIABILITY of Proprietors £7,000,000

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

Manager—W. A. LAING Assistant Manager—G. S. GODDEN  
 Secretary—F. H. McINTYRE

197 Branches throughout Australia and New Zealand, viz:—

In Victoria, 47; South Australia, 15; New South Wales, 45; Western Australia, 21;  
 Queensland, 18; Tasmania, 3; New Zealand, 48.

Agents and Correspondents in all parts of the World

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

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

# MIDLAND BANK

LIMITED

Chairman:

THE RIGHT HON. R. McKENNA

Joint Managing Directors:

FREDERICK HYDE      EDGAR W. WOOLLEY

## Statement of Condition

December 31st, 1926

### RESOURCES

\$5=£1

Cash in hand and Due from Banks.....	\$	356,082,679.77
Money at Call and Short Notice.....		113,934,258.15
Investments .....		194,267,910.75
Bills Discounted .....		233,721,560.10
Advances .....		1,002,299,963.73
Liabilities of Customers for Acceptances and Engagements .....		185,327,225.96
Bank Premises .....		34,682,873.21
Investments in Affiliations .....		32,469,045.75
		<u>2,152,785,517.42</u>

### LIABILITIES

Capital Paid up .....	\$	63,328,990.00
Surplus .....		63,328,990.00
Deposits .....		1,840,800,311.46
Acceptances and Engagements.....		185,327,225.96
		<u>2,152,785,517.42</u>

Together with its affiliations the Midland Bank operates 2360 branches in Great Britain and Northern Ireland, and has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*. The Foreign Branch Office at 196 Piccadilly, London, is specially equipped for the use and convenience of American visitors in London.

HEAD OFFICE:

5 THREADNEEDLE STREET, LONDON, E. C. 2, ENGLAND



# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

## HEAD OFFICE, SYDNEY



Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,432 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

### *Agents and Correspondents throughout the World*

#### Banking and Exchange Business

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

June 30th, 1926

General Bank Deposits	-	-	\$183,646,534.89
Other Items	-	-	57,620,820.09
Savings Bank Deposits	-	-	227,688,026.54
Note Issue Department	-	-	269,651,132.50
			<u>\$738,606,514.02</u>

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened                      Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Governor**



# THE NATIONAL BANK OF AUSTRALASIA LTD.

With its 471 well distributed offices provides a complete banking service throughout Australia, and is well equipped for the transaction of all classes of foreign business.

HEAD OFFICE  
MELBOURNE

Chief Manager:  
E. H. WREFORD

Deputy Chief Manager:  
JAMES WILSON

Chief Inspector:  
J. A. G. HADLEY

Inspector and Manager  
Foreign Department:  
E. J. OSBORNE

LONDON OFFICE:  
7 LOTHBURY, E.C.2

Authorized Capital (@ \$5 to £1)	\$50,000,000
Capital Paid Up	\$20,000,000
Reserve Fund	\$12,050,000
Total Assets March 1926	\$203,530,085

## English, Scottish & Australian Bank, Limited

Authorized Capital	\$18,750,000
Paid-up Capital	\$11,250,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$10,250,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3  
and 401 Branches and Agencies in Australia

Chief Office in Australia—Collins Street, Melbourne

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

### Chief Agents in United States

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

E. M. JANION, Manager.



# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

**Paid-up Capital . . . . . £4,000,000**  
**Reserve Fund . . . . . £3,810,000**  
**Reserve Liability of Proprietors**  
**under the Charter . . . . . £4,000,000**  
**£11,810,000**

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

**EDMUND GODWARD, Manager**

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

**Branches in Australia**

**VICTORIA**

Melbourne; 394 &  
 396 Collins St.; 384  
 Elizabeth St.; 388  
 Bourke St. West; 71  
 Collins St. East  
 Brunswick  
 Burnley  
 Coburg  
 Collingwood  
 Elsternwick  
 Footscray  
 Malvern  
 Middle Brighton  
 Port Melbourne  
 Prahran  
 St. Kilda  
 Williamstown  
 Balmadale  
 Ballarat  
 Benalla  
 Bendigo  
 Bright  
 Castlemaine  
 Charlton  
 Chiltern  
 Cobram  
 Corryong  
 Drouin  
 Echuca  
 Euroa  
 Fish Creek  
 Foster  
 Geelong  
 Katamatite  
 Kingston  
 Koroit  
 Korong Vale  
 Korumburra  
 Leongatha  
 Mirboo North  
 Mooroopna  
 Morwell  
 Nathalia  
 Numurkah  
 Port Fairy (Belfast)

**Victoria, Contd.**

Rutherglen  
 St. James  
 Sale  
 Shepparton  
 Stawell  
 Strathmerton  
 Tallagatta  
 Terang  
 Traralgon  
 Tungamah  
 Waiva  
 Warragul  
 Warrnambool  
 Wedderburn  
 Welshpool  
 Wycheproof  
 Yeokandandah  
 Yarrawonga

**N. S. Wales, Contd.**

Cootamundra  
 Corowa  
 Crookwell  
 Deniliquin  
 Dorrigo  
 Dubbo  
 Forbes  
 Glen Innes  
 Goulburn  
 Grafton  
 Grenfell  
 Hamilton  
 Howlong  
 Jerilderie  
 Kempsey  
 Kyogle  
 Lismore  
 Maitland (West)  
 Maitland (East)  
 Moree

**Queensland, Contd.**

Hughenden  
 Ipswich  
 Kingaroy  
 Longreach  
 Maryborough  
 Oaky  
 Richmond  
 Rockhampton  
 Roma  
 Toowoohwah  
 Toowoomba  
 Townsville

**NEW SO. WALES**

Sydney; Martin  
 Place; 85 Pitt St.;  
 555 George St. So.;  
 Wentworth Ave.;  
 236 William Street  
 Bondi Junction  
 Castlereagh St.  
 Hurstville  
 Kogarah  
 Leichhardt  
 Marrickville  
 Newtown  
 North Sydney  
 (84 Mount St.)  
 Petersham

**QUEENSLAND**

Brisbane  
 Fortitude Valley  
 Cairns  
 Charters Towers  
 Chillagoe  
 Cooyar  
 Crow's Nest  
 Herberton  
 Murwillumbah  
 Muswellbrook  
 Narrabri  
 Narromine  
 Newcastle  
 Nowra  
 Orange  
 Parkes  
 Peak Hill  
 South Grafton  
 Stroud  
 Tamworth  
 Tullamore  
 Wagga-Wagga  
 Wee Waa  
 Young

**WESTERN AUSTRALIA**

Perth  
 Albany  
 Beverley  
 Bunbury  
 Fremantle  
 Gnowangerup  
 Kalgoorlie  
 Moora  
 Northam  
 Wagin  
 Wickiepin  
**TASMANIA**  
 Hobart  
 Burnie  
 Deloraine  
 Devonport  
 Fingal  
 LaTrobe  
 Lannceston  
 Sheffield  
 Stanley  
 Ulverstone  
 Wynyard

**Branches in New Zealand**

Wellington  
 Ashburton  
 Auckland  
 Blenheim  
 Christchurch  
 Danversville  
 Dunedin  
 Eltham  
 Featherston  
 Feilding  
 Gisborne  
 Gore

Hamilton  
 Hastings  
 Hawera  
 Hutt, Upper  
 Invercargill  
 Kaitiaki  
 Levin  
 Mania  
 Mangonui  
 Marton  
 Masterton  
 Matamata

Morrinsville  
 Napier  
 New Plymouth  
 Otaki  
 Palmerston Nth.  
 Patea  
 Raetihi  
 Rotorna  
 Stratford  
 Taihape  
 Taumarunui  
 Tauranga

Te Aroha  
 Te Kuiti  
 Temuka  
 Te Puke  
 Timaru  
 Waipawa  
 Waipukurau  
 Wairoa  
 Wanganui  
 Waverley  
 Whakatane  
 Whangarei

**Principal Correspondents in North America**

**CANADA:**

Bank of Montreal  
 Canadian Bank of Commerce

**UNITED STATES:**

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

**UNITED STATES, Contd.:**

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

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

# THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the  
AFRICAN BANKING CORPORATION, LIMITED)

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

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

**BANKING BUSINESS TRANSACTED  
IN ALL PARTS OF THE WORLD**

**HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.**

London Wall Branch : 63, London Wall, E. C. 2

West End Branch : 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

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

Branches and Agencies Throughout  
**SOUTH, SOUTH WEST and EAST AFRICA**

**New York Agency: 67 Wall Street**

ROWLAND SMITH and R. GIBSON, Agents

*Also representing* { Bank of British West Africa, Ltd.  
*in New York* { Bank of New South Wales

**The New York Agency**

offers to Bankers and Merchants throughout the United States and  
Canada its unsurpassed service for facilitating trade with  
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

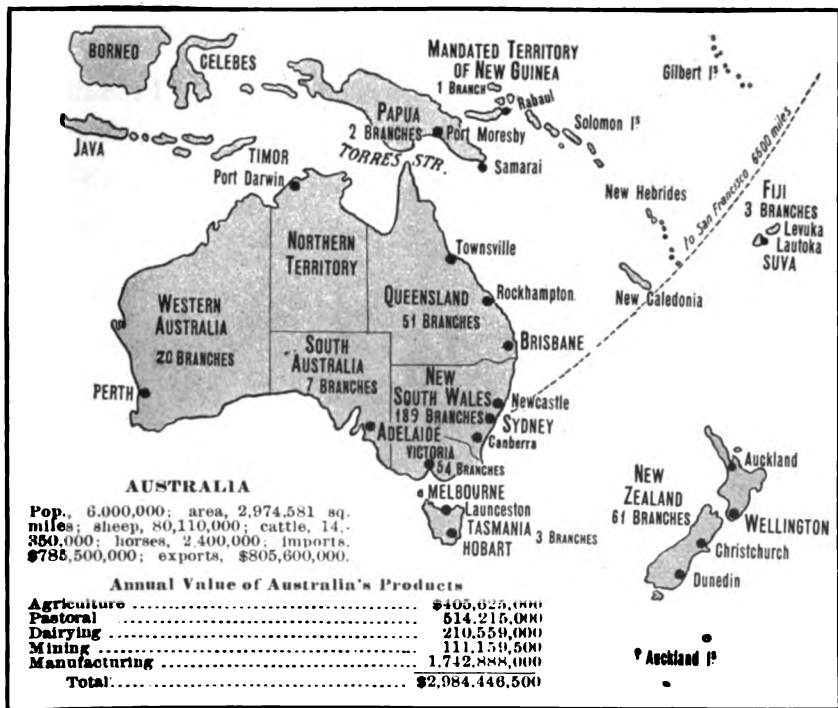
# BANK OF NEW SOUTH WALES

## AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		23,750,000
Reserve Liability of Proprietors .		30,000,000
		\$83,750,000

Aggregate Assets, 30th Sept., 1926, \$410,975,720

OSCAR LINES, General Manager



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

### 431 BRANCHES AND AGENCIES

In all Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

Foreign Bills Negotiated and Collected.

Letters of Credit Issued.

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

**Agents in New York :** Standard Bank of South Africa, Ltd.  
 National City Bank of New York  
 National Bank of Commerce in New York

Agents in San Francisco, Bank of California National Association, Crocker First National Bank and Anglo and London Paris National Bank





## We Invite Accounts

of banks, corporations, firms and individuals, affording them in addition to every financing facility, the varied services of a banking and trust institution of international scope.

# Guaranty Trust Company of New York

140 Broadway

NEW YORK

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

## *Editorial Comment*

### CHANGES IN THE BANKING LAW AND THEIR PROBABLE EFFECTS

**G**REAT interest attaches to the changes wrought in the National Bank Act by the McFadden Bank Act and the effect these changes are to have on the relative position of state and national banks. For some years the two classes of institutions have been running a somewhat unequal race. Thus from 1919 to 1925 there were 464 national banks, with aggregate resources of \$2,375,346,000, which converted into state banks. This loss has been offset only to a small extent by the conversion of state banks into national institutions. At the present time the aggregate resources of state banks and trust companies are in excess of those of the national banks by some \$4,000,000,000. Numerically they are also far ahead. Whatever theories may be advanced to explain the growing superiority of the state banks over those operating under national charters, the simplest and truest explanation is to be found in the fact, that generally the state laws were considered better adapted to the needs of modern banking than the National Bank Act. The reason why this was so has been frequently explained. In enacting the Federal Reserve Act Congress endeavored to correct this inequality by enlarging the powers of the national banks in several important respects. But these changes did not operate to arrest the tendency of the national banks to enter the state systems. Indeed, this tendency seems to have been growing since the Federal Reserve law was enacted. The question naturally arises as to whether the inducements held out in the law just enacted will be sufficient to induce the na-

tional banks to remain under a Federal charter and to attract more state banks into the system. This is important not only as affecting the preservation of the National Banking System itself, but as to preventing the disintegration of the Federal Reserve System. This system has lost several hundred members in recent years through the conversion of national into state banks, and from 1919 to 1925 a further loss to the system was sustained by the withdrawal of 150 state banks.

What will be the effects of the new law in regard to the matters above discussed can by no means be predicted with certainty. We shall have to wait a few years and see what these effects will be.

It will be interesting, however, to make an examination of the changes introduced by the McFadden law. An exhaustive study of the subject has been published by the Bank of America, New York, from which much of the subsequent information has been obtained.

In the first place, a direct means has been provided for consolidating or merging state banks with national banks, and this should help in bringing about such conversions.

Charters of national banks, limited to twenty years by the Act of 1863, extended to ninety-nine years in 1922, are now made indeterminate. This virtual making of the charters perpetual will, it is believed, enable the national banks to handle their trust business to better advantage.

Investment operations receive in the new law a greater legal sanction than

they have had heretofore. This change was found desirable both on account of the greatly increased investment holdings of the banks themselves and the establishment of bond departments for buying securities for sale to the customers of the banks. While the classes of investment securities in which national banks may deal are specified in the new law, the Comptroller is empowered to prescribe by regulation a further definition of the term "investment securities." This provision merely legalizes operations which national banks were already conducting, but it further regulates these operations by fixing the types of securities that may be dealt in and limits these investment securities of any one obligor or maker to 25 per cent. of the bank's capital and surplus.

Under the old law the minimum capital of a national bank in the outlying districts of cities with a population of 50,000 and over was \$200,000. The new law makes the minimum capital \$100,000. Stock dividends are authorized, provided that after the payment of the dividend, surplus shall equal at least 20 per cent. of the enlarged capital.

Recognition is given in the new law to chairmen of the board. This office is to be exercised by the president, unless the directors designate some other one of their members to act in this capacity.

The provision for branch banks is one of the most important in the new act. Under the old law state banks on converting into national banks were allowed to retain their existing branches. After 1922, under an interpretation of the law by the Comptroller of the Currency, branch offices, for the receipt of deposits and the payment of checks were authorized, these offices being confined to the town or city where the main bank was located. By the new law a national bank may establish branches within the limits of its town, city or village, provided branches are authorized by the law of the state. Branches may not be established in places whose population is less than 25,000; only one branch is permitted where the population is between

25,000 and 50,000; between 50,000 and 100,000, two branches are allowed, and in cities of over 100,000 the number of branches is left to the discretion of the Comptroller of the Currency. State banks members of the Federal Reserve System may retain branches they were operating at the time of the adoption of the new law, but must to retain or acquire membership in the Federal Reserve System relinquish any branch or branches established after the date of the approval of the act, beyond the limits of the city, town or village in which the parent bank is situated. Branches of a national bank in lawful operation at the date of the approval of the new law are to be undisturbed. State banks converted into national banks may retain and operate any of their branches which may have been in lawful operation at the date of the approval of the act. Branches of national banks in foreign countries, dependencies or insular possessions of the United States are not affected by the new law.

A new classification has been made of the percentage of capital and surplus that may be lent to any one customer. Bills of exchange against existing values, commercial or business paper, obligations secured by goods in shipment, and eligible bankers' acceptances are exempted from these limitations.

Reports to the Comptroller of the Currency, heretofore required not less than five times a year, are reduced to three.

The time on which a national bank may make loans on real estate has been extended from one to five years.

Present charters of the Federal Reserve banks, expiring in 1933, are extended indefinitely.

Such are the main provisions of the McFadden Bank Act, the most comprehensive piece of banking legislation since the enactment of the Federal Reserve law in 1913, and whose operations will be watched with profound concern by all interested in American banking development.

## AMBIGUOUS CLAUSE IN THE NEW BANKING LAW

ONE of the principal controversies over the enactment of the new banking law related to the Hull amendments. These amendments sought to confine branch banking to the states where it is now permitted by law. After a long fight over the matter, they were excluded from the bill. Did they, in effect, creep in by inadvertence? Paragraph c of section 7 of the new law reads as follows:

“(c) A national banking association may, *after the date of the approval of this act*, establish and operate new branches within the limits of the city, town, or village in which said association is situated, if such establishment and operation are *at the time* permitted to state banks by the law of the state in question.”

Expressions that seem significant have been italicized above. Their importance hinges on the meaning of “at the time.” The only specific antecedent reference to time is “after the date of the approval of this act.” Does the expression “at the time” mean at the time the act was approved? If so, subsequent state laws authorizing branch banks will not confer a like privilege upon national banks, for the latter—under this interpretation—could establish branches only in those states where branches of state banks were authorized by state laws at the time of the enactment of the McFadden law.

Very likely Congress intended “at the time” to refer to the time of establishment and operation of the new branches of national banks as authorized by the new law. But this meaning is not clearly expressed.

Senator Glass of Virginia has been quoted as saying that his chief interest was in throwing out “the abominable Hull amendments, and to give an indeterminate charter to the Federal Reserve banks.” In the latter aim he was plainly successful, though some doubt may be

justified as to his success in getting rid of the “abominable Hull amendments.”

## CENTRALIZING FEDERAL RE- SERVE CONTROL

REPORT comes from Washington that now that the Federal Reserve banks have received a renewal of their charters, steps are to be taken to convert these institutions into more pliant instrumentalities of the Federal Reserve Board than they have been in the past. If this policy is put into successful operation, the effect of it will be to give the country actually a central bank (the central organization exercising control being the Federal Reserve Board), the twelve banks having much the relation of branches of the head office at Washington. While such a change would convert the Federal Reserve System into a centralized institution such as the framers of the Federal Reserve Act disclaimed and strongly opposed, but for which they actually laid the groundwork, expert opinion is not lacking to the effect that, from the standpoint of efficient functioning of the Federal Reserve banks, such a change would be highly desirable.

As a matter of fact the Federal Reserve Act established a central bank, notwithstanding the provision for twelve separate banks. When you come to study the act you will find that the Federal Reserve Board has power to remove the directors of any or all these banks. This gives the board control. That this control has not heretofore been exercised has been due, perhaps, to a willingness for a time to manage the Federal Reserve banks in accordance with the delusions of those who thought they were actually setting up twelve separate institutions, and from the further fact that several of the governors of the Federal Reserve banks looked upon themselves as the real managers of their respective banks, and were not inclined to defer to the Federal Reserve Board or the Federal Reserve Agent.

Manifestly, great difficulty must be experienced by the Federal Reserve Board in making its policies effective without the co-operation of all the Federal Reserve banks. It is hardly to be expected that the twelve governors of these institutions, representing widely separated sections of the country, are likely to agree at all times as to what is the proper policy. There are times when such unanimity is highly desirable if the Federal Reserve Board's policy respecting important matters is to be made effective. On the other hand, something may be said as to the superior ability of the governors of the various banks to gauge conditions in their respective localities. This again brings forward the whole matter of the adaptability of a central bank to a country so large in territorial extent as the United States and where conditions are widely variant. Doubtless, in creating twelve Federal Reserve banks instead of one, Congress had this difficulty in mind. If now the system is really to be centralized to a greater degree than heretofore, the objections to a central bank may again be raised. It is probable, however, that what the Federal Reserve Board is now aiming to accomplish is merely to make effective policies designed for the benefit of the entire credit situation of the country with the least possible interference with any policies which the Federal Reserve banks may seek to enforce in their respective localities. The power to enforce the policies of the Federal Reserve Board must of necessity be lodged with the board if these policies are to be made effective.

### THE STRESS OF MODERN LIFE

Life is as vivid to me, the great adventure of living as thrilling, as in my early youth.—OTTO H. KAHN (at 60).

**V**OLUNTARY departure from life by a prominent New York banker a short time ago, and the rather numerous cases of self-destruction of

late by college students, serve to direct attention to the causes for this eagerness to bring existence to an end before the appointed time. In recent years several instances of suicides by bankers have been reported, and perhaps some cases of sudden death from "heart disease" really belonged to the former category. Suspicion of this character will arise, especially should there be any hint of trouble at the bank of which the deceased is an officer or employe. Not infrequently the suspicion is unjust.

Perhaps there are fewer suicides among bankers than in other higher departments of business. Considering the vast strain incident to the conduct of a large bank, the wonder is that so few bankers voluntarily end the struggle. Most men engaged in business have only to bear their own particular worries, but the banker has those of the entire community unloaded on him. He is supposed to be unsympathetic and judicial in dealing with matters brought before him, though to expect him to live up to this reputation at all times would be to make the banker a machine instead of a human being.

"Hamlet" found life all but insupportable, but from causes other than those which operate today. Elsinore is a quiet spot in these times, and must have been even more remote from the discords of modern life before being invaded by tourists.

College students who are abruptly taking leave of life seem impatient to learn what is beyond the grave. They want the patience to run the race set before them. In death they look for adventure, unmindful of the fact that life itself may offer the greater quest. Was it Byron who was willing to live on if but to see what could next arrive? We live in a world of rapid and constant unfoldment, where wonders are ever being disclosed. **What shall be revealed tomorrow, or the next day, or the next year, who shall dare imagine?**

The strain of modern life has been

held responsible for man's desire to hasten his departure from this world, but the majority of us have within our own hands the power to ease this strain. Bankers and others engaged in exacting pursuits should cultivate lighter and different forms of employment—a hobby of some sort—or even some innocuous form of uplift work. This latter may not be of much benefit to those whom it is sought to raise up, but will afford the banker a pleasing form of exercise. Or the banker can find diversion in raising stock, or in gardening, and reading—the latter perhaps one of the easiest and best modes of escape from the day's cares. Golf is excellent, especially because it gets one out of doors; but played too intensely and seriously it becomes almost as tiring as business. There is nothing better than walking, though not every one has the capacity for finding happiness in a solitary ramble through fields and woods. Doctor Johnson thought there must be something wrong with a man who was always seeking to escape from himself by some form of diversion.

It was the dread of something after death that restrained "Hamlet" from self-slaughter. Presumably, the average banker has lived so well that the undiscovered country need hold no terrors for him. He lives on because there is so much good work to be done, because of duty to others, and because he finds this a beautiful and interesting world. If cares and difficulties beset him, he seeks not to avoid but to conquer them, and even in the darkest hour is borne up by the thought that:

"When all the blandishments of life are gone,  
The coward creeps to death, the brave  
lives on."

#### DEATH OF WALTER LEAF

OF late death has been busy among leading bankers of this country and other parts of the world. One of the latest foreign bankers to go

was Walter Leaf, the distinguished chairman of the Westminster Bank, London. He was not only a great banker and economist, but a fine linguist, scholar and man of letters, representing a type of banker something like Roscoe, Rogers and Avebury—a type less common in these days than in former times.

Mr. Leaf's ability as an economist and his keen observation of actual happenings frequently enabled him to puncture common fallacies about banking, finance and trade—a service which he took evident delight in rendering to the cause of sound thinking on those matters. He patently possessed a fine sense of humor, and his criticism of the views of others, while often destructive, was never tinged with malevolence. His interest in foreign trade was very great, and he had served as president of the International Chamber of Commerce. His career illustrated the finest traditions of British banking.

#### FAILURE OF FARM LEGISLATION

THAT Congress at its recent session did not enact the ill-advised McNary-Haugen Bill was not due to its unwillingness but to the veto of President Coolidge. Many curious examples of legislation have sprung to light in recent years, but it is doubtful if anything more curious than this measure has ever appeared. Mr. Coolidge, who is not given to extravagance in speech, was fully justified in characterizing some of the bill's provisions as preposterous. Such a harsh term might well have been applied to the entire measure, which was vicious in principle and would have been destructive in practice. The laudable object of the measure and the honesty of its sponsors are not open to question. Congress and the people generally would like to see some effective legislative steps taken that would afford a fair measure of relief to those branches of the farming industry periodically suffering from an over-production which they are unable to foresee or to correct. Many members

of Congress, as the vote showed, honestly believed that the measure under discussion afforded the desired remedy. Thousands and perhaps millions of farmers take the same view. They will be disappointed at the failure of the bill, and have some just ground of complaint that its opponents did not offer something better as a substitute that would have received the President's approval.

No doubt we are fostering too much confidence in the ability of Congress to provide legislative relief for the farmer's ills. This merely represents a tendency of the times to repose childlike faith in the efficacy of a statute. But probably some reasonable and effective action could be taken by Congress that would be of real help to the farmer, along the lines suggested by the President in his veto message.

Successful farming, like successful business of any kind, must rest chiefly upon information. There is no lack of information about farming, but there is a serious lack of its practical application. This is particularly true respecting some of the major problems concerning production and marketing. It would be unreasonable to expect that the average farmer should be able to sow and plant in the light of information on these problems as ascertained by himself. What he might do would be to join some farm organization that would not only afford the necessary information, but would also assist the farmer in making a practical application of it to his own case.

Radical and unsound legislation like the McNary-Haugen bill cannot be successfully combated by mere words. There is a determination on the part of the farmers to have legislation of some kind, and if radical measures are to be prevented from enactment it must be by education and the support of something sound and practicable.

The American Bankers Association has done much effective work in behalf of improved agriculture, and has an opportunity now of doing still further serv-

ice in this direction. As the forthcoming convention will be held in a great agricultural state and at a time when the farm problem is a specially live one, an important part of the convention program might well be devoted to a consideration of agricultural interests.

The desire to see the agriculture of the country prosper must be universal, but the belief in assuring this prosperity from Washington is less widespread. Distrust of schemes like the McNary-Haugen Bill is even greater. Bankers and others who wish to defeat radical and unsound measures should throw the weight of their influence in favor of movements calculated to be of real benefit to the farmer along sound lines.

President Coolidge properly objected to the McNary-Haugen Bill on the ground that it would establish a great agricultural bureaucracy at Washington. With the same pen that vetoed this measure he signed a bill indefinitely fixing the Federal Reserve banks on the country, thus perpetuating a politico-financial bureaucracy.

### THE SIXTY-CENT DOLLAR

ECONOMISTS tell us that at present the American wage-earner's dollar is worth about sixty cents as compared with its purchasing power in 1914. This means that a man who works for wages must either get more for his day's work or be satisfied with a lower standard of living than that he was accustomed to prior to 1914. There is abundant evidence to show that, instead of being willing to accept a lower standard of living to meet the diminished buying power of the dollar, the average wage-earner now demands a much higher standard. Because things cost more, he wants to buy more of them, rather than less. If the rise in prices had been resisted by a reduction in buying, the dollar's purchasing power might have been better sustained.



That money, or gold, no longer exchanges for as much of other commodities as it did prior to 1914 is ascribed chiefly to the war. The increased production of gold, and here in the United States diminished required bank reserves, have been contributing factors.

Science and invention, combined with improved methods of business management, have greatly increased production, especially of manufactured articles. But, either on account of the tariff, or because of high wages in manufacturing industries, these products show less of a tendency to decline than do the products of the farm. That the index figure of late has shown a declining tendency has

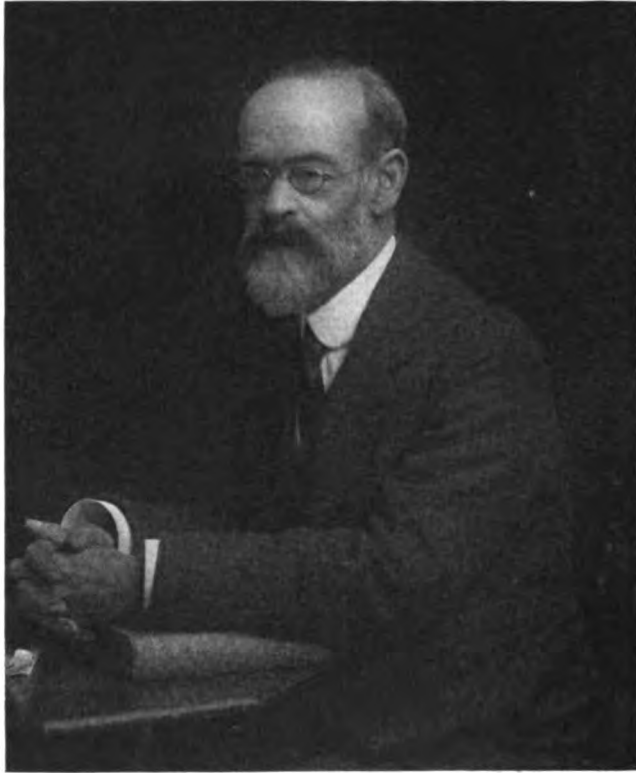
been due chiefly to a falling off in prices of agricultural products.

In the days of the controversy over the free coinage of silver there was much criticism of the proposed fifty-cent dollar, though outside of a few economists nobody seems much concerned about a dollar whose purchasing power is but ten cents above the free-silver dollar.

Without looking at index tables, but judging by the test of market baskets and rent receipts, it is not difficult to see what has happened to the purchasing power of the dollar since 1914. Barring a general commercial panic, it will probably be a long time before we shall see a dollar worth one hundred cents.



First photograph of the new German cabinet. In the group, left to right, standing, are Dr. Koch, commerce; Dr. von Keudell, interior and vice-chancellor; Dr. Kohler, finance; Dr. Schiele, food and agriculture; and Dr. Curtis, home. Sitting, left to right, are Dr. Brauns, labor; Dr. Stresemann, foreign affairs; Dr. Marx, chancellor; Dr. Hergt, justice; and Dr. Gessler, defence.



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### DR. WALTER LEAF

Former chairman Westminster Bank, Limited, London

**D**R. WALTER LEAF, famous both as a financier and scholar, died March 8 at Torquay at the age of 75. For forty years he had been an influential figure in British finance and had held many important offices in banking and commercial organizations. He was well known, too, to bankers on this side of the Atlantic. Dr. Leaf was a Fellow of Trinity College, Cambridge, and a well known authority on Greek literature and history. A translation of Homer's "Iliad," of which he was a co-author, is said to be the "most readable, most accurate and most artistic English version." This translation is perhaps the best known of Dr. Leaf's score of published books. He was one of the founders and first members and an officer of the London Chamber of Commerce. He has been president of the Hellenic Society, deputy chairman and chairman of the Committee of London Clearing Banks, and president of the Institute of Bankers.



# RAILROAD SECURITIES AS BANK INVESTMENTS

BY FLOYD W. MUNDY  
Of Jas. H. Oliphant & Co.

The author of this article is widely known as an authority on railroads and railroad securities and is the author of "Mundy's Earning Power of the Railroads." This is the third article in a series on the investment problems of commercial banks.

**P**LENTY has been said about the railroads' achievements in operation, and from 1920 semi-bankrupt chaos to 1926 performance in smooth, speedy and economical service shows a managerial skill not to be forgotten when the bald financial statements are examined, for this intangible (management) is an asset of prime importance. By reason both of able administration and of the play of old-fashioned economic law the railroads as a whole stand rehabilitated. The holder of railroad securities sees his bonds at a premium and his stocks at a high level. This novel if pleasant spectacle he is inclined to regard as the temporary aftermath of a fortuitous year. Some perspective is useful to help the investor get his proper bearings.

Fifteen or twenty years ago the vast bulk of publicly owned securities were of railroads and New York banks insisted on collateral for loans being "sweetened" at least one-half with "rails." Financial pyramiding and worse abuses did not destroy faith in the essential values of railroad securities. Inherent investment qualifications were considered to include: The necessity feature of the product, transportation; the permanency enjoyed through strategic position by most companies; the conduct of the business on a cash basis without inventory or credit loss dangers; the relatively consistent records of earnings with resulting long uninterrupted payment of dividends; also the physical distribution of the plant over a wide territory for the protection against losses due to localized

accident or depression. Recognition of these attributes was accorded in the laws made to govern the investments of savings bank and trust funds.

It is a fair assumption that now there are not enough rail securities to meet any large demand. Wealth of the country has grown much faster than the long built up railroad plant. Of all publicly owned securities in the United States in 1916 one-third were of railroads while in 1926 the proportion was one-sixth. Bonds of railroads approximate \$12,000,000,000 and of these, life insurance companies, with \$4,370,000,000 of securities (other than mortgages) among \$12,850,000,000 total assets, held at December 31, 1926, \$2,435,000,000, while banks of all description as of June 30 last, with \$15,815,000,000 of investments, owned \$1,626,000,000 of rail bonds as compared with \$1,420,000,000 in 1922 and \$1,714,000,000 in 1921. Since new construction of mileage has virtually ceased so, too, has issuance of railroad first mortgage bonds and the purchaser of ten and twenty years ago now finds a dozen bidding at his side.

## THE SITUATION OF RAILROAD STOCKS

This situation of unusual confidence in bonds has not yet been so strongly marked in investment railroad stocks. For example twenty high grade rail stocks which paid dividends through the dark days of 1921 total 40,920,000 shares outstanding, of which last year 18,290,400 changed hands on the stock exchange, in contrast to 130,667,100

share transactions in the twenty most active listed stocks (excluding one rail) which have 41,920,727 shares or, as it happens, an almost identical capitalization. Approximate present value of the twenty rails is \$4,660,000,000 and of the industrials \$3,895,000,000. Two of the industrials, U. S. Steel and General Motors, represent a third of share capital and volume of dealings and over a half of market valuation while no two rails are over a third of any total. Twenty second grade rails, having about \$1,025,000,000 present market valuation, were traded in 25,810,400 shares last year, or twice the 12,702,000 outstanding shares, while the twenty most active industrials were turned over three times. Compared with prices of five years ago the market valuation of twenty investment rail stocks has increased \$1,750,000,000 or 60 per cent. and of twenty speculative rails \$750,000,000 or 300 per cent. In the first case about \$816,000,000 was the earned surplus after dividends were deducted, and in the second case \$365,000,000 was the corresponding figure. Individually, some stock prices of five years ago were: Baltimore & Ohio 34, Chesapeake & Ohio 56, Erie 8½, New Haven 16, Pennsylvania 34, Pere Marquette 20, St. Louis-San Francisco 21, Seaboard 3, Southern Ry. 18, Wabash 6, Western Maryland 8 and Wheeling & Lake Erie 6. Many of these prices reflected doubt of solvency.

Within the last twelve months increased and initiated dividends aggregating some \$36,000,000 annually on more than \$2,000,000,000 common stock bear witness to a changed picture. So also does the rise of first grade railroad bonds to an average price at which the yield is less than 4.5 per cent. Such bonds twenty years ago afforded 4 per cent. income and representative investment stocks at that time only a trifle more. Now good rail common stocks are available to return between 5 per cent. and 6 per cent. To improved credit alone may be attributed the rise of many bonds in five years, such as Erie 4s from 41, Southern Ry. 4s from 62, Seaboard 6s

from 44, New Haven 6s from 62, Frisco income 6s from 55, etc.

#### IMPORTANCE OF PROPER VALUATION

During these five years the Transportation Act has been made ready to function and the promise to safeguard capital as well as the other interests involved seems increasingly likely to be fulfilled. Administration of this law depends upon a proper valuation of railroad property. The inventories of way, structures and equipment are all taken and officially about 22 billions is admitted as a resulting appraisal, fully covering stocks and bonds outstanding. This is at so-called normal pre-war material and labor costs and 15 or 16 billions of the total would have to be increased by 60 per cent. or thereabouts to arrive at present reproduction cost less depreciation. The roads have not as a whole earned the 5¾ per cent. return (set as fair) on 22 billions valuation. The theory of rate regulation as evolved through Supreme Court test and as applied to public utilities appears definitely crystallizing on a basis of reproduction value at current cost less depreciation, if any. If applied to railroads this would involve raising aggregate valuation by many billions. Practical effect would be to nullify the recapture (half of net beyond 6 per cent. on value) of any present earning power of many large "earners" such as New York Central, Atlantic Coast Line, Atchison, and others.

Clearly the determination of property value is of prime importance. If the principle is finally adopted that property valuation changes with dollar purchasing power, the consequences may prove far-reaching. Supposing a decade hence the value of a dollar becomes again 100 in pre-war terms comparative with 70 now, only 6 or 7 billions of railroad property investment made since the dollar began to shrink would have to be written down, whereas about three-quarters of the investment in electric power and light properties or nearly \$7,000,000,000 expended during the ten last years would

presumably be subjected to 30 per cent. or greater depreciation. While forty years ago the Interstate Commerce Act was passed, which the Transportation Act in 1920 supplemented, it was not until twenty years ago that supplementary legislation made it effective in regulation and the great speculative risks for gain or loss were diminished. To quote from a recent decision of the Interstate Commerce Commission, "In the early days of railroad construction and for many years thereafter, railroads were dealt with very much as private industries, and they offered a field for large speculative profits. That day has gone by and railroads are now confined, restricted and supervised in almost every phase of their activities by public regulation. This regulation has eliminated much of the former risk of investment, but it has also eliminated much of the opportunity for large speculative profits. To attract investment under such circumstances the element of risk must be held within the closest possible limits, and this means careful provision against the uncertainties of the future." Since 1907 the companies have been required to conduct accounts in a uniform system, and to report, for the most part monthly, to the Government, so that now nearly every important bit of data regarding earnings, expenses, operations, traffic, etc., is made available to the public about as quickly as to the managements, and from the investment viewpoint the advantage is inestimable.

#### DETERMINING VALUES

Generalizations afford a background, but the individual or institution deals with railroad securities in particular, and of two bonds or stocks one may be sound and the other not. Selection is a matter for judgment; that is to say, no formula can be applied. In the case of the railroads there is fortunately an almost unlimited amount of authoritative data upon which judgment may be soundly based. To digest the mass of

statistics on car miles, ton miles, loadings, train speed, revenues per ton, freight classification, etc., the larger financial institutions have experts at work continually. The principal factors controlling bond and stock values, however, are to be readily determined by a study of income accounts and balance sheets.

First, the capital structure of the given railroad company is to be considered. Today the average capitalization is 57 per cent. funded debt and 43 per cent. stock, and the favorable terms for bond flotation coupled with the disadvantage of stock sale (apparent when the 7 per cent. dividend necessary to market stock at par is contrasted with the  $5\frac{3}{4}$  per cent. return on investment promised by the law) are tending to increase the ratio. For roads specifically some proportions of stock to aggregate capitalization follow: Norfolk & Western 58 per cent., Atchison 56 per cent., Reading 53 per cent., Northern Pacific 44 per cent., Illinois Central 30 per cent., Baltimore & Ohio 28 per cent., St. Louis-San Francisco 16 per cent., and Michigan Central 13 per cent. Other things equal, a small proportion of stock results in a large percentage earned on the stock in good years and a quickly diminishing return in poor years, while the protection for interest on funded debt and dividends on stocks is reduced accordingly. By means of prolonged reinvestment of earnings in property, however, the Michigan Central shows 100 per cent. earned annually on its stock and this is 150 per cent. of total interest, rentals and taxes paid. On the contrary, the St. Louis-San Francisco shows a balance of earnings approximating 35 per cent. of similar fixed charges.

#### THE IMPORTANCE OF A LARGE STOCK EQUITY

Where a substantial part of the whole investment belongs to the owners or stockholders there is greater assurance for the creditors or bondholders. In the

instance of one railroad system, in the period from 1900 to 1916, the stock remained unchanged at \$50,000,000 whereas the non-voting debt and obligations were increased from \$46,000,000 to over \$260,000,000, with consequence of receivership and collapse of values. Contrariwise, a huge stock equity protects the bonds of the Pennsylvania Railroad, Southern Pacific, Baltimore & Ohio, Illinois Central, Northern Pacific, Great Northern and Chicago & North Western. In aggregate, the common stock issues of these companies are \$1,800,000,000 at par value and \$1,900,000,000 at present market value, while during the last twenty-five years \$1,000,000,000 of the total was issued for more than that amount of cash, and an additional \$1,000,000,000 of earnings were retained in the properties, strengthening debt and stock alike.

The obligations of many railroads include considerable amounts for rental of leased lines, in effect similar to the companies' own bond interest, and likewise include payments for the use of equipment, in a sense taking the place of the trust obligations which would presumably be issued if the equipment used was not borrowed. Other railroads enjoy income from both rentals and hire of equipment. In either case the capital structure is affected. Delaware, Lackawanna & Western with \$87,277,000 stock has itself less than \$500,000 funded debt, but actually pays over \$5,000,000 interest and dividends on leased line securities held by the public, or the equivalent of 5 per cent. on \$100,000,000 principal. Northern Pacific has roundly \$4,700,000 annual net receipts from various rentals which will cover the interest on a substantial amount of its own bonds; Norfolk & Western and Chesapeake & Ohio each have \$2,000,000 to \$3,000,000 yearly income from use of equipment by other roads.

Furthermore a number of important companies have large investments represented by a part of their capitalization,

such as Atlantic Coast Line, with \$35,000,000 bonds issued for the Louisville & Nashville stock purchase, Northern Pacific and Great Northern, with \$115,000,000 bonds each against Chicago, Burlington & Quincy stock owned, Union Pacific, New York Central, Erie, Reading, Missouri Pacific, the New Haven and other companies. So far as such investments are self-supporting the capital structure is not overweighted, on the contrary in certain cases (Erie, Atlantic Coast Line etc.) there is positive protection and benefit.

A common measure of capitalization is by calculating bonds and stocks outstanding per mile of road but careful allowances are necessary for the single, double or additional track or branch lines represented in road mileage, likewise for difference in construction cost as between say Atchison and New York Central, for example.

#### DETERMINING EARNING POWER

Second, the earning power of the given road is to be examined. The results for a series of years are needed to bring out the tendencies properly. Accounts of the company itemize maintenance of way and structures, maintenance of equipment, traffic, transportation, and miscellaneous and general expenses. To a considerable degree the last three are beyond the control of the management, that is, they may be reduced by efficiency and economy in operation to a theoretical minimum ratio to business and earnings representing as they do the out-of-pocket cost, mostly for wages and fuel, of earning the operating revenues. Consequently these expense items may be considered scarcely less of a fixed charge than interest, rentals, and taxes. If altogether 50 per cent. of operating revenues plus so-called other income is thus taken, a balance of 50 per cent. remains to apportion to maintenance, dividends, and surplus. Proper maintenance is usually found to require between 30 per cent. and 35 per

cent. of total income. Perhaps, however, 15 per cent. of income expended to maintain the roadway in one case may be more actually than 20 per cent. in another; \$2000 per mile may mean better upkeep than \$3000 in another instance; doubling the density of traffic does not call for doubling the maintenance necessarily. Usually the maintenance of equipment is related to the service performed in miles run per car and per locomotive, but the condition of shop facilities and the kind of rolling stock make a difference. The integrity of net earnings shown depends upon the adequacy of maintenance.

Soundness both in earning power and in capitalization is indicated when over a period of years a company has shown 20 per cent. or less of total income absorbed by interest, rentals, and taxes and 10 per cent. or more remaining for dividends and surplus. This is not necessarily the same proposition as where a company earns a balance of 50 per cent. over charges, for in a given instance the operating expenses might consume 85 per cent. of income and charges 10 per cent. leaving 5 per cent. surplus which a moderate reduction in net earnings might quickly wipe out.

#### BETTER A GOOD STOCK THAN A POOR BOND

Many financial institutions, let alone individuals, place unwarranted confidence in an investment provided it is called a "bond." Many have learned to their sorrow that the word "bond" is not synonymous with "safety" or "soundness." Experience over the years has demonstrated that for a relatively high rate of income high grade carefully selected stocks prove far more satisfactory and profitable than high yield bonds. Earning capacity and the margin of safety are determining factors and the principle applies in respect of bonds and stocks no less than in respect of commercial paper, that the note of hand of a strong individual is far preferable to the bond of a weak obligor.

Many a common stock is better protected by assets, earning power, margin of safety and ability to pay than scores of inferior grade securities which under the name of "bonds" masquerade as sound investments.

Obviously bonds of high rank (which in today's market do not afford high yield) are endowed with qualities of protection for the ultimate return of principal and continuity of fixed income not assured by common stocks. The comments here made relate to the advantages accruing to the investor from the ownership of seasoned stocks carefully selected as to price and quality as compared with high yield bonds.

The proposed treatment in Chicago, Milwaukee & St. Paul reorganization of the first mortgage bonds issued against the Puget Sound extension, to be given 80 per cent. of principal in income bonds and only 20 per cent. in bonds bearing fixed interest obligation, demonstrates once again that mortgage security without earning power is meaningless. Some stocks are safer than many bonds, and the records of Pennsylvania and Illinois Central, for instance, of uninterrupted dividend payment since 1856 and 1860 respectively, give these stocks and others a high place among investments.

#### FRANKLIN SOCIETY LEASES PROPERTY

THE Astor building, corner of Broadway and Vesey street, New York, has been disposed of by Vincent Astor to the Two Seventeen Broadway Corporation, recently formed by the friends and directors of the Franklin Society for Home-Building and Savings, now located on Park Row. The lease is for ten years and the object of the deal is to provide a future permanent home for the savings institution. The Astor building is seventeen stories and has a frontage on both Broadway and Vesey streets. The Franklin Society expects ultimately to use most of the space in the building.



## OVERDOING IT

BY RICHARD W. SAUNDERS

SO much has been said of the theory that "what was worth doing was worth doing well" that the other side of the question has been somewhat overlooked. True, if one construes the word "well" to mean "properly" or "sufficiently for the purpose" there is no conflict. But to have the feeling that on the subject in hand the last word has been spoken and to carry it out in a manner that leaves no room for further improvement or change, often leads to serious results. This is a changing world, changing as new discoveries are made, and allowance must often be made for things that could hardly have been surmised when the affair was undertaken.

An instance when such allowances might have been foreseen came to the writer's attention while aboard ship a few months ago. The ship was skirting the northwest coast of Wales on its way to Liverpool when the captain pointed out a magnificent breakwater in the harbor of Holyhead. It was splendidly built, straight out into the water, with foundations that made it secure against any storm and of a beauty of which any man could be proud. Said he, "The architect made a vital mistake. Had he built the breakwater in a semicircle as he easily might, the space between it and the rocks would have made a large and spacious harbor. Building it, as he did, straight out, the space is too small and the massiveness of the structure making it too expensive to change, the real value of the harbor is forever lost. Upon realizing his error, the architect committed suicide."

Had the builders of the English railway system realized what the future had in store, they would hardly have built their culverts and other parts of their right-of-way in such a massive manner. As it is, to change from a narrow gauge to a wider would entail such a colossal expense that on most of the lines it is hardly to be considered. To

act as though things were permanent is to clash with the very fundamentals in this changeable world.

Individuals often make the same mistake and build their foundations too deeply. The cashier of a bank not long ago interviewed a prospective employe, who stated proudly to him that he was a graduate of no less than twenty-two schools or colleges. The astonished cashier could only say, "But, my dear man, your job in life seems to be to graduate from things. You had better go and graduate from a few more."

"These are extreme cases," readers may remark. Exactly so, and that is why they are cited. The many, many cases where people overdo are too familiar to carry the lesson home. To say that we, as a people, eat too much, drink too much, work too hard, is only what is said time and time again. That is not the case abroad and yet the people seem just as happy. With the great natural resources of the country, would it not seem possible to slow down in some things just a bit and develop the literary and cultural side of things.

Many men, when they retire, especially if they do so early in life, have nothing wherewith to occupy themselves. They have achieved great things, true, but, stranded on the shores of success, they know not what to do with themselves. One soon sickens of social life, even travel palls, so, rather than overdo one thing to the exclusion of others, why not gradually, as the years go by, take up a hobby, something that one can always fall back on for interest and amusement and joy of life? It must grow with the days of growth and to those who follow it will be an infinite source of happiness all the days of one's life. Blessed be he that hath a hobby, for verily he can ride it to his heart's content.

But then, one can easily overdo a hobby.



## A TRUE BLUE BANKER OF THE MAUVE DECADE

With the recent death of Lyman J. Gage another of America's great banking figures passes from the picture. Although Gage is only a name to bankers of the present generation he was perhaps the country's leading banker during the last decade of the nineteenth century.

LYMAN J. Gage, the man who discovered and trained Frank A. Vanderlip and James B. Forgan, died January 26. He had been president of the First National Bank of Chicago for six years during the period when it was the greatest bank in the country. He was president of the World's Fair in 1893. As McKinley's Secretary of the Treasury he gained an international reputation by his skilful financing of the Spanish-American War. In short, he was the greatest banker in the United States during "The Mauve Decade;" yet few of the younger bankers of today remember his name. He believed, with the English, that when a man has achieved a substantial business success, he should retire and devote himself to "politics, the pursuit of literature, the cultivation of art, the enjoyment of his landed estates," and the other legitimate pleasures which a large income affords. So, for the last twenty years he has been living "the simple life" in retirement at Point Loma, near San Diego, California.

Lyman Judson Gage was born June 28, 1836, at De Ruyter, N. Y., of New England ancestry. Soon after his birth, his parents moved to Rome, N. Y., where he went to school. He even had a few years at Rome Academy. But he was anxious to get to work and left the academy before he graduated to become mail agent on the Rome and Watertown Railroad. A few years later, at the age of 18, he got the banking "bee in his bonnet." Application to the Oneida Central Bank, in Rome, resulted in his employment as office boy, at \$100 a year. At the end of a year, feeling that he

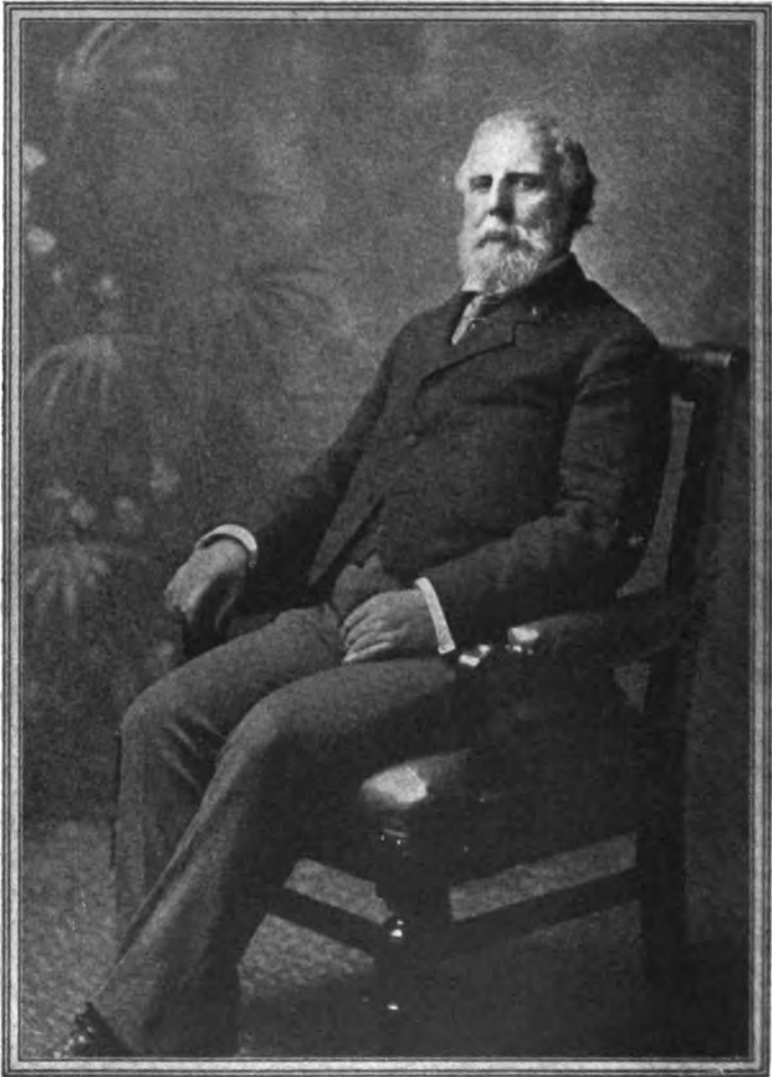
had mastered the technique of running errands, he asked for a raise. The officers told him that \$100 a year was more than an office boy's job was worth, and that as it was against their principles to pay more than a job was worth, they would be able to get along without his services.

Thus the year 1855 found him on his way to Chicago to look for another job in a bank. But there were no bank jobs to be had. In fact, jobs of all kinds were exceedingly scarce and Gage was eventually very glad to get work as a roustabout in a lumber yard. Faithful service was rewarded in due time by promotion—to night watchman. Later, he got a real promotion to the work of keeping the books, but this didn't last. When the panic of 1857 came along, the firm had to reduce expenses, so one of the partners kept the books and Gage went back to his old job as night watchman.

### NEEDED ONLY A START

All this time, however, he was making periodical rounds of the banks in search of a bank job, gradually making himself known to the cashiers. When an opening for a bookkeeper appeared in the Merchants Loan and Trust Company, in 1858, he was sent for. "Can you keep a set of bank books?" asked the cashier. "I can try," replied young Gage. "That's not the question," snapped the cashier, "can you keep a set of bank books?" "Well," said Gage, swallowing hard, "if it can be done in twenty-three hours out of twenty-four, I can." He got the job.

A start was all he needed. The job



*For the Bankers Magazine*  
*J. Day*

Facsimile of a page in the March, 1899, issue of THE BANKERS MAGAZINE.

paid only \$500 a year, but in a few months he was paying teller at \$1200 a year. A few more years and he was promoted to cashier, at \$2000 a year. And less than ten years after that first job as a bank bookkeeper, he had managed to make himself so favorably known among the bankers of Chicago that he was asked to become assistant cashier of the First National Bank of Chicago. He accepted, in 1882 was advanced to vice-president, and in 1891 became president of the bank, at a salary of \$25,000 a year, a fabulous sum in those days.

In 1892 he brought James B. Forgan from the Northwestern National Bank, Minneapolis, Minn., to strengthen the staff of the First National, which had been considerably weakened by the illness of two of its vice-presidents. Shortly after Forgan took up the work, Mr. Gage also fell ill, and the whole management was in Mr. Forgan's hands during a very trying period, when it was almost impossible to loan bank funds. Mr. Gage's reply to Mr. Forgan's apology for so much idle money upon his return to the bank, was, "The fact that the bank's doors are still open and the bank doing business proves that you know your business."

Young men will naturally ask, "How was this rapid climb accomplished?" The answer is not so simple as the copy book maxims would have us believe, or as Mr. Gage himself would probably have explained it. Mr. Gage had, first of all, real ability. He had an unusual amount of energy. He had, finally, strength of character. These, with an element of luck, are the ingredients which produced his success.

The record of the First National Bank of Chicago during his presidency is evidence of his ability.

His energy was demonstrated in his many activities. During the 'eighties he was three times president of the American Bankers Association, then only about ten years old. He laid the foundations for the American Institute of Banking

in his presidential address before the association in 1884. "It must be recognized that an important practical feature of the work of our association is educational in character . . . to train that great body of untried men who will assume our responsibilities when we lay them aside."

#### ECONOMIC CONFERENCES

Believing that frank discussion would remove many of the misunderstandings between social classes, and thus prevent outbreaks like the horrible Haymarket Riots in 1886, he invited, a few months after this outburst of radicalism, seven other business men, eight radicals and eight professional men, to have dinner with him at his house and discuss current economic questions. This was the beginning of what later became the famous Economic Conferences. The discussions, which were held regularly, became so interesting that the members felt that the public should have a chance to share in them. Accordingly, the men interested hired a hall and invited everyone to attend. The purpose of the meetings was to discuss social and economic problems from all points of view. At each meeting, one member of the club would read a paper, after which questions were permitted. Sometimes the propositions advanced were debated. It is related that Mr. Gage's first paper on "Banking in its Relation to Public Interest" was attacked so vigorously by the socialist members that he was badly worsted in the argument. It was this humiliation, so the story goes, that started his persistent study of sociology and political economy. This story is probably legend, for Mr. Gage's address before the A. B. A. two years previous to the formation of the Economic Club shows a very thorough knowledge of banking and economic theory. After three years, the Economic Conferences were discontinued by common consent. The "self satisfied classes" did not attend, and there was no noticeable effect on public opinion.

Another project in which Mr. Gage had a large share was the Chicago Civic Federation, whose aim was "to bring into co-ordination those social and moral forces that make for common welfare." The federation is credited with many of the municipal reforms of that day—divorcing the police from politics, exposing and largely stopping the giving and taking of bribes for city offices and the unearthing and stopping of election frauds.

These civic activities naturally led Mr. Gage into politics. He was fairly active in the Democratic Party until he became disgusted with political methods. For a time he considered trying to establish a new party. He did organize an Honest Money League to combat the free silver agitation of the last two decades of the nineteenth century. It was his political service that enabled him to go to Washington in 1892 and ask Grover Cleveland for the post of Secretary of the Treasury for another Chicago banker, J. W. Doane, president of the Merchants Loan and Trust Company. Mr. Gage was very much embarrassed when Cleveland put him in the position of John Alden by offering to appoint him (Gage).

As chairman of the finance committee for the World's Fair, Mr. Gage did such a thorough job of raising money that he was made president of the local company in charge. His loyal service in helping to make the exposition the success earned him the title of "the most respected citizen of Chicago at that time."

#### STRENGTH OF CHARACTER

Examples of his strength of character, his rigid adherence to principle, are numerous. In spite of his interest in political matters, he believed that for the good of its depositors and stockholders, a bank should have no political affiliations. When he became president of the First National Bank of Chicago, he declined all public deposits in that bank, profitable though they were.

Another story is told of how the board of directors of the World's Fair had voted against him on a policy which he believed to be wrong. Without a moment's hesitation, in spite of his great interest in the fair, he offered his resignation as president, whereupon the board, after a brief discussion, reversed its attitude.

Again, when he was being put forward for the position of Secretary of the Treasury in McKinley's cabinet, he made a public statement of his political views (remember he was a Democrat), and added that he would not change these views an iota if he were offered the secretaryship, though he would not be at all disappointed if McKinley decided to appoint someone else.

H. H. Kohlsaas, then owner of the *Chicago Times-Herald*, was responsible for Mr. Gage's appointment to this post. After persuading Gage, through Mrs. Gage (using the picture of the social position of a cabinet officer's wife as bait) to consider the office, Kohlsaas phoned McKinley that he ought to appoint Gage to show appreciation of the votes of the gold Democrats, without which McKinley would have been defeated. McKinley said, "All right, I'll send Charley Dawes to see him." Next day the papers announced that great pressure was being brought to bear on McKinley to appoint Gage, and Mark Hanna came rushing from Cleveland to find out "Where the Hell is the great pressure? I never heard him mentioned for the place!"

It is a final evidence of Mr. Gage's character and reputation that McKinley received more telegrams and letters of congratulation on Mr. Gage's appointment than on all the other cabinet places combined.

When Mr. Gage went to Washington, he took with him Frank A. Vanderlip, then a reporter on the *Chicago Economist*, as his private secretary. Like Gage himself in the bookkeeper's job, Vanderlip was only a few months in proving himself worthy of a bigger job.

He was advanced to Assistant Secretary of the Treasury and before he had served out his term the National City Bank of New York had spoken for his services.

Under the independent treasury system which existed then, the less disturbance the activities of the Secretary of the Treasury created in the money market, the better he discharged his office. During Mr. Gage's administration this was made more difficult by abnormally large Government receipts, more than \$1,000,000,000 being collected in one period of eighteen months. Yet in only one month of those eighteen did the Treasury balance exceed \$300,000,000, so skilfully were payments managed.

#### NOT CONTENT WITH PASSIVE POLICY

Lyman J. Gage was not content with a merely passive policy like this. He had a program. He wanted to establish the gold standard firmly; he wanted to refund the public debt at a lower rate of interest; and he wanted to inject at least a little elasticity into the currency.

He announced his intention of maintaining the gold standard if the Government could possibly do it, early in his term. One observer says that Gage's assurance that the gold standard would be maintained was his greatest contribution as Secretary of the Treasury. It must have been particularly gratifying to him, therefore, to be in office when the Gold Standard Act of 1900 (incorrectly named, for it merely re-affirmed adherence to the gold standard and provided specific ways of maintaining it) was passed.

The second aim in the program was also attained, in large measure, for Secretary Gage is credited with having refunded \$446,000,000 of the national debt, with a net saving to the Government of \$11,000,000.

Elasticity of the currency, however, had to wait fifteen years. When the lack of it caused a threatened money panic in 1899, Secretary Gage used every

possible means to avert the panic. He anticipated the maturity of Government bonds, prepaid the interest on other Government bonds, and deposited large amounts of Government funds in the banks. He was criticized severely for the latter, on the ground that he showed favoritism in placing these deposits. No evidence of favoritism survives, however. From that time, the practice of the Treasury's depositing Government funds in the banks to relieve a currency shortage became common in every monetary crisis until the establishment of the Federal Reserve System, with the Federal Reserve banks as fiscal agents for the Government, relieved the necessity for such deposits.

The financing of the Spanish-American War gained Mr. Gage the greatest public commendation of all his acts as Secretary of the Treasury. Financial advisers told him that the \$200,000,000 loan which he proposed to float could not be sold on better than a  $3\frac{3}{4}$  per cent. basis. He relied entirely on his own financial shrewdness in fixing the rate on the loan (which was sold at par) at 3 per cent. He also defied convention by offering the loan direct to the public instead of through an underwriting syndicate. The loan was oversubscribed, more than 320,000 people applying for small amounts, and the price rose to a premium while subscriptions were being taken.

After the assassination of Mr. McKinley, Mr. Gage was not happy as Secretary of the Treasury under Roosevelt. Roosevelt appreciated Mr. Gage's ability, and invited him to remain, but both men were of too aggressive and positive a nature to work well together. As soon as courtesy would permit, Mr. Gage resigned.

#### HEADS UNITED STATES TRUST OF NEW YORK

He had been tendered the presidency of the United States Trust Company of New York and, immediately after his

resignation from the Treasury, he accepted this position. From 1902 to 1906 he was in New York, but he was not happy there either. He found, he said, that it is very difficult for a banker trained in the West to get accustomed to the Wall Street attitude. For him it was practically impossible. Rather than continue, therefore, at work which was uncongenial, he resigned and retired from banking for good.

When he bought property at Point Loma and settled there, it was reported that he had taken up theosophy, that being almost entirely a colony of theosophists. He denied this, saying that he lived at Point Loma because the climate there suited him best.

Lyman J. Gage was a big man, physically, as well as in business, standing full six feet. With his bushy white beard, in his later pictures he looked not unlike Charles Evans Hughes. He was genial, kindly, and charitable by nature, with a wide tolerance for dissenting views. He had no tolerance, however, for a man who abused his confidence. He read widely, and had in his Chicago home a splendid library in which he passed some of his happiest hours. One man said that he would rather ask Gage for a contribution of \$1000 in his library, than ask him for \$10 in his office. At one time Mr. Gage was fond of fiction, but as he grew older biography interested him most. The book he read most often, he said, was "The Dialogues of Plato." John Stuart Mill, Jevons, and Spencer were among his favorite writers.

With a well filled mind and an ability to express himself clearly, he was in demand as an after-dinner speaker. He was apt to moralize a good deal in his speeches, but he had a golden mine of jokes and funny stories. Curiously enough, though he was a graceful speaker, because of shyness, or in order to concentrate the better on what he was to say, he usually spoke with his eyes closed.

Mr. Gage, then, achieved success as a

banker, as a public servant, as a citizen, and as a man. He trained other men to take his place when he had done his work. His duty to society performed, he retired to a happy and quiet old age. But his service to the banking profession, of which he was once the leading light, should not be too soon forgotten.

### BALTIMORE BANK FAVORS LOAN ON SOLDIER BONUS CERTIFICATES

Editor THE BANKERS MAGAZINE:

SIR: Noting in the February, 1927, issue of THE BANKERS MAGAZINE, page 234, an article on the "Loans on Soldier Bonus Certificates" in which subject the Farmers and Merchants National Bank of Baltimore is very much interested, I would call attention to the fact that our bank was the first in this section of the United States to throw its doors wide open to the World War Veterans.

On January 4 our bank published an advertisement which appeared in every daily paper in Baltimore offering to handle loans on the bonus certificates of all ex-service men who brought personal identification and their discharge papers. As a result our bank was crowded every day for weeks through our efforts to give the veterans their due.

We concur with Edmund S. Wolfe, president of the First National Bank of Bridgeport, Conn., when he states that their bank's contribution of time and effort is small when compared to the war time and the sacrifice made by every certificate holder and we feel it our duty to not only explain the provisions of the Act but also to make it easy for these men to negotiate loans. It takes but small effort on our part to accommodate these needy and deserving men and at the same time secure for ourselves a prime, satisfactory investment.

Very truly yours,

D. C. W. WARD, Jr.,  
Assistant cashier the Farmers and  
Merchants National Bank, Baltimore,  
Maryland.





# THE FUTURE OF THE SILVER INDUSTRY

By C. M. SHORT

What effect will the adoption of the gold standard by India have on the silver market? How have economic and political developments in the past affected the interest of silver producers? These questions are considered in the following article, the author of which is a member of the staff of the Canadian Bank of Commerce.

**T**HE effects of a proposed change in a country's monetary system have been seen recently in the disturbed state of the silver market and as a result the price of silver dropped a few months ago to the lowest point in the last decade. The producers of this metal have again faced the prospect of a lessened demand, mainly because one country, with an increasing external trade, has found itself at a disadvantage in continuing a currency system which is inadequate in international commerce, as this is carried on today.

The chief reason for the recent drop in silver prices is the prospect of paper money, resting on a gold standard, replacing silver rupees as the principal currency in India, as proposed by the Royal Commission on Indian Currency and Finance. If the Commission's recommendations are accepted, India's requirements for silver, hitherto the greatest in the world, will be lessened and the Indian Government might find it necessary to sell a fair amount of silver. This article deals with the principal events that have led to the conclusion that India should reform its currency system and with some of the adverse conditions which, as a result of economic and political developments, have affected the market for silver more than a century.

India and China have long been the greatest markets for silver, taking about two-thirds of the world's production. The Indian Government, having a large reserve, has not been a purchaser of silver for coinage purposes during the last three or four years, but the importation

for private account in 1925 amounted to 107,800,000 ounces, this large quantity being for hoarding and for ornamental purposes, age-old practices founded upon social customs and the East Indian's lack of knowledge of the ways of modern trade and business agencies. Consequently, a large part of the income of the Indian people is invested in the two precious metals, gold and silver, and the bullion, being retained by the buyers, is not turned back into the channels of commerce, nor does it find its way to the government's reserves. Its further effectiveness in the business world is, therefore, lost. China has had a silver currency system for centuries and it takes large quantities of silver each year, chiefly for monetary purposes. The imports in 1925 into Shanghai, the principal port of entry, were estimated at 66,000,000 ounces. At present, civil war, diminished exports and increased imports have placed China in a position where it must find it difficult to absorb silver in the same volume as in 1925 and it is even probable that it may be forced to dispose of some of its present store, which is known to be very large.

## FREE COINAGE PROHIBITED IN INDIA

In 1893, India made the first radical change in four centuries in its monetary system. The free coinage of silver was prohibited and the English sovereign was made a legal tender, although it never became a substantial part of the circulation. Silver and paper rupees, mutually convertible, remained as the principal media of internal exchange and

the government began dealing in sterling exchange with the object of bringing the silver rupee to a parity with gold. This gold standard exchange, as it was called, served well enough until disturbed by the Great War. By 1917 India had a large favorable foreign trade balance and, as usual, silver was desired as part settlement. It will be recalled that throughout practically the entire world there was then a greatly increased amount of money in circulation, a substantial part of which was silver coin. The resulting demand for silver, of course, increased its value and it became apparent that the silver content of the rupee would soon be worth more than the face value of the coin. The Indian Government, faced with the possibility of silver rupees being melted for their bullion value and finding it impracticable to keep its currency at parity with gold, arranged to obtain silver from the United States Government at the fixed price of \$1 per ounce and there was placed at India's disposal 350,000,000 silver dollars, accumulated by the United States under the Sherman Act. While this measure solved India's currency problem for the time being, it did not overcome the inherent weaknesses of the system which, as summarized by the commission which recently completed its investigations, are as follows:

1. The system is far from simple, and the basis of the stability of the rupee is not readily intelligible to the uninstructed public. One form of gold token currency (into which there is an unlimited obligation to convert the other) is highly expensive and is liable to vanish if the price of silver rises above a certain level.

2. There is a cumbrous duplication of reserves, with an antiquated and dangerous division of responsibility for the control of credit and currency policy.

3. The system does not secure the automatic expansion and contraction of currency. Such movements are too wholly dependent on the will of the currency authority.

4. The system is inelastic.

The proposed reform of India's currency system provides that any further issues of paper money would be redeemable in gold bullion only and a real gold standard, similar to that now in force in Great Britain, would thereby be established. The silver rupee would, however, still be legal tender and no steps would be taken to forcibly retire it from circulation; the populace would be permitted to use this coin as extensively as it desired, although, of course, the effect of the commission's proposals would be to reduce the amount in circulation and eventually to employ it as metallic money as in other countries, namely, as small change. The Indian Government holds about 360,000,000 ounces of silver in store, which is above its requirements. If any large part of this stock were thrown on the market great loss would be sustained by the producers and some other far-reaching effects might be felt in international trade channels.

#### RELATION OF SILVER TO GOLD PRICES

One of the most authorities said, in testifying before the commission: "One also has to bear in mind the interaction between gold and silver prices. There is a reaction upon gold prices when an extreme fall or rise takes place in the value of silver, which is none the less serious because it is indirect and not very apparent on the surface. The consequential changes in prices generally, and in trade conditions, which would be produced, the disturbance to the world's economic peace and confidence, the interference with the long-established social habits of the people of India in the use of silver, the shock to the reliance of a great country like China upon silver as a medium of currency and a common store of value, could not fail to have important effects upon the gold prices of countries in Europe, and indeed, in America."

The commission therefore suggested that the surplus supply might be reduced

gradually by absorption into circulation in the normal expansion of trade. Accordingly, it may not be necessary to sell part or even any of the government's present reserve, and apparently the commission feels that there is a good chance that its proposals can be made effective without undue dislocation of trade and without widespread dissatisfaction.

The Indian legislature will shortly consider the commission's report but as the main recommendations are regarded as acceptable and the Indian Government has announced that it is prepared to support it as a whole, it seems almost certain that India's currency will be based on a gold standard. India now ranks fifth among the countries engaged in foreign trade and its monetary system must sooner or later be remodeled so that trading abroad can be conducted on a basis that will not cause such difficulties as have been experienced in the past, and which to a lesser degree still confront the government.

While the East Indian will probably never entirely forego the hoarding of gold and silver, there have been definite indications recently that this habit is not so widespread as formerly, for, as the country has progressed commercially, the modern ways of safeguarding wealth have become better known and banking and investing facilities have been more generally made use of. It is quite probable, however, that any change in this direction will be gradual and that the use of silver for hoarding and for ornaments will be continued on a very large scale for many years, especially if, as is the case this year, general business conditions in India show improvement as a result of a favorable monsoon and good crops.

The passing of silver as a main currency in India would mark another stage in the journey toward world-wide monometallism. The first step in this direction was taken by England a little more than 100 years ago when gold was declared the standard of value. From

then until 1873 the price of silver was practically stationary, averaging about \$1.20 per ounce, but in that year the newly formed German Empire placed its currency on a gold basis and sold a large quantity of silver obtained by melting coins formerly used in the separate states, then united into one country. The supply from that source and increased production from new mines in America caused a sharp decline in the price of the metal, as a result of which, other European nations and the United States formally suspended the free coinage of silver and it was used throughout the modern world for subsidiary issues—pieces of change suitable only for small business transactions. With gold as a common standard of value, these countries could, if necessary, settle their trade balances in coin or bullion of that metal, a form of payment generally acceptable and not, like silver, subject to fluctuations in value.

From the time when the most important countries discarded silver as a base for currency issue the market was influenced by business depressions, wars, famine in India and the agitation for bimetallism but the price trend was generally downward, ending in 1908 when the low point of 44 cents per ounce was reached. In the more recent history of silver we find that the price gradually advanced from 1909 to 1914, in which period there were few major disturbances to the world's trade. In the first year or two of the Great War the market was depressed, but thereafter the heavy coinage of silver, the passing of the Pittman Act in the United States and the great demand from India resulted in improvement and by 1917 the price was around 80 cents per ounce and for a time silver was selling for more than \$1 per ounce.

The price of silver remained fairly steady during 1918 and in the first few months of 1919, chiefly because of the Indian purchase of United States silver dollars. In May, 1919, the Anglo-American agreement governing these

shipments to India came to an end and the price of silver responded to the law of supply and demand which had been held in check for the two previous years, and in February, 1920, the highest price ever recorded, \$1.79 per ounce, was reached. A decline then took place ending in the early part of 1921 when the market value of silver was 54 cents per ounce, the lowest point since 1915. During the next four years prices were fairly steady, ranging, on the average, from 60 cents to 70 cents per ounce. During the first six months of the current year there was a steady though gradual decline in silver prices. In the latter part of July large quantities of silver reached London from China and the publication of the commission's recommendations caused further large sales and by October the London quotation was down to 24 $\frac{1}{8}$  pence.

In the last ten years several countries have reduced the quantity of silver in their coin, while others now issue tokens composed entirely of base metals, such as nickel and bronze. In Great Britain the silver content of the coins has been reduced by about 45 per cent., while some of the French, Italian and Belgian subsidiary coins do not now contain any silver. These changes were made because of the high value of silver during and following the war, and the experiments with less expensive metals have been so successful that it is doubtful if silver will ever regain its pre-war popularity as a coinage metal. Within the last few months the Bank of France has sold a large quantity of silver, accumulated by withholding coin of this metal from circulation and this, of course, indicates that the Old World is not likely to purchase heavily for coinage.

#### OUTPUT SUBSTANTIALLY INCREASED

The world's output of silver has increased substantially in the last few years, the production in 1926 being about 241,000,000 ounces. Of this total, Mexico, the leading silver mining cen-

ter, contributed 93,000,000 ounces, the United States 62,000,000 ounces, Canada 20,000,000 ounces and South America about 30,000,000 ounces. Mexico obtains most of its silver from ore mined principally for this metal and would, of course, feel most severely the effects of any prolonged depression. About two-thirds of the United States product is obtained from copper, lead and zinc ores; the precious metal content affords an additional source of profit, but its value per ton of ore is not great. In Canada approximately 50 per cent. of the silver is recovered from silver and silver-gold ores, the remainder being derived from copper, lead and zinc ores.

At present the most disturbing factor in the silver market is the uncertainty as to China's requirements and the possibility of further large sales by speculators, but if there is no change for the worse in respect to these two features the silver producers will have time to readjust their operations to the prospective marketing conditions. In any form of mining the cost of production is a most important factor and it should be borne in mind that it now costs less to produce silver than it did a few years ago when the price of the metal was 60 cents to 70 cents per ounce. There is also to be considered the prospect of a further decline in the general price level and that will assist the great advances which have been, and are still being made, in metallurgy providing for economies in the treatment of ores and for a higher percentage of recovery of the mineral content.

A few years ago it was difficult to sell lead, zinc and nickel, but today these products are in demand for many purposes not previously known and now command good prices. Undoubtedly the silver mining industry is confronted by some serious problems, but it produces one of the most valuable and ductile metals, the demand for which by the arts and industries may easily be enlarged and silver mining can, as it has previously, survive difficult times.



## IS OUR NEW COLLECTION SYSTEM MAKING PROGRESS?

BY WALTER E. SPAHR

How much progress has been made in scientific check collection under the Federal Reserve Act? In the following article the subject is discussed by one of the country's leading authorities. The author is associate professor of economics in New York University and the author of "The Clearing and Collection of Checks."

**T**HE Federal Reserve Banking System, instituted in 1914, provided a new mechanism for the clearing and collection of checks, which it was hoped would supersede the irregular practices existing at that time. The new system was superimposed upon the old, and, until 1921, developed rapidly, tending to replace the old cumbersome practices. Since that year, however, it has made relatively little, if any, gain, and today both the old and the new "systems" are working together in the United States.

The writer, after having made a rather lengthy study of the methods used in clearing and collecting checks in the United States, was particularly interested in the observations, made in the October issue of the *Journal of the Canadian Bankers Association* by A. B. Barker of Toronto, relative to certain aspects of the United States system. Perhaps it would not be out of place to add a few observations to those of Mr. Barker, and, in certain respects, to correct a few erroneous impressions which the casual reader might gather from some of his comments on the United States system.

It should be borne in mind at the outset that generalizations regarding clearing and collection practices in the United States are rather unsafe since the "system" is a mixture of practices.

In general, an explanation of the methods of clearing and collecting checks in the United States must take account of two systems: (1) That used by the banks which employ the Federal Reserve clearing and collection system, and (2)

that used by banks not employing the system. Mr. Barker's article seemed to assume that all banks used the Federal Reserve clearing and collection mechanism. Unfortunately for the United States this is not true. These two systems will be described briefly in the order mentioned.

The Federal Reserve Banking System was superimposed upon the old National Banking System which had been in existence since 1863. All national banks were compelled to become members as the price of retaining their charters. Permission was given state banks to become members under certain prescribed conditions which have been liberalized and made altogether favorable to such banks. The Federal Reserve System is composed of twelve Federal Reserve banks and twenty-three branches and is under the control of the Federal Reserve Board of eight members, two of which are the Secretary of the Treasury and Comptroller of the Currency as *ex-officio* members. The Federal Reserve System is not co-extensive with the Federal Reserve clearing and collection system. Member banks in the Federal Reserve System may or may not use its clearing and collection mechanism; they may collect their checks through any channels they choose. The only compulsory feature in the system is that member banks (and those non-member clearing banks which wish to use the system) must remit at par for checks sent them by the Federal Reserve banks or branches and must carry with the central institutions

deposits sufficient to care for all checks being cleared and collected.

#### BANK ACTS AS CLEARING HOUSE

Each Federal Reserve bank acts as a clearing house for the member and non-member clearing banks of its district as do the Federal Reserve bank branches, certain parts of the larger districts being allotted to the branches by the parent Federal Reserve banks. The inter-district settlements are made through the gold settlement fund at Washington, D. C., each business day. All Federal Reserve banks and sixteen of the twenty-three branches maintain telegraphic connections with this central clearing agency and clear their inter-district items daily by means of evening telegrams. The settling agent, who effects the settlements on the books of the gold settlement fund, telegraphs to each Federal Reserve bank its standing as the result of the clearing before the bank is opened for business on the day following the clearing. The sixteen branches which clear through the gold settlement fund are known as direct-selling branches; the other seven branches have their inter-district obligations settled through their respective parent Federal Reserve banks.

Let us consider that part of the Federal Reserve clearing and collection system known as the intra-district clearing system. If member and non-member clearing banks are in the same town or city they must collect directly from each other if there is no clearing house. If a clearing house association exists they may clear through it or collect directly, or they may do both. If in the same city with the Federal Reserve bank or branch they may clear through the central institution. All of these arrangements exist in the United States. When the banks are not in the same city but are in the same district the Federal Reserve bank or branch becomes the clearing house of the district for those banks which choose to use it. These banks divide themselves into three classes: (a) member banks, (b) non-member clearing banks which

carry accounts with the Federal Reserve bank or branch of their district in order to avail themselves of the privilege of collecting their out-of-town checks through the Federal Reserve bank or branch and (c) the non-member banks which agree to remit at par for checks presented to them by the Federal Reserve bank or branch of that district, but which do not carry accounts with the Federal Reserve bank or seek to use it as a medium through which to collect their own out-of-town checks. The following table gives a summary record of member and non-member banks on and not on the par list:

Year	Member banks	Non-member banks	
		on par list	not on par list
Aug. 15, 1916	7,624	7,032	....
Jan. 15, 1917	7,622	8,130	....
Jan. 15, 1918	7,909	9,268	10,336
Jan. 15, 1919	8,692	10,595	9,923
Jan. 15, 1920	9,089	16,986	3,566
Jan. 15, 1921	9,637	19,101	1,705
Jan. 15, 1922	9,847	18,066	2,350
Jan. 15, 1923	9,911	17,777	2,289
Jan. 15, 1924	9,875	16,484	3,013
Oct. 31, 1925	9,532	14,742	3,968
Oct. 31, 1926	9,336	14,066	3,935

It will be noticed that this table, which was compiled from the *Annual Reports of the Federal Reserve Board* and *Federal Reserve Bulletins*, makes no distinction between non-member clearing banks and non-member par banks. "Non-member banks on the par list" include both classes of par banks, presumably. It will be noticed, also, that the maximum membership in numbers was reached in 1921. While there have been increasing withdrawals from the Federal Reserve clearing and collection system as a result of the par remittance controversy, the increased tendency toward consolidation of banks also must be considered in an analysis of the decline of membership on the par list.

#### WAYS OF COLLECTION

The first two classes of banks, member and non-member clearing banks, may collect their out-of-town intra-district checks in any one or all of three ways:

(1) through their Federal Reserve bank or its branches, (2) in certain cases and with the permission of the Federal Reserve bank, they may send items directly to the drawee banks and settle through the Federal Reserve bank or branches, and (3) they may collect through correspondents. Banks in class (c), the non-member, non-clearing par banks, collect their out-of-town checks through correspondents only. Non-par banks, those not associated with the Federal Reserve clearing and collection system, of which there are nearly 4000, collect through correspondents. It is clear from the preceding explanation that Mr. Barker's statement (p. 52) that in the United States "... cheques on out-of-town points are sent to the Federal Reserve Bank of the district" is inadequate and misleading, not only with respect to intra-district but inter-district collections as well.

In inter-district collections, member and non-member clearing banks may collect: (1) through their own Federal Reserve bank or branch, (2) they may send the items direct to the Federal Reserve bank or branch in the district of the drawee bank provided the parent Federal Reserve bank has granted them permission to do this, and (3) the Federal Reserve banks or branches to which the collecting banks belong, in a few instances, may send the items direct to the drawee banks in other districts. As a result, Mr. Barker's statement is hardly adequate. He says: "If out of that district, it sends them to the Federal Reserve Bank of the district in which the drawee bank is situated which will collect or charge them to the drawee bank." These so-called direct-sendings, to which Mr. Barker's statement applies, constitute a small proportion of the inter-district collection items. His statement also ignores the practices of the non-member non-par banks which do not use the Federal Reserve collecting mechanism and those member and non-member clearing banks which may not choose to use the system in collecting their inter-district items.

But the main point at issue in Mr.

Barker's article is the question of immediate versus deferred credit for items deposited with a bank for collection. He says (p. 52) that since the member banks do not receive credit for collection items until they are collected "the bank receiving the item on deposit will hardly therefore, without compensation, permit the use of funds by the depositor until it has received credit from the Federal



WALTER E. SPAHR  
Associate professor of economics, New  
York University.

Reserve Bank, and this effectively puts a stop to financing by customers, on cheques deposited but in transit."

There are so many important exceptions to this statement in the practices in the United States that it hardly can be considered valid. The deferred credit system, which is applied by the Federal Reserve banks in collecting out-of-town checks, applies to the collecting banks only, and does not control the arrangements existing between the depositor and his collecting bank. Banks in competing for deposits quite often give immediate credit to desirable depositors for out-of-town items and absorb the expense them-



selves. Indeed, the practice became so common and so expensive to the New York City banks in their competitive struggle for deposits, that the New York Clearing House banks adopted a ruling compelling the members to charge for collection charges were in the nature of protection to the member banks. These collection charges were in the nature of interest charges for credit advanced on uncollected items and for the general expenses of collection. It has been stated quite often, however, that members of the clearing house have repeatedly violated the requirements relative to making collection charges as a result of the stress of competition with banks free from such restrictions. During last summer the requirement was suspended and all banks are now free to charge or not charge, give immediate credit or not, as they see fit. Banks which have not been members of the clearing houses in the United States have engaged quite freely in the practice of extending credit to customers for uncollected items, thereby taking advantage of an effective competitive weapon against the clearing house members. Some banks are known to be exceedingly scrupulous against making any advances of this character; others favor certain depositors; still others make no effort to keep careful records of such items which enter a depositor's account unless the items are large or unless the depositor habitually deposits such items or engages in questionable practices.

#### COLLECT WITHOUT CHARGE

Not only do many banks in the United States give immediate credit for uncollected items, but some also collect the items free of charge, and, in addition, in some cases, pay interest on the uncollected funds. Competition for business and lack of co-operation have been responsible largely for these conditions. Large city banks, in competing for the deposits of the out-of-town banks, have been guilty of indulging in this practice and in some cases have carried such deposits at a net loss. While the practice may be

less common than before the Federal Reserve System was instituted, it still exists. Non-member non-par banks have not changed their habits in this respect and it is doubtful to what extent member banks of the system have done so.

Mr. Barker points out that the system of charging in Canada and the United States system of deferring credit are two ways of arriving at the same result, "though, from the bank's standpoint, the American method seems to produce better results, as the bank is always sure of receiving interest on the items while they are in transit, which the Canadian banks do not always obtain." The United States system cannot be classified on any such simple basis. The deferred credit system in vogue refers primarily to the practice of the Federal Reserve banks in giving credit to the collecting banks; it may or may not be applied by the collecting banks to their customers. Deferred availability to banks must be distinguished from deferred availability to individuals. Just how the United States banks receive interest on the items while they are in transit is not clear.

Mr. Barker says "Canada seems to be the only country where depositors are permitted to use, without charge, the proceeds of uncollected cheques drawn on banks in the same place." From the account given above of the practices of banks in the United States it is clear that the custom is not peculiar to Canada. Not only do many banks in the United States give immediate credit for uncollected items as indicated, but similar results appear even when banks attempt to avoid the practice. For example, if the bank extends credit to the customer at the time the bank itself receives credit on the books of the Federal Reserve bank as stipulated in the time-schedule for collection, the items may be returned "not good," in which case (except in the case of large items) there is an element of time in which banks have extended credit to the customer without interest. Furthermore, in constructing the time schedules for deferred credit purposes, the various lengths of time for reaching

banks in the districts are averaged. For example, in some districts, no bank, according to the time schedule, is more than two days' time from the Federal Reserve bank, even though it actually requires three days to reach and receive acknowledgment from many of the drawee banks. In such cases, which are quite common in the New York and Philadelphia districts, the customer receives credit before the items are actually collected, the Federal Reserve banks carrying the "float" in these instances.

Nor has "check kiting" disappeared from the United States. It exists not only in the sense defined by Mr. Barker, that is, "getting credit for the time it takes to clear cheques from one bank to another," but in a sense which has been somewhat notorious in the past in the United States, that of making deposits in different banks by depositing checks drawn on out-of-town banks in which no deposits exist, receiving immediate credit for the uncollected items, and then meeting the various obligations as they come due by drawing on the various deposits of uncollected items, thus developing a chain of deposits based upon uncollected items properly timed to meet the checks as they come in for collection. Banks sometimes find themselves not only extending credit in this manner but finally defrauded of the funds.

#### "SYSTEM" IS COMPLEX

It is clear that the United States "system" is too complex to permit many safe generalizations. It is unfortunate that all banks do not belong to the Federal Reserve clearing and collection system. It would be better for the banks themselves as well as for the country as a whole since the fundamental principles of the system are well-nigh ideal in conception. But the system does not attempt to regulate the practices of banks in giving immediate or deferred credit to their customers. It merely encourages

the dropping of collection charges since the items are collected at par through the system, on the theory that the benefits of par remittance should be passed on to the individual depositors. The opposing banks (those opposing par remittance) present a serious problem which demands a solution. While the opposition does not rest upon any sound basis, Congress seems to have little disposition at present to stir up further opposition to the Federal Reserve System. The banking situation is disconcerting and discouraging to the advocates of sound banking practices in the United States since it well may prove to be true that we are in a state of backward evolution.

#### COMMENDS T. N. T. ARTICLE

Editor THE BANKERS MAGAZINE:

Sir:

I have just read with considerable interest the excellent article, "Banks and the Building and Loan Associations," by T. N. T., appearing on page 167 of your February issue. The author has made an excellent presentation, and his recommendations are both intelligent and practical.

While we are on the subject, why would it not be a good idea for the various state bankers associations and for the American Bankers Association to organize, as has already been suggested, "co-operative bank sections?" (Parenthetically, "co-operative bank" is the most complete and best definition of what a building and loan association is.) Meeting thus on common ground, I am sure there would be a steady increase in co-operation and understanding between the banks and the building and loan associations (co-operative banks).

Very truly yours,

THE FRANKLIN SOCIETY,

By George L. Bliss, Vice-President.

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# ADVERTISING ADVANTAGES OF THE MCFADDEN ACT TO NATIONAL BANKS

BY C. H. WETTERAU

The adoption of the McFadden Bill gives to national banks added privileges and increased prestige which should be immediately capitalized in advertising. The author of this article is vice-president of the American National Bank of Nashville, Tenn.

**T**HE original object of the Federal Reserve Act was to provide an elastic currency so as to give business the right to expect stabilized conditions and the elimination of money panics.

In order that the act might function, it was necessary that the then existing units of banking be incorporated in the plans to pass on the benefits of the system to the public, for the system as planned does not serve the public direct, but through individual banking units. The only banking units holding their charters under the Federal Government were the national banks and the act by legislation made national banks members of the Federal Reserve System.

Since the passage of the Federal Reserve Act, it has been found desirable to have as members most of the state banks throughout the country in order that the Federal Reserve System might fully function and state banks have been invited to membership on preferential terms, but with only limited success.

These terms, however, placed national banks in the system at a disadvantage from the standpoint of competition and the McFadden Act is an attempt to liberalize the functions of national banks and place them on a more equitable footing with state banks in the system.

Advertising advantages to any organization are the services which it is equipped to render the public in an acceptable manner and any comment upon the McFadden Act is with the thought

in mind that national banks will avail themselves of the privileges offered by that Act to establish facilities for services which the public will desire and the qualifying of those services to a standard that will be acceptable to the public.

## THE ADVANTAGE OF INDETERMINATE CHARTERS

Under the McFadden Act one of the things covered is indeterminate charters for national banks. This will permit national banks in the handling of their trust department to accept perpetual trusts with some assurance that the terms of the trust may be carried out indefinitely by the existing organization. This can be capitalized in the advertising of a national bank in a drive for that class of business, which heretofore a national bank would have been doubtful of securing owing to the limitation of its charter.

Where state banks are permitted to have branches, national banks have been greatly handicapped heretofore, for the development of the automobile and the resulting congestion of traffic in downtown sections has made it desirable in many instances for state banks to establish service stations, serving different sections of the city where depositors could park their cars and make their deposits. This advantage has been a material help to state banks in the past in the wonderful growth of the use of their services to the detriment of the national

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banks' individual units. This has caused many national banks to denationalize and secure state charters to meet this situation and competition.

Under the McFadden Act national banks are in position to establish branches within the city limits of the parent banks, under certain restrictions, when such permission is given state banks under state laws. This enables them to render similar service to their clientele without forcing them to sacrifice their national charters, which has been done so often heretofore. The establishment of such service stations by national banks will give them an additional advertising advantage which they have not heretofore enjoyed, of rendering a convenient service to the people of their community.

#### THE ADVANTAGE OF REAL ESTATE LOAN INVESTMENTS

Another advantage of the McFadden Act concerns the permission which it gives national banks of investing 50 per cent. of its savings deposits in real estate loans to run a period of not more than five years.

State banks in the past have been permitted to handle real estate loans. Many have developed a very profitable business in manufacturing the loans for resale. It is doubtful if any national bank under good management would desire to freeze up any considerable amount of assets into real estate loans merely for the purpose of having their own investments, but competition in banking has become so keen and the operating costs have mounted so rapidly, that banks just as manufacturers have been forced to turn to the by-products of banking to develop a satisfactory profit for the investment in the business, and the banker of this day who is not alert to the new trend of banking development is merely marking time until he will be superseded by the type of banker thinking in terms of greater services by his bank to his community.

This provision permitting national banks to invest a certain portion of their savings in real estate loans will allow national banks to enter the real estate loaning field in competition with state banks and others and to manufacture this type of loan for resale as they are so well equipped to do at a profit. This permits of another advertising advantage of a specialized service.

#### BUYING AND SELLING BONDS

The McFadden Act provides that banks may buy and sell marketable securities without recourse to an amount not exceeding 25 per cent. of the capital and unimpaired surplus of the bank for any one maker.

This is another by-product of banking, a specialized service, by which a national bank should have a right to profit. For a great number of years bankers have been the advisers of the investing public and have been looked to by those who were not well informed as their counselors and guides in their investment transactions. This has entailed on the bankers a considerable responsibility to safeguard the funds of investors and to keep properly informed so that the advice freely given might be of value.

The McFadden Act allows national banks to turn this by-product of banking into a source of profit by permitting them to actually deal in investment securities and thus repay the bankers for their experience and ability to serve the public. The installing of investment departments by national banks will permit of an additional advertising value in the rendering of a specialized service to meet the needs of the investing public.

Then, too, the McFadden Act provides that national banks may lend in excess of 10 per cent. of their unimpaired capital and surplus on marketable commodities under certain conditions.

During the crop moving season many national banks heretofore have been greatly handicapped under the 10 per cent. loaning limit by their inability to serve the needs of their communities.

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you will find a Protectograph—The Personal, which bankers appreciate so highly because its use reduces the number of handwritten checks their employees have to handle.

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# TODD SYSTEM OF CHECK PROTECTION



This has caused many of the large banks, in agricultural sections especially, to operate under state charters.

This change in loaning provisions now places national banks in a position to make larger loans to the farmer, merchant or manufacturer, when such loans are properly secured by marketable commodities such as grain, cotton, live stock, etc., and, in the good judgment of the banker, will allow the credit to be carried for such a length of time as to permit of orderly marketing.

This provision is of special value to national banks in agricultural sections, permitting them, as it does, to more nearly compete with state banks in rendering a type of service which such sections require. It thereby becomes an advertising advantage to them.

These are some of the immediate advertising advantages of the McFadden Act which permit national banks to meet present day keen competition on a more equitable basis.

The McFadden Act does something else for the Federal Reserve System by placing national and state banks on a more nearly fair competitive basis, which the writer feels has opportunities for more far reaching results for the system than the immediate advantages above mentioned, for he believes it has opened the way for popularizing the Federal Reserve System.

#### POPULARIZING THE FEDERAL RESERVE SYSTEM

Some may claim that this has been done—but has it? Certainly, in so far as the McFadden Act has altered the Federal Reserve Act many important objections to membership by national banks have been removed. However, it is not only desirable that national banks be members of the system, but in order that the Federal Reserve System may fully serve the purpose for which it was intended it should number in its membership all the important units of the banking profession—state as well as national

—and yet, it is well known that only a relatively small number of state banks have sought membership. We all remember that national banks were legislated into membership as has been stated and that state banks were invited to membership on a preferential basis, which the McFadden Act more nearly equalizes.

Banks, like individuals, are jealous of their earning ability and are loathe to sacrifice any of that ability through such an abstract thought as service to the whole profession. Then, too, the plans of the Federal Reserve System include making all checks par through a campaign for par clearance by all banks and the resulting resentment of a number of smaller banks, which depended very largely on exchange for their income, has left in the minds of many non-member banks the thought that the aggression of the Federal Reserve bank is to be resisted and this feeling, it seems to the writer, is an existing handicap for the further development of the system.

As the writer recalls, however, all efforts to secure practically universal membership heretofore have been through the Federal Public Relations Division endeavoring to sell the desirability of membership to existing non-members from the value of rediscount privileges to the member, and in the back of the non-member's mind all the while has been the thought of the loss of interest on balances carried and the loss of exchange which he was no doubt at the time receiving, so it has been difficult to interest non-members from the standpoint of a patriotic duty to support the system.

With the principal objections of national banks eliminated by the McFadden Act, the Federal Reserve System should be in the position of a large manufacturer of a product nationally used with service stations strategically located for the distribution of his product.

When a successful manufacturer finds himself in that advantageous position his logical course is known to him. He sets aside a considerable sum of money for a

national advertising campaign directed to the *ultimate consuming public*.

He places reproductions of this campaign in the hands of his distributors or jobbers in the different sections of the country who, in turn, organize their salesmen into an intensive campaign directed to the retailers—endeavoring to have the retailers stock the goods based on the assurance that the national advertising campaign exhibited to them will be launched at a given date and that they will secure the advantages of such a campaign by carrying the product of the manufacturer in stock. This gives an opportunity to every retailer in advance of the campaign to participate in its benefits and on the date set the national advertising campaign is launched.

As the writer has said, the Federal Reserve System is now in the position of the manufacturer above described. It manufactures a specialized product of service to the farmer, the merchant and all business, which is the consuming public for them. It has twelve banks with their various branches as service stations strategically located. It has its executives in each of these offices, who are salesmen for their individual units. It is now in a position to prepare a national advertising campaign *not addressed to banks as heretofore, but addressed to the consuming public* with a date set for the launching of the campaign.

The advertisements to be run could be beautifully prepared and furnished to each selling executive with a statement of the periodicals in which they would appear and the dates. These salesmen for the Federal Reserve bank could then call on eligible non-members and offer them participation in the benefits of this national campaign of advertising if they would merely join the system, for a national advertising campaign such as could be prepared would be a worth while consideration to any non-member to forego interest on balances and exchange. It would give member banks the backing of a national campaign to supplement their local advertising ef-

forts, which would place the system in the public mind where the national banking system was many years ago.

Then membership in the Federal Reserve System would have some meaning to the public, for the public would be educated to the value of the system through the national advertising campaign and, after all, it is the demand of the public which brings about important changes in merchandising, in banking or what not.

Romance could be built into the advertising plan by showing how the farmer's note to purchase live stock, or to grow cotton, was turned into the actual circulating medium or money by the Federal Reserve System, merely by combining the farmer's notes with the gold reserve in the hands of the system and issuing Federal Reserve bank notes to the farmer for his paper through the member bank and how this money was withdrawn from circulation after it had served its purpose and the farmer's note was paid, providing an elastic currency to meet the fluctuating needs of business.

The same thing might be shown to the merchant, the manufacturer and to all lines of business.

It has been said that to secure the interest of the people, you must inform them and the time seems ripe for a national advertising campaign informing the public not alone the bankers, of the value of the Federal Reserve System to them individually.

When the individual understands that the proper functioning of the Federal Reserve System is essential to his individual prosperity, which it assuredly is, he will evidence an interest in everything pertaining to it.

Then and not until then will the advertisement of a local bank that it is a member of the Federal Reserve System have a meaning to the public and when such advertisements of membership have a meaning, the problem of increased membership in the Federal Reserve System will have been solved.



## SELLING TRUST SERVICES THROUGH PERSONAL SALESMANSHIP

BY HARRISON B. GRIMM

Can trust services be sold through personal salesmanship? The answer is "yes" according to the author of the following article which was delivered as an address before the 1927 Mid-Winter Conference of the Trust Company Division of the American Bankers Association.

**D**URING the course of a year, a number of trust men visit with the writer to "talk shop"—the selling of trust services. They want to know what his company is doing, how it does it, and what results it gets. In turn, they tell the writer what their institutions are going to do or are doing.

Surprisingly, many of these visitors, or at least their institutions, have yet to fully comprehend the extent of this most profitable field of endeavor—seem to be backward about forgetting precedent and really trying to sell their services through personal solicitation, or have made only a half-hearted try at doing this. It seems inconceivable that in these days of intense competition and new methods in bank and trust company promotion any live institution can fail to realize that the trust department which is piling millions of dollars of immediate and future business upon its books is the institution that goes out after the business instead of waiting and hoping that, through old fashioned methods, it will come to them.

Not long ago a representative of one of America's foremost trust companies called to exchange ideas with the writer, who thought that here was his chance to learn how a "real" institution did its business. But lo and behold, this man, presumably in charge of new trust business, knew not whether he had sold 50 or 150 wills and trusts during the last year, nor how many his officials had sold, nor what it cost to sell them, their sources, nor what constituted his best field.

This cannot but be contrasted with

the situation of some other trust companies which keep as accurate records of their sales as they do of their investments, deposits, earnings, etc.

They know when the prospect was sold, by whom, his worth, his attorney, whether his will embodies trust features, whether his life insurance was trustee. They know what their trust salesmen do daily, how many calls it requires to make a sale, what the probable fees will be.

They know what professions are most easily sold, what their representatives should say and should not say. They know from past records and experience what field is most prolific, how many wills and trusts they have under \$50,000, how many under \$100,000, a quarter, a half, one, two, three, five million dollars each.

They know how many trust services they have sold and how many they expect to sell. They are beginning to anticipate their future working force requirements on the basis of the law of averages, are planning to build a service that will equal their spoken and published promises.

### MATURITY OF WILLS ANTICIPATED

Why should not institutions which know when bonds and mortgages mature also know when wills are apt to mature and be ready to handle them properly? Someone may ask, "How can the maturity of wills be anticipated?" Why not use the life insurance "expectancy" tables? If these are accurate enough for

the insurance companies to base premium rates upon, they surely will be accurate enough to tell approximately how many wills will be likely to mature each year in the future. In any event, they will help point the way to a scientific basis for building the future trust department organization. The time has come, or will come, when these institutions must administer wills and trusts by the hundreds and thousands, instead of by scores.

How many trust executives know how much it costs to secure each will or trust? What items should be included in this expense, or rather, investment for the future? Salesmen's salaries, yes. Automobile and traveling expenses. What part of the salaries of the members of the publicity department? What part of their own salaries? How much of the advertising cost should be charged to selling? When documents come in "over the counter" instead of through outside salesmen, how much of the salaries of the vice-president, the trust officer, or the junior officer handling the "over the counter" customer should be charged as part of the sale?

If the executive does not analyze, itemize and record future business in this way, how can he be sure he is not putting a lot of unprofitable business upon the books of his institution? He should remember how long it took bankers to wake up to the unprofitable checking idea and get started right in this new departure.

What is the average size or worth of the future executorships and trusteeships filed away in the vaults of his institution? What is the average term of years the trusts will run? What will be the probable fees? The probable profits?

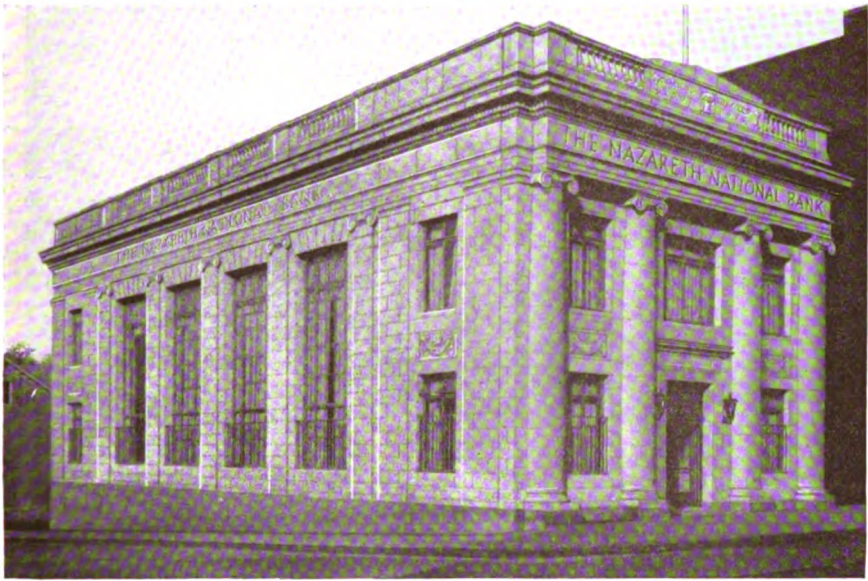
To help in deciding on compensation for salesmen in proper proportion, what is the rank of the salesmen as regards number of documents sold? Their average worth? How many sold per week? Who sells the big fellows? Who the smaller ones? How do your women representatives compare with the men?

Who has the best results with elderly prospects? Who with young chaps?

Following the principles and practices just mentioned has brought to several trust departments of which the writer has knowledge, these almost unbelievable results: In the first case, a department two years old in a small company in a city of good size, with heavy competition, secured 225 wills and trusts totaling \$15,000,000; in the second case, an old, well-established bank and trust company in a large city that had paid little attention to promoting its trust features, was surprised to find how easy it was to secure 300 wills and trusts totaling \$30,000,000 in the first year. The figures in a third instance show well over a thousand wills and trusts in a given two-year period, including the trusteeship of \$20,000,000 of insurance money—the aggregate total of business being approximately \$200,000,000, at a cost of about \$140,000, and with the help of consistently planned advertising and a limited number of people in the selling and publicity divisions. Added to this, of course, is the collateral value of previous advertising, the reputation of the institutions in question, and the efforts of the men who receive the "over the counter" business.

Someone may say that is going too far—commercializing the proposition too much. If so, isn't it merely the old bugaboo of dignity and lack of precedent that really troubles him? Why continue to offer trust business in the way that grandfather and great-grandfather did? Why not be modern?

However, the writer has heard of some companies that in his opinion have too much commercialism in their selling methods. They use high pressure methods on their salesmen, prospects and insurance underwriters alike. What they want is the signature on the dotted line. If the document doesn't cover the man's estate plans in the best possible way, they seem to care little. If any great number of trust companies do this it will reflect on those who are striving

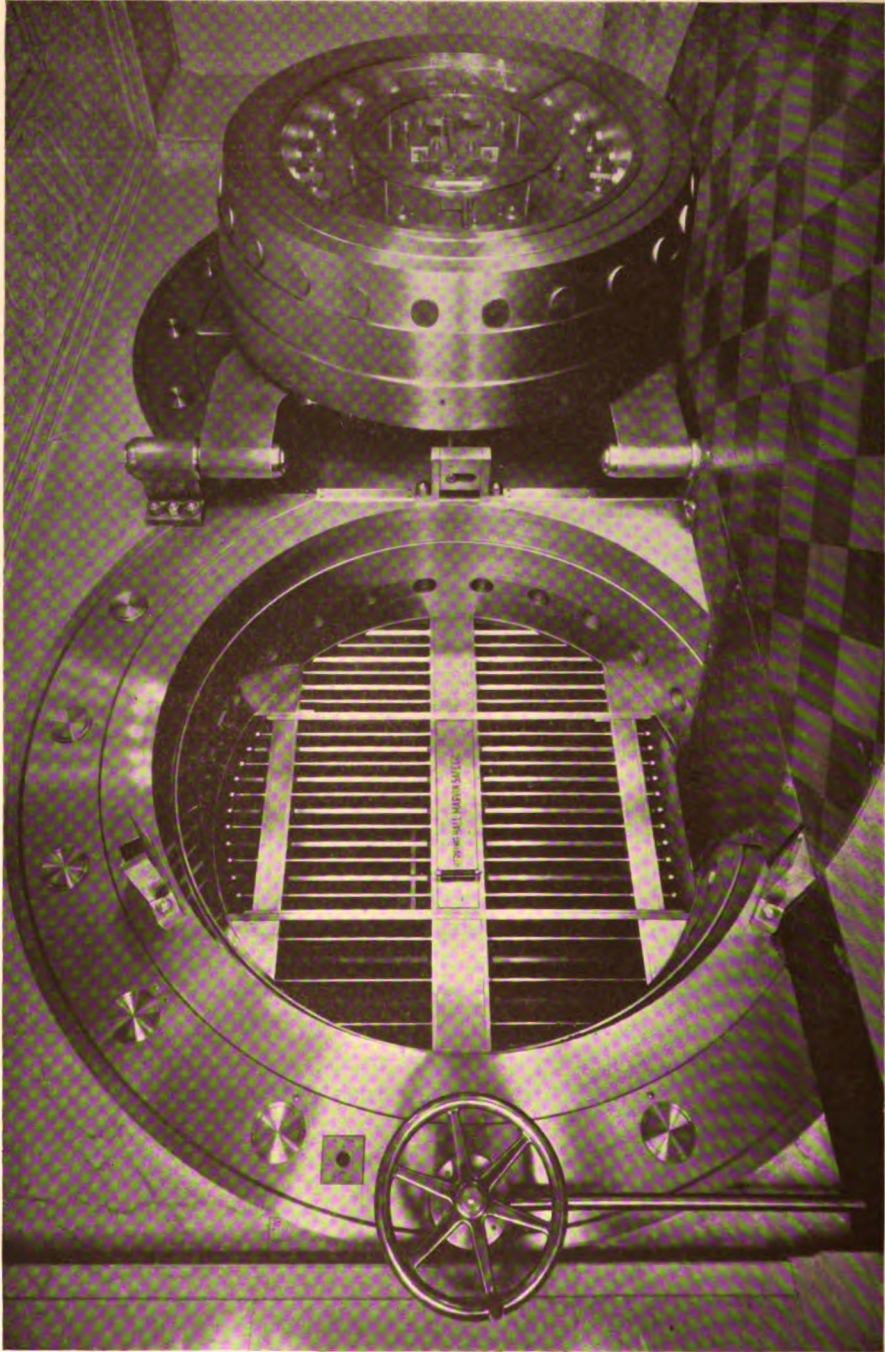


NAZARETH NATIONAL BANK,  
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**T**HE new building for the Nazareth National Bank at Nazareth, Pa., was not designed with the idea of grandeur, but rather to portray the dignity of the business carried on within its walls. The building is 40 feet by 90 feet—the exterior of buff cast stone upon a hone finished granite base. A mezzanine at the front provides a spacious directors' room and a corresponding mezzanine at the rear an accounting room.

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hard to render intelligent service. Let them keep quality in mind as well as quantity, both in selling and serving.

#### ADVICE TO TRUST COMPANIES

Trust companies should advertise and sell facts. Take the mystery out of trust company charges and procedure. Train their salesmen and trust officers how to work out the best of estate plans. Work for a higher standard. If someone asks what "legal" investments are, let them be prepared to answer fully and concisely. Have them posted on their companies' principles and practices, their strength, records and personnel.

Let them be definite in their statements. Let the prospect feel that "here is a chap that knows his business." They should fit their solicitation to the prospect's station in life, his mood, his type of business. They should sell by inference, not obviously. They should confer, not force; should create confidence in the service offered and in their institution.

Let them always have a good word for competitors—for the legal profession, for life underwriters. Let them be patient, sociable within proper bounds. They should remember they may have many dealings with the man whose will they secure. Let the prospect feel free to call the salesman in again to consider changes, to discuss living trusts, investments.

After trust companies worked for years to show insurance men that it would stimulate their business if they talked wills and estate plans and the trusteeing of insurance—in some sections underwriters have become so enthusiastic that they have set themselves up as specialists in the planning and preparation of wills. As a rule, this is true only of men somewhat new in the insurance field, although a few old-timers have let the lure of big business temporarily blind them to the fact that, especially in the larger cities, trust company men do know considerable about planning estates

and trusts, about laws, taxes and other important things and are better qualified to do this, and legitimately so—than the underwriter.

The writer could recount untold instances of thoughtless actions of underwriters, but suffice it to say that insurance men should not actually prepare wills—that is a task for a good attorney. Neither should they upset the good work of intelligently sold trust service by suggesting to these future clients of trust companies that they—the insurance men—be allowed to analyze the wills of men so that they can suggest changes—infering, in a way, that neither the trust companies who helped plan the wills nor the attorneys who drew them, know as much about such things as do insurance men.



BANKER CALLS ON COOLIDGE

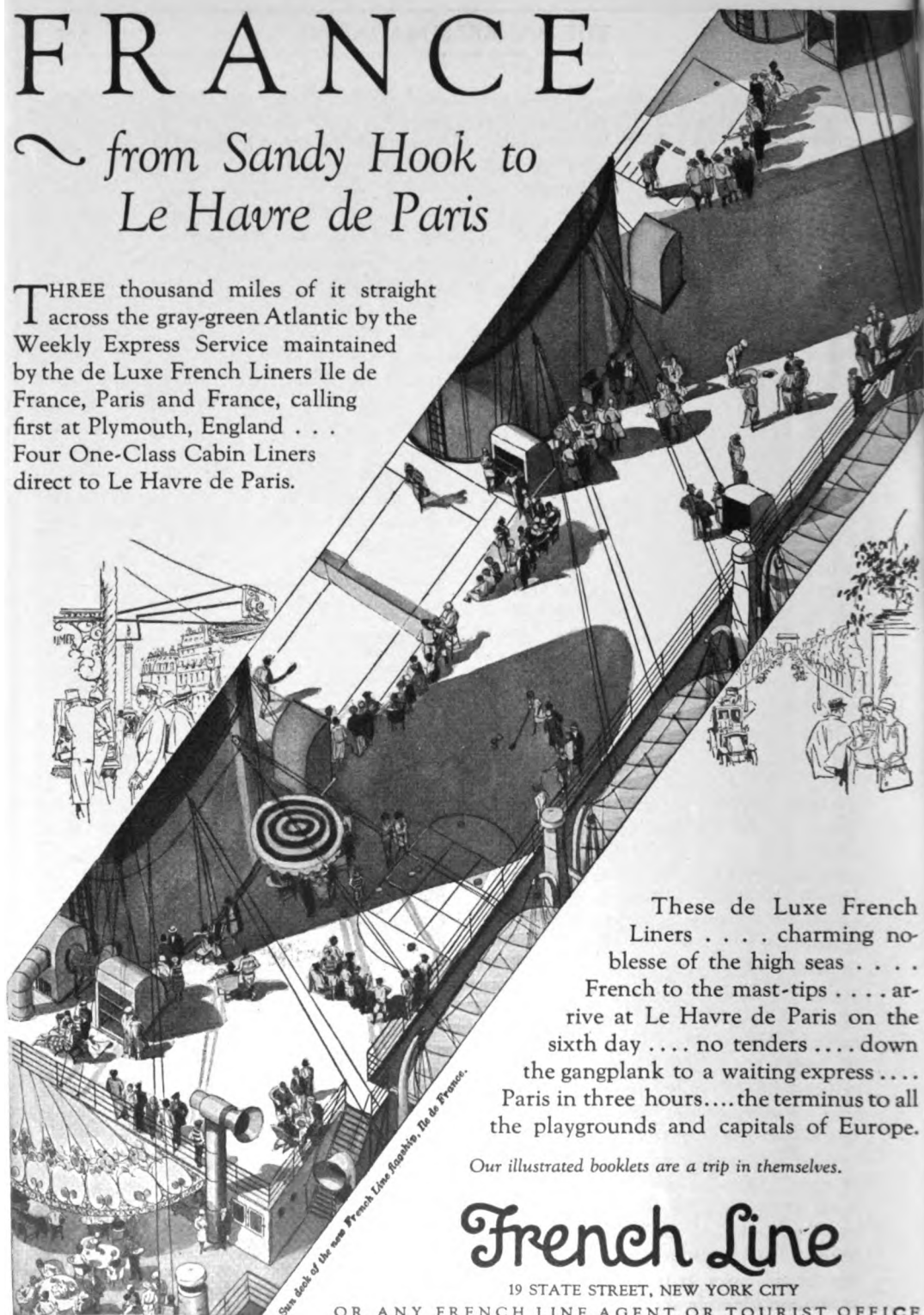
Carleton A. Chase (right), president of the New York State Bankers Association, and Senator Wadsworth (left) of New York. Mr. Chase called on President Coolidge to invite him to attend the state bankers' convention in June.



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# "HAND-TO-MOUTH" BUYING AS OBSERVED BY THE BANKER

BY CHESTER D. MASTERS

The author of this article is vice-president of the Chicago Trust Company. It was delivered as an address before a recent Chicago conference on "Hand-to-Mouth" Buying.

**T**HERE has taken place in the last twelve years a definite change in the buying and the merchandising methods of the world that is explained by the term "hand-to-mouth" buying. This change has been particularly evident in the United States because of the peculiarly kinetic character of the people. Now any change radical enough or definite enough to have a wide economical bearing, calls for analysis and study by business, financial, professional and individual interests, and this particular change has, during the last five-year period, crystallized into one of great import, far reaching in its effects. One of these effects reaches into the banking world as a broad series of shifting problems. But none of these, so far as the writer can see, has faced the banker with any difficult administrative problem of his own. Rather, through providing funds for commercial and industrial use, "hand-to-mouth" buying has made the sum total of the banker's work easier for, generally speaking, it has resulted in the economical and uninterrupted use of a moderate volume of credit, thus making less the urgency of the peak demand periods and rendering less pronounced the easiness of the seasonally easy period. All this, however, has not made the individual customer or the particular line of business any less a matter of concern to the banker, as the writer will endeavor to show.

Any real consideration of this topic carries us back to the beginning of the World War in 1914. War of itself demands of both men and property a violent and sustained effort and, unless very

brief in its duration, makes obligatory prolific production of materials regardless of cost and a correlative expansion of all means of production. The latter is aggravated by the necessity of production methods that are as nearly as possible automatic for the reason that man-power is, to a great extent at such a time, withdrawn from industrial operations and diverted to actual war activities. Almost every line of production is affected, although naturally the production of munitions of war and of food stand out pre-eminently.

## INCREASED DEMAND

The beginning of war operations was followed almost immediately by a greatly increased demand on our producers and manufacturers—a demand which amounted in its insistence to something approximating frenzy when we entered the war. As a natural consequence, national necessity and enthusiasm forced an increase in production capacity without regard as to whether or not the individual project was well calculated as a long distance industrial development. During this same period our transportation systems were put to constant and arduous use. This circumstance found our transportation systems of that day unable to meet the demand for service and at the same time keep up the usual maintenance and required additions to their properties.

With the signing of the armistice and the end of the war, the business world believed there would be an overwhelming stock of goods available and a conse-



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NEW YORK

quent downward trend of prices. This, however, did not immediately prove true, due probably to the transportation weaknesses referred to. And so, between obtaining goods suitable for the home market and delivering them with a reasonable degree of promptness, there developed a seller's market which evidenced itself in the post-war boom and inflation period of 1919 and the greater part of 1920. Not only did merchandisers build up their reserve of goods for immediate sale, but manufacturers were seized with the same seeming necessity of acquiring substantial supplies of raw material.

In the latter part of 1920 a sensing of this inflation situation expressed itself in corrective measures applied to the money which resulted in the sensational business deflation of 1921. Among many lessons taught by this phase of the change, probably the most outstanding one was, *that the business of merchandisers is primarily merchandising and not that of speculating in the commodities which they handle.*

#### LESSON THOROUGHLY LEARNED

Eventually buying was resumed, but the lesson, although a very expensive one, had been thoroughly learned and the accumulation of merchandise in the hands of any of its handlers was indulged in with the highest degree of caution. And just at this period it became apparent that our transportation systems had, under stress of necessity, so bettered their service, that the matter of delivery ceased to be a problem and with the realization of our own better transportation service, the present method of "hand-to-mouth" buying was fully developed. And with excess producing capacity throughout our country and with no likelihood of transportation being other than excellent, the "hand-to-mouth" buying method became chronic, and the writer is of the opinion that henceforth it will be our normal method.

By normal, he, of course, does not mean that there will be no exceptional

periods when a scarcity or a likelihood of a scarcity in any one product would terminate "hand-to-mouth" buying in that particular line. But he does mean that such a period would be an exception and that, as soon as the product in question became normally plentiful again, trade would resume the "hand-to-mouth" buying. And there are a great many economical reasons for making permanent this method. He is satisfied *that a steady high volume of production at a low cost is very material to our general prosperity. Moreover, he believes that the practice of current buying does away with:*

(a) *Commodity speculation, (b) brings about closer relations between producer and consumer, (c) makes for a more moderate use of capital.*

The banker's varying problems as they relate to the individual problems of his customers may be summarized by saying that from time to time capitalization must be shifted from one element of an industry to another. In the great industry of canning fruits and vegetables for the market—particularly in the case of the northern canner who packs in the summer and fall season—prior to some three or four years ago, the canner could safely figure that his pack would be out of his hands and on wholesale and retail shelves by the first of December or shortly thereafter. He was then relatively free to close out his seasonal activities, pay off his seasonal loans and in general face a cleanup and overhauling program for a matter of three or four months until his next season of production started. This was the general condition that was regarded as normal until a comparatively short time ago. The situation today is that he is carrying his inventory until well into spring and sending it out in relatively small shipments through the whole winter season. As, under the "hand-to-mouth," method, the wholesaler is stocking only the car or two that he needs for his immediate needs. In return the retailer is taking delivery in small current amounts. In all fairness,

the writer might say that some other changed form of merchandising, such as chain stores, has undoubtedly had something to do with this condition. However, this is true, *the canner who used to be only a manufacturer, is today a manufacturer and a wholesaler.*

In the last year or two the writer has visited quite a number of canneries. And during these visits he noted those portions of the building that seemed to be newly constructed or in the process of construction. Generally speaking, these were for storage purposes. To summarize, production had, in the preceding decade, been brought up to the full volume that seemed advisable, but merchandising conditions were at the time of these visits resulting in the necessity of providing facilities for wholesale distribution extending over a period of several months.

Now, unless these canneries have already changed their capital structure to conform with the new order of things or were previously over-capitalized, their bankers must be carrying them for a period extending from June to March, where they used to carry them from June to December. It is, of course, equally clear that the wholesalers or other merchandisers who used to carry this portion of the stock for a part of the period no longer require banking assistance for this particular item, so that in the aggregate the amount of the bankers' money employed has not changed. The burden has simply been shifted from one pair of shoulders to another and it has become the work of the banker to make sure that the burden, when shifted, has fallen upon shoulders capable of carrying it. If the capital structure of an organization has not been properly set up to carry this added burden, it must be revised and strengthened to carry it.

#### FUNCTION OF THE BANKER

The chief function of the banker, therefore, is to see to it that the finan-

cial structure of each business is changed so that it can effectively and fully meet a new condition and at the same time make a profit on the additional risk undertaken. To provide the money to carry a new or larger inventory is relatively simple. To insist upon conditions that will make the carrying of this inventory profitable is another and a much more difficult thing. Yet, it is axiomatic that capital wherever employed must be profitably employed.

In brief, the chief office of the commercial banker with respect to "hand-to-mouth" buying is to see that the industries are capitalized properly to meet the new order of things and that the capital is shifted accordingly—in other words, to see that it is taken away from "A," who no longer needs it and given to "B," who now needs it, and to see that "B" takes it and administers it on a basis that will yield him an additional and commensurate profit. If he does this the result will be the economical and uninterrupted use of a moderate volume of credit which is relatively easy for the banker to provide.

#### EMPIRE TRUST EARNINGS

EARNINGS of the Empire Trust Company, New York, for 1926 totaled \$1,002,585, according to a statement of the company. This shows earnings of more than 25 per cent. on the \$4,000,000 capital stock, an increase of 2 per cent. over the earnings of the previous year.

Total assets of the company, according to the same statement, are \$85,357,932, deposits \$76,476,156, surplus and undivided profits \$4,175,565. Dividends to the extent of \$640,000 were paid out during 1926.

#### APPOINTED AGENT

EDWIN Bird Wilson, Incorporated, New York, has been appointed advertising agent for the Union National Bank of Knoxville, Tenn.



# PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

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.

**QUESTION:** During the series of articles which appeared in this magazine regarding credit and credit analysis, mention was made of cost accounting. It was stated that cost of production of units was figured by some of the larger companies and that into such costs entered the item of machine costs. While there are not any large manufacturing companies in this city, as a matter of personal interest, I would like to know the method of arriving at the cost of machine operation. I happen to be a director in a small company and am interested in this as a matter of information.. C. E. L.

**ANSWER:** Cost accounting is a very deep, intricate and lengthy subject and on it much has been written. While in the case of the smaller company, it is many times not possible to apply it directly, a study of cost accounting by directors and officers will give much enlightenment on operating methods, procedure and costs. A study of cost accounting will possibly enable more economical operation because of better insight and understanding of the business. In determining the cost of operation of a machine, the following items must be given consideration: (a) The cost of power necessary to operate the machine; (b) depreciation of the machine based upon its normal life; (c)

floor space necessary for the machine, and (d) loss of interest on the investment in the machine.

These costs must be reduced to the basis of costs of operation per hour. The hourly cost is easily determined in the case of power consumed and rental of floor space. However, in the case of depreciation and loss of interest on the investment, these must be reduced to an hour figured by estimating the reasonable number of hours during which the machine is expected to be in operation. Of course, in the event of a shut down of the machine the costs due to depreciation, rental and loss of interest remain, the power cost being saved due to no power being consumed. Many details and technicalities enter cost accounting procedure, but you will find it an intensely interesting and informative study.

**QUESTION:** We have been contemplating the installation of a visible card index for our statement record and would like your opinion of this plan. These cards are type which display one edge showing name and other data.

L. T.

**ANSWER:** This problem must be considered by what you have to gain and what you have to lose. The cards of the visible type require more space and

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cost considerably more. However, you gain immediate visibility and if this is what you are after there is no reason why you should not adopt the plan. From my own experience with statement records, it was not found that this factor of immediate visibility was of sufficient importance on the main records. It might so happen that certain cards which are out of the regular file pending statements written for, data sent for, etc., could well be filed in a visible index. The visible index has much merit and while it has probably not been used as generally in bank credit departments as in the credit departments of mercantile houses, its use in the former is bound to increase.

QUESTION: I would like to obtain some statistics regarding failures. I would like these figures showing the number of failures in various lines of business. Can you advise where this information is obtainable? C. H.

ANSWER: Information of this character we do not believe is obtainable

in very great quantity. You may be able to get some data from the Industrial Conference Board in New York City, but probably the best sources would be the Commercial Agencies—R. G. Dun & Company or the Bradstreet Company. The latter company, the writer believes, publishes figures as to failures from various causes rather than lines of business. Failures in which management is responsible are due to inability, poor credits and insufficient capital. The majority of failures by far fall under this head. Failures due to outside circumstances are due to physical mishaps, business conditions and competition. It is my belief that the Bradstreet Company makes a classification under these or similar headings.

QUESTION: What is the normal rate of merchandise turnover to be expected? L. O. B.

ANSWER: It is impossible to answer this question. The rate of turnover differs with the line of business. You evidently neglected to mention the



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*President*

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type of business. In the meat packing industry you would find a fairly good rate of turnover, while in the brick business you will find the turnover very slow.

**QUESTION:** Quite often the expression "Trading on Equity" is heard. Will you please give some information regarding the general meaning of this term and its application? M. E. T.

**ANSWER:** This term has to do with the increasing of profits due to borrowed money. This holds true when the rate of profit from the business is greater than the rate of interest paid on borrowed money. For example, presume that an individual has \$10,000 invested in a business and can earn on it 10 per cent., or \$1000. Presume that he can borrow \$10,000 additional at 6 per cent.; he can make, we will assume, the same rate of return, namely, 10 per cent. on the total capital of \$20,000. (\$10,000 invested and \$10,000 borrowed). The income is increased to \$2000. The only

increase in cost, we assume, is for borrowed money which is 6 per cent. on \$10,000 or \$600. Therefore, the \$2000 profit is subject to this reduction and, therefore, the person has \$1400 profit to himself and he has increased the return on his own \$10,000 investment from 10 per cent. to 14 per cent. In the event of a bad year, we will assume, he can make only 4 per cent. We therefore find that 4 per cent. on \$20,000 gives him only \$800 income. The cost of borrowed money is \$600 and he therefore makes \$200 net. Had he not borrowed and transacted a smaller volume with only his own capital and made the 4 per cent., therefore, he would have made \$400. While these illustrations are crude and certain factors enter in, they give the idea of the term "Trading on Equity."

## CORRECTION

On page 107 of the January issue, question from L. M. C. Where the question referred to the book value of

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preferred stock, it should have been the book value of the common stock. The answer in part read as follows:

"A safe and conservative way to figure the book value is to take the value given the outstanding common stock and add to it the figure of surplus shown. From this combined figure should be deducted the preferred stock at its callable price."

A typographical error was made, in that the answer should have read:

"A safe and conservative way to figure the book value is to take the value given the outstanding stock of the company and add to it the surplus shown. From this combined figure should be deducted the preferred stock at its callable price."

In other words, the net worth of the company should be used, which is, the combined figure of capital stock outstanding and surplus, and from this preferred stock should be deducted.

## BORROWING TO BUILD DOG HOUSE

READERS of this department will be interested in the following story from the *New York World*: Otto Szant is twelve years old. So, of course, it seemed perfectly reasonable to him to step up to the cashier's wicket of the West Orange Trust Company in Main street, West Orange, N. J., just before closing time Saturday with a simple, straightforward proposition.

"Will you open this, please?" he asked, producing one of the small savings banks distributed by the trust company when it began business six months ago. "I want to see how much I got."

Cashier Ray Sales obliged, and a little copper stream, brightened by an occasional nickel or dime, clattered on his counter. "There's \$3.29 here," he told the boy after a minute or two.

"H'm," mused Otto, "that's just about what I thought," and his forehead wrinkled under the strain of some intricate mental calculation.

"Do you want to open an account?" interrupted Mr. Sales.

"No, I want to buy something, but what I want'll cost \$5. Say, how about getting a loan of \$2 from the bank?"

The cashier gasped, started a grin, and then replaced it with his most serious air. "I guess we'll have to have you see the president," he decided. "Come with me, please."

Walter Van Riper, president of the trust company, Judge of the Essex County Criminal Court and a former mayor of West Orange, bent over some papers on his desk, heard his cashier's voice.

"Judge, permit me to introduce a prospective customer, Mr. Szant. He wants to talk business with you."

The president looked up and saw a small, somewhat shabby but very self-assured young business man.

"Mr. Mayor," announced Otto, "I want to get a loan of \$2 from the bank. How about it?"

"Well, I don't know," replied the banker. "Would you mind telling me what you want it for, son?"

"Sure. You see I got a dog that's the best dog in the world, but they won't let me keep him in the house. Now the kind of dog house I could build for him wouldn't be good enough, this kind of weather. I can get a peachy, though, from Sears-Roebuck for \$5. I got about \$3 and I want to borrow \$2 more from the bank."

"That seems reasonable enough," Judge Van Riper admitted. "But do you know the usual method for borrowing money from a bank?"

"Sure," Mr. Szant promptly answered. "I sign a note and I pay 6 per cent. interest."

"But how about security?"

"Well, I'm going to get a job, working after school, and I can pay it back all right."

"Mr. Sales," directed Judge Van Riper, "make out a three-months' note for this young man for \$2 at 6 per cent. Security is initiative, confidence and personality."

With due formality the transaction was concluded. With \$5 in his hand Mr. Szant again stepped up to the cashier's wicket. "Please give me a cashier's check for \$5," he requested, "payable to Sears, Roebuck & Co., Philadelphia."

And in a few days the yard of the little Szant home at No. 15 John street will be adorned with a "peachy" dog house for "the best dog in the world."

#### BABY'S ARRIVAL RECORDED BY BANK ACCOUNT

A MAN who gave his name as Benjamin Weiner, a broker, entered the Hamilton National Bank of New York recently and asked to start a thrift account. At the window he made an initial deposit of \$8.40. When the book had been returned to him he asked the clerk to deposit \$1.70, handing him the book and the money.

"Now this \$76," he requested.

"Here is \$25.27, please."

The whispers of the clerks reached the president, Archibald C. Emery, and he asked the man for an explanation. "Just deposit this \$7.50 and I'll explain," the depositor said.

According to the explanation Wanda Winifred Weiner had been born four days before at 8.40 p. m., that making the first entry. The hospital in which she was born is located at 170 West 76th street, which accounts for the next two amounts. The date of her birth was 2/5/27, and she weighed seven and one-half pounds.

"And now there is one thing more. Winifred was born in room 707A, and I wonder if I can have that number for the thrift account. That will make everything complete."

Winifred's thrift account is 707A.

## SAFE MORTGAGE BANKING

“FIRST mortgage business should be run on banking principles,” declared Louis K. Boysen, vice-president First Trust and Savings Bank, Chicago, in an address on the above subject before the finance division of the National Association of Real Estate Boards at their mid-winter convention. “The lending of money on real estate may be called ‘long time credit banking’ as distinguished from the usual short time commercial loans made by the state or national banks. It is concerned with the safe lending of money on real estate and its repayment in orderly maturities. Many of the ethical principles already in force in commercial banking circles will apply to the mortgage business.”

“A banker does not consider a real estate mortgage good collateral,” he continued, “unless it has an adequate margin of security.” Of the \$20,000,000,000 of real estate loans held by 7,000,000 people in the United States, 99 per cent. are secured on real estate with a safe margin of security. The comparatively small balance of unsafe loans is mostly among the real estate bonds issued by real estate bond companies in large cities.

This form of financing originated in Chicago, according to Mr. Boysen, in the Royal Trust Company, about thirty years ago. Later a Mr. Jennings, formerly an employe of that company, started his own mortgage company. Many of his bond issues went bad, though subsequent rises in real estate values restored them to financial health. In the last fifteen years, this business has grown tremendously. Nearly all of these loans have been made on 60 to 75 per cent. of the value of the property, but have subsequently acquired a proper margin of safety “through the reduction of the loans by payments and by the increase in real estate values, which has been tremendous during the last six years.”

“It is with the real estate bond and its brother, the lease-hold bond, where

the actual margin of security is less than 25 per cent. with which we are principally concerned,” said Mr. Boysen. “The financing of these excessive loans is made possible by appraisers who ignore actual costs and values and create values based on estimated rents or income returns.” Some unscrupulous appraisers, he said, “will furnish any valuation which the promoters of the proposition require.”

Reputable mortgage houses which find it necessary to finance buildings with 100 per cent. borrowed money would do well, he suggested instead of getting the money on a poorly margined first mortgage, “to make a well margined first mortgage loan and do the additional financing through a subsidiary company taking a second mortgage. The speculative feature is thus eliminated from the first mortgage bond issue and centered in the junior financing. The additional profit that the subsidiary company secures out of the junior financing should be its reward for taking the speculative part of the risk.”

Other mortgage bond houses can best be controlled, Mr. Boysen believes, “by establishing rules governing the financing of real estate and publicly exposing any infraction thereof.” Among the rules he suggested were: Incorporation of the mortgage house under the banking laws of the state where located, and conducting it as a banking business; limiting first mortgage bond issues to 75 per cent. of a “balanced” valuation; basing the valuation of the securities on a stabilized income return, in line with the cost value of the land and building; standing squarely behind the appraisal; including all the information necessary to pass on the investment in the circular; and providing for the gradual amortization of the debt to offset depreciation, obsolescence, and to liquidate the debt in an orderly manner. Only thus can the integrity of the mortgage banking business be preserved.

# 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

## LIMITATION OF BANK'S LIABILITY FOR PROPERTY STOLEN FROM SAFE DEPOSIT BOX

Sagendorph v. First National Bank of Philmont, New York Supreme Court, Appellate Division, 218 N. Y. Supp. 191.

**A** BANK renting a safe deposit box delivered to the lessee a receipt stating that the bank would give the property left with it for safe-keeping the same care it gave its own property, but that beyond this it would not assume responsibility. In an action by the lessee to recover for the loss of property taken from the bank by burglars it was held that the stipulation in the receipt limited the bank's liability as therein expressed; that in order to establish the bank's liability for the loss the lessee must allege and prove that the bank failed to discharge the duties imposed upon it by its contract; that the bank was not required to offer a reward for the apprehension of the burglars or the recovery of the property; and that the bank was not required to attempt to apprehend and prosecute the burglars.

Action by Ivison A. Sagendorph against the First National Bank of Philmont. From that part of an order which strikes out from the complaint certain separate allegations of negligence, plaintiff appeals; and from those parts of the same order which deny defendant's motions to dismiss the complaint and to strike out several separate allegations of negligence, defendant appeals. Order modified, and, as so modified, unanimously affirmed.

**VAN KIRK, J.**—The plaintiff was the lessee of a certain safe deposit box in defendant's banking house, and had therein certain valuable securities belonging to him on the night of March

22, 1922, when burglars broke into the bank and carried away the securities; these have not been recovered. The relation between the parties was that of bailor and bailee. Duties of defendant, its failure to perform them, and the consequent loss of plaintiff's property are alleged. We think a cause of action is alleged in the complaint. See opinion in *Coons v. First National Bank of Philmont*, 218 N. Y. S. 189, at this term. The motion to dismiss the complaint was properly denied.

We turn to the motion to strike out allegations of negligence. Where there is an express contract between a bailor and bailee, the terms thereof control as to the liability of the bailee. Either party may impose on the other such terms as they may agree upon. Such express agreement will prevail against the general principles of law applicable, in the absence of an express agreement. 6 C. J. 1111; *Sturm v. Boker*, 150 U. S. 312, 14 S. Ct. 99, 37 L. Ed. 1093.

When the plaintiff hired the safe deposit box, the defendant delivered to him a receipt for the rental, which contained this:

"The First National Bank of Philmont will give the property left for safe keeping the same care it does its own property, but beyond that does not assume responsibility."

This stipulation limited the liability of the defendant as therein expressed. The court below struck out the allegations of negligence, paragraph IX, subdivisions, 7b, 8, 10 and 11, and we think properly. To establish defendant's liability it must be alleged and proved that defendant failed to discharge the duty imposed upon it by its contract, express or implied. Its negligence is its failure to perform that duty, and actionable negligence is that only which is the proximate cause of, and contributed to

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the loss of, or failure to return, the securities. Subdivisions 7b, 8 and 11 relate to failure to insure plaintiff's property.

There must be a special contract in order to require a bailee to insure property left in his care. Insurance is usually secured by the owner. It indemnifies against damages suffered by reason of the risk insured against. It is no protection against the physical loss of the property. Defendant's agreement to give to plaintiff's property "the same care that it does to its own property" does not contemplate insurance. There is no allegation that defendant agreed to insure plaintiff's property left in its care; and the fact that it insured its own property does not tend to establish that it must insure the bailee's.

Subdivision 10 relates to offering a reward. Its duty did not require it to offer a reward for apprehension of the burglars or recovery of the securities.

Under the express stipulation limiting defendant's responsibility, we think the

court should also have struck out other subdivisions, because, in respect to the negligence in them charged, it gave to plaintiff's property the same care that it gave to its own property. These subdivisions of paragraph IX are 4a, 4b, 5 and 6. The conditions in and about the bank and the protection which the bank was furnishing to its own property were open for plaintiff to see. There are no misrepresentations claimed, and no concealed defects.

Subdivision 9 should also be stricken out. It charges failure to make reasonable effort to apprehend the burglars. The apprehension and prosecution of the burglars is the duty of the people. It would not lessen plaintiff's loss to have the burglars apprehended and punished. There is no charge in this subdivision that defendant failed to make reasonable effort to recover the stolen property.

The order denying the motion to dismiss the complaint should be affirmed. The parts of the order striking out certain allegations of negligence in para-

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graph IX of the complaint should be modified, as above stated, and as so modified, should be affirmed, without costs.

### BANK NOT LIABLE FOR PROPERTY STOLEN FROM SAFE DEPOSIT BOX

Coons v. First National Bank of Philmont, Appellate Division of the New York Supreme Court, 218 N. Y. Supp. 189.

A bank which rents a safe deposit box may be liable to the renter in the event that the contents of the box are stolen by burglars where it is shown that the loss was due to negligence on the part of the bank.

A bank will not, however, be held liable where it appears that the lost property belonged to some person other than the one to whom the box was rented. The relationship between a

bank and the renter of a safe deposit box is one of bailment and no one can be made responsible as a bailee without his consent.

In this case it appeared that the plaintiff had deposited securities in a safe deposit box which the defendant bank had rented to the plaintiff's father. The securities were stolen by burglars. Under the rules stated, it was held that the plaintiff had no claim against the bank.

Action is brought to recover damages alleged to have been suffered by the plaintiff through the negligence of the defendant; the plaintiff deposited in safety deposit box No. 27, in the banking house of defendant, certain securities, which were taken from that box by burglars, and which had not been recovered or restored to plaintiff.

The cause of action sought to be alleged is one in bailment. The relation between a bailor and a bailee is fixed by contract, either express or implied, and the rights and liabilities of the parties



must be determined from the terms of the contract, if express, or, if implied, under the general principles of law and the surroundings and attending circumstances; but always liability is grounded in contract. One cannot be made the bailee of another's property without his consent. 6 C. J. 1084, 1110; First National Bank of Lyons v. Ocean National Bank, 60 N. Y. 278, 19 Am. Rep. 181. It follows that, if there is no contract between the parties to the action, there can be no liability resting on the defendant as bailee.

The complaint in this case shows no contractual relation between the plaintiff and the defendant. The allegation, on the other hand, is that the father of plaintiff was the lessee for hire of safety deposit box No. 27 in defendant's bank at the time of the burglary, and at that time the plaintiff was the owner of certain securities which she had deposited in that box. There is no allegation that, at the time the box was leased, or at any other time, this plaintiff was in any wise connected with the contract between her father and the defendant. It is alleged that, when the box was hired, the father designed and intended it for the safe-keeping of securities of himself and members of his family, including this plaintiff; but there is no allegation that the father communicated this intent to the defendant, or that the defendant at any time knew that securities belonging to this plaintiff were deposited in the box.

Lawrence v. Fox, 20 N. Y. 268, has been cited in support of the proposition that an action may be maintained on a promise made for a valuable consideration by a defendant to a third person for the benefit of a plaintiff, though the plaintiff was not privy to the contract. But, even so, there is no allegation in the complaint that there was any promise made by the defendant to receive and keep, as bailee or otherwise, any property belonging to this plaintiff, nor any promise made in any way for the benefit of plaintiff.

Green v. Clarke, 12 N. Y., 343, is cited to sustain the proposition that a bailee having a special property or a general owner of such property may either of them maintain an action for the conversion of or injury to the property in which they are interested. This case would be an authority in favor of plaintiff, were the action against the burglars. It is not alleged that this defendant converted or in any wise injured the property of plaintiff. No cause of action is stated in the complaint.

The order appealed from should be reversed, with \$10 costs, and the motion granted, with \$10 costs. All concur.

#### BANK LIABLE IN PAYING CHECK ON SALESMAN'S INDORSE- MENT

Wayne Tank & Pump Co. v. Bank of  
Eureka Springs, Supreme Court of  
Arkansas, 290 S. W. Rep. 370.

Where a drawee bank pays a check on a forgery of the payee's indorsement, it will be liable to the payee for the amount of the check. The rule is here applied to a case where a salesman receives a check payable to his employer and, without authority, indorses the payee's name upon the check and cashes it at the drawee bank. The fact that a salesman is authorized to receive checks payable to his employer does not give him authority to indorse and collect the checks.

SMITH, J. Cook & Border, merchants at Eureka Springs, bought from Ed Kincaid, a salesman representing the Wayne Tank & Pump Company, an oil storage tank, the regular price of which was \$559, a discount of 5 per cent. being allowed for full payment in cash. These tanks were sold under written orders, which had printed in large type that, "Agents for the company are not authorized to collect money hereunder except for initial payment."

Cook & Border paid cash for the tank ordered by them, and in payment therefor delivered to Kincaid their check on the Bank of Eureka Springs for \$538.85. Kincaid presented the check for payment to the bank on which it was drawn, and payment was first refused. Later in the same day Kincaid again presented the check, and exhibited the contracts under which he was taking orders for tanks, and under which he had sold a tank to the drawer of the check which he presented to the bank for payment, and it was paid.

After waiting about a month for the tank to be shipped, Cook & Border wrote the vendor, Wayne Tank & Pump Company, inquiring the cause of the delay in shipping the tank, and received a response from the company advising that no order had been received. Thereupon Cook & Border made profert of their contract with Kincaid and the check which Kincaid had cashed, whereupon the company shipped the tank contracted for by their agent, and brought this suit to recover the amount of the check from the bank. There was a trial before the court sitting as a jury, and a finding and judgment for the bank, from which is this appeal.

From the facts recited it will appear that the case of *Schaap v. First National Bank of Ft. Smith*, 137 Ark. 251, 208 S. W. 309, is controlling here. The facts in that case were that Slates, the agent of Schaap, had authority to sell drugs, and to collect past-due accounts and to receive payment either in money or in checks drawn in favor of his principal. Slates collected certain accounts, which were paid in checks payable to the order of Schaap, and after indorsing the checks in the name of the payee collected the money on them and misappropriated it. Schaap sued the banks which had paid the checks. It was insisted that the authority to collect past-due accounts either in money or checks carried with it the authority to indorse the checks received by Slates in payment of the accounts, and the trial court

sustained that contention. In reversing that judgment we said:

"When Slates received them [the checks] in payment of a debt due his principal, his duty as collector ceased except to transmit the checks to his principal. The indorsement of the checks was not a necessary incident to the collection of the accounts and his authority to receive checks, instead of cash, did not confer power to indorse the checks. It has been uniformly held that the fact that an agent authorized to make collections in checks as well as in money does not enlarge his authority to indorse checks so taken in the name of his principal."

It was insisted in that case—as it is here—that the payee in the check had no right to sue the bank upon which it was drawn, for the reason that the indorsement upon which it was paid was forged, and that the bank had not, therefore, accepted the checks for payment. The cases of *Sims v. American Nat. Bank of Ft. Smith*, 98 Ark. 1, 135 S. W. 356, *Rogers Com. Co. v. Farmers' Bank of Leslie*, 100 Ark. 537, 140 S. W. 992, and *State, Use, etc., v. Bank of Commerce*, 133 Ark. 498, 202 S. W. 834, *L. R. A.* 1918F, 538, were cited in support of that contention.

These cases—which are here cited—were reviewed in the *Schaap* Case, and, after saying that these cases are in accord with the general rule, that the holder of an uncertified and unaccepted check can, in the absence of a statute, maintain no action thereon against the bank on which it is drawn, even though the bank has funds of the drawer out of which it could pay the check, for the reason that there is no privity of contract between the holder of the check and the drawee bank, this court proceeded to say:

"As we have already seen, Slates, the agent of the plaintiff, had no right to indorse the checks in the plaintiff's name and the plaintiff's right to the checks remained precisely as it was before Slates undertook to indorse them for him. The

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checks therefore when received by the defendants were the property of the plaintiff and in that case he may, as we have seen, ratify the action of the banks in receiving the checks and collecting their proceeds without ratifying the unauthorized act of his agent in indorsing the checks in the name of the principal."

The law as stated in the Schaap Case appears to be decisive of the present appeal.

The judgment of the court below must, therefore, be reversed; and it is so ordered.

#### FORWARDING BANK IS NOT LIABLE WHERE CORRESPOND- ENT FAILS AFTER COLLECT- ING CHECK

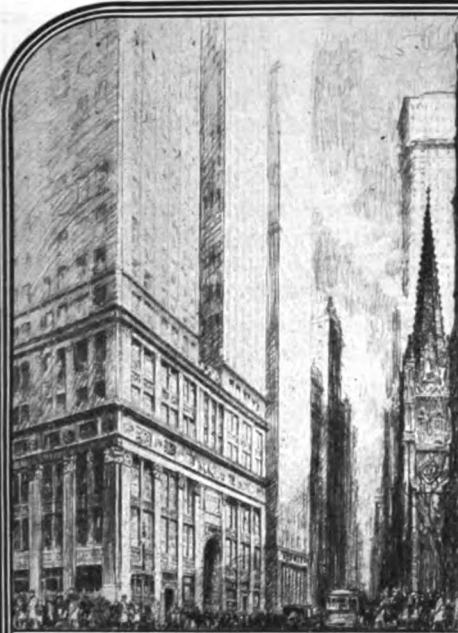
Crawford v. First State Bank of Ketchum, Supreme Court of Oklahoma, 251 Pac. Rep. 481.

A bank which forwards a check for collection is not liable to the depositor

where a correspondent bank fails after collecting the check from the drawee and while the proceeds are still in its hands. This conclusion was reached under the rule which is adhered to in a number of states, that a collecting bank, using suitable care in the selection of its correspondent banks, will not be held liable for the negligence or defaults of such correspondents.

Action by J. M. Crawford (Hoffman Tie & Timber Company substituted as plaintiff) against the First State Bank of Ketchum, for debt. Judgment for defendant. Plaintiff appeals. Affirmed.

STEPHENSON, C. E. H. Braley, manager of the Hoffman Tie & Timber Company, on January 7th, mailed his check, drawn on the First National Bank of Allen, payable to the First State Bank of Ketchum. The check bore an indorsement on the lower lefthand corner in the following language: "For J. M. Crawford." Following the usual custom in handling such an item, the



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check was credited to the account of J. M. Crawford, who drew his personal checks on the account for the payment of timber purchased for the Hoffman Tie & Timber Company. J. M. Crawford acted as agent for the Hoffman Tie & Timber Company in purchasing the timber, and in the disbursement of the proceeds from the checks, so deposited in the bank. Several checks had been deposited in the defendant bank and disbursed by Crawford for similar purposes prior to the date of the deposit of the check in controversy. The transaction in substance was a transfer of the funds of the Hoffman Tie & Timber Company from the First National Bank of Allen to the First State Bank of Ketchum, for the convenience, use, and benefit of the Hoffman Tie & Timber Company. The check in question was forwarded by the First State Bank of Ketchum, through the usual banking channels to the Commerce Trust Company of Kansas City, which in turn forwarded it to the Depositors' State Bank

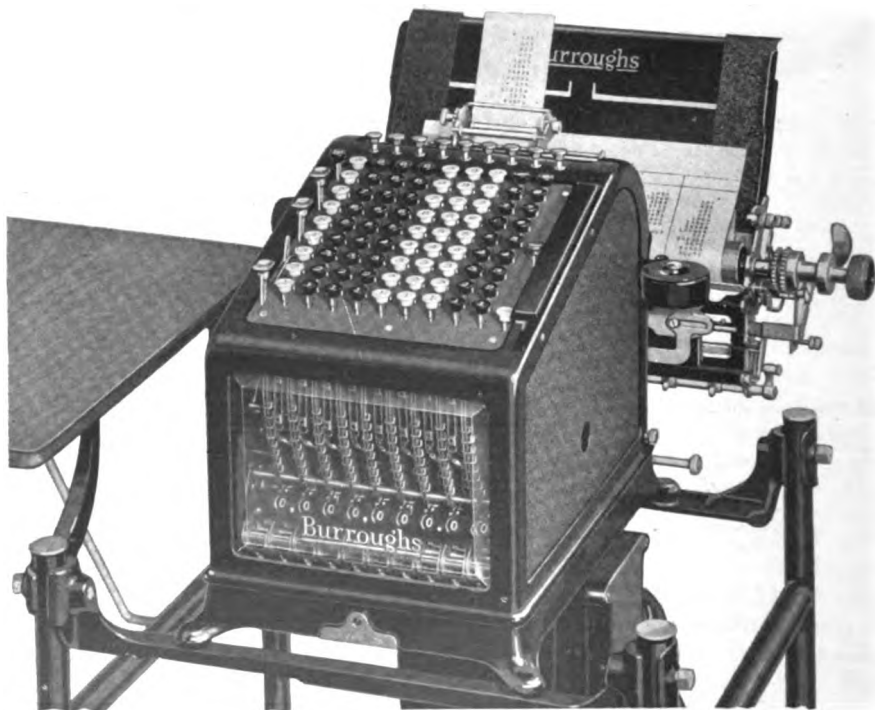
of Allen for collection. The latter bank presented the check to the First National Bank of Allen and received payment. The Depositors' State Bank forwarded draft to the trust company for the proceeds of the check collected from the First National Bank of Allen, but, before the proceeds from the draft reached the First State Bank of Ketchum, the Depositors' State Bank closed its doors. The First State Bank of Ketchum did receive returns from the check deposited to the credit of J. M. Crawford. J. M. Crawford had checked out the equivalent of the check before the defendant received notice of the failure of the Depositors' State Bank of Allen. The check was charged back against the account of J. M. Crawford, and Braley later sent his check to balance the account. J. M. Crawford sued the First State Bank of Ketchum for the amount represented by the \$1,000 check, for the reason that he did not receive the returns from the check paid by the drawee. In the course of the trial,

it developed that J. M. Crawford was merely the agent of the Hoffman Tie & Timber Company, and the latter was substituted as party plaintiff. The trial of the cause resulted in judgment for the defendant. The plaintiff has appealed the cause here and assigns as error for reversal that the judgment is against the law and the evidence.

In substance, the evidence discloses that Braley used the First State Bank of Ketchum as his agent to enable the Hoffman Tie & Timber Company to transfer the funds of the latter from the First National Bank of Allen, for the use and benefit of the Hoffman Tie & Timber Company. The First State Bank of Ketchum under these circumstances would be liable only in the event that it was negligent in the employment of the means to accomplish the services it undertook to perform as agent for the

Timber Company. The evidence shows no negligence in this respect, and shows that the check was forwarded for collection in the usual and ordinary manner. The act of Braley in sending a second check later, to balance the account, after he was notified of the failure of the bank to receive the proceeds from the check, shows that Braley did not treat the relation of the defendant bank as that of a debtor. We think the receiving of the check, and crediting the account of Crawford under the circumstances with an amount equal to the check, did not create the relationship of debtor and creditor between the parties.

The evidence brings this case within the rules applied in the case of *Bank of Big Cabin v. English*, 27 Okl. 334, 111 P. 386, which operates to cause the affirmance of this appeal.



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# THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

THE gangplank of the liner "California," docked at Kobe, Japan, was crowded with Americans returning from a pleasant day at sight-seeing. Suddenly the ground under the pier swayed, the ship rocked, dashed itself against the pier, sending a huge geyser of water over the passengers. The gangplank broke loose from the boat, dropping Mrs. Jessie Glen Schultz and a number of the ship's crew into the sea. Mrs. Schultz was drowned before she could be rescued.

That was the only American casualty from the earthquake which devastated a large part of Japan on March 7. In spite of the violence of the quake, which started as a horizontal shock and ended as a perpendicular shaking, the great commercial centers of Osaka and Tokyo felt it only slightly. Most of the damage was done in the agricultural and fishing regions. Over thirty small villages were completely destroyed, reduced to smoking ruins, more than 5000 people were killed and 50,000 more, homeless, had to find what shelter they could behind huge snowdrifts.

The Red Cross promptly took charge of the relief work. Hampered by impaired railway service and wrecked roads, its work was made doubly difficult by a series of storms immediately following the earthquake.

Financial markets took little notice. Yen exchange weakened temporarily, and the stock market declined slightly, but the next day the Bank of Japan restored confidence in the business situation by reducing its discount rate. This reduction followed a month after the general reduction of interest rates on de-

posits by the banks of Tokyo, followed by banks in Osaka, Nagoya, Kyoto and Yokohama, due to the business depression, the decrease of export trade, and the large import foreign capital into Japan.

Such a reduction must have been imperative. On February 5, one week before, the Ministry of Finance had suspended the Kyoei Savings Bank, Tokyo; the Kofu Bank, Tokyo, the Choei Bank, Fukuoka, the Hioki Bank, Hyogo; and the Taki Bank, Hyogo. All these banks, said the Finance Minister, were on shaky foundations which threatened the interests of the depositors. In addition, the Kyoei Savings Bank, one of the most influential in Tokyo and with about 130,000 depositors, had lost money on real estate loans and had failed to make good the loss by depositing guarantee money with the Finance Minister as required by law. In order to conceal this, and hoodwink the authorities, the bank had prepared two sets of book accounts, concealing in one the real amount of its deposits.

The import of capital into Japan is evidently expected to continue. During February two of the "Big Four" investment houses of Japan announced that they would open New York offices. Takehara and Company of Osaka, has already opened temporary quarters in Wall street having decided that a New York office would probably be more profitable than a London office. At the time this office was opened, February 21, it was announced that two representatives of Nomura and Company, also of Osaka, were enroute to New York to open an office for that firm.

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When the Cantonese forces gained a victory over the army of Marshal Sun Chuan Fang and it seemed likely that they would take Shanghai early in February, Cantonese sympathizers and labor agitators inside Shanghai sought to express their delight by calling a general strike of Shanghai workers. Sixty-five thousand men failed to report one morning tying up factories, mills, department stores, transportation services, the post office—practically everything.

### CHINESE METHOD OF SETTLING A STRIKE

The next day this number was increased to 80,000. The possibilities of riot with so many men idle, alarmed the authorities. The Shanghai chief of police promptly issued a proclamation that all agitators caught inciting riot would be immediately executed. Bands of executioners, armed with heavy swords, patrolled the city, watching for outbreaks. Finding a man urging vio-

lence, they beheaded him on the spot. Like animals with one taste of blood, they thirsted for more. Before that day was over, twenty more men had been beheaded. Barbarous, cruel, a reversion to the Dark Ages, this terrorism had the desired effect. There were no more riots, and the general strike soon subsided.

WALTER LEAF, SCHOLAR AND BANKER

Walter Leaf, chairman of the Westminster Bank Limited, London, died on March 8. Mr. Leaf was a unique combination of banker and scholar, largely through an accident. At Cambridge he specialized in economics and sociology in preparation for a career in the dry goods jobbing business of Leaf and Sons, carried on by his grandfather, father and his two uncles.

All four of these men died within the short space of one year, and Mr. Leaf left Cambridge in his senior year to take charge of the business. At the same time, his college room mate, who had been preparing a translation of Homer's *Iliad*, was drowned and the publishers asked Mr. Leaf to finish the translation.

Thus he embarked almost simultaneously on two careers. As head of Leaf and Sons he earned a place on the board of directors of the Westminster Bank Limited within a few years. His ideas on amalgamation and the seeking of new business by opening branches (radical at that time) soon brought him to the fore. Some years prior to the outbreak of the World War he was made deputy chairman, and after the war began he became the chairman of the bank, in which position he served until his death. His annual addresses to the stockholders were always carefully thought out and clearly expressed. Only last month THE BANKERS MAGAZINE devoted a page to a summary of his latest report. Last year, he completed an authoritative book on "Banking."

His translation of the *Iliad* was a great success and is still used. That was the beginning of a lifetime of study. He

## Service That Follows Through

DRAFTS against bills of lading, sent to the Out-of-Town Office of American Exchange Irving Trust Company, are closely followed through every step until the money is collected. This Company's car tracing service automatically follows up goods shipped under arrival drafts, if not delivered on schedule.

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often prevented, and payment of drafts is expedited. Customers of correspondent banks are not involved in disputes and receive their remittances promptly.

The same care and attention is given by this Company to all domestic and foreign transactions. Every item of out-of-town business is followed through in the best interests of the customer.

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found, he said, that he could do more work in a business day if he kept his mind completely off business outside business hours. That is how he found time to write *Homer and History*, to translate *Little Poems from the Greek*, to write *Troy, a Study in Homeric Geography* and other books. In 1919, at the invitation of Northwestern University, he came to the United States to deliver a course of lectures on the land of Troy.

He was one of the founders of the London Chamber of Commerce, served as president of the Institute of Bankers, as president of the Classical Association. Thus his confreres recognized his distinguished success in the two widely separated fields of banking and scholarship.

### PRINCETON PROFESSORS FOR DEBT REVISION

It is a bitter dose for Princeton University to follow Columbia. Princeton likes to lead. Perhaps that is the reason why three months elapsed between the announcement by the Columbia University professors that they favored revision of the debt funding contracts and a similar announcement by 117 members of the Princeton University faculty. Their indorsement was brief. They said:

"We the undersigned members of the

faculty of Princeton University heartily indorse the desire, expressed by the faculty of political science of Columbia University, for a reconsideration of the settlement of allied debts."

Incidentally, Garet Garrett, in *The Saturday Evening Post* of February 12, 1927, has written a devastating reply to the Columbia University professors' manifesto, under the title "The League of Debtors." Mr. Garrett's article is well worth reading for the number of commonly ignored facts about these debts which it contains.

### GREAT BRITAIN

*The American Banker*, New York, says that New York is slowly overtaking London in financial pre-eminence, citing the figures on the following page as evidence.

Though the National City Bank of New York now tops the list in amount of invested capital, all of the London Big Five still outrank even the National City in amount of deposits held. New York banks are superior in ratio of capital to deposits of 11 per cent., where the similar ratio of the London banks is only 7½ per cent.

On the other hand, figures of new capital issues in Great Britain for 1926, compiled by the Midland Bank Limited, London, seem to show London regaining her hegemony in international financing.

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New capital secured there for other countries in 1926 was £60,394,000, practically double the £30,394,000 secured in 1925. The amount of domestic issues in 1926 increased about £8,000,-

1,000,000 miners produced the same amount of coal as produced last year by 1,200,000 miners.

With enough coal ahead to assure continued operation, the iron and steel fur-

## NEW YORK BANKS

	Capital surplus and undivided profits	Deposits
National City Bank .....	\$140,000,000	\$1,083,599,158
Chase National Bank .....	78,204,473	852,456,114
Guaranty Trust Company .....	65,958,981	639,361,767
American Exchange Irving Trust Company .....	60,815,383	628,886,876
National Bank of Commerce .....	67,479,320	563,356,022
Bankers Trust Company .....	56,031,191	458,528,683
Equitable Trust Company .....	52,425,651	430,972,350
Total .....	\$520,914,099	\$4,657,160,970

## LONDON BANKS

	Paid up capital and reserves	Deposits
Barclays Bank Limited .....	\$130,541,085	\$1,549,418,355
Lloyds Bank Limited .....	127,051,260	1,730,662,615
Midland Bank Limited .....	126,657,980	1,832,115,515
National Provincial Bank .....	94,794,160	1,296,248,035
Westminster Bank Limited .....	93,201,570	1,427,030,340
Total .....	\$572,346,005	\$7,835,474,860

000 over 1925, and the amount going to India, Ceylon and other British possessions decreased slightly. Total issues increased from £219,897,000 in 1925 to £253,266,000, practically all of the increase being in foreign loans.

The fog of business depression in Britain is melting rapidly under the bright sun of mounting coal production. In the week ending February 26, a total of 5,371,700 tons was produced, only 300 tons less than the amount produced in the same week in 1925. Increased efficiency is evident from the fact that

naces have fired up, and started filling the orders on their books. At the end of January, 152 furnaces were blowing. Ten more were started during February. Pig iron output has grown from a trifling 98,000 tons in December, 1926, to 434,000 tons in January, 1927, and 567,900 tons in February, 1927. Steel production has shown a similar expansion from 319,300 tons in December to 730,700 tons in January, and 819,100 tons in February. This activity in the steel industry has not been excelled since 1924. Though the revival began on old

orders, new orders began to come in very rapidly in February, and it is reported that capacity operation is now insured for at least six months, on the basis of orders now on hand.

This has naturally required more men, and so, in spite of the smaller number of men employed in coal production, unemployment has decreased from 1,495,800 men on January 3 to 1,303,500 on February 7, and to 1,270,200 on February 14.

Added to the increased demand for credits which this revival has produced, the steady loss of gold, which amounted to £1,525,225 between January 1 and February 20, has caused a steady advance in money rates. These gold exports, which were causing a deal of concern in financial London, have been checked since that time. Prices have declined slightly, Crump's index for February standing at 136.4 as compared to 137.8 for January.

#### GERMANY

The nadir of trade depression in Germany was reached and passed in January. Since that time there has been a gradual reduction in the number of unemployed men amounting to about one half of 1 per cent. a month. At the end of February 1,761,000 men were still out of work. Railroad freight traffic is increasing, and leather, pottery, glass, and other manufacturers (outside of the iron and steel trade) report increased activity. The amount of iron and steel which Germany is allowed to produce under the quota restrictions of the steel cartel has been exceeded for the last four months, resulting in heavy fines. To avoid these fines, production is being curtailed.

This activity is not yet sufficient to change the ease of the German money market. Savings deposits in Germany have increased from 1,790,000 marks at the beginning of 1926 to more than 3,000,000,000 marks at the beginning of 1927. New capital issues in January reached 330,000,000 marks, the largest



#### New Orleans XXVI

The International Trade Exhibition

The New Orleans Permanent International Trade Exhibition (above) has on display acres of local, domestic and foreign manufactured and natural products of every class and type. The Exhibition enjoys a monthly average attendance of 30,000 visitors from all parts of the world, and the Exhibition Company maintains its own selling organization for the benefit of exhibitors.

Hibernia Bank & Trust Co.  
New Orleans, U. S. A.

total since the stabilization of the mark. A further government loan of 500,000,000 was taken by the market in February without any increase in rates. Tax revenues for January amounted to 763,500,000 marks, the largest total ever received. The ordinary budget for the first ten months of the fiscal year showed a surplus of 118,000,000 marks, though the extraordinary budget will more than wipe this out with its deficit.

Money rates advanced temporarily at the end of February, call money touching 7 per cent. and the discount rate  $4\frac{3}{8}$  per cent. Within a week, however, call money was down to 4 per cent. again, though time loans still command from  $6\frac{1}{2}$  per cent. to  $8\frac{1}{2}$  per cent.

In spite of the lower rates, 1926 was a profitable year for the German banks. Net profits of the Dresdner Bank increased from 8,670,523 marks in 1925 to 11,911,108 marks in 1926, and the Prussian State Bank had a profit of

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and American Exchange Irving Trust Company

8,582,996 marks in 1926 to balance the net loss of 12,376 marks in 1925.

The decline of money rates since the stabilization has been compiled by the German Statistical Bureau:

	Average rates for the year		
	1924	1925	1926
Call money .....	28.23	9.08	5.31
Private discount rate .....		7.62	4.91
Time loans .....	25.13	10.82	6.57
Commercial bills .....		8.95	5.75
Yield on gold mortgage bonds .....		9.0	7.75

## FRANCE

Advances to the government by the Bank of France have been reduced almost 7,000,000,000 francs since the beginning of December, 1926. The money thus released for the market, and the money released by the recession in trade has caused a further decline in money rates. Plenty of money can now be had in Paris at  $4\frac{1}{2}$  per cent. Investment capital is also abundant. The Treasury 7 per cent. bonds offered late in February, in exchange for the 6 per cent. bonds of 1922 which mature on September 15 of this year, were mostly paid for in cash. The holders of the bonds preferred to hold such a good investment to maturity.

The reaction of French trade has been slightly checked. The index number of wholesale prices declined slightly from 640 at the end of December to 635 at the end of January, but retail prices have not declined to a corresponding amount. With the number of unemployed steadily mounting since December, until 95,000 were out of work on February 26, there

is no little distress. Furthermore, both imports and exports fell off in January, though the balance was an export balance of 629,793,000 francs.

The rumor that France would offer to make provisional payments on the debt to the United States has been confirmed. On June 15, France will pay to the United States \$10,000,000, on condition that "if and when a debt-funding agreement has been ratified by the French Parliament and by the Congress it is to be understood that this \$10,000,000 will be credited to the annuities provided for in such agreement." M. Poincare was compelled to explain to his socialist critics several times that this payment (and a similar payment to England) does not in any way bind the French Parliament to ratify any of the agreements so far arranged. The Chamber of Deputies approved the procedure of the Premier on the debt on March 8 by 339 votes to 175.

## NORWAY

On March 11 Norwegian exchange took an abrupt rise, and there seemed prospects at the time this was written (March 15) that the kroner would reach par within the next few days. No information was available as to the intention of the Norwegian Government to return to the gold standard at this time. The rise was attributed to the operations of speculators.

## IRELAND

That most independent of countries, Ireland, is to have its own currency system as well as its freedom. Up to the



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present time its currency has been based on that of Great Britain, although there has been official Irish legal tender. Five of the nine banks in Ireland (the ones that were operating when the Bank Act of 1844 was passed) have been allowed to issue their own notes, unsecured, up to a total of £6,000,000. Additional notes were permitted, secured pound for pound by gold, and later secured by British treasury notes.

The Irish Free State Banking Commission, of which H. Parker Willis, editor of the *Journal of Commerce*, New York, and professor of banking at Columbia University, was chairman, has presented a report to change this system. The new Irish currency, which will be legal tender, will be under the control of a currency commission, composed of three members appointed by the government, three appointed by the Irish banks, and one elected by the six appointees. The commission will have power to issue legal tenders, secured pound for pound by British Government securities, to the amount of £8,000,000 or £10,000,000.

These notes will be issued only through the Irish banks.

The privilege of issuing fiduciary notes, formerly limited to five banks, will be extended to all of the nine Irish banks. The total issue of such notes by all the nine banks will be limited as before to £6,000,000 divided among the banks in proportion to their loans, deposits, capital reserves and number of branches. Such fiduciary notes are to be issued against commercial paper or advances to customers. Additional fiduciary bank notes may be issued by the banks, upon the payment of a tax. Notes may also be issued, secured pound for pound by Irish Free State notes in the vaults of the banks. All the notes will be redeemable in the new Irish Free State currency. The Free State currency is not redeemable except outside the borders of Ireland, and then in British currency.

The London *Statist* points out that this currency structure is obviously the result of a compromise between sound currency practice and the desire of Irish bankers to maintain the *status quo*. It



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Capital Authorized . . . . .	£3,000,000
Capital Paid-up . . . . .	£1,050,000
Reserve Fund and Undivided Profits . . . . .	£1,512,884

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The Bank buys and sells Bills of Exchange, issues Letters of Credit and conducts every description of Banking Business in connection with the East.  
Fixed Deposit rates will be quoted upon application.  
On current accounts interest is allowed at 3 per cent. per annum on daily balances, provided interest for the half year amounts to £1.

**JAMES STEUART, Chief Manager**

is unique in that the amount of Irish Free State notes cannot be increased by anyone except the currency commission, and they cannot legally be presented for redemption within the borders of the country. It is conceivable that in a currency shortage the currency commission might refuse to issue notes beyond the limit fixed by the report, which would probably result in a panic. So far as soundness goes, however, the Irish currency will stand or fall with British currency, as before.

The only advantages claimed for this new currency over the previous arrangement are that it gives Ireland a national currency, it distributes the privilege of fiduciary note issues more equitably among the Irish banks, and it allows the Free State Government to receive an income of about £300,000 per year on the securities held as cover for the currency.

The plan submitted by the banking commission also suggests the formation of an Agricultural Credit Corporation, to furnish long term credits to farmers. The corporation will have a capital of £500,000 subscribed by the public, the unsubscribed portion to be taken up by the government. The corporation will make loans to individual farmers or groups of farmers for productive purposes and will act as a clearing house for the local co-operative credit societies. It is authorized to issue bonds to the extent of not more than £1,000,000 in any one year, after it has loaned its original capital. The government will guarantee the principal and interest on these bonds.

Similarly, the Industrial Trust Company, a considerable amount of the stock

of which is owned by Americans, is charged with the task of making whatever long term loans to industrial concerns are necessary. The trust company is also authorized to issue bonds, also guaranteed principal and interest by the government, to the amount of £1,000,000 in addition to the loans already made.

## POLAND

The annual report of the Bank of Poland for the year 1926 shows an increase in its circulation from 400,000,000 zloty in April, 1926, to over 593,000,000 zloty in December, 1926; while the ratio of reserve against these notes increased during the same period from 30 per cent. to over 50 per cent. On February 20, the reserve had further increased to 58.3 per cent. Discounts of the bank expanded from 341,000,000 zloty in January, 1926, to 450,000,000 zloty at the end of the year. The net profit of the bank for the year was 13,696,000 zloty. In addition to the usual 8 per cent. dividend, the bank declared an extra dividend of 2 per cent. This news sent the price of the bank's shares skyrocketing, and for the first time in its history the price went over par.

The bank has twice reduced its discount rate since the first of the year, the first reduction from 9½ to 9 per cent. in January, and the second on March 11 from 9 to 8 per cent. Following the second reduction of the discount rate of the Bank of Poland, the National Economic Bank and the Agrarian Bank also reduced their rate on loans from 12 to 11 per cent. and the Postal Savings

Bank reduced its rate from 10 to 9½ per cent.

Preliminary figures indicate that the government came through the year with a budget surplus of over 53,500,000 zloty, and that the foreign trade of the year had an export balance of 410,000,000 gold zloty.

This record, Poland evidently feels, is calculated to inspire confidence in Polish finances, for there was talk in New York late in February of a \$100,000,000 loan to the Polish Government.

#### ESTONIA

When the new financial system recommended for Estonia by the League of Nations (described in these columns in March) goes into effect, the monetary unit, the cabinet has decided, will be the "Est" with a gold value of \$0.268. One hundred "sayak" will be equal to one est. Though the country will be on the gold standard, no gold money will be minted, at least for the present.

#### AUSTRIA

Sigmund Bosel, speculator extraordinary, bought control of the Union Bank, Vienna, during the war, and had himself elected president. The Union Bank was only one of his many enterprises, built up in a huge pyramid of borrowed money. No sooner did he buy a new enterprise than he pledged its stock for further loans to buy into another. So the stock of the Union Bank was placed as security for a \$11,500,000 loan from the Postal Savings Bank of Vienna.

The war ended too soon, and Herr Bosel's speculations suddenly went bad on him. He could not pay the loan. The Postal Savings Bank has been trying ever since to realize on the stock. Finally, after negotiating with the Wiener Bankverein and the Escomptegesellschaft, and failing to get a cash offer from either of them, it sold the stock to the Boden Kreditanstalt, for stock of the Boden Kreditanstalt, one share of the latter for every three shares of the Union Bank

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stock. More important to the Postal Savings Bank than the stock of the Boden Kreditanstalt, however, was the guarantee that the Postal Savings would get a loan of \$5,000,000 at a low rate of interest from the American friends of the Boden Kreditanstalt. That is how the Boden Kreditanstalt came to absorb the Union Bank.

Rationalization, as the merging of enterprises into large units is called in Europe, is preceding at a rapid pace in Austria. The Wiener Bankverein has arranged to absorb the Mercurbank, Vienna. There are only two other banks left in Vienna, the Kompass Guaranty and Exchange Bank, which has recently announced an increase in its capital from 2,300,400 schillings to 6,750,000 schillings; and the Oesterreichische Credit Anstalt fuer Handel und Gewerbe, which a year ago took over the Austrian business of the Anglo-Austrian Bank, Limited, London. The Prudential As-

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<i>Capital Fully Paid</i>	. . .	<b>\$1,000,000</b>
<i>Surplus and Profits over</i>	. . .	<b>275,000</b>

insurance Company of London, which already owns 10,000,000 marks of stock in the Disconto Gesellschaft of Germany and a block of shares of the Bohemian Union Bank, has recently bought an interest in the Oesterreichische bank.

Though business is fairly active in Austria, not much money is being borrowed. The bill holdings of the Austrian National Bank have fallen from 123,500,000 schillings at the end of 1927 to 49,000,000 schillings in the last week of February, 1927. This is the lowest point ever reached. Holdings in the same week in 1926 were 97,700,000 schillings. With the outside money rate of commercial banks at 4-1/3 per cent. the Austrian National Bank reduced its discount rate on February 4 from 6 1/2 per cent. to 6 per cent. Mortgage money in Austria dropped from 10 per cent. to 7 per cent. during the month of February.

### HUNGARY

The legal reserve of the Hungarian National Bank, which has heretofore consisted of about 25 per cent. of gold and the balance foreign exchange, was replaced largely by gold alone during 1926, until at the end of November 60 per cent. of the legal reserve was in gold.

Hungary's import balance grew from 40,000,000 gold crowns in 1925 to 84,000,000 gold crowns in 1926, partly due, no doubt, to the large increase of gold

imports under this policy. There was a budget surplus of \$1,000,000 in 1926, though none was estimated. The 1927-28 budget provides for a surplus of \$10,000, which, on this basis, should be considerably larger.

### BULGARIA

The potent financiers who arranged the £2,250,000 refugee loan to Bulgaria specified that in order to strengthen the financial system of the country and thus insure the service of this loan, the National Bank of Bulgaria must be reorganized. The reorganization went into effect on January 1 of this year.

From its organization in 1879 the Bank of Bulgaria had been an agency of the Bulgarian Government. All its capital was originally furnished by the government. In return, the bank furnished practically the entire banking service of the country. It made long term advances to the government, to municipalities, and to industrial enterprises. It took long term mortgages. It discounted commercial bills. It had a monopoly of note issues in Bulgaria. Finally it invested in the stock of other banks, having a considerable interest in the Central Co-operative Bank, the Bank for Agriculture and the International Bank of Bulgaria. It is no wonder that such a hybrid bank-investment householding company got into financial difficulties. If that were not enough, the

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**T**HE building of the Middletown Savings Bank, Middletown, N. Y., is carried out in modified Italian Renaissance style, the facade being built of Bedford Indiana Limestone with granite base. There is a twelve foot wing on one side which is balanced by the entrance gate on the opposite side.

**E**NTERING the building a ladies' room is located directly to the left. The officers' space is also located near the front so as to be equally accessible to the public and the employees.



**T**HE new building of the Middletown Savings Bank, Middletown, N. Y., combines beauty of architectural design with practical utility. The bank is so arranged as to give to its patrons the highest type of modern banking service.

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Capital Fmk.	-	-	-	150,000,000
Reserve Fund and Profits Fmk.				135,000,000
Total Assets (31/12 '26) Fmk.	-			2,337,000,000

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**Telegraphic address: KANSALLISPANKKI**

fact that it was controlled by the minister of finance made it subject to all the vagaries of government finance.

The reorganization has entrusted the administration of the bank to a board of administration, consisting of a governor, two deputy governors, four members selected from the directors of the head office, and four other members representing, respectively, industry, commerce agriculture, and banking. The governor and deputy governors are appointed by royal decree, but the only share the government has in the management is the power given to the comptroller (the government representative) to veto illegal acts of the bank. The comptroller is allowed to sit in at all meetings of the board of administration, but he has no vote.

The main job of the bank, as stated in the reorganization plan, is to maintain the leva (par value 19.3 cents) at its present stabilized value of .72 cent. Subsidiary tasks are to regulate the amount of money in circulation, and facilitate the use of checks.

The bank retains the monopoly of note issues, though the government retains the right to mint gold and silver, and issue subsidiary coins. The notes may be issued against short term commercial bills, provided a reserve of at least 33-1/3 per cent., and if possible 40 per cent., is maintained against combined notes and deposit liabilities. This reserve may be in gold, silver at its current gold value, foreign bills of exchange carrying at least three signatures, or foreign currencies convertible into gold. Long term loans of all kinds are absolutely forbidden.

As fiscal agent of the government, the bank may discount six months' treasury bills bearing interest at 5 per cent. up to 300,000,000 leva. The present debt of the government to the bank is to be paid off at the rate of 150,000,000 leva per year.

Finally, the authorized capital of the bank has been doubled, standing now at 1,000,000,000 leva. Until this authorized capital is paid up, all profits of the bank will be transferred to capital ac-

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count instead of being paid to the government. After that, profits will be devoted to the reduction of the government debt to the bank and eventually 25 per cent. of the annual net profits will be carried to surplus each year, until surplus equals the capital of the bank.

Gold resumption and the reorganization of the currency remain yet to be accomplished.

## ARGENTINA

Exports from Argentina in January, 1927, increased almost 25 per cent. over exports for January, 1926, to 87,000,000 gold pesos. With this phenomenal rise in exports, the Argentina peso has advanced steadily for the last two months until on March 8 it passed par for the first time in seven years.

## JUGOSLAVIA

When Jugoslavia annexed some of the territory of the former Austria-Hungary after the war, it had to convert the notes of the Austro-Hungarian Bank which were circulating in that territory. The necessary money was obtained by a loan from the Narodna Banka, the central Bank of Jugoslavia. Successive budget deficits were also met by further "ordinary" and "extraordinary" credits from the bank until in 1923 loans to the government totaled over 4,500,000,000 dinars, of which only 1,000,000,000 dinars bear interest, and that only at 1 per cent.

By 1923, however, the bank was able to check these borrowings and since that time it has put into effect a deflation policy which has reduced the wholesale price index from 2034 on January, 1925, to 1529 in November, 1926, and has raised the exchange value of the dinar from .0160 cents in 1925 to .0175 in 1926, at which figure it is stabilized for the time being.

## BANCO ALEMAN-ANTIOQUENO

MEDELLIN, Colombia, S. A.

Established 1912

Statement of Condition as of December 31, 1926 :

Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda; Bremen (Germany).

**GENERAL BANKING BUSINESS**



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Reserve funds . . . . . " 2,250,000 - (\$1,125,000)

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Rafael Moreno .....Vice-President & Secretary  
J. M. Browne ....Vice-Pres. & Mgr. Foreign Dept.  
D. Garcia .....Cashier  
S. Freixas .....Chief Accountant  
P. J. Campos .....Manager Iloilo Branch  
E. Byron Ford .....Manager Cebu Branch  
J. M. Garcia .....Manager Zamboanga Branch

*Correspondents in all parts of the World*

**Special attention given Collections**

The following figures from the London Statist show how the bank has brought this about:

question whether this can be considered a liquid reserve.

However, with the balancing of the

### IN MILLIONS OF DINARS

Liabilities	1923	1924	1925	1926
	Dec. 31	Dec. 31	Dec. 31	Dec. 15
Note circulation .....	5,790	6,001	6,062	5,727
Government deposits .....	456	367	388	478
Other deposits .....	366	629	491	643
<b>Total .....</b>	<b>6,612</b>	<b>6,997</b>	<b>6,941</b>	<b>6,848</b>
<b>Assets</b>				
Metal reserve .....	437	474	460	434
Additional reserve .....	211	595	728	680
Commercial loans .....	1,523	1,069	1,188	1,114
Government loans .....	4,524	4,520	4,466	4,449
<b>Total .....</b>	<b>6,695</b>	<b>7,083</b>	<b>7,025</b>	<b>6,968</b>

The condition of the bank, however, is not quite so good as these figures would indicate. About 60 per cent. of the "metal reserve" consists of a "closed deposit" from the Bank of France. This is nothing more than a guarantee by the Bank of France to the Narodna Banka during the war. There is considerable

1927-28 budget, and the announcement by the finance minister that he considers the settling of the state debt, both floating and funded, of cardinal importance, and with the formal announcement that the governor of the Bank of England is ready to aid the Narodna Banka in the legal stabilization of the currency, it

## **BANKERS INVITED**

**FOREIGN BANKS ARE INVITED TO CORRESPOND WITH**

### **The Central Bank of India, Limited Bombay (India)**

**O**UR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

**S. N. POCHKHANAWALA, Managing Director**

looks as though Jugoslavia were on the way to currency stability.

#### **BRAZIL**

In the hope of ending the fluctuations of the milreis, Brazil has passed a currency reform law, providing for a "gold standard, based on the weight of gold per gramme and issued in coins of 900 mills of pure gold and one mill of alloy." This coin, the "cruzeiro" will be equal to 100 "centesimos." All paper currency at present in circulation and to the amount of \$569,304,350,000 is to be converted into gold coin at 0.200 milligrams per milreis.

That this bill is more a "pious wish" than a real plan for currency reform is evident by the fact that while such conversion would require approximately \$300,000,000 in gold, the government has at most only about \$100,000,000 in gold available. That is perhaps why Article III of the bill says, "The precise

date for the conversion of money, and the form such conversion shall take, will be fixed by a decree of the government, given out six months in advance." If Brazil does not get the \$100,000,000 loan for which she is at present negotiating in New York, this decree may be long delayed. In the meantime, the announcement of intention to stabilize the currency has eased money conditions in Brazil slightly, and temporarily steadied milreis exchange.

As a result of charges that Peru manufacturers whose products are protected against foreign competition by a high tariff are profiteering at the expense of the consumers, the Peruvian Senate has passed a bill authorizing the executive to penalize such manufacturers by lowering import duties levied on imported goods, similar to those manufactured by them. The bill is reported to be popular, and consequently promulgation by the executive is said in Peru to seem assured.

## **Banco di Sicilia Trust Company**

**487 Broadway, New York**

**Organized under the Laws of the State of New York**

**GENERAL BANKING SERVICE      COMMERCIAL BANKING  
FOREIGN EXCHANGE—COMMERCIAL AND TRAVELERS' LETTERS OF CREDIT  
SPECIALLY EQUIPPED TO EXTEND BANKING SERVICE WITH ITALY**

*Affiliated with Banco di Sicilia with Head Office in Palermo, Italy  
Fiscal Agents for the Royal Italian Treasury*

Should be in the foreign department of every bank doing an international business.

ALLIED WITH  
THE  
BANKERS  
MAGAZINE  
New York

*Price \$10*

## THE PAST MONTH IN CANADA

By J. W. TYSON

**D**EVELOPMENTS in the Canadian financial and general business situation continue to be of a satisfactory character. Greater stability and increasing prosperity are both in evidence. Little indication of the depression of the post-war period now remains. The budget statement of the Hon. James Robb, minister of finance, that "the Dominion enters its Diamond Jubilee year with a happy outlook" is being sustained by the various trade indicators. Employment continues at a high level. Car loadings are running about 10 per cent. above last year and railroad earnings reflect this condition. New construction contracts are substantially ahead of last year; new work completed is estimated at approximately \$160,000,000, or about double the corresponding figures this time a year ago, and the probability is that the total for

the year will surpass that of the previous high record of 1913. The volume of trade is being maintained at a high level, and although there has been a decrease in ratio of exports to imports, the fact remains that many of these imports represent raw materials for manufacturing industries. Business failures continue to reflect the improvement reported during 1926; the number is about the same as last year but the liabilities are smaller.

Exceptions to the general prosperity include the newsprint industry and some branches of the textile and steel industries. The latter are seeking additional protection to offset increased imports of foreign goods produced by cheap labor and brought in on the basis of depreciated currencies. The paper manufacturers are facing a period of uncertainty, with important additional manufacturing units to be brought into production



*When You Think of*

**PORTO RICO**

**¶ You Just NATURALLY Think of**

**AMERICAN COLONIAL BANK**

**Head Office—SAN JUAN**

*Branches*

**Arecibo**

**Mayaguez**

**Caguas**

**Ponce**

**Santurce**

**Bayamon**

*We Specialize on Collections*

threatening a surplus of products and probable reduction in prices. The ultimate future of the paper industry in Canada is not in question, but it seems altogether likely that there will be a temporary depression until consumption is adjusted to production or until manu-

facturing costs are further reduced. In such a period of keen competition the more efficient mills should fare comparatively well. In relation to American mills their power costs are lower in most cases, and they are more advantageously situated in relation to raw materials.

*Trade With Sweden*

**Aktiebolaget**

**Göteborgs Bank**

**Gothenburg and Stockholm**

**SWEDEN**

Established in 1848

**Own capital Kr. 78,750,000  
(over \$20,000,000)**

Through our many branches and correspondents all over Sweden we are able to offer every accommodation possible for banking transactions in Sweden.

*Cable address: Götabank*

**RETAIL BUSINESS IMPROVED**

Retail business throughout the country is showing improvement in volume. There is marked increase in purchasing power in the agricultural communities. This is particularly the case in western Canada, where the farmers have had several years of good crops at satisfactory prices, and have liquidated their debts. They have also increased their margin of profit by reducing costs and going in for mixed farming more widely.

Financially the situation is favorable to continued industrial expansion. There is plenty of liquid capital available. Latest government bank reports indicate that both notice and demand deposits are increasing. Savings deposits have reached a high record for all time. Current loans have not so far shown great expansion and show a wide margin under savings deposits.

All indications are that 1927 will prove to be one of the most prosperous years that Canada has experienced. However, as usual, much will depend during the last six months of the year on

the harvest, which has a direct bearing on the incomes of such a large portion of the population.

Canada's returning prosperity has been reflected by a broad and steady advance in industrial security values on the stock markets. The index number of the Dominion Bureau of Statistics, representing active listed stocks, has risen from 100 at the beginning of 1925 to above 250. It is not expected that such an expansion in security values can be continued, and the advance will probably be carried to inflated levels, which will be followed by an adjustment to a more healthy basis. However, so far indications of an over-extended market are not in evidence, but the more conservative investors are taking profits on common stocks in favor of preferred stocks and bonds. In the mining stocks some adjustments have been made, where speculative enthusiasm had been carried too far, but on the basis of actual developments in the best producing areas there seems little doubt but that Canada's mines in the next decade will prove a very important source of national wealth.

While the adverse trend of Canada's foreign trade during 1926—imports have increased more largely than exports—is not a healthy sign from an economic point of view, analysis of the figures reveals the fact that the decline in exports was in the main due to a falling off in shipments of agricultural and other farm products, while the increased imports were chiefly in raw materials and semi-manufactured commodities. It would not seem, therefore, that the industrial prosperity of the country had been impaired by the decline in the favorable balance of trade. As a matter of fact the figures show that in several important industries export trade showed a gratifying expansion during the year.


#### GENERAL INDUSTRIAL PROSPERITY

The fact that the Federal budget contained no surprises in regard to tariff changes was undoubtedly more satisfac-

# Knauth, Nachod & Kühne

**Leipzig, Germany**

Established 1852



*Seventy-five years of continuous  
banking experience*

**Commercial and Travelers'  
Credits**

**Foreign Exchange**

**Securities**

13 Rathausring  
**LEIPZIG, GERMANY**

Cable address  
**NACHOD, LEIPZIG**

tory from the standpoint of general industrial prosperity than the disappointment felt in certain branches of the textile and steel industries, in particular, that no action was taken in regard to applications for increased tariff protection. These industries submit that they have been adversely affected by increased imports of foreign products, manufactured with comparatively low wage cost and brought in on the basis of depreciated currencies. There was some disappointment, too, that the budget did not impose more substantial reductions in taxation, but it is evident that with a return of prosperity, pressure on the government for larger public expenditures has increased, and that it has become better politics to increase appropriations than to continue a policy of retrenchment. It is felt in financial circles that so long as Canada's income taxes are higher than those of the United States, this country will be at a disad-

## Like Halley's Comet

Once in a generation

*Don't lose a lifetime opportunity  
for lack of courage*

Ecuador is passing through the most severe depression in history. Sound bank stocks and first mortgage bonds are now on the bargain counter. Present prices will probably not be duplicated in many years.

The situation is the same as that which confronted the United States in 1921.

The well informed business man buys for the long swing when prices are lowest. **DO NOT** vacillate. **BE** courageous. The time to buy is **NOW**.

*May we suggest an investment plan ?*

## Banco de Descuento

**Guayaquil, Ecuador**

*"Just the Bank You Need"*

vantage in securing new capital. There are indications that Canadian capital is now being sent to the United States and that, while Americans are investing in Canadian enterprises, they are taking their profits across the border where income taxes are lower. However, the small reduction in income tax, the cutting down of the sales tax and the amelioration of the stamp tax nuisance have been welcomed by business.

### STANDARD BANK REPORT

Satisfactory expansion in business and earning power and a further strengthening of its liquid position are outstanding features of the fifty-second annual report of the Standard Bank of Canada, covering the twelve months' period ended January 31, 1927.

Profits for the year after deducting expenses, interest accrued on deposits, rebate for interest on unmatured bills, provincial and municipal taxes, and mak-

ing provision for bad and doubtful debts, totaled \$821,886 as against \$773,823 the year previous, representing an increase of \$48,063. Appropriations from these included war tax on note circulation, \$48,234; reserve for Dominion income tax, \$50,000; and contribution of officers' pension fund, \$35,000; leaving net profits to apply to stock of \$683,652. This was equal to 14.7 per cent. on the \$4,823,000 stock outstanding, as compared with 13.1 per cent. earned in 1925-26. Dividends at the rate of 12 per cent. per annum were paid, and \$109,884 was carried into surplus bringing the amount carried forward to \$317,736, as compared with \$207,892 the year before.

### BANK DEBITS IN 1926

Bank debits to individual accounts at the clearing house centers of Canada in 1926 were nearly 8 per cent. greater than in the preceding year, while the increase over 1924 was nearly 12 per cent. The debits in 1926, as reported to the Dominion Bureau of Statistics by the Canadian Bankers' Association, were \$30,358,000,000, as compared with \$28,126,000,000 in 1925 and \$27,157,000,000 in 1924.

In eastern Canada as a whole, the bank debits of 1926 increased 11 per cent over 1925, while in western Canada debits were a little more than maintained, the increase in British Columbia counterbalancing the slight decline in the prairie provinces.

### DOMINION BANK OF CANADA HAS GOOD STATEMENT

AN unusually good statement of the Dominion Bank of Canada, Toronto, as of December 31, 1926, shows total resources of \$127,780,858. Capital of the bank is \$6,000,000, reserve fund and undivided profits \$8,273,091 and deposits \$98,860,580.

A. W. Austin is president of the bank, C. S. Blackwell chairman of the board and Clarence A. Bogert, vice-president and general manager.

# INTERNATIONAL BANKING NOTES

**T**HE Commerz und Privatbank of Berlin has opened an office at 48 Wall street, New York. Konrad von Ilberg is in charge of the office and F. H. Neuerbourg, a director of the institution, spent several weeks here in connection with the opening of the new office.

THE result of the year's operations of the Aktiebolaget Svenska Handelsbanken, Stockholm, for the year 1926 shows net profits for the year of Kronor 13.614.119, which with the balance from the previous year of Kr. 1.124.626, leaves a total of Kr. 14.738.746, to be disposed of as follows:

	Kr.
To be transferred to reserve fund . . . . .	3.208.600
To be placed to the taxation reserve, thus bringing it up to about Kr. 2.500.000 . . . . .	1.233.965
To be paid to the shareholders as a 10 per cent. dividend . . . . .	9.000.000
To be carried forward to next account . . . . .	1.296.181
Capital of the bank is Kr. 90.000.000, reserve fund Kr. 26.791.400, current accounts Kr. 539.165.929 and total resources Kr. 1.247.362.114.	

THE Rotterdamsche Bankvereniging, Amsterdam, has issued a booklet for United States readers entitled "Some Good Dutch Shares." The booklet gives a brief description of each of several Dutch companies, including one leading sugar, tobacco, rubber and steamship company and several industrial concerns the stocks of which are popular on the Amsterdam Stock Exchange. The steadily increasing interest of the United States in first class European securities is

given by the bank as its reason for the issuance of the pamphlet.

REPORT of the Imperial Bank of India, Calcutta, for the half-year ended December 31, 1926, shows net profits of Rs. 35,49,327, which, with Rs. 29,50,273 brought forward from the previous half-year, made a total of Rs. 64,99,601. This sum has been disposed of as follows:

	Rs.
In payment of a dividend at the rate of 16 per cent. per annum, less income tax . . . . .	45,00,000
To transfer to reserve fund . . . . .	7,50,000
To transfer to pension funds . . . . .	3,00,000
To carry forward to next account . . . . .	9,49,601

Paid up capital of the Imperial Bank of India is Rs. 5,62,50,000, reserve Rs. 5,00,00,000, deposits Rs. 73,89,69,807 and total resources Rs. 91,31,64,541.

STATEMENT of the Internationale Bank Te Amsterdam, as of December 31, 1926, shows net profit for the year of fl. 2.249.325. This has been disposed of as follows:

	fl.
To reserve . . . . .	1.100.000
To 6 per cent. dividend to shareholders . . . . .	840.000
To dividend taxes . . . . .	76.020
To remuneration under art. 25 of the Statutes . . . . .	125.421
To balance carried forward to new account . . . . .	107.884

The bank has recently increased its capital from fl. 14.000.000 to fl. 16.000.000. Prior to the increase, the paid up capital of the institution was fl. 14.000.000, the reserve fl. 1.400.000, and the total resources fl. 120.306.558.

## BANKING BUSINESS WITH BELGIUM

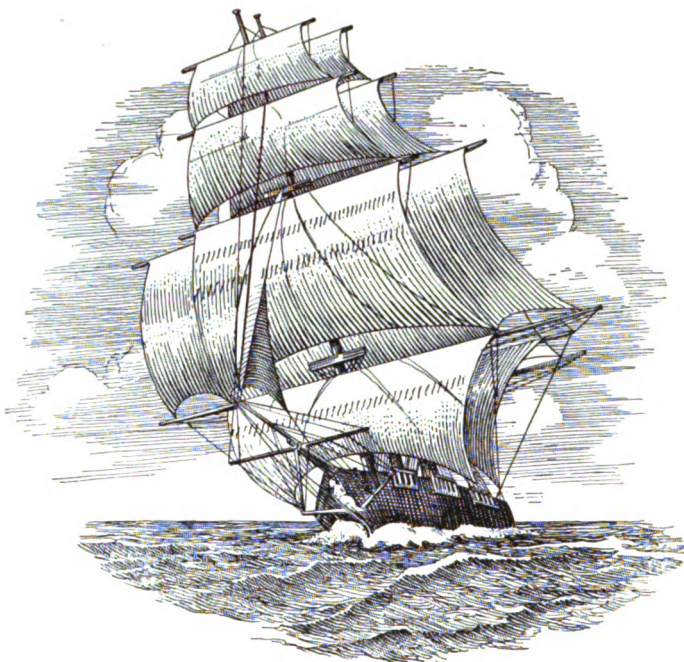
Specially favorable terms for clean and documentary collections are offered to American banks and bankers by the

### BANQUE DE COMMERCE, Antwerp

Capital Subscribed . . . . . Frs. 60,000,000  
 Capital Paid Up . . . . . Frs. 35,000,000  
 Reserve . . . . . Frs. 11,000,000

*Branches:*  
 BRUSSELS — OSTEND  
 CORRESPONDENTS  
 AT ALL BANKING POINTS





ORIGINAL CHARTER 1828

## A Leading New England Bank

We endeavor constantly to imbue further our every transaction with the traditional cordiality which has existed so strongly between this bank and its correspondents and clients for nearly a century.

Corporations, executives, and individuals must have a dependable banking connection for their domestic and foreign business. The Atlantic National Bank of Boston goes one step further and incorporates into the whole the true spirit of banking service.

*Total Resources Over \$130,000,000*

THE  
ATLANTIC NATIONAL BANK  
OF BOSTON

# How Banks are Advertising

Special Section of The Bankers Magazine

APRIL 1927

## HOW BANKS ARE ADVERTISING

**T**WO striking folders on the importance of making a will, one entitled, "Late," and the other, "Good Business," have been issued by the trust department of the Marine Trust Company, Buffalo. The copy for the first reads as follows:

"He was late in keeping an appointment—but he apologized and everything came out all right.

"He was late in meeting an insurance premium—but he passed another physical examination and everything came out all right.

"He was late in making a will, in appointing an experienced executor, in establishing a long-planned trust fund for his boy's education—and his widow and son will tell you that all his good intentions for their protection didn't amount to a straw.

"Good intentions alone never protect heirs. You must act now."

The second folder, gotten up in the same style, reads:

"He answered every letter on the day it was received—that was good business.

"He planned sales campaigns months ahead of time—that was good business.

"He prepared, in advance, for every possible industrial emergency—that was good business.

"But, today, two years after his death, deep in his widow's heart is the knowledge that he was a business failure. For he was so engrossed in building an estate that he forgot about protecting it.

"Neglect of your business may harm only you; neglect of your estate will harm your heirs."

THE Rochester Trust and Safe Deposit Company, Rochester, N. Y., has distributed a number of effective booklets advertising the various services of the institu-

tion. One booklet is devoted entirely to safe deposit services of the bank. This booklet is called, "How to Protect your Valuables." The right hand pages of the pamphlet describe the advantages of the company's service, while the left hand pages contain photographs of the vaults. "Banking by Mail" tells the ease with which banking may be done by distant customers or those who are unable to reach the bank during business hours.

"How You Can Use Rochester Trust Services" and "Services Offered by Rochester Trust and Safe Deposit Company" take up all the services of the bank, while another folder shows

*The MANAGEMENT of SECURITIES*  
*Requires all these things*

A SAFETY DEPOSIT BOX WILL GIVE YOU ONLY THESE TWO

BUT—When You entrust your securities to the State Street Trust Company as your Agent or Trustee you get ALL THESE THINGS!

State Street Trust Company  
Main Office: 100 State Street, Boston, Mass.  
New York Office: 100 Broadway, New York, N. Y.  
Chicago Office: 100 La Salle Street, Chicago, Ill.  
Philadelphia Office: 100 Market Street, Philadelphia, Pa.  
San Francisco Office: 100 Montgomery Street, San Francisco, Cal.

A chart on the advantages of corporate management of securities. Reproduced from a folder published by the State Street Trust Company of Boston.

# The Strong Directorate of St. Louis' Largest Bank

Forty-one leading business men who direct the affairs of the First National Bank in St. Louis



## FIRST NATIONAL BANK

Broadway-Locust-Olive  
FIRST NATIONAL COMPANY - Investment Division  
Affiliated with First National Bank

Saint Louis, Missouri  
ST. LOUIS UNION TRUST CO. - Trust Service Exclusively  
Affiliated with First National Bank

Reduction of a double spread carried in the center of the rotogravure section of the Sunday edition of the *St. Louis Globe-Democrat*, by *St. Louis' largest bank*.

the advantages of naming the company as executor of wills.

A SUCCESSFUL device for securing maximum attendance at openings of neighborhood banks is used by the Cleveland Trust Company. It consists of a key and tag "treasure hunt."

The tags and keys are distributed throughout the neighborhood which it is desired to reach several days before the official reception. A key and tag is left at each home by a bonded distributor. Each tag reads somewhat like this: "A treasure hunt in connection with the formal opening of the new banking home of the Cleveland Trust Company at

Blank street. Bring this key and tag to the bank on opening day. The holders of keys which unlock our treasure chest in the lobby will receive valuable prizes placed in the chest. "There is also room for a name and address and these later furnish the basis for a mailing list. A further notice states, "Adults only. One key to a person. Key not valid without tag."

The formal opening is also announced by notices and newspaper advertisements.

Among the thousands of keys distributed there are a certain number — perhaps twenty—which will actually open an antique chest placed in the lobby on opening day. A corresponding number of certificates good for savings

accounts of various sizes and safe deposit rentals for one year have previously been placed in the chest. These are awarded in the order that the chest is opened by the "lucky" keys.

In very small neighborhoods 80 per cent. of the keys have been brought in. In larger communities, as high as 50 per cent. have been returned. The large number of visitors not only means considerable new business, but it also creates an atmosphere of good natured neighborliness.

THE State Bank of Chicago is distributing sixteen text books, each meeting a definite need of its depositors. One, "How to Become a Financial

Success," lays down a simple set of rules by which a person can become independent.

The series ranges from "How to Make the Family Income Go Farther" and "How to Own a Home" to "How to Build Your Credit" and "How to Use Your Bank for Profit." These prosperity hand-books cover every phase of individual financial education and offer real assistance to the bank's customers in shaping their future business conduct.

THE travel bureau of the Mellon National Bank, Pittsburgh, advertises its services by means of a bright colored folder, "Delightful Voyages for Winter Vacationists." Trips to Europe, the West

Indies, and Bermuda are outlined and their cost estimated. The bureau offers to suggest itineraries and make reservations.

THE letter sent by corporations to their new stockholders is by no means new. Many institutions have carried out this idea, some with a short note of welcome from the president of the company, others making a courteous bid for co-operation. A good example of the second type is that sent out by Albert A. Tilney, president of the Bankers Trust Company, New York. It follows:

"I note with pleasure that you have become a stockholder of the Bankers Trust Company and, in view of

your interest, I feel justified in asking your co-operation in our efforts to increase the business and the usefulness of this institution.

"Much of the company's success may be attributed to the support received from its stockholders, many of whom watch for opportunities to direct business to us. We trust that you will feel a similar interest and, if any occasion arises where the company through any of its departments can serve you or any of your acquaintances, that you will be kind enough to let us know.

"As you are doubtless aware, our customers are free to use our downtown office at 16 Wall street, the Fifth (Continued on page 613)

## Nation-wide Banking

IT is not merely a matter of course that 40% of our deposits come from national business organizations whose main offices are located outside of New England. There are definite reasons why the Shawmut Bank's deposits include such organizations as these:

- AMERICAN AGRICULTURAL CHEMICAL COMPANY
- AMERICAN EXPRESS COMPANY
- AMERICAN RADIATOR COMPANY
- AMERICAN V COMPANY
- CALIFORNIA FRUIT CANNERS EXCHANGE
- INTERNATIONAL PAPER COMPANY
- REX-SEK DAY GOODS COMPANY
- SEARS, ROEBUCK & COMPANY
- SWIFT & COMPANY

These organizations have selected the Shawmut because they find here a banking service especially useful to concerns located at distant points.

The Shawmut is one of the twelve largest National Banks in the United States. You will find here facilities that only a big bank can give. You will also find a sincere, able effort to be helpful in every practicable way.

# THE NATIONAL Shawmut Bank OF BOSTON

40 Water Street • Boston, Mass.

A local call, Canal 8199, enables you to talk with us in Boston without extra charge.



**The Shawmut Corporation**  
OF BOSTON  
Keeps in high grade bonds, stocks, bankers' and trade acceptances and other securities. It offers its investment service to all investors, whether depositors in the bank or not.  
New York: 14 Wall Street  
Boston: 40 Water Street  
Chicago: 200 So. La Salle Street  
Philadelphia: 1400 Chestnut St.

This Boston bank makes the phrase "nation-wide banking" mean something definite by backing it up with a few pertinent facts.

## The Editor's Page

THE illustration of an advertisement should be a reflection of the copy. The illustration may be good, and the copy may be good, but if the connection between the two is vague or obscure, or, as is sometimes the case, entirely lacking, the whole effect is lost. We all like pictures. Properly used, a picture will lend strength to almost any advertisement. Improperly used it may discount a fine piece of copy and may take away much of the strength it would have had if it had stood alone. The illustration should fit the copy in such a way that the relationship between the two is clear at first glance—that fragmentary instant that makes or breaks an advertisement.

THE careful attention which well established house organs in the banking field are paying to details of attractiveness in make-up and readability of content, emphasize the importance which is being attached to the house organ as a means of stimulating a general spirit of pride and interest among employes inside the bank, and, on the outside, as a valuable asset to the bank's publicity. A bank house organ can, with proper attention, be made very human, and it is difficult to over-estimate the importance which this human element

can have in arousing real interest, both among employes and readers outside the bank. If some banks would only put into their advertising copy the same human touch that a number of really good bank house organs have, the results obtained by that advertising might be found to be considerably more tangible.

THE style of advertising which some banks persist in using in itself complicates the problem of stimulating bank officers and employes to the point of an active interest in their institution's advertising. Some bank advertising copy emphasizes certain qualities possessed by the bank in so general a phraseology that the copy might well be applicable to any one of a number of lines of business endeavor having no direct relation to banking. By placing the specific services of the various departments of your bank more in the public eye, and by keeping away from generalities, you can serve a double purpose. In this way your copy can be given a definite appeal to the reader outside the bank, and it will also tell the reader inside something about the services

rendered by other departments as well as his own. It can tell, further, in what ways those services have been, and may be, applied in meeting the needs of customers.

WHAT stands out in the advertising copy of your bank? Take any particular piece of copy that your institution has run. The copy was presumably written to accomplish something, either specific or general. It was written as an attempt to induce people to save; or to set forth the advantages of some special department to a certain class of people; or to draw requests for a booklet enlarging on some phase or phases of bank service; or, merely to build good will for your bank. Whatever it is intended to do, does the copy start right out without any preliminaries, to do it? Is it clear from a glance at the copy what it's all about? Is a message flashed from the eye to the mind, which the mind almost instinctively grasps? And is that message carried right on through to the end without a break? These are practical tests that may be applied to any piece of advertising copy.

*Richard Durham*

(Continued from page 611)  
 Avenue office at Fifth avenue and 42nd street, or the 57th street office at Madison avenue and 57th street for making deposits, cashing checks, and transacting any other banking or trust business. In addition, our Paris and London offices are particularly designed to take intelligent care of the requirements of our customers when they are abroad.

"Let me assure you also that you are invited to consult freely with the company's officers at any time."

A WEEKLY payment plan for purchasing bonds is being advertised by the American National Bank and American Trust Company of Richmond, Va. An unusually interesting card, which shows the amount of the weekly deposits and the price of the bond to be bought, is used in the company's advertising.

By means of a cardboard wheel, bonds ranging in price from \$100 to \$1000 are shown, while in each case the amount necessary to deposit weekly in order to buy the bond in one, two, three, four, or five years is tabulated.

The accounts are opened like any savings account and 3 per cent. interest, compounded semi-annually, is paid until the deposit reaches \$100. This amount, and each additional \$100 are invested at once in 6 per cent. first mortgage real estate gold bonds. These are held for

## WHO'S WHO IN BANK ADVERTISING



KENNETH O'MARA

Publicity manager Hamilton National Bank, New York

**M**R. O'MARA, although having considerable advertising experience, has also had a background of newspaper reportorial experience. He has been a reporter on the *New York American* and the *Albany Times-Union*. While with the *American* he covered the Capitol at Albany, N. Y., as a legislative correspondent. His work on the *Times-Union* consisted of covering City Hall although prior to that he covered the Police Headquarters beat and Federal Government Offices. Mr. O'Mara was also employed by the *New York Sun* as an advertising solicitor in its national department. While with the *Sun* he became interested in the advertising agency field and eventually entered the employ of the Federal Advertising Agency of New York from which office he went to the Hamilton National Bank of New York, 130 West 42nd street, New York City.



the customer without charge, coupons clipped when due and deposited in the account to help buy more bonds.

THE Peoples Bank and Trust Company, Philadelphia, has issued a very timely booklet, "The Federal Reserve System—Its Place in the Business Life of American Business Men," showing the advantages of the Federal Reserve System to depositors of member banks.

The clearing and collection of checks is described in a paragraphed entitled, "Does your check go by airline or slow freight?" Loans, rediscounts, credit when it is needed, an elastic currency, financing of our foreign

trade, and assistance to the farmer are cited as other advantages of the system.

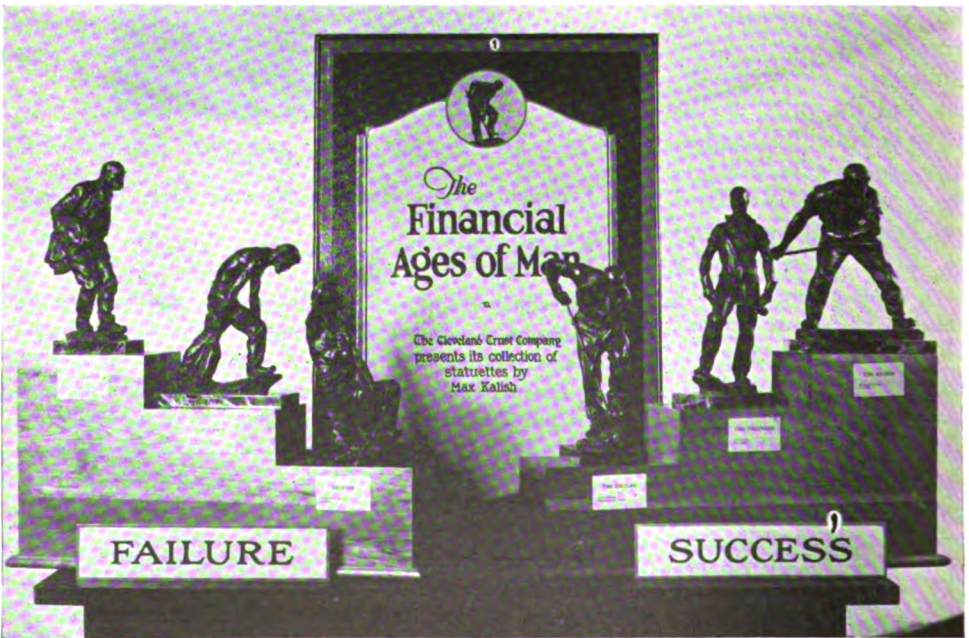
A LIST of the bonds offered by the American Bond & Mortgage Company, New York and Chicago, since its organization twenty years ago, is published in booklet form by the company, which boasts that no investor who has purchased first mortgages or first mortgage bonds secured by improved city properties, has lost one dollar either of principal or of interest.

The name of each issue is given, the total amount, the amount paid, balance, appraised valuation, date of issue and interest rate. The

book is illustrated by a number of photographs of buildings named in the issues.

DIAGRAMS showing the division of property where no will is left, under the laws of New York State, have been issued in folder form by the City Bank Trust Company, Syracuse. Each diagram is in the form of a circle, cut into parts, each of which is marked for the person to whom the property will go. Real estate is taken up separately and "other property" grouped together.

The advantages of making a will are thus clearly indicated and only a few words are necessary to suggest the bank as executor and trustee



A thrift window of the Cleveland Trust Company. The six 18-inch bronze models by Max Kalish, a young Cleveland sculptor, are mounted in typical museum or art gallery fashion and depict the financial ages of man.





An unique and effective window display of the Northern Trust Company of Chicago. A giant memorandum pad and a fountain pen six feet in length rest on a nine foot desk blotter. On the memorandum pad is the notation "See my attorney today about my will." On the floor of the window are scattered copies of the bank's booklet "Practical Hints for Making a Will," and the screens in the background carry testimonial phrases—expressions that the bank's trust department actually hears.

"THE Detail Management of Capital" is the name of a most attractively gotten up booklet issued by the State Street Trust Company of Boston. The book is printed in two colors and with wide margins, in which are inserted paragraph topics.

GENERAL information regarding questions of banking that are sometimes troublesome is given in a booklet, "Banking Made Plain," issued by the Union Trust Company, Cleveland, Ohio, and distributed to its customers. The information is given in simple, concise terms and should make banking

operations much easier for those reading it.

VETERANS of the World War who were loaned money on their soldier bonus certificates by the Union Trust Company, Detroit, Mich., were given a folder entitled "A Message to You," as follows:

"Conditions sometimes arise in life where it becomes difficult to meet present needs if you have no funds laid aside upon which you can draw.

"When you are making good money again lay aside some of it and repay the amount that is now being

loaned to you, for the money that you are now receiving is not a cash bonus but a loan, made by us with our money in exchange for your note payable six months from now, and which we expect to be paid.

"We urge you to do this from the standpoint of your own interests. The insurance policy will thus be preserved for you in its entirety.

"Banks and trust companies can help you to independence, but you must use them. No man can become successful unless he saves. Use the banks in the days that lie ahead when you are working steadily. Save part



Reproduction of a photogravure from original etching by Anton Schulz used in "From Sheep Pasture to Skyscraper," a booklet issued by the Equitable Trust Company of New York in behalf of its impressive new building, now under construction.

asks, in an advertisement, "You Won't Forget Your Golf Clubs—How About Your Will?" The copy reads as follows:

"If you are counting on a much needed vacation during the next few months, why not devote a few minutes now to making your Will. It will prove much easier than you anticipate and the thought of its accomplishment will add in every way to your enjoyment of the outing. That long drive down the middle of the fairway will have an added zest and your bothersome slice into the nearby woods or ravine will trouble you far less if you are serene in the knowledge that this most important duty has been met.

"Unless your problems are unusually complicated or involved the actual amount of time required will be negligible. A short talk with one of our Trust Officers, who will prepare a written memorandum for submission to your own attorney, is all that will be required.

"The easiest way to make a Will is to prepare a memorandum naming your beneficiaries and stating how your property is to be distributed among them. A better plan would be to consult any of our Trust Officers who will be glad to help you with timely suggestions and to prepare the memorandum for you."

of what you earn, and should a time come again when it becomes difficult to obtain employment, you will be provided for through the savings you have made, and—best of all—you will be independent."

Two attractive booklets have been issued by the New Hampshire National Bank, Portsmouth, N. H., for the purpose of "boosting" Portsmouth. They are entitled,

respectively, "For the Progress of Portsmouth," and "All Portsmouth Deserves the Best."

The first deals with the location of the city and its commercial importance, as well as being in the heart of a resort region. The second lists the services of the bank. Both are well gotten up and printed.

THE Peoples Savings and Trust Co. of Pittsburgh, Pa.,

TO HIS ORGANIZATION in 1921—"Gentlemen, you are to be so well informed, such disciples of the gospel of sound advertising for the institution you seek to serve through Graves Service that, whether he becomes your client or not, you will have contributed something of service and helpful information to each banker upon whom you call, in return for the courtesy of the time he has given you."

WM. ELLIOTT GRAVES

## AN ABLE ASSISTANT to the American Banker

**A**MORNING'S conference yesterday in serious study of intimate problems with a board of directors in a town of 15,000 . . . last night, miles away in a great city, holding with the stockholders a meeting of inspiring worth to the bank and to that community . . . today, busy with cashier and president analyzing business possibilities within the bank and a farming community . . . tomorrow, planning a year's campaign to build outstanding leadership for still another bank . . . observing, studying, informing, serving, the field representative of Wm. Elliott Graves, Inc., fulfills the ideals of the founder of this organization and finds a welcome from earnest, forward-looking bankers in cities, towns and hamlets throughout our land . . . And rightly so—for he brings the wisdom-ripened experience of a thousand successful banks and carries with him the plans and methods of the most distinguished service at the command of the American Banker.

# GRAVES SERVICE

WM. ELLIOTT GRAVES, Inc., *Financial Advertising*, CHICAGO

**CAPITAL \$2,000,000**

**SURPLUS \$1,000,000**

THE  
**Seward National Bank**  
OF NEW YORK



A new bank, offering to businesses and individuals located in New York City a personalized head-office banking service in the rapidly growing Park-Fourth Avenue section, and to out-of-town banks, best attention to their New York correspondent needs.

*Permanent location after January 1,  
1928, No. 2 Park Avenue Building.  
(Now under construction)*

**443 FOURTH AVENUE AT 30TH STREET**

**Commercial Banking**

**Personal Checking**

**Special Interest Accounts**

**Travelers' Cheques**

**Letters of Credit**

## WHAT BANKS AND BANKERS ARE DOING

**CHARLES H. DIEFENDORF**, assistant vice-president, has been appointed vice-president of the Marine Trust Company, Buffalo, N. Y. Mr. Diefendorf is in charge of the bond department.

In commenting on the appointment of Mr. Diefendorf, George F. Rand, presi-

**HERBERT C. LAKIN** has been elected director of the Interstate Trust Company, New York. Mr. Lakin is president and a director of the Compania Cubana, president and a director of the Cuba Company and a director of the Consolidated Railroads of Cuba, the Cuba Railroad Company and the Long Island Railroad Company.

**C. H. WETTERAU**, formerly assistant vice-president of the American National Bank, Nashville, Tenn., has been elected vice-president of that institution. At the



**CHARLES H. DIEFENDORF**  
Vice-president Marine Trust Company,  
Buffalo, N. Y.

dent of the bank said, "Mr. Diefendorf, by reason of his long experience in the handling of securities, is unusually well qualified in this important phase of banking. His promotion to vice-president is merited recognition of his services as head of the bond department of the Marine Trust Company. Among investment men he is highly regarded for his judgment and knowledge of securities."

Mr. Diefendorf has been with the Marine Trust Company for twenty years. He was made assistant treasurer in 1921 and assistant vice-president in 1926.



**C. H. WETTERAU**  
Vice-president American National  
Bank, Nashville, Tenn.

same time Morris E. Barr, former assistant vice-president, was appointed cashier; and P. D. Castleman, former manager of the collections department, was made assistant cashier.

Mr. Wetterau is well known in banking circles, both in Nashville and throughout the state and country. He is an authority on advertising and new



## Unusual Facilities

Because of our strong financial position and valuable affiliations, we are enabled to offer our correspondents a broad **CIRCLE OF SERVICE** and often effect marked economies.

# AMERICAN TRUST COMPANY

Resources over \$62,000,000

135 Broadway, New York

*Branches*

297 Madison Avenue, New York  
Bridge Plaza North, Long Island City

209 Montague Street, Brooklyn  
161-19 Jamaica Avenue, Jamaica  
57 Bay Street, St. George, S. I.

business developments and has been a leader in the expansion of the Financial Advertisers' Association, of which he is third vice-president. He has been with the American National Bank for twenty-six years, having started as a runner and stenographer. Since that time he has worked his way through all the departments to his present position,

FLOYD G. BLAIR, formerly of the war loan staff of the Treasury Department and for three years legal adviser to Secretary Mellon and Garrard B. Winston, formerly Under Secretary of the Treasury, has resigned to become associated with the National City Bank of New York. Mr. Blair will for the present be engaged in special work connected with the National City Bank and its subsidiary, the National City Company, under the direction of Gordon S. Rentschler, executive assistant to President Charles E. Mitchell.

F. A. PETERSON, an assistant cashier of the National Bank of Commerce in St. Louis, died recently at the Missouri Baptist Sanitarium in St. Louis, following an operation. Mr. Peterson was 71 years old and had been in the employ of the bank for forty-three years.

Mr. Peterson was well known for his interest in baseball, billiards and other sports. His excellence as an amateur billiard player is attested by the fact that he held the world's record for a high run in three cushion billiards. He set the high mark at 14 in 1903.

**BANK OF ITALY NATIONALIZED**

THE Bank of Italy, with its more than 270 branches, has announced that it has taken out a national charter, and absorbed the Liberty Bank of America, another California bank. The institution will be known as the Bank of Italy National Trust and Savings Association.

The bank resulting from the merger has, according to announcement, 1,087,000 depositors and 35,000 stockholders, more than any other American banking institution can boast. The president,



**Over TWELVE MILLION**

*. . . in five months*

We are gratified to announce that our deposits on March 15, 1927 were \$12,050,955.36. This bank opened for business on October 14, 1926.

To banks located outside of New York, we extend an invitation to grow with us.

*Special personal service to correspondent banks.*

## **INTERSTATE TRUST COMPANY**

**George S. Silzer, President**

**CHAMBER OF COMMERCE BUILDING**

**59 LIBERTY STREET, NEW YORK**

*Member Federal Reserve System*

**Capital and Surplus . . . . . \$3,900,000**

James A. Bacigalpuì, also pointed out that after March 15, when \$30,000,000 new stock, subscribed and paid for last November by stockholders, was issued, the bank's capital, surplus and undivided profits would aggregate \$105,000,000. This is exceeded only by the National City Bank of New York.

The nationalization of the Bank of Italy National Trust and Savings Association was sanctioned by both the Comptroller of the Currency and the Federal Reserve Board. The bank was already a member of the Federal Reserve System, and its nationalization, according to one of its advertisements, "not only means continuing operation within the Federal Reserve System, but also insures for the customers of the institution the full benefit of those advantages conferred upon national banks by recent Congressional enactment." The advertisement also says:

"The Bank of Italy has long ranked among the nation's foremost banks, both with respect to its aggregate resources

and invested capital. The executives of the institution have therefore accepted nationalization, believing the time is now ripe to assume the responsibilities that attach to the prominence which the Bank of Italy holds in this country and abroad. Through this action Pacific Coast banking should gain added prestige. With complete banking establishments in every important California community from Oregon to the Mexican border, the Bank of Italy with the additional strength of nationalization will continue to adhere to the policy of upbuilding the business of those communities along sound financial lines."

### **ANNUAL REPORT OF THE BELL SYSTEM**

ANNUAL report of the American Telephone and Telegraph Company states that the company has, during the last year, measurably approached its goal. This is, according to the report, "a telephone service free, so far as is humanly



# **EXAMINATIONS - SYSTEMS - TAXES**

FOR

**Banks and Trust Companies**

**McARDLE & McARDLE**

**ACCOUNTANTS AND AUDITORS**

**Forty-Two Broadway, New York City**

possible, from imperfections, errors or delays, and enabling at all times anyone, anywhere, to pick up a telephone and talk to anyone else at anywhere else, clearly, quickly and at a reasonable cost."

Great improvements were made in service and many new telephones and miles of toll wire were added. The greatest single achievement was, however, the opening of regular commercial trans-oceanic radio telephone service between New York and London, and extended to other cities.

President Walter S. Gifford's report on the financial status of the Bell system as a whole says:

"The investment of the American Telephone and Telegraph Company and its twenty-four associated operating telephone companies which comprise the Bell Telephone System increased over

\$318,000,000 during the year, and total assets were over \$3,256,000,000 at the end of the year.

"The Bell Telephone System net earnings in 1926 were \$204,870,000, an increase of \$22,426,000, or 12 per cent., over the previous year. This compares with an increase in investment of 11 per cent. These net earnings were at the rate of 6.6 per cent. on the amount invested in plant and other assets."

## **MONTANA BANK ISSUES SOUVENIR COINS**

In celebration of its fiftieth anniversary, the First National Bank of Butte, Mont., the first bank established in that city, has issued souvenir coins. On one side of the coin is the date of the bank's organization, 1877, and a reproduction of a primitive windlass. On the opposite side is a modern hoist, with the date, 1927, and the words, "In commemoration 50th anniversary, First National Bank, Butte, Montana."

## **BANK OF MONTREAL FORMS NEW YORK COMPANY**

A New York subsidiary of the Bank of Montreal, Canada, has been formed under the name of the Montreal Company of New York, Inc., for the purpose of engaging in the underwriting and distribution of investment securities. The company has been organized with nominal capital under the laws of New York state and its stock is owned by the Bank of Montreal.



In the organization of this subsidiary the Canadian bank is following somewhat the policy of leading American and English banks, which have formed subsidiary companies for similar purposes. The Bank of Montreal has more than 600 branches in Canada and maintains agencies or subsidiaries in New York, Chicago and San Francisco.

Directors and officers of The Montreal Company of New York, Inc., are: President and chairman of the board, Sir Vincent Meredith, Bart., president Bank of Montreal.

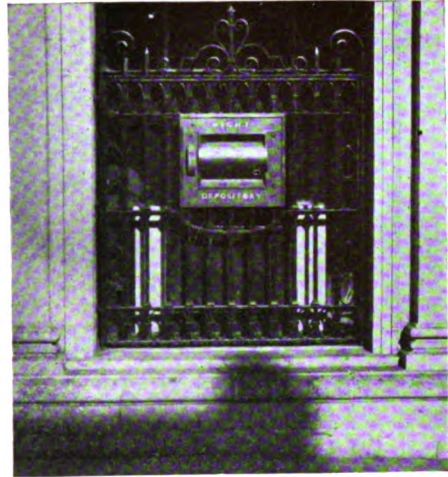
Directors—Sir Frederick Williams-Taylor, general manager Bank of Montreal; E. W. Beatty, K. C., president Canadian Pacific Railway Company; John A. Garver, Shearman & Sterling, New York; Sir Charles Gordon, G.B.E., president Dominion Textile Company, Limited and vice-president Bank of Montreal; F. E. Meredith, K. C., Meredith, Holden, Howard & Holden, Montreal; J. W. McConell, president St. Lawrence Sugar Refineries, Limited; W. T. Oliver, agent Bank of Montreal, New York; E. P. Hungerford, vice-president and manager; G. W. Spinney, vice-president; R. A. Clark, secretary-treasurer. The officers are also officers of the Bank of Montreal.

The office of The Montreal Company of New York, Inc., is in the Bank of Montreal Building, 64 Wall street, New York.

### EMPLOYES ADD 52,000 NEW DEPOSITORS

EMPLOYES of the National City organization, 3800 in number, obtained 52,000 accounts for the compound interest department of the National City Bank of New York in a nine weeks' contest ended March 9. The accounts ranged from \$5 to \$15,000 and aggregated \$8,000,000.

Final returns are now being tabulated to determine the winner of the contest. The first prize is \$1000 in gold and a week's extra vacation, or a de luxe trip for two to Bermuda or Yellowstone National Park. Prizes or commissions will



A difficult installation thro a window

## 24 Hour Deposit Service through medium of Burglar Proof Rotary Receiving Entrance

and Circular Door Burglar Proof-  
Receiving Chest on Inside of Building

Accept No Substitutes

Manufactured and Installed by

**The Bank Vault Inspection Co.**

Samuel P. Yeo, President

1824 Ludlow St., Philadelphia

*" Satisfied Users from Coast to Coast "*



Safely guarded in chest

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

**JULIAN P. FAIRCHILD, President**

**WILLIAM J. WASON, JR., Vice-President**

**HOWARD D. JOOST, Vice-President**

**J. NORMAN CARPENTER, Vice-President**

**THOMAS BLAKE, Secretary**

**ALBERT I. TABOR, Assistant Secretary**

**CLARENCE E. TOBIAS, Assistant Secretary**

**ALBERT E. ECKERSON Auditor**

**ACCOUNTS INVITED**

**INTEREST ALLOWED ON DEPOSITS**

be awarded to all those who took part in the contest.

The contest is said to have established a world's record for contests of this type. The highest previous record was made by the same institution in 1923, when 45,226 new depositors were placed on the department's books.

## CHASE NATIONAL TO INSTALL YORK VAULT DOORS

THE Chase National Bank of New York, which will open a branch office in the new Graybar building soon, has awarded a contract for its two huge vault doors, steel lining, safe deposit boxes and interior equipment to the York Safe and Lock Company of York, Pa.

The vaults are to be eighteen inches thick and the doors will be made doubly secure by the inclusion of York Infusite, a metal developed by engineers at the York factory and offering, it is said, the greatest known resistance to every form of burglar attack.

## ANOTHER INVESTMENT TRUST ORGANIZED

THE movement for the organization of investment trusts goes on apace, the latest being the Shawmut Bank Investment Trust which, as its name indicates, is established under the auspices of the National Shawmut Bank of Boston. The capitalization is to consist of \$5,000,000 senior debentures which were recently offered at 100 by the Shawmut Corporation; \$1,000,000 25-year 6 per cent.

junior notes; and 75,000 shares of common stock, no par value. The National Shawmut Bank and certain foreign bankers have purchased at 104 and interest the entire amount of junior notes with warrants for 50 per cent. of the common shares. The purpose of the trust is to provide a means of investing in carefully selected and well diversified list of securities both foreign and domestic, and to participate in underwritings.

The trustees are as follows: Walter S. Bucklin, president National Shawmut Bank; Paul C. Cabot, treasurer State Street Investment Corporation; Frederick P. Royce, vice-president Stone & Webster, Inc.; Norman I. Adams, vice-president National Shawmut Bank; Frank C. Nichols, vice-president National Shawmut Bank.

This trust will be controlled and managed by these trustees who were appointed by the executive committee of the National Shawmut Bank. Their powers are defined in a declaration of trust, and they are purposely given the utmost freedom in the choice of investments and general management of the trust. The trustees have elected the following officers: Walter S. Bucklin, president; Paul C. Cabot, vice-president in charge of stock investments; Frederick M. Thayer, vice-president in charge of bond investments; Ralph W. Hill, secretary and treasurer.

The senior debentures outrank the junior notes as respects both principal and interest. The warrants are non-detachable and entitle the holder of each 5 per cent. senior debenture to receive



without cost five common shares per \$1000 note, and the holder of each 4½ per cent. senior debenture to receive without cost 10 common shares per \$1000 not earlier than March 1, 1928.

No additional obligations will be created and no junior notes shall be retired unless the assets of the trust, after such creation or retirement, are at least 120 per cent. of the total debt exclusive of junior notes or other equally subordinate debt, as described in the declaration of trust.

**MISSISSIPPI VALLEY TRUST PROMOTIONS**

At the annual election of officers of the Mississippi Valley Trust Company, St. Louis, Samuel B. Blair, formerly assistant



**SAMUEL B. BLAIR**

Mortgage loan officer the Mississippi Valley Trust Company, St. Louis.

trust officer, was elected mortgage loan officer, and James F. Quigg was elected assistant bond officer.

Mr. Blair has been with the trust company since 1906, when he entered the safe deposit department as an attendant and junior clerk. In 1910, he was transferred to the trust department where he filled numerous positions, finally becoming securities teller. In 1921, he was made assistant trust officer.

**ONE BANK COVERS THE LOS ANGELES METROPOLITAN DISTRICT**



This circle, with a radius of 20 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

STARS INDICATE BRANCHES OF

**SECURITY TRUST & SAVINGS BANK**

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

**RESOURCES EXCEED \$200,000,000  
OVER 285,000 DEPOSITORS  
CAPITAL & SURPLUS \$11,075,000**

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

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**

Upon the resignation of George Schierberg, Mr. Blair went to the office of President Breckinridge Jones, as his assistant. When Mr. Jones became chairman of the board and freed himself of many business matters, however, Mr. Blair entered the mortgage loan work.



JAMES F. QUIGG

Assistant bond officer the Mississippi Valley Trust Company, St. Louis.

His duties involve traveling about the country inspecting properties on which the trust company is considering loans for bond issues, and making all the arrangements for such loans if accepted.

James F. Quigg has been with the company about five years, most of which has been spent in St. Louis. He was born in Minier, Ill., and attended the School of Commerce and Finance of Northwestern University, Chicago. Upon gradu-

ating, he went to work as a bond salesman in the Mississippi Valley Trust Company's Chicago office. Later, he became the trust company's Kansas City representative, and upon the closing of that office was brought to St. Louis. His work has been chiefly in the buying end of the municipal bond department, which he will head in his new capacity of assistant bond officer.

### MOSLER SAFE EMPLOYEES HAVE GROUP INSURANCE

ARRANGEMENTS have been completed by the Mosler Safe Company, New York and Hamilton, Ohio, and the Metropolitan Life Insurance Company, whereby more than 550 employes of the safe company are covered by approximately \$1,000,000 of group life insurance.

The insurance program has been established along co-operative lines, with employer and employes jointly sharing the cost. The amount of individual coverage is based on salary and ranges from \$1000 to \$3000 for each employe. In addition to the death benefits created, liberal benefits also are provided in the event of total and permanent disability before the age of 60.

In an announcement of the program, E. C. Hyman, president of the Mosler Company said: "These total and permanent disability benefits which provide for the payment of the full amount of an employe's life insurance to him in monthly instalments, do not interfere with the sick and accident benefits pay-

able under the Employes Benefit Association."

In addition to the above benefits, the Metropolitan places the services of trained visiting nurses at the disposal of all sick or injured employes insured under the group plan. Supplementing this service, pamphlets on health and disease prevention are regularly distributed.

**BETHLEHEM STEEL EMPLOYES  
APPLY FOR STOCK**

ANNOUNCEMENT was made recently by the Bethlehem Steel Corporation that 37,302 employes have applied for a total of 72,034 shares of 7 per cent. preferred stock of the corporation at \$107 a share, under this year's savings and stock ownership plan.

The employes applying this year constitute approximately 60 per cent. of the total number in the corporation. At the Lackawanna plant near Buffalo, 98 per cent. of the employes applied for stock.

This is the fourth year in which Bethlehem employes have been given an opportunity to acquire the 7 per cent. preferred stock on a deferred payment basis. In the last three years 35,000 Bethlehem employe stockholders have saved \$8,000,000 under this plan.

**TRUST DIVISION OF F. A. A.  
PLANS WORK**

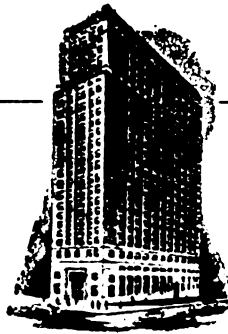
THE Trust Development Division of the Financial Advertisers' Association, at its meeting last month in New York, inaugurated a plan of work covering comprehensively the subject of new business for trust departments. Members of the committee were guests of the Equitable Trust Company and meetings were held in the company's uptown offices.

The single, broad object of this division of the F. A. A. is to assist its members in securing for their respective institutions an increased volume of profitable trust business in the most economical manner, and the new division is desirous of co-operating with existing bank and

trust company organizations who are engaged in advancing the trust idea.

The division will seek to attain its objective through the collection and dissemination of information concerning materials and methods used and the experiences encountered by the various trust companies of the country in the development of their trust business; and by the study of the problems peculiar to those personally engaged in trust development work.

As a concrete means of attaining these objectives, it was determined to allocate different portions of the research work and the program to various sub-committees as follows: (a) The trust development representative, his qualifications, training, and functions; (b) successful methods of securing the co-operation of directors, officers, employes and stockholders; (c) effective means for obtaining the co-operation of organized bodies such as schools and clubs.



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**The Pennsylvania Company**

For Insurances on Lives and Granting Annuities

**Trust and Safe Deposit Company**

Packard Building

S. E. Cor. 15th and Chestnut Streets  
Philadelphia

**Capital, Surplus and Undivided Profits - \$20,000,000**

Member  
Federal Reserve  
System

Downtown Office  
517 Chestnut St.

Every Day in Every Way  
**Outcault's Multiclass Coupon Book**

(Patented Feb. 24, 1925, Aug. 4, 1925)

IS GOING STRONGER AND STRONGER

Ask for Sample and Price

**OUTCAULT ADVERTISING COMPANY**

221 East 20th Street, Chicago, Ill.

**DETROIT TRUST COMPANY IN  
NEW ADDITION**

THE Detroit Trust Company, Detroit, Mich., has transferred its office to its new 100 foot addition. The formal opening to the public will take place in about two months, when the old building has been completely renovated and the wall separating the new and old buildings has been removed. In the meantime, business will be carried on in the new addition.

In designing the building, Albert Kahn, the architect, made the general appearance suggest protection as the outstanding characteristic of the trust business. Eight massive columns, crossed at the top with heavy horizontal pieces, grated windows, and a relatively small entrance have been used to produce this effect.

The complete building extends 140 feet on Fort street and 138 feet on Shelby. With the idea in mind for future expansion, the foundation and steel structural work was designed to support eight stories in all.

Inside, the new addition represents the last word in modern facilities. The dominant feature is the big room on the ground floor. With the exception of the glass partitioned officers' room, the vaults and the stenographic room, the entire ground floor is an open office. Besides the executive officers, the administrative heads of the trust, bond, financial and corporation departments will be located on the first floor.

Directly in front of the entrance is a

large bronze plaque indicating that the Detroit Trust Company building now stands on part of the site once occupied by Fort Shelby. The plaque shows the outline and the location of the old fort and carries the seals of the State of Michigan and the City of Detroit, in addition to a perspective view of one of the fort's blockhouses and a broadside view of the "Griffin," the first vessel to sail above Niagara Falls.

Palisades of Fort Shelby dug up during the excavating for the new building will be on exhibit in the elevator lobby.

The mezzanine floor is taken over by the municipal bond department, the library and the trust investment department. On the second floor, the real estate and mortgage loan departments occupy most of the space and the auditors are located on the third floor.

The new addition was erected during the twenty-fifth anniversary year of the Detroit Trust Company and is the fifth home the company has had during its first quarter-century of business.

The financial structure of the company at the beginning consisted of \$500,000 capital and \$500,000 surplus. During the first twenty-five year period these figures have grown to \$8,000,000.

**ATTEMPT TO CURB LOSS OF  
INSURANCE MONEY**

THE Cleveland Chamber of Commerce, Cleveland, Ohio, is attempting to conserve an estimated annual loss of \$9,000,000 of insurance money which has been paid to beneficiaries.



## The Value of Fresh Air

Winter is the time for intensive business. Preventable sickness, absenteeism and inefficiency cause serious losses. Greater profits will result if your employees breathe pure air.

Vacations with pay for your employees are an investment in health and ambition. The investment will soon be lost unless a healthful atmosphere is maintained during the cold season.

Modern science demands ventilation with cool, fresh air. By the Gerdes Method of Ventilation healthful and invigorating *unheated* fresh air is diffused without causing draft or chill. A booklet fully describing this method and giving references of the highest character will be sent on request.

### Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 2893

**GERDES**  
METHOD

The first step in the Cleveland campaign is the distribution of 50,000 copies of the booklet called, "Your Money and Your Life." The book points out that, according to estimates, 90 per cent. of life insurance policies paid in lump sums direct to beneficiaries is either used up or lost within seven years. It points out that a reasonable standard of living cannot be maintained by many families after the death of the head of the family because of his failure to provide for the investment of insurance money.

Through the life insurance trust plan offered by banks and trust companies and insurance companies, the Cleveland Chamber of Commerce shows how a large part of the present loss through fake investment schemes and needless waste can be prevented.

The book is published under the auspices of the life insurance trust committee of the Cleveland Chamber of Commerce, headed by Harris Creech, president of the Cleveland Trust Company, and the volume is the work of William Ganson Rose, president of William Ganson Rose, Inc.

### GIVES \$100,000 FOR BANK WORKERS' CAMP

GEORGE F. BAKER, chairman of the board of the First National Bank of New York, has given \$100,000 to help finance a year-round camp for employes of a group of New York banks and their families. The camp is to be located at Lake Sebago in Harriman State Park, thirty-five miles from New York City, on Brundige Mountain.

Employes of the First National Bank, the United States Trust Company, the New York Trust Company and the Bankers Trust Company will be eligible to spend their holidays in the camp. It will be completed in June and will be operated by a membership corporation composed of employes of the banks. Officials of the banks will add to the fund for the establishment of the camp.

Last July, on the eve of sailing for Europe, Mr. Baker sent his personal checks for a year's salary to all clerks of the First National Bank. He is interested in all the institutions whose employes will participate in the camp's benefits.

Mr. Baker has contributed largely to philanthropic and educational projects. His gifts to Cornell University approximate \$2,000,000. In 1924 he gave \$5,000,000 for the establishment of Harvard's Graduate School of Business Administration. He also gave Columbia University \$700,000 for the tract of land which was made into Baker Field, the athletic arena.

### ST. LOUIS BANK CELEBRATES SEVENTIETH ANNIVERSARY

THE National Bank of Commerce in St. Louis, Mo., which was granted a charter under the name of the St. Louis Building and Savings Association on



JOHN G. LONSDALE  
President the National Bank of  
Commerce in St. Louis, Mo.

February 14, 1857, recently celebrated its seventy years of existence.

Full page advertisements were published in newspapers, picturing the first home of the institution and the customs of that period. Women were shown in front of the bank, dressed in hoopskirts and carrying the small parasols of the

day, with men clad in the long coats and beaver hats that were then the mode. In the background, along the Mississippi River front, was a steamboat moored at the levee, and a train with its odd-looking, funnel-like smokestack.

The bank also had an unusual window display, showing in miniature the four homes in which the institution has been housed, with a silhouette pageant above these that paraded in review figures and objects that characterized the various styles and developments from 1857 to 1927.

Inside the bank were interesting exhibits of old coins and bank notes used in the early days of St. Louis banking, in addition to other relics of that period. A young lady dressed in a hoopskirt handed out flowers to the hundreds of visitors who came to view the unique display.

The charter of the St. Louis Building and Savings Association provided that it might engage in banking as well as the building and loan business. But the banking appeal was the stronger, so the new institution decided from the very start to confine itself to banking activities.

In those early days loans were limited to \$1000 and the salary of the first president was only \$750 a year. It was this cautious attitude of the founders that enabled the institution to emerge safely through the panic of 1857, the first year of its founding, and later through the trying days of the Civil War.

The name was changed to "The Bank of Commerce" November 3, 1868, and the word "National" was added December 14, 1889, when the institution voted to take advantage of the National Bank Act and become a national banking organization.

When the bank officially opened its doors for business on July 6, 1857, its paid up capital was only \$8500. Now it is \$10,000,000, additions having been made from time to time in the seventy years to meet continued growth.

John G. Lonsdale has been president



## *“Again—Thank You!”*

Mutual confidence increases with each new opportunity to serve, steadily strengthening the bond of friendship between this Bank and the many fine institutions for which it has acted as Chicago correspondent throughout ten, twenty, and even thirty years or longer.



FREDRICK H. RAWSON  
*Chairman of the Board*

HARRY A. WHEELER  
*President*

CRAIG B. HAZLEWOOD  
*Vice-President*

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Complete Private Wire Service—Direct B L and Collection Facilities



Liberty Bank of Buffalo, Buffalo, N. Y.

**T**HE new home of the Liberty Bank of Buffalo, not only furnishes the bank with quarters that are in keeping with its reputation for financial service, but also provides the City of Buffalo with a bank and office building unexcelled by any other in Northern New York.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
680 FIFTH AVENUE, NEW YORK



Window display of the National Bank of Commerce in St. Louis, used during the celebration of the bank's seventieth anniversary.

of the National Bank of Commerce since 1915. Under his able guidance such departments as savings, trust, investment, foreign, advertising and central file, have been added until the institution is now one of the large banks of the country, with service connections throughout the world.

### CALIFORNIA BANK HAS NEW BRANCH

PERMISSION has been granted to the California Bank, Los Angeles, to convert the First National Bank of Ocean Park to the Ocean Park branch of California Bank.

R. B. Harries, formerly president of the Ocean Park Bank, will be in charge of the new office, assisted by J. C. Ferguson, assistant manager and Mrs. Z. M. Pirie. They were formerly cashier and assistant cashier, respectively.

### NEW BUSINESS RECORD OF FIRST NATIONAL, BOSTON

A FOLDER issued by the First National Bank of Boston says that every business

day in 1926 saw an average of twenty-four business houses and business men become, for the first time, customers of that institution. Their initial deposits averaged \$86,347 a day—\$503,000 a week.

### TO OPEN EIGHTH BRANCH

THE Bank of the United States, New York, has announced that it has been given permission by the state banking department to establish a branch office at Burnside and Grand avenues, the Bronx. This will be the eighth branch of the institution.

### DETROIT BANKS MERGE

CONSOLIDATION of the First State Bank of Detroit and the Griswold National Bank of the same city, which took place recently, was one of the largest financial mergers in the history of Detroit. The new institution, known as the Griswold First State Bank, has total resources of \$50,000,000 and capital and surplus aggregating \$75,000,000.



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**L. C. SMITH & CORONA TYPEWRITERS Inc.**

Home Office and Factory, SYRACUSE, N. Y.

### PITTSBURGH BANKS MERGE

THE Columbia National Bank of Pittsburgh, known as the "Oil Bank" on account of its association with the development of the oil industry, has been merged with the Bank of Pittsburgh, N. A. The institution has taken the name of the

consolidate in the interests of efficiency and service.

Officers and employes of the Columbia National have become associated with



**HARRISON NESBIT**  
President the Bank of Pittsburgh, N. A.



**ALEX DUNBAR**  
Vice-president and cashier the Bank of Pittsburgh, N. A.

latter mentioned and its business is being carried on at the previous location of the Bank of Pittsburgh.

According to executives of both institutions, the consolidation is in keeping with the trend of financial concerns to

the Bank of Pittsburgh. W. T. Davidson, vice-president and cashier, and Verner C. Boggs, vice-president, have become vice-presidents of the new bank. Many of the directors have become directors in the Bank of Pittsburgh, N. A.

The capital of the new institution remains the same as that of the Bank of Pittsburgh, N. A., namely, \$3,000,000.

Custom Made Garments for Dress, Business and Sport Wear. Golf Jackets and Knickerbockers a Specialty.

**M. ROCK - Tailor**  
315 Fifth Avenue, New York

Services can be had in the following cities:

Cleveland	Steubenville	Wheeling
Pittsburgh	Toledo	Youngstown

*My representative visits the above cities once every month*



According to the statement of March 23, surplus and undivided profits are \$4,993,085, deposits \$68,025,289 and total resources \$76,932,195.



**W. T. DAVIDSON**  
Vice-president the Bank of Pittsburgh, N. A.

Officials of the consolidated bank are as follows:

Harrison Nesbit, president; Wilson A. Shaw, vice-president and chairman of the board; J. D. Ayres, vice-president; J. M. Russell, vice-president; Alex Dunbar vice-president and cashier; S. B. Congdon, vice-president; William M.

Bell, vice-president; Thomas H. Eddy, vice-president; W. T. Davidson, vice-president; V. C. Boggs, vice-president; Frank D. Young, assistant cashier; William M. Kiser, assistant cashier; S. M. Shelly, assistant cashier; Scott H. Nesbit, assistant cashier; John H. Reusher, comptroller. The trust department is in charge of William A.



**V. C. BOGGS**  
Vice-president the Bank of Pittsburgh, N. A.

Wilson, vice-president and trust officer, and Foster W. Doty, assistant trust officer.



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Industrial Institutions desiring to form  
Classes in their offices.*

### NATIONAL CITY COMPANY PLANS NEW BUILDING

A THIRTY-ONE story building, on the site where the National City Bank of New York was started 115 years ago, has been planned by a subsidiary company of the bank, the National City Company. The structure will be erected at 52 Wall street and will be ready for occupancy May 1, 1928. It is designed to house the overflow of the National City organization and to provide space for its future growth. About one-half the building will be occupied by the National City Company. The balance will be available for general occupancy.

### BANK OF UNITED STATES ON 12 PER CENT. BASIS

DIRECTORS of the Bank of the United States, New York, have placed the bank on a 12 per cent. annual basis by the declaration of a quarterly dividend of 3

per cent., payable March 30 to stock of record March 21. The annual basis had previously been 10 per cent.

Deposits of the bank increased \$16,606,000, or 24.7 per cent. Total resources are now \$92,000,000. The bank has moved from seventy-eighth in size among the country's large banks, to fifty-sixth.

### GROWTH OF TIMES SQUARE TRUST COMPANY

ON March 15, 1927, the deposits of the Times Square Trust Company, New York, amounted to \$5,479,658. The growth in deposits since the opening date is indicated in the following table:

Deposits opening day, October 5, 1926 .....	\$1,367,807.63
Deposits November 15, 1926..	2,524,336.50
Deposits December 15, 1926..	3,133,788.83
Deposits January 15, 1927....	3,992,730.99
Deposits February 15, 1927..	4,521,612.82
Deposits March 15, 1927....	5,479,658.29

John H. Brennen, formerly of the Bank of America, is president of the Times Square Trust Company and Bernard Reich is chairman of the board.

### ORGANIZED BANK TO USE OLD FIXTURES

BANK fixtures valued at approximately \$150,000, left by the Brotherhood of Locomotive Engineers' Co-operative



**Hotel Somerset**  
Commonwealth Ave.  
Boston, Mass.

Superbly located—only seven minutes from the city's business, theatre and shopping centers. One block from the principal cross-roads entering and leaving Boston. Terrace Garden Cafe.

Room with bath \$3. to \$10. per day.  
European Plan  
William P. Lyle, Manager

Trust Company when it was merged with a neighboring institution, were the cause of the organization of the new Emerald National Bank and Trust Company of New York.

The fixtures came into hands of George W. Loft, candy maker, when he bought the building. He was offered only \$25,000 for the valuable fixtures and rather than sacrifice them at this price, he decided to start a bank himself.

The bank will have a capital of \$750,000 and surplus of \$250,000. A feature of the institution will be the fact that the chairman of the board, the president and the vice-president will receive no salary. Mr. Loft will be the chairman. Other officers have not yet been named.

#### RESOURCES OF INTERNATIONAL SECURITIES TRUST RISE

RESOURCES of the International Securities Trust of America, New York, now stand at more than \$25,000,000 and earned reserves and surplus as of November 30, 1926, the final day of the last fiscal year, were more than \$1,140,000, according to the annual report to the stockholders, made public recently. Net earnings for the year ended November 30, 1926, were \$1,280,000, of which \$267,000 was paid out in dividends on Class A common stock and \$1,013,000 appropriated to reserves and surplus. The report shows that \$8,000,000 has been paid in on bonds, \$9,594,000 on preferred and \$5,637,000 on Classes A and B common.

#### BANK OF THE MANHATTAN TO CHANGE STOCK VALUE

STEPHEN BAKER, president of the Bank of the Manhattan Company, New York, has announced that the bank plans to change the par value of its stock from \$50 to \$100 per share, the first change since its organization in 1799.

The bank is at the present time one of two New York banking institutions with capital stock of \$50 par value. The

## The South Carolina National Bank

Charleston, S. C.

Greenville, S. C. - Columbia, S. C.

Consolidation of

Bank of Charleston, N. B. A.

Charleston, S. C.

Norwood Nat. Bank Greenville, S. C. Carolina Nat. Bank Columbia, S. C.

Capital \_\_\_\_\_ \$ 1,100,000.00

Surplus \_\_\_\_\_ 650,000.00

Resources \_\_\_\_\_ 25,000,000.00

other is the Mechanics Bank of Brooklyn. As a result of this, stock of the Bank of the Manhattan is quoted at about half the price of other large New York banks. The change is to be made, according to Mr. Baker, to correct any possible confusion in the minds of the public as to the actual market value of the stock.

#### GARFIELD NATIONAL ELECTS OFFICERS

At a meeting of the board of directors of the Garfield National Bank, New York, George G. Milne, Jr., was elected vice-president and trust officer; Ralph T. Thorn, cashier; and Frank J. Irving, assistant cashier. The meeting was held following the death of A. W. Snow, who had been a vice-president and cashier of the bank.

#### RICHMOND BANK STATEMENT

TOTAL resources of the American National Bank, Richmond, Va., as of December 31, 1926, are \$21,102,837. Capital stock of the bank is \$2,000,000, surplus and profits \$1,520,416 and deposits \$16,813,371. Resources of the American Trust Company, an affiliated institution, are \$2,192,108, capital stock \$1,200,000 and surplus and undivided profits \$307,710.

The report of the president of the combined institutions, Oliver J. Sands, shows satisfactory growth of both banks.

## BANKING OPINION ON BUSINESS

“FEBRUARY is normally the slowest business month of the year,” says the *Business Bulletin* of the Cleveland Trust Company for March 15, “and if that turns out to be true of 1927, this year will be a prosperous one, for business was fairly good last month, and has been improving so far in March.”

Going from East to West, we find in New England, according to the February 25 letter of the First National Bank of Boston, that “sales of cotton goods continue in heavy volume, with prices on finished goods firm, and some grades advancing. . . . There are signs of betterment in woolen and worsted lines. . . . The silk industry is working into a stronger position. . . . Buying continues on a conservative basis in the boot and shoe industry. Factories are now busy on production of shoes for early spring and Easter.”

In New York state, “factory employment advanced 1 per cent. in February,” says the *Mid-Month Review of Business* of the American Exchange Irving Trust Company, New York, for March 15. “The daily turnover of stock on the New York Stock Exchange during February was more than 2,000,000 shares. Sales for the month aggregated 44,163,062 shares or 9,907,872 more than in January and 8,701,370 shares above the previous high record of February, last year. High grade railroad stocks reached the highest level in seventeen years, and price averages of industrials rose close to previous record heights.”

“Price recessions have marked the progress of the iron and steel industry since the beginning of the year,” says *Trade Trends*, for March, issued by the Franklin Fourth Street National Bank, Philadelphia, but “operations which dropped to about 70 per cent. at the low point in December, are now approximately at 85 per cent. of capacity.”

The *Business Digest* of the American banks of Nashville, Tenn., for March

reports that “cotton ginned from the 1926 crop to January 16, 1927, totaled 16,610,000 bales compared with 15,500,000 bales ginned to the corresponding date from the previous year’s crop, an increase of 7 per cent.” Present indications are for a carry-over at the end of the year 50 per cent. greater than last year, in spite of the increased used of cotton.

“Michigan manufacturers generally are enjoying a normal output,” says the March *Michigan Business Review* of the Union Trust Company, Detroit. “Paper mills and furniture factories are the most favored. . . . Industrial leaders are optimistic over the outlook for further betterment during the spring months. . . . Employment figures for the last week in February show a gain of approximately 4500 over those for the preceding week.”

Right next door to this is a different situation, for the *Northwestern National Bank Review*, Minneapolis, Minn., for February finds business in the rural districts dull. . . . “Harness sales made by wholesalers, which reach their peak at about this time, are only passable. . . . Moisture conditions have been favorable during the winter; if seeding progresses satisfactorily, business in general should pick up.”

*Business and Financial Comment* of the First Wisconsin National Bank, Milwaukee, for March 15 reports that in that region, too “industrial employment and operations have progressed fairly well during the last thirty days. . . . The renewed activity in automobile centers has had a favorable effect upon the extensive parts and accessories industry. . . . Building permits issued to date aggregate a considerably larger value than last year, a fact which promises fuller employment as the season advances.”

In spite of the falling off of purchases by farmers, says the *Valley Bank Visitor* of the Valley Bank, Phoenix, Ariz., for March 1, business has been satisfactory.

Large expenditures on construction projects, particularly active building in Phoenix and Tucson, and the largest tourist season on record have compensated for the agricultural depression.

Last month, in a picture mostly shade, the Pacific coast was the bright spot. This month, the position is reversed. The monthly survey of the First National Bank of Los Angeles for March says that during February bank debits declined seasonally "trading at retail and wholesale was quieter . . . petroleum production again declined slightly . . . new building permits in Los Angeles were moderately less than previous months. . . . Industrial operations, on the other hand expanded. The navel orange crop is of fine quality and good sizes. . . . Vineyards are in good shape.

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Collateral **BONDS**  
Gold

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And are guaranteed as to principal and interest by the National Surety Company.

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120 Broadway Fiscal Agents New York City

. . . The farming communities are distinctly optimistic."

For the country as a whole, business during February was considerably better than had been expected.

## COMING BANKERS' CONVENTIONS

**ALABAMA BANKERS ASSOCIATION**, Birmingham, May 19-21. Secretary, H. T. Bartlett, American Trust & Savings Bank, Birmingham.

**AMERICAN BANKERS ASSOCIATION**, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**AMERICAN BANKERS ASSOCIATION**, executive council, Hot Springs, Ark., week of May 1. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**AMERICAN INSTITUTE OF BANKING**, Detroit, July 11-15.

**ARKANSAS BANKERS ASSOCIATION**, Little Rock, April 27-28. Secretary, Robert E. Wait, 923 Southern Trust Building, Little Rock.

**ASSOCIATION OF RESERVE CITY BANKERS**, Pittsburgh, Pa., May 19-21.

**CALIFORNIA BANKERS ASSOCIATION**, Del Monte, May 18-21. Secretary, Frederick H. Colburn, 628 Mills Building, San Francisco.

**CANADIAN BANKERS ASSOCIATION**, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

**COLORADO BANKERS ASSOCIATION**, Estes Park, June 24-25. Secretary,

L. F. Scarboro, Tabor Opera House, Denver.

**DISTRICT OF COLUMBIA BANKERS ASSOCIATION**, Hot Springs, Va., June 9-11. Secretary, W. J. Waller, vice-president Federal-American National Bank, Washington, D. C.

**FLORIDA BANKERS ASSOCIATION**, Sarasota, April 25-26. Headquarters Miramar Hotel. Secretary, W. O. Boozer, Jacksonville.

**GEORGIA BANKERS' ASSOCIATION**, Atlanta, May 16-18. Secretary, Haynes McFadden, 101 Marietta street, Atlanta.

**IDAHO BANKERS ASSOCIATION**, Hayden Lake, June. Headquarters Bozanta Tavern. Secretary, J. S. St. Clair, vice-president Boise City National Bank, Boise.

**ILLINOIS BANKERS ASSOCIATION**, Danville, June 23-24. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

**IOWA BANKERS ASSOCIATION**, Des Moines, June 20-22. Secretary, Frank Warner, 430 Liberty Building, Des Moines.

**KANSAS BANKERS' ASSOCIATION**, Manhattan, May 18-20. Headquarters, Kansas State Agricultural College. Secretary, W. W. Bowman, Hotel Kansas, Topeka.

**LOUISIANA BANKERS ASSOCIATION**, Baton Rouge, April 20-21. Secre-

tary, G. R. Broussard, vice-president Bank of Abbeville, Abbeville.

**MAINE BANKERS ASSOCIATION**, South Poland, June. Secretary, Edward S. Kennard, Rumford National Bank, Rumford.

**MARYLAND BANKERS ASSOCIATION**, Atlantic City, N. J., May 18-19. Secretary, Charles Hann, secretary Merchants National Bank, Baltimore.

**MICHIGAN BANKERS ASSOCIATION**, Detroit, June 18-24. Secretary, Mrs. H. M. Brown, 723 Ford Building, Detroit.

**MINNESOTA BANKERS ASSOCIATION**, St. Paul, June 8-10. Secretary, F. P. Fellows, 718 National Building, Minneapolis.

**MISSISSIPPI BANKERS ASSOCIATION**, May 10-11. Secretary, George B. Power, Capital National Bank Building, Jackson.

**MISSOURI BANKERS ASSOCIATION**, Joplin, May 17-18. Secretary, W. F. Keyser, Sedalia.

**MONTANA BANKERS ASSOCIATION**, Helena, July 21-23. Secretary, John Romersa, Box 619, Kalispell.

**NATIONAL FOREIGN TRADE COUNCIL**, Detroit, May 25-27.

**NEW MEXICO BANKERS ASSOCIATION**, Deming, October. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

**NORTH CAROLINA BANKERS ASSOCIATION**, Pinehurst, April 21-23. Headquarters, Carolina Hotel. Secretary, Paul P. Brown, Raleigh.

**NORTH DAKOTA BANKERS ASSOCIATION**, Jamestown, June. Headquarters, Gladstone Hotel. Secretary, W. C. McFadden, 54 Broadway, Fargo.

**OHIO BANKERS ASSOCIATION**, Cedarpoint, June 15-16. Secretary, S. A. Roach, Huntington Bank Building, Columbus.

**OKLAHOMA BANKERS ASSOCIATION**, Oklahoma City, May 10-11. Headquarters, Huckins Hotel. Secretary, Eugene P. Gum, 907-8 Colcord Building, Oklahoma City.

**OREGON BANKERS ASSOCIATION**, Gearhart-by-the-Sea, June 3-4. Secretary, Andrew Miller, 914 Porter Building, Portland.

**NEW YORK STATE BANKERS ASSOCIATION**, Washington, D. C., June 6-8. Headquarters, the Mayflower Hotel. Secretary, Edward J. Gallien, 128 Broadway, New York City.

**PACIFIC COAST TRUST CONFERENCE**, Portland, Ore., August 11-13.

**PENNSYLVANIA BANKERS ASSOCIATION**, Pittsburgh, June 8-10. Headquarters, William Penn Hotel. Secretary, C.

F. Zimmerman, First National Bank, Huntingdon.

**SOUTH CAROLINA BANKERS ASSOCIATION**, Asheville, N. C., June 27-29. Headquarters, the Battery Park Hotel. Secretary, Henry S. Johnson, Columbia, S. C.

**SOUTH DAKOTA BANKERS ASSOCIATION**, Deadwood, July 1-2. Headquarters, Franklin Hotel, Secretary, Geo. A. Starring, Huron.

**TENNESSEE BANKERS ASSOCIATION**, Chattanooga, May 12-13. Secretary, H. Grady Huddleston, 1015 Independent Life building, Nashville.

**TEXAS BANKERS ASSOCIATION**, El Paso, May 10-12. Secretary, W. A. Philpott, Jr., Dallas.

**UTAH BANKERS ASSOCIATION**, Salt Lake City, June 10-11. Secretary, Carl R. Marcusen, Price Commercial & Savings Bank, Price.

**VIRGINIA BANKERS ASSOCIATION**, Virginia Beach, June 23-25. Secretary, Scott Irby, Kenbridge.

**WASHINGTON BANKERS ASSOCIATION**, Tacoma, June. Secretary, J. W. Brislawn, Alaska Building, Seattle.

**WEST VIRGINIA BANKERS ASSOCIATION**, Clarksburg, June 1-2. Secretary, Joseph S. Hill, vice-president Capital City Bank, Charleston.

**WISCONSIN BANKERS ASSOCIATION**, Madison, June 21-23. Secretary, Wall G. Coapman, 717 Caswell Block, Milwaukee.

**WYOMING BANKERS ASSOCIATION**, Thermopolis, September 1. Secretary, Harry B. Henderson, First Joint Stock Land Bank, Cheyenne.

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**71 Murray Street**

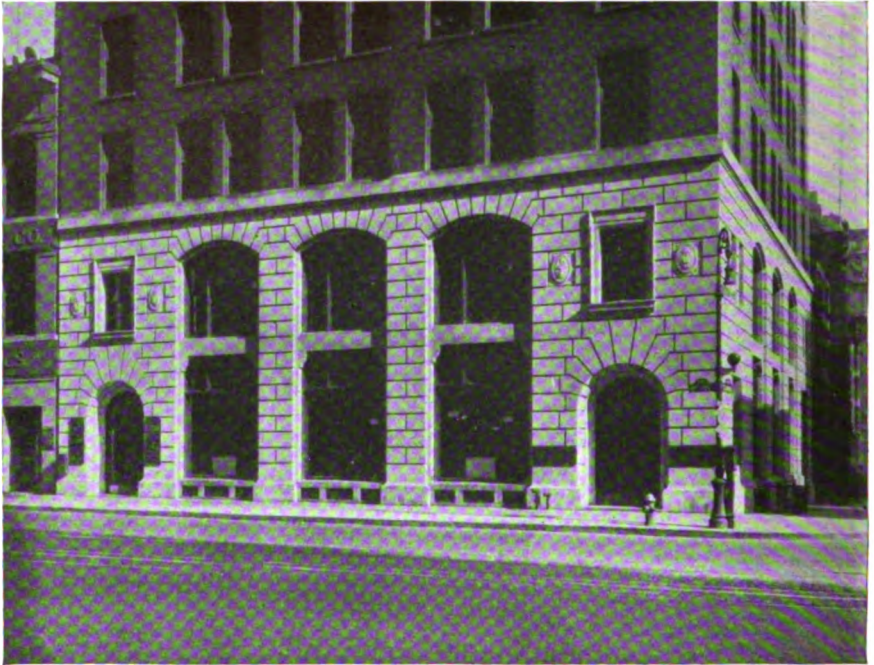
**New York**

## EXAMPLES OF RECENT BANK BUILDING OPERATIONS



New building of the Bank of Smithtown, Long Island, New York. The exterior is of selected buff Indiana limestone. The interior, which is lighted from all four sides, has a counterscreen of Botticino marble, having a bronze top. The safe deposit department, directors' rooms, customers' and officers' spaces are finished in high grade mahogany. The bank was designed and erected under the supervision of Morgan, French & Co., Inc., bank architects and engineers, New York.





Temporary office, Seward National Bank, New York, Fourth avenue at 30th street.

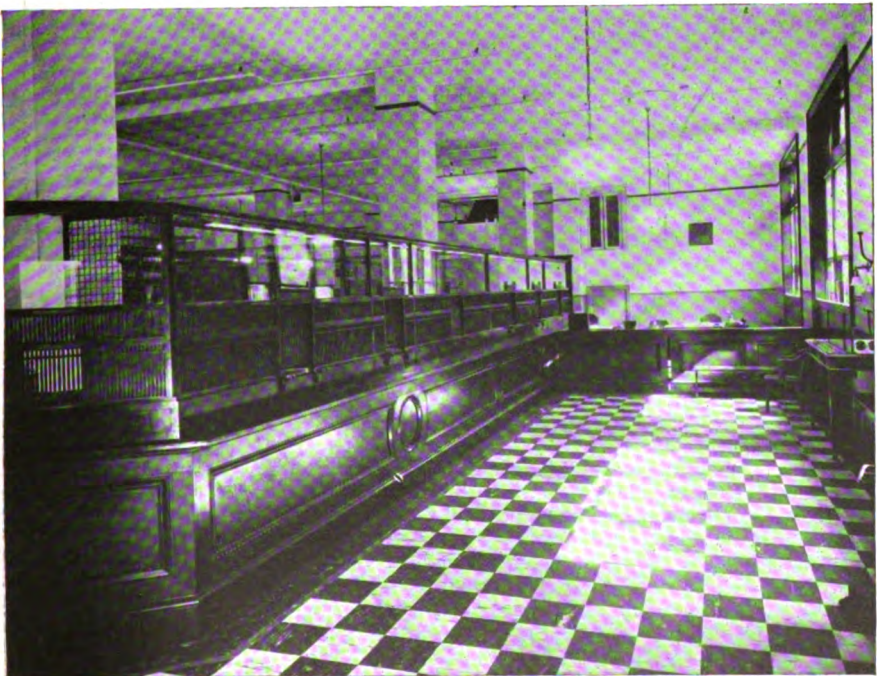


Fourth avenue lobby, Seward National Bank, New York.





Officers' quarters, Seward National Bank, New York.



View of main lobby, looking toward officers' quarters, Seward National Bank, New York.

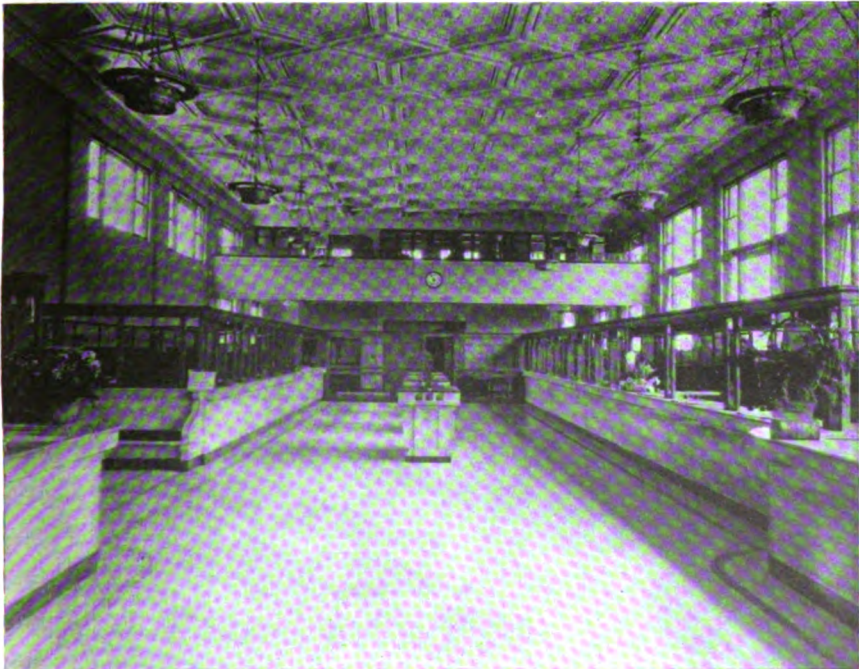


Upon entering the spacious banking room of the Monroe County Savings Bank at Rochester, N. Y., one's eyes immediately travel over the variegated travertine of the walls to the lofty polychrome ceiling interspersed with murals by Ezra Winters, depicting various industries. The artistic bronze and marble of the counterscreen blending with the rich walnut of the cabinet work make this room a perfect ensemble of beauty and dignity. The entire banking home was designed by and erected under the supervision of Mowbray & Uffinger, bank specialists of New York.





The new building of the Athol Savings Bank, Athol, Mass., which is to be erected by J. Williams Beal, Sons, of Boston, at a cost of \$125,000, will have a monumental limestone facade in modernized Renaissance design. The entrance will be marked by a stately recessed portico with two free-standing columns enframing a large arch over the doorway. The building will be 50 feet wide and 74 feet long, with excellent light on all sides.



The new building of the Euclid-East 101st office of the Union Trust Company, Cleveland, recently completed, is illustrative of the growing tendency to combine art with utility. The building is three stories in height, and constructed of granite and cut stone. The interior is light and open—the floor of marble, and the tellers' cages of marble and bronze. The whole effect of the building is one of spacious pleasantness.





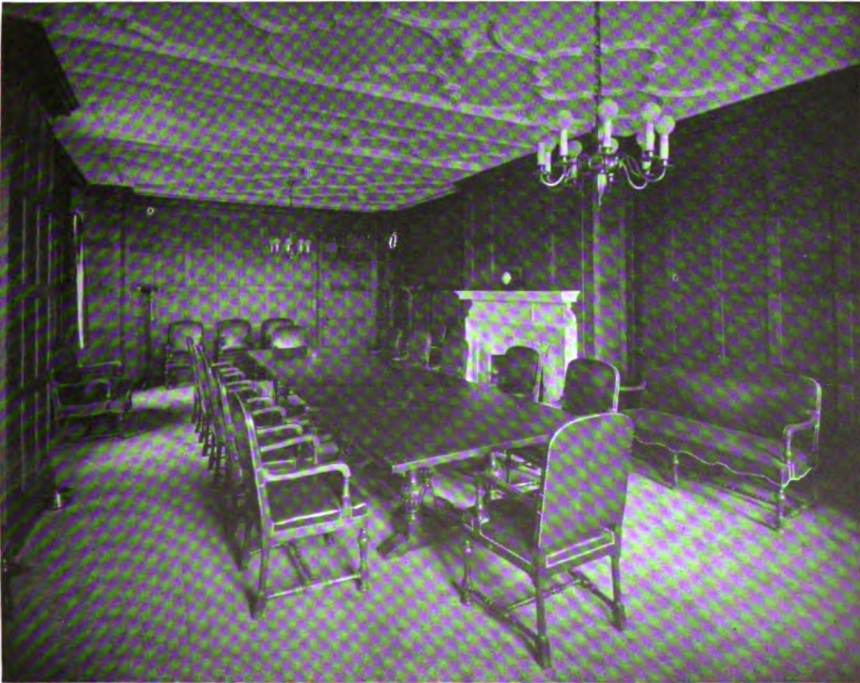
View of the senior officers' quarters of the Lincoln-Alliance Bank, Rochester, N. Y., equipped by the Yawman & Erbe Manufacturing Co., Rochester. The same type of fine furniture was used for the directors' rooms and the quarters of other bank officials.



Yawman & Erbe counter height steel cabinets do the double duty of files and handy counters combined in the voucher room of the Lincoln-Alliance Bank, Rochester N. Y.



Two types of directors' rooms designed by Holmes & Winslow, bank architects, New York. The illustration on the left shows the trustees' room of the Home Savings Bank, White Plains, N. Y. Below is the board room of a New York City bank.





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Value \$700.00 to \$5000.00 . 2 per cent.

Special rates on furs of high value.

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# BOOK TALKS

Special Section of The Bankers Magazine

APRIL 1927

## CREDIT EXTENSION NOW A SCIENCE

"For a treatise on a technical subject handled in an interesting and understanding way, the students of commerce and finance owe thanks to Thomas J. Kavanaugh, whose book is a valuable addition to the published works dealing with the fundamental essentials of banking," said the *St. Louis Globe-Democrat* review about *Bank Credit Methods and Practice*. (Bankers Publishing Company, \$2.50.) Below is given a short passage from the book to show the interesting way in which the author explains his subject.

"**P**RIOR to the '90's the Bank Credit Department, as such, was unknown. Before then there had been no organized department for the handling of credits in financial institutions, and few of any consequence in mercantile lines. Chaos reigned supreme in the financial world. Dishonest failures were frequent and business crookedness rampant. Conditions became so critical that a small handful of men gathered together at Toledo, Ohio, in 1896, and then and there the first meeting of the National Association of Credit Men was held.

"Before that year there were some mercantile credit departments which had come into existence in the previous few years, but bank credit departments were practically unknown. The first one in the United States was organized by James G. Cannon, president of the Fourth National Bank of New York, who was dean of bank credit men and the first president of the New York Association of Credit Men.

### RECORDS NO LONGER CARRIED IN HEADS

"It marked the beginning of a new era in banking when credit extension became a science, and records were no longer carried in the brains of one or two men in each firm and buried with them when they died.

"Departmental organization for bank credit work was made imperative by the growth of banking and mercantile business. And as banks grew and credit departments became larger, the employes assigned to the task of managing those departments became more expert.

"In the decade of 1910 to 1920 rapid strides were made in the elevation of the bank credit department to its proper plane. \* \* \* While the credit department is a service department, and not a department for profit, its peculiar position in connection with the loaning facilities of the bank makes it responsible to a certain extent for the losses suffered by the bank in the extension of credit. \* \* \* The credit man's duties are circumscribed by the limits of the credit department."

\* \* \* \*

The above interesting paragraphs compose the introduction to chapter XI of Kavanaugh's *Bank Credit Methods and Practice*. The entire book is written in the same easy, readable style, and is designed to be of use as a practical, right-hand companion to the organizer of the credit department and the banking student. Mr. Kavanaugh has written with both viewpoints in mind as he is a vice-president and credit manager of a large St. Louis bank and a lecturer of credits at St. Louis University.

In addition to the usual explanation of credit, the working of the Federal Reserve System, foreign credits, commercial paper, acceptances and statement analysis, credit department methods are given careful attention. The actual keeping of the necessary records with illustrations of the forms in use in the up-to-date banks is shown and explained.

The price of the book is only \$2.50, and it can be had for five days' examination by banks or bankers.



# BOOK TALKS

EVELYN PRICE, *Editor*

Monthly Book Section

## THE BANKERS MAGAZINE

71-73 Murray St., New York

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APRIL 1927

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### SHOP TALK

A YOUNG man in the credit department of a large New York bank realized that thought 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 experiences on paper, conferred with his associates and with those older "in the game" than himself, and his book, *The Bank Credit Investigator* (\$1.50) was the result. This book makes a good companion volume to the book on credit mentioned on the first page of BOOK TALKS, and the price of both comes to less than \$5.



DURING the last two weeks we have received several orders for the following three books:

*Bank Credit Investigator* (\$1.50).

*Bank Credit Methods and Practice* (\$2.50).

*Commercial Paper* (\$2.50).

They make an excellent combination for those who are interested in credit, and we are glad to see that the readers of BOOK TALKS had appreciated that fact even before we had called attention to it. So now we would like to pass the suggestion on to others. If you have bought one or two, better send in your order for the third, or be reckless for the sake of your advancement, this once, and order all three.



"A GOOD follow-up system may mean the difference between success and failure for an advertising or new business campaign. The system is to compile lists and information concerning prospects and to keep after them sys-

tematically by sending them advertising literature or by personal calls when possible and advisable. The backbone of the system is a card file flexible enough to contain cards of various colors for various classes of prospects, so arranged that any given name can be quickly located." Such a system is outlined in *The New Business Department* by T. D. MacGregor. (\$1.25.)



"THIS present little volume, termed in its sub-title 'a foreign exchange primer,'" said the *Yale Review* about the *Elements of Foreign Exchange*, "is a very welcome contribution to the subject. In the field of theory it is brief, but clear as far as it goes; in the description of current practice it is full of interesting and important information. Economists will be grateful for this authoritative account of the technique of exchange operations." This book is priced at only \$1.60, and is a steady seller. Have you bought your copy?



THIS personal reminiscence of Frederick Gehle in his introduction to *The Women's Department* is of interest:

I remember distinctly how rare was a woman employe in a downtown New York bank ten years ago. In one institution that is particularly in mind, the only two female employes on a staff of more than 500 were the telephone operators. These girls were tolerated because it was impossible to secure trained male operators for the switchboard. Special rules were made to govern their conduct and, all in all, the attitude toward them was very much like that of Euripides, who 2500 years ago, wrote: "A woman should be good for everything at home, but abroad good for nothing."

Contrast that attitude with today. *There is not a bank of any consequence in any city of the country that is without women employes.*



*The Cause and Prevention of Bank Defalcations* gives a bank examiner's viewpoint of this problem and it should be of interest to every bank officer and director. The book is a pocket-size edition, and the price, too, is pocket-size, only \$1.50.

**EVERY** bank, large or small, city or country, needs the first book described on this page, for it gives a complete, concise idea of how to conduct a publicity and new business department in any bank.

NO country bank should be without the second book, for what the new business department is to the city bank the agricultural department is to the country bank. The country bank has the advantage of being able to use the "New Business Department" also.

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## New Business Department

By T. D. MacGregor

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### Table of Contents

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#### The Purpose of a New Business Department

Aims and purposes of the department.

#### 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.

#### Relations with Other Departments

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.

#### 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.

#### 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.

#### Handling the Accounts of Banks

Analysis of accounts, and plans for soliciting new business from other banking institutions. Readjustment of interest rates.

#### Getting "Leads" from Inquiries

Timely issuance of booklets. Following up inquiries. Making the most of a name.

#### 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."

#### New Business Ideas and Suggestions

Duties of chief clerk; publicity committee; press clippings; meeting advertising solicitors; courtesies to visitors, etc.

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## Bank Agricultural Department

By R. A. Ward

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### Table of Contents

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#### Bank Agricultural Service

How to render such benefits and service to be derived from it.

#### Organizing the Department—The Man and the Job

Personality of the man; relation to other officers; first principles of the work.

#### Planning a Program of Work

Program of the First National Bank of Bend, Ore.; effect of the work.

#### Using the Agricultural Survey

Making a survey of farms in the territory one of the best methods of analyzing the farming situation; agricultural property statement form given here.

#### An Increased Crop Production Campaign

Such a campaign can be carried on by a bank, in co-operation with the local county agent or expert bank agriculturalist; complete explanation given.

#### Livestock Improvement Project

No project lends itself more readily to bank co-operation than this campaign which can be carried on effectively for a period of years. Many illustrations and advertisements given with this chapter.

#### Boys' and Girls' Club Work

Carry on work in co-operation with the state club leaders who have this work thoroughly standardized, and are familiar with methods to conduct it profitably.

#### Advertising and Publicity

No phase of country bank activity can be featured more frequently than that of a live agricultural department. Examples of advertising given here.

#### Banker-Farmer Activities

Suggestions for banker-farmer "mixers," luncheons and conferences; motion pictures, etc.

#### Conclusion

Friendly helpfulness and superior service wins more friends for the bank than the cold, mechanical banking of days past.

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# BOOK REVIEWS AND NEW BOOKS

## Recent Announcements of Other Publishers

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**THE BRANCH BANKING QUESTION.** By Charles W. Collins. New York: The Macmillan Co. \$1.75.

SHOULD banks be allowed to establish branches freely—either in the same city in which they are located, or in other cities throughout the state? This is the question under discussion among bankers today.

Branch banking is on the increase, especially in the Southern states and California, and the small banks in a small city are objecting to the establishment of a branch of some large bank from a large city. Some prominent bankers, however, believe that the extension of branch banking makes for the welfare of the banking system as a whole, particularly in the light of the failure of several hundred of the small banks of the Middle West during the last few years. This book presents both sides of this argument in a convincing way, and without unnecessary technicalities. It contains also a digest of the laws on the subject, and the opinions of the justices of the Supreme Court and of the Attorney General.

**MAIN STREET AND WALL STREET.** By William Z. Ripley. Boston, Mass.: Little, Brown & Co. \$2.50.

THIS book is one of the most important of the year on financial matters. William Z. Ripley has held professorships in economics and political economy at Massachusetts Institute of Technology, and at Harvard, and has been a director of the Chicago, Rock Island and Pacific Railroad since 1917. In this book is his challenge to injustice and questionable practice, a challenge that is based on a working knowledge of the whole structure of the business.

The importance of this book, and the importance of the developments which have arisen from its publication may be judged by the results which followed upon the publication of the first article

on this subject by Professor Ripley which appeared in the *Atlantic Monthly*. This article was on non-voting stocks, which is on page 120 of the book. The board of governors of the New York Stock Exchange took immediate action upon publication of the article; the Nickel Plate merger proposed by Van Sweringen brothers (which Professor Ripley approves of in principle) was disallowed by the Interstate Commerce Commission; bills and resolutions were offered in the houses of Congress and in several state legislatures, etc.

The American public has been as a whole so prosperous in the last few years, and has entered so extensively into the investment field that the book, unlike most books of finance, has a really popular appeal.

**THE WORK OF CORPORATE TRUST DEPARTMENTS.** By R. G. Page and Payson Gates. New York: Prentice-Hall, Inc. \$5.00.

THE fiduciary services of trust companies and banks on behalf of corporations, and in relation to corporate securities have developed along specialized lines. To clarify the work of these departments R. G. Page, vice-president, and Payson G. Gates, assistant secretary of the Bankers Trust Company, have prepared this book. In it the authors outline, in detail, such important matters as corporate mortgages and the trustees' relations with mortgagors, bondholders and others with reference to numerous matters; in particular bond issues, sinking funds, redemption of bonds, care of pledged securities, defaults and remedies.

The book makes clear the process of reorganization and readjustment of corporations from the viewpoint of the depository; the technicalities of stock transfers, the details of registration of stock and bonds, the proper methods of handling payments of coupons, dividends and registered interest; suggestions as to

fees for trust services and other topics. An important feature of the book is the collection of over 100 forms, comprising a complete set of corporate trust and agency records (including a practical system of vault control). As each form is accompanied by a description explaining its relation to the entire system of records, the reproduction of the forms constitutes a continuous story in explanation of their use. The book will be of value to trust officers and their assistants interested in the administration of trust departments.

**PRINCIPLES OF ACCOUNTING.** By Eric L. Kohler and Paul L. Morrison. Chicago: A. W. Shaw Co. \$5.00.

THAT the financial control of a business depends on its accounting routine is a fact every business man knows. The problem lies in the difficulty of finding a clear cut technique for maintaining and interpreting the business records that fit the *average* business. How this may be done, however, is demonstrated in *Principles of Accounting*. It outlines in an understandable manner the elementary principles of finance which are inseparable from up-to-date accounting. Laid down in this book in easy, logical form, is just enough theory, just enough detail, to show any business men how to install, operate and maintain a complete set of records for sound financial control. Concise illustrations show specifically how each point should be handled.

A brief survey of bookkeeping results quickly leads into the balance sheet, the profit and loss statement, and their interpretation. The new bookkeeping devices and practices are explained. Financial statements with special respect to of typical businesses are scrutinized—adjusting entries, partnership, and closing entires are made plain. The accounts particularly in the light of net worth accounts, funded debts, and changes in ownership. Valuation problems affecting current assets, inventories, capital assets, liabilities, clearly show you how to build up a picture from your own books of profits won or losses sustained.

# The Women's Department

By Anne Seward

ONE OF THE LATEST phases 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, 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, and for those who use it 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.

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## CONTENTS

History of the Women's Department
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

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CORPORATION TREASURER'S AND COMPTROLLER'S GUIDE. By William H. Crow. New York: Prentice-Hall, Inc. \$10.00.

*The Corporation Treasurer's and Comptroller's Guide*, a companion to the *Corporation Secretary's Guide*, is the first of its kind. It is based upon the actual practice of hundreds of corporations, including, Standard Oil Company of New Jersey, U. S. Hoffman Machinery Corporation, Famous Players-Lasky Corporation, American Railway Express Company Dutchess Manufacturing Company, Kelly-Springfield Tire Company, National Cloak and Suit Company, American Locomotive Company, General Motors Corporation, American Linseed Company, American Tobacco Company, New York Edison Company, and others.

In plain, non-technical language the author, William H. Crow, fully explains the accountant's and comptroller's duties generally prescribed by the corporation's by-laws and the legal and statutory information relating to the work. The guide gives a clear-cut outline of departmental organization in corporations. The duties of various officers are explained and graphically presented. In addition, this manual emphasizes important points on periodical tax surveys so necessary in connection with operating and financial programs, or when declaring dividends and in arranging conversion programs.

It is a guide to the development, maintenance and control of important functions which consulting accountants and comptrollers are called to perform in the corporation's interests, and is illustrated with reproductions of forms and charts selected from prominent corporations.

#### MODERN INDUSTRIAL CONSOLIDATION.

By J. George Frederick. New York: Frank Maurice, Inc. \$7.50.

THE author of this new book believes that a new era of large corporations is coming, and has marshalled an array of up-to-date information on the various phases of the "trust" or consolidation problem as it stands today.

Mr. Frederick has given a perspective to his subject by showing how the development of business throughout the ages has been a constant fight to attain sufficiently large-sized units to cope with the conditions; which new development in size, however, has always awakened the fear and prejudices of the people. He also points out, with definite fact and figure, the present over-development of plant capacity, with a consequent disbalance between production and consumption—a disbalance which the author says can only be removed by the use of consolidation and a large-scale effort at increase of consumption.

Mr. Frederick presents statistical data indicating the greater prosperity of workers in an era of large-scale business and the reduction of unemployment. He takes up also very acutely the present-day political situation in regard to "big business," and also distinguishes carefully between monopolies and constructive consolidations.

The book is divided into three separate parts, and has a wide range, including even the reminiscences of the earliest efforts at consolidation and also the situation as regards large-scale business in other countries. In addition, it gives concrete business-like data on how consolidations are formed and shows actual verbatim agreements for various types of consolidation. The crucial problem of the management of large-scale business is also tackled realistically, and the technique of the formation of consolidations is given in a practical manner.

The decided tendency all over the world toward consolidation today, is the reason for this book, which is likely to become the standard useful book on this subject. The author is a business man, the head of a well-known research organization, and the author of a number of other books on business.

**BUSINESS ORGANIZATION AND MANAGEMENT.** By Henry P. Dutton, Chicago and New York: A. W. Shaw Company. \$6.

THIS book was undoubtedly written as a text for students of scientific business, since the author is a professor of factory

management, and for them, as well as for the ambitious young business man, the volume contains a wealth of information. And if the average business man were not too busy being one, to learn the business of being one, Mr. Dutton's book might give him some valuable pointers.

For the beginning student in theoretical, as well as practical, business, the book should make a good text, since it presents accurately and clearly, in not too difficult form, the procedure of business as a whole, its relation to other human activities and its internal organization as a social economic unit. Typical activities of a business are discussed and mention is made of the part played by scientific management as a general method of approach to business problems.

Any one who wishes to start a business will find ample detailed information in the chapters devoted to various types of organization, with their advantages and disadvantages, the ways of raising funds, managing capital and making banking connections. He will learn, too, the mechanism of accounting, with its relationship to executive control.

The entire book deals with what is commonly known as "big business" and the latter half is devoted to manufacturing, the business with which the writer is most familiar. It contains chapters on every phase of manufacturing, from forecasting business conditions, through the problems of securing raw materials, transportation, wholesale and retail distribution and finally up to the above mentioned chapters on "Wage Payment" and "The Art of Handling Men."

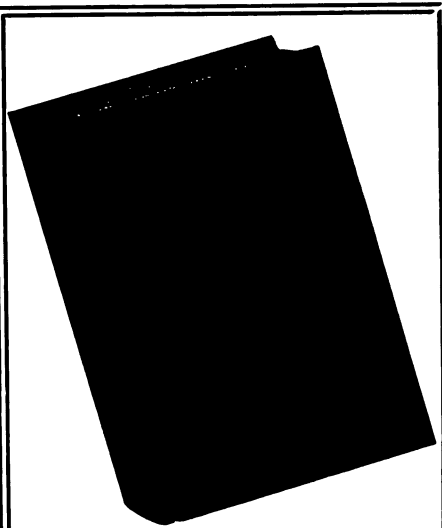
### NEW BOOKS

**BANKING.** By Walter Leaf. Holt, N. Y. \$1.00.

**FRANCE.** By Sisley Huddleston. Scribner, N. Y. \$5.00.

**RATIONAL BOOKKEEPING AND ACCOUNTING.** By A. G. Belding and R. T. Greene. Gregg Pub. Co., N. Y. \$2.

**THE FARMER'S CAMPAIGN FOR CREDIT.** By Clara Eliot. Appleton & Co., N. Y. \$3.00.



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Wheat is not the most valuable crop or export commodity in the United States?

English and Canadian banks have no prescribed reserves?

About 90 per cent. of business transactions are settled by means of credit paper?

Money has a more important function than serving as a means of exchange?

Normal crops are not average crops?

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There are other books on foreign exchange, but this one covers the subject in such a way that the man who knows little or nothing about it can get a clear idea within a few hours, of how foreign exchange works. \$1.60

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**THE ROMANCE AND TRAGEDY OF BANKING** By T. P. KANE  
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11



## Service

**T**HE service rendered by a financial institution is the chief factor in retaining customers.

In both our Banking and Trust Departments we are still serving many of the grandchildren and great-grandchildren of those who originally opened deposit or fiduciary accounts with us.

**Experience—Fidelity—Permanence**



## Bank of New York & Trust Co.

Capital, Surplus and Undivided Profits  
over \$17,000,000

Temporary  
Main Office  
76 William Street

Uptown Office  
Madison Avenue  
at 63rd Street

**CHATRAM  
PHENIX**



**NATIONAL BANK  
AND  
TRUST COMPANY**

OVER 100 YEARS OF COMMERCIAL BANKING

## *In Choosing Correspondent Banks—*

your institution is no doubt guided by length of service, financial standing and reputation for alert, careful attention to correspondents' requirements.

And so, in cordially soliciting your correspondence we point to our 115 years of experience, our resources, and suggest that you refer to any of our present correspondents as to the type of service we render. We believe they will agree in commending the active personal concern which our officers feel in promoting the interests of our correspondent banks.

**MAIN OFFICE**

149 Broadway, Corner Liberty Street, New York City

**RESOURCES OVER A QUARTER BILLION DOLLARS**



## Features of Our Service

*900 Branches*—Serving Canada and 20 other countries—each branch a direct channel of first-hand information on local conditions.

*Credit Reports*—Confidential information about the standing of your present or prospective customers.

*Private Wires*—Immediate contact with important commercial centres in Canada, the United States and Cuba.

*Foreign Exchange*—Special departments provide every facility for profitable transactions.

# The Royal Bank of Canada

*Resources Exceed 745 Million Dollars*

NEW YORK OFFICE - 68 WILLIAM ST.

# THE HANOVER

NATIONAL  
BANK  
OF THE CITY OF NEW YORK  
Established 1851

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VICE PRESIDENT

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VICE PRESIDENT &  
MGR. FOREIGN DEPT.

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ASST. CASHIER

WILLIAM E. CABLE, JR.  
CASHIER

FRANK WOOLLEY  
ASST. CASHIER

J. NIEMANN  
ASST. CASHIER

ELTON E. OGG  
TRUST MANAGER

Capital \$5,000,000  
Surplus and Profits 26,000,000

The "Hanover" is New York Correspondent of over 4000 Banks

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SEE THE PUBLISHER'S PAGE ON PAGE XI



All-Year-Round  
Special for Banks

*Superior Transit Service*

**Commerce Trust Company**

Capital and Surplus 8 Millions

Kansas City



*When you come to Washington*

drop in to see us. It often pays to be  
"personally acquainted."

Who knows but what we may have  
something your way some day, or you  
have some important matters to be look-  
ed after here.—Let's get together!

FEDERAL-AMERICAN  
NATIONAL BANK  
WASHINGTON, D. C.

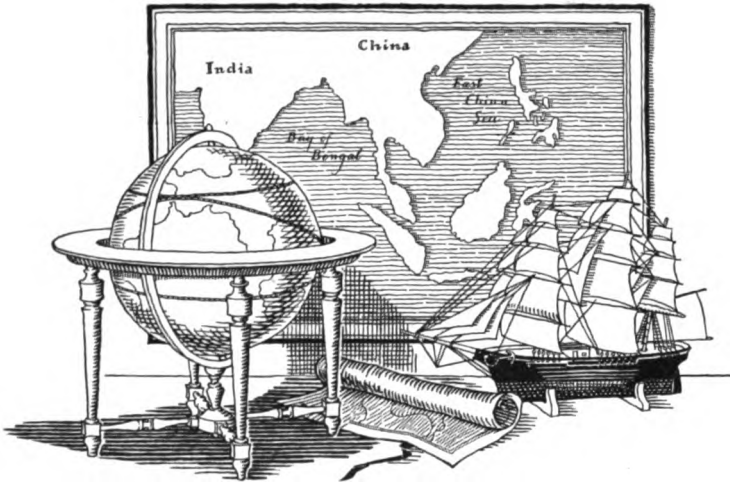
John Poole, *President*  
Wm. John Eynon, *Vice Pres.*  
W. J. Waller, *Vice Pres.*  
C. B. Lyddane, *Vice Pres.*  
C. D. Boyer, *Cashier*

W. T. Gallher,  
*Chairman of the Board*



*The bank with the  
"cageless counters."*

Resources \$15,000,000.00



## Pushing Back Horizons

**T**WO interesting institutions with related aims were born within a few years of each other. One is the National Geographic Society. Its purpose is to increase man's knowledge of the world as applied to human welfare. Through its published studies it is pushing back the horizons of our geographic knowledge.

The other institution—The Seaboard National Bank—was also organized with international interests over forty years ago. The Seaboard's aims are to increase the business of buyers and sellers of the world's merchandise with the help of sound banking practice. Through its practical knowledge of banking and trade requirements here and abroad the Seaboard is helping to extend the horizons of modern commerce.

Whether your business affairs are confined to routine banking or extend to the outposts of the world's commercial frontiers, the Seaboard gladly puts its equipment and service at your disposal.



## The Seaboard National Bank

*of the City of New York*

115 Broadway

Broad and Beaver Streets  
(MAIN OFFICE)

24 East 45th St.

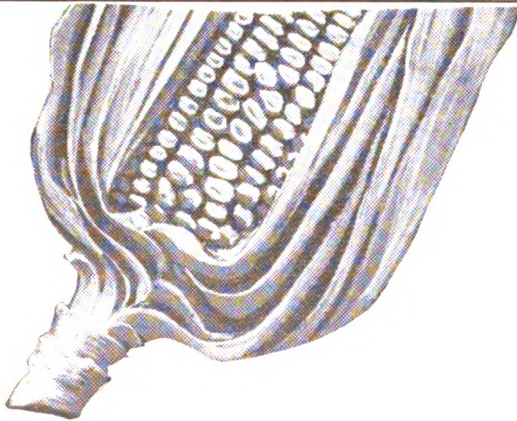




*Experience, facilities and  
desire to be helpful at the*

## **CORN EXCHANGE NATIONAL BANK**

**PHILADELPHIA**





## The Publisher's Page

**S**INCE the passage of the McFadden Bill with its significant reference to branch banking, this subject has been one of the chief topics of discussion among bankers of the nation. There appears in the laws of the country for the first time, legislative reference to and recognition of the system of branch banking. In the belief that its readers would be unusually interested in hearing something on this subject from America's chief exponent of branch banking, **THE BANKERS MAGAZINE** has secured an article from **A. P. GIANNINI**, founder of the Bank of Italy N. T. and S. A., and chairman of its advisory committee. Starting as a modest institution organized by a small group of San Francisco business men in 1904, the Bank of Italy has grown to the point where, operating 276 offices exclusively in the State of California, it occupies the position of the largest bank in the United States outside of New York City. Mr. Giannini's article, "Branch Banking and the Bank of Italy," will appear in the June number.

In the June number, **LAWRENCE B. ELLIMAN**, president of the Real Estate Board of New York, will write on the subject "What is a Marketable Real Estate Security?" Mr. Elliman says: "Under the provisions of the McFadden Act, national banks are authorized to engage in the purchase of loans secured by first liens upon improved real estate. This real estate must be located within a given bank's Federal Reserve district, or within a radius of 100 miles of the place in which the bank is located; the amount of the loan must not exceed 50 per cent. of the value of the security, and must be for a term not exceeding five years. . . . The market for real estate mortgages is, of course, growing yearly. Life insurance companies have been particularly influential in recent years in increasing the demand for this type of security, since they experience increasing difficulty in wisely placing the vast funds they have to invest. First mortgages are becoming one of the major outlets for the funds of life insurance companies, to mention only one class of investing institution. The necessity for conservative appraisal, the need for adequate margin of security over and above the value of the loan, the demand for careful consideration of all the physical and psychological factors that unite to comprise value, actual and potential, all these things are widely understood. Underlying them, however, is a consideration of paramount importance, as far as the marketability of the modern first mortgage is concerned. That is the question of the title itself. It is here that attacks are being made

[Continued on page XIV]

COMMERCIAL BANKING  
SINCE 1812

DIRECT FOREIGN BANKING  
SINCE 1814

TRUST DEPARTMENT  
ORGANIZED 1888



Correspondents of THE  
BANK OF AMERICA are  
availed of the excell-  
ent facilities of our  
Foreign Department.

## The BANK of AMERICA

NEW YORK

*Capital, Surplus and Undivided Profits Over \$11,000,000*



*56 Branches throughout the Americas, Spain, France and England*

### IN GUATEMALA—our own branch

Our Guatemala Branch is operated by old residents of the nation and functions in unison with this office. The benefits enabled American business through this branch are peculiarly enriched by our intimate understanding of the needs and habits of the people of Guatemala.

*Accurate trade information furnished.*

ANGLO-SOUTH AMERICAN BANK, Ltd.

*Represented by*

**THE ANGLO-SOUTH AMERICAN  
TRUST COMPANY**

49 Broadway, New York

## Looks Like a "Run on a Bank!"

*It is—but a "Run" for Personal Service rather than Cash*

**T**HIS is an early morning scene in front of 11 Rue Scribe, Paris. It is just an eager lot of American travelers awaiting the opening of the American Express Office—to get their mail from home—to ask a hundred and one questions about their trips abroad—to secure advice, suggestions, assistance—to inquire about passport intricacies, routes, hotel reservations, railway and steamship tickets. For whatever the needs or desires of the American traveler abroad, "11 Rue Scribe" knows the answer and renders the service with true American courtesy and dispatch.

400 employees in this American Express Paris office, alone, are kept busy from morning to night helping the American traveler. A similar service to travelers is rendered at the American Express offices in London, Rome, Cairo, Calcutta, Hongkong, and other principal cities of the world.

Depositors of your bank, on their travels abroad, are assured this Service to its full extent when you sell them *American Express Travelers Cheques*.

You solve for them, before they start, the two important requisites for care free travel—a safe and everywhere-usable form of travel money, and a long established, world-wide Personal Service often of far greater value, in producing *pleasurable travel*, than the money these Cheques represent.

### American Express Travellers Cheques



Seeking  
"The Helpful Hand  
of a Great Service"

[Continued from page xi]

with increasing frequency, from sources which cannot possibly be foreseen."

"Advertising the Foreign Department of a Large Bank," is the title of an article by ARTHUR M. DEBEBIAN, advertising manager Equitable Trust Company of New York, which will appear in the June number. "Effective foreign bank advertising," says Mr. DeBebian, "is comparatively rare. Yet it is not difficult to write good copy about foreign banking. The subject is one of the most interesting in the field of modern banking. In fact, its scope is almost unlimited. The unsurmountable difficulty seems to be the acquisition of a sufficiently broad and accurate knowledge of the technical operations of a foreign banking department to enable one to write good copy. . . . If I were about to plan a foreign banking advertising campaign for a bank, I would first endeavor to gain the confidence and sympathy of the officers of the foreign department. I would try to persuade each official to explain in his own way the work of his particular division of the foreign department. I would ask each to keep an eye out for letters commending the bank's foreign services. I would ask them to relate instances of helpful services rendered customers. As this information became available, I would gradually build up a fairly comprehensive file of foreign banking material of every description."

L. E. THOMAN, manager safe deposit department Hibernia Bank & Trust Company of New Orleans, will contribute to the June number the third of a series of articles by various safe deposit executives on problems of the safe deposit business. The title of Mr. Thoman's article is "Some Hints on Vault Construction and Management." He says: "The finest vaults in the world can be found in this country, and today the yeggman and the burglar have little chance to ply their trade with success, especially in the larger cities. The modern large city safe deposit vault is impervious to attack, but it is necessary to go further; vaults must not only be built solidly but must be operated safely. Any emergency which may arise while the vaults are open must be prepared for, so that the vaults will be protected from within as well as from without. Such methods must be used and such rules governing the employes of this department enforced as to leave little chance for any dishonest moves on the part of any employe. The safe deposit organization must surround itself with such carefully written agreements and regulations for the renter as will protect it from troublesome claims by a depositor, and place itself in a position to immediately detect an impostor."



*Representing*  
115 years  
of financial experience

**B**ACK of the National City bond man and his offerings stands the largest retail bond distributing organization in the world. Back of his advice and recommendations stand over 115 years of accumulated National City financial experience. You will find him a helpful investment ally.

**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**

---

# When You Need A Massachusetts Fiduciary

Individuals and corporations having fiduciary business in Massachusetts are invited to correspond with the President or other officers of this Company.

We are prepared to serve in any fiduciary capacity in the State of Massachusetts. We have had 49 years' active experience in this field and render expert service as Executor and Trustee under Will and under Trust agreement, acting as Guardian or Conservator of property, and also as Custodian.

CHARLES E. ROGERSON, *President*

## BOSTON SAFE DEPOSIT AND TRUST COMPANY

100 FRANKLIN STREET

*At ARCH and DEVONSHIRE STREETS*

*Boston 6*



*Main Office*  
Fifth Ave. at 32nd Street

# The Bank of United States

Member Federal Reserve System

Resources Over  
**\$92,000,000**

DEPOSITORY FOR  
United States Postal Savings Funds  
State of New York                      City of New York

***Foreign Exchange***

***Domestic and Foreign Letters of Credit Issued***

The steady and consistent growth of this bank is evidence of its constant attention to every detail of banking service. A thoroughly organized foreign department is equipped to handle all classes of foreign financial transactions.

**Accounts of Banks and Bankers Invited**

1864

1927

*Comprehensive  
Foreign  
Banking  
Service*



*Traveler's  
Checks  
Foreign  
Currency*

## 63 Years

THIS Company offers you its services based upon the experience gained during more than half a century of conservative activities.

- A general banking business.
- A commercial banking business including discounts, acceptances, etc.
- Foreign Exchange, Commercial and Traveler's Letters of Credit, etc.
- Acts as Executor, Trustee, Transfer Agent, Registrar of Stocks and in every Fiduciary Capacity.

*President*

George W. Davison

*Board of Trustees*

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James Brown  
George W. Davison  
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Richard Delafield  
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W. Emlen Roosevelt

Frederick Strauss  
Edwin Thorpe  
Cornellius Vanderbilt  
John Y. G. Walker  
Francis M. Weld  
William Woodward

## 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 45 Million Dollars*

*Member Federal Reserve System*





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- RODERICK P. FRASER**  
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**Capital and Surplus**  
**\$18,000,000**

**THE PEOPLES  
STATE BANK**  
DETROIT MICHIGAN  
(192)

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, 1927.

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, R. F. Durham, 71 Murray street, New York; business manager, J. R. Duffield, 71 Murray street, New York.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent. or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) 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; Warren Publications, Inc., 71 Murray street, New York (W. C. Warren holds 99 per cent. of stock).

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 holders appear 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 30th day of March, 1927  
ALEXANDER PUGLISI,

Notary Public.

My Commission expires March 30, 1928.

## PARAPHRASED PROVERBS

*Nothing Succeeds Like  
Efficient Service : No  
Service Excels that of a  
Successful Bank*

---

It is not always easy to distinguish between cause and effect in accounting for the fact that the largest and strongest banks usually offer the best collection facilities.

This institution enjoys the confidence and patronage of a steadily increasing list of clients as the result of the complete and efficient collection services we provide.

---

THE  
PHILADELPHIA-GIRARD  
NATIONAL BANK

PHILADELPHIA, PA.

Capital, Surplus and Profits - \$28,500,000

The Six Largest  
 Life Insurance Companies  
 in the  
 United States  
 have invested over

*Two Billions*

in City and Suburban First Mortgages

# National Union Mortgage Bonds

Make available to the average investor  
 choice first mortgages on improved city  
 and suburban property.

Every mortgage underlying these bonds  
 is irrevocably guaranteed both as to  
 principal and interest by one of the four  
 following surety companies:

*U. S. Fidelity & Guaranty Co.*

*Maryland Casualty Co.*

*Fidelity & Deposit Co.*

*Baltimore*

*National Surety Co.*

*New York*

Write today for our booklet which explains all  
 the features of National Union Mortgage Bonds

**NATIONAL UNION MORTGAGE CO.**

BALTIMORE, MARYLAND

**MACKUBIN, GOODRICH & CO.**

BALTIMORE, MARYLAND

FISCAL AGENTS



## World-wide Banking Service

Through more than fifty years of constant growth and thousands of direct business connections established both here and abroad, the Illinois Merchants Trust Company has built a service for importers, exporters, banks, travelers, and investors, which is truly world-wide in character. The resources of this bank are large; its organization is well developed; its facilities highly-specialized and its board of directors composed of leaders in every branch of commerce and industry.

Your inquiries concerning our services and our ability to meet your banking needs are cordially invited.

# ILLINOIS MERCHANTS TRUST COMPANY

*Capital & Surplus* **45** *Million Dollars*

LA SALLE, JACKSON, CLARK AND QUINCY STREETS · CHICAGO

# 50 YEARS

## of Constructive Florida Banking

THE BARNETT NATIONAL BANK, the oldest in Jacksonville, is now occupying its new building, the tallest in the city. This is the fourth time in fifty years that constantly increasing business has required an expansion to larger quarters. Extensive facilities, further broadened by the present en-

largements, are afforded by a staff of men long experienced in both national and local banking. The benefits of this comprehensive banking knowledge are gladly offered to those conducting sound business transactions in any section of Florida.

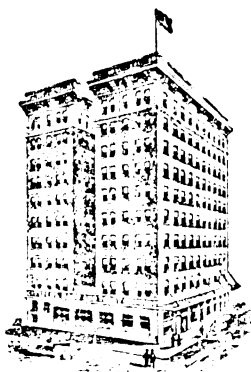
*The*  
**BARNETT NATIONAL BANK**  
 Established 1877      **JACKSONVILLE**      A Florida Landmark

Capital, Surplus and Undivided Profits over \$2,350,000

# Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System

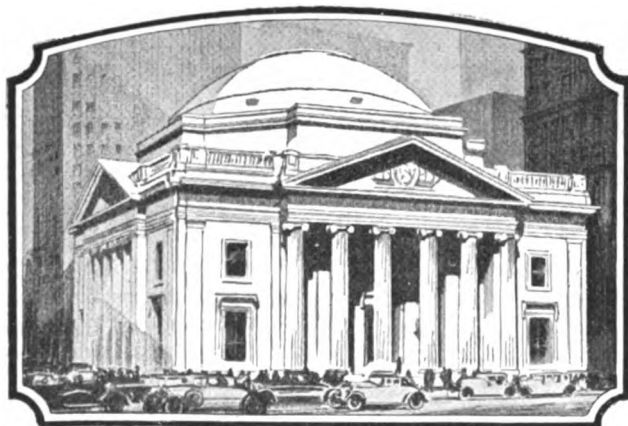


Capital - - - - \$1,000,000.00  
 Surplus and Undivided Profits 1,250,000.00

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

*Collections given special attention, and prompt remittances made*

DR. LOUIS A. BIZE, President  
 W. W. TRICE, Vice-President and Trust Officer  
 D. H. LANEY, Vice-President and Cashier  
 ISAAC MAAS, Vice-President      D. C. GILLETT, Vice-President  
 L. L. BUCHANAN, Vice-President  
 C. E. HESTER, Assistant Cashier and Credit Manager  
 W. W. BLOUNT, Assistant Cashier      D. B. RENFRO, Assistant Cashier  
 JOHN T. BIZE, Assistant Cashier      ASHBY GIBBONS, Assistant Cashier  
 R. W. CLAPP, Assistant Cashier      S. W. MCCORD, Assistant Cashier  
 A. M. EDWARDS, Auditor  
 K. M. KRUSE, Contact Man



*Chartered 1836*

**G**IRARD TRUST COMPANY  
in Philadelphia offers its services as Depositary under Reorganization Agreements and as Transfer Agent or Registrar for the securities of corporations.

The Company will be glad to act jointly with institutions in other cities.



*Corporate Trusts*  
**\$1,450,000,000**

---

**GIRARD TRUST COMPANY**  
BROAD AND CHESTNUT STREETS • PHILADELPHIA

---

**E**VERY bank, large or small, city or country, needs the first book described on this page, for it gives a complete, concise idea of how to conduct a publicity and new business department in any bank.

NO country bank should be without the second book, for what the new business department is to the city bank the agricultural department is to the country bank. The country bank has the advantage of being able to use the "New Business Department" also.

## New Business Department

By T. D. MacGregor

### Table of Contents

#### The Purpose of a New Business Department

Aims and purposes of the department.

#### 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.

#### Relations with Other Departments

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.

#### 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.

#### 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.

#### Handling the Accounts of Banks

Analysis of accounts, and plans for soliciting new business from other banking institutions. Readjustment of interest rates.

#### Getting "Leads" from Inquiries

Timely issuance of booklets. Following up inquiries. Making the most of a name.

#### 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."

#### New Business Ideas and Suggestions

Duties of chief clerk; publicity committee; press clippings; meeting advertising solicitors; courtesies to visitors, etc.

## Bank Agricultural Department

By R. A. Ward

### Table of Contents

#### Bank Agricultural Service

How to render such benefits and service to be derived from it.

#### Organizing the Department—The Man and the Job

Personality of the man; relation to other officers; first principles of the work.

#### Planning a Program of Work

Program of the First National Bank of Bend, Ore.; effect of the work.

#### Using the Agricultural Survey

Making a survey of farms in the territory one of the best methods of analyzing the farming situation; agricultural property statement form given here.

#### An Increased Crop Production Campaign

Such a campaign can be carried on by a bank, in co-operation with the local county agent or expert bank agriculturalist; complete explanation given.

#### Livestock Improvement Project

No project lends itself more readily to bank co-operation than this campaign which can be carried on effectively for a period of years. Many illustrations and advertisements given with this chapter.

#### Boys' and Girls' Club Work

Carry on work in co-operation with the state club leaders who have this work thoroughly standardized, and are familiar with methods to conduct it profitably.

#### Advertising and Publicity

No phase of country bank activity can be featured more frequently than that of a live agricultural department. Examples of advertising given here.

#### Banker-Farmer Activities

Suggestions for banker-farmer "mixers," luncheons and conferences; motion pictures, etc.

#### Conclusion

Friendly helpfulness and superior service wins more friends for the bank than the cold, mechanical banking of days past.

## BANKERS PUBLISHING COMPANY

\$1.25 each

71-73 Murray Street, New York

each \$1.25





## Collections in Cuba

The officers in charge of the Collection Departments of our various Cuban Branches are experienced and competent, and have a thorough knowledge of local conditions and the Spanish language. Items entrusted to us receive prompt and careful attention.

*Branches in Cuba as follows :*

Havana, 4 Branches  
Camaguey  
Cienfuegos  
Manzanillo  
Santiago de Cuba

*Correspondents at all other points in the Island.*

Enquiries should be addressed either to our Havana Branch or New York Agency, 49 Wall Street.

The

# BANK OF NOVA SCOTIA

ESTABLISHED 1832

Capital . . .	\$10,000,000
Reserve Fund . . .	19,500,000
Total Assets over . . .	240,000,000

**New York Agency : 49 Wall Street**

[P. W. Murphy, F. W. Murray, Agents  
Branches also at Boston and Chicago

■ London, Eng., Branch—  
108 Old Broad Street, E. C. 2



# BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

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

Incorporated by  
Royal Charter, 1836

Formerly  
**THE COLONIAL BANK**  
with which are amalgamated

Reincorporated by  
Act of Parliament, 1925

**THE NATIONAL BANK OF SOUTH AFRICA LIMITED**

and  
**THE ANGLO-EGYPTIAN BANK LIMITED**

Capital authorised £10,000,000

Capital subscribed £ 6,975,500

Capital paid up .... £ 4,975,500

Reserve Fund ..... £ 1,100,000

Uncalled Capital £ 2,000,000

London Offices:

Circus Place, London Wall, E.C.2;

29, Gracechurch Street, E.C.3; 37-39, King William Street, E.C.4;

111, St. Martin's Lane, Trafalgar Square, W.C.2.

Other Offices:

LIVERPOOL—25, Castle Street. Manchester—21, York Street.

HAMBURG—Adolphsplatz 4.

NEW YORK (Agency)—44, Beaver Street.

With over 400 Branches in

British West Indies, British Guiana, Egypt and the Sudan, Transvaal, Rhodesia, Cape Province, Natal, Orange Free State, British West Africa, Swaziland, Portuguese East Africa, South West Africa, Tanganyika, Nyasaland, Kenya Colony, Malta, Gibraltar, Palestine and the Mauritius.

The Bank acts as Correspondent for Home, Colonial and Foreign Banks

# HARRIS, FORBES & CO

Pine Street, Corner William

NEW YORK

## BONDS FOR INVESTMENT.

Harris, Forbes & Company  
Incorporated  
Boston

Harris Trust & Savings Bank  
Bond Department  
Chicago

# Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

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

	\$5=£1
Capital Subscribed .....	\$93,955,600
Capital Paid Up and Reserves .....	21,686,230
Deposits, etc., at 31st Dec., 1925 ...	299,098,130

379 BRANCHES AND SUB-BRANCHES.

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

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

# Commerz-und Privat-Bank

Aktiengesellschaft

(Established 1870)

HAMBURG-BERLIN

and

Over three hundred branches and agencies throughout  
Germany

Capital - - R.M. 60,000,000

Surplus about R.M. 35,000,000

All Banking Transactions

*Extensive Trade Information Service*

Cable address for main offices and branches

"HANSEATIC"

Represented in New York by Konrad von Ilberg, 50 Broadway

# The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital (paid up) . . . . .  . . Yen 100,000,000  
 Reserve Fund . . . . .  . . Yen 92,500,000

(\$0.50=1 Yen)

*Branches and Agencies*

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

*Agencies in United States*

New York      San Francisco      Los Angeles      Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE      -      -      120 BROADWAY



## BOOKS THAT BANKERS NEED

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

BOOK DEPARTMENT

# THE BANKERS PUBLISHING Co.

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

# Banca Nazionale di Credito

Capital - - - Lit. 300,000,000

Surplus - - - " 40,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

Every Description of Domestic and International  
Banking Business Transacted

Special Travelers' Letters of Credit and  
Money Order Departments

*Inquiries and Correspondence Solicited*

## AFFILIATED BANKS

BANQUE ITALO-FRANCAISE DE CREDIT

Paris            Marseilles            Tunis

BANCO ITALO-EGIZIANO

Alexandria    Benha            Cairo    Minieh  
Mit Ghamr    Beni-Mazar    Fayum    Beni-Suet  
Mansura                            Tantah

BANCA DALMATA DI SCONTO

Zara    Sebenico    Spalato

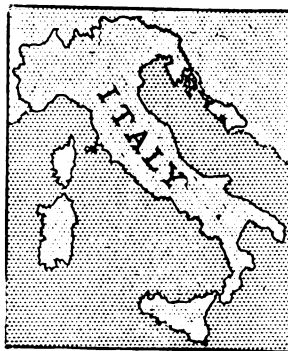
BANCA COLONIALE DI CREDITO

Asmara                            Massaw

# In Every Important Italian Market

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

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



## Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 700,000,000

Surplus Lire 500,000,000

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

Telephone John 1000

*Organized*

## Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$750,000

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

Telephone John 4666

*All Banking Facilities*



# THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

**Head Office: TAIPEH, JAPAN**

**Capital Subscribed.....Yen 45,000,000**

**Capital Paid Up.....Yen 39,375,000**

**HIROZO MORI, Esq., President**

**Directors**

**GUNJI KAWASAKI, Esq.**

**TADASU HISAMUNE, Esq.**

**DENKICHI TAKITA, Esq.**

**MASAKAZU SHUTO, Esq.**

***Branches :***

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

**TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Makong, Nanto, Shinchiku, Taichu, Tainan, Takao, Taito, Toen, Tansui.**

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

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

**New York Office: 165 Broadway**

**K. YAMAMOTO, Agent**

**London Office: 25 Old Broad Street**

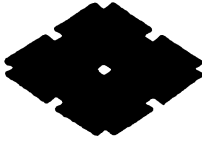
**Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.**



# The Sumitomo Bank, Limited

Cable address: "Sumitbank" ESTABLISHED 1912  
(Successors to The Sumitomo Bank)

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



## Head Office : OSAKA, JAPAN

N. YATSUSHIRO, Esq., Chief Managing Director  
S. IMAMURA, Esq., Managing Director K. OHDAIRA, Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

### HOME OFFICES

Osaka (18)	Tokyo (15)	Yokohama	Kobe (3)	Kyoto (3)	Nihama
Shimonoseki	Moji	Hiroshima (2)	Hakata	Yanai	Onomichi
Kurume	Kure	Wakamatsu	Kokura	Nagoya	Kumamoto
					Okayama

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

Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo Bank of Seattle, Seattle, Wash.; and The Sumitomo Bank of California, Sacramento, Cal.

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

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

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

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

# THE MITSUI BANK, LTD.

Capital Subscribed . . . . . Yen 100,000,000.00  
Capital Paid-Up . . . . . Yen 60,000,000.00  
Reserve Funds (Dec. 1926). . . . . Yen 55,400,000.00



## Head Office : TOKYO, JAPAN

(No. 5 Honkawayacho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq. N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq. R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

### Home Branches :

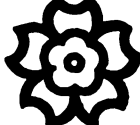
Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji, Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru, Shimonoseki, Wakamatsu (Kyushu), Yokohama

### Foreign Branches :

Bombay London New York Shanghai Sourabaya

# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 40,000,000
Capital Paid-Up . . .		Yen 25,000,000
Total Resources . . .		Yen 547,000,000

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

FOREIGN EXCHANGE DEPARTMENT: TOKYO

Governor, S. SUZUKI

Deputy Governor, J. YOKOBE

Y. KATAYAMA

I. UCHI

Directors

Branches

Japan Proper

Osaka

Korea

Manchuria

China Proper

Tsingtao

Shanghai

Tientsin

Kobe

Mokpo  
Chinnampo

Yingkow  
Changchun  
Luengchungtaun

Siberia

Vladivostok

Tokyo  
Seoul  
Kunsan  
Wonsan

Fusan  
Chemulpo  
Chungjin

Taiiku  
Prengyana  
Hollyoung

Dairen  
Liaoyang  
Harbin

Antung  
Mukden  
Fuchiatien

Ryojan  
Tehling  
Kalyuan

London Representative: 34 Old Broad Street, London, E. C. 2.

## New York Agency, 165 Broadway

K. HIYAMUTA, Agent

# The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		6,600,000.00
DEPOSITS (Dec. 31, 1926)		182,345,773.07

Chusuke Yoshii, Esq., Managing Director  
Selsheichi Kawakami, Esq., Managing Dir.  
Seijiro Gion, Esq., Director  
Shikazo Sato, Esq., Director  
Gihei Hoshijima, Esq., Auditor

Keizo Hirooka, Esq., President  
Manroku Matsui, Esq., Managing Director  
Yukinori Hoshino, Esq., Director  
Hikotaro Omura, Esq., Director  
Kyuemon Hirooka, Esq., Auditor  
Tadanosuke Emura, Esq., Auditor

## Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

## General Banking, Foreign Exchange and Trust Business Transacted

New York Correspondents

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
American Express Co.  
American Exchange Irving Trust Co.  
Guaranty Trust Company of New York

London Correspondents

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
Midland Bank Ltd.  
Bank of London and South America, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG      STOCKHOLM      MALMÖ

Branches  
In All Parts of Sweden

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

*Head Office: Athens*

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

*ASSOCIATED BANK in LONDON*

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

4 London Wall Buildings, E. C. 2

*with branch in CONSTANTINOPLE*

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

**GENERAL BANKING BUSINESS TRANSACTED**

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

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

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

# Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

## BANKERS

Capital Paid up.....	f.80,000,000	Neth. Currency (£6,666,666)
Statutory Reserve Fund.....	f.21,117,340	“ “ (£1,759,778)
Extraordinary Reserve Fund f.22,660,000	“ “	(£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

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

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

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

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

# The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

CAPITAL AUTHORIZED AND ISSUED .....	£10,500,000
PAID-UP CAPITAL .....	£3,500,000
RESERVE FUND .....	£4,200,000
} together £7,700,000	
RESERVE LIABILITY of Proprietors	£7,000,000

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

Manager—W. A. LAING      Assistant Manager—G. S. GODDEN  
Secretary—F. H. McINTYRE

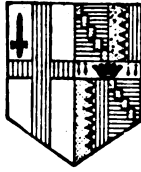
197 Branches throughout Australia and New Zealand, viz.:—

In Victoria, 47; South Australia, 15; New South Wales, 45; Western Australia, 21; Queensland, 18; Tasmania, 3; New Zealand, 48.

*Agents and Correspondents in all parts of the World*

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

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



## A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. Together with its affiliations it operates nearly 2400 branches in Great Britain and Northern Ireland, and has agents and correspondents in all parts of the world. The Bank has Offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

# MIDLAND BANK

LIMITED

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

Affiliated Banks : Belfast Banking Co. Ltd., Northern Ireland ; The Clydesdale Bank Ltd., and North of Scotland Bank Ltd., Scotland.

## Glyn, Mills & Co.

(Established 1753)  
Registered with unlimited liability, 1885  
incorporating

CHILD & CO. and HOLT & CO.  
(Established before 1800) (Established 1809)

### BANKERS

Army and Air Force Agents, Navy and Prize Agents

Head Office - 67, Lombard St. London, E.C.3

Childs Branch - - - 1, FLEET STREET, LONDON, E. C. 4

Holts Branch - 3 & 4, WHITEHALL PLACE, LONDON, S. W. 1

Current and Deposit Accounts opened on the usual terms.

The Bank has Agents or Correspondents in all the principal cities or towns throughout the World, and can provide Banking facilities for its customers wherever desired. Letters of Credit and Circular Notes issued on our Foreign Correspondents and Agents throughout the World.

Currency Drafts obtained; Remittances mailed and Telegraphic Transfers made to all parts of the World.

Foreign Currency Accounts opened.

Purchase and Sale of Stocks, Bonds and Shares effected and custody of securities undertaken.

Dividends, Annuities, etc., received; forms authorising their receipt supplied, and coupons collected for customers.

Recovery of Income Tax and Preparation of Income and Super-tax Statements undertaken. The Bank has a special department to advise and assist customers on questions relating to Income and Super-tax.

The duties of Executors and Trustees undertaken.

Navy and Prize Agents. Salvage claims preferred.



# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

## HEAD OFFICE, SYDNEY



Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,432 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

### *Agents and Correspondents throughout the World*

#### Banking and Exchange Business

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

June 30th, 1926

General Bank Deposits	-	-	\$183,646,534.89
Other Items	-	-	57,620,820.09
Savings Bank Deposits	-	-	227,688,026.54
Note Issue Department	-	-	269,651,132.50
			<u>\$738,606,514.02</u>

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened

Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Governor**



# THE NATIONAL BANK OF AUSTRALASIA LTD.

HEAD OFFICE  
MELBOURNE

Chief Manager:  
E. H. WREFORD

Deputy Chief Manager:  
JAMES WILSON

Chief Inspector:  
J. A. G. HADLEY

Inspector and Manager  
Foreign Department:  
E. J. OSBORNE

LONDON OFFICE:  
7 LOTHBURY, E.C.2

With its 471 well distributed offices provides a complete banking service throughout Australia, and is well equipped for the transaction of all classes of foreign business.

Authorised Capital (@ \$5 to £1)	\$50,000,000
Capital Paid Up	\$20,000,000
Reserve Fund	\$12,050,000
Total Assets March 1926	\$203,530,085

## English, Scottish & Australian Bank, Limited

Authorized Capital	\$18,750,000
Paid-up Capital	\$11,250,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$10,250,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3  
and 401 Branches and Agencies in Australia

Chief Office in Australia—Collins Street, Melbourne

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

### Chief Agents in United States

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

E. M. JANION, Manager.





# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

**Paid-up Capital . . . . . £4,000,000**  
**Reserve Fund . . . . . £3,810,000**  
**Reserve Liability of Proprietors**  
**under the Charter . . . . . £4,000,000**  
**£11,810,000**

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

**EDMUND GODWARD, Manager**

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

**Branches in Australia**

- |   |   |   |  |
|---|---|---|--|
| <p><b>VICTORIA</b><br/>                 Melbourne; 394 &amp; 396 Collins St.; 384 Elizabeth St.; 388 Bourke St. West; 71 Collins St. East<br/>                 Brunswick<br/>                 Burnley<br/>                 Coburg<br/>                 Collingwood<br/>                 Elsternwick<br/>                 Footscray<br/>                 Malvern<br/>                 Middle Brighton<br/>                 Port Melbourne<br/>                 Prahran<br/>                 St. Kilda<br/>                 Williamstown<br/>                 Bairnsdale<br/>                 Ballarat<br/>                 Benalla<br/>                 Bendigo<br/>                 Bright<br/>                 Castlemaine<br/>                 Charlton<br/>                 Chiltern<br/>                 Cobram<br/>                 Corryong<br/>                 Drouin<br/>                 Echuca<br/>                 Euroa<br/>                 Fish Creek<br/>                 Foster<br/>                 Geelong<br/>                 Katamatite<br/>                 Kingston<br/>                 Koroit<br/>                 Korong Vale<br/>                 Korumburra<br/>                 Leongatha<br/>                 Mirboo North<br/>                 Mooroopna<br/>                 Morwell<br/>                 Nathalia<br/>                 Numurkah<br/>                 Port Fairy (Belfast)</p> | <p><b>Victoria, Contd.</b><br/>                 Rutherglen<br/>                 St. James<br/>                 Sale<br/>                 Shepparton<br/>                 Stawell<br/>                 Strathmerton<br/>                 Tallangatta<br/>                 Terang<br/>                 Traralgon<br/>                 Tungamah<br/>                 Walwa<br/>                 Warragul<br/>                 Warrambool<br/>                 Wedderburn<br/>                 Welshpool<br/>                 Wycheeproof<br/>                 Yackandandah<br/>                 Yarram<br/>                 Yarrawonga</p> | <p><b>N. S. Wales, Contd.</b><br/>                 Cootamundra<br/>                 Corowa<br/>                 Crookwell<br/>                 Deniliquin<br/>                 Dorrigo<br/>                 Dubbo<br/>                 Forbes<br/>                 Glen Innes<br/>                 Goulburn<br/>                 Grafton<br/>                 Grenfell<br/>                 Hamilton<br/>                 Howlong<br/>                 Jerilderie<br/>                 Kempsey<br/>                 Kyogle<br/>                 Lismore<br/>                 Maitland (West)<br/>                 Maitland (East)<br/>                 Moree<br/>                 Murwillumbah<br/>                 Murrumbidgee<br/>                 Narrabri<br/>                 Narramine<br/>                 Newcastle<br/>                 Nowra<br/>                 Orange<br/>                 Parkes<br/>                 Peak Hill<br/>                 South Grafton<br/>                 Stroud<br/>                 Tamworth<br/>                 Tullamore<br/>                 Wagga-Wagga<br/>                 Warra<br/>                 Young</p> | <p><b>Queensland, Contd.</b><br/>                 Hughenden<br/>                 Ipswich<br/>                 Kingaroy<br/>                 Longreach<br/>                 Maryborough<br/>                 Oakey<br/>                 Richmond<br/>                 Rockhampton<br/>                 Roma<br/>                 Toogoolawah<br/>                 Toowoomba<br/>                 Townsville</p> |
| <p><b>NEW SO. WALES</b><br/>                 Sydney: Martin Place; 85 Pitt St.; 555 George St. So.; Wentworth Ave.; 236 William Street<br/>                 Bondi Junction<br/>                 Castlereagh St.<br/>                 Hurstville<br/>                 Kogarah<br/>                 Leichhardt<br/>                 Marrickville<br/>                 Newtown<br/>                 North Sydney<br/>                 (84 Mount St.)<br/>                 Petersham<br/>                 Albury<br/>                 Ballina<br/>                 Bathurst<br/>                 Bega<br/>                 Bellingen<br/>                 Berrigan<br/>                 Blayney<br/>                 Broken Hill<br/>                 Cessnock</p>  |   |   |  |
| <p><b>QUEENSLAND</b><br/>                 Brisbane<br/>                 Fortitude Valley<br/>                 Cairns<br/>                 Charters Towers<br/>                 Chillagoe<br/>                 Cooyar<br/>                 Crow's Nest<br/>                 Herberton</p>  |   |   |  |
| <p><b>WESTERN AUSTRALIA</b><br/>                 Perth<br/>                 Albany<br/>                 Beverley<br/>                 Bunbury<br/>                 Fremantle<br/>                 Gnowangerup<br/>                 Kalgoorlie<br/>                 Moora<br/>                 Northam<br/>                 Wagin<br/>                 Wickiepin</p>   |   |   |  |
| <p><b>TASMANIA</b><br/>                 Hobart<br/>                 Burnie<br/>                 Deloraine<br/>                 Devonport<br/>                 Fingal<br/>                 Latrobe<br/>                 Launceston<br/>                 Sheffield<br/>                 Stanley<br/>                 Ulverstone<br/>                 Wynyard</p>  |   |   |  |

**Branches in New Zealand**

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|---|--|--|--|
| <p><b>Wellington</b><br/>                 Ashburton<br/>                 Auckland<br/>                 Blenheim<br/>                 Christchurch<br/>                 Dannevirke<br/>                 Dunedin<br/>                 Eltham<br/>                 Featherston<br/>                 Feilding<br/>                 Gisborne<br/>                 Gore</p> | <p>Hamilton<br/>                 Hastings<br/>                 Hawera<br/>                 Invercargill<br/>                 Kaitiaki<br/>                 Levin<br/>                 Mania<br/>                 Mangonui<br/>                 Marton<br/>                 Masterton<br/>                 Matamata<br/>                 Morrinsville</p> | <p>Napier<br/>                 New Plymouth<br/>                 Otaki<br/>                 Palmerston Nth.<br/>                 Patea<br/>                 Raetihi<br/>                 Rotorua<br/>                 Stratford<br/>                 Taihape<br/>                 Taumarunui<br/>                 Tauranga<br/>                 Te Aroha</p> | <p>Te Kuiti<br/>                 Temuka<br/>                 Te Puke<br/>                 Timaru<br/>                 Upper Hutt<br/>                 Waipawa<br/>                 Waipukurau<br/>                 Waioa<br/>                 Wanganui<br/>                 Waverley<br/>                 Whakatane<br/>                 Whangarei</p> |
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**Principal Correspondents in North America**

- |  |  |   |
|--|--|---|
| <p><b>CANADA:</b><br/>                 Bank of Montreal<br/>                 Canadian Bank of Commerce</p> | <p><b>UNITED STATES:</b><br/>                 Bank of New York &amp; Trust Co., New York<br/>                 Hanover National Bank, New York<br/>                 National Bank of Commerce, New York</p> | <p><b>UNITED STATES, Contd.:</b><br/>                 National City Bank of New York<br/>                 Continental &amp; Commercial Nat. Bk. of Chicago<br/>                 Illinois Merchants Trust Co., Chicago<br/>                 National Bank of the Republic, Chicago<br/>                 Franklin Fourth Street Nat. Bk., Philadelphia<br/>                 Wells Fargo Bank &amp; Union Trust Co., San Francisco</p> |
|--|--|---|

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

# THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the  
AFRICAN BANKING CORPORATION, LIMITED)

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

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

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

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ROWLAND SMITH and R. GIBSON, Agents

*Also representing* { Bank of British West Africa, Ltd.  
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Canada its unsurpassed service for facilitating trade with  
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

# BANK OF NEW SOUTH WALES

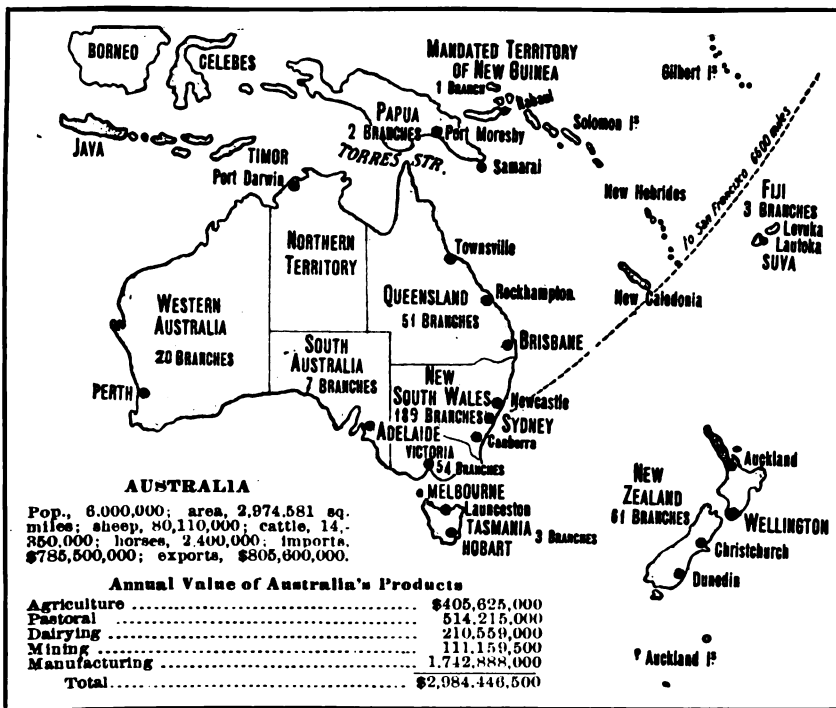
## AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		23,750,000
Reserve Liability of Proprietors . . .		30,000,000
		<u>\$83,750,000</u>



Aggregate Assets, 30th Sept., 1926, \$410,975,720

OSCAR LINES, General Manager



431 BRANCHES AND AGENCIES

431 BRANCHES AND AGENCIES

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

## 431 BRANCHES AND AGENCIES

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 Foreign Bills Negotiated and Collected.      Letters of Credit Issued.

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Agents in San Francisco, Bank of California National Association, Crocker First National Bank and Anglo and London Paris National Bank

# Guaranty Trust Company of New York

140 Broadway

LONDON    PARIS    BRUSSELS    LIVERPOOL    HAVRE    ANTWERP

Condensed Statement, March 23, 1927

## RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers.....	\$134,276,081.48
U. S. Government Bonds and Certificates.....	29,026,045.33
Public Securities .....	42,647,156.04
Other Securities .....	20,961,116.00
Loans and Bills Purchased .....	383,623,158.79
Real Estate Bonds and Mortgages .....	1,512,500.00
Items in Transit with Foreign Branches .....	6,643,485.08
Credits Granted on Acceptances .....	51,083,894.89
Real Estate .....	7,981,150.16
Accrued Interest and Accounts Receivable .....	8,553,785.56
	<u>\$686,308,373.33</u>

## LIABILITIES

Capital .....	\$25,000,000.00
Surplus Fund .....	25,000,000.00
Undivided Profits .....	1,854,667.67
	<u>\$51,854,667.67</u>
Accrued Dividend.....	914,000.00
Accrued Interest, Reserve for Taxes, etc. ....	5,436,060.63
Acceptances .....	51,083,894.89
Outstanding Treasurer's Checks .....	22,478,863.80
Deposits .....	554,540,886.34
	<u>\$686,308,373.33</u>

## *Editorial Comment*

### THE DANGERS OF DISARMAMENT

**P**RELIMINARY discussions have been proceeding for some time looking to a conference on further disarmament supplemental to that agreed on at the Washington Conference. Great Britain and Japan have expressed their willingness to enter into fresh negotiations with the United States on the subject. France and Italy have looked coldly on the proposal.

There are several grounds upon which a movement looking toward further disarmament may rest. In the first place, there is the belief, held by many, that the armament race is of itself a provocative of war; secondly, there is the burden of expense which increasing armament entails; and, finally, it may be held that a diminution of present armaments would be an indication to the world, not only of a desire for peace, but a belief that peace could be assured through disarmament.

There are differing views about some of these matters. Few would question the desirability of relief from the expense which heavy armaments call for, although it is not clear that this is not an entirely justifiable and necessary outlay for insurance purposes. The other phases of the subject may be, for the moment, dismissed as controversial in their nature.

But there is a phase of the present proposal for further disarmament on the part of Great Britain, Japan and the United States that should be carefully weighed.

It is pertinent to inquire at the outset whether these Powers are considering disarmament because of their mutual distrust of one another. Is there a prob-

ability of conflict between any one of these countries, or a combination of any two of them against the other? The United States, in proposing a disarmament conference, can hardly be taking counsel of its fears. Possibility of a conflict with Great Britain is remote, and there seems no solid ground for believing that this country, by itself or in combination with Great Britain, will make war on Japan. A combination of Japan and Great Britain, for the purpose of making war on the United States, seems equally remote. That Japan alone will attack the United States is inconceivable.

It is realized, of course, that predictions of this sort are always risky. International passions sometimes flame up suddenly and upset all calculations. But the present relations between the three Powers named appear to justify the belief that they will remain at peace indefinitely. In fact, just now they are leagued together in an attempt to protect their interests in a disturbed quarter of the world.

With the present international line-up, it seems probable that for some time to come it may be the special mission of Great Britain, the United States and Japan to stand together in behalf of world peace. If the discordant elements in the world were less unruly, these Powers might exercise the duties of their role by moral suasion; but, unfortunately, the situation will not in all cases yield to sweet reasonableness. The power of these nations to exert a stabilizing influence over the troubled affairs of the world will decline with the abatement of their military and naval equipment. So long as this is true, the wisdom

of further disarmament on the part of Japan, the United States and Great Britain is exceedingly doubtful. Indeed, by weakening their power to help in enforcing order throughout the world, they would invite depredation by the enemies of civilization. Such a course is therefore beset by serious danger.

The statesmen of these three great Powers should therefore act with great caution before they take steps that would tend to place them in a situation where they could no longer act effectively as world peacemakers, nor protect the interest of their own nationals rightfully domiciled in foreign lands, and that might be construed as an incitement to the disorderly to work their mischievous ends.

In the absence of that moral disarmament which must precede any safe abandonment of physical armament, for the United States further to weaken its army or navy would be an exceedingly perilous step. A vigilant public opinion will prevent its being taken.

### REVIVAL OF THE DEBT CONTROVERSY

**W**ELL-MEANING college men are responsible for a revival of the Allied debt controversy. Their views have called forth a sharp rejoinder from Secretary Mellon. Without rehearsing the statements made on either side, it must be apparent to the unprejudiced who have read both sides that the Secretary of the Treasury has the better of the argument.

But aside from this, one phase of the Secretary's letter to President Hibben of Princeton deserves notice. Mr. Mellon deploras the fact that the views of the college men looking to a modification of the terms of settlement of the debts were put forth at a time when the Treasury was conducting delicate negotiations with the French Government. The tendency of this course would be to raise the hope in the French mind that Amer-

ican public opinion would sanction more lenient terms than the Secretary offered. Obviously, this hope has no basis, and those who encourage it are rendering no good service to France.

This incident brings forward a matter of much interest at the present time, when the foreign relations of the United States with Nicaragua, Mexico and China are much disturbed. Has the average citizen a right and a duty to express himself freely in regard to our foreign relations at such a juncture? Or should he, for fear of embarrassing the Government, keep silent at such times?

The contention is put forth that the Government is acting in the light of full information, and therefore its judgment must be superior to that of the man in the street. Looking back over the foreign policy of the United States in recent years, some events stand out that tend to weaken one's faith in the infallibility of those charged with the conduct of our foreign affairs.

In a country such as ours, where public opinion plays so large a part in the management of public affairs, it is highly desirable that this opinion should be well-informed. Never was there a time in the history of the United States when it was more necessary than now that the people of the country should take an active interest in the foreign policy of the Government. In order that the public may exercise a wise and helpful influence in shaping our foreign relations, it is essential that these relations should be carefully studied in all their bearings. Having thus prepared himself, the citizen is fully warranted in the belief that it is both his right and duty to make such well-considered and timely expression of his views as will tend to assist the Government in pursuing a correct policy. It is especially desirable that such expression of opinion be timely and helpful. Because the college professors lost sight of this fact, apparently, Secretary Mellon displayed what must be considered, under the circumstances, as a justifiable indignation in replying to them.

To use a homely expression, they "butted in" at a time and in a manner that merely tended to muddle a situation already sufficiently difficult. They did not clarify the waters, but muddied them.

But it is not only the citizen who has thus offended. The opposition to the foreign policies of the Government by present and past chairmen of the Foreign Relations Committee of the Senate have seemed, on more than one occasion, capricious and unreasonable. The results have been far from happy. Members of the Senate and House, and citizens as well, have liberty to express themselves, however much they may differ from the Administration. But this opposition should rest on better grounds than those of mere political and personal antagonism to the President. It could be wished that party politics might not be

allowed to shape our foreign relations, and that there might be substantial unanimity of opinion as to an American policy in formulating our relations toward other countries.

There is one thing about which there should be no difference of opinion whatever, and that is that wherever American citizens and American property may lawfully be, the full power of the Government should be exerted for their protection.

### THE TIES THAT BIND AMERICA TO EUROPE

**M**UCH is being made in these days of comparatively trifling differences existing, or supposed to exist, between the United States of America and Europe. It may therefore, serve a useful purpose to consider how closely bound up together are these two parts of the world.

Whether the discoverers of America were the hardy Norsemen or Christopher Columbus, and whether the latter first saw the light at Genoa or in Spain, this part of the Western Hemisphere was first made known to the world by someone from Europe. This is true although long before these discoveries took place voyagers from Asia may have penetrated these shores and set up a civilization which may have perished or survived in the crude form represented by the aborigines. There can be no doubt of the obligation which America owes to Spain and Italy for the discovery and early settlement of the country.

Following these discoveries and early settlers came the English, the Dutch and the French, imposing their languages, customs and laws upon various parts of the country and gaining territorial rights. Finally, and chiefly as a result of European wars, the English obtained the mastery of the larger part of the country, and made of America an English colony, in which situation the country remained until the War of Independence



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Andrew W. Mellon, Secretary of the Treasury (left), with his new assistant secretary, Ogden Mills of New York, photographed just outside the Capitol in Washington, D. C., just after Mr. Mills had been sworn into office. Mr. Mills was the Republican candidate for governor of New York last fall



established the United States of America. Before or since that event the national stock has received contributions, in addition to the sources already named, from Scandinavia, Germany, Italy and several other European countries. In fact, excepting the aborigines and the colored population and those who have come from Japan and China, practically all the present inhabitants of America are of European antecedents.

This constitutes a fact of tremendous importance, and one that tends to become obscured by the cultivation of a morbid spirit of nationalism. The American who brags of his Americanism, and who berates the "effete" civilizations of Europe, conveniently forgets by how few generations he himself is removed from those civilizations he so loudly condemns.

Opinion would be substantially unanimous to the effect that the strongest elements in building up America have thus far been contributed by the countries of Northern Europe—the United Kingdom, Germany and Scandinavia. Immigration from other lands in large volume has been more recent, and it is yet too soon to attempt an appraisal of the contributions to be made by these later-comers. That some of them have already displayed high qualities of citizenship is quite evident.

In a few sections of the country Spanish and French languages and laws still persist to some extent, but the English language and institutions are predominant. This is true although the language spoken is not in all respects that of England, nor is our system of government based upon the English model. But we read the same language, and our Government, like that of England, rests upon the popular will.

These ties are counsellors that should feelingly persuade us what we are—offshoots of European stocks.

But we are bound to Europe not only by the ties of race, language and institutions, but by the most practical of interests—those of finance and trade. Our

Secretary of the Treasury not long ago took occasion to say that "Europe is our best customer." We also have immense sums loaned to that quarter of the world. These ties may lack the sentiment attaching to others that have been mentioned, but they are nevertheless very strong.

It is said that some 500,000 Americans are expected to visit Europe this year. Among this throng there must be many who have the disposition and the capacity to observe and study conditions on the other side of the Atlantic, and faithfully to interpret what they see and learn to those who remain at home.

### MAKING USE OF PROSPERITY

IT was declared by Shakespeare that the uses of adversity are sweet. Here in America, for the time being, we are wrestling with the uses of prosperity. What shall we as a nation do with our suddenly-acquired wealth? The question is put in this form for the reason that few individuals would admit that the matter bothers them very much. Probably Professor T. N. Carver of Harvard, who has recently discussed this subject very interestingly in the *New York Times*, is not greatly worried personally as to what to do with his money.

But if we consult the large expenditures the people are making for foolish purposes, or for things actually harmful, it will be seen that this question is really one of serious import.

The individual who suddenly becomes rich is pretty apt to make a spectacle of himself. Lacking the discipline incident to the slow acquirement of wealth through his own efforts, he is without that sense of the value of money which operates as a restraining power in its expenditure. The same thing happens when a nation suddenly becomes rich, and for the same reason.

It is not to be wondered at that this should be so. How can we expect wise expenditures from those who have had

so little experience in spending money? Volumes have been published teaching people how to save, but there is a dearth of instruction about the wise use of money. Clearly, lacking the latter qualification, the amassing of money may turn out a curse instead of a blessing. People spend large sums for tawdry goods, for silly amusements, chewing gum and cigarettes, because they have not acquired the taste for better things. Cities make vast outlays on grotesque architecture for precisely the same reason.

Professor Carver tells us that as a people we have had the rugged qualities developed by a conflict with the hardships incident to the conquests of a new land, but that we lack the knowledge of how to make a wise use of large wealth. He convincingly shows that we are now spending vast sums foolishly and harmfully, and warns us that we must learn a better use for wealth if we are to escape disaster. Education of the right kind, made as nearly universal as possible, is the only effectual remedy.

Prosperity is welcome for the satisfaction it has brought in the shape of better food, clothing and shelter for the masses of mankind, nor can there be just ground of complaint because millions heretofore without amusements or music have had brought into their lives the illumination of the motion picture and the radio. It is only in the persistence of these amusements and trivialities to an extent disproportionate to their rightful place in our national life that constitutes a real source of danger, and doubtless it was this warning which Professor Carver intended to convey.

### THE ROMAN LOAN

**M**ORE than ordinary interest attaches to the recent floating in New York of a \$30,000,000 loan to the City of Rome, Italy. Incidentally, it may be remarked that the popularity of the loan, as indicated by

the premium immediately reached above the issue price, would seem to warrant the conclusion that the offer might have been made on terms more favorable to the borrowers. The rate was 6½ per cent., but at the issue price the yield was above 7 per cent. This is a good return, and that it was attractive to investors is shown by the oversubscription and the premium immediately quoted on the new loan.

That New York, in its fourth century of existence, should be lending to Rome, whose history reaches back almost to the dawn of civilization, constitutes a remarkable incident in the financial happenings of the day. And perhaps the most striking thing is not that New York made the loan, but that the City of Rome still exists, and has its face turned to the future rather than to the past.

Visitors to the City of the Seven Hills will agree that, despite its unsurpassed archaeological interest, some modern improvements are needed, and no doubt the proceeds of the recent loan will be devoted to this purpose. With the present vigorous rule in Italy, it may be expected that this historic city will gradually have much of its former splendor restored. The work of rescuing and preserving the ancient ruins in itself calls for no inconsiderable expenditure, but this work is of the utmost importance and value to students of history and architecture—a fact well understood by the Italian Government. In addition to this outlay, there are insistent demands for funds to meet the requirements of a large and growing city whose population has an increasing liking for modern improvements.

### TEMPTATIONS OF A GOVERNMENT SURPLUS

**M**UCH satisfaction is manifested by the Government because of a prospective surplus in excess of \$500,000,000, but the probability that

this huge sum may be a temptation for Congress to embark on unwise schemes may somewhat temper this satisfaction. Could it be reasonably expected that subsequent years would produce equally plethoric revenues, it would be the obvious duty of Congress to remit a large part of present taxes, and thus relieve the business of the country of that much of a burden. But a decided falling off in business might greatly reduce the Government revenues, and thus embarrass the Treasury in carrying out its policy of a steady and fairly rapid reduction of outstanding indebtedness.

No doubt the big surplus will prove a strong temptation to Congress to increase appropriations quite liberally and to embark on schemes of doubtful propriety. There are large and rather noisy elements insistent upon the extension of Government activities by the creation of new departments at Washington. Instead of multiplying public bureaus, the probability is that several of those now in existence could be lopped off without any loss except to those who are now drawing salaries from them. Probably a committee of qualified business men could find on investigating some of the departments at Washington that some overlapping bureaus could be advantageously consolidated, and even that some of the departments ought to be abolished.

But the surplus will give rise to other temptations than the multiplication of departments, bureaus and officials. The thought that there is plenty of money on hand will stimulate legislation like the McNary-Haugen Bill. With abundance of money, why not appropriate liberally to relieve the distress of various classes in the community? Price stabilization is now a popular slogan, but if the real aims of many of the loudest proponents of such a policy were examined it would be found that what they want is a grant of public funds, or a use of the Federal Reserve Banks, for the purpose of raising the prices of the things these agitators have to sell.

It is fortunate that the Treasury is in a comfortable position, but it would prove unfortunate if the surplus should render acceptable expedients that are in themselves unwise and dangerous.

### UNPROFITABLE BANKING

THERE has been so much publicity given in recent years to the gratuitous services which banks render to their depositors that it is not surprising that a bank has come to represent in the public mind a sort of eleemosynary institution designed to bear the burdens of the impecunious. For this situation the banks themselves are largely to blame. They have held out alluring inducements to all and sundry to come and partake of their free services—an invitation of which the people have been prompt in availing themselves. The result is that the banks now find that they have many accounts that fail to show a profit. Where people have been induced to become depositors, without regard to whether their accounts were worth having or not, the banks now experience considerable difficulty in explaining the situation. They are under the necessity of correcting an evil originating in an undue desire for new business and a large number of depositors without having paid sufficient attention to the character of the business obtained. It is a delicate matter to tell a depositor that his account is no longer wanted, and especially so when he has been importuned by seductive publicity to put his money in the Blank National Bank.

Perhaps the proper method of getting around that difficulty is by publicity of another sort, whose object will be to explain to depositors why banks can no more furnish them free service than the merchants can sell goods at a loss.

The small checking account has been encouraged in the belief that many of such accounts would grow into large ones. This expectation has apparently failed so often that banks are now be-

ginning to realize that the place for the small account is the savings bank, and that it would be wiser to wait until the embryo business man has at least measurably established himself before soliciting his checking account.

But all the burden of unprofitable banking should not be placed upon the shoulders of the small depositor, for it happens quite often that the depositor with a large balance demands free service from his bank to which he has no valid claim.

### PASSING OF THE LATIN UNION

ONE effect of the Great War was the breaking up of the Latin Union, formed in December, 1865. The original members were France, Belgium, Italy and Switzerland, Greece becoming a member in 1868. It adopted a common decimal coinage system, whose basis was the French franc, having an equivalent value of 19.3 cents in American currency. These countries agreed to accept without distinction, and to use interchangeably, gold coins not reduced more than  $\frac{1}{2}$  per cent. in weight by natural abrasion. There was also a conditional interchangeability of five franc silver pieces. The unit of value was the same among the various members of the Union, but the names of the units of the coinage differed. Although not joining the Union, its system was adopted by Spain, Finland, Roumania, Bulgaria, Serbia and Venezuela.

The dislocation of monetary values caused by the Great War destroyed the international interchangeability of the coins of the members of the Union, and their actual value no longer corresponds to what it was originally. Formerly, these coins were approximately valued at twenty cents in American currency, and in some countries where the gold standard has been maintained (as in Switzerland) this value is still maintained, and in Spain the variation has been compara-

tively slight. But in France, Italy, and several other countries, the franc, lira, etc., have dropped far below their former gold value.

The fact that these coins circulated so long at parity among the countries adopting the system gave to those countries a form of international currency which was of great convenience. Now their respective currencies have been nationalized, and the former parity, except as already noted, has disappeared.

This experience indicates that, in times of peace, it is practicable to have, at least on a limited scale, an international currency, whose value breaks down, however, in the face of a calamity so great as the World War. Conceivably, should the League of Nations ever function effectively, this difficulty might be avoided, and international currency of uniform and permanent value be established.

### GUARANTY TRUST STATEMENT

THE condensed statement of condition of the Guaranty Trust Company of New York as of March 23, 1927, shows deposits of \$554,540,886, surplus and undivided profits of \$26,854,667, and total resources of \$686,308,373. As compared with the company's statement of a year ago, deposits show an increase of \$67,541,406, surplus and undivided profits an increase of \$4,266,509, and total resources an increase of \$87,493,343.

The Guaranty's present statement does not show the addition of \$5,000,000 to capital stock and \$5,000,000 to surplus that has been approved by the directors and stockholders of the company, stock for which was issued April 11, 1927. The capital now stands at \$25,000,000; surplus fund \$25,000,000, and undivided profits \$1,854,667, \$5,000,000 having been transferred from undivided profits to surplus on February 23. With the increase in capital stock, capital will be \$30,000,000, and surplus fund \$30,000,000.



## ON BUILDING A LIBRARY

BY RICHARD W. SAUNDERS

ON this subject much has been written, but chiefly by literary men addressed to would-be scholars. The business man has a somewhat different problem and a selection of the world's best hundred books does not always solve it. To invest in a certain shelf-full occupying so many feet and start off with Aristophanes because he happens to begin with the letter "A" is only a discouragement. What he needs is a selection which will "tie in" with his daily life and help him either as an aid to his business or as a relaxation.

The amount of "book-learning" that a man must have to carry on a conversation is really very small. A sufficient number of facts, aided by the common sense and judgment that business inculcates and, of course, an understanding of the rules that govern the ordinary use of language, is all that is needed. He is not expected, although certain exploited books suggest the contrary, to adorn his remarks with flowery quotations or brilliant excerpts from the great writers. A business man who quoted four or five of such within a few minutes would be considered a bore and shunned by his fellows. It savors of the pedantic. In fact, it is pedantic.

The really valuable contributions to the banker's or business man's stock are the newspapers and magazines and the talks he may have with his associates. Facts are thus absorbed which he in turn passes on to others. Eli Perkins used to say, but wrongly, that a man should listen to another talk and say nothing, then he would know all he originally knew and what the other fellow knew also. The expression of ideas makes for clearness and, if incorrect, provokes criticism.

If a man is a financier he will naturally be interested in reading along financial lines. His library will have a certain number of authorities. But many books on financial subjects rapidly become obsolete. New facts and new theories constantly arise and, except historically, the older books are soon supplanted. It is to be hoped that more clearness will also develop, for even now too many articles on finance are written ponderously and are tedious from beginning to end.

A good encyclopedia is essential, even if seldom used, for when a question does arise it is well to have it answered at once. And many of the articles, written as a rule by specialists, are good reading.

From then on, the question of books will be largely one of taste. One banker reads Elizabethan poetry and still remains a good banker. The current novels may not be worth much but many are interesting and the writer has noticed a tendency toward the reading of romances such as those by Farnol and especially of detective stories by bankers. They solve difficult problems during the day and such books strike a sympathetic chord. To go further and add the classics is to stray into the realm of scholarship into which few bankers or business men enter. As riches come, they may adorn their homes with beautiful sets, for books have a high decorative value, but most of them of this type will be doomed to remain uncut.

Lastly there are many thoughtful books, small in compass like Bertrand Russell's *What I Believe* or larger, such as Durant's *History of Philosophy*, that can add immeasurably to a man's stature and help him to appreciate in greater measure the great realities among which mankind exists.



## WILL THE MCFADDEN ACT ENCOURAGE NON-COMMERCIAL LOANS?

BY E. A. BRADFORD

THE annual report of the Federal Reserve Board carries an account of the recent course of national banking under laws as they were. The report is published concurrently with the President's signature of the McFadden bill, which might not have passed if the report had been published sooner.

Concurrently with these events of unusual importance to reserve and national bankers there are reported daily bank failures under state banking laws. In one recent day there were seven bank failures due to causes such as the Federal Reserve Board remarks as previously operative within the reserve system, and which may be expected to be more harmful in the future, if national bankers should avail themselves of their privileges under the McFadden law to seek profits comparable with the greater profits of banks under state laws. No complete picture of the entire banking position can omit any of these factors.

The Federal Reserve Board reports that in 1926 there were 956 bank failures with almost \$285,000,000 deposits, compared with 612 suspensions and \$175,000,000 deposits in 1925, and 775 suspensions with \$215,000,000 deposits in 1924. A dozen agricultural states contributed four-fifths of these failures at a time when the country in general was prospering. Even individual farmers are bettering their condition while the sort of banking which the farmers favor is making a record so unfavorable in comparison with other banks in whose favor the McFadden law relaxes restrictions on profit seeking.

Of the 1926 failures, 796 were "non-member" banks. For each failure of a member bank, including all national banks, there were five failures of other

or state banks. In this case the banks lent, and the farmers borrowed, "until it hurt." The chief cause of the failures of these banks was the non-liquid nature of the farmers' collateral. Neither farms nor crops will enable banks to pay cash on demand, and the banks which the farmers blame for lending too little now find themselves either bankrupt or farming their collateral.

The point is important because the Federal Reserve Board remarks a general tendency of our banking assets to deteriorate in a similar manner. Since 1915 the board says that member bank investments have increased from \$2,068,000,000 to \$5,842,000,000. At the same time loans on securities also increased rapidly, and loans on real estate rose from \$150,000,000 to \$725,000,000. These increases were so disproportionate to other loan increases that, although the other loans also increased during our unprecedented period of expansion, they declined from 56 per cent. of all loans to 45 per cent. of all loans and investments.

### CHANGE IN DEPOSITS

Corresponding to this change in the character of the loans and investments there was a change in the character of the deposits. Since 1922, the board says, the proportion of time deposits has increased from 23 per cent. to 31 per cent. This increase was made at the expense of paper eligible for rediscount. It cannot be said that the shrinkage has produced any real scarcity as yet. The board says that the existing amount of rediscountable assets on June 30 last was \$4,900,000,000, besides investments in \$2,850,000,000 of United States obligations. These two items, the board re-

marks with restraint, are "sufficient in the aggregate to meet all the demands likely to arise." At no time during the recent expansion have the banks borrowed a tithe of their potential rediscounts. With nine-tenths margin in reserve there is no occasion to view with alarm the progress of the banks toward becoming investment institutions in general, and first aids to the Treasury in particular, instead of providers of funds for "agricultural, industrial, or commercial purposes," in the words of the Federal Reserve Act.

But it is common prudence to remark that the McFadden law authorizes national banks to make real estate loans estimated at \$3,000,000,000, and extends the time limit to five years for loans on land other than farms. This class of excellent business is for the first time opened to national banks in central reserve cities. No doubt some mortgages are both safer and more liquid than some commercial paper, and banks are increasing their resources faster than the supply of paper eligible for rediscount increases. At such times the temptation toward locking up assets in slow descriptions which are not self liquidating is strong. It is good business, but not peculiarly fit to be done by banks which keep the nation's reserves. There ought to be banks for every purpose, but it is not ideal to authorize all banks to do all business any bank should do. There are objections to excess of credit as well as to deficiency of credit, and that is even more true of commercial banks than of farmers' banks. Both are sensitive to seasonal variations, but the commercial banks are more subject to trade cycles. Bonds and mortgages may be perfectly good and yet be useless for quick liquidation in order to build up reserves. They are not eligible for rediscount and the markets for them are worst in time of greatest need. It was as painful and costly for the commercial banks to liquidate inventories as for the farmer banks to liquidate farms and crops. It is inopportune to encourage

commercial banks to invade the investment market at a time when the tendency was so strong as to be remarked by the board. The farmers' appeal for aid is reflected in the McFadden law's increase of the limit on loans on pledge of staples and live stock to 50 per cent. of a bank's capital and surplus. The increase in the limit, however, is accompanied by a requirement for increase of the margin required, and by a restriction of the term of the loan to ten months.

#### CHANGES BY MCFADDEN LAW

The chief changes by the McFadden law, therefore, appear to be to enable the banks to make more profits by lending more money to uncommercial borrowers. When a bank buys the bonds of a corporation, instead of discounting its paper issued for the purpose of producing or selling goods, there is a confusion or mingling of the capital and credit markets which wars with the fundamental principle of the reserve act. The national banks are generously rewarded in profits and in the prestige of membership in a system which reduces the requirement of reserves, and which promises relief in times of stress by the rediscount right.

Nevertheless the national banks are so envious to the larger profits of state systems that some leave the Federal Reserve System, and others threaten to. It is undesirable that the system should thus be weakened either by desertions, or by relaxation of banking principles designed for the public benefit, and giving the national banks a claim to credit for patriotic as well as profitable service. They are seeking greater profits and privileges at the very time that they are regarded as agents of the money power and monopolies that should be curbed, in order that the industrial East may not prey upon the agricultural West.

It is so difficult to withstand this prejudice that it is worth while to call the attention of those who feel rather than think that way, to their misadventures



under their own preferred methods of banking. Instead of making banking safe and useful to commerce by the quality of management and assets no fewer than eight states offered a premium on bad banking by guaranteeing deposits. Not one of these states has redeemed its guaranty at face value. Most of the systems are insolvent, especially the one which was bankrupt before the failure of seven banks in a single day, concurrently with the enactment of the McFadden law. A volume could be filled with the details of these failures to shift losses by bad banking to those who ought not to bear them, but the present purpose is only to call attention to the danger of concessions to those sections of the country and of opinion which suffer from bad banking, and which are seeking to impose their ideas on the nation.

In the Congress which passed the McFadden law there was a bill to divert the Federal Reserve earnings into a deposit insurance fund. Another bill proposed to appropriate \$10,000,000 to start a deposit insurance fund to be administered by the Comptroller of the Currency. It was argued that the losses would be so small that the fund could be reimbursed to the Treasury from the premiums earned. More than one Federal Attorney General has advised that deposit insurance is not unlawful, and a Comptroller of the Currency has pre-

pared and officially recommended a bill for that purpose. Even Senator Owen's name has been associated with this deposit guaranty idea, although it was dropped from the original form of the Federal Reserve law when it was stronger than now.

Friends of deposit guaranty were among those who sought to forbid branch banking by Federal law, even in states which might legalize it, and they succeeded in limiting branch banking to 167 cities. That limits its usefulness to farmers, who cannot see that branch banking did not hurt them as their unit banks did, and might serve them better. The preference for "American" neighborhood banks over national banks is so strong that it was no small feat to prevail over it so far as to extend indefinitely the expiring charters of the Federal Reserve and national banks. Standing alone that might have been defeated, but its inclusion in the bill offsets some of its breaches of banking principle. The approval of the bill by Secretary Mellon, and its signature by President Coolidge certify that the bill is not so bad as it might be. Even if it is not so good as might be wished by orthodox banking purists, it is good enough to justify condoning its defects, which may be lessened in practice, since they are permissive and not mandatory.

## ASSET ITEMS ON LIFE'S BALANCE SHEET

**I**N business, it is assets which make up the value of a concern. Life assets govern the value of a man. There is something mysterious about life assets. Those who have acquired them delight in trying to tell others how to get them and never quite succeed. Yet life assets are much the same the world over, it appears from the January issue of the (British) *Journal of the Institute of Bankers*, wherein Sir John Ferguson, president of the institute, addressed "A Few Words of Friendly Counsel to the

Younger Members of the Institute." Like business assets, life assets are easy to know but hard to get possession of.

"It must be acknowledged," said Sir John, "that the question of promotion is always a vexed one." Can all bank clerks become officers? "It is only natural that young men should wish to rise rapidly in their profession, but I cannot at the moment call to mind a single instance of a man in a bank who achieved position of first rank—and held it with credit to himself—who did not

toil a good many years for that position, or, in other words, 'went through the mill.'" Not all have the patience to do this, and therein lies the answer to the question.

Ambition, prerequisite to advancement, he said, is not merely the feeble wish for a higher position. "Ambition is often cruel. It fixes the mind on a distant horizon—always the horizon. It lures men on and on, and though wealth or fame or power be reached, the horizon is always ahead, and they must follow. Ambition calls young men to leave their homes—with all that home implies. . ."

Ambition, then, in life corresponds to the desire for profits in a business. It is the necessary incentive. Given the incentive, what assets are necessary?

Well, first of all, there must be character. "If you are determined to get on in any profession or walk of life," said Sir John, "character is indispensable, you must have it; it is not optional, it is *greater even than intelligence*, and youth will never acquire a more valuable possession; the man or woman who scoffs at it is nothing more or less than a moral tramp. . . . Character is power, and in your business life you will find that character is also capital.

"I would also commend to your careful study important questions of the day affecting our Empire, all of which are discussed in the daily press. It is your duty to keep yourselves conversant with all these matters. A first-class newspaper is just as indispensable to modern life as our universities and public schools. Properly conducted it commands both admiration and respect and gets them. . . . We have many absorbing financial and economic problems, and those of you who have the greater part of your careers before you will do well to apply your minds to the discovery of a common-sense solution of them. . . . But there are other excellences which are necessary to success, to which . . . I would direct your attention.

"Foremost among these I would place assiduity. . . . To know how to work and to wait is in my opinion the whole

secret of success. There have been thousands of failures because men did not know how to wait and qualify. Human nature is ennobled and strengthened by strong endeavors long continued, and men and women take dignity and power and honor by bending all their energies to a task taking long to win. . . .

#### WORK AND WAIT

"Let me here give just one word of caution: there must be no change of occupation if you have mapped out a particular career for yourself, no turning aside, no dreaming, no seizing an immediate small increase of salary if it takes you off the line; one purpose only, that is, 'I intend to win the highest position my profession has to offer.'

. . . Cultivate tenacity, the conscious force of a persistent character. If you are determined to get on you must do as you would to get through a crowd to a gate all are equally anxious to reach. Hold your ground and push hard.

"President Garfield, addressing a meeting of young men said: 'To carry on the business of life you must have surplus power—to be fit for more than the work you are doing. Let everyone know you have a reserve in yourself, that you have more power than you are now using, for if you are not too large for the place you now occupy, you are too small for it.' . . .

"Do not neglect the habilimental. A man's personal appearance is a sure indication of the state of his mind. If he is slovenly and untidy in appearance, ten to one he has an untidy and badly arranged mind. Correct dress is not simply a matter of appearance or of good breeding. It reflects the wearer's sense of dignity and there is something decidedly undignified and wrong in inappropriate dress. You would be surprised how often a nicely dressed youth has caught the eye of the powers that be and, other things being equal, has got his foot a little in front of the line on that account. . . ."



# A MANAGER'S DUTY WHEN CONFRONTED BY A CLAIM AGAINST A SAFE DEPOSIT COMPANY

BY EDWARD J. PHELPS

This is the second article in a series now running in *THE BANKERS MAGAZINE* covering various phases of the safe deposit business. The author is president of the Northern Trust Safe Deposit Company, Chicago.

**S**AFE deposit vaults may be divided, roughly, into two classes—the larger ones and the smaller ones. It ought to be understood from the outset that the writer has largely in mind in this article managers of the larger safe deposit vaults.

In the eventual disposition of a claim against a safe deposit company two individuals play an exceedingly important part—the company's manager and its attorney.

After litigation against a safe deposit company, or a bank with a safe deposit adjunct, has been started, the outcome of the case depends upon a number of factors:

1. The way in which the attorney for the defendant prepares his case and tries it, and his knowledge of the law.
2. The actual facts as brought out by the evidence.
3. The interpretation of those facts by the judge who hears the case.
4. If the case goes to a jury, the interpretation of the facts by the jury, in the light of the court's instructions.

There is, however, an element, in dealing with claims against a safe deposit company or a bank with a safe deposit adjunct, which it is proposed to bring out in this article, namely: The ability of the manager of the safe deposit vault, himself, to cause claims to be withdrawn before litigation ever begins and, indeed, before the attention of the company's attorney is ever drawn to them.

The duty of the manager, when he is confronted with a claim, is to realize that the chances are ninety-nine out of a hundred that the claim is unsound, that there is some explanation of the alleged disappearance of property, which has not been brought out, and that it is the manager's duty to bring it out, if he can. A wise manager will by no means leap to the conclusion that the person making the claim is dishonest.

As a matter of fact, the dishonest claims—the blackmailing claims—are about the easiest ones to dispose of, for the reason that, in the last deduction, the blackmailer will have to show where he obtained the property which is alleged to have disappeared and he will also have to show that his own private life and business methods are above reproach. It may take the company some time to prove, by a preponderance of evidence, that the dishonest claimant's character is such that his statements are not to be relied upon, but it usually can be proved, eventually.

The hard claims to dispose of are the contentions made in perfectly good faith by absolutely honest people of indisputably good moral character in the communities in which they live and whose lives, from the beginning, have been clean and reputable.

## PROBLEM IN PSYCHOLOGY

In dealing with these people, the manager must begin by realizing, not

that they are dishonest, but that they, or someone else, have done something with the property in question and forgotten about it. He will start upon the principle that he is dealing with a problem in psychology, and that his first duty, if he can do so, is to get the mind of the person making the claim into such a condition that it is not absolutely closed to the possibility of some theory other than that the safe deposit box has been robbed. A considerable number of cases will be cited here, all of which are absolutely authentic. Five of them were handled by various managers in Chicago, and the other four by managers in two other large cities. This explanation is made in order to free the writer from the possible charge of self-glorification. The cases will all go to prove that the efficient manager must not only be a fairly good psychologist but that he must also possess at least some of the rudimentary elements of being a good detective. The general principle can be stated as follows—he must apply his own practical knowledge of the safe deposit business to each case as it is presented to him; and, if he does that efficiently, he can dispose of many of the claims that are made, before they are brought to the attention of the attorney at all and before litigation has begun.

#### LOST CERTIFICATE

*Case A.* A woman who was the treasurer of a large religious denomination went to a safe deposit box rented in her name, as treasurer. She was a careful woman because she took with her to the box, her own secretary. She removed from the box \$25,000 in United States Certificates of Deposit—three for \$5000 each and one for \$10,000. She wrote on a piece of paper the amount and the number of each of these certificates and signed it and had her secretary sign it. She left it in the box to show what had been done. She also wrote in a diary, which she carried, a

copy of this memorandum and she and her secretary signed it.

She then went upstairs to the bond department of the bank and sold these four certificates to the bank, instructing the bond department to place the proceeds of the sale in the checking account which she carried in the bank, in her name, as treasurer. She was given by the bond department teller, who transacted this business, a memorandum of sale and a duplicate deposit slip; but when she reached the bond teller she stopped being careful. If she had been careful she would have examined this memorandum of sale and this duplicate deposit slip, and would have discovered then and there that she was receiving credit not for \$25,000 but for only \$20,000. She would also have found out that one of the \$5000 certificates was not mentioned at all on the memorandum of sale. It was not until she came to balance her account with the bank for the month in question that she discovered that she was \$5000 short.

The matter was turned over, for investigation, to the manager of the safe deposit vault and the chief clerk of the bond department. Their reasoning ran about as follows: We believe this woman to be honest; we also believe the bond teller to be honest; we also believe that these four certificates, totaling in value \$25,000, were removed from the box; but, we do not believe, from the evidence, that they ever reached the bond teller. Consequently, we are driven by the cold logic of the facts, to the conclusion that, somewhere, between the locking of the box and the delivery of the certificates to the bond teller, the missing \$5000 certificate got away somehow—somewhere.

Consequently, they proceeded to ascertain all, even the most insignificant, facts of just what had happened between the time the two women in question locked up the box and the time when they reached the bond teller's cage. A microscopic examination of the facts

showed the following: The two ladies went to the bond department in an elevator. The treasurer had the securities in an envelope in her hand. When they reached the bond department teller's cage, she took the securities out of the envelope and gave them to the bond teller. She was then asked whether she also gave him the envelope and she said, "No." She then was asked what she did with the envelope and she said she tore it, across the middle, into two pieces, and threw the two pieces away. She was asked where she threw these two pieces and, after thinking for a considerable period of time, she said she had thrown them in a waste basket in the rotunda on the bond department floor. That was all that was brought out by a minute investigation.

A decision was then made to examine the waste paper of the bank for the date on which this incident happened. It was possible to do this because the bank kept each day's waste paper in a large tin box by itself, for sixty days. The box for that date was produced by the chief janitor of the bank and an examination was made of all the waste paper of that day. The discovery was then made that in the waste paper were the two halves of the envelope which the woman described. In one was found part of the missing certificate and in the other was found the other portion of the certificate. This illustrates what can be done in the way of disposing of a claim before it reaches the attorney at all.

#### FORGOTTEN TRANSACTION

*Case B.* A woman had a safe deposit box with about \$200,000 of securities in it. It was property which she had inherited from her father. She gave her husband a power of attorney to enter the box. On July 6, of a certain year, he told the manager of the safe deposit vault that ten Western Electric Bonds of \$1000 each, were missing from the box. He was advised to consult his wife

and to see whether she knew anything about them. He was unwilling to do this because he feared that she would draw the conclusion that he might have been careless in the handling of her affairs. The matter went on for a fortnight, when the manager called him in and gave him an ultimatum—"You must do one of three things. You must either allow us, the safe deposit company, to put an expert accountant on all your books and papers, upon everything which has to do with all your business transactions for a year past, or, if you are unwilling to do this, you must tell your wife about this matter. If you are not willing to do either of these two things I shall have to tell her. Choose." He elected to take the first course of action and a certified accountant went over with him all of his books and papers. Toward the end of the third day, late in the evening, the accountant was examining a diary which this man kept and found an entry under the date of March 27, consisting of only two words, "Bought Bonds." He immediately asked, "What bonds did you buy on March 27?"

The reply was, "I bought ten bonds of the Mississippi Valley Light & Power Company on that date."

He then was asked, "How did you pay for them? I do not find among your checks any cancelled checks showing a payment and I do not find any withdrawal from your bank account or your wife's, showing any such payment. How did you pay for them?"

The man replied, "I don't remember. I am buying and selling bonds all the time and trading back and forth."

"Well, where did you buy these bonds—these Mississippi Light & Power Company bonds?"

"I bought them from—(giving the name of a well known firm of brokers)."

"Well," said the accountant, "tomorrow, you and I will go over to the brokers' and see what they know about it." This they did.

The brokers had the man's ten Western Electric Bonds. This man had traded them in for the Mississippi Valley Light & Power Bonds and had forgotten all about the transaction.

Query—Can an honest man withdraw \$10,000 worth of bonds of a certain description from his safe deposit box on March 27, turn them in to a broker and receive, in exchange, \$10,000 worth of bonds of an entirely different description and forget all about the transaction by July 6, following?

The casual reasoner, at once, would say "No," but that is not the answer. As has been intimated above, the answer is that the man was an absolutely honest man, and that he did just that thing. This is a problem for a psychologist and not for a safe deposit man or a banker.

#### CLAIMANT REACHES EXPLANATION

*Case C.* Sometimes, if an astute manager can induce the claimant to delay, the claimant may reach an explanation himself, without the aid of the manager at all.

Upon a certain Friday a man entered the safe deposit vault and told the manager that \$5000 of bonds were missing out of his box and he wanted the safe deposit company to give him a check for \$5000 at once. The manager said, "We wish to help you in this case all that we can. That goes without saying. Come over on Monday morning and we will go on with our investigation, and, in the meantime, think the matter over." The man's story was that he had come in on Friday morning to remove some expired fire insurance policies. After he had done this, he put the policies in the inside pocket of his sack coat. He then thought he would clip coupons from the bonds in question, only to find that the bonds were not in the box. On the Sunday morning following, being a good church man, he put on his best Sunday clothes and, in doing so, took everything out of the pockets of his business suit. Among

other things was the package of policies referred to above. As he took them out, he looked at the package and saw, protruding from one end of it, something that did not look like an insurance policy. He then removed the policies from the package and among them found his bonds. It appeared that, on a previous visit to the box, he had put these policies in a package by themselves and put rubber bands around them. In some way, he had carelessly put the bonds in with the insurance policies and when he took the package out of the box he did not notice that the bonds were in it. All the while that he had been making his claim against the safe deposit company the bonds were in his pocket. This was a case where a little delay exploded the claim idea.

#### RING FOUND BY CLERK

*Case D.* One of the vault clerks in a safe deposit vault picked up on the floor of the vault a very beautiful diamond ring, probably a woman's ring. The stones were quite large and exceedingly perfect.

Who owned it?

The manager had nothing to go by except that he knew, approximately, the spot in the vault where the ring was picked up. He reasoned that the person who dropped it must have a safe deposit box somewhere fairly near where the ring had been found and he caused a list to be made of all the people who had been to their safe deposit boxes within twenty feet of the spot where the ring was picked up, for a period of three-quarters of an hour prior to the finding of the ring.

He reasoned, further, that there was a strong possibility that the ring had been purchased from some Chicago jeweler. On the inside of the ring were some numbers, partly obliterated because they had been worn off, indicating that the ring was quite old. He determined to take his list to the best known Chi-

cago jewelers, and started with a well known firm. One of the craftsmen who had been in the employ of that firm for a great many years recognized the ring as having been made by his firm. A microscope showed all the figures on the inside of the ring except one. These figures were the figures of the number of an order. The firm then examined its books and succeeded in unearthing an order which showed that the ring in question had been made for Mrs. M.

An examination of the records made by the vault manager showed that Mrs. M. had a safe deposit box very near where the ring had been found and that she had visited the box only ten minutes before the ring had been picked up. She was sent for and asked to examine the contents of her box and see if she missed anything. After she had made the examination she came to the manager and said, "Yes. When I was married, many years ago, my husband gave me a pair of diamond earrings and I subsequently had the stones removed and had a jewelry firm fit them into a ring, and that ring is missing from my box."

Her property was restored to her, all of which goes to show that a competent manager will educate himself to such an extent that he will acquire at least a few of the attributes supposed to be possessed by a detective.

#### MOTORMAN MISSES BOND

*Case E.* A motorman turned up with a claim that a \$1000 bond was missing out of his box. He was a very reasonable man. The manager talked with him and told him to put his mind to work and, among other things, asked him if there was not some place at home where he kept valuables. He said that there was a trunk but that he had looked in that trunk and that the bond was not there. The manager said, "Will you please look in that trunk again and let me give you one piece of advice as to examining its contents. Take out every single thing that is in it and, as you put the things

back, examine critically and carefully, everything that you removed." The man heeded this advice and went home and took everything out of the trunk. In doing so he noticed some pieces of newspaper that had been put therein so that when articles were placed in the bottom of the trunk they need not be soiled. He said to himself, "Well, I promised to take everything out of this trunk. I will take these pieces of newspaper out." He did so and, under one of the pieces, he found his bond.

#### ERROR OF BOND TELLER

*Case F.* A woman who had been in the employ of a bank in the bond teller's cage for many years, and who was exceedingly well thought of by the bank, was approached upon a certain date at about 1:45 p. m. by a man who told her that he had a safe deposit box downstairs and that he had just taken out of it two Liberty bonds for \$50 each, which he produced, and which he wished to exchange for a \$100 bond. It all seemed reasonable, and she gave him what she supposed was a \$100 bond.

Five or six minutes later she discovered, to her horror, that she had given him by mistake, a \$5000 bond. She was almost beside herself at the thought of what she had done. She had a very good description of the man.

The safe deposit manager was called into conference and this was his reasoning: This man says he took two \$50 bonds out of his box and, if his story is true, he must have visited the box shortly before he went to the bond teller. The chances are that, having gotten his new bond, he went down and put it into his safe deposit box. What is the deduction? Examine your records beginning at 1:30 p. m. and ending at 2:45 p. m. and find a man who has been to his box twice in that period. The vault record showed that a man had been to his box at twenty minutes to two and again at three minutes to two. The man was a Bohemian who worked in a steel mill and who had rented the box for fourteen



years. During that time, the safe deposit company had had eight different addresses for him, all of which were put down on paper and turned over to the chief clerk of the bond department.

The chief clerk started out with the last address and worked from 4 p. m. until 11 p. m., using a taxicab, without finding any trace of the box renter.

At the last address he visited, he did get news of a brother of the box renter and, about 11:30 p. m. found the brother at his home. The brother was very uncommunicative. He admitted that he knew where the box renter was living but refused to give the address. He admitted, also, that he had had a long talk with the box renter that evening but refused to say what it was about. The clerk of the bond department telephoned the vault manager and, at the latter's suggestion, made a colossal bluff. They were not at all sure that the man in question was the man to whom the wrong bond had been given but they talked to the brother after this fashion—"You go and hunt up your brother. Do it before you go to bed tonight. You tell him to come down to the bank by 10 o'clock tomorrow morning with a \$5000 bond which was given to him by mistake and you tell him, from us, that if he does not do that, he will find himself behind the bars by noon tomorrow."

At 9:30 the next morning the Bohemian appeared with his wife. She said to the manager, "I have brought my husband down because he was given a \$5000 bond here yesterday when he should have been given one for \$100. He did not discover the mistake until he started to put the bond back in the box, and then he brought the bond home. He was disposed to keep it and say nothing, but I will not allow him to do anything of that kind. He has the \$5000 bond, and wants to give it back and get the \$100 bond." This was done.

The capable safe deposit manager must learn to use his brains and to reason, logically, all the time. The bank in the case cited might have been out \$4900 if the reasoning of the vault manager had

turned out not to be correct, since the bank did not know the name of the man who received the \$5000 bond.

#### MESSAGES FROM THE DEAD

*Case G.* Twice it has happened that widows have come to a manager. They have received communications via the Ouija board, purporting to come from deceased husbands, to the effect that the dead husband had a safe deposit box full of securities, which the safe deposit company was secretly trying to keep away from the widow. In both cases the number of the box was given. It was shown in one case that there was no box of that number in the vault and, in the other, that the box of the number in question had been rented by a well known Chicago business man and had never been rented to anyone else.

It is heart rending to know that in the second case, the widow in question used the Ouija board again, and asked for further information, to which the Ouija board responded, briefly, "You better mind your own business."

#### INTOXICATED CUSTOMER

*Case H.* A man entered a safe deposit vault about 4 o'clock one afternoon. He was so badly under the influence of liquor that a taxicab chauffeur had to help him into the vault. The curious part of it was that his legs were very bad indeed, but his brain seemed to be partially clear. He wished to remove \$1000 in currency from his box.

The bank's attorney could not be reached. The manager felt, in his own mind, that the man was in such condition that he really was not his normal self and needed protection. The manager knew also that the safe deposit company is not the guardian of the morals of its customers, but here was an unusual case. He refused to allow the man to visit the box. The box renter went away stating that suit would be begun against the safe deposit company before 12 o'clock the next day. That very night the individ-

ual in question entered a bathroom in his home and, in a fit of delirium tremens, blew his head off with a shotgun. The manager probably saved his estate \$1000.

*Case I.* Mrs. B., a wealthy woman of irreproachable character, claimed that a pearl necklace valued at approximately \$20,000 was missing from her safe deposit box. She was in a sad state of mind. It was evident to the manager that she was not in a condition to give any facts which might be helpful in solving the problem. He told her (it was about 11 o'clock in the morning): "You are not in a mental condition right now to think very clearly about this matter. I suggest that you go home and that, on the way home, you make up your mind to the fact that this necklace is going to be located somewhere. Do not let the thought enter your head that it is not. After you have had your luncheon, lie down and take a good long nap and, after you wake up, begin to think as to what you might possibly have done with this necklace."

She was a wise enough woman to follow the advice which was given to her and, after she had awakened from her sleep, she began to think. It suddenly came to her that some months before she had sent the necklace in question to a large jewelry house to be repaired. On the bare chance that the jewelry firm might know something about it, she called up the firm's representative with whom she had left it to be fixed. As soon as she got him on the telephone, he said, "Yes, I know all about the whereabouts of that necklace. We have it here. You told me that, after it was repaired, I was to hold it here until you called for it and you never have come after it." Of course, eventually, the necklace would have turned up but the advice of the manager undoubtedly hastened its recovery.

Almost an infinite number of cases could be cited, all of which would go to show that a capable safe deposit manager must be alert all the while. He must be logical; he must be able to draw conclusions from details which at first may

seem unimportant; and, if he is really and truly efficient in every sense of the word, fit for the responsible position which he holds, he himself will dispose of most of the claims which come from time to time; he will save his bank a large amount of money; he will conserve the time of the bank's attorney; and he will demonstrate his own fitness for the position which he occupies.

#### PUBLIC SPEAKING CONTESTS FOR BANKERS SPONSORED

PUBLIC speaking on banking topics is to be developed through the rather striking act of A. P. Giannini, founder of the Bank of Italy National Trust and Savings Association of San Francisco and president of the Bancitaly Corporation of New York, in helping to make it a more effective part of the curriculum of the American Institute of Banking. Mr. Giannini has done this through the establishment of an endowment of \$15,000 placed with the institute, the income from which will be used to obtain prizes for the orators within the scope of the division.

The plan was first proposed at the mid-winter meeting of the executive council of the American Institute of Banking in Nashville, Tenn., on January 19. It involves the holding of a number of preliminary community and regional contests all over the country, with the final contest being made a feature of the annual meeting of the institute. The first of these final contests will be held at the convention in Detroit on July 18 of this year.

The plan, although restricted in its operation, is bound through its very nature of the annual meeting of the contestants will be confined to graduate students of the institute, but the whole banking profession and its allied callings, and the public at large, are brought into the picture through the development of banking orators who shall bear the message of the counting house to every kind and character of audience.

## THE VALUE OF A SILVER TONGUE

OF course, not all have or can acquire silver tongues. But all can learn to speak in public with ease and grace. At least, that is what Dale Carnegie contends in his article on "Why a Banker Should Study Public Speaking" in the current bulletin of the American Institute of Banking. There is no excuse, he says, for getting in the plight of the bank vice-president, who complained: "I can talk clearly enough and confidently enough to men here in the office, but when I stand up to face a group of men and try to think on my feet, I am simply not there. . . . My mind is a blank; I actually tremble, and the talk, of course, is an utter failure, even though on a subject I know all about."

Such a man (and most men are like that) needs courage, self-poise, self-possession, self-confidence. "How is he to get these qualities in his speaking?" asks Mr. Carnegie, and answers his own question. "The same way that he can get them into his swimming, for example—by training and practice. . . . Do the thing you fear to do and keep on doing it, and the death of fear is absolutely certain."

And it pays to kill this fear. According to Mr. Carnegie, if one were to drop in at the office of James M. Dugan, wholesale coal dealer, 1830 Arch street, Philadelphia, "he would tell you that his sales this last season have increased 400 per cent . . . due to his increased sales ability and self-confidence developed in a public speaking course. A few blocks to the east of Mr. Dugan's office . . . Franklin Bettger . . . will tell you that training in public speaking has increased his income about \$20,000 a year. A few blocks away on Walnut street . . . William H. Wilson, formerly first vice-president of the National Association of Real Estate Boards . . . will tell you that he would not part with his public speaking training for \$100,000."

As valuable as the ability to speak in public, however, are the by-products

from training in public speaking. Mr. Carnegie says that he has been "convinced by observing the experience of thousands of men that the most valuable thing they obtain from a course in public speaking is not the ability to talk in public, but the by-products that result from such training; and the most valuable of these by-products is an increased self-confidence." A Boston man, he said, gave the following formula for success: "Ten per cent. is knowing your own goods; 10 per cent. is knowing the other fellow's goods; 10 per cent. is working like the Old Harry; and 70 per cent. is self-confidence."

"The banker who can speak in public," continued Mr. Carnegie, "can gain a lot of dignified and very desirable publicity both for himself and for his institution. Which is the better publicity for the bank—the paid advertisement, or the news article about an officer who has made a speech, mentioning his name and banking connection?"

Ability to speak well aids in other ways in making a man widely and favorably known. Almost all clubs are run by about 5 per cent. of the members, the only men in the club who can stand up and speak well. "The man who can speak to 500 men at once is making friends almost 500 times as rapidly as he would in ordinary conversation."

Finally, training in public speaking does a great deal to develop in the right way that elusive essence known as "personality." And recent tests at Carnegie Institute of Technology indicate that superior personality has more to do with business success than superior knowledge.

In short, as Mr. Carnegie said to Dean Miller of the A. I. B. at a luncheon, "a course in public speaking will do more to develop the personality of the banker, will do more to give him a new confidence in himself, will do more to put a new light in his eyes and to make him a leader of men than any other dozen courses that can possibly be offered, all put together."



# WASTE IN ESTATES

BY EMILE J. BAYLE

**I**N 1925 the total number of business failures in the United States was 21,214 and losses amounted to \$248,066,570. In 1926, the total amounted to \$202,345,485, divided among 21,773 firms or establishments. These figures cover not only commercial enterprises but manufacturing and trade establishments and banks.

The report of the Attorney General for the fiscal year ending June 30, 1926, gives the following figures for a total of 47,307 bankruptcy cases in the United States:

Total liabilities .....	\$806,312,992.45
Total amount realized from assets .....	107,652,783.17
Total amount disbursed in conduct of business ....	14,635,233.15

Net amount realized ..\$ 93,017,550.02  
Shrinkage approximating 88 per cent.

A survey made of 7000 estates, whose gross value ranges from \$2500 to \$10,000,000, in seventeen states, embracing forty-five counties, shows shrinkage varying from 29 per cent. to 38.7 per cent. The percentages of shrinkage for estates between \$30,000 and \$500,000 average 19 per cent.

What a tremendous waste in our national wealth, both in its creation and its conservation! The methods resorted to in both categories will be outlined later.

## WASTE IN INDUSTRY

During the pioneer stages of our country's expansion and the earlier days of its industrial development, it was to be expected that some—at times even very consequent—waste should have existed.

As time went on it came to be an accepted fact to ourselves, as well as to numerous and competent foreign ob-

servers, that we were a wasteful nation.

For the last quarter of a century, sustained attention has been given by industrial America toward bringing into play intensive and varied methods for increasing profits. At different periods in the cycle, whether for manufacturing, merchandising, construction or other phases of activity, innumerable plans have been followed, known by different names, some of which, for a time, degenerated into slogans, fetishes and what-nots. We have had scientific management, efficiency, industrial engineering, followed by industrial management, or other so-called or assumed sciences, which have succeeded each other in somewhat regular periodicity and engaged the forceful attention of our industrialists, financiers and others interested and have, in many instances, been productive of wonderful results.

Numerous and multi-named mechanisms have been suggested and resorted to for putting these methods in force—planning, scheduling, routing, dispatching, cost accounting, production control, budgetary control, etc.

In their final analysis, be the names what they may, the purposes to be served and results secured were simply common sense methods of waste elimination. Just at the moment, through the valued efforts of the Department of Commerce, waste elimination is being stressed to the limit in all industries. So far, however, as will be shown later, waste elimination has not been similarly stressed or given much consideration in reference to personal estates.

Although this subject is constantly being brought to the attention of our industries, whether large or small, we still have not thrown off the imputation

that the American nation, as a whole, is woefully lacking in planning.

A man has an idea or evolves a patent and without any sustained study of the possibilities, without any planning for the probable market expansion, the capital required, the organization, the working capital for operating, etc., a company is launched; factories and offices are established; operatives and clerks are employed; and the record is that within five short years a very large percentage goes into the discard.

Had proper planning been resorted to before launching such enterprises, many of the failures would have been averted.

Several years ago, Secretary Hoover appointed a committee which made a very exhaustive survey of six major industries, evaluating the causes of waste and assigning the percentage chargeable respectively to management, labor and the public. The industries covered were men's clothing, printing, the metal and building trades, the boot and shoe industries, and textiles. Management methods were chargeable with waste varying between 50 per cent. and 81 per cent.

As evidence of what can be accomplished through the proper planning in industry, interesting data are brought out by several special Government reports. Their simplest expression is *waste elimination*.

!

#### CONCRETE EXAMPLES

A few examples might be of interest. Before proper planning methods were considered, very unsatisfactory conditions existed in the manufacture of hospital beds, mattresses and spring beds. Hospital beds were manufactured in thirty-three lengths, thirty-four widths, forty-four heights. At present there are only one length, three widths, one height. Spring mattresses, depending on the manufacturer's production capacity, varied from 50 to 108 patterns. These are now reduced to four widths and one length.

Paving brick used to be manufactured in sixty-six different sizes, varying in length, width, and thickness. After the getting together of the manufacturers, with a view to planning for standardization, these were reduced, after the first conference, to eleven sizes. A second conference brought about a still further reduction to seven.

Woven wire fencing was formerly produced in 552 styles and gauges for which 2072 types and sizes of shipping packages or containers were used. These, with proper planning, have been brought down to 69 styles of fencing and 138 sizes and types of packages.

At the present day, one of the main sources of increased profits for going concerns comes from the cumulative effect of small waste eliminations.

The preceding sketch, perhaps somewhat hastily drawn, does not claim to be a full and complete reproduction. It has merely emphasized, and brought the dark spots and shadows into sharp contrasts.

The completed picture would show some interesting highlights.

Many of our industries, especially since the deflation period, are decidedly on the upgrade and we are quite generally looking forward to a sustained period of prosperity.

A careful scrutiny of their annual balance sheets and income statements brings to light the drastic measures which have been resorted to in order to secure the improvements recorded. Consequent inventory write-offs, depreciation, depletion and other important items of accounting stand out as convincing testimony for the jury's verdict.

It may perhaps, in some instances, not be a matter of how much money they made, but is what they should have made.

It is now an established fact in the minds of stockholders that the president or manager who does not secure for them as much profit as he should out of their business, loses money as surely and in as great measure as he who wastes it.

And, if the published statements were broken down in further detail, and each item of accounting explained or described, absence of planning would probably take front rank among the causes for decreased or lost earnings. No planning for inevitably reduced sales, for curtailed balanced production with proportionate decreases in raw material, operating and clerical personnel, burden, etc.

#### WASTE IN ESTATES

It is a sad and distressing fact that men of affairs, after working strenuously to establish for themselves and dependents a comfortable life situation, follow lines parallel to those described for industry, as regards their estates. They have neglected planning in their business and they, therefore, for the most part, take no steps for the economical conservation of their personal estates.

In industry and commerce as long as the guiding or directing mind is present its life and growth are obtainable with proper management. Losses may be recouped. Improved methods are adopted and a further accumulation of wealth is brought about. This is not true, however, with personal estates. Once the creator of wealth passes out of the picture, his estate can never recoup and it remains depreciated until liquidated, in just such measure and conditions as he has planned to leave it.

Those of our citizens, therefore, who with typical American energy and initiative have been so fortunate as to attain success in the creation of estates, should take heed and put their houses in order as regards the conservation of that estate through proper planning for waste elimination.

How often are we not dumbfounded when reading detailed accounts of a man's will—at times a friend's—at the great discrepancy between the actual and the expected estate. The usual range of shrinkage or waste met with, as taken from the records of the Probate and

Surrogate Courts in several jurisdictions in the United States, are given below:

#### DEPRECIATION IN ESTATES

In chart I on the following page the records are indicated for ten estates, wills for which were probated in New York, Kings, Bronx, Westchester, and Suffolk counties, New York, during the years 1921-1926. In each group two extreme estates have been selected, one with the least and the other with the greatest percentage of depreciation.

To the above are frequently added costs of litigation, unexpected claims and expenses, these last not infrequently running up to 10 per cent. of the gross estate. The variations in depreciation of the estate whose graphs appear on the chart are as follows:\*

	Gross Estate	Depreciation	Ratio Depreciation per cent. of gross
A.	\$5,339,577	\$1,049,896	19.6
B.	5,702,877	956,963	16.8
C.	3,753,230	848,783	22.6
D.	3,925,268	514,130	13.1
E.	3,475,570	785,179	22.6
F.	2,888,326	378,922	13.1
G.	2,337,538	1,190,371	50.9
H.	1,877,605	145,740	7.7
I.	1,024,180	581,285	56.7
K.	702,902	315,489	44.9

We wonder how great the economies might be if the principles of waste elimination, which are now urged upon modern business, were applied in like manner to personal estates.

The astonishing fact brought out in making a careful study of these records, is that the worst conditions exist in the estates of men who have been foremost in the industries which they owned or controlled, and have been at times outstanding examples of modern management, calling for intelligent planning of all activities and utilizing the many

\*Estate figures and illustrations taken from *The Hazards of an Unprotected Estate* by Clinton Davidson and *Estate Service* by Dan Nelson.

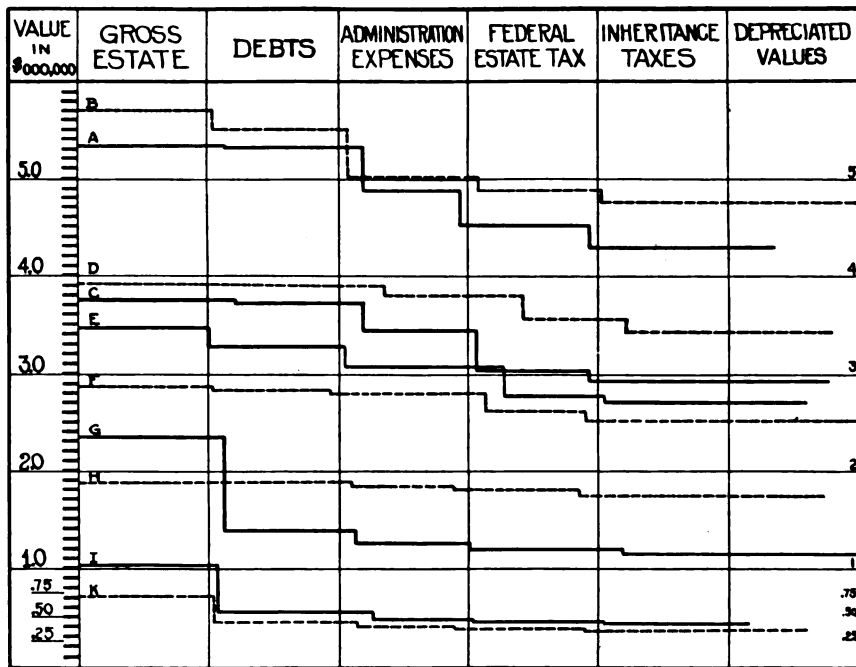


Chart I.

mechanisms previously referred to, with great detail and efficiency.

A large manufacturer of metal parts, who has had a very successful career (starting some 19 years ago with a few hundred dollars of borrowed money), was discussing the matter of his estate with some friends recently.

His statement was, "It doesn't interest me. After I am dead, I am not interested in what happens. Besides, if I knew enough to make it, I guess I know enough to leave it safe." This man has a wife and six children, all living.

He owns practically the entire stock of his company, which is not incorporated. The annual sales run into seven figures, and the earnings for each of the past five years have been well into or near the \$1,000,000 mark. There is not the slightest doubt that this man has made provisions for his estate, along such lines as are generally followed, but, as regards the intelligent scientific planning for its condition and distribution at his death,

it is most likely that his case will fall within the category of those outlined in the chart and its unnecessary excess in depreciation rate will probably amount to 10 per cent.

On a very conservative estimate his estate should total \$3,000,000. Of ten estates of like importance, for which the wills were probated in Greater New York, during the years 1921-1926, the ratio of depreciation to gross estate ranged from 16.2 per cent. to 64.2 per cent.;—the average being 32.9 per cent.

With proper planning this estate should be settled on a ratio of not much, if any, over 15 per cent. or a total of \$450,000 depreciation. If, on the other hand, its ratio of depreciation to gross estate lines up fairly well with the average in Greater New York, the total will run up to \$990,000. In other words, his wife and dependents would be losers to the extent of \$540,000.

In this particular instance, it is worth noting that for the sole purpose of



waste elimination,—probably called by him “reduction in unit cost”—there has been employed in his plant, for many years, a very capable executive, to give attention to this particular feature. In the present case, therefore, methods, as regards the planning for waste elimination, do not seem to run along parallel lines. If, during the course of his exceptionally successful career, his bankers had not known of his ability and, through periodical visits to his plants, become cognizant of the methods being pursued in the management of the business, it would never have grown to its present proportions.

An outstanding instance of the lack of planning for ready monies to take care of estate administration costs or the taking care of obligations incurred by the enterprises which have created these estates is brought to light by the records of the F. W. Woolworth estate.

After Mr. Woolworth's death the executors were confronted with necessity for payment in cash of an \$8,000,000 inheritance tax. In order to procure the supplementary amount of ready cash, for the first time since its erection, a mortgage of \$3,000,000 had to be placed on the Woolworth building.

Not long after the death of Julius Fleischmann, wealthy yeast manufacturer, his executors were compelled to sacrifice valuable securities for the purpose of obtaining sufficient ready funds to meet tax requirements. At date of last accounting the ratio of depreciation to his gross estate stood at 33.8 per cent.

The estate of Henry A. Jackson of Boston, Mass., is a case in point illustrative of shrinkage through taxation.

Mr. Jackson lived in that section of the country where thrift and conservatism are watchwords. The appraised value of his estate, consisting of real estate, stocks and bonds, amounted to \$3,055,292, of which \$1,479,177 were in stocks and bonds of corporations organized outside the Commonwealth of Massachusetts.

Court records show:

Federal tax .....	\$295,240
Massachusetts tax .....	340,435
Tax by outside states .....	55,325
	\$691,000

or 23 per cent. of the entire estate eaten up in taxes in one year.

In addition to the Massachusetts tax, which was more than 11 per cent. of the whole, the Jackson estate paid \$55,325 in taxes to seventeen other states, in which it did not own a dollar's worth of property, because of the mere fact that the corporations in which it was a shareholder happened to be organized under their laws.

In its issue of February 2, 1921, the *Wall Street Journal* gave some facts concerning the James Stillman estate, which is an interesting specimen of what may, and unfortunately does, happen to large fortunes. The value of the gross estate was \$40,338,121. The total deductions for inheritance taxes, administration, accountants, income and New York State taxes, real estate tax for New York State, amounted to \$16,050,482, or 40.2 per cent. of the gross, leaving a net estate of \$24,287,639.

#### LACK OF JUDGMENT

The shrinkage in estates is not always chargeable to excessive taxation resulting from lack of planning. In many cases, the appraisal discloses lack of judgment or absence of proper guidance on the part of the decedents.

In many such cases time and application on their parts to the making of a plan would probably bring to light a situation which might have been remediable at some period prior to death.

A striking example is found in the widow of George A. Leathe, once known as Missouri's richest widow. Her husband was one of the most efficient business men in Missouri, and at his death he left Mrs. Leathe property valued at \$5,575,000. Although his wife had had no business experience whatsoever, he

left all of his property to her, and named her executrix of the estate.

In a recent court decision, which left Mrs. Leathe indebted to the extent of \$356,078.31, and without funds to pay any part of this indebtedness, the Federal Appellate Judge said:

"The record of this case is one which arouses the sympathies of a chancellor. She was the owner of an estate of great value, devised to her by the will of her deceased husband. Prolonged litigation of that claim, which originally was for \$107,500, and finally resulted in a judgment against the estate which, when paid, amounted to \$226,321.96; interest on loans obtained by her and secured by mortgages executed by her before the agreement with the defendant, some of them bearing 8 per cent. interest, besides large commissions to brokers for procuring and renewing loans; large amounts paid to numerous lawyers of the highest standing in the profession, employed by her during the years since her husband's death; commissions paid to real estate agents on sales of property; taxes running into thousands annually, finally dissipated the entire estate."

It might seem strange that the man who was capable of accumulating a fortune of this kind did not plan his affairs so that at least part of this estate would not have been subject to total loss through avoidable waste.

#### WORTHLESS SECURITY HOLDINGS

The inventory of the estate of Kate V. Whitman, who died at Cincinnati, Ohio, on May 14, 1921, is an exceptional case of an estate holding worthless securities, but not in the fact of including gold seals that stand for disappointment.

The inventory shows cash and miscellaneous negotiable securities \$1365. There appear also a total of 45,296 shares of absolutely no value, divided among sixty-three companies.

As an offset and palliative to such a distressing recital, surprises are at times

sprung. The report of the Deputy Tax Commissioner for the State of New York, for 1926, brought to light three millionaires, the decedents not having been popularly rated as such by their friends or relatives: Mrs. K. B. Belloni, Miss K. T. Moore, and Charles Wisner. And, even in the record of the 210 actual estates taken from Greater New York section, during the years 1921-1926, several of which are given in graphic form on the chart, some very satisfactory records appear. Nearly one hundred show a depreciation ratio approaching 15 per cent. Strange as it may seem, most of the estates with lower depreciation ratios are within the more modest brackets, the majority being below \$250,000 gross. The most exceptional was that of Turpey William, whose gross was \$39,895 with a 5.6 per cent depreciation.

After completing the perusal of such a varied and perplexing tableau, the thought which naturally comes to the mind of the owner of an estate is, "How on earth am I to plan, so as to prevent my estate meeting with such pitfalls?"

A general answer to such a question is well nigh impossible and if attempted would probably require an article several hundred times as long as the present, and still fail to be satisfactory.

In every industry, before a plan for reorganization, refinancing, or revamping can be put into effect, it is necessary for a qualified analyst, or a group of analysts versed in all the phases of the enterprise or industry, to make a detailed survey of the situation, from which to elaborate a master plan to cope with it. Items of overhead, production, sales and distribution costs, the incidence of burden, operating and fixed charges, plant idleness costs, etc., must be thoroughly gone into. Existing managerial policies must be conscientiously scrutinized and evaluated and new ones evolved to meet the situation. Budgetary control must be established in order to keep production, sales and finances in full balance. Then only can results be expected to

reach towards the 100 per cent. line. Each case must be studied on its own merits.

#### COMPLICATION OF PERSONAL WISHES

In planning an estate similar difficulties are met with, the situation being somewhat more complicated because of the presence in some cases of intangibles which enter into the picture, by reason of the testator's personal wishes. There arise problems of income and inheritance taxes, the use of trust agreements, the proper arrangement of the testator's life insurance situation, the relative value of corporate ownership versus individual ownership, the possibility of double taxation of foreign property, the drawing up of a will, etc., all of which have a material effect upon the permanency of the estate.

Necessary and valuable agencies exist whose respective guidance and advice must be brought into use by the man who has created an estate and wishes to arrange for its conservation at the time of his death. His lawyers, the trust department of his bank, his income tax auditor, the corporation's controller, (if the enterprise be incorporated) each has a valuable function to perform and it is up to the man creating the estate to bring about a proper co-ordination of the work of these several agencies, in elaborating a well balanced and co-ordinated plan through which to realize the full benefits to which he is entitled.

#### TRUST COMPANIES AS EXECUTORS

The close study and detailed explanation of the several hundred estates whose records have been scrutinized in getting together the data for some of the previous statements, would require interminable time. From the observation of certain specific estates, which are typical of the general situation, one might not go far adrift in making the broad statement that the real cause for a large proportion of the excess percentage in de-

preciation, is traceable to this very absence of co-ordination in the agencies normally and logically entering into the plan for the conservation of an estate.

Because of the very valuable educational work which has been carried on by trust companies, more particularly in the last decade, and the costs, hardships, etc., known to be entailed through personal executorship, the service value of the corporate executorship has come to be more generally recognized by men of affairs.

The purposes to be served by living trusts, their legal aspects, tax features and forms, are being and have been very generally brought to public notice through the intelligent and diversified information being disseminated by our banking institutions. As a result the creator of a trust estate can readily secure practical suggestions for determining just what particular plan may be best fitted to his case, and to enable him to follow them closely when having his attorney draw up his will.

The value of the corporate executorship and trusteeship has long been recognized both in this country and in England. Many men of affairs have nominated corporate executors and trustees and they are daily becoming more popular.

In 1895, Jacob H. Schiff created a trust for very nearly \$500,000 for one of his daughters in anticipation of her marriage. Between 1903 and 1919, he created eleven other trusts in varying amounts, the largest of which amounted to more than \$6,000,000.

The guide-posts for the creation of trusts—their nature, duration, the writing of the agreements, the matters of investment and re-investment, and the discretion left with the trustee, etc.—can without much effort become available to the owner of an estate. The one thought, however, which must be kept always in mind is that the final product should be a complete and well co-ordinated instrument for its conservation.

More recently, some very valuable work is being carried on by the trust companies in co-operation with life insurance underwriters. This is bound to be productive of fruitful results. The enthusiasm of one or the other of these two valuable agencies may at times create in the mind of the owner of an estate wrong impressions. It would be a very rare case, and probably not likely to be met up with in other than exceptional instances, that the necessary qualifications for performing the economically valuable functions of both be found to exist in one and the same individual. Because of the enthusiasm or interest of either, he may not be in a position to present both sides of the problem to his client in an unbiased way.

Neither trust agreement nor life insurance is a panacea.

#### IMPORTANCE OF INSURANCE

Insurance today is brought into the realm of all activities. We have property, storm and drought insurance, in fact, insurance against practically all forces of nature which are likely to cause depreciation or loss in national wealth. We have also use and occupancy insurance, business interruption insurance, etc. The total premiums collected in 1925 for life, casualty, property insurance (this last item as applying to New York State alone) amounted to \$4,949,000,000.

The life insurance payments during the same year, for death claims, matured endowments, annuities, disability claims, including dividends to policyholders and value of surrendered and purchased policies, totaled \$1,541,016,000.

The remarkable increase in the volume of insurance written in the last ten years, in all phases of underwriting, in America, is an outstanding evidence of its significant importance in our economic makeup.

A death claim on the life of Horace A. Saks of Saks & Company, New York,

was paid against a ten year business policy for \$1,000,000, which had been taken out payable to a trust company to protect a mortgage on the new Saks Fifth Avenue department store building.

Considered from the viewpoint of business as well as social advantages, insurance goes hand in hand with indemnity.

With the actuarial methods now in vogue, in the better known and larger life insurance companies, supported by the mass of records from which the American mortality table has been evolved and mathematically established for determining the influence on mortality, by the various facts ascertainable, it has become possible to meet many situations, not even thought of some twenty-five years ago. But here again problems arise which must be considered on the merits of each individual case.

In some instances, it may prove to be the only manner in which a man of insurable age with possibly varying requirements and responsibilities, can logically, safely and economically capitalize that earning power, which has enabled him to build up a substantial estate. It may in a large measure operate towards the replacement of his physical productive ability to a near 100 per cent. of its determinable value, after his demise.

For these reasons also, proper co-ordination of the several agencies involved is a *sine qua non* requisite.

There may be instances where, for the purpose of minimizing taxation, the advantages of a personal holding corporation supersede those of the two last named agencies.

#### DANGERS TO BE GUARDED AGAINST

One danger to be guarded against by the man considering the conservation of his estate is that he should not allow himself to be stampeded by his own enthusiasm and that he hold foremost in his mind the establishment of a proper

balance between his present and future estate.

In the making up of an estate plan, the designer will necessarily be called upon to face the maker's problems from many and varied angles, and any error in the finished plan might entail far-reaching consequences, which would eventually vitiate his purposes or intentions, and nullify some of the consequent and valid economies which might have been intended to result.

Many of the expenses for estates' settlement are legitimate. Because the decedents have enjoyed many benefits in the state of their residence, it is but just and equitable that taxation should apply, but it is only proper that, while living

they should make plans to reduce the shrinkage of their estates to the minimum, by making provisions for the payment of the lawfully irreducible charges.

The writer has tried to throw the spotlight on the outstanding pitfalls against which the estate owner should be forewarned. His lawyer, his trust company his income tax auditor and numerous other agencies, the functions of many of which have been outlined in this article, will have to be called into service and their best brains and intelligent advice and guidance co-ordinated toward designing the one plan which will best suit his particular purposes and requirements, and more fully eliminate waste in the conservation of his estate.



Members of the Detroit chapter, American Institute of Banking, debating team, who flew to Cleveland to argue the negative side of the question, "Resolved, that the bankers should exercise stringent control over instalment buying." The picture also includes a committee of Cleveland bankers who welcomed the debating team. From left to right: John Wiebenson, United Bank, Cleveland; Don Grigor, Union Trust, Cleveland; L. A. Komjathy, Detroit debating team; Mrs. Edith Hosford, member Detroit Aviation club; Earl Faylor, Detroit debating team; C. Bradford Hitt, Detroit debating team; Herman Gensler, United Bank, Cleveland.

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**NATIONAL BANK** *of*  
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1784    ::    ::    1927

54% of the New England banks have selected us as their Boston depository. This intimate contact with every community of commercial importance in this section insures the best direct collection service available. We shall be glad to handle your items.

*Capital and Surplus* \$40,000,000

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BUENOS AIRES, ARGENTINA

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LONDON, PARIS, BERLIN



## HOW THE MACHINERY OF BOND DISTRIBUTION OPERATES

BY W. F. BROWN

Of Halsey, Stuart & Co., Inc.

“OUR investigations have proven entirely satisfactory. We will purchase from you an issue of \$30,000,000 East and West Public Utility Company 5 per cent. bonds.”

On a Monday, Blank & Co., investment bankers, after several months of preliminary investigation, thus advise the representatives of the utility company. On Thursday of that same week, the East and West Utility Company bonds are being offered by investment dealers throughout the United States. Four days after the final purchase, the investor in New York, the insurance company in New England, the bank in Texas and the university in California are simultaneously considering the purchase of the bonds, and within a few hours the entire issue of \$30,000,000 may be sold to thousands of bond buyers spread throughout the United States.

In the short period of four days, a “banking group” has been formed, a “wholesale group” has been formed, information about the issue distributed, and every detail arranged so that on Thursday morning the entire machinery of bond distribution is functioning in perfect order. It can safely be said that in no other business is it possible to secure the highly developed, well organized selling effort of national scope which the investment dealers of the country can exert on short notice and successfully transact millions of dollars of business in but a few hours.

While many bankers are undoubtedly fully familiar with the entire workings of this efficient machinery, the editor of the *BANKERS MAGAZINE* felt that a brief explanation of the bond distribution system, and such terms as “banking

group,” “wholesale group,” and the like, would be of interest.

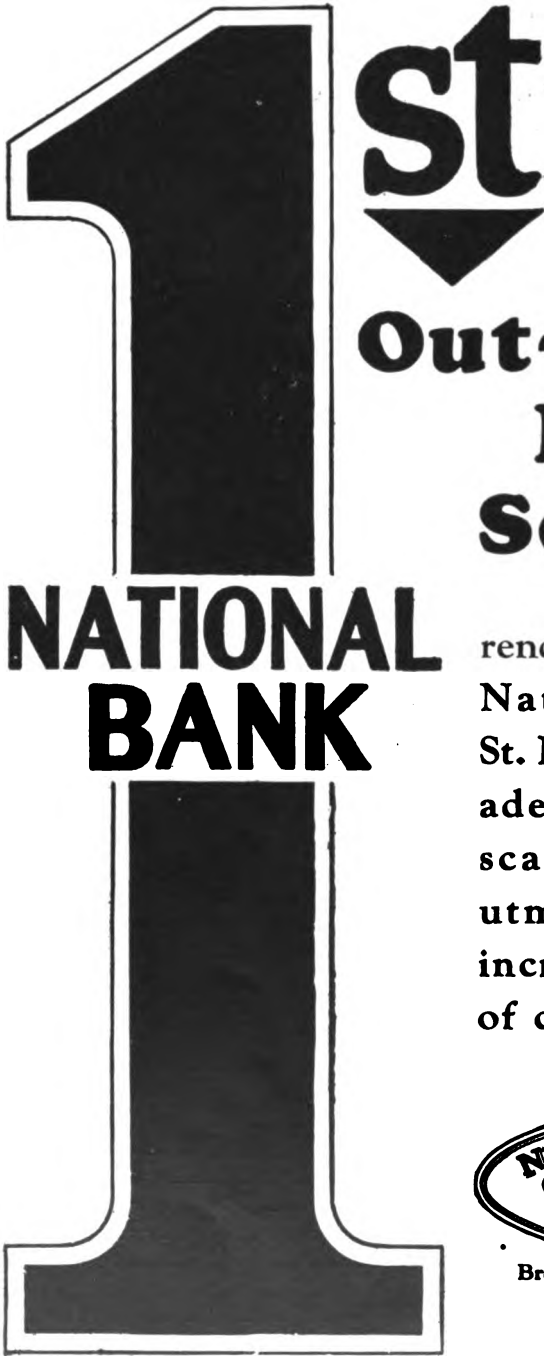
Let us take a specific piece of financing and follow it through its several steps, from the time of origination until it reaches the hands of the investor. All names used are fictitious, being chosen purely for the purpose of illustrating the methods in concrete rather than abstract manner. It should be understood that the term “bond house” used here is also meant to include the large banks which have bond distribution departments.

Blank & Co. is a large organization, known as an “originating house” or “house of issue,” able to purchase an issue of securities, either alone, or in co-operation with other houses and then sell the securities through the co-operation of hundreds of smaller dealers, as well as many of the larger houses. After an extensive investigation Blank & Co. purchases an issue of \$30,000,000 of East and West Utility company bonds. In order to facilitate the distribution of the bonds, as well as to reduce its individual liability of \$30,000,000, it selects a small group of other bond houses, who it feels would be interested in the financing and helpful in distributing the securities. It approaches them and invites them to participate in the purchase of the securities on more advantageous terms than will later be given to the rank and file of investment dealers throughout the country.

### FORMING THE BANKING GROUP

Twenty well known and influentially strong institutions accept the invitation and agree to take interests or participations, as they are most frequently called.





**NATIONAL  
BANK**

**Out-of-Town  
Bank  
Service-**

rendered by the First National Bank in St. Louis is not only adequate, but on a scale assuring the utmost to its ever-increasing number of correspondents.



Broadway—Locust—Olive

**ST. LOUIS' LARGEST BANK**

for a total of \$20,000,000. These houses, together with Blank & Co., then comprise what is known as a banking group, buying group, or purchasing group, all of these three designations being synonymous. The name banking group will be used in referring to them hereafter.

As a result of the formation of the banking group, Blank & Co. has made arrangements by which it has transferred \$20,000,000 of its original liability to the members of the banking group. Blank & Co. now has a liability of \$10,000,000, the formation of the banking group protecting it to the extent of \$20,000,000. It has, in other words, insured itself to that extent against unforeseen developments.

Should anything happen which would suddenly affect the financial structure of the country or which would interfere with the successful sale of the bonds, Blank & Co., together with the members of the banking group, would be obliged to accept the \$30,000,000 bonds from the East and West Utility Company in accordance with the arrangements originally agreed to between the latter organization and Blank & Co.

In addition to the extra compensation which the members of the banking group receive, Blank & Co., may reward them further by giving them publicity in connection with the advertising of the bonds. Names of some or all of the members of the group may appear in the advertisements. This arrangement will explain why it so often happens, especially in the case of a large issue, that the names of so many different organiza-

Details, such as the price at which the bonds appear in the advertisement.

Two steps, the actual purchase of the bonds from the East and West Utility Company, and the formation of the banking group have been completed. Now the third step, the organization of a distributing group made up of dealers throughout the country, is ready to be undertaken.

bonds will be offered to the public, spe-

cial discounts which will be allowed, such as those to insurance companies who buy in very large amounts, were determined by Blank & Co., before the formation of the banking group.

#### DETERMINING SELLING PRICE

The price at which the bonds are to be offered to the investing public is decided only after very careful study. It is based on prevailing conditions in the security and money markets, the amount and character of the issue, its attractiveness as compared with other similar outstanding issues and the general attitude of dealers.

Compensation to be allowed the banking and distributing groups is also decided carefully. The same factors as those deciding the price of the bonds are considered as affecting the dealers, as well as the feeling in general among dealers, and their attitude toward new issues.

It should be remembered that the organization of the banking group and the selection of dealers is ordinarily done at top speed. Telegraph, telephone, mail and personal contact are all used to facilitate the organization. Market conditions again become a factor in the selection of the dealers. Under favorable conditions, fewer dealers are required to make an offering a success.

#### CAREFUL DEALER SELECTION

Conditions vary in different parts of the country. Some sections of the country readily absorb issues of a special character, whereas other issues perhaps equally as safe and attractive, would not be as favorably received because of local prejudices, higher interest rates or various other reasons. Various sections of the country have been educated along the lines of certain types of investments or have become accustomed to them through years of habit, so that the reception of an issue, no matter how well secured or sponsored, will not always re-



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from 100,000 homes.

**THE MARINE  
TRUST COMPANY**  
OF BUFFALO

Resources more than \$200,000,000



ceive the same consideration in different centers.

Complete and very carefully kept records show Blank & Co. all of these facts when it prepares the list of dealers who are to be invited to participate in the offering of the East and West Utility Company bonds.

Invitations to become part of the distributing group are extended only to dealers who are accustomed to handling securities such as those of the East and West Utility Company, who sell them to an investing rather than a speculative clientele, who are financially responsible, have a proper regard for business ethics, and who are in good standing, not only with Blank & Co., but among their local competitors.

The fundamental idea behind this careful selection of dealers is to have the bonds widely distributed, well placed, and handled by dealers where standards and clientele will contribute to the successful sale of the bonds in their local territories.

There is but one more step before actually making the wholesale offering of the bonds to the selected list of dealers, that is, deciding the amount to be wholesaled. Blank & Co. decided that it can retail \$4,000,000 worth of bonds among its own investor clientele. The members of the banking group have already indicated they will take \$20,000,000 of the bonds, in other words they have agreed to take amounts of bonds equivalent to their banking group interests.

There are, therefore, \$6,000,000 of East and West Utility Company bonds to be distributed by the dealers and the word "dealers" is used to include both the investment bankers and banks which have a distributing department.

#### MAKING THE WHOLESALE OFFERING

Generally speaking, there are two ways in which Blank & Co. may act in making the wholesale offering.

First, acting upon the complete in-

formation which they have regarding the distributing ability of various dealers they may allot each one a specific amount, \$10,000, \$25,000, \$50,000, \$100,000, and so on. Customarily, the dealers must accept or reject these allotments by a certain hour on a certain day, for instance by 11 o'clock on the day of the wholesale offering.

Secondly, Blank & Co. may leave the question of amount entirely to the discretion of the dealer. In this case, dealers are notified that their applications, or, as they are called in bond-lore, subscriptions, will be entered strictly subject to allotment, Blank & Co. reserving the right to close the subscription books or withdraw the offering without notice, reject any or all offerings, and to award a smaller amount than applied for.

In the first instance, each dealer knows definitely to what extent he can sell bonds, as Blank & Co. has indicated that he has a specific amount to sell provided he accepts the allotment. In the second instance, the dealer does not know what amount he will have available for sale until he receives his allotment by telegraph or mail.

If the allotment method were used by Blank & Co., it would simply await advices from the dealers as to whether or not the amounts would be accepted.

Under the subscription method, however, the procedure is more involved. Blank & Co. records the applications as fast as they are received. If the applications do not come up to the \$6,000,000 which are to be sold at wholesale, then the banking group, members of which automatically join the distributing group, are liable on a pro rata basis for the unsold balance.

#### WHEN THE ISSUE IS OVERSUBSCRIBED

If the applications received total more than \$6,000,000, which is far more frequently the case, then it becomes necessary to give dealers lesser amounts than they applied for in order to reduce the total to \$6,000,000.

There are several ways in which this reduction is accomplished. First, a percentage basis may be used, that is, each dealer may receive, for example, 75 per cent. of the amount he applied for. Second, it may be decided to give dealers \$5000 on applications for \$10,000; \$10,000 on applications for \$25,000; \$20,000 on applications for \$50,000 and so on. Third, it may be decided to give dealers who applied for smaller amounts, say \$5000 and \$10,000, just what they applied for, and to apply the reductions to applications for \$15,000 or more.

It is frequently the case that dealers who apply for very large amounts are subjected to the severest reductions. These large applications are sometimes "padded," as dealers very often foresee that an offering is going to be successful and so, anticipating that they will not obtain the amount for which they apply, they enter applications for amounts which are actually more than they expect to get, and which they assume may be reduced to amounts which more nearly correspond with what they wish to obtain.

After the allotments for the dealers have been determined, they are notified by telegraph or by letter whether their applications have been allotted as entered, or whether, on the other hand, they have been allotted a lesser amount

#### SELLING THE GENERAL PUBLIC

The wholesaling process has now been completed. Dealers throughout the country have been enlisted in a selling organization which has as its objective the sale of the issue to the general public.

This machinery is not devised solely for safeguarding the interest of the investment dealers without regard for the interests of the investing public. It is the vast number of investors throughout

the country who in the final analysis become the holders of the securities which are distributed through the wholesaling process. Houses of issue, therefore, must give just as serious thought to the interests of the investors in marketing the bonds, as they do to the preliminary investigations of an issue before purchasing it.

The securities must be offered at prices which give the investors the opportunity to place their funds at a rate of interest which is in keeping with conditions and other investment opportunities of similar character.

The fact that dealers are not permitted to sell securities at more or less than a stipulated price during a certain period is likewise a requirement which benefits the investor. When a new issue is offered, the investor has the assurance that he is offered the opportunity to buy the securities at a price which is being uniformly observed.

It would not be possible to offer an issue of securities to the public without some definite understanding among dealers as to price; otherwise the market for securities would become demoralized and the investor would not know at what price to buy.

The machinery by which securities are wholesaled has been developed by the demands of the times. It is an essential in the continuation of civic and industrial progress for in every aspect of life can be seen the many modern necessities and conveniences which have been made possible through the sale of securities.

The railroads on which we travel, the electric light and gas in our homes, the schools to which we send our children, the parks in which we recreate, the lumber in our houses, the meats on our tables from the great packing houses—these are but a few of the countless essentials made available through such distribution of securities.



# KEEPING THE LAWYER IN MIND IN TRUST NEW BUSINESS EFFORT

BY THEODORE TEFFT WELDON

**N**O trust company can attain anything approaching its maximum efficiency in getting fiduciary business without the approval, respect and co-operation of the bar. As trust companies are having this fact more and more forcibly borne in upon them, they are making gestures and beckoning signs to the attorneys, only to find that the attorneys are not always so impressed with the desirability of an alliance. Trust companies state, speciously, that they co-operate with attorneys, without any very definite idea of just what this co-operation consists. And too often the statement is backed up by no effort in this direction. There are other cases, by no means uncommon, in which the desire for business clouds the vision of a trust company, leads to doing things which no suave statements will undo, and results in the company's placing itself in the unfavorable light of insincerity.

It would seem, therefore, that every trust company should very carefully think this proposition through, decide whether it wants really to co-operate with the bar or only to seem to; weigh its chances of increased business from the standpoint of playing a lone hand or from the standpoint of taking the lawyer into the picture. It should lay down what it expects to do for the lawyer as well as what it hopes to get from him. It should form a very definite policy and then adhere to it without too many glaring breaches for expediency.

Let us start with the admission that the lawyer can do more for the trust company than it can do in return. The lawyer can send trust business to the company; he can suggest naming the

company in wills and trust agreements; he can advise the setting up of trusts; he can employ the company in its agency and safekeeping services to handle the routine in connection with executorships and trusteeships in which he or one of his clients is named. In doing any of these things, all he can expect in return is less legal work than if a less efficient fiduciary were named, and there is often much doubt if it will yield him even this irreducible minimum.

## RELATION OF ATTORNEY AND CLIENT

Almost every man of any worthwhile means has an attorney. The relationship is very apt to be one of long standing which has ripened into warm esteem and deep friendship. Having long enjoyed a client's confidence, having an intimate knowledge of his affairs, having served him faithfully and well, the attorney's opinion is not to be taken lightly on any question so all embracing as well as so legal as that of deciding the provisions of a will, naming an executor and setting up trusts. If the attorney chooses to advise against the trust company, to damn it by faint praise, or even to remain eloquently neutral, the getting of new trust business experiences a severe sinking spell.

No co-operation which the trust company could afford the lawyer would benefit him as much as if he should insinuate himself into the position. Again, he can suggest the appointment of the wife, the son, the relative, stating that thus the fee will be kept within the family, and of course he will give what professional help is needed. In that case, there will be much more work for

himself, and he would be justified in collecting a far bigger fee, for even if the trust company retained him at every possible opportunity in connection with the estate, it would need none of the help and advice which would be required of him to steer an individual through the intricate maze of estates' administration.

So, any way we look at it, if the lawyer has his own interests at heart, he will not go to any great lengths to assist the trust company in securing appointments among his clients. But most lawyers of this class—the trusted friend and adviser of the well-to-do—do not consider their own ends when counseling with a client. They are first, last and always concerned with serving his best interests. Since these are the lawyers that weigh in the placing of trust business and the only ones which can do the trust company any considerable amount of good, it is as well to forget the others.

Now when the whole proposition is put upon the footing of the greatest benefit to the testator, we have a sound foundation upon which to work and a solid basis upon which to place our argument of co-operation.

The first problem of a trust company then becomes one of changing its mental attitude—of deciding that attorneys are working for the good of their clients. It would, therefore, be logical to send attorneys letters and advertising describing the company's principles and practice in managing estates, how efficient, systematic and thorough its work is, how reliable, experienced and permanent its organization is, how it handles property, decides investment problems, reviews estates, counsels with heirs, and how humanly it cares for beneficiaries who need kindly sympathetic treatment.

Next, the trust company can make it thoroughly understood to the lawyer that it is not using its prerogative of advertising to take his practice away. It is not advertising trust services and then giving all manner of legal service as a free addenda tacked on to its fiduciary functions to make them more attractive.

If it does not make this fact clear, and if it does not adhere to very rigid practices in this regard, the trust company will rapidly eliminate itself from the recommendations of lawyers. The attorney is entitled to reason that if it does not play the game in utmost fairness to him, then it might try sharp practices upon his clients.

#### MENTION LAWYER IN ADVERTISING

The trust company can mention the lawyer in its advertising. It can invite him to conferences with their mutual client where estate matters are to be discussed, where will provisions are to be outlined, where tax economies are to be planned. Some of the most successful companies advertise that they do not write wills or give legal advice—that is the function of a lawyer—but that they do have a broad experience in the practical working out of various will provisions aside from the legal end. This is of utmost help to both lawyer and client in planning future family protection and harmony.

It is, of course, impossible for a trust company to take a positive and rigid stand as concerns the lawyers. People have become so accustomed to calling upon their banks for all kinds of services that often an old and valued client will virtually demand that his bank draw his will. If it refuses flatly, it may not only lose the trust appointment, but may seriously offend or even lose the customer in all his connections with the bank. The most that can be done in such a case is to reason with him; show him how the advantages of having an outside attorney's viewpoint on his will far outweigh the nominal fee, and point out the unfairness of the bank's usurping the business of the bar.

Again, although a trust company makes it known that it endeavors to retain the lawyer who drew the will to handle the legal work in connection with the estate, there are often cases where he may not be fitted to conduct certain difficult litigation.



THE banking room of the Peoples Trust Company at Frackville, Pa.,



has a heightened appeal added to it by the glow of the late afternoon sunlight.

## A Blind Side

THE public's opinion of a bank is fixed largely by three factors: the bank's statement, its personnel, and its building. The "good" bank, in the public mind, is the one that presents the same strong impression from each of these angles. The steadiest growing banks are those which keep the three factors in balance, not depending upon excellence in any one to offset weakness in the others.

Strong personnel can *make* a bank, can literally force it to grow. But a strong personnel wastes much of its energy when it must force a bank to success against the impediment of a poor building.

The Bank and its Building are almost one in the public mind. House a bank in a building which pictures the strength of that bank's personnel and its statement, and you have added a strong link in the evidence upon which a favorable public opinion is based.

## TILGHMAN MOYER COMPANY

*The Design, Construction and Equipment of Bank Buildings*

ARCHITECTS - ENGINEERS

**SHALL** we send you a copy of our Book, "Building the Bank for Business"? Leonard P. Ayres, Vice-President of the Cleveland Trust Company, says of it, "I am genuinely interested in the subject and the book." You will find unexpected suggestions in its 138 pages. The coupon will bring it to you without cost or obligation. Just fill it out and mail.

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Gentlemen: Without obligation, please send me a copy of "Building the Bank for Business."

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The New ILE de FRANCE—flagship of the French Line—commissioned early in the summer. Proud—magnificent—she is the spirit of France itself. French to her very mast tips—the wondrous splendor of the decorations—the luxury of the cabins—the service with a courtier air—those lavish little shops. And the gayety—the verve of life aboard—the smart cosmopolitan throng—so wholly French—a bit of Paris, already! Now—with the de Luxe Liners Paris and France—a weekly express service will begin between New York, Plymouth, England, and Havre, the port of Paris.

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Four One-Class Cabin Liners direct to Havre. The New York-Vigo-Bordeaux service—three Liners—to southern France and Spain.

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And now comes an all important matter of selling technique. A prospect comes to the trust officer to discuss a plan for the protection of his dependents after his death. This man explains his family situation, outlines what he would like to accomplish for each heir, discloses the extent of his property, its nature and so on. When the interview approaches its end, let us assume that the trust officer has solved the problem; he has sketched a plan which satisfies the prospect; his suggestions have met with thorough approval. The prospect is in a frame of mind to do business.

Now the trust officer is confronted with what may seem to be a difficult decision. If he offers to have the man's will drawn up by the bank's attorney, incorporating the ideas they have worked out together, all procrastination and possible slip-up may be avoided and the sale may move easily and quickly to conclusion. Probably the lawyers of the city will never hear about it anyway, and why should he take a chance on losing or at least delaying the business by sending this man away to see his attorney when this is the psychological moment to strike while the iron is hot? Yet if he pursues this course he is surely and certainly digging his grave with the attorneys.

If he seizes the other horn of the dilemma and asks his prospect to go to his own attorney to have the will drawn, any of several things may happen. The man may say he has no attorney, and ask him to do it. He may delay in going to see his lawyer until he has cooled off on the proposition. He may leave the trust officer with a feeling that inasmuch as he has decided what he is going to do, there is no particular rush about doing it, and may be years in getting around to it. He may discuss it with his wife and family that evening at home, and they may object so strenuously that he will wait and think it over some more. His lawyer may suggest some other han-

dling of the estate less advantageous to the trust company. He may forget some of the finer points of the plan as outlined and garble the matter so that the will may have to be reframed.

So it becomes obvious that neither of these two plans is wise. One sacrifices the good will of the lawyers; the other may lead to delay, a lot of additional work, and possibly the loss of the business.

#### MOST SUCCESSFUL COURSE

Possibly the most successful course is for the trust officer to carry the project through himself, with the testator's attorney. He can suggest to the man that he will write up the provisions of the will or the agreement in explanatory form and will himself take it to the prospect's lawyer and have the instrument drawn. Then the three of them, testator, lawyer and trust officer, can meet, read the document, be sure it reflects the prospect's wishes, and have it signed and attested.

Thus many things are accomplished for the mutual advantage of all concerned, and the sale moves even more surely and quickly and satisfactorily to its conclusion. If the prospect has no attorney, he can certainly suggest one whom he would be willing to have to do the work. Any feeling that he should keep the transaction confidential between just himself and the trust officer can be easily dispelled for there are surely no persons whatever who keep confidences as inviolate as good attorneys. The matter of a lawyer's fee cannot be of consequence in so vital a matter as the disposition of all of a man's property, and the advantages of this outside legal viewpoint certainly offset it many times.

When the trust officer takes the outline of the will to the attorney he has given tangible proof of co-operation which will travel from lip to lip, whereas, if the testator goes to his attorney,



## COLONIAL New England *was a Land of Towns!*

**T**HE same community spirit that characterized these compact colonial towns still exists to a high degree in the banking service which OLD COLONY TRUST COMPANY renders throughout New England.

**C**Modern New England sees many of these towns grown to important business and industrial centers. New England is a name that has always stood for the true quality of craftsmanship. Today

it is the finishing shop of a great and prosperous nation.

**O**LD COLONY TRUST COMPANY by close association with New England's greatest industrial projects and developments, by familiarity with New England conditions and resources, is in an unusually favorable position to furnish reliable information and to execute financial commissions promptly and economically. We invite your correspondence.

*Capital, \$15,000,000*

*Surplus, \$11,000,000*

# OLD COLONY TRUST COMPANY

17 COURT STREET, BOSTON, MASSACHUSETTS



even at the trust company's suggestion, it is doubtful if he will even mention that fact, and the trust company will get no credit whatever with the lawyer for having insisted that he be retained for this duty.

By going himself to the lawyer, the trust officer has as full a voice in the framing of the will as though he were to draw it himself, he makes a friend of the lawyer, he removes all possibility of the lawyer's resisting naming the trust company, and he gets most valuable assistance in hastening the close of the deal.

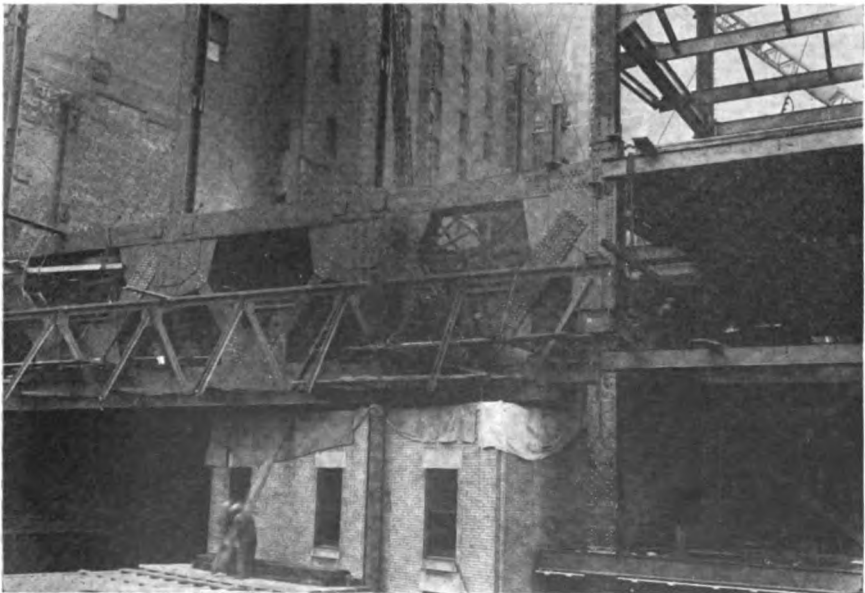
#### FINANCIAL MATTER

The management of property for the support and benefit of posterity is after all a financial matter and one in which a financial institution must interest itself. In giving this business publicity and in increasing public understanding of trust

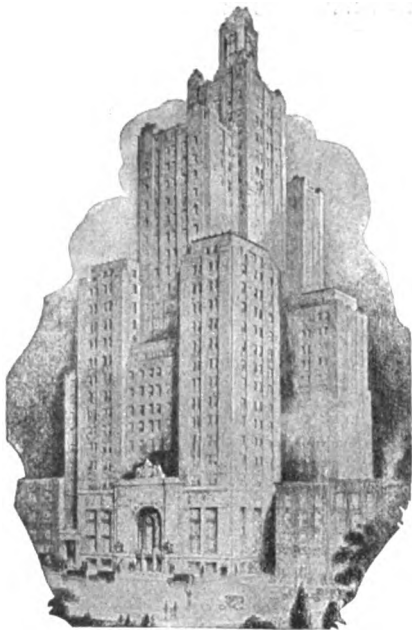
services, will making is given a great impetus and this in turn increases the business of lawyers.

The trust officer must take the initiative, write the attorneys of the community, call upon them, meet them at their luncheons and gatherings, put them on his advertising mailing lists, and see that more and more of them come to know what his trust company is doing, how it is doing it, and the value to their clients of naming it.

The co-operation toward attorneys becomes, finally, an attitude, a frame of mind, and a sincere endeavor to see that the lawyer gets the proper consideration, that he is brought into the picture wherever he belongs, that he is dealt with openly and above board and that he is made to feel that the trust company approaches its responsibilities in a spirit of doing all it can in reciprocation for the lawyer's efforts.



An interesting feature of the construction of the new building of the Equitable Trust Company of New York is the bridging of the building of J. P. Morgan & Co., by means of an eighty-four ton steel truss. This will enable the architects of the new Equitable building to work out a rectangular shape for the Broad street wing. The truss is 60 feet long and projects over about 20 feet of the southeast corner of the Morgan building. Its presence and a twenty-one year renewing lease, which may run to ninety-nine years, will prevent any addition to the height of the Morgan building, at least on that corner.



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# PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

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.

**QUESTION:** I have read with much interest your column in THE BANKERS MAGAZINE. Although many questions arise, I have never before written. We had a discussion recently regarding the appearance of an item in a statement headed "Mutual Insurance Deposits." This item appears more frequently in statements of concerns in some lines of business than in others. Various opinions were expressed and I would appreciate your views.

L. R.

**ANSWER:** The item "Mutual Insurance Deposits" represents money deposited by the business to secure a mutual form of insurance protection and differs from insurance secured in the usual manner. A group of houses will decide that it would be profitable to carry their own insurance. They endeavor to estimate an expected average on which their losses might be based and decide on an amount that would represent a reasonable deposit for each concern to make to a general fund. Each concern makes this deposit and losses sustained by any member are paid from this general fund. Each member's deposit is taxed its *pro rata* share.

At the end of certain designated periods, the members are advised as to the status of their deposits and informed as to the amount to which it should be increased. Each member brings it up to the desired quota to continue member-

ship. It is simply a method for houses carrying their own insurance and the practice is much more prevalent in some lines of business than in others. Inasmuch as these deposits represent cash, the question may arise in the minds of some as to the treatment of the item in statement analysis. As a going concern the item cannot really be classed as quick because as long as insurance is carried in this mutual form, the deposit must remain. If other insurance was taken it would be essential to pay an advance premium, which in the form of "Prepaid Insurance" would not be classed as quick. Perhaps the premium of regular insurance would largely offset any returned cash from "Mutual Insurance Deposits." It is, therefore, safe to carry the item "Mutual Insurance Deposits" as a slow asset.

**QUESTION.** When a company has a funded debt and a sinking fund operates to retire a portion of the bonds each year, it is usual to have a sinking fund. This sinking fund is in the hands of a trustee, usually a bank and the trustee receives money from the company at regular intervals which it holds until it calls bonds and pays them off. The trustee does not always hold sinking fund money in the form of cash, but frequently buys bonds. When the trustee holds cash and bonds, what treatment



should be given the item? Should the asset be called quick or slow?

C. M. M.

**ANSWER:** When placing the statement of a company having a funded debt, a copy of the indenture under which the bonds were issued should be obtained. This indenture should be carefully read. It should be determined in just what manner the sinking fund operates and what portion of the bonds the company expects to retire each year. The amount of bonds to be retired during the year should be set up in the balance sheet as a current liability. It then holds true that if the liability has been considered current, the asset which has been established in the form of cash and bonds, to pay that current liability, should be considered current. If you could not establish what portion of the bonds was to be retired within the year and could therefore set up none of the bonds as a current liability, then it also holds that the asset should not be considered current. Also, while the current liability might readily exceed the current asset of funds with trustee, the current asset of "funds with trustee" should not exceed the current liability.

**QUESTION:** There has been considerable discussion regarding "Loans from Partners" in a business. I have never been able to establish in my own mind the same importance of the ill effects of this item as some of my associates have felt should be established. I realize that there are some ill effects, but would like to have your views.

O. C. E.

**ANSWER:** There are several angles from which this can be viewed. Let us take the liberal angle from the partner's side. Here is a partner with great confidence in his business and his other partners. The business needs money and he extends a loan to it. This also holds in the case of a corporation. Of course, in the event of a partnership failing,

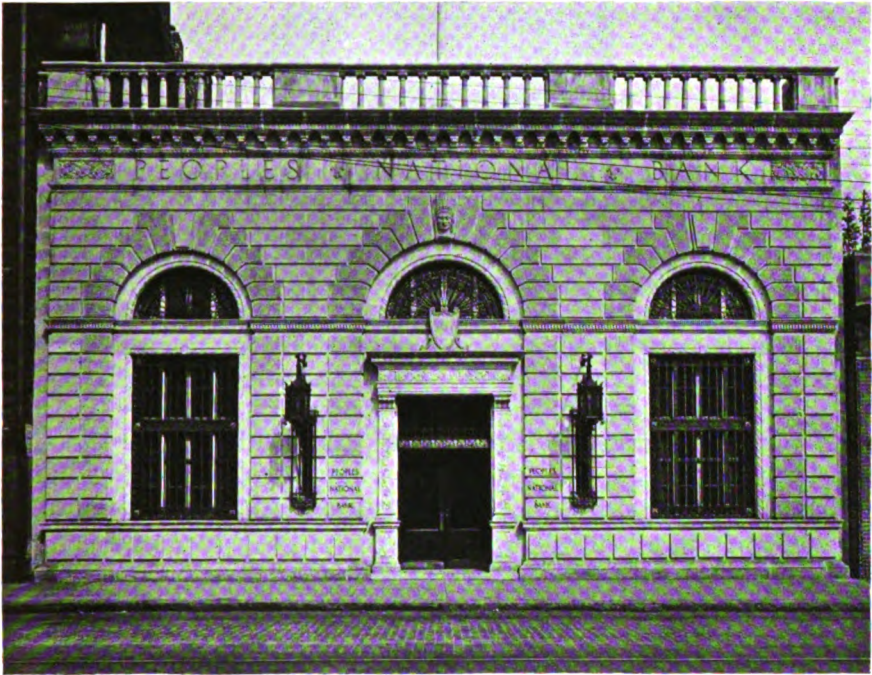
each partner is liable for the full debts of the partnership. In the case of a corporation, an officer or director who had loaned the corporation would appear as a creditor. The general criticism of

the appearance of such items in the balance sheet is that in the event of the corporation or partnership going bad, all these loans will be largely paid off prior to failure. In raising such a question we raise the question as to the general worth and integrity of the moral risk. We question whether they will stand back of the company and whether they are likely to take steps to cheat creditors. If we raise such a question it is very near time we raise the question as to whether any credit is justified. In other words we get back to the old question of moral risk. If the management is made up of the right kind of people, if the moral risk is there, I can see no great harm in the business having loans from officers or partners. Of course, from some angles, if the business needs such loans permanently, it is evidence that they are short of capital, in which event the money should go into the capital account. Sometimes, however, the partners or officers will have excess funds which they would rather loan to the business than put in a savings account or bonds. Again, there may be certain reasons why the money cannot be put immediately into the capital account. It may be a matter of bookkeeping. The chief reasons for "Loans from Partners" may be summarized as follows:

1. Company needs money and cannot get it elsewhere.
2. Partner has excess personal money and would rather put it in the business than invest it but other partners won't allow him to increase his capital account.
3. Company just needs general loan.
4. Unwillingness to put money into capital account, due to lack of confidence in business.

It is, therefore, essential to determine the reason for such loans and based upon the reason, should be founded the banker's attitude toward the item.

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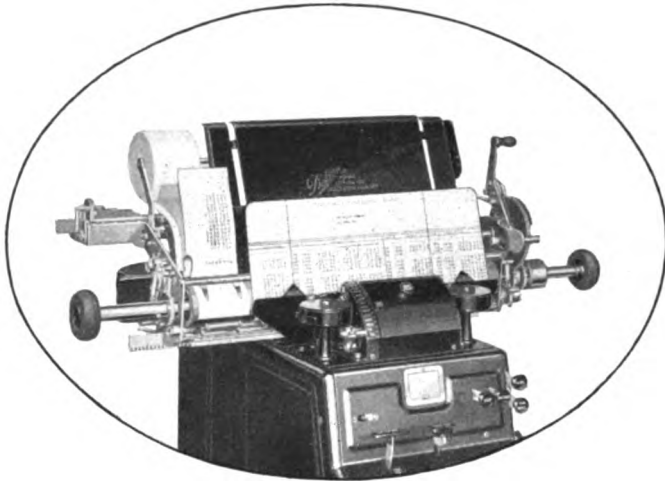


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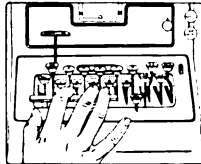
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# BANKING AND COMMERCIAL LAW

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

## LIABILITY WHERE BANK ACKNOWLEDGES RECEIPT OF OVERDRAFT CHECK BY MAIL

City National Bank of Fort Smith v. Citizens Bank of Pettigrew, Supreme Court of Arkansas, 290 S. W. Rep. 48.

**W**HERE a person deposits to his credit in his bank a check drawn on the same bank by another depositor, the bank will not be permitted to revoke the credit given to the depositor upon subsequently learning that the check is an overdraft. The duty is upon the bank to ascertain whether the check is an overdraft before giving credit to the depositor. Once having given credit, the bank is in the same position as if it had paid the amount of the check in cash and the check holder had thereupon deposited the cash to his credit.

This rule has been held to apply in a case where the holder of a check mails it to the drawee bank for credit to his account and the drawee gives the depositor credit for the amount and so notifies him of that fact by mail. The rule, however, was held not to apply in the present case under the following circumstances.

It appeared that the holder of a check mailed it to the drawee bank for credit to his account. The drawee acknowledged it by a card saying that credit had been given and charged the drawer's account but did not credit the holder's account on its books. The drawee later discovered that the check was an overdraft and returned the check to the holder. It appeared that the holder received the check in payment of a past indebtedness and that it knew at the time that the check was drawn against insufficient funds. It was held that the

drawee was entitled to revoke the credit given and was not liable to the holder for the amount of the check.

Suit by the Citizens' Bank of Pettigrew against the City National Bank of Fort Smith. Decree for plaintiff, and defendant appeals. Reversed, and action dismissed.

So far as the issues raised by the appeal in this case are concerned, this is a suit in equity by the Citizens' Bank of Pettigrew against the City National Bank to recover the sum of \$1000, the amount of a draft drawn on the defendant in favor of the plaintiff and alleged to have been accepted by the defendant. The suit is defended on the ground that the drawer of the draft had no funds in the defendant's bank with which to pay it and that the acceptance of the defendant was made under a mistake of fact.

The record shows that on November 10, 1923, the Citizens' Bank of Pettigrew, in Madison county, Ark., mailed at Pettigrew to the City National Bank of Fort Smith, Ark., the following draft:

"Nov. 6, 1923.

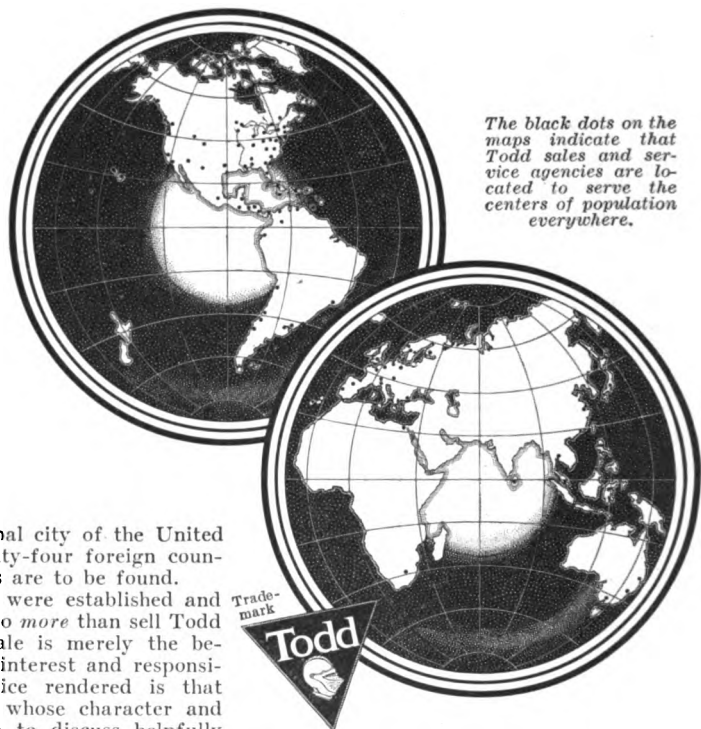
"The Farmers' State Bank, Oklahoma, City, Okl.

"Pay to the order of Citizens' Bank (\$1000.00) one thousand dollars for value received and charge to account of R. J. Conneway. To City National Bank, Fort Smith, Ark."

November 11th was Sunday, and November 12th became Armistice Day and a holiday. When the City National Bank opened for business on Tuesday, November 13th, the draft had arrived. One of the clerks in the bank mailed on the same day a postal card to the Citizens' Bank of Pettigrew, which is as follows:

"The City National Bank, Fort Smith, Ark., November 13, 1923. Your letter of 11, received.

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you how to speed up the work in the tellers' cages; how to make your depositors co-operate with your employees in this work; how to protect every check that is made out by your bank.

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We credit your account .....1000  
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"Yours truly,  
 "The City National Bank."

The account of R. J. Conneway was also charged with the sum of \$1000 by another clerk. The attention of the cashier of the City National Bank was called to the matter later in the day of the 13th inst., and he examined the account of Conneway to see if he had any funds in the bank. Finding that Conneway had no funds in the bank, he directed the draft to be at once returned to the Citizens' Bank of Pettigrew. This direction was given before the close of banking hours, but it seems that the letter returning the draft was not received by the Citizens' Bank of Pettigrew until November 15, 1923. The advice card or acceptance copied above was received by the Citizens' Bank of Pettigrew on November 14, 1923.

According to the testimony of the cashier of the City National Bank, Conneway was not a regular customer of the bank, but had borrowed money from it on one occasion previously and had deposited some collateral security with the bank. The amount so borrowed was due and unpaid at the time of the transaction in question, and the collateral was still in the hands of the City National Bank. The draft and notice of non-payment was dated November 15th, but this was a mistake of the stenographer and the actual date was November 13th. The direction of the cashier to return the draft with notice of non-payment was made during banking hours but too late to be forwarded to the Bank of Pettigrew on that day.

The Citizens' Bank of Pettigrew refused to accept the return of the draft on the ground that the postal card received by it, above referred to, was an absolute acceptance of the check and was not merely an advice card showing the receipt of the draft as claimed by the Citizens' National Bank. R. J. Conneway

had been connected with the Citizens' Bank of Pettigrew, and that bank knew that he had no funds on deposit in the City National Bank at the time the draft in question was drawn, but it expected that Conneway would be in Fort Smith on November 12, 1923, and arrange for the payment of the draft. Conneway had returned from Oklahoma and was in the Citizens' Bank of Pettigrew on the day the card of acceptance or advice was received, which was November 14, 1923. The Citizens' Bank of Pettigrew, as soon as it received the postal card in question, treated it as an acceptance or payment of the draft, and made an entry in its books crediting the account of R. J. Conneway with \$1000. The draft was given by Conneway to the bank in payment of an antecedent indebtedness, and it is not shown that the Citizens' Bank of Pettigrew will in any wise be injured if the postal card in question is not treated as an absolute acceptance and payment of the draft.

The chancellor found the issues in favor of the plaintiff, and rendered a decree in favor of the Citizens' Bank of Pettigrew against the City National Bank of Fort Smith in the sum of \$1000. To reverse that decree, this appeal has been prosecuted by the City National Bank.

HART, J. (after stating the facts as above).—Michie in his treatise on Banks and Banking, vol. 2, § 141 (1c) lays down the general rule governing cases of this sort as follows:

"Where a check is offered and received by the drawee bank as a deposit, credited to the holder's account, and charged to the account of the drawer, the transaction is irrevocably closed and cannot be rescinded or recalled by the bank or the drawer without the consent of the person to whom payment was made, except for fraud or mistake."

The general rule proceeds upon the theory that when a bank accepts a check or draft on itself by depositing to the credit of the person presenting it, the amount of the check, it is presumed to

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know whether the check at that time is good or not, and if it unconditionally accepts it, it cannot thereafter repudiate it in this respect. The general rule has been recognized and followed by this court. *Burns v. Yocum*, 81 Ark. 127, 98 S. W. 956, and *Sanders v. W. B. Worthen Co.*, 122 Ark. 104, 182 S. W. 549.

In *American National Bank v. Miller*, 185 F. 338, the Circuit Court of Appeals, Sixth Circuit, lays down the rule to be that where a check was offered and received by the drawee bank as a deposit, credited to the depositors' account and charged to the account of the drawer, the transaction constituted complete payment of the check and could not be rescinded except for fraud or mutual mistake. This case was appealed to the Supreme Court of the United States and the judgment affirmed in 229 U. S. 517, 33 S. Ct. 883, 57 L. Ed. 1310, under the style of the *American National Bank v. Miller*. Mr. Justice Lamar, who delivered the opinion of the court, in discussing the subject said:

"There are some disadvantages of sending a check for collection directly to the bank on which it is drawn, but when such bank performs the dual function of collecting and crediting the transaction is closed and, in the absence of fraud or mutual mistake, is equivalent to payment in usual course. *National Bank v. Burkhardt*, 100 U. S. 686, 689, 25 L. Ed. 766."

We are of the opinion that the exceptions recognized in the cases just cited are in accord with the holding of this court on the subject. In *Arkansas Trust & Banking Co. v. Bishop*, 119 Ark. 373, 178 S. W. 422, the court said:

"The only question in this case for the decision of the jury was whether the bank accepted the check and became liable to the payment of the amount for which it issued its deposit slip to the drawee (payee?) thereof. The intention of the parties to the transaction could properly have been shown for the determination of this question, and the bank having issued its regular deposit slip or ticket for the amount of the

check to the drawee (payee?) thereof, the burden rested upon it to show that it was not in payment of the check."

Again, in *Sanders v. W. B. Worthen Co.*, 122 Ark. 104, 182 S. W. 549, the court said:

"When a check is taken to a bank and the bank receives it and places the amount to the credit of the customer, the title to the check is vested in the bank. The rule as stated is not an absolute rule, but it is prima facie merely and yields to the intention of the parties, express or implied, from the circumstances."

It is a well-recognized doctrine of equity jurisprudence that fraud or mistake vitiates every transaction. It is evident that if the bank acted through a mistake of fact in making the acceptance, it should not be bound thereby unless the other party suffered some loss on account of its act in making the acceptance.

In the case at bar, no loss was suffered by the Bank of Pettigrew. It knew that Conneway had drawn the draft in its favor in payment of an antecedent indebtedness and that he had no funds in the City National Bank at that time with which to meet it. It also knew that he intended to go to the City National Bank at Fort Smith by the 12th of November and make arrangements for the payment of the draft. Conneway was in the bank when the post card copied in our statement of facts was received. The Citizens' Bank of Pettigrew did not ask him if he had made arrangements to pay the draft with the City National Bank, but credited his account with the amount of the draft. In doing so, the Bank of Pettigrew treated the post card as an absolute acceptance instead of a card advising it that the draft had been received by the City National Bank. It is true that the card on its face, is an absolute acceptance, but, according to the testimony of the cashier of the City National Bank, it was not intended as such, but was only intended to be a notification that the bank had received the draft.

It is also true that the bookkeeper

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count of Conneway in the hurry of the day which was caused by the accumulation of business on account of the two previous days being holidays, and that there was no intention to treat the transaction as completed until the close of the day's business.

The postal card was not intended to be an absolute acceptance, but was only intended by the bank to be a card advising the Citizens' Bank of Pettigrew that the draft had been received. No loss was suffered by the Citizens' Bank of Pettigrew on account of the transaction.

The result of our views is that the City National Bank never intended to treat the transaction as a completed one and that it had a right to correct the mistake when it discovered on the same day that Conneway had no funds in the bank with which to meet the draft. The Citizens' Bank of Pettigrew, having been promptly notified and having suffered no loss on account of the mistake, is in no position to claim that the facts of this case did not bring it within the exception that the acceptance was made under a mistake of fact. It follows that the decree must be reversed, and, inasmuch as the case of the plaintiff seems to have been fully developed, its cause of action will be dismissed here.

#### HOLDER OF CASHIER'S CHECK NOT A PREFERRED CREDITOR

Massey-Harris Harvester Co., Inc., v.  
First State Bank of Cunningham,  
Supreme Court of Kansas, 252  
Pac. Rep. 247.

The holder of a cashier's check is not entitled to a preference in the assets of the bank issuing the check upon the failure of the bank. His only right is to come in and share with the other common creditors.

In this case, the plaintiff company sent a note to the defendant bank for collection and received from the defendant its cashier's check for the amount due to

credited the account of Conneway with the sum of \$1000, the face value of the draft, on the day that it was received, but, according to the testimony of the cashier of the bank, this was done through mistake. On account of the two previous days being holidays, an accumulation of business had come through the mails, and the routine work of the bank was being done hastily on Tuesday, which was the day the draft was received and on which the transactions with regard to it were had by the City National Bank. As soon as the cashier discovered that this had been done, he examined Conneway's account to see if he had any funds on deposit with which to pay the draft. Finding that he had none, he directed the item to be charged off of the books of the bank and that the Bank of Pettigrew be notified that the draft was returned to it because the drawer had no funds with which to pay it. This was done during banking hours on the day of the 13th of November, the day it was credited, although the letter notifying the Citizens' Bank of Pettigrew that the draft was returned for non-payment for want of funds was dated November 15th. The cashier of the City National Bank, however, testified that was due to a mistake of the stenographer and that the letter was directed to be sent on the 13th, although the mistake was discovered too late for it to be mailed on the train going to Pettigrew on that day.

The City National Bank acted in the dual capacity of collecting agent of the Citizens' Bank of Pettigrew, the holder of the draft, and as drawee. In such case, there can be no acceptance by delivery until the draft passes through the books of the bank, charging the account of the drawer and crediting the account of the remitting bank and making a complete transaction. *First National Bank of Murfreesboro v. First National Bank of Nashville*, 127 Tenn. 205, 154 S. W. 965, 45 L. R. A. (N. S.) 240.

Under the circumstances of this case, it is evident that the City National Bank charged the amount of the draft to the ac-

the plaintiff. Before the plaintiff could collect the cashier's check, the defendant bank failed. It was held, under the rule stated above, that the plaintiff was a common, not a preferred, creditor.

Action by the Massey-Harris Harvester Company against the First State Bank of Cunningham and William Docking, receiver, for whom Charles W. Johnson was substituted. From a judgment that plaintiff's claim was not entitled to preference, plaintiff appeals. Affirmed.

Samuel Feller, of Kansas City, Mo., for appellant.

Clark A. Wallace and Paul R. Wunsch, both of Kingman, for appellees.

MASON, J. This is an appeal from a judgment against a plaintiff, who sought to have a demand against the receiver of an insolvent bank, at Cunningham, declared a preferred claim, as constituting a trust fund.

The plaintiff, the Massey-Harris Harvester Company, of Kansas City, in July, 1925, sent a note to the bank for collection. About August 15 the bank collected \$3184 on the note and reported the fact, asking what to do with the proceeds. The plaintiff answered by wire, directing a draft to be sent. This was not done, but on August 21 a representative of the plaintiff called at the bank and asked a settlement. The banker asked him how he wanted the remittance, and he answered that he would take a cashier's check. A cashier's check for \$3180 was given him; \$4 being held as a collection charge. The bank at that time had more than that amount of cash on hand. The plaintiff's representative at once sent the cashier's check to the plaintiff at Kansas City. It was there deposited for collection, and in the usual course of business reached the Cunningham bank on August 29. On that day the bank sent to the forwarder of the check a draft drawn by it on the Federal Trust Company, of Kansas City, for \$8262.28, which included the amount of the cashier's check. This draft was presented to the drawee on August 31, payment being refused. It has never

been paid. On September 8 the plaintiff was notified that the check had been charged back to its account. The last day on which the Cunningham bank was open for business was September 5. The 6th was Sunday, and the 7th was Labor Day. The bank's commissioner took charge on the 8th. The cash on hand then amounted to \$400.

We think the plaintiff was entitled to no preference over general creditors of the bank. After the bank had made the collection of the note, we may assume the relation between the plaintiff, and it was that of principal and agent and not creditor and debtor, and that, if the bank had been closed while that condition existed, the plaintiff would have been entitled to reclaim the money as its own. But when the plaintiff by its representative, having the opportunity to receive in cash the proceeds of the note, chose instead to accept a cashier's check—doubtless for convenience in transmission—it voluntarily placed itself in the attitude of an ordinary depositor. The situation is substantially the same as though the money had been paid over the counter and the plaintiff had then used it to purchase the cashier's check.

Where the holder of a check presented it to the bank on which it was drawn, and upon his request was given for it a draft on another bank, which was refused payment because the bank drawing it failed before its presentation, a preference was claimed as in this case. The court said:

"The transaction was the ordinary one of the purchase of a draft for convenience in the remitting of money, and the giving to it of a different name cannot alter its essential character. In a stipulation regarding the facts upon which, together with the plaintiff's evidence, the case was submitted, it was stated that the plaintiff was at no time a creditor of the failed bank, but this statement cannot overcome the effect of the specific facts admitted and shown, if inconsistent with them. It must be interpreted as meaning either that the plaintiff was not a creditor

of the bank, except so far as that relation was created by the facts already recited in detail, or as a mere conclusion of law, to be disregarded by the court if found to be incorrect." *Clark v. Bank*, 72 Kan. 1, 2, 3, 82 P. 582, 2 L. R. A. (N. S.) 83, 115 Am. St. Rep. 173.

In another case it was said:

"In this case the Chetopa State Bank was the holder of checks drawn by various individuals upon the Farmers' & Merchants' State Bank. It presented these checks at the time of clearing for payment. It was in the same situation as though it had taken the checks direct to the Farmers' & Merchants' State Bank and there purchased a draft for them, or in the same situation as though it had purchased a draft from the Farmers' & Merchants' State Bank for cash. The great weight of authority is that under such circumstances the relation of debtor and creditor is created and not that of trustee and cestui que trust. In all, or nearly all, of the cases holding to the contrary some other element enters into it, as that of fraud or fiduciary relationship, which, as we have already seen, are not present in this case." *State Bank v.*

*State Bank*, 114 Kan. 463, 467, 218 P. 1000, 1002.

To meet this line of argument, the plaintiff cites a number of cases holding that the acceptance of a cashier's check by a creditor is not an absolute payment, but merely a conditional payment, depending on the payment of the check. In none of these cases, however, is that principle so applied as to warrant a preference over general creditors in such a situation as that here presented. The plaintiff also cites several cases in which language is used to the effect that the giving of a cashier's check does not change the nature of the debt, but that rule likewise is applied in circumstances quite unlike those here presented, and where the question to be determined was not whether the relation of debtor and creditor resulted.

In view of the conclusion announced, we need not consider whether, if the trust character of the deposit were conceded, there was a sufficient showing that the funds in the hands of the receiver were augmented by it.

The judgment is affirmed.

## THE MARKET FOR CORPORATE FIDUCIARY SERVICES

**I**N common parlance, the "market" for any commodity is the place where it can be sold. But in reporting the results of a questionnaire study of the market for corporate fiduciary service, James G. Smith, instructor in charge of statistics at Princeton University, told the members of the Trust Company Division of the American Bankers Association that he thought of the "market" for trust services as "the physical and psychological forces underlying the supply and demand" for trust services. He investigated, therefore, not only the demand for trust services, but also the supply of such services and the forces

operating to bring supply and demand together. More than 300 trust companies and half a hundred national banks, large and small, old and young, in all states of the Union except New Mexico and Nevada, co-operated in giving him the information which is summarized below.

"The potential demand for personal trust services of corporate fiduciaries," said Mr. Smith, "consists of the aggregate of individual estates, each of which is sufficiently large to warrant the payment of a fee for handling its investments, leaving a large enough margin of advantage to its owner to furnish the

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motives for forming a trust." A recent study by the Federal Trade Commission of 43,512 states, probated in twelve states located in various parts of the United States and the District of Columbia, shows that the aggregate of all estates over \$50,000 constitutes 62.2 per cent. of the total wealth, though it is owned by only 4.7 per cent. of the population. The aggregate of all estates from \$10,000 to \$50,000 constitutes 24.3 per cent. of the total wealth, owned by 17.8 per cent. of the population; while the aggregate of all estates under \$10,000 constitutes only 13.5 per cent. of the total wealth, but is owned by 77.5 per cent. of the population. In other words, "by educating 22.5 per cent. of the population, 86.5 per cent. of the potential demand for corporate fiduciary service is covered."

The actual demand for trust service has increased very rapidly in the last ten years. This is attributed to a number of influences: Development of the country, increased and wider distribution of wealth, increased complexity of investment, increasing knowledge of fiduciary service, changing policies of officials of financial institutions, broad scope of financial service offered, advantages of corporate fiduciary over the individual, perfection of internal organization, reputation for service at low cost, and cooperation of attorneys and other affiliations.

To meet this demand for trust service, "essentially the service which corporate fiduciaries have to offer is an investment service—the investment of trust funds." They are somewhat hampered in this by the specifications of the law as to legal investments. The average trust, which is restricted to legal investments, is 34.1 per cent. in bonds; 57 per cent. in real estate, mortgages, or real estate bonds; 4.3 per cent. in stocks; and 4.6 per cent. in other securities. Because of the liability of the trust company in case of loss, even where discretion in investments is allowed, the diversification is almost identical with that of trusts confined to legal investments, though the larger trust com-

panies are inclined to invest a large proportion of the funds in stocks.

#### AVERAGE INVESTOR

The average investor, however, (according to the testimony of twelve millionaires, fourteen wealthy men, nine highly paid executives, twelve executives earning from \$5000 to \$10,000 per year, and eighteen professional men) invests his funds: 48 per cent. in stocks; 29 per cent. in real estate, mortgages, or real estate bonds; 11 per cent. in bonds; and 12 per cent. in other securities. The higher the income, the larger the proportion of funds which goes into stocks. Millionaires invest 69 per cent. of their funds in stocks, the ratio decreasing through the lower incomes to 21 per cent. of the funds of professional men. The lower the income, the larger the proportion which goes into real estate, mortgages, and real estate bonds, the professional men putting 65 per cent. of their funds in this form, while the millionaires put only 9 per cent. there.

This diversification of investors' funds, says Mr. Smith "presumably represents how a 'prudent investor' will distribute his funds when the motive is his own profit and the funds are his own property." The law governing legal investments for trust funds, in theory, follows that policy, "but the specific limitations of the law force the fiduciary to depart from the policy of a 'prudent investor' to a degree here reflected by the actual difference in practice between the investment policy of individuals and that of corporate fiduciaries."

#### EDUCATION OF PUBLIC

"Selling fiduciary services," said Mr. Smith, "is largely a matter of educating the public to what these services are." Evidently a good deal remains to be done. A number of individuals were asked to what type of person or organization they would go for various services. The proportion answering that they would go to a trust company:





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To buy or sell securities was 16 per cent.

To obtain financial advice, 26 per cent.

To lay aside a fund for their own future use, 64 per cent.

To write a will, 35 per cent.

To appoint an executor, 65 per cent.

To buy or sell real estate, 12 per cent.

To buy or sell mortgages, 36 per cent.

To put some money where it will bring large returns, 15 per cent.

To arrange for family allowances while alive, 78 per cent.

To handle affairs while away for an extended trip, 60 per cent.

If it be true that investment service is the essential thing trust companies have to sell, the small percentage of people who would go to a trust company to buy or sell securities or to obtain financial advice must cause concern. The reason appears in the answers to two questions concerning the giving of investment advice. "The majority of corporate fiduciaries replied that a designated official or officials gave such advice, although some indicated that such advice is given indiscriminately by any of the officers. Only eight replied that it was given through an investment committee, statistical department or other special service department for the purpose."

"Only five out of 267 replied that a charge is made for such investment advice."

"The majority of *individuals* said that they would rather pay for investment

advice—that they were skeptical about anything they got for nothing."

In educating the public to the use of corporate fiduciary services, and thus bringing together demand and supply, "the most economic results are obtained by co-operation" among all the trust companies in a city or state in running a series of education advertisements on trust service in general. Since practically all trust business requires the co-operation of an attorney, care must be taken, also, not to encroach upon the prerogatives of the legal profession for, if so disposed, the lawyers can help a great deal. Insurance companies, too, are very valuable co-operators in the practically unharvested field of life insurance trusts.

Trust business of all kinds, the questionnaire showed, is not effectively secured for individual institutions by personal solicitation. Almost equally important in securing personal trust business and bond department business, are direct mail and newspaper advertising. Co-operation of stockholders, directors, and present customers has been very helpful in bringing in corporate trusts, and banking business.

Finally "establishment of good will [toward a trust company] is, by the very nature of the institution, of utmost importance. . . . This requires a broad knowledge, an alertness and sensibility on the part of trust company officials, as well as an abundance of patience and good nature."

## FOREIGN TRADERS TO MEET IN DETROIT

FOREIGN traders from forty states will listen at Detroit to an address by Secretary Herbert Hoover on May 26 next at the fourteenth National Foreign Trade Convention, according to O. K. Davis, secretary, who has made public the convention's program. The convention will meet on May 25, 26 and 27, and 2500 foreign traders are expected to attend.

The address of the Secretary of Commerce will be delivered at a special luncheon session, under the auspices of the American Manufacturers' Export Association. Its subject will be "American Foreign Trade," and a nation-wide radio audience will listen in to what is anticipated to be one of the notable business addresses of the year.

Among other outstanding features of

the convention will be addresses by Roy D. Chapin, chairman of the board Hudson Motor Car Company, on "The Motor Influence in our Foreign Trade;" Governor Fred W. Green of Michigan, who is also managing director of the Ypsilanti Reed Furniture Company, on "Michigan's Vital Interest in Foreign Trade;" and Silas H. Strawn, chairman of the board Montgomery, Ward and Company, on "Foreign Uses for American Capital."

F. Edsel White, chairman of the board Armour and Company, will preside at the luncheon session of the American Manufacturers' Export Association, and C. K. Woodbridge, president of the International Advertising Association, will be in charge of the export advertising session.

More than forty speakers, prominent in all phases of the country's foreign trade activity, will address the convention's thirteen group and general sessions. Some of those who appear on the program include Julius H. Barnes, president the Barnes-Ames Company of New York; W. F. Gephart, vice-president the First National Bank, St. Louis; Turner Jones, vice-president the Coca Cola Company, Atlanta; Professor L. D. O'Neil of Boston University; John A. Russell, editor the *Michigan Manufacturer and Financial Record*; W. C. Sproull, advertising manager the Burroughs Adding Machine Company; James P. Goodrich, former governor of Indiana; J. A. H. Kerr, vice-president the Security Trust and Savings Bank of Los Angeles; Robert V. Beucus, advertising manager Bauer and Black, Chicago; and C. C. Martin of the National Paper and Type Company of New York.

Special traffic accommodations will be made for delegates attending the convention from a number of mid-western cities and a special train has been scheduled by the New York Central Railroad for eastern delegates. Reduced railway fares from all parts of the United States and Canada have been granted by the Trunk line Association.

Following the precedent of last year the platform of the convention will be turned over at the first afternoon session to foreign trade spokesmen from Canada and representative leaders from the different sections of the Dominion who will put before the delegates the kindred problems of Canada and the means for promoting friendly business co-operation across the border. A delegation of 500 Canadians is expected to attend the convention under the auspices of the Canadian Board of Trade. The convention will also serve as a meeting ground for many other delegates from the British Dominions and will be addressed at the general session of Thursday morning, May 26, by speakers from Australia, South Africa, Irish Free State and other parts of the British Commonwealth.

Another visiting delegation of great interest to American foreign traders is the group of Latin American business men, who will attend the convention following the third Pan-American Commercial Conference which meets in Washington earlier in the month under the auspices of the Pan-American Union. A general invitation has been extended to all delegates at this conference to remain over for the Detroit convention, where they will be represented on the program and where special acquaintance plans will be promoted on their behalf among American foreign traders interested in Latin American trade.

Advance registrations indicate the largest convention yet held by the National Foreign Trade Council.

## GUARDIAN TRUST STATEMENT

THE statement of the Guardian Trust Company of New Jersey, Newark, as of March 23, 1927, shows total resources of \$19,591,945, a new high record for the bank, comparing with \$19,568,292 reported at the close of business on December 31, 1926. Total deposits amounted to \$10,513,695.

## BANKING OPINION ON BUSINESS

THIS month's interviews with the bank economists through their bank letters are summed up in the Cleveland Trust Company *Bulletin* for April 15: "A brief summary of the comparison of general business conditions so far this year with those of the corresponding months of 1926 may be made in the statement that industrial production has gone forward in about equal volume, commodity prices have been generally lower, credit conditions have been even easier, security prices have been higher, and business competition has been more severe, as is indicated by an increase in commercial failures."

"A number of New England industries reported," says the *Monthly Review* of the Federal Reserve Bank of Boston for April, "that improved conditions continued in March, but on the whole the current rate of production is just about equal to the average maintained during the last five years. . . . The unusually warm weather in New England during March has benefited the building industry to quite an extent. . . . Retail trade, as indicated by New England department store sales, has benefited by the warm weather. . . . The usual seasonal tendency for money rates to increase in February and the early part of March was almost entirely absent this year."

The National City Bank's letter for April reports that "the bond market during March was unusually active at steadily advancing prices."

Improvement, however, was not country-wide. In the fifth reserve district, according to the *Monthly Review* of the Federal Reserve Bank of Richmond for March 31, "seasonal dulness marked February business, and in some lines the recessions from recent activity were greater than can be explained by seasonal trends alone. . . . Business failures were more numerous and total liabilities involved were greater in the fifth district in February than in any other Feb-

ruary since 1922. Unemployment spread considerably between the middle of February and the middle of March, and in some localities reached rather serious proportions." This seems to be practically the only spot which did not record improvement.

Conditions in the fourth district, according to the *Monthly Business Review* of the Federal Reserve Bank of Cleveland for April 1, have, during the last month, undergone a turn for the better which appears somewhat better than seasonal. . . . "One factor in the present upswing, particularly in the fourth district, has been the extremely high rate of coal production. . . . Activity in the iron and steel mills in this district is at a high level. . . . Operations in various other lines are normal, while in still others a dull situation still prevails."

The Federal Reserve Bank of Chicago, in its review *Business Conditions* for April 1, reports that "the business situation in the Middle West is characterized by a broadening of activity. Most of the industrial and trade statistics indicate gains in February-January comparisons, but in many instances without reaching the 1926 levels."

The outstanding feature in production in the tenth district, says the *Monthly Review* of the Federal Reserve Bank of Kansas City, was crude oil. "The daily average rose week by week and at the close of February reached the highest daily average for a seven-day period on record." Agricultural conditions were also more favorable.

Trade conditions throughout Arizona, according to reports published in the *Visitor* of the Valley Bank for April 1, vary considerably "depending on local conditions." Agricultural communities still suffer, but large construction projects in some localities have stimulated business there.

## HARVESTING THE THRIFT CROP

IT would seem, says Noble R. Jones, savings manager of the First National Bank in St. Louis, in a recent article, from the increase of \$16,000,000,000 in savings deposits between 1912 and 1926 that the savings bankers are reaping the reward for their patient sowing of the seed of thrift in the minds of the American people. During the same period the number of savings depositors has grown from 12,000,000 to almost 47,000,000. However, "if we adjust savings deposits to the price level so as to be in a position to interpret the purchasing power of existing deposits in terms of the purchasing power of previous years . . . the increase is not substantially larger than it would have been had the rate of increase prior to 1913 been maintained." But the national income has increased much more rapidly since 1913 than before. Why, then, has not the growth of savings deposits been commensurate with the increase of the national income?

First of all, the Liberty Loan campaigns trained the man of moderate means in investments. After the war, large corporations, especially public utility corporations, took advantage of this education and carried on intensive campaigns to sell their securities to their customers, until "statistics show that during the last four years more than \$25,000,000,000 has been invested in various stock issues, and it is estimated that fully 90 per cent. of the investors are people of the middle or even lower classes."

Building and loan associations, because of the special services which they could offer to prospective home builders, have attracted to themselves a considerable volume of savings. In St. Louis alone, for example, between 1920 and 1924, the building and loan associations have trebled their assets and doubled their membership.

Finally, the enormous increase in the volume of instalment selling has cut into the savings business. "There is but little

doubt that by means of this system of selling, many individuals have been able to acquire automobiles, radios and countless other articles which they would not have acquired had they been first compelled to save the full purchase price. By enabling individuals to realize immediately the aim for which they would otherwise have had to save, an incentive of great force was created."

To meet the competition from these sources, Mr. Jones says, the savings banker must "so expand and improve his service and revamp his savings advertising methods that he may be able to impress upon the public . . . the positive need of the savings institution in the life of every business community."

Savings banks must "go out into the highways and byways with savings messages containing human interest that will attract the younger generation and teach them the habit of thrift and savings. They must make saving just as easy a habit to acquire as it has been made easy to spend through the instalment plan. Then the savings bank must unselfishly lead the depositors from the savings department into the investment class and, later on in life, offer them the services of a department that might be termed the "home building" department, where the bank should be prepared to give counsel and advice; freely make loans to savings depositors for home building and buying at reasonable rates of interest. This is a service that will cement closer friendship between the saver and his bank and will help to meet certain types of competition."

To accomplish this "there seems to be no question but that intelligent educational savings and thrift advertising is the weapon of defense that might possibly have the desired effect of putting the brakes on some of the unnecessary and extravagant spending which is undoubtedly cutting vast inroads into savings deposits."

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# THE RECENT ECONOMIC RECOVERY OF GERMANY AND ITS EFFECTS ON THE GERMAN BANKS

BY ERNEST SCHWARZENBACH

**A**BOUT a year and a half ago, while having lunch in a little German restaurant a few steps off Wall street, the writer overheard the following conversation. One of the speakers was apparently a German in charge of the German trading in one of the investment houses and the other an American.

"What do you think of our purchases, anyhow?" the one asked the other. "I know you consider these foreign securities, with all their strange names and different forms, just as plain 'junk.'"

"Well, I wouldn't say that," said his neighbor, "but they certainly look funny and many of the names look Greek to me. To tell you the truth, I believe you bought too much of that stuff."

While walking back to the office that afternoon the word "junk" came back to his mind and the writer recalled a letter which he had received a few days before from the receiver of a bank in the Middle West who had been forwarding to him a parcel of foreign bank stocks and bonds with the words: "Will you be kind enough to sell this junk for me."

If we compare the prices of the German securities of that time with the quotations of a year later we find that many of them have doubled and tripled. Now, any security that increases its value by that much in such a comparatively short time, whether "junk" or not, seems to be valuable and the situation or conditions which give rise to such a phenomenal increase would tend to be worth an analysis.

On January 5 some of the representative stocks of the Berlin stock market were quoting in 1926 and 1927 as follows:

	Jan. 5, 1926	Jan. 5, 1927
Darmstaedter & National Bank	103	264
Deutsche Bank	104	190*
Disconto-Gesellschaft	102½	183*
Dresdner Bank	102	179
I. G. Farbenindustrie	103½	323
Allgemeine Elektrizitaetsgesell- schaft	83	168
Gelsenkircher Bergwerke	60	180
Deutsch-Luzemburger	57½	180

\*Not including subscription privileges in new stock.

The stock index of the Frankfurter Zeitung, taking the prices of January 1, 1926, as 100, shows the following figures:

January 1, 1926	100.
July 1, 1926	214.80
January 1, 1927	279.21
February 1, 1927	309.75

If we should plot the index we would find that the curve shows practically a continuous upward movement, while the interest rates for long term loans declined continually as indicated by the curve of the yields on mortgage bonds.

In January, 1926, the average discount rate for bank acceptances was 7.66 per cent., while in January, 1927, it averaged 4.62 per cent. During the same period the minimum cost for bank loans declined from 12.4 per cent. to 8 per cent. The gold and currency reserve held by the Reichsbank increased from 1611 million marks in January, 1926, to 2344 million marks in December, 1926. Raw iron production increased from 689,000 tons to 1,059,000 tons and raw steel from 791,000 tons to 1,308,000 tons. Commercial failures declined from 2013 in January, 1926, to 476 in August, 1926, and fluctuated from then on around that level. These figures speak for themselves.

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What has been going on in Germany that caused so phenomenal a change which has been called by British writers a "miracle" and by Germans a "natural development?" To permit an intelligent discussion of the developments it will be well to describe in a few words the conditions which existed at the beginning of last year.

### AN EXTREME DEPRESSION

During the winter of 1925-1926 Germany was passing through an extremely severe depression. The signs of the approaching crisis already had started to manifest themselves in the summer of 1925. The causes of this depression may partly be traced back to the misdirection of production during the war such as occurred in all industrial countries, but to a larger extent perhaps in the "isolated" Germany than elsewhere. Industries had developed which under nor-

mal conditions had absolutely no *raison d'être* but which continued to exist and vegetate in the covering shadows of an avalanche-like inflation which had unbalanced the whole economic system and distorted any sense of true economic values. With the stabilization of the currency in November, 1923, and the subsequent introduction of the Dawes plan in the spring of 1924 a basis was established for the return to normal economic conditions and the German productive machinery had to pass through a process of readjustment so as to be able to meet world competition.

But what a painful and deep-cutting process this was! Inflation had reduced the estimated national wealth of Germany from 7,300,000,000 dollars to about 2,000,000,000 dollars. The industries had no working capital and were heavily indebted to the banks. During the inflation period they had tied up their funds in fixed assets which partly were non-productive. Raw material stocks were low and no capital could be obtained to replenish them. The mineral industries, however, carried extremely large stocks which found no buyers. General taxes and reparation charges weighed heavily. Both wholesale and retail prices were high while wages and their purchasing power were very low and much too large a share of the differential went toward waste or inefficiency in production or into the pockets of unnecessary intermediaries. The former neutral countries and England were still feeling the effects of the deflation crisis and were unable to buy at high prices, while strong competition was made by the neighboring countries with depreciated currencies. Thus business fell off rapidly. Commercial failures and receiverships doubled and tripled within a short time, as shown by the chart on the following page.

### THE CHANGE TO THE BETTER

Large concerns with artificial structures collapsed (Stinnes, Sichel, Kahn

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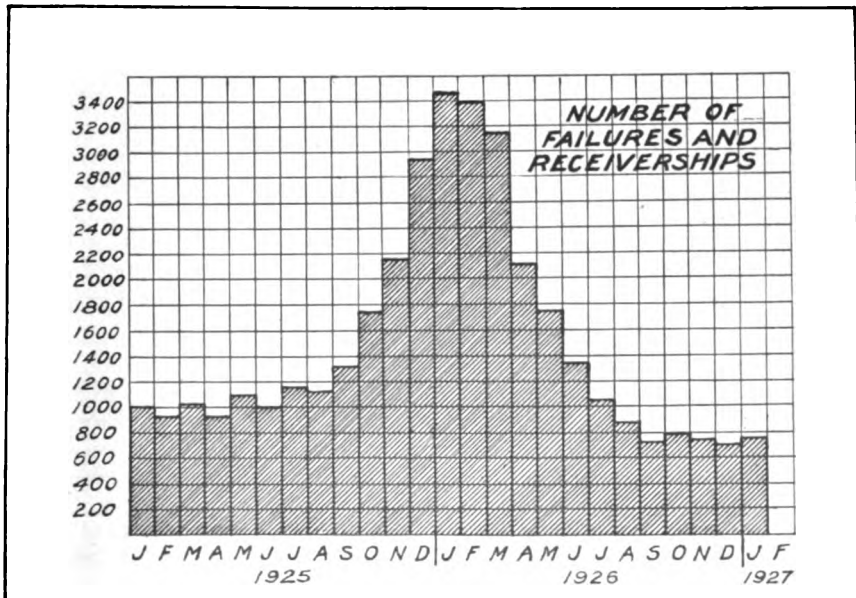
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and others). Unemployment increased, reaching its peak in February, 1926. Few concerns were able to pay dividends; stock exchange prices, of course, fell lower and lower. There is no doubt that Germany passed through a severe depression.

Every period of stress compels to self-reflection and leads to an analysis of the factors which caused the suffering with a view to their elimination. The desire

for self-existence calls for such contemplation. Human nature works like this. And human nature is not different in Germany than elsewhere. Anyone who has been following German public opinion in the last sixteen months knows what great efforts were made in Germany toward an improvement of economic conditions and, while much remains to be done, there is no doubt that Germany has made great progress dur-



Commercial failures and receiverships in Germany from 1925 to 1927.

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ing the last year thanks to a conscious and wilful tackling of the problems which confronted her.

There were two outstanding problems which had to be solved. In the first place the industries had to obtain working capital so that they could buy raw materials, hire labor and produce; and, second, prices had to be reduced so that, in a competitive world market, the finished products could be sold. Since wages were already low and raw material prices, rent and taxes more or less fixed a price reduction could only be obtained by lowering the production and general overhead costs. Great efforts were therefore made to "rationalize" in industrial production. The results which were obtained will be discussed in a later paragraph.

#### THE INFLOW OF CAPITAL INTO GERMANY

It is curious to note that the defeated and one-time inflated Germany has obtained in 1925 and 1926 from the United States loans aggregating \$530,000,000 while the victorious and one-time allied France has been unable to borrow any important amounts in this country. To go into the causes of this development would lead us into a discussion of the war debt problem which the writer does not intend to do, although this problem is closely related to the reparations question. The fact which interests us here is that large amounts of capital have been flowing into Germany thus supplying it with the working funds which were so urgently needed. The causes of this inflow were a great prosperity in the

United States with a resulting abundance of capital and willingness of a Germany that possessed a "Dawes Plan guaranteed" currency (which no other country possessed at that time) to pay high interest rates and offer yields which exceeded those of similar American domestic bonds by from 2 to 3 per cent. The inflow of funds began early in 1925 and assumed large dimensions in the winter of 1925-1926. More than two-thirds of the amounts loaned came from the United States while the balance came from the former neutral states and England as shown by the following table:

CAPITAL IMPORT INTO GERMANY  
(in million marks)

Country	1925	Per cent.	1926	Per cent.
United States . . . . .	951	72.1	1279	72.
England . . . . .	122	9.2	128	7.2
Netherlands . . . . .	153	11.6	194	11.
Switzerland . . . . .	69	5.2	42	2.4
Sweden . . . . .	25	1.9	29	1.6
Other countries . . . . .	...	...	106	5.8
	1320	100.	1778	100.

The effects of this inflow of funds which only gradually could be absorbed by the industries was an increasing ease in the German money market which led throughout the year 1926 to a rapid decline of both official and private money rates and also, while at a slower pace, to a lowering of the capital interest rates.

	January, 1926	January, 1927
Reichsbank discount rate . . . . .	9%	6%
Private discount rate (monthly average) . . . . .	6.28%	4.26%
Yield of 8 per cent. mortgage bond . . . . .	9.52%	7.67%

At the same time they permitted the industries to pay off their indebtedness thereby releasing funds in the banks which could turn toward more productive uses and to a large extent also toward speculation.

THE LARGE STOCK EXCHANGE  
SPECULATION

The phenomenal rise of stock prices in Germany has already been described. The price average had more than tripled in February, 1927, compared with the prices of January 1, 1926. The first impetus was given by the extensive securities buying by foreign investors and speculators, not the least of which were American investment and financial trusts. Later the prospects of a possible early distribution of Alien Custody Funds attracted and stimulated domestic buying and as the market got into motion, supported by such factors as the British coal strike, it kept on moving until it finally reached levels early this year which apparently carried many of the prices far beyond intrinsic values. The stock exchange became the preliminary work field or battle field for many mergers and consolidations and while the speculative activities were perhaps overdone, their psychological value, contributing toward a change from the general pessimistic outlook toward a more optimistic one, should not be under-estimated. Large profits were made in speculation and the industrial banks were not the last and least who took advantage of the situation and profited, as will later be seen from a comparative analysis of their accounts.

BRITISH "IDLENESS" SPEEDS UP GERMAN  
PRODUCTIVE MACHINERY

The main cause of the economic recovery in Germany was the British coal strike. The inability of both the labor and capital sides of a foreign industry to agree upon a reorganization and concentration of the industry, with the ensuing strike, resulted in a continued



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strong demand for German coal. The coal industry had an opportunity to clear its stocks and passed larger orders to the iron and steel industry which in turn again had to rely on other branches. Thus the impetus was passed on and gradually the whole economic machinery came into motion and was kept there after it had been greased somewhat by a reduction of prices largely as a result of a process of "rationalization" as the Germans call it, i. e., of concentration and reorganization of production toward greater efficiency. The following figures may give an indication of the increased production:

	January, 1926	July, 1926	January, 1927
Coal production (In million tons) .....	11.19	13.07	13.36
Iron production (In thousand tons) .....	689.5	767.9	1059.8
Steel production (In thousand tons) .....	791.5	1022.1	1308.1
Railroad cars used (In thousand cars per day) .....	101.8	123.5	128.6
Clearings at Reichsbank (In million marks) .....	4176.6	4898.8	5837.5

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Great efforts were made by German coal exporters to retain new markets permanently. But while some contracts were concluded to that effect, with the gradual return of British coal production to something like a pre-strike output, the bulk of the buyers seem to be returning to their old British sources. To what extent this will affect German coal output and export will have to be seen. However, there is no doubt that up to the present time no slackening has developed in German productive activity and the general expectation and comment of the Germans is that they are only at the beginning of the upward swing of the business cycle. Some further development of German production in the near future seems quite probable but there is no reason to believe that the increase will be a rapid one.

## "RATIONALIZATION"

Anyone who has been following German conditions for the last year knows that the word "rationalization" has become a slogan in economic Germany. Business, industry and trade took a fancy to this theme, which passed from mouth to mouth like a "musical hit." Book after book was written comparing German conditions with American conditions and American methods and efficiency were pointed to as the ideal examples to be studied and possibly adopted. Newspapers and magazines carried scores of discussions on this subject which is dear to German mentality with its liking for scientific organization,

orderly classification and research. Here this mentality had its long expected opportunity and it did not hesitate to take advantage of the consent of general public opinion and under cloak of "national economic necessity," which had the official sanction, a concentration and reorganization movement took place, and in fact is still going on, such as never has been witnessed before in Europe. It is a movement which would have been impossible in the United States on account of the anti-trust laws.

German industry faced the necessity of finding ways and means of reducing costs of production in order that prices might be reduced for competitive purposes. This was done largely, first, by rendering the internal organization and methods of management and production more efficient; and, second, by laying a basis for large scale production through consolidations and elimination of unprofitable units. Great and sincere efforts were made along these lines and their consistency and tenacity has to be admired. There is no doubt that certain results were obtained. Yet we have, of course, little opportunity of measuring at the present time the greater internal efficiency of most of these concerns. While many firms already now show lower production expenses, i. e., lower operating ratios, it is as yet too early to make any general conclusions and, unless we want to guess, judgment will have to be deferred. Much easier, however, is it to notice the progress made by the use of the second means mentioned.

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ly if they are large, is usually widely advertised and therefore subject to broad public discussion. The German developments did not make an exception to this rule and many consolidations, such as the ones leading to the formation of the "Interessengemeinschaft der Farbindustrie" (largest German chemical concern) and of the "Vereinigte Stahlwerke A.G." (largest German steel concern) obtained even in this country wide publicity. A great many reorganizations, consolidations and mergers have taken place in Germany, mainly in the following lines: chemicals (I.G. Farbindustrie); steel (Vereinigte Stahlwerke A. G.; Mitteldeutsche Stahlgesellschaft; Vereinigte Oberschlesische Huttenwerke A.G.); shipping (Hamburg-America line, etc.); naval construction (Weser Werft, Vulkan & Tecklenborg Werft); optical line (Zeiss, Ica, Goerz, Contessa Nettel, Ernemann); automobiles (Daimler-Benz); cement (Wicking concern, Heidelberger group); sugar (Wentzel concern; Sueddeutsche Zucker A.G. Mann-

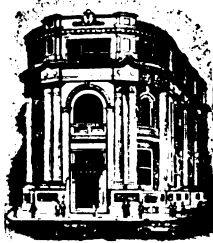
heim; Pfeiffer & Langen A.G.); linoleum (Deutsche Linoleums Werke A.G.); watches (Junghaus A.G.; Hamburger Uhren A. G.); aluminum (Viag); potash (Friedrichshall; Deutsche Kali); and also cars, yeast and the piano industry.

Germany has had trusts for years. Many of them, such as the Stinnes combine, expanded greatly during inflation. However most of these organizations had a vertical structure, i. e., they represented a chain of various industries having more or less a certain inter-relation, such as iron and coal mines to steel plants and automobile production. Many industries were loosely tied together by so-called "cartels" for the purpose of safeguarding their common interests (price-fixing). These agreements worked as long as the conditions which had given rise to their creation, such as inflation, continued to exist but with their passing many of them collapsed, such as the Stinnes combine.

The consolidations which have taken place during the last year have more than

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before a "horizontal" character, i. e., they represent the combination of concerns within the same industry to one large trust which permits large scale production and incidentally (if not purpose-ly) also price control or monopoly. Recent official statistics indicate that 65 per cent. of the aggregate capital of all German corporations is owned by corporations which are members of trusts and other combines; in the coal industry 90 per cent. of the capital is owned by such combines, in the potash industry 98 per cent., in the dye trade 96 per cent., and in the iron and steel industry 85 per cent. Some of the agreements, largely on German initiative, have taken an international character, such as the steel, potash, rail, aluminum and artificial silk agreements.

The benefits which have been derived from this concentration movement have not become evident as yet. While it is true that in face of a rise in the general price level (largely due to a rise of agricultural prices) the prices of manufactured products have declined:

Official index	General price index	Industrial price index
January, 1926 . . . .	135.8	158.0
July, 1926 . . . . .	133.1	146.5
January, 1927 . . . .	135.9	141.6

This seems largely to be the result of increased activity and keener competition. Industrial profits, of course, are

larger this year than last (somewhat lower industrial taxes) but industrial wages have remained stationary and unemployment is not much smaller than a year ago. A comparison indicates that the purchasing power of industrial wages in Germany at the present time is lower than in 1913, which would tend to justify a participation of labor in the distribution of the savings which result from these consolidations. But little evidence has been received as yet of these savings and it is too early to judge the effects of these consolidations. If the whole concentration movement should merely lead to the creation of monopolies with equal or higher prices and stable wages its economic justification would be small.

### POLITICAL DEVELOPMENTS

Not the least factor in the recovery of Germany were the favorable political developments which stimulated confidence both at home and abroad and hastened thereby the pace of recovery. For the first time since 1914 Germany found herself admitted to the society of other nations and treated entirely as an equal nation. Her admittance to the League of Nations in September, 1926, strengthened not only her political but also her economic prestige in the world, proof of which could be seen in the invitation of

German industrialists to England last October and December and in the inclusion of the Reichsbank in the list of central banks assisting Belgium with re-discounts for its stabilization.

The German balance of trade, according to official statistics, has been unfavorable in 1925, favorable in the first half of 1926 and largely unfavorable since then. We may assume however that the official figures are underestimated (unlike many of her eastern neighbors Germany has no interest in making her statistics look too rosy) and it is probable that the balance for the whole of 1926 has been favorable. While the imports have strongly increased in recent months (in marks) largely due to an increase in the importation of raw materials, it may be observed that the exportation of finished goods has likewise been increasing. The writer estimates that these exports will continue to increase this coming year but that the balance of trade will probably be slightly unfavorable.

It is difficult to make any conjectures on the balance of payments and on the formation of capital. Recent German estimates put the excess of capital imports in 1926 as low as 720,000,000 marks as against 3,940,000,000 marks in 1925 and export excess of 1,000,000,000 marks in 1913 and maintain that the present formation of capital is about half as large as the pre-war accumulation. They contend that in view of the reparation payments which Germany has to make further foreign borrowings will be necessary if she is to regain her pre-war level in world production. This assertion seems to be made for foreign consumption since a study of the German savings statistics would indicate that the domestic capital accumulations in Germany would be sufficient to permit the maintenance of the present level of production without any necessity for further foreign borrowing. If, however, Germany will continue to grant long-term credits to her foreign customers as she has been doing last year in

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Russia, further borrowings seem likely. Whatever the case is, there is no doubt that all reparation payments were properly made in the past, as provided in the Expert's Plan and the indications are that they likewise will be made in the third and fourth year of the operation of the plan.

The German budget has remained in balance, though an internal loan of R.M. 500,000,000 with a 5 per cent. coupon was floated in February of this year.

### INFLUENCE OF THE RECOVERY ON THE LARGE BANKS

The phenomenal change in economic conditions which took place in Germany in 1926 had, of course, to reflect itself in the activities and positions of the banks. The banks are the axles of our modern economic machinery and in Germany perhaps even more directly than

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elsewhere on account of the close and immediate connections of the large German banks with industry.

There are many misconceptions in the minds of American bankers about these close affiliations of banks and industry in Germany. It is sometimes even assumed that the banks own and manage certain industries like subsidiaries and that they therefore incur extremely large direct and contingent liabilities and run large risks. If we compare the big German banks with the large British and American banks we cannot deny that, as a result of a different historical background which prevented the development of specific and restrictive banking legislation, the contacts which the banks have with industry are much more direct in Germany. But this is true for most of the large continental banks and does not preclude that these banks may not be in a very strong position both in respect to liquidity as well as to security. As matter of fact most of these banks show a much higher proportionate capitalization than the American and British banks and also a high liquidity as shown by the following figures:

	Ratio capital stock to deposits per cent.	Ratio liquid assets to deposits per cent.
1926 commercial banks		
5 New York banks (averages) . . . . .	7.94	39.8*
18 London banks (averages) . . . . .	7.46	24.5*
7 Berlin banks . . . . .	13.6	48.1†
8 Swiss banks (1925) . . . . .	16.9	47.9†

\*Liquid assets include cash and bank balances.

†Liquid assets include cash and bank balances, including portfolio.

These figures are perhaps contrary to the expectations of many readers who may believe that the individual bank, unless prevented by legislation, will tend to exceed the usual limits of safety. But as the above figures show, the banker on the continent, as well as here, as a matter of plain self-protection, has to be, in a relative way of course, conservative. Higher risk there is equivalent to equal if not greater liquidity and to a comparatively larger equity. There is no doubt that many of the German banks or their directors are large shareholders in industrial companies and are therefore represented on the boards of these companies and exercise a certain control (mainly in advisory capacity for financial matters). On the other hand many of the big industrialists are on the boards of the banks. However a similar inter-relationship exists also in this country. The lack of restrictions on loans to individual concerns and the open combination of banking with investment activities may occasionally lead to excesses but such cases happen also in the United States and probably more bank failures occur in this country than in Europe.

## COMPARISON OF THIS YEAR'S AND LAST YEAR'S BANK STATEMENTS

The seven large German commercial banks<sup>1</sup> possessed at the beginning of 1926

<sup>1</sup>Deutsche Bank, Disconto-Gesellschaft, Dresdner Bank, Darmstaedter & Nationalbank, Comerz & Privatbank, Berliner Handelsgesellschaft and Mitteldeutsche Creditbank. These banks transact most of the foreign business.

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Total Assets (31/12 '26) Fmk.	-	2,337,000,000

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deposits aggregating R.M. 4,900,000,000 (\$1,166,000,000) or about 78 per cent. of their deposits of 1913. These deposits were roughly eight and one-half times larger than their capitalization and were approximately invested, including the bank's own funds, as follows: cash and reichsbank 4.46 per cent.; balances with other banks (foreign currency balances) 12.32 per cent.; portfolio and treasury notes 23.27 per cent. (aggregate first grade liquid assets 40.05 per cent.); listed securities 1.11 per cent.; call loans 2.25 per cent.; loans on staple commodities 8.34 per cent.; loans 41.72 per cent.; not listed securities .08 per cent.; syndicates 1.36 per cent.; permanent participations 1.76 per cent.; real estate 3.33 per cent.

One notices at once from these figures that the direct investments and call loans of these banks were rather small and that they kept large foreign currency balances. All of the banks under discussion had declared the same dividend for 1925 as for 1924 but it was generally

assumed that most of them had suffered heavy losses during the depression and carried large frozen loans (Stinnes loans for example). They entered the new year with a rather pessimistic outlook and were extremely cautious in granting new credits.

That the economic recovery of 1926 had to reflect itself favorably in the conditions of the banks is evident. The loans which the industries obtained abroad permitted them to pay off their credits at the banks and the numerous consolidations with the resulting financial re-adjustments gave the banks splendid opportunities for re-entering the large emission and promoting business in which they had acquired world fame in pre-war years. A proof of this could be seen in the large credits which they granted last year to Russia. As money rates had declined during the year (making for lower interest profits) and as savings increased, a domestic capital market had again developed and the issue activities had become numerous. Capital,

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however, still remained dear in Germany. The phenomenal rise in stock prices offered to the banks exceptional opportunities to recuperate some of their losses of previous years and to rebuild their reserves. We may quietly assume that even if they had wanted to keep their hands off the market the temptation would have been too big and one of them says in respect to these profits (advance report of Disconto-Gesellschaft) ". . . the financial and syndicate transactions brought the bank large profits which in view of the exceptional character of this income, were used to strengthen the reserves. . . . All doubtful loans have been protected through write-offs and reserves and the secret reserves have been greatly increased" or in the annual report: ". . . The syndicate and stock exchange commission business was extremely active and equally profitable."

The gross earnings of the banks as revealed by their statements for 1926 dif-

fer strongly but all of them show increases which vary from 12 per cent. to 200 per cent. over last year's result. It may be assumed that most of the large profits have not been included in the earning statements and are carried as hidden reserves. As to the amounts of these profits only conjecture may be made but the writer recalls a rumor which he heard last summer in Europe to the effect that one of the banks in a few large transactions had doubled its surplus, carrying this profit, of course, as a secret reserve.

The general expenses of the banks which used to fluctuate before the war around one-third of their gross profits are still as high as about 80 per cent. Most of the banks reduced their staffs somewhat in 1926 without, however, being able to reduce their expenses greatly. With the exception of the Disconto-Gesellschaft and the Deutsche Bank, both of which increased their capital stock last year, all banks paid dividends ranging from 2 to 3 per cent. above last year's rates (9 per cent. to 12 per cent).

The balance statements of the banks (as far as available at the time of writing) reflect clearly the changes which have taken place. The deposits increased greatly and as a result a number of banks have enlarged their capitalization during the year.

The cash reserves held by the banks at the beginning of this year were rather low (3 per cent. to 6 per cent. of deposits besides special rediscount facilities at the Reichsbank) especially if we consider that these figures were probably "window-dressed" and it is therefore not surprising that the Reichsbank president has suggested to them recently to carry larger cash reserves. Also the bill holdings were considerably larger than last year. The most interesting change however has taken place in the item "reports and lombards" i. e., in the stock exchange loans. Compared with last year they have increased from four to fifteen times, which indicates clearly that the banks



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fully sympathized with the extensive stock exchange activities. It is probable that with greater restrictions on these loans they could have kept the stock prices within much more reasonable limits than they are at present. The loans show an increase proportionate to the growth of the deposits and seem to possess a reasonable liquidity.

There is no doubt that the large German banks are rapidly regaining their pre-war strength and position. The profitable activities of the last year have permitted them to rebuild their reserves on the inside, while on the outside they have greatly enlarged and solidified their circle of acquaintances and connections abroad and have, through subsidiaries, placed foot in many new places. (South America, Asia). It would not be surprising if before long two or more of them should merge and re-establish their direct branches abroad.

The economic conditions in Germany seem still to be improving at the present time. Money is still easy but will probably become dearer. Industrial activities are still strong. Unless labor troubles develop—and there is such a possibility since unemployment is very high—it is likely that the country will further recover and maintain the present production level and will thus be in a position to accumulate the necessary foreign exchange within the next year or two to pay interest on the borrowed funds and to make the payments under the Dawes plan.

This means that, with due discrimination, German investments would seem

to be safe for the near future. It is however axiomatic that these payments will weigh heavily and that the Germans increasingly will ask for a revision. The future economic recovery of Germany is still dependent upon a great number of outside factors such as foreign tariff policies, stabilization of currency and restoration of purchasing power of neighboring countries (East), mandate problem and no wide forecast can therefore be made.

### **BANK OF MONTREAL REPORT**

A SURVEY of economic and business conditions of Canada, issued by the Bank of Montreal on April 22, is optimistic as regards the outlook for 1927. Domestic business, according to the survey, is maintaining its volume and presents many satisfactory features. As regards immigration the report says:

“In a broad survey of the national situation, nothing is more encouraging than the growth of immigration. It seems assured already that this year will record a larger influx of settlers than in any like period since pre-war days, settlers who go upon the land or engage in development of other natural resources, and all of the class easily assimilated. Arrivals from Great Britain and Scandinavian countries during the last four weeks have been much more numerous than in any like period for several years past, and the hope may be held that the movement will steadily increase.”

The bank will be glad to mail copies of the entire survey on request.

# THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

WHEN Princeton University followed the lead of Columbia last month in criticizing the Administration's funding of the war debts, Secretary Mellon of the Treasury Department saw that this habit was becoming contagious. Up to that time he had been silent. To prevent a further spread of the epidemic of protests, he now administered a verbal spanking to the Columbia and Princeton faculties, in a letter addressed to President Hibben of Princeton.

He expressed surprise that the professors had not made a thorough investigation of the data on foreign debts before presenting their conclusions to the public. Nor would it have been amiss to consider what encouragement their manifesto would give to France in her refusal to ratify the Mellon-Berenger agreement. Only a short time ago all the sounder economists claimed that the war debts must be funded before financial stability could be restored. Most of them have been funded. To reopen the question would be a step backward, and "one calculated to produce discord and confusion rather than contribute to economic stability."

Answering the first specific contention of the Columbia statement, that the war debts were not business transactions but joint contributions to a common cause, Secretary Mellon directed attention to the fact that by the terms of the act providing for these loans, "what we allowed our associates to do, in effect, was to borrow money in our investment market . . . on the credit of the United States rather than on their own." It was equivalent to having them sell their own bonds in the American market, with

the indorsement of the United States Government. "Had this course been followed, would any one contend that the sums advanced were intended as contributions to a joint undertaking, rather than loans expected to be repaid?"

One point, he said, the professors had missed entirely. It was a principle of war finance that goods and services purchased by one ally in the country of another ally should be financed by the latter. The United States agreed to furnish the dollars with which all the purchases in the United States were made by the allies. But when we purchased supplies and services from France and the British Empire, we paid cash for them. "In other words, we paid cash for the goods and services necessary to enable us to make our joint contribution to the common cause. Our associates got the goods and services purchased in this country necessary to enable them to make that part of their joint contribution on credit. Here is the fundamental reason which explains why we ended the war with every one owing us and our owing no one." But there is no suggestion that if we cancel the debts that we be reimbursed for the amount we spent in France and Great Britain to make our contribution to the cause.

## PRESENT SETTLEMENTS

Finally, the present settlements do cancel practically all of the war indebtedness. "The present value of these debt settlements, at 5 per cent., a rate less than most of the debtor nations now have to pay for money, is, except in the case of Great Britain, either less than or approximately the same as the amounts borrowed after the armistice."

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The Columbia professors criticized the formula of "capacity to pay" as "hard and heartless." But, says Secretary Mellon, to ask a debtor nation to pay less than it is able to pay is an injustice to American taxpayers; and not even the debt funding commission would ask a foreign debtor to pay more than it can pay. The burden on the foreign nations is not as great as the professors would have us believe. "The fact is that all of our principal debtors are already receiving from Germany more than enough to pay their debts to the United States; and France and Italy, with the exception of this year in the case of the latter, are receiving from the same source more than enough to pay their debts to Great Britain also."

Do the European nations hate us because of the debts, as the professors contend? "If they do," says Secretary Mellon, "the cancelation of that part of their debts which has not already been cancelled will not of itself change their dislike into affection. Neither in interna-

tional relations any more than in private life is affection a purchasable commodity."

He urges, finally "a fair trial . . . in practice" of the present settlements on the ground that reopening of the question "would do more to interrupt the steady progress achieved since settlement than might be gained from any ultimate minor adjustments that can be effected."

#### BANKERS AND THE GENEVA ECONOMIC CONFERENCE

On May 4, the League of Nations opens an economic conference at Geneva. All nations have been invited to send delegates. The five who will represent the United States, recently appointed by President Coolidge, include two bankers—Henry M. Robinson, president First National Bank, Los Angeles, and John W. O'Leary, vice-president Chicago Trust Company, Chicago. The other three American representatives are Norman H. Davis, former Undersecretary of



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the Treasury; Dr. A. E. Taylor, of Leland Stanford University; and Dr. Julius Klein, director of the Bureau of Foreign and Domestic Commerce at Washington. The delegates will be accompanied by a technical staff of eight expert advisers, including Dr. Arthur N. Young, economic adviser of the Department of State; E. W. Camp, Commissioner of Customs of the Treasury Department; Dana Durand, chief of the research division of the Bureau of Foreign and Domestic Commerce; Grosvenor M. Jones, chief of the finance division of the Bureau of Foreign and Domestic Commerce; Henry Chalmers, chief of the foreign tariffs division of the Bureau of Foreign and Domestic Commerce; Asher Hobson, permanent American delegate to the International Institute of Agriculture at Rome; Dr. Percy Bidwell, European representative of the Tariff Commission; and John P. Frey, editor of the *Moulders' Journal*, and an expert on labor questions.

The agenda of the conference calls for consideration of:

1. The world economic position.

2. Commerce—liberty of trading, tariffs, indirect methods of protecting national commerce, and the effect on international commerce of reduced purchasing power.

3. Industry—the difficulties of principal industries and the possibilities of action.

4. Agriculture—its present condition as compared with the situation before the war, causes of the present difficulties, possibilities of international action.

#### GREAT BRITAIN

As the date approached when Winston Churchill, Chancellor of the Exchequer, was to present his budget for England for 1927, apprehension among business men there increased. It was common knowledge that the general strike and the coal strike had increased the government's expenditures and reduced its revenues so that in 1926 there was a deficit of £36,000,000. Business men know that in the long run budget deficits must be met by taxation.

They were much relieved, therefore, when Mr. Churchill announced that the increased revenue necessary would be secured with only very slight increase in tax rates. The bulk of the needed extra income is to come from making a part of next year's taxes payable this year, and a more vigorous attempt to prevent income tax evasion. The landlord's property tax, which is usually payable in two instalments, will be made payable in one instalment, thus bringing half of the income into this year's budget. Likewise, the period of credit to brewers for the payment of the beer tax is reduced from three months to one.

If the business revival which Britain

has been enjoying in the last few months continues and increases, enough revenue may result to make further taxes unnecessary next year. If not, the problem of filling the gap in tax receipts will come up again then. The present method is merely a means of deferring the collection of additional taxes for another year, taking a long chance that conditions will be better then than they are now.

## GERMANY

The recovery in German trade is now showing in the money markets. Day-to-day money is unaffected, but the rates for time loans have stiffened considerably. Investment rates are also higher resulting in the government loan, brought out recently at 92, being forced down to 90.5. Evidently the banks are raising rates rather than loaning as much as they can and then rediscounting. The advances and bill holdings of the Reichsbank continue the decline begun about the first of this year. Reports of the German banks show that 1926 was a very profitable year for them, in spite of the very low money rates. These reports are the subject of a special article elsewhere in this issue.


The German Government has refused to renew guaranteeing credits to exporters shipping goods to Russia. Last year 300,000,000 marks were furnished to guarantee such credits, the government assuming 60 per cent. of the risk. Private insurance companies were unwilling, it was found, to assume the rest of the risk on shipments to Russia. And, after one year, the government was no longer anxious. The Soviet refused to guarantee payments in a satisfactory manner. It seemed to feel no closer tie to Germany because of the credit feature. Whenever prices were better in other markets, the Soviet bought there for cash, though whenever they bought from Germany, they used the credit feature. Finally, orders from Russia had not been frequent of late.

P. W. Chapman and Company of New York recently offered to erect

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buildings containing 14,000 apartments to relieve the housing shortage in Berlin, if the city would take over the leasing and would guarantee an annual income of \$4,000,000. Though the city admits its inability to remedy the housing shortage, this offer was met with scornful criticism in the Berlin newspapers, painting the Americans in the now familiar role of Shylock.

## FRANCE

The very large revenue receipts which France is enjoying will, it is estimated, increase the surplus for 1926-1927 from the former estimated figure of 186,150,775 francs to more than 1,000,000,000 francs. The surplus receipts have already been large enough to make the salary increases to civil servants, which went into effect on January 1, retroactive to last August.

The government has used about 8,-

## Like Halley's Comet

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*Don't lose a lifetime opportunity  
for lack of courage*

Ecuador is passing through the most severe depression in history. Sound bank stocks and first mortgage bonds are now on the bargain counter. Present prices will probably not be duplicated in many years.

The situation is the same as that which confronted the United States in 1921.

The well informed business man buys for the long swing when prices are lowest. DO NOT vacillate. BE courageous. The time to buy is NOW.

*May we suggest an investment plan?*

## Banco de Descuento

Guayaquil, Ecuador

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000,000,000 francs to repay advances to the Bank of France. The bank, in turn, asked the Bank of England if the arrangements for payment of its debt of £33,000,000 between 1928 and 1930 could be modified to allow payment at once. On April 11, an agreement was reached. The Bank of France is to repay the £33,000,000 still due, and in return it is to get back into its vaults once more the £18,350,000 of gold which the Bank of England has held as security ever since the early days of the war. The gold reserve of the Bank of France, after this gold is returned, will again be more than \$1,000,000,000, and second only to the gold reserve of the Federal Reserve banks.

Money is so abundant in the French market that the rate on three months' bills had fallen to 3½ per cent. at the end of March. Following this decrease in the commercial rate for money, the Bank of France, on April 14, again

lowered its discount rate from 5½ to 5 per cent. This is the third reduction in the French bank rate since it stood at 7½ per cent. in July, 1926.

The government is considering two financial measures to further improve the treasury: The issuing of a new loan of approximately 20,000,000,000 francs to refund and consolidate all the floating



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M. PAUL CLAUDEL

Newly appointed ambassador to the United States from France.

debt due in 1928 and 1929; and the leasing of the match monopoly to a Swedish-American syndicate, for which it would have \$80,000,000 caution money placed at its disposal for sixty years at 5½ per cent.

In the meantime, there is a little improvement in business. Prices seem to have been stabilized, unemployment is slightly less, and trade is picking up in anticipation of the summer tourist rush which will begin in less than a month.

### ITALY

There are now some facts available to show the extent of deflation in Italy

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Aghios Nicolaos  
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nourias)  
Agrinion  
Aliverion  
Amalias  
Amphissa  
Argos  
Argostoll  
Arta  
Astacos  
Calamata  
Calavryta

Candia  
Canea  
Carlovassi  
Carpentasi  
Carystos  
Castro  
Castro  
Cavalla  
Chalcis  
Chio  
Comocini  
Corfu  
Corinth  
Couni  
Cozani  
Dadi  
Dedeagatch  
Didimotichon

Dimitiana  
Drama  
Florina  
(Gargaliani)  
Grevena  
Gythion  
Hydra  
Ithaca  
Jannina  
Kiato  
Kyparissia  
Lamia  
Larissa  
Levadia  
Limni  
Megalopolls  
Missolonghi  
Mitylene  
Nafpactos  
Nigrita

Patras  
Piraeus  
Potamos  
Preveza  
Pyrgos  
Rethymo  
Salonica  
Samos Vathy  
Santa Maura  
Sorovitch  
Soufli  
Sparta  
Syra  
Thebes  
Trikkala  
Tripolitza  
Tsotyilon  
Veria  
Volo

Xanthi  
Xilocastron  
Xirochorion  
(Istiea)  
Zante

### EGYPT

Alexandria  
Cairo  
Port Said

### CYPRUS

Limassol  
Nicosia

### ALBANIA

Durrizzo  
Coritza

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to date. Between June 30, 1926, and March 15, 1927, the government debt has been reduced 485,000,000 lire. Wholesale prices, which began to decline in August, 1926, from 697, reached in March, 1927, a new low of 598. Note circulation continues to decline, the reduction in February, 1927, amounting to 165,000,000 lire. The result is a rather constant appreciation in the exchange value of the lire. A burst of speculation on April 14 carried it over 5.04 cents. The Institute of Exchange, recently revived, then showed its control of the market. Heavy selling forced the rate down again the same day to about 4.91, the point from which it had started. There is no intention on the part of the Italians to stabilize the lire as the franc has been stabilized, but the government does not believe that such rapid rises are good for business.

When this stabilization program was announced several months ago, it was possible to forecast its effects on business. There have been many examples, of late years, of what deflation will do. The

experience of Italy is similar. The commercial attache in Rome says that the advancing exchange has curtailed business "by increasing prices to foreign buyers and encouraging domestic buyers to withhold orders hoping that price reductions will be realized. . . . Credit stringency still prevails, notwithstanding the fact that the banks have now considerable funds at their disposal. . . . Industrial activity has been materially reduced. . . . Part time is general in many industries." Unemployment increased from 180,000 in January to 250,000 in February.

### SPAIN

The funding of over 1,000,000 pesetas of the floating debt of Spain which fell due on February 4, this year, was reported in these columns in March. Encouraged by the success of this operation, the government offered another issue of 5 per cent. bonds to the holders of the remainder of the floating debt. Practically the whole remainder, of more than 4,000,000 pesetas, was refunded by



# BANCO ALEMAN-ANTIOQUENO

MEDELLIN, Colombia, S. A.

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Statement of Condition as of December 31, 1926 :

Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

Branches: Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

**GENERAL BANKING BUSINESS**

this operation. What was not refunded was redeemed in cash.

With the floating debt thus completely wiped out, and a budget more nearly

peseta balances, the stock market showed an advancing tendency, business improved, and call money in Madrid dropped from 5 to 3½ per cent.



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**DR. G. VISSERING**

President of the Netherlands Bank of Amsterdam, Holland, who is enroute to the United States to study the banking methods of the country, give several talks on European banking and, perhaps, negotiate some international financial matters.

balanced than in years, foreign confidence in Spanish exchange returned with a rush. The peseta advanced to the highest point in seven years, 18.08 on March 28. Foreign banks increased their

## PORTUGAL

Portugal's war debt to Great Britain, the net amount of which is £20,133,589, is to be repaid in the following instalments, according to the funding agreement recently signed:

1927 .....	£250,000
1928 .....	300,000
1929 to 1938 inclusive .....	350,000
1939 to 1987 inclusive .....	400,000
1988 .....	200,000

The agreement contains a provision not found in any of the others, providing that should Great Britain receive, from German reparations and repayments on the war debts owed her, more than the amount she has to pay to the United States on her war debt, Britain will credit to Portugal that proportion of the excess which the payments made by Poland bear to the aggregate amount received by Britain from reparations and her war debt funding agreements.

Unique also is the option given Portugal to retire the whole debt by a single payment of £5,500,000 on or before December 31, 1927.

## AUSTRIA

A rumor got around in Vienna that the Dorotenum National Pawn Shop, which operates also a savings bank, was not safe. Men rushed to "save their

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D. Garcia .....Cashier  
S. Frelzas .....Chief Accountant  
P. J. Campos .....Manager Iloilo Branch  
E. Byron Ford .....Manager Cebu Branch  
J. M. Garcia .....Manager Zamboanga Branch

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savings." Savings are necessary to carry one through the periods of unemployment which are so frequent in Austria. Before they were convinced that the bank could pay all depositors in full, more than 20,000,000 schillings, one-third of the total deposits, had been withdrawn and deposited with the Vienna municipal savings bank. The latter now holds over 270,000,000 schillings in savings deposits, more than all the other savings banks in Vienna combined. "This means," says a Vienna newspaper correspondent, "that more than half of all Austrian savings bank deposits are politically under control of the Socialists."

### JAPAN

In the reconstruction after the 1923 earthquake in Japan, the government encouraged the banks to make advances to firms needing credit, pledging itself to make good losses incurred from such advances up to \$50,000,000. About \$215,-

000,000 was loaned, relying on this pledge. Most of it has been repaid. Only \$1,035,000 remains outstanding. The banks asked the government to make good on its promise, and a bill was introduced to allow the government to advance government 5 per cent. bonds to the eight large and eleven small banks in whom this earthquake paper is lodged. These bonds were to be loaned to the banks for ten years. But the Japanese House of Peers delayed passing the bill until they had questioned the Finance Minister. In the course of this questioning, the minister let slip the information that the Watanabe Bank, Tokyo, held some of the earthquake paper. A run started on the Watanabe Bank, and it was forced to close on March 15. Then the run shifted to the Nakai Bank, in the same city, and it closed on March 19. Six other Tokyo banks, the Akaji, the Hirobe, the Murai, the Nakazawa, the Eighty-fourth, and the Soda Banks all closed within the next week. Four



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The principal thoroughfare of Nanking, before the fighting, showing activities on all sides.

small country banks were also closed, due to the same cause.

The House of Peers then stopped quibbling and hastily passed the Earthquake Notes Adjustment bill. The runs promptly ceased. It was fortunate that only "second rate" banks were involved. As it happens, ten large banks in Tokyo control nearly 70 per cent. of the deposits in that city. None of the failed banks was among this ten. The total deposits of the eight banks amounted to only \$85,000,000.

Far more serious was the failure of Suzuki and Company, Limited, one of the premier export and import houses of Japan, on April 5. For the Bank Taiwan was the principal creditor of Suzuki and Company. Of the bank's 890,000,000 yen of assets, it is said that 300,000,000 yen consisted of loans to Suzuki and Company, and the company is estimated to have sufficient good assets to pay 60 cents on the \$1.

The Bank of Taiwan, which is a semi-governmental institution, applied to the government for temporary assistance, and the cabinet announced that the gov-

ernment would advance about 200,000,000 yen to the bank. But on April 17 the privy council disapproved of this plan. The result was a resignation of the cabinet, and the appointment of Baron Tanaka as premier, to form a new government.

On the same day that the privy council announced its rejection of the plan to aid the Bank of Taiwan, the bank announced that it would suspend business for three weeks. In the meantime, it is reported that the Bank of Japan has sent around 250,000,000 yen to the Bank of Taiwan, in convertible notes. Later it was announced that the main office of the Bank of Taiwan would keep open, but that all its branches would be closed for three weeks.

Another result of the failure of Suzuki and Company was the closing of the Sixty-fourth Bank of Kobe, in which Suzuki had a 25 per cent. interest.

It may or may not be significant to recall that the crisis of 1920 in the United States was preceded by a similar crisis in Japan.

## BANKERS INVITED

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## THE PAST MONTH IN CANADA

By J. W. TYSON

**W**ITH employment showing an increase of 5 per cent., car loadings up more than 10 per cent., railway earnings somewhat improved, construction greater by 10 per cent., bank debits up 7½ per cent., and other indicators showing a continued increase in the volume of business, Canada is experiencing more prosperous conditions than since before the war. Opinion holds that economically and politically the situation is more stable and generally more satisfactory than at any time during the present century, which was predicted to be "Canada's century," but which, until the present, has shown little indication of living up to this forecast.

Agriculture, having been restored to a state of comparative prosperity, following the post-war depression, the volume of immigration is increasing. Mineral development throughout the northern areas is on a big scale, and results obtained are encouraging substantial investments of new capital. The outlook for the pulp and paper industry is clouded, because of the fear of overproduction, but that industry promises to continue, as it has been in recent years, a big factor in the creation of national wealth. Power developments are being carried on in a big way, and many millions are being invested in various projects. Railway construction is

being revived for the first time since the boom before the war, and may be regarded as a striking indication of the restored confidence in the country's future.

### IMMEDIATE PROSPECTS

The immediate business prospects depend to a large extent on the crop. Another good year for the farmers will greatly increase buying power in the rural communities. Reports from Western Canada indicate increased acreage, as the result of satisfactory prices and immigration. Conditions for seeding are regarded as quite satisfactory, with plenty of moisture. Wet weather last year curtailed fall ploughing, but the indications are that this will be more than made up. Already increased buying of equipment and supplies is being encouraged by the satisfactory outlook.

Reports of industrial concerns indicate increased profits last year but, with declining prices and keen sales competition to maintain output, profits for the current year may prove something of a disappointment in relation to total volume. In some industries earnings are unsatisfactory and failures continue among smaller concerns which cannot successfully compete with the larger producers. The lumber industry continues in an unsatisfactory condition, from the stand-

point of profits. Activities at present are on a fairly satisfactory scale, but there is still a surplus of logs from last fall, and in British Columbia plans are being formulated to curtail production, in order to stabilize prices.

Among the larger industrial concerns the annual reports which have been presented indicate that the lesson taught by the inflation of 1921 has had its effect. Since 1921 inventories have shown consistent yearly declines, while cash and



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**THE HON. VINCENT MASSEY**  
Canada's first minister to the United States, who has just arrived in Washington, D. C., to assume the duties of his newly created office.

negotiable securities have expanded proportionately. In fact cash and current investments are shown at a higher level than inventory values, which find reflection in the comparatively low level of current bank loans in relation to the scale of business activity.

#### INCREASING IMPORTS

Increasing imports and declining exports have reduced Canada's favorable

balance of trade from \$375,000,000 to \$225,000,000 for the eleven months of the fiscal year. But while this is regarded as an unfavorable economic development, analysis indicates that industrial exports are being well maintained, and that the increase in imports is largely accounted for by larger purchases of raw materials or partly manufactured supplies for industrial concerns. This class includes such items as raw cotton, chemical products, dyed fabrics, grease for soap, raw hides and skins, unmanufactured leather, iron, rolling mill products, auto parts, unmanufactured tobacco, unmanufactured wood, etc. Declines in exports represent curtailed shipments of cattle, cheese, fish, grain and products and meats.

The fact that the country's trade is in a healthy position is indicated by the favorable position of the Canadian dollar in New York. During the winter, while navigation was closed and exports were curtailed, the Canadian dollar declined to the extent that shipments of gold were made to Wall Street on a substantial scale. However, the situation has now changed, and the indications are that the gold movement will soon be in the other direction.

#### INCREASED BUILDING

Increased building and construction activities are indicated by permits taken out and contracts awarded. It is estimated that there is in prospect \$200,000,000 of work to be undertaken during 1927, showing an increase over the projects in hand at the same time last year of \$90,000,000. While there is evidence that in some parts of the country the housing situation has been taken care of for the time being, the indications are that with the improvement in general business conditions, there will be an increased demand for commercial premises, while industrial building continues on a big scale.

Analysis of the reports of the leading Canadian pulp and paper companies for

1926 indicates that in all cases profits were well maintained or substantially increased. Where marked increases in earnings are shown, they can be attributed, in part, at least, to expansion of productive capacity. It is noteworthy that apprehension that increased production would cut into profits, because of the reduction of \$5 per ton in the price of newsprint, was unfounded because business and profits were unimpaired. For this reason the fear that increased production this year will materially affect profits is tempered.

Following unsuccessful efforts at Washington to have an embargo placed against the exportation of Canadian milk and cream to the eastern states, an outbreak of typhoid has given the authorities an excuse for such a step. However, there

is a feeling in Canadian agricultural circles that the effect of the embargo may be beneficial in encouraging the development of the dairying industry in the eastern provinces of Canada. This is the view of the situation taken by the Hon. J. E. Caron, Minister of Agriculture of Quebec, who regards the embargo as a necessary lesson for the farmers of the province. The Quebec government has long preached the development of the dairying industry, foreseeing the day when the United States would close its markets for milk and cream. Mr. Caron sees the British market as the surest one for Quebec's dairy products. This would mean the manufacture of butter and cheese for export rather than selling milk and cream to the United States.



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Aerial view of Melbourne, Australia.

# INTERNATIONAL BANKING NOTES

**T**HE National Bank of Scotland Limited, Edinburgh, showed net profit for the year ended December 31, 1926, of £2,523,582, after making provision for rebate, income tax, bad debts and contingencies. To this was added the balance brought forward from the previous year, making a total of £3,057,877, to be disposed of as follows:

	£
To interim dividend on the "A" shares for the half-year ended June 30, at 16-2/3 per cent. per annum less income tax .....	958,197
To interim dividend on the "B" shares for the half-year ended June 30 at 5 per cent. per annum, less income tax .....	28,745
To bank premises account .....	250,000
To staff superannuation fund .....	300,000
To dividend on the "A" shares for the half-year ended December 31, at 16-2/3 per cent. per annum less income tax .....	958,197
To dividend on the "B" shares for the half-year ended December 31, at 5 per cent. per annum, less income tax .....	28,745
To balance carried forward to next year .....	533,991

Paid up capital of the National Bank of Scotland Limited is £15,810,252, reserve fund £10,000,000, current and other accounts £346,132,523 and total assets £390,414,316.

NET profit of the Central Bank of India, Limited, Bombay, for the year ended December 31, 1926, amounted to Rs. 23,62,973, including the sum of Rs. 3,79,506 brought forward from the previous account. This has been disposed of as follows:

	Rs.
To ad interim dividend at the rate of 10 per cent. per annum, free of income tax .....	8,40,660
To depreciation in land and buildings 1,00,000	1,00,000
To income tax and super tax .....	1,50,000
To final dividend at the rate of 10 per cent. per annum, free of income tax .....	8,40,660
To carry forward to next account .....	4,31,653

Paid up capital of the bank is Rs. 1,68,13,200, reserve Rs. 1,00,00,000, current and savings bank deposits Rs. 8,06,24,997 and total assets Rs. 25,12,74,098.

THE Commerce-und Privat-Bank, A.G., Hamburg-Berlin, which established an office in New York City early this year, will move soon to its permanent location in the new building

at 50 Broadway. The bank has been temporarily quartered at 48 Wall street.

F. H. Neuerbourg, managing director of the institution, arrived in New York several weeks ago to introduce Konrad von Ilberg, who has been appointed the New York representative of the bank. Mr. von Ilberg has been an officer of the Commerz-und Privat-Bank for a number of years.

The Commerz-und Privat-Bank is one of the leading banks in Germany. Its capital amounts to RM 60,000,000 and reserves to ca. RM 35,000,000. Its net earnings in 1926 were ca. RM 8,050,000 against ca. RM 5,125,000 during 1925. It has been announced that a dividend of 11 per cent. for 1926, instead of 8 per cent. as for 1925, will be paid to the shareholders after the general meeting April 26. The value of the shares quoted on the Berlin Stock Exchange is ca. 225 per cent.

NET profits of the Commercial Bank of Greece, Athens, for the half-year ended December 31, 1926, amounted to Dr. 17,440,409.89, including Dr. 96,483.54 carried over from the previous half-year. This has been allotted as follows:

	Dr.
To ordinary reserve, plus interest .....	1,034,645
To ordinary dividend at Dr. 3 per share .....	1,422,000
To extraordinary dividend at Dr. 29.43 (tax included) .....	13,950,973
To directors' fees .....	995,400
To carry forward to next account .....	37,391

Paid up capital of the bank is Dr. 50,000,000, reserve Dr. 6,517,803.70, deposits Dr. 396,316,261.36 and total assets Dr. 677,130,069.40.

NET profit of the Bank of Japan for the year ended December 31, 1926, was Yen 10,358,657.217, an amount Yen 10,198.902 greater than that of the preceding year. The unappropriated profit carried over from the previous year was added to the net profit for 1926, making a total available for distribution of Yen 14,482,589.766. Dividends for both the semi-annual periods of 1926 were at the rate of 12 per cent. per annum, as in the preceding year.

Subscribed capital of the Bank of Japan, according to its statement of December 31, 1926, is Yen 60,000,000,000, reserve fund Yen 74,890,000,000, current accounts Yen 52,383,677.240 and total assets Yen 2,349,506,288.954.

STATEMENT of condition of Lietuvos Bankas, Kaunas, Lithuania, as of February 28, 1927,



showed capital of Litas 12,000,000, reserve of Litas 1,000,000, deposits of Litas 35,888,150.97 and total assets of Litas 160,662,865.04. Net profit of the bank for the year ended December 31, 1926, amounted to Litas 1,102,866.74.

DIRECTORS' report of the Aktiebolaget Gotesborgs Bank, Gothenburg, for the year ended December 31, showed net profits for the year of Kr. 4,559,783:70. To this has been added Kr. 2,486,691:38 brought forward from the previous account. This will be disposed of as follows:

	Kr.
To dividend to shareholders of 10 per cent. ....	4,375,000
To balance carried forward to next account .....	2,671,475:08

The bank's paid up capital is Kr. 43,750,000, reserve Kr. 31,000,000, current accounts Kr. 78,050,473:98 and total assets Kr. 516,055,204:88.

NET profit of the Rotterdamsche Bankvereeniging, Rotterdam, for the year 1926 amounted to fl. 2,294,444, which it has been proposed to allocate as follows:

	fl.
To dividend of 4 per cent. on fl. 50,000,000 .....	2,000,000
To tax on dividend .....	181,000
To balance carried forward .....	113,444

Capital of the bank is fl. 10,000,000, reserve fund fl. 2,500,000, deposits fl. 81,789,412, and total assets fl. 106,049,958.

BALANCE sheet of the Credit Suisse, Zurich, as of December 31, 1926, showed current accounts of fr. 271,436,183.65, capital of fr. 130,000,000, reserve fund of fr. 40,000,000 and total assets of fr. 1,055,130,021.72.

A NEW branch of the Primary Producers Bank of Australia Limited, Sydney, has been opened at Sussex street. This branch is in the center of the marketing and distributing district of the city and its opening will enable the bank to efficiently make a bid for letters of credit and other business of clients in the vicinity.

REPORT of the Bank of Scotland, Edinburgh, for the year ended February 28, 1927, shows that net profits for the last year amounted to £370,118, after providing for all bad and doubtful debts, allowing for rebate, interest and all expenses. To this has been added the balance from the previous year, £150,347,

Trade With Sweden

Aktiebolaget  
**Göteborgs Bank**

Gothenburg and Stockholm  
**SWEDEN**

Established in 1848

**Own capital Kr. 78,750,000**  
**(over \$20,000,000)**

Through our many branches and correspondents all over Sweden we are able to offer every accommodation possible for banking transactions in Sweden.

**Cable address: Götabank**

making a total of £520,466 to be disposed of as follows:

	£
To credit of reserve fund .....	125,000
To reduction of bank premises account .....	25,000
To reduction of heritable properties account .....	25,000
To payment of interim half-yearly dividend at the rate of 16 per cent. per annum, less income tax .....	96,000
To payment of final half-yearly dividend at the rate of 16 per cent. per annum, less income tax .....	96,000
To carry forward to next account..	153,466

STATEMENT of the Royal Bank of Canada as of February 28, 1927, shows total assets of \$748,368,702, paid up capital of \$27,502,350, reserve fund of the same amount, and deposits of \$600,068,006.

A NEW York branch of the Nomura Securities Company, Ltd., affiliated with the Nomura Bank, Ltd., Osaka, has been opened in the Equitable building. The company is headed by O. Kataoka and the New York branch is under the direction of G. Takagaki, who recently arrived from Japan.

"This is among the first attempts of Japanese financial organizations to distribute all types of Japanese securities in the American market," said Mr. Takagaki.

"We purpose to provide valuable services through this office in acting as intermediary

between American interests and those of Japan and in the investigation of Japanese corporations for American investors."

Paid up capital of the bank is £1,500,000, reserve fund £1,632,500, deposits £31,936,520 and total assets £39,649,074.

## R. H. TENNANT APPOINTED CHAIRMAN WESTMINSTER BANK, LIMITED, LONDON

**A**T a meeting of the board of directors of Westminster Bank, Limited, London, held recently, Robert Hugh Tennant, deputy chairman, was elected chairman in place of the late Walter Leaf. The Hon. Rupert Beckett was elected deputy chairman in succession to Mr. Tennant. Mr. Ten-

the board of the Stanton Ironworks. He has thus brought to the Westminster Bank a valuable connection with the midland counties of England.

Mr. Tennant was a director of Crompton's Bank, one of the famous English country banks. By 1914 he was deputy chairman of that bank, and in that year, when it was absorbed by Parr's Bank, he was appointed to a seat on the board of the larger institution. Two years later he became deputy chairman of Parr's Bank.

In 1916 Parr's Bank became merged in the London County Westminster and Parr's Bank Ltd., and in 1918 Mr. Tennant was elected joint deputy chairman with Sir Montagu Turner of what was later to be called Westminster Bank, Ltd.

For several years Mr. Tennant was a member of the advisory council of the Board of Trade. He is now a member of the Council of Foreign Bondholders and is also on the boards of the Bank of British West Africa and the British Italian Banking Corporation.

The Hon. Rupert Beckett, who is now associated with Sir Montagu Turner as deputy chairman, was a partner in Beckett & Co., the well known banking house of Leeds, Yorkshire. When a few years ago this was absorbed by Westminster Bank, he was appointed to a seat on the board of the latter institution. He was born in 1870 and is a director of the London and North Eastern Railway, the Royal Exchange Assurance Corporation and the Yorkshire Penny Bank.



ROBERT HUGH TENNANT  
New chairman of the Westminster Bank Limited, London.

nant was born in 1860 and was the son of R. Tennant, M.P. of Chapel House, Yorkshire. He was educated at Rugby and has long been prominently associated with Derbyshire industries and activities. At the present moment he is on

# How Banks are Advertising

Special Section of The Bankers Magazine

MAY 1927

THE capitalizing of current events and fads of the moment in bank advertising is illustrated by recent advertisements of the National Bank of Commerce in St. Louis.

Shortly after the newspapers of that city had announced the start of the intelligence tests through question and answer columns, the National Bank of Commerce prepared a set of questions, all dealing with some phase of banking or wealth, and inserted them as a newspaper advertisement. A savings account of \$1, it was announced in the advertisement, would be given to all those bringing in the correct set of answers.

The questions were as follows:

1. Who is regarded as the American Croesus?
2. What state has two Federal Reserve banks?
3. What large institution

The annual convention of the Financial Advertisers' Association will be held September 12, 13 and 14 of this year in West Baden, Ind., according to a decision made by the board of directors of the association during its mid-year conference New Orleans recently.

## \$1,000 Prize Award for this advertisement



IT was the dream of this man and his wife to travel abroad. They made their dream come true by saving dimes.

Every time they had a 10 cent piece it went into a little bank. Each time the little home bank filled up they deposited the dimes in a Special Interest Account at this Bank.

One fine day this man and his wife set sail for their six weeks trip to the Old World. Old fashioned thrift took them there and brought them safely home.

Though they are people of modest means we count them rich — rich in the wealth of wonderful memories which will be theirs as long as they live.

*The moral of this true story is quite plain:*

THE banker prepared a man to make your beginning now. Start the farther he will go on life as with a weekly sum — small enough well as on his dime. for you to be regular about — large enough to amount to something more in a year or time.

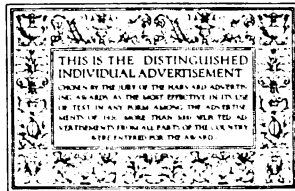
Is there any surer way of providing for life's many destinations than the methodical habit of saving? Let us help to start you on your way. Send a definite part of what you save.

Make your beginning now. Start with a weekly sum — small enough for you to be regular about — large enough to amount to something more in a year or time. Let us help to start you on your way. When you come in please ask for the Special Interest Department.

THE  
MANUFACTURERS NATIONAL  
BANK OF TROY

Main Office  
FRANKLIN SQUARE

Prize Office  
644 SECOND AVENUE



When the above advertisement of the Manufacturers National Bank of Troy, N. Y., was awarded the \$1000 Harvard prize for the best use of text of any advertisement during 1926, the bank capitalized this award by reproducing the prize winning advertisement with the caption "\$1000 Prize Award" above and explanatory copy below. More than 5000 selected advertisements from all parts of the country were entered for the award.



**After They Decided On Buffalo—**

"Then we're all agreed—we'll start building the Buffalo plant right away."

"By the way," came a voice from the far end of the room. "Has Buffalo a bank big enough for us?"

The treasurer thumbed through his papers. "Here's The Marine Trust Company statement. Resources, more than two hundred million; capital and surplus, twenty million."

"Humph!" grunted the fat man. "We'll have to grow some ourselves before we get too big for that bank."

**MARINE TRUST COMPANY**

Resources more than \$200,000,000      Thirty-three Convenient Offices

Well written institutional copy, supported by unusually good art work.

is at the southeast corner of Broadway and Olive?

4. What did the American Indian use for money?

5. What is the best thing to have handy in case of sickness or disaster?

6. On what large downtown building is posted a tablet of the Lewis and Clark Expedition?

7. Who is the treasurer of the United States?

8. How much have you in your savings account? (Answer this and keep it a secret.)

9. Who is president of the National Bank of Commerce in St. Louis?

10. Who was the greatest exponent of thrift?

At the bottom of the advertisement, before the bank's signature, was this advice: "If you can't satisfactorily answer question 8, be prepared to do so in the future by visiting our savings department."

A number of new accounts were opened through this advertisement. Its effectiveness, of course, was based on cap-

italizing a fad at a time it was reaching a fever heat with the public. Fads usually must be capitalized quickly for they sometimes die almost over night.

The same bank seized another current event for an advertisement. Soon after the Chamber of Commerce of St. Louis inaugurated a movement for daylight saving, the bank published the following appeal on March 14, the day before the mid-month pay day: "Do your daylight saving here. You don't have to wait for the Board of Aldermen to pass a law—you can do your daylight saving now and every working day at the southeast corner of Broadway and Olive." Following this was the slogan of the bank—"Large Enough to Serve Any, Strong Enough to Protect All," with emphasis on the fact that it is the "National Bank for Savings" and that the savings department is open until 6.30 on Mondays.

AN effective appeal to stockholders to aid their bank is made by a folder issued by the Fidelity Union Trust Company of Newark, N. J. The folder is entitled "Three Ways" and shows in diagram form the three ways in which a stockholder of that institution may aid the bank, and what that aid amounts to.

The copy reads:

"When the stockholder

(1) maintains a substantial account and uses the other services of the bank; (2) speaks favorably of his bank whenever and wherever possible; (3) uses the full force of his influence to bring new business into the bank—it brings to the Fidelity Union (1) increased earning power, (2) greater surplus, (3) larger undivided profits—which gives to the stockholders (1) possibility of larger dividends, (2) improved market position of his stock.”

THE Minnesota Loan and Trust Company, Minneapolis, advertises its “Faithful Service Since 1883” in an attractive pamphlet. Service begins at the entrance to the bank, the copy states, where a floor man is ready to direct the customer to any of the bank’s departments. Service in the banking, investment, and trust departments is described, as are the institution’s services for individuals and corporations.

The booklet is illustrated with line drawings and is printed in two colors.

IN the great volume of advertising matter that is being published regarding the advantages of a bank or trust company as executor or trustee of an estate, a booklet of the State Street Trust Company of Boston stands out. It is attractively gotten up and printed in a conservative style and the copy is easily read and understood. En-

closed with the pamphlet is a card which may be filled out and returned to the bank, asking for a copy of the company’s book, “Will Making—the Chart of an Estate.” This, according to the copy, is a more complete analysis of the resources of an executor or a trustee and of how they can be brought to the service of an estate.

ONE of a series of folders sent out by the travel bureau of the Mellon National Bank, Pittsburgh, entitled

“Ports of Romance,” is made up chiefly of colored illustrations of various picturesque scenes in Europe. The copy describes briefly the points of interest in England, Switzerland, Scotland, Germany and Austria, while the back cover of the folder is used to give the practical details and the services of the Mellon Travel Bureau.

THE Chase National Bank of New York has issued a booklet for travelers telling of the convenience of carry-

## “So That Bank Really Wants Us To Come To Buffalo?”

“Yes, and they convinced me, too. They had a bunch of charts and figures that proved everything they’ve said in their letters.”

“Well, I know a lot of other plants have moved to Buffalo but I don’t want to take snap judgment. Does The Marine know anything about conditions in our industry or does it specialize in some other line?”

“Oh, they know our line—and other lines, too. People around town told me that The Marine handles a big part of every kind of business in that territory.”



# MARINE TRUST COMPANY

Resources more than \$200,000,000

Thirty-three Convenient Offices

Broad Experience Based on Diversified Business

Another specimen of Marine Trust advertising, combining good copy and art work in a well planned layout.

COMMERCIAL BANKING PERSONAL CHECKING ACCOUNTS TRUSTS EXECUTORSHIPS  
SAVINGS FOREIGN EXCHANGE AGENCY ACCOUNTS SAFE DEPOSIT SECURITIES



"I cannot believe in death, that is to say, in my own death. I can easily enough understand the death of others; but how do you expect me to care even of myself as no longer existent?"  
—ROBERT LOUIS STEVENSON.

## The Strange Twist

FROM SAMOA, an incurable invalid, Robert Louis Stevenson wrote that he still refused to believe in death.

He aptly expressed the strange twist in the average human mind which regards death as something impersonal, and which is accountable for so much procrastination in writing wills and lack of foresight in planning for the family estate.

Making a will is not a final, irrevocable step. Wills should be made and re-made as often as business and family circumstances warrant, and should be reviewed annually.

The danger is in leaving no will at all. No matter what your family conditions or what changes are impending in your business, you should have a will, if only a temporary will which makes this Institution executor-trustee. It is impossible to foresee all future contingencies, and dangerous to wait.

Write for our book, "Points to Cover in Your Will".

## FIDELITY UNION TRUST COMPANY

*The Largest Bank in New Jersey*  
**Newark, New Jersey**  
*at Broad and Bank*

CAPITAL, SURPLUS, AND UNDIVIDED PROFITS (December 31, 1926)	\$10,040,453.45
TOTAL RESOURCES, all Fidelity Union Banks (December 31, 1926)	\$161,769,618.06
<small>George F. T. Co., 1927</small>	

Approaching the subject of making a will from the viewpoint of the average mental attitude toward death.

ing funds in the form of the Chase Bank travelers' letters of credit. This, the pamphlet says, "is particularly advantageous, for it serves as an international introduction to more than 8000 bank correspondents. It immediately establishes you, though a stranger, on a preferential basis, and secures the cooperation and assistance of

responsible parties who will take a friendly interest in your requirements.

"Entirely aside from the question of money, the Chase National Bank makes friends for you in numberless ways when you carry its letter of credit. As a traveler you are continually called upon—and this is especially true abroad—for identification.

With a letter of credit of this bank the difficulty on this score is quickly settled by your signature."

THE Union Trust Company of Detroit, Mich., has sent out a letter to residents of Detroit calling attention to the advertisements it has been publishing in support of life insurance. The text of the letter follows:

"Like many other Detroiters your attention may have been drawn to the advertisements of this company in support of life insurance. These indorsements possibly excited your curiosity, appreciating as you probably do, that we neither write nor sell it in affiliation with any office. It has been the aim of this institution, however, to support constructively those agencies which build wealth and assist the development of business and community life. We believe insurance should be allocated to this group.

"Close corporations, partnerships and business firms are becoming more appreciative of the value of insurance nowadays and many of them are taking advantage of the helpful trust arrangements which can be worked out with trust companies for the termination of partnership interest, retirement of stock, the replacement of key men, etc. It has been the testimony of many business concerns that through the adaptation of life insurance

rusts to such problems, economy has been effected and the affairs of the organization have continued without those serious entanglements which might have occurred when death stepped in.

"You will receive in tomorrow's mail the first of four broadsides on the subject of Business Insurance, which we are sending you. We ask you to consider them carefully. They are not mere advertisements, but messages which we feel may have bearing on the future of your business. If they excite your interest we would enjoy supplementing them with additional material or by having one of our representatives call upon you."

WINNERS have been announced of an essay contest held by the Emigrant Industrial Savings Bank, New York. Hundreds of essays were submitted by school children of the city on the subject selected by the bank, "How My Family Can Make Money in 1927." The winners of the contest were announced through advertisements in New York papers. Prizes were distributed in three groups, one of high school students, one of elementary school students, and one of two grand prizes, one to an elementary and one to a high school student.

THE following resolution has been passed by the Columbus Clearing House

## WHO'S WHO IN BANK ADVERTISING



HERBERT V. PROCHNOW

Manager of Publicity Union Trust Company of Chicago

MR. PROCHNOW joined the staff of the Union Trust Company in May, 1923, in the advertising department. In September of the following year he was made purchasing agent of the company in addition to his responsibilities in the advertising department. In January, 1926, he became manager of publicity and continued in charge of the company's purchasing. Prior to his connection with the Union Trust Company, Mr. Prochnow taught school for four years, including positions as principal of a high school and assistant professor of business administration in the extension department of Indiana University. He received his Bachelor of Arts degree in commerce at the University of Wisconsin and Master of Arts degree at the same institution. He has taught classes in investments in Chicago under the auspices of the Investment Bankers Association. During the World War, Mr. Prochnow spent a year in the American Expeditionary Forces.



THE  
**BANK OF NEW YORK  
 & TRUST COMPANY**  
 the *oldest* BANK in New York,  
 known in its *earliest* days  
 as the BANK OF ENGLAND now is,  
 simply as THE BANK,

**ANNOUNCES**

that it will, about  
 May 1st, 1927, begin  
 the construction of a

**NEW BUILDING,**  
 covering its *entire* site at  
**48 WALL STREET,**  
 purchased from William Conable  
 in 1796,

its newly acquired property at 50 Wall Street,  
 and a part of its old property at the adjoining  
 location, No. 52,  
 for 97 years the home of the New York Life  
 Insurance and Trust Company

---

**FIFTY-TWO WALL STREET**  
 in the City of New York

A long established trust company announces the construction of a new building in typography appropriate to its background and traditions.

Association, Columbus, Ohio, to protect the banks of that city from being forced to take advertising space in valueless mediums:

"Whereas; The banks of Columbus are constantly importuned to buy advertising space in various publications prepared in connection with amateur theater performances, concert appearances, lectures and entertainments of every character, and for unlimited causes, and

"Whereas; Such publications have increased the demands made upon the banks

for this type of advertising to the extent that thousands of dollars are subscribed each year for advertisements which are not in all instances considered effective publicity, and

"Whereas; it is desirable to reduce financial advertising expenditures to a strictly business basis, now therefore, be it

"Resolved; That banks associated with the Columbus

Clearing House agree to advertise only in what may be adjudged as "Standard Advertising," and that a Clearing House Committee on advertising be appointed to determine whether such applications as may be submitted to it by the banks, fall under the heading of "standard advertising." Penalties for violations shall be fixed by the committee, and shall not exceed ten times the amount of the expenditure.

## THE EXECUTOR

By Edgar A. Guest

**I** HAD a friend who died and he  
 On earth so loved and trusted me  
 That ere he quit this worldly shore  
 He made me his executor.

He tasked me through my natural life  
 To guard the interests of his wife;  
 To see that everything was done  
 Both for his daughter and his son.

I have his money to invest  
 And though I try my level best  
 To do that wisely, I'm advised,  
 My judgment oft is criticized.

His widow, once so calm and meek,  
 Comes, hot with rage, three times a week  
 And rails at me, because I must,  
 To keep my oath, appear unjust.

His children hate the sight of me,  
 Although their friend I've tried to be,  
 And every relative declares  
 I interfere with his affairs.

Now when I die I'll never ask  
 A friend to carry such a task,  
 I'll spare him all such anguish sore  
 And leave a hired executor.

*Copyright, 1927, Edgar A. Guest*

## FULTON TRUST COMPANY OF NEW YORK

149 Broadway

Established 1890

Member Federal Reserve System

One of Edgar Guest's poems used effectively as trust copy.

To his executives in 1920 "The challenge that has called Graves Service into being is the need of the American Banker for better and sounder advertising. His Mission to the community he serves and to the country at large is one of leadership and education. For this he needs the soundest and most authoritative advertising that ability and dedication to his service can build." WM. ELLIOTT GRAVES

## In this Spirit **WE SERVE**

So successfully has this organization done its work in creating a standard of advertising for the banker that many of the ideas first phrased in GRAVES SERVICE are today part of the daily language of Banking.



**G**RAVES SERVICE believes that a subtler and abler salesmanship is essential in copy, a quicker and keener reaction is required from the physical appearance of the printed message—in financial advertising than in any other.

Therefore GRAVES SERVICE has built an agency where the bank's problem is analyzed by nationally successful and mature advertising men and where the bank's local attitude is sympathetically interpreted in copy by men of banking experience.

It is only after months of study in banks, in towns and cities in every section of the country, that business building campaigns, employing only proved successful methods of advertising, are skillfully developed by GRAVES SERVICE for the long, hard job that the bank's advertising dollar must do.

When the banker employs this organization his bank and its problems become a stewardship of GRAVES SERVICE

# GRAVES SERVICE

WM. ELLIOTT GRAVES, INC. ' ' Financial Advertising ' ' CHICAGO

## GUARDIAN STOCK OVERSUBSCRIBED; LORD MADE PRESIDENT NEW GUARDIAN DETROIT BANK

THE approximately \$12,500,000 of stock of the new Guardian group of financial institutions, Detroit, has been over-subscribed and it will be necessary to limit allotments, according to announcement by the organization committee, which has been responsible for the formation of the new enterprises. The announcement also stated that the



ROBERT O. LORD  
President Guardian Detroit Bank.

preliminary organization work has been completed and that the final steps in the formation of the three institutions are now being taken.

The Guardian group will be composed of three financial enterprises, a bank, a trust company and a securities company.

The bank will be known as the Guardian Detroit Bank. The securities company will be called the Guardian Detroit Company. It will take over the work now done by the securities department of the Guardian Trust Company

but with its larger capitalization and greater facilities its future activities will cover a materially broader field. The third unit in the group will be the present Guardian Trust Company, which has been functioning in quarters on the ground floor of the Buhl building for the last two years.

Robert O. Lord, vice-president the Harris Trust and Savings Bank, Chicago, has been selected for the presidency of the new Guardian Detroit Bank. Mr. Lord, who is 41 years of age, has been connected with the Harris Trust and Savings Bank for twenty-one years. The early part of this period he spent in the bank's securities and trust departments. In April, 1918, he entered the commercial end of the banking business as cashier and in 1919 was elected vice-president, which position he has since held. It is expected that the Guardian Detroit Bank will open for business about June 15. Mr. Lord will move to Detroit early in June.

It is proposed that the bank will be organized under the provisions of a Michigan charter and it is intended to make application to include it in the membership of the Federal Reserve System.

The bank will occupy permanent quarters in the Greater Penobscot building, now under construction at the corner of Fort and Griswold streets. Prior to the completion of the new building it will occupy quarters on the ground floor of the Buhl building, adjacent to the Guardian Trust Company.

The three Guardian institutions are being organized by commercial and industrial interests which have made substantial contributions to Detroit's growth during the last few decades. Numbered among the organizers are: Ford Ballantyne, Henry E. Bodman, Howard Bonbright, Ralph Booth, Judson Bradway, Walter O. Briggs, Lawrence D. Buhl,

Roy D. Chapin, Howard E. Coffin, George R. Cooke, Frank Couzens, George B. Fink, Fred J. Fisher, Edsel Ford, John H. French, Luman W. Goodenough, John C. Grier, Jr., Edward P. Hammond, Carlton M. Higbie, Harley Higbie, Sherwin A. Hill, Roscoe B. Jackson, Albert Kahn, Ernest Kanzler, Jerome E. J. Keane, Alvan Macauley, Charles S. Mott, Louis Mendelssohn, C. Hayward Murphy, Fred T. Murphy, James R. Murray, W. Ledyard Mitchell, Phelps Newberry, Walter S. Russell, Alger Shelden, Allan Shelden, Luther S.

Trowbridge, Charles B. Van Dusen, Hiram H. Walker, Lewis K. Walker, William Robert Wilson, Clarkson C. Wormer, Jr. and Charles Wright, Jr.

The three institutions will have a combined capitalization of approximately \$12,500,000. Capital of the bank will be \$5,000,000. Its surplus will be \$3,000,000. The securities company will have a combined capital and surplus of \$1,750,000. The Trust Company has a capital of \$1,000,000 and surplus and undivided profits of more than \$1,100,000.

## CENTRAL REGIONAL SAVINGS CONFERENCE

**T**HE program of the Central Regional Savings Conference of the Savings Bank Division of the A. B. A., held at Cleveland, March 24-25, aimed at covering practically every topic of interest to savings bankers. There were two addresses on methods of increasing profits, two on advertising, one on "The Bank Building as the Bank's Biggest Advertisement," by Byron Dalton of Walker and Weeks, Cleveland; another on "The Human Side of Savings," by Alex Dunbar, vice-president the Bank of Pittsburgh, N.A., Pittsburgh, Pa.; one on "Efficient Banking," by W. R. Morehouse, president of the Savings Bank Division of the A. B. A., and vice-president Security Trust and Savings Bank, Los Angeles, Calif.; on "Employes' Contests," "School Savings," and finally on "The Philippine Situation," by Carmi A. Thompson.

It was a pertinent question that Walter H. Johnson, Jr., vice-president the Marine Trust Company, Buffalo, N. Y., took as the topic for his address, "Is it Practical to Lower Interest Rates on Time Deposits?" He explained that by "time deposits" he did not mean genuine savings accounts which remain in the bank from year to year, but the account "generally of modest size, with frequent deposits, occasional withdrawals, possibly 'supporting' a moderately active checking account."

Most of these latter accounts "would remain with a commercial bank in spite of an interest reduction from 4 per cent. to 3 per cent." It is the accumulation of principal rather than the interest rate that creates this business, and it is held in one bank largely because of convenience of location and service.

Two other classes of accounts would probably remain in spite of a reduction of the rate: "The temporary 'special interest' account—proceeds from the sale of property, awaiting investment; . . . and the reserve accounts of corporations in an easy cash position."

For those banks which are unwilling to risk losing even a portion of their deposits, he suggested the following policy as fair and just: "Pay interest on time deposits at 3 per cent. per annum figured on lowest quarterly balances, crediting  $\frac{3}{4}$  of 1 per cent. interest April, July, October and January 1. At the end of each year, pay an extra 1 per cent. on the lowest annual balance."

### DECLINING BANK PROFITS

Following this address came an analysis by Charles H. Mylander, secretary of the Ohio Bankers Association, Columbus, Ohio, of "The Declining Percentage of Bank Profits." Mr. Mylander found that interest on deposits—in Ohio, at least—"actually is taking very little more

of the gross earnings of all the banks in Ohio" than in the years before this decline of bank profits. Nor is the decline due to larger losses. It is due primarily to increasing expenses, and it is due, he believes to one thing—competition "for accounts which by no stretch of the imagination, could be profitable to the bank which obtained them."

"The cure is to be found in two things—education and co-operation. The education takes two forms. It is first going to be necessary to educate the banker . . . to examine and to analyze his own business, through some system of cost accounting—and then he must educate his customers. Here is where co-operation comes in, because this education of the public is a task which will benefit all banks, and its cost should be shared by all."

"What Advertising Cannot Do," according to J. A. Price, advertising manager the Peoples Savings and Trust Company, Pittsburgh, Pa., is to "surmount the lethargy of inert contact men in the institution." "Advertising is an *interpretative* and not a *creative service*. The reason why so much advertising does not produce results is because it is superior to the service it is trying to sell—the advance notices are better than the show. . . . Some banks will pay \$500 for a newspaper page for a one time shot, and let a good teller, at a vital point of contact, be disgruntled for a year, when a \$300 annual raise would make that teller worth twenty newspaper pages in the promulgation of good will."

W. R. Morehouse, president the Savings Bank Division of the A. B. A. and vice-president the Security Trust and Savings Bank, Los Angeles, Calif., in his address on "Efficient Service," gave numerous concrete suggestions for making the banking service equal to the advertising. "There is perhaps nothing which adds to the convenience of patrons like plenty of signs. . . . Convenience represents about 33-1/3 per cent. of efficient service. . . . Never keep patrons waiting unnecessarily. . . . Be explicit

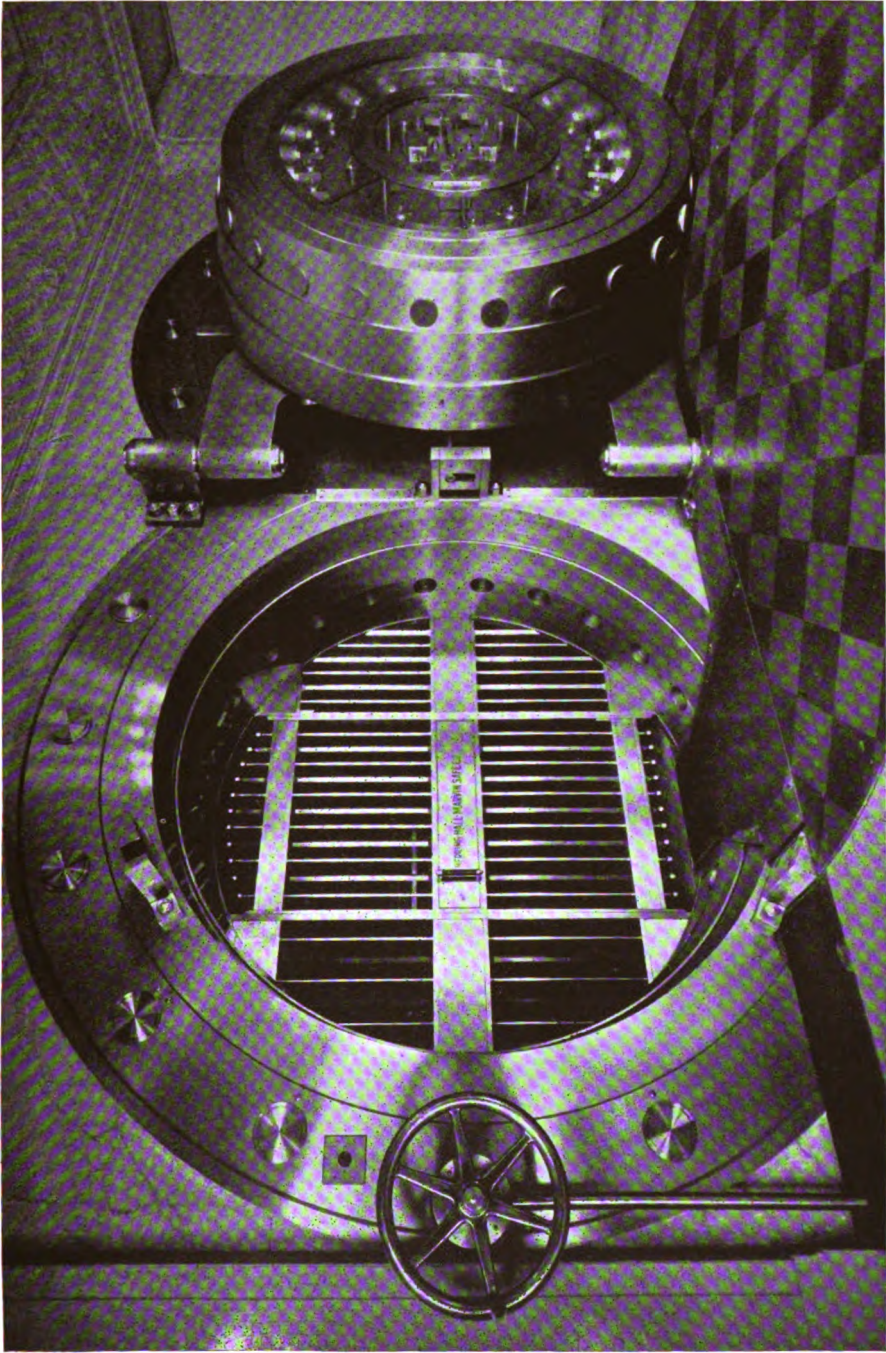
and give a reason when refusing to grant a favor. . . . When telling patrons to make out certain forms, call attention to the advantage of doing so, and explain how. . . . Be especially careful in giving advice, information and directions, that you are correct. . . . Be patient and considerate. . . . Each depositor should receive the best in service" for if efficient service "is to remain at its best it must be used constantly. . . . The harder you work it the larger the dividends."

Kline L. Roberts, vice-president the Citizens Trust and Savings Bank, Columbus, Ohio, said that his topic "School Savings" is attractive because "it reveals more fully than anything else the development of a kind of altruism in modern bank operation." For "school savings is, very definitely, in the list of 'accommodation' services." They are justified by "the system's enormous value in developing proper money habits in growing boys and girls. . . . Then, on the practical side, they place the bank in a favorable light before every family in the city with children of school age. . . . And the total of the school savings deposit in the bank eventually becomes sizeable."

"When the Citizens bank took up the question of school savings in Columbus, there had been several efforts to establish savings stamp systems which had been failures. . . . The bank found the cost of installation would be about \$40,000 . . . and would not pay for itself in less than six years and probably not for ten years."

After long consideration of these facts, the system was finally instituted on May 11, 1923. The first day brought in 12,312 deposits amounting to \$4010. These deposits have grown steadily in number and amount ever since. "During the first year, the net loss on this department was \$15,000. The loss was reduced somewhat in the second year, and at present is about \$10,000 a year. The department requires a staff of seven and a separate room in the main office.

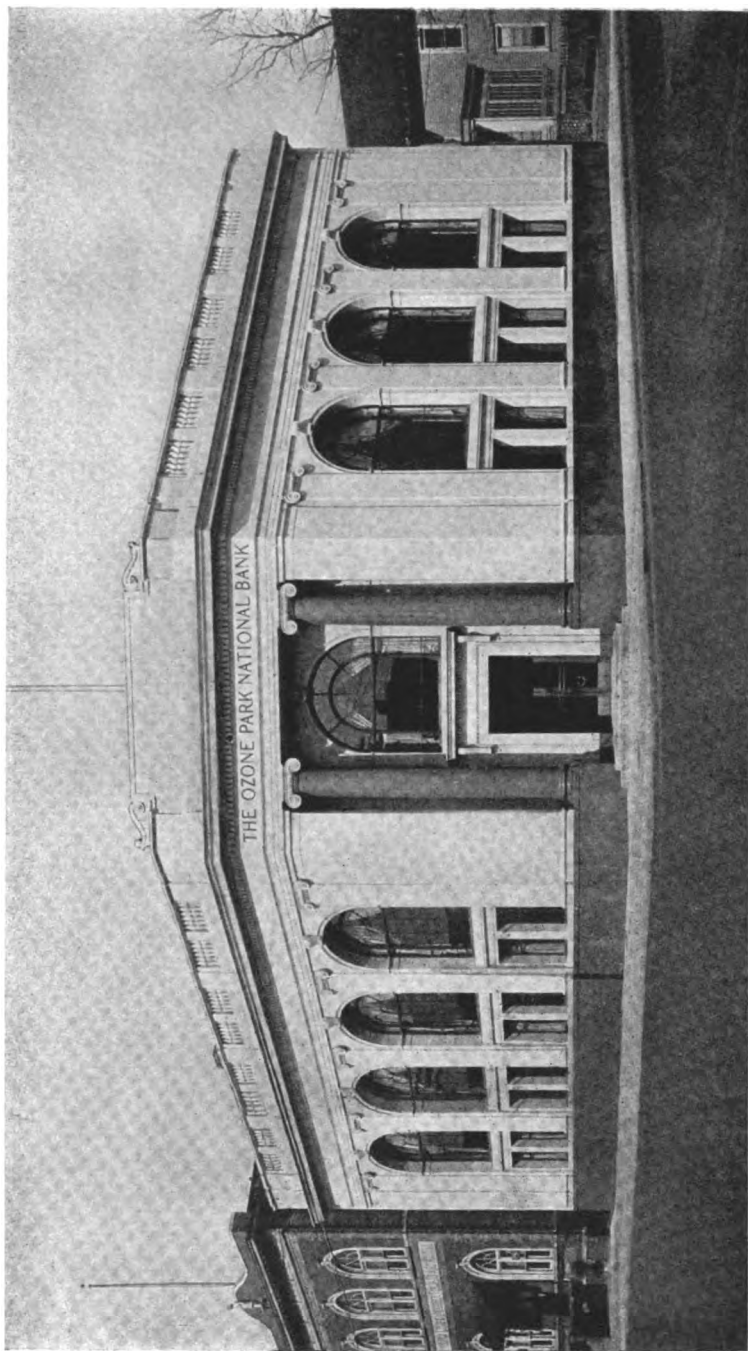
[Continued on page 755]



Entrance to the vault of the Home Bank and Trust Company, Chicago

**Designed, manufactured and installed by Herring-Hall-Marvin Safe Co., New York, Boston, Chicago, San Francisco, Birmingham  
Factory at Hamilton, Ohio**





The new home of the Ozone Park National Bank, Ozone Park, N. Y., designed and constructed under supervision of

**MOWBRAY & UFFINGER**  
INCORPORATED

**ARCHITECTS**

**BANK EQUIPMENT & VAULT ENGINEERS**  
221 WEST 57TH STREET  
NEW YORK



## EXAMPLES OF RECENT BANK BUILDING OPERATIONS



Partial view of the public space in the Ozone Park National Bank, Ozone Park, Long Island, showing entrance to the safe deposit vault and savings department. The building was designed by Mowbray & Uffinger, bank specialists, of New York.

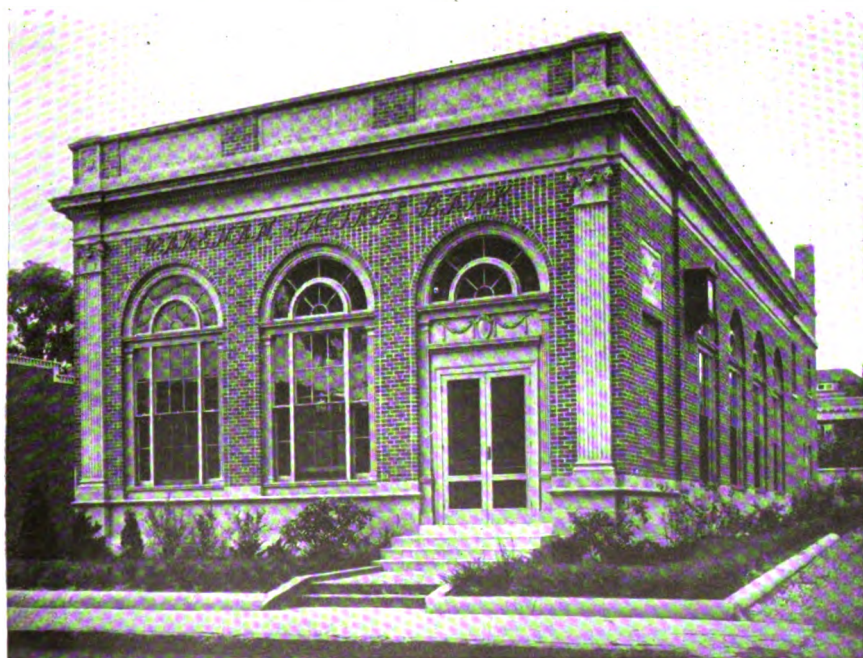


This modern and impressive bank and office building of the First National Bank of Miami, Fla., was designed and constructed under the supervision of Mowbray & Uffinger, architects and bank equipment and vault engineers of New York.





The wood finish in the main banking room of the Wareham Savings Bank, Wareham, Mass., is of walnut and the banking screen is of walnut with a wrought iron grille. Care has been taken in working out the color scheme for the walls and ceiling to give the proper color balance with the walnut trim. J. Williams Beal, Sons, of Boston were the architects. The vault was installed by the Mosler Safe Company, Hamilton, Ohio, and the door is of "Donsteel."



The exterior of the Wareham Savings Bank, Wareham, Mass., is of wire cut brick of variegated shades of brown. The cornice, pilasters and other exterior trim are of limestone. The facade treatment of the three arches with an entrance at one side rather than in the center was arrived at as a solution of the interior plan, which demanded a corner entrance. J. Williams Beal, Sons, of Boston, were the architects.

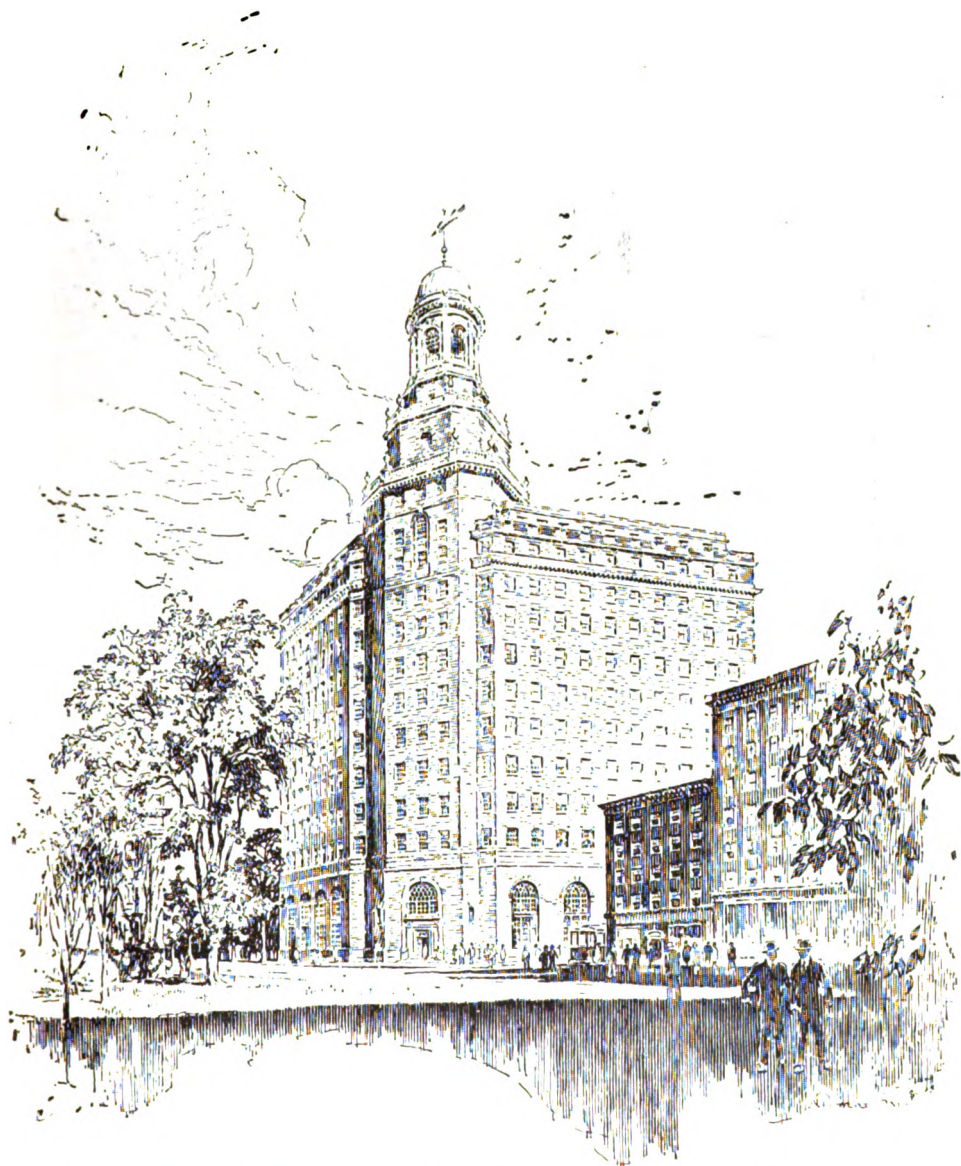




The interior of the new Chambers Street office of the Fidelity Trust Company of New York, Chambers street at West Broadway, has an attractive and dignified appearance obtained by a high ceiling with skylights, concealed by ornamental leaded glass art lights, and a close adherence to northern Italian architectural detail. The floors are of black and gold with Tennessee marble in basket weave pattern.



The fine new building for the Monongahela Trust Company, Homestead, Pa., has many new features in the way of bank construction and design and will be one of the finest bank building in the state. It is the work of Hopkins & Dentz, bank architects and vault and equipment engineers, New York City.



The building now in process of erection by the Union & New Haven Trust Company, New Haven, Conn., is to be of pure Colonial design, the materials being red brick and white marble. The Larkin Carey Company of New Haven is the contractor and the architects are Cross & Cross of New York. The building is situated at the northeast corner of the old historical green on land originally granted to Robert Perry in 1638.





Recently completed building of the First National Bank, Saugerties, N. Y., the exterior of which is constructed of Indiana limestone. The interior is equipped with a Botticino marble counterscreen, fitted with bronze wickets, while the cabinet work and furniture are of mahogany. The vault is of most modern construction. The bolt work is controlled by a four-movement time lock and, in addition to this, there is an electrical system with an audible alarm, which would indicate the slightest disturbance. The building was designed by and constructed under the supervision of Morgan, French & Co., Inc., architects and engineers, New York.



The Bay Ridge branch of the Mechanics Bank, Fourth avenue at 51st street, Brooklyn, New York, is of light buff brick of a rough texture, with cast iron trim. The ground floor and mezzanine are occupied by the bank, while the upper floor is rented. The building was designed by Holmes & Winslow, bank architects, New York.

[Continued from page 748]

"To summarize: School savings has the greatest possible appeal from the standpoint of a contribution to community service; it is expensive to install and maintain; potential benefits to the bank are as nothing compared to the wonderfully good influence on the child. . . . It is a long-swing investment for the banker who is looking far into the future and is willing to take the chance of finding that he has been a philanthropist at the end of a ten-year experience."

"Employes' Contests," said E. A. Hintz, cashier the Peoples Trust and Savings Bank of Chicago, speaking on that subject, after describing the results of such a contest in his own bank, "also produce many results which cannot be measured in dollars and cents. They develop a feeling of closer relationship between the officers and directors and the employes. They lift the sluggish employe out of the rut and point the way to increased earnings and official recognition. The enthusiasm developed is

passed on to the customers, and the bank soon acquires that important asset—a pleasing personality."

#### BANK OFFICER HEADS WOOL COMMITTEE

As a result of the investigation carried on by the wool committee of the Los Angeles Chamber of Commerce, organization of a Wool Trades Association has been undertaken. This was recommended by the wool committee, under the chairmanship of Frank C. Mortimer, vice-president of the Citizens National Bank and the Citizens Trust and Savings Bank, so that all those interested in wool, whether raw or in form of finished products, might have representation.

This organized effort to make Los Angeles the handling and manufacturing center for the 15,000,000 pounds of wool produced in the area adjacent to the city is planned to take advantage of conditions resulting from the development of Los Angeles and Southern California.





A Federal Land Bank Building



HE beautiful building at Springfield, Mass., of the Federal Land Bank, District No. 1, covering the New England States, New York and New Jersey. Appropriate in its setting and design, it is built of New England red brick, with granite base and limestone trim. The interior is pure colonial, with rotunda treatment, all rooms open and light. The building is a proved success.

## Thomas M. James Company

3 Park Street, Boston      342 Madison Ave., New York

*Architects and Engineers*

We would be glad to help you solve your  
bank building problem

*Write us for booklet*

# Bank With Us and Grow With Us

Out of town business houses having representatives or branch offices in Philadelphia will appreciate the convenience of our day and night banking service.

With increased facilities we are better equipped than ever to render efficient and courteous service.

Your Philadelphia representative will like our bank.

## FRANKLIN TRUST COMPANY

Southwest Corner Fifteenth and Chestnut Streets  
PHILADELPHIA

West Phila. Office,  
52nd and Market Streets

Front Street Office  
Front and Market Streets



Germantown Office  
5708 Germantown Ave.

Frankford Office  
Frankford Ave. and Paul St.

Resources over \$42,000,000

AMERICA'S LARGEST EXCLUSIVELY DAY-AND-NIGHT BANK

## EASTERN REGIONAL SAVINGS CONFERENCE

IN carrying out the two purposes of the Eastern Regional Savings Conference of the Savings Bank Division of the A. B. A., held at Washington, D. C., April 7 and 8, 1927, which were: (1) to develop plans for securing an increase in the volume of savings comparable to the rapid increase in recent years of the number of savings accounts; and (2) to develop plans to meet the competition of institutions seeking to attract funds that otherwise would go into savings accounts, most of the addresses took up the solution of the first problem. In the words of H. B. Hering, assistant vice-president the Baltimore Trust Company, Baltimore, Md., the emphasis was laid "not so much upon getting new savings accounts as upon keeping them in the face of competition and building them up to be profitable servants."

"Getting Your Money's Worth from Savings Advertising" was Mr. Hering's

topic. "It is important to bear in mind," he said, "that there is a definite limit to the amount of business which any one institution may secure profitably . . . varying in proportion to the type and variety of service which it offers to its public." In order to give the best service to the greatest number of people, the Baltimore Trust Company "embarked on a plan of opening inexpensive branch offices in important business and residential sections throughout the city." The opening of each new branch was accompanied with newspaper advertising, announcing the opening. No other form of selling the service was used, yet the new offices opened averaged 1000 accounts in the first thirty days. Then, in order to get the present customer to increase his balance, to induce him to extend his business to other departments of the bank, and to get him to bring in his friends as new customers, the bank de-

# What Do We Do For Correspondents ?

We

Collect domestic and foreign items  
Quote prices on securities  
Issue Letters of Introduction for travellers  
Furnish credit information  
Furnish Real Estate Appraisals

*Inquiries invited*

**United States  
Mortgage & Trust Company**

55 Cedar Street, New York

cided on direct-by-mail advertising as its year-round policy. It rejected all other forms of advertising, on the ground that they do not reach directly the people the bank wishes to reach. Furthermore, the bank refused to purchase syndicated advertising material. It wanted copy that would reflect its own individuality, and it believed that no outsider could state its message to its customers as effectively as it could itself.

The results? "In the four years that have since elapsed, the bank has shown a net gain over closed accounts of 30,000 savings and Christmas Savings accounts, 75 per cent. of these being regular savings accounts, and a net gain in savings deposits of \$6,000,000. The bank is now growing at the rate of 10,000 accounts net gain per annum, and at the rate of \$2,000,000 a year net gain in savings deposits. During this entire period, the percentage of closed accounts has never been higher than 52 per cent. in one year, and it has been as low as 30 per cent. This business has been se-

cured at a cost which is practically negligible."

#### UNPROFITABLE SAVINGS ACCOUNTS

The foregoing, of course, is the record of a very young bank. "The Stimulation of Inactive and the Correction of Unprofitable Savings Accounts," in a bank that has been established for some time, is, according to William F. Ritter, assistant treasurer Central Trust and Savings Company, Philadelphia, Pa., quite a different matter. All banks have a large proportion of such accounts. "As a general rule, the ratio would be over 50 per cent." The method most often used to induce the depositors to make consistent additions to inactive accounts is "placing them on a mailing list to receive periodic reminders that they have a savings account, or writing form letters signed by an officer of the company, exhorting them to save and save some more."

The Central Trust and Savings Company tried this method on 772 accounts

# The Kidder Peabody Acceptance Corporation

BOSTON

NEW YORK

CAPITAL and SURPLUS \$12,000,000

## Commercial Letters of Credit

BOTH FOREIGN AND DOMESTIC

for four months. "At the end of this time, after four pieces of literature had been sent them, 415 of the accounts still remained with the bank. The total amount of deposits for the 772 accounts aggregated \$7755, while the 415 accounts totaled \$4971." In other words, about half of the depositors "having the fact called to their attention that there was money in the bank, immediately closed the account." Trying to stimulate inactive accounts obviously does not pay.

The only suggestion Mr. Ritter offered was "Why let the accounts become inactive?" He suggested that workers' accounts be segregated from the rest when they come in, and that every effort be made to keep them active.

Unprofitable savings accounts could be eliminated, Mr. Ritter said, by enforcing the rules regarding notice for withdrawals, studying the savings account, and suggesting to the depositor that he change his account to a semi-checking account or a commercial account if his account is too active.

Speaking on "The Club Savings Plan," Dana S. Sylvester, executive manager Savings Bank Association of Massachusetts, said that he believes that the plan is still in its infancy, and that its development will be one of the large factors in keeping savings deposits in the banks where they belong. "The one thing missing to make this plan a perfect success in every other bank is the lack of imaginative appeal." If anyone could suggest a name which would carry the same appeal as "Christmas Club" "it would mean the immediate and permanent success of this continuous savings club plan."

Dr. Heinz E. Luedicke, editor of the *Journal of the Savings Banks Association of Germany*, described the "Differences in Functioning between the Mutual Savings Banks in the United States and the Municipal Savings Banks in Germany." He was impressed, he said, by the ideal of "better service" which is the fundamental principle of modern American banking organization. "One of the most

*OUR short term obligations have been purchased by more than five thousand banks in the United States.*

## GENERAL MOTORS ACCEPTANCE CORPORATION

*Executive Office · 250 WEST 57<sup>TH</sup> STREET · New York City*

*Capital, Surplus & Undivided*

*Profits · \$36,428,000.00*

---

remarkable facts of this new development is that, so far all types of banks profited by the proclamation of this new principle but one, mutual savings banks.

"It is quite different in Germany. There the German savings banks carry on, in addition to their old lines of activity, the following other business. Current account business, money transfer and clearing business, collection of bills of exchange and checks, issuance of letters of credit and purchase and sale of securities."

Such an extension of the service of savings banks makes them competitors of the commercial banks. Germany, however, has the conviction "that it can be by no means profitable for a nation as a whole when bank competition grows too severe." There should be some division of labor between the different types of banks. In Germany the solution has been found in making savings banks the banks for the middle classes.

"Naturally, what is right for Germany is not necessarily right for America also. But two facts can be considered as absolutely true. These are, the necessity of

broadening the field of American savings banks in order to avoid the savings banks losing their importance completely; and the possibility of doing that by establishing a certain new principle of division of labor between savings banks and other banks."

Other addresses before the conference included: "Investment of Savings Deposits," by H. P. Gifford, president National Association of Savings Banks; "Savings Deposits and Real Estate Loans of National Banks Authorized by the McFadden Banking Bill," by Henry H. McKee, president National Capital Bank, Washington, D. C.; "Money—the Keeping It of Standard Purchasing Power Particularly Essential to Savings Bank Depositors," by Samuel H. Beach, president Rome Savings Bank, Rome, N. Y.; "Income Management," by Orrin C. Lester, vice-president Bowery Savings Bank, New York; and "Is the Thrift Idea to Become Obsolete Because of Instalment Buying," by Jesse F. Wood, vice-president State-Planters Bank and Trust Company, Richmond.

## WHAT BANKS AND BANKERS ARE DOING

**DAVIS BIGGS**, trust officer of the National Bank of Commerce in St. Louis, was given the additional title of vice-president at a recent election.

**ROY A. HITCHINGS**, assistant to President Alfred L. Ripley of the Merchants National Bank of Boston, has been elected vice-president and cashier of the First National Bank of Attleboro, Mass. Mr. Hitchings expected to begin his new duties May 1.

**I. F. FREIBERGER**, vice-president and a member of the executive committee of the Cleveland Trust Company, Cleveland, Ohio, has been elected president of the Cleveland Chamber of Commerce.



**I. F. FREIBERGER**  
Vice-president the Cleveland Trust  
Company, Cleveland, Ohio.

land College, Euclid Avenue Temple, Goochrich Social Settlement and is a member of the Cleveland Community Fund Council. He is a director of the Citizens League and a member of several social organizations in Cleveland.

**LUTHER G. MCCONNELL**, formerly affiliated with the North American Cement Company, has been elected vice-



**LUTHER G. MCCONNELL**  
Vice-president the Hamilton National  
Bank of New York.

president of the Hamilton National Bank of New York, according to announcement by Archibald C. Emery, president. The appointment of Mr. McConnell, Mr. Emery said, is in line with the bank's policy of injecting into the institution men who have been successful in commercial lines as well as those experienced only in practical banking.

Mr. McConnell was graduated from Columbia University in 1910 and be-

In the field of welfare and philanthropy Mr. Freiburger has been identified with Mt. Sinai Hospital as chairman of its finance committee, is a trustee of Cleve-



# Central Mercantile Bank and Trust Co.

Main Office: Fifth Avenue at 44th Street, New York

Member Federal Reserve System

DATE	CAPITAL	SURPLUS AND PROFITS	DEPOSITS	RESOURCES
April 14, 1924	\$ 200,000.	\$ 98,770.	\$ 3,101,100.	\$ 3,442,332.
April 14, 1927	2,500,000.	2,151,226.	46,185,743.	52,623,694.

C. STANLEY MITCHELL, *President*      JULIAN M. GERARD, *Chairman of the Board*

*Vice-Presidents*

JOSEPH BROWN  
MICHAEL G. KLETZ

ROBERT ADAMSON  
FREDERICK G. SINCLAIR

LOUIS STEWART, JR.  
H. I. STEVENS

CHARLES H. HOFFMAN  
*Secretary-Treasurer*

C. P. CLEARY  
*Assistant Treasurer*

CHARLES E. RINEHART  
*Assistant Treasurer*

MANDEVILLE MULLALLY  
*Trust Officer*

*DIRECTORS*

ROBERT ADAMSON  
*Vice President*

CHESTER A. BRAMAN  
*Pres. A. D. Juilliard & Co., Inc.*  
*Trustee Bowery Savings Bank*

JOSEPH BROWN  
*Vice President*

JOSEPH C. BROWNSTONE  
*Pres. J. C. Brownstone & Co., Inc.*

JOHN S. BURKE  
*Vice President B. Altman & Co.*

BARRON COLLIER  
*President Barron G. Collier, Inc.*  
*Street Railways Advertising Co.*

DONALD HEARN COWL  
*President James A. Hearn & Son*

JOHN A. DILLIARD  
*Vice President National American Co., Inc.*

NED ARDEN FLOOD  
*Capitalist*

JULIAN M. GERARD  
*Chairman Board of Directors*

LOUIS H. HALL  
*Putney, Twombly & Putney*

LAMAR HARDY  
*Trustee East River Savings Bank*

CHARLES D. HILLES  
*Director New York Life Ins. Co.*  
*Director American Smelting & Refining Co.*

JAMES J. HOEY  
*Hoey & Ellison*

JAMES C. KENNEDY  
*Treasurer The Forhan Co.*

DAVID H. KNOTT  
*President Knott Hotels Corp.*

EDWARD B. LEWIS  
*Pres. J. M. Horton Ice Cream Co.*

JOHN H. LOVE  
*Treas. Merchants Ass'n. of N.Y.*

HERMAN A. METZ  
*President H. A. Metz & Co.*  
*Trustee Fulton Savings Bank*

WILLIS G. McCULLOUGH  
*Treasurer Collins & Atkman Co.*

ALFRED W. MILES  
*Treasurer Best & Co.*

C. STANLEY MITCHELL  
*President.*

A MILTON NAPIER  
*President Tidewater Building Co.*

HENRY POLLAK  
*President Henry Pollak, Inc.*

ALFRED RHEINSTEIN  
*Rheinstein Construction Co.*

ARTHUR SIMON  
*Franklin Simon & Co., Inc.*

LOUIS STEWART  
*New York*

LOUIS STEWART, JR.  
*Vice President*

ROBERT WESTAWAY  
*Treas. A. D. Juilliard & Co., Inc.*

Branch Offices:

Fifth Avenue at 14th Street, Two East Broadway,  
Varick at Spring Street, First Avenue at 72nd Street, Broadway at 97th



*Capital*  
\$3,000,000



*Surplus*  
\$3,500,000

## Cordial Cooperation

in handling Boston and New England banking and fiduciary matters in an efficient and expeditious manner is to be found at

THE  
**State Street Trust Company**

Allan Forbes, *President*

**BOSTON, MASS.**

*Member Federal Reserve System*

came affiliated with the Atlas Portland Cement Company, with which organization he remained for twelve years. From 1922 to 1926 Mr. McConnell was secretary and treasurer of the Acme Cement Corporation of Catskill, N. Y., which corporation was sold in 1926 to the North American Cement Corporation.

HOMER GUCK, assistant to the president of the Detroit Life Insurance Company, Detroit, Mich., has been appointed director of public relations of the Union Trust Company of Detroit, according to announcement made by Frank W. Blair, president. Mr. Guck succeeds Wayne W. Putnam, who was promoted to the assistant secretaryship some time ago.

MINNIE A. BUZBEE has been elected manager of the business extension department of the American Southern Trust Company, Little Rock, Ark. Miss Buzbee was the first advertising manager of the American Bank of Commerce & Trust Company, which later was con-

solidated with the Southern Trust Company, making the first mentioned institution.

Miss Buzbee has been away from Little Rock for several years, in New York and Minneapolis. For two years she was advertising manager of the Minneapolis Trust Company, but resigned that position last December to return to Little Rock.

FRED R. SIDLER, assistant vice-president of the First Wisconsin National Bank, Milwaukee, died April 3 at Pass Christian, Miss. Mr. Sidler's illness had kept him away from his desk at the First Wisconsin National for the last year.

HARRY M. HANSON, assistant secretary the Illinois Merchants Trust Company, Chicago, died last month at his home in Evanston, after an illness of little more than a week. He was 55 years of age.

Mr. Hanson had been with the institution since 1917, joining the Merchants Loan & Trust Company as a field exam-

iner in that year. When the new institution was formed, he became manager of the department and, later, assistant cashier. In January, 1926, he was elected assistant secretary and henceforth devoted his efforts to the personal trust division of the trust department. Before joining the Merchants Loan & Trust Company Mr. Hanson was for three years secretary and treasurer of the Farm Mortgage Bankers Association of America. He was one of the founders of that organization.



IRVIN A. MCGIRK

Head paying teller of the National Bank of Commerce in St. Louis, who completed fifty years of banking service on February 22 of this year. He has been with only two institutions during that time, starting with the old St. Louis National Bank in 1877 and transferring to the National Bank of Commerce in St. Louis in 1898.

CHARLES H. JAMES has retired from his position as vice-president of the First National Bank of Philadelphia after forty-two years of service. He entered the bank in 1885, was elected assistant cashier in 1892 and vice-president in 1920. During the time he has done a

great amount of traveling, including two trips around the world, from east to west and from north to south, visiting practically every country. At present he is in the Hawaiian Islands.

W. S. PAINE, banker and former New York State bank superintendent, died recently in New York at the age of 79. He was born in Rochester, N. Y., was graduated from Rochester Collegiate Institute and from the University of Rochester. He was admitted to the bar and practiced law until in 1874 he was one of three state bank examiners appointed by the State bank superintendent.

In 1880, in conjunction with William Dowd, president of the Bank of North America, Mr. Paine revised the state banking laws by appointment of Governor Cornell. This revision became law in 1882.

His appointment as state banking superintendent was made by Grover Cleveland. Mr. Paine resigned from this position to become president of the State Trust Company, a position which he also resigned to tour the world.

He was an organizer of the trust company section of the American Bankers' Association, was a member of the state, county and New York City bar associations. He wrote works on the New York state and national banking laws which were regarded as standard and which went through seven editions.

MAHLON B. SMITH, teller of the Seamen's Bank for Savings, New York, was honored at a dinner of the Seaman's Bank Club recently, in celebration of his sixty years of continuous service with the bank. Although he will be eighty years old next October, Mr. Smith put in an active day at the bank before taking his place as guest of honor at the dinner.

During his sixty years on Wall street he has seen the deposits of the bank grow from \$8,565,000 to \$85,000,000 and the depositors increase from 24,000 to 82,000. He long ago lost count of the millions he has handled for the bank.

## NATIONAL SHAWMUT BANK TO VOTE ON CAPITAL INCREASE

A MEETING of stockholders of the National Shawmut Bank of Boston was held May 2 to vote on a recommendation of the board of directors that the bank increase its capital from \$10,000,000 to \$15,000,000 and if the increase was voted, to determine how the additional stock should be disposed of, etc.

The increase is desirable, according to the directors, because of the large increase in the volume of the bank's business. Deposits of the bank have increased \$40,000,000 in the last three years and are now approximately double the amount of deposits in 1912, when the increase to \$10,000,000 was made.

The new capital, according to plans, will be \$15,000,000, surplus \$10,000,000, and undivided profits \$1,500,000.

## SERVICE CHARGE SATISFACTORY TO BOSTON BANKS

IN reply to a questionnaire sent out by THE BANKERS MAGAZINE regarding service charges on deposit balances less than \$300, which has been in force in the Boston Clearing House Association for some time, Frank H. Wright, secretary of the association, states that the regulations covering these exchange charges on small balances have worked to the satisfaction of all concerned.

"There has been practically no difficulty in enforcing the rule," he said, "and the result has been that small balances have been very much reduced so that now there are only comparatively few paying the dollar charge, and these are quite willing to do so in return for the service rendered. There apparently has been no loss of good-will in the enforcement of this regulation."

## BOWERY BANK CHANGES

PRESIDENT Victor A. Lersner of the Bowery Savings Bank, New York, has announced the election of Henry Bruere as first vice-president to fill the vacancy

caused by Mr. Lersner's promotion to the presidency. Mr. Bruere has been third vice-president of the Metropolitan Life Insurance Company.

Orrin L. Lester and J. Watson MacDowell were promoted from assistant vice-presidents to vice-presidents. Mr. MacDowell will be in charge of the office at 130 Bowery and Mr. Lester will be in charge of public relations.

On April 1 assets of the bank exceeded \$308,000,000, deposits were \$273,549,002 and depositors numbered 213,960.

## W. H. WOODIN BECOMES RESERVE DIRECTOR

W. H. WOODIN, president of the American Car and Foundry Company, has been elected a Class B director of the Federal Reserve banks by the member banks in Group 1. This group comprises the banks in the district which have capital and surplus of more than \$1,999,000. Mr. Woodin will fill the term expiring December 31, 1928.

## NATIONAL CITY'S DEPOSITS SET NEW RECORD

DEPOSITS of the National City Bank of New York, as of March 23, 1927, are \$1,139,185,000, thus setting a new high record for the institution. The deposits have gained \$55,000,000 or 5.01 per cent. compared with the statement of December, 1926, and a gain of \$343,250,000, or 43.1 per cent. compared with the statement of April 12, 1926.

The large increase over the year was partly due to the absorption of the Peoples Trust Company of Brooklyn, while the gain since December is attributable, to some extent, to the taking over by the National City Bank of the International Banking Corporation on January 1.

## BANK OF ITALY SPLITS STOCK

THE Bank of Italy National Trust and Savings Association, formerly the Bank of Italy, has planned to split its stock



**T**HE above advertisement appears in the May issues of National Geographic, Harpers, Atlantic Monthly, Asia, Travel, Country Life, American Legion Monthly; also in the May 7 Saturday Evening Post, May 14 Literary Digest, May 19 Life, May 2 Time, May 7 New Yorker, May 15 Vogue, and May 2 American Hebrew. It will be seen by nearly 7,000,000 families, among them your best customers.

Be prepared for a demand for Mr. Franck's unusual book which fills a definite need. Many of your customers will ask you for it. Let them know you have it.

If you haven't received your allotment of books let us know immediately.

**A.B.A. Certified CHEQUES**



AGENTS: BANKERS TRUST COMPANY  
16 WALL ST., NEW YORK

on a basis of four shares of \$25 par value each for each share of \$100 par stock. The bank is also planning a 300 per cent. stock dividend on an auxiliary corporation to keep the number of shares in line with the parent company's issues.

**A. I. B. DIRECTOR RECEIVES HONORARY DEGREE**

IN recognition of the growing importance of adult education, the University of California has conferred an honorary degree on Stephen I. Miller, educational director of the American Institute of Banking.

**NEW YORK BANK PLANS 50 PER CENT. DIVIDEND**

A 50 per cent. stock dividend, to be paid through an increase in capital from \$4,000,000 to \$6,000,000, will be recommended to the stockholders of the Bank of New York and Trust Company, through action taken by the bank's board of trustees recently. The trustees consider this readjustment in capital account desirable on account of the beginning of the construction of a new building at Wall and William streets, which will require a considerable investment.

If the capital increase is approved it is expected that quarterly dividends at the rate of 18 per cent. a year on the increased capital will be paid, beginning July 1. The distribution to stockholders will be one of the most generous ever made by a New York bank, especially in view of the high dividend rate to be paid under the new capital structure. Stock of the Bank of New York and Trust Company was quoted recently at \$860 a share bid, \$875 asked.

**CLEVELAND GROUP BUYS NEW YORK BANK**

CONTROL of the New York Joint Stock Land Bank has been acquired by Cleveland interests, according to official announcement. The bank, which was formerly owned by Guy Huston and the

1923 to 1927

We are gratified to announce the following record of our consistent growth:

December 31, 1923 .	\$ 5,069,317.96
December 31, 1924 .	10,448,173.99
December 31, 1925 .	15,171,402.62
December 31, 1926 .	19,400,134.32

**THE HAMILTON NATIONAL BANK**  
**of NEW YORK**

ARCHIBALD C. EMERY, President

Main Office 130 West 42nd Street New York

Guy Huston Company, has approximately \$11,000,000 assets and is the largest joint stock land bank east of Ohio. It is chartered to operate in the states of New York and Pennsylvania, about 80 per cent. of its loans being in New York State.

The New York Joint Stock Land Bank and the Ohio-Pennsylvania Joint Stock Land Bank will now be under substantially the same management with combined assets in excess of \$28,000,000.

Samuel L. McCune, of Cleveland, organizer and president of the Ohio-Pennsylvania Joint Stock Land Bank, will succeed Guy Huston as president of the New York bank. The two banks will be operated as separate units, with Mr. McCune serving as president of both.

The other officers of the bank elected at a special meeting of the board of directors are A. H. Seibig, president United Banking & Trust Company of Cleveland, vice-president; C. M. Hinman, assistant treasurer and New York representative of the Pure Oil Company,

vice-president; H. C. Holmes, of New York, secretary-treasurer.

**GREENWICH BANK**  
**NATIONALIZED**

AFTER operating as a state bank for ninety-seven years the Greenwich Bank of New York has been nationalized as a part of the transactions by which it is to be absorbed by the Hanover National Bank. The consolidation marks the Hanover's entrance into the branch banking field. It was largely because of the extensive branch system of the Greenwich that the absorption was decided on. The Greenwich Bank has eleven offices.

**MIAMI BANKING STABLE**

A STABLE condition in banking and continued growth in trust business are shown by the bank calls of March 23 in Miami, according to financial statements of the Miami Clearing House Association. Liquid assets were approximately

## For Nearly Three-Quarters of a Century

IN the great northwest —  
the words *banking service*  
and *First Wisconsin* have  
become almost synonymous.



### FIRST WISCONSIN NATIONAL BANK MILWAUKEE

*Capital and Surplus Ten Million Dollars*

50 per cent. of deposits and cash reserves were almost double the legal requirements.

The Bank of Bay Biscayne, the oldest in Miami, showed deposits of \$28,311,785 in its statement for the last year as compared with \$29,141,723 for the previous year, and total resources of \$30,916,751 against \$31,529,260. Since its last statement this bank has increased its capital structure from \$2,289,807 to \$2,604,966. Its affiliate, the Biscayne Trust Company, shows an increase in total resources, which were \$4,355,299 on December 31, as against \$3,901,397. A large part of this increase was in deposits which stood at \$3,845,059 as against \$3,509,986 at the end of the year.

#### INVESTMENT TRUST FORMED

ANNOUNCEMENT has been made of the formation of the Allied International Investing Corporation to offer to American capital diversified investments throughout the world and patterned after the

English and Scotch investment trusts.

The directors of the corporation, which has a Delaware charter, are Charles E. Ames, Robert Winthrop Kean, Kent Bromley and James C. Luitweiler.

The authorized capital consists of 60,000 shares of participating preference stock, without par value, and 10,000 shares of deferred stock, without par value. The directors and associates have agreed to buy the entire deferred stock of the corporation.

It is expected that the shares of the corporation will be offered to the public.

#### NATIONAL CITY OFFICES TO BECOME BRANCHES

THE National City Bank of New York has filed application with the Comptroller of Currency to have its offices classified as branches under the McFadden Act.

The National City has eighteen branches in Greater New York, of which



## *“Time Out” for Business*

An important telegram for an official of a bank in the Northwest came to the Union Trust Company—its Chicago correspondent. We were requested to make every effort to forward and deliver it to the banker who had passed through Chicago en route to a southern city.

In 10 minutes, via our private wire to New Orleans, we traced the bank official to a Gulf Coast golf course, located a private telephone wire direct to the club house, and delivered the message on the fifth green. On his return through Chicago, he again called at the Bank to express his gratitude.



FREDERICK H. RAWSON  
*Chairman of the Board*

HARRY A. WHEELER  
*President*

CRAIG B. HAZLEWOOD  
*Vice-President*

# UNION TRUST COMPANY

CHICAGO

A Thoroughly Satisfactory Chicago Correspondent





Trenton Trust Company, Trenton, N. J.

**T**HE fourteen story building of the Trenton Trust Company, Trenton, N. J., is the tallest in the city and gives this institution the most commodious and modern facilities.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER  
660 FIFTH AVENUE, NEW YORK

# STABILITY



The National Bank of Commerce is the Bankers' Bank, centrally located in the United States, and serving for seventy years now an ever-increasing number of correspondents.

An Advertising Service Department available without cost and helpful cooperation from all divisions of our bank for correspondents. If your bank does not have these facilities write us for free descriptive booklet.

## The National Bank of Commerce

with which is affiliated the  
Federal Commerce Trust Company  
Investments



in Saint Louis  
Commercial, Savings, Trust, Foreign,  
Safe Deposits

BROADWAY OLIVE TO PINE

eleven were acquired when the Peoples Trust Company of Brooklyn was absorbed last June.

Charles E. Mitchell, president of the National City Bank, said that seven or eight branches of the bank now classified as "offices" would be affected by the application. He added that the application did not mean that the National City was about to open new branches.

### PHILADELPHIA BANK MERGER

PRELIMINARY negotiations have been completed by the Provident Stock Company of Philadelphia for the purchase of the common stock of the Commonwealth Title Insurance Company, of the same city.

According to the April report of the bank and trust stocks of Philadelphia, the Commonwealth company has a capital stock of \$1,500,000, with a surplus of \$4,350,000. It lists undivided profits of \$250,000. On the last day on which shares of the company appeared on the

Stock Exchange, March 30, they sold for \$586 each. The par value is \$100.

The Provident Trust Company ranks among the first six trust companies of the city in point of capitalization, with a capital stock of \$2,000,000 and a surplus and net profits—according to recent bank clearing house figures—of \$9,092,000. Its loans, discounts and investments are listed at \$27,595,000.

### INTERNATIONAL HARVESTER REPORT

THE International Harvester's annual report for 1926, made public recently, shows net earnings of \$22,658,891, or about 9 per cent. on the capital invested as compared with 8 per cent. in 1925.

The report says that the company's business for 1926 shows a further improvement both at home and abroad. The most notable gain in domestic operations was in the motor truck and tractor lines; foreign sales were the largest in the company's history. The trade outlook,



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**I** **INSTALL** a Complete Sound Wave Burglar Alarm System in the vaults of your Bank.

It will increase confidence and prestige, too.

### **O. B. McClintock Company**

*The Largest and Most Complete Organization of Its Kind in the World*

**MINNEAPOLIS, MINN.**

however, is declared to be less favorable than at this time last year.

#### **NATIONAL CITY TO OPEN BROOKLYN BRANCH**

THE National City Bank of New York is opening its twelfth Brooklyn branch this month in the Bush Terminal district. The bank purchased a plot of ground 42 by 100 feet at the northwest corner of 36th street and Third avenue, Brooklyn, on which is a four-story building. The bank planned to occupy the first floor of the building after alterations had been made.

#### **CITIES SERVICE COMPANY'S ANNUAL REPORT**

THE most successful year in its history was enjoyed by the Cities Service Company in 1926, according to the seventh

annual report, recently mailed to stockholders of the company.

Consolidated gross earnings of the company and its subsidiaries were \$140,309,834, a new high mark. Total assets of the Cities Service organization increased to \$663,128,487.

The consolidated net earnings of the company and subsidiaries in 1926 were \$46,306,907 as compared with \$40,248,614 in the previous year. These net earnings for the year equalled 8.48 per cent. on the total capitalization and funded debt of the company and subsidiaries, and the increase in net earnings of \$6,058,293 over the previous year was equivalent to 11.83 per cent. on the increased capitalization and funded debt.

The consolidated balance sheet shows current assets amounting to \$70,636,140 on December 31, 1926, and total current liabilities of \$25,335,310. This leaves a working capital of \$45,300,830, an in-

crease of 32 per cent. over \$34,152,189 at the close of 1925. The ratio between current assets and current liabilities is 2.79 to 1, as against 2.03 to 1 at the end of the previous year.

**ILLINOIS MERCHANTS TRUST PROMOTIONS**

FOUR promotions to assistant to vice-president have been made by the directors of the Illinois Merchants Trust Company of Chicago. Those promoted are John J. Mitchell, Jr., T. Philip Swift, W. A. Sumner and Mark Collor. Mr. Mitchell and Mr. Swift were formerly assistant cashiers.

**CITIZENS AND SOUTHERN TO BE NATIONALIZED**

As a result of the enactment of the McFadden law, the Citizens and Southern Bank, with offices in Savannah, Atlanta, Macon, Augusta, Valdosta and Athens, Ga., will take out a national charter, thus becoming one of the first large banking institutions in the country to change from its state charter under the provisions of the new law.

In commenting on the latest step forward, Mills B. Lane, president of the Citizens and Southern, said in part: "The Citizens and Southern Bank, the eighty-third largest bank in the United States, and the largest in this section of the country, believes it to be its duty to take out a national charter and thereby assist in further unifying the banking system of the country. The nationalization of the Citizens and Southern Bank will mean its continued operation within the Federal Reserve System together with full benefit of those advantages conferred upon national banks by recent congressional enactment.

**HARRIMAN BANK IN NEW QUARTERS**

THE Harriman National Bank, New York, held a joint celebration last month



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**National Service Bureau of New York, Inc.**

**80 John Street, New York**

National Service Bureau  
80 John Street, New York

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- [ ] Thrift Blotters
- [ ] Trust Folders
- [ ] Thrift Post Cards

Bank .....  
City ..... State .....  
Officer .....

BM5/27

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

**JULIAN P. FAIRCHILD, President**

**WILLIAM J. WASON, JR., Vice-President**

**HOWARD D. JOOST, Vice-President**

**J. NORMAN CARPENTER, Vice-President**

**ALBERT E. ECKERSON Auditor**

**THOMAS BLAKE, Secretary**

**ALBERT I. TABOR, Assistant Secretary**

**CLARENCE E. TOBIAS, Assistant Secretary**

**ACCOUNTS INVITED**

**INTEREST ALLOWED ON DEPOSITS**

of the sixteenth anniversary of its founding and of the formal opening of its new and enlarged offices at Fifth avenue and 44th street. The Spalding building, adjoining the original bank structure, was entirely demolished and upon that ground has been erected the bank's twelve-story addition, so that the marble front of the bank now occupies half the block front, with spacious entrances on both the avenue and the street.

The bank occupies the ground floor, basement and part of the second story of the building. The banking room, 70 by 105 feet, has been entirely rebuilt of Formosa marble with bright bronze grilles and a ceiling of gold and silver leaf.

Joseph W. Harriman is president of the bank. The institution was founded in 1911 and has had a steady growth, its deposits having risen from \$4,000,000 to more than \$40,000,000

## BANK'S STAFF MAY BUY INSTALMENT STOCK

THE Chase National Bank of New York is considering a plan by which junior officers and employes of the bank may buy stock of the bank on the instalment plan. The plan, suggested by employes of the institution, is that the bank buy a block of its own stock and sell shares to those employes who wish to buy.

Other large banks facilitate the sale of their stock to employes. The National City has followed the practice for years. The Mechanics & Metals Na-

tional Bank, which was absorbed into the Chase last year, had such a plan. Financial arrangements usually are made with neighboring banks, as banks under the law are not allowed to lend money on their own stock.

## NEW BRONX BANK OPENS

THE Claremont National Bank of New York, Boston Road at 174th street, the Bronx, New York City, opened last month. Officers are Joseph B. Portnov, chairman of the board; Philip Pearlman, president; John J. Leugers, vice-president and cashier; and James Cunnion, vice-president.

The directors are Benjamin Antin, Jacob Bloom, James Cunnion, Jacob Kramer, Charles W. Mark, John J. Leugers, Jacob Mirchin, Julius Myer, Philip Pearlman, Joseph E. Portnov, Philip Ravis, Ira Schiller, Maurice Shapiro, Allen Twyford and Julius L. Wolff.

## CHICAGO BANK OPENS NEW YORK OFFICE

THE National Bank of the Republic, Chicago, has announced the opening of offices at 1 Wall street, New York. Walter L. Schnaring, formerly of the National City Bank of New York, has been elected a vice-president of the Chicago institution and is to represent it here.

The bank is the third largest in Chicago and is affiliated with the National Republic Company, which deals in investment securities, and with the Na-



tional Republic Mortgage Company, which deals in real estate loans and mortgages. Its deposits exceed \$86,000,000 and total resources are \$105,000,000.

**BROOKLYN BANK IS CENTURY OLD**

THE Brooklyn Savings Bank, New York, the oldest savings institution on Long Island, celebrated its one hundredth anniversary recently at a dinner at the Hotel Bossert, Brooklyn, given by its trustees to more than 300 savings bank officials of the city.

Today the bank has 76,500 depositors and the largest surplus in proportion to its deposits of any savings bank in New York City.

**CELEBRATES FIFTIETH YEAR WITH BANK**

A TESTIMONIAL dinner was given recently by the Staten Island Savings Bank, New York, for Hermann Conrad Hagedorn, third vice-president, who has been with the bank for fifty years. Officers, trustees and the complete staff of the bank were present.

Mr. Hagedorn became associated with the bank in 1877 as cashier, when the total resources were about \$254,000 and depositors numbered 1303. At that time the bank was open two hours a day, three days a week. Today the bank's resources exceed \$17,700,000 and depositors number 34,350.

**MANUFACTURERS TRUST STATEMENT**

CONDENSED statement of the Manufacturers Trust Company, New York, as of April 1, shows that the institution earned at the annual rate of 48 per cent. on its capital in the first quarter of this year. The company is paying dividends at the rate of \$20 a share.

The capital is \$10,000,000, deposits more than \$204,000,000, and surplus, undivided profits and reserve more than

**ONE BANK COVERS THE LOS ANGELES METROPOLITAN DISTRICT**

This circle, with a radius of 20 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

STARS INDICATE BRANCHES OF

**SECURITY TRUST & SAVINGS BANK**

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

**RESOURCES EXCEED \$200,000,000  
OVER 285,000 DEPOSITORS  
CAPITAL & SURPLUS \$11,075,000**

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

This Trademark on your Night  
 Depository Guarantees a Burglar  
 Proof 24 Hour Deposit Service.

Made only by  
 The  
 Bank Vault Inspection Co.  
 SAMUEL P. YEO, *President*  
 1824 Ludlow St., Philadelphia

Avoid Infringements

\$18,400,000, compared with a capital of \$2,500,000 and deposits of \$41,350,000 in 1921.

The Financial and Industrial Securities Corporation, an investment company formed about a year ago to deal in bank and insurance company securities, owns a substantial part of the stock of Manufacturers Trust Company.

#### ANNOUNCES RESIGNATION

THE First National Bank of Boston has announced the resignation of its European representative, Francis B. McKnight. The bank will continue its three representative offices in London, Paris and Berlin, in charge, respectively, of Ralph W. Crimmins, Orson Adams and Herbert C. de Roth, all of whom have been connected with the European offices for some time.

#### ADDRESSES NEW ORLEANS AD CLUB

H. ENNIS JONES, vice-president of the Franklin Trust Company, Philadelphia, has returned from New Orleans where he delivered an address before the New Orleans Ad Club.

"Philadelphia presents a fine market for anything pertaining to the home because we have within our city limits over 435,000 individual homes. Place these houses on fifty-foot lots side by side in a single row and they will reach from Philadelphia clear across to San Francisco and then out into the Pacific Ocean for 1100 miles. We have a population of

over 2,000,000 which I am told is about equal to that of the entire State of Louisiana. The area of our city is equal to the combined size of Boston, Berlin, Milwaukee and Paris and we have over 8000 acres of ground given to parks, public squares and boulevards.

"But Philadelphia is not only a clean and beautiful city—it is also known as the *Work Shop of the World* because we have over a half-million people employed in our 9,000 industrial plants.

"Every ten minutes of the working day we turn out \$100,000 worth of useful commodities and over half the people in this great country of ours are riding in street cars made in Philadelphia, or wearing hats made in the Stetson factory. We manufactured 1000 cigars every minute of last year and our 123 hosiery mills made two pair of stockings for every man, woman and child in the United States."

#### ST. LOUIS BANK ELECTS NEW DIRECTORS

F. O. WATTS, president of the First National Bank in St. Louis, has announced the election of three new directors. All are prominent in business affairs and are heads of three outstanding and nationally known corporations. They are Harry Scullin, president Scullin Steel Company; James E. Taussig, president Wabash Railroad Company; and William T. Nardin, vice-president and general manager the Pet Milk Company and president the American Milk Products Corporation of New York.



**CENTRAL MERCANTILE BANK  
OPENING**

THE new main office of the Central Mercantile Bank & Trust Company was opened for business in the Central Mer-



C. STANLEY MITCHELL  
President Central Mercantile Bank &  
Trust Company, New York.

cantile Bank building, Fifth avenue and 44th street, New York City on May 2. The securities and valuables of the bank were moved to the new headquarters the previous day and all of the officers and a large force of clerks worked all day and until late at night getting the new office ready for the opening of business. More than 100 workmen worked overtime for three weeks putting the finishing touches on the banking quarters, which is one of the largest in the uptown district. These workmen were entertained at dinner by Mr. Mitchell in appreciation of their accomplishment of what he deemed an almost impossible task.

The new Central Mercantile Bank

building, which stands on the old Delmonico corner, is thirty-six stories in height. The banking quarters occupy one entire floor with two large mezzanine galleries. The bank has a frontage of 100 feet on Fifth avenue and 140 feet on 44th street.

An interesting coincidence of the bank's removal is that just three years ago May 2 C. Stanley Mitchell became president of the bank when a new group of financiers secured control of it. Since that time the bank has grown from resources of \$3,000,000 to more than \$50,000,000. The officers of the bank are, besides Mr. Mitchell, the president; Joseph Brown, Robert Adamson, Louis Stewart, Jr., Michael G. Kletz, Frederick G. Sinclair and H. I. Stevens, vice-presidents; Charles H. Hoffman, secretary-treasurer. Julian M. Gerard is chairman of the board.



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### MUTUAL TRUST CO. HAS NEW VAULT

THE York Safe and Lock Company of York, Pa., has just completed a new vault for the Mutual Trust Company of Philadelphia. The vault door is of the circular type, twenty inches thick. The vault contains approximately a thousand safe deposit boxes and lockers and a night deposit safe. The vault is finished with a paneled ceiling, tile floor, mirrors, etc.

### CAPITAL INCREASE AUTHORIZED

STOCKHOLDERS of Greenebaum Sons Bank and Trust Company, Chicago, have authorized an increase in the capitalization from \$1,500,000 to \$2,500,000. They also voted to change the name of the institution to the Bank of America. The name of Greenebaum Sons Investment Company will remain unchanged.

### SEABOARD NATIONAL STATEMENT

STATEMENT of the Seaboard National Bank, New York, as of March 23, 1927, shows total resources of \$216,092,209. Capital of the bank is \$6,000,000, surplus \$8,000,000, undivided profits \$3,445,849, and deposits \$174,305,670.

### IOWA BANKS MERGE

THE Cedar Rapids National Bank and the Security Savings Bank, both of Cedar Rapids, Iowa, have been merged, making

an institution, which will take the name of the former, with assets of \$16,000,000, and deposits of \$14,500,000. Ralph Van Vechten, president of the State Bank of Chicago, is chairman of the board, and Glenn M. Averill, formerly president of the Cedar Rapids National, will head the new institution.

### CHELSEA EXCHANGE DEPOSITS SHOW INCREASE

DEPOSITS of the Chelsea Exchange Bank of New York totaled \$19,575,518 as of March 31, 1927, an increase of \$1,935,709 for the quarter and of \$3,008,934 for the year. Resources totaled \$22,887,891 for March 31, 1927, an increase of \$2,384,939 for the first quarter and \$2,513,406 for the year.

With the final completion of three new branches opened the last part of 1926, one at Bedford avenue, Brooklyn, one at Eighth avenue and 36th street, New York, and the third on Claremont Parkway, the Bronx, the bank is in the healthiest condition of its career, according to Edward S. Rothchild, president. "Earnings are running well ahead of last year when over \$31 per share was earned," said Mr. Rothchild.

### SAVINGS ACCOUNTS DECLIN- ING, SAYS GAYLORD MORSE

DESPITE the fact that the United States is in the midst of the most prosperous period in its history and the national income has never been equalled, the average savings account in the banks of the country is declining.

## *Fresh Air for Your Office*

Gerdes Ventilating Systems and Electric Window Ventilators diffuse healthful and invigorating unheated fresh air without causing draft or chill, and prevent the infiltration of poisonous automobile gases as well as dust and soot which is so prevalent during the Summer Season.

Every installation is guaranteed as regards workmanship, material and functioning—that is, a satisfactory result to the owner is guaranteed.

A booklet descriptive of the Gerdes Method and containing a list of references of the highest character will be sent upon request.

Reports and proposals are made without obligation or charge.

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**GERDES**  
METHOD

Blame for this situation rests largely on the bankers of the country, who have not kept pace with the trend of the times, according to Gaylord S. Morse of the State Bank of Chicago in an address before the Mid-West Savings Conference held recently in St. Louis.

The meeting was held under the auspices of the Savings Bank Division of the American Bankers Association.

Our bankers, Mr. Morse declared, must come to the realization that they are duty bound to go out and sell their services just as the merchant merchandises his goods.

"We bankers," he said, "must adopt more aggressive sales policies, more up-to-date and scientific advertising methods and tune in on the current trend of things. Our selling methods have not kept in step, much less anticipated, the kaleidoscopic changes in our business world. Our banks are sorely in need of merchandising minds."

Mr. Morse listed seven influences which he held largely responsible for the

shrinking size of our average savings bank deposit. They are:

1. The growth in some states of building and loan associations.
2. The remarkable annual increase in the volume of life insurance.
3. The steady development of customer and employe stock ownership.
4. The growing practice of bond investment by investors, large and small.
5. The absorption of funds by local and distant real estate developments.
6. The spread among all industries of what may be termed "the intensive selling method," (so well exemplified by "instalment selling"), etc.
7. The higher standard of living, which calls for greater expenditures on the part of wage-earners, thus materially decreasing the surplus available for savings or investment.

A new element has been injected into business, Mr. Morse added, furnishing a new hazard for executives. This is the abrupt suddenness with which the buying public changes its mind and its habits

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Classes in their offices.*

when it comes to spending money. They buy whatever takes their fancy, discard quickly anything they dislike, and refuse to be pushed or pulled into any line of action. As a result, the "buying market" has become unstable, excitable and fickle, subject to whims and moods. Merchandisers know this strange condition but bankers do not take the cognizance of it they should.

### GOVERNOR SIGNS COLORADO BANK BILL

GOVERNOR ADAMS of Colorado has signed a bank bill making important amendments to the Colorado state law relating to banks operating under state charters. The new act provides that no new state bank shall be organized unless it has a paid up cash capital of \$25,000, and a paid in cash surplus of 10 per cent. The amount of loans which can be made

to any one person, firm, or corporation is limited to 15 per cent. of the bank's capital and surplus.

In regard to rediscounts, an important change requires that no bank shall rediscount any of its securities without the previous approval of a majority of the board of directors. The new law contains more than twenty sections.

### PHILADELPHIA GIRARD BANK STATEMENT

TOTAL resources of the Philadelphia-Girard National Bank, Philadelphia, as of March 23, 1927, are \$237,891,083. Capital, according to the statement of the same date, is \$8,000,000, surplus and net profits \$20,664,305, and deposits \$181,660,558.

### CHEMICAL BANK BUILDING

THE Chemical National Bank of New York has awarded contracts for its new building, on the southwest corner of Broadway and Cortlandt streets.

### BOSTON BANK MERGER

THE directors of the Citizens National Bank of Boston have voted to transfer the bank's business to the National Shawmut Bank of Boston. The Citizens



**Hotel Somerset**  
Boston, Mass.

Situated in the Back Bay section, on one of the most beautiful avenues in the U. S., and at the entrance to the famous Metropolitan Park System.

Room with bath \$3. to \$10. per day.  
European Plan  
William P. Lyle, Manager

National was organized in 1919 and had its main office at 179 Summer street and a branch at 148 State street. Its deposits totaled \$8,000,000. Both of these offices will be continued by the National Shawmut Bank.



● UNDERWOOD & UNDERWOOD  
CLAYTON L. MOAK

Vice-president the Seward National Bank, New York.

Mr. Moak started his business career as an office boy for the Manhattan Trust Company in 1911 and was successively identified with the American Exchange National Bank, the Guaranty Trust Company, the National City Bank of New York and the Chase National Bank, all of New York. Four years prior to becoming associated with the Seward National Bank he was an official of the Chase National Bank, Metropolitan branch. Mr. Moak attended the Brooklyn, N. Y., public and high schools and took special work with the American Institute of Banking and at Columbia and New York universities. He was for a time instructor of elementary economics and banking in a series of courses conducted by the National City Bank of New York.

**GENERAL MOTORS EARNINGS**

NET earnings of the General Motors Corporation for the year 1926 were

**The South Carolina National Bank**  
**Charleston, S. C.**

**Greenville, S. C. - Columbia, S. C.**

Consolidation of  
**Bank of Charleston, N. B. A.**  
**Charleston, S. C.**

**Norwood Nat. Bank** **Carolina Nat. Bank**  
**Greenville, S. C.** **Columbia, S. C.**

Capital	\$ 1,100,000.00
Surplus	650,000.00
Resources	25,000,000.00

\$186,231,182. There is included therein \$10,146,038, which is the corporation's proportion of the earnings of subsidiary companies not consolidated but accruing to General Motors Corporation in excess of dividends received. (The difference, or \$176,085,144, is reflected directly in General Motors consolidated income account and balance sheet.) After paying the regular quarterly dividends on preferred and debenture stock requiring \$7,645,287 for the year, there remained \$178,585,895, the amount earned on the common shares outstanding. This is equivalent to \$21.80 per share on the common stock as against \$14 per share for the year 1925 calculated on a comparable basis giving effect to the 50 per cent. stock dividend paid in September, 1926. The total net earnings of the corporation, \$186,231,182, including the corporation's proportion of the earnings of subsidiary companies not consolidated but accruing to General Motors Corporation in excess of dividends received, compares with net earnings for the year 1925 of \$116,016,277.

**EDUCATIONAL CAMPAIGN  
A SUCCESS**

"A GREATER success than ever before," is the statement of W. W. Pollock, president of the Missouri Bankers Association and head of the North Missouri Trust Company of Mexico, Mo., in speaking of the third year of the educa-

## PENSIONS

**T**HAT is a word which has caused a lot of cogitation on the part of both governments and private business.

The immense resources of life insurance companies, their legally founded financial strength, have been applied to the problem of pensions.

The Massachusetts Institute of Technology has recently taken an interesting step in this direction. In addition to the Retirement Features, the Tech plan also provides for Death and Disability Benefits. This is a special application of Group Insurance as written by the John Hancock Mutual Life Insurance Company.

The plan is adaptable to the needs of firms and corporations and requires only a modest appropriation to set it in motion. The cost is well within the means of both employer and employees.

We shall be pleased to furnish you, without obligation on your part, full information as applied to your own needs. Write to Inquiry Bureau,

*John Hancock*  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

197 CLARENDON ST., BOSTON

BM

many speakers as he needed for his territory. While the primary purpose is to carry the banking message before the grammar and high schools, speakers often are supplied to civic clubs, where the audiences are made up of grown persons.



STORM O. WHALEY

Cashier of the Bank of Sulphur Springs, Ark., who has been locked in his vault by robbers, as he says, "so often that I have to wear colored glasses when I go out in the sun, and am thinking about installing a kitchenette there to be sure of regular meals," has laid down a set of rules for held-up bankers. Some of his rules are as follows: "Bandits are always in a hurry. Leave the vault door so it can be easily closed and locked after you have been put in. If they find the door will not close, you leave them nothing to do but shoot you, knock you unconscious or take you with them. Keep cool, hold your hands high and make no motions that might be misunderstood; bandits work under an intense nervous strain. Talk quietly to the bandits; it lessens the tension. All the bank bandits I have met are young men. Don't watch middle-aged or elderly men. Have a phone hidden in the vault to use after being locked in."

tional campaign conducted by the Missouri Bankers Association for the dissemination of banking knowledge throughout the state.

"While our campaign was successful from the very start in 1925, its influence and effectiveness are continuing to mount each year," said Mr. Pollock. "This year we are better organized than last season, as we now have 109 county chairmen and 565 speakers at work."

When the campaign began three years ago, Walter B. Weisenburger, vice-president of the National Bank of Commerce in St. Louis, was appointed chairman of an educational committee—a position he continues to hold. The plan of operation called for division of the state's 114 counties into eight districts, with a chairman over each. Each group chairman then was called upon to appoint a chairman for each county in his district. The county chairman in turn selected as

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**

### CHANGE IN NAME OF SUBSIDIARY

THE Bank of Montreal announces that it has changed the name of the British American Bank of San Francisco, its San Francisco subsidiary, to the Bank of Montreal (San Francisco). The change was made so that the subsidiary might be definitely identified with the parent institution.

### CHEMICAL BANK OPENS NEW BRANCH

THE Chemical National Bank of New York opened a new branch in the Paramount building, Broadway at 44th street, May 2. The opening also marked the 103rd anniversary of the organization of the Chemical National.

### NEW CHICAGO BANK OPENS

THE Congress Trust and Savings Bank opened for business in Chicago on April 30. The bank is situated in the district adjoining the loop on the south, where the auditorium, the Congress Hotel and the new Stevens Hotel, to be opened soon, are located. This section had hitherto been unoccupied by a bank.

Henry S. Henschen is president of the new institution; Philip F. W. Peck, vice-president; Thor H. Erickson, cashier; and Oliver W. Reese, assistant cashier.

Directors include Albert I. Appleton, president Appleton Electric Co.; Nor-

man E. Bensinger, L. A. Bensinger & Son; Vail R. Bucklin, first vice-president Stewart-Warner Speedometer Corp.; Alfred Cowles, capitalist and director Continental & Commercial National Bank; Eugene R. Farmy, general manager Rudolph Wurlitzer Co.; Mitchell D. Follansbee, attorney at law, director Erie railroad and director Metropolitan Life Insurance Co. of New York; Henry S. Henschen, president; Adolph Lindstrom, general contractor; Roy O. Nereim, president Puritan Silks Corp.; Philip F. W. Peck, real estate; J. A. O. Preus, W. A. Alexander & Co., insurance, former governor of Minnesota; Alexander H. Revell, Jr., president Alexander H. Revell & Co.; Paul Schulze, president Paul Schulze Biscuit Co.; Ernest J. Stevens, vice-president Stevens Hotel Co., president La Salle Hotel Co., and director Central Trust Co. of Illinois; P. D. Swigart, president Swigart Paper Co.

1927

### THE CORPORATION MANUAL

Twenty-eighth Edition

A systematic arrangement of the Statutes in all states affecting both Domestic and Foreign Business Corporations, The Uniform Stock Transfer Act, Blue Sky Laws, Anti-Trust Laws, Forms and Precedents. Strong Buckram binding, 2386 pages.

**United States Corporation Company**

150 Broadway, New York



## **EXAMINATIONS - SYSTEMS - TAXES**

FOR

**Banks and Trust Companies**

**McARDLE & McARDLE**

*ACCOUNTANTS AND AUDITORS*

**Forty-Two Broadway, New York City**

## **COMING BANKERS' CONVENTIONS**

**ALABAMA BANKERS ASSOCIATION**, Birmingham, May 19-21. Secretary, H. T. Bartlett, American Trust & Savings Bank, Birmingham.

**AMERICAN BANKERS ASSOCIATION**, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**AMERICAN BANKERS ASSOCIATION**, executive council, Hot Springs, Ark., week of May 1. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**AMERICAN INSTITUTE OF BANKING**, Detroit, July 11-15.

**ASSOCIATION OF RESERVE CITY BANKERS**, Pittsburgh, Pa., May 19-21.

**CALIFORNIA BANKERS ASSOCIATION**, Del Monte, May 18-21. Secretary, Frederick H. Colburn, 628 Mills Building, San Francisco.

**CANADIAN BANKERS ASSOCIATION**, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

**COLORADO BANKERS ASSOCIATION**, Estes Park, June 24-25. Secretary, L. F. Scarboro, Tabor Opera House, Denver.

**DISTRICT OF COLUMBIA BANKERS ASSOCIATION**, Hot Springs, Va., June 9-11. Secretary, W. J. Waller, vice-president Federal-American National Bank, Washington, D. C.

**FINANCIAL ADVERTISERS' ASSOCIATION**, West Baden, Ind., September 12-15. Executive secretary, Preston E. Reed, 231 South LaSalle street, Chicago.

**GEORGIA BANKERS' ASSOCIATION**, Atlanta, May 16-18. Secretary, Haynes McFadden, 101 Marietta street, Atlanta.

**IDAHO BANKERS ASSOCIATION**, Hayden Lake, June 14-15. Headquarters Bozanta Tavern. Secretary, J. S. St. Clair, vice-president Boise City National Bank, Boise.

**ILLINOIS BANKERS ASSOCIATION**, Danville, June 23-24. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

**IOWA BANKERS ASSOCIATION**, Des Moines, June 20-22. Secretary, Frank Warner, 430 Liberty Building, Des Moines.

**KANSAS BANKERS' ASSOCIATION**, Manhattan, May 18-20. Headquarters, Kansas State Agricultural College. Secretary, W. W. Bowman, Hotel Kansan, Topeka.

**MAINE BANKERS ASSOCIATION**, South Poland, June 18. Secretary, Edward S. Kennard, Rumford National Bank, Rumford.

**MARYLAND BANKERS ASSOCIATION**, Atlantic City, N. J., May 18-19. Secretary, Charles Hann, secretary Merchants National Bank, Baltimore.

**MASSACHUSETTS SAVINGS BANKS ASSOCIATION**, New Bedford, September 15-17. Headquarters, New Bedford Hotel. Executive manager, D. S. Sylvester, 80 Federal street, Boston.

**MICHIGAN BANKERS ASSOCIATION**, Detroit, June 18-24. Secretary, Mrs. H. M. Brown, 723 Ford Building, Detroit.

**MINNESOTA BANKERS ASSOCIATION**, St. Paul, June 8-10. Secretary, F. P. Fellows, 718 National Building, Minneapolis.

**MISSISSIPPI BANKERS ASSOCIATION**, May 10-11. Secretary, George B. Power, Capital National Bank Building, Jackson.

**MISSOURI BANKERS ASSOCIATION**, Joplin, May 17-18. Secretary, W. F. Keyser, Sedalia.

**MONTANA BANKERS ASSOCIATION**, Helena, July 21-23. Secretary, John Romersa, Box 619, Kalispell.

**NATIONAL ASSOCIATION OF CREDIT MEN**, Louisville, Ky., June 6-10. Execu-

tive secretary, J. H. Tregoe, 1 Park avenue, New York City.

**NATIONAL FOREIGN TRADE COUNCIL**, Detroit, May 25-27.

**NEW MEXICO BANKERS ASSOCIATION**, Deming, October 20-22. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

**NEW YORK STATE BANKERS ASSOCIATION**, Washington, D. C., June 6-8. Headquarters, the Mayflower Hotel. Secretary, Edward J. Gallien, 128 Broadway, New York City.

**NORTH DAKOTA BANKERS ASSOCIATION**, Jamestown, June 15-16. Headquarters, Gladstone Hotel. Secretary, W. C. McFadden, 54 Broadway, Fargo.

**OHIO BANKERS ASSOCIATION**, Cedarpoint, June 15-16. Secretary, S. A. Roach, Huntington Bank Building, Columbus.

**OKLAHOMA BANKERS ASSOCIATION**, Oklahoma City, May 10-11. Headquarters, Huckins Hotel. Secretary, Eugene P. Gum, 907-8 Colcord Building, Oklahoma City.

**OREGON BANKERS ASSOCIATION**, Gearhart-by-the-Sea, June 3-4. Secretary, Andrew Miller, 914 Porter Building, Portland.

**PACIFIC COAST TRUST CONFERENCE**, Portland, Ore., August 11-13.

**PENNSYLVANIA BANKERS ASSOCIATION**, Pittsburgh, June 8-10. Headquarters, William Penn Hotel. Secretary, C. F. Zimmerman, First National Bank, Huntingdon.

**SOUTH CAROLINA BANKERS ASSOCIATION**, Asheville, N. C., June 27-29. Headquarters, the Battery Park Hotel. Secretary, Henry S. Johnson, Columbia, S. C.



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**First Mortgage**  
**Collateral Gold BONDS**

Recommended for safety and assured income.

They are secured by first mortgages on owner-occupied homes, the best kind of real estate security.

And are guaranteed as to principal and interest by the National Surety Company.

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**R. H. ARNOLD CO.** *Established 1895*  
 120 Broadway Fical Agents New York City

**SOUTH DAKOTA BANKERS ASSOCIATION**, Deadwood, July 1-2. Headquarters, Franklin Hotel, Secretary, Geo. A. Starring, Huron.

**TENNESSEE BANKERS ASSOCIATION**, Chattanooga, May 12-13. Secretary, H. Grady Huddleston, 1015 Independent Life building, Nashville.

**TEXAS BANKERS ASSOCIATION**, El Paso, May 10-12. Secretary, W. A. Philpott, Jr., Dallas.

**UTAH BANKERS ASSOCIATION**, Salt Lake City, June 10-11. Secretary, Carl R. Marcusen, Price Commercial & Savings Bank, Price.

**VIRGINIA BANKERS ASSOCIATION**, Virginia Beach, June 23-25. Secretary, Scott Irby, Kenbridge.

**WASHINGTON BANKERS ASSOCIATION**, Tacoma, June 9-11. Secretary, J. W. Brislawn, Alaska Building, Seattle.

**WEST VIRGINIA BANKERS ASSOCIATION**, Clarksburg, June 1-2. Secretary, Joseph S. Hill, vice-president Capital City Bank, Charleston.

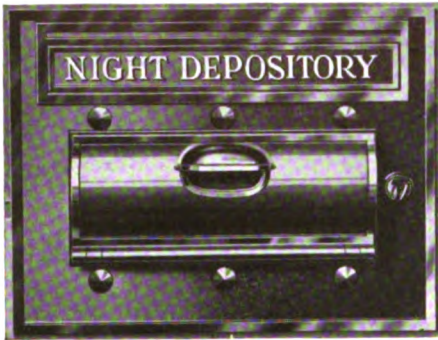
**WISCONSIN BANKERS ASSOCIATION**, Madison, June 21-23. Secretary, Wall G. Coapman, 717 Caswell Block, Milwaukee.

**WYOMING BANKERS ASSOCIATION**, Thermopolis, September 1. Secretary, Harry B. Henderson, First Joint Stock Land Bank, Cheyenne.

**NATIONAL SERVICE BUREAU MOVES**

THE National Service Bureau of New York, creator of bank advertising, has moved into new offices at 80 Jones street, New York.

## THE INCREASING USE OF NIGHT DEPOSITORY SYSTEMS

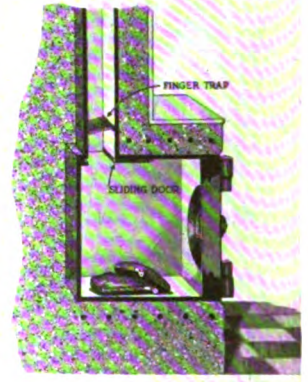
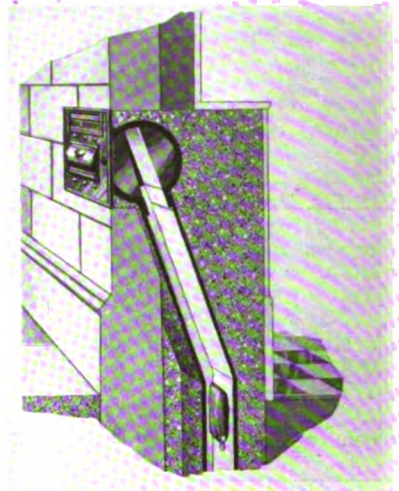


Solid bronze entrance to night depository, showing hinged door, which protects the rotating cylinder from rain, snow, sleet and ice.

**A**N increasing need has developed during the last few years for a safe place of deposit for moneys received after the close of banking hours or on Sundays and holidays when access cannot be had to the teller's window.

Moving picture theaters, restaurants, oil stations and garages, retail stores and numerous other business enterprises, regularly find themselves with considerable sums of money on hand in the afternoon, evening or Sunday, with no place to keep it excepting the cash till or a hiding place from which it may be taken by burglars before morning. There has also come an added peril from banditry so that anyone with money on hand is liable to a hold-up.

In order to meet this condition, a new device has been worked out and put into operation by many banks. This device is generally known as a night depository and its purpose is to afford a safe place in which depositors can deposit their money when the bank is closed and leave it until the resumption of banking business makes it possible to deposit it in the regular way. The providing of the night depository has become a recognized feature of banking service and, wherever it

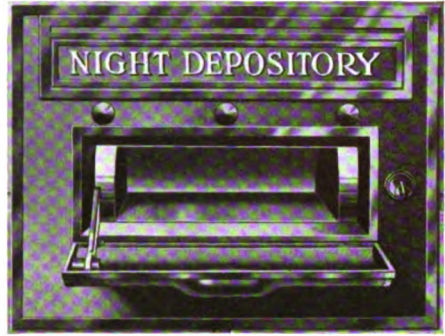
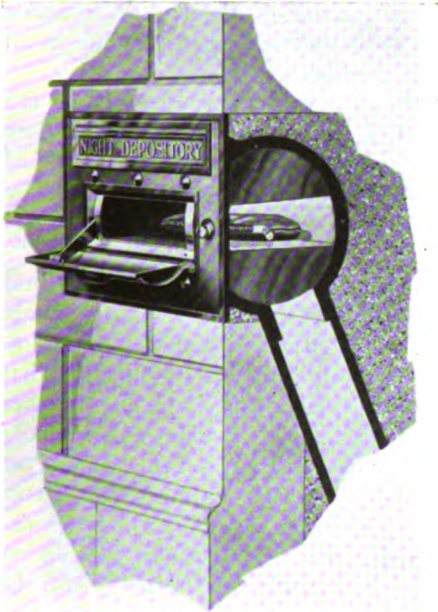


Sectional view of the complete depository showing closed entrance, chute and night safe. In this position the bronze cylinder has been rotated so that the hole through the cylinder is in line with the chute leading to the safe.

has been employed, the satisfaction universally expressed has strengthened the good will of customers and increased the business of the bank.

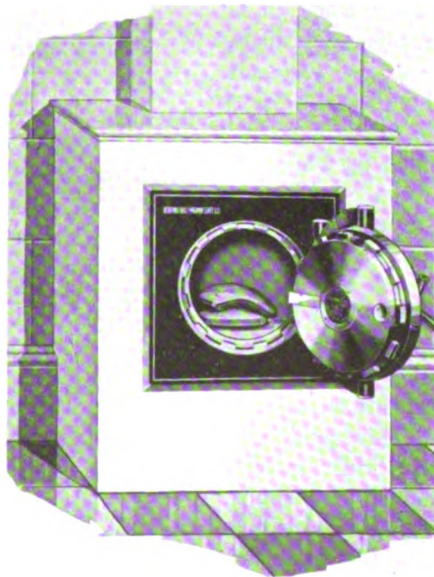
The operation of this deposit service is





Front entrance to night depository in open position ready to receive the customer's deposit bag. In this position the solid bronze cylinder has been rotated so that the hole through cylinder is in a horizontal position with the rear end closed.

Sectional view (above) of bronze entrance showing customer's deposit bag. Cylinder is ready to be rotated by means of closing the outer door. When rotated the cylinder is automatically locked in the closed position. Key can only be removed when cylinder is locked in closed position.



The night safe showing circular door burglarproof safe surrounded with reinforced concrete. Safe may be located in basement or on first floor and made any size.

simple. The cashier, or whoever is charged with the receipt and care of money in theater, restaurant or store, counts his bills and silver; then places them in a stout canvas bag which he locks securely.

He then proceeds to the bank. On the outside front wall of the banking building there is a bronze door covering a revolving cylinder which he opens with a special key given him for

the purpose by the bank. Into the aperture of the cylinder he places the canvas bag with its contents of money, then closes the bronze door again. A click tells him that not only is the door shut, but that the cylinder has turned over, entirely closing the opening and dropping the bag through a steel chute into a strong safe somewhere within the building. The bag lies there with others, securely protected all night by heavy steel and concrete walls.

After the bank has opened next morning, two tellers go to the safe into which the bag has been dropped and remove the bag along with the others, making a record of it so that its identity and presence may be fully established. The depositor himself reaches the bank in the course of the day's business and receives from one of the tellers his canvas bag, still tightly locked and with its money untouched. He then opens it and makes his deposit in the regular manner.

Night depositories have come to be recognized as of inestimable value in localities where robberies are frequent. Not only this; they have proved to be of equally great service in the most orderly of cities since they remove the burden of anxiety from the mind of the bank's customers and give to the bank an opportunity to extend its service.

A night depository of this type is being made by the Herring-Hall-Marvin Safe Company. The entrance is a manganese bronze casting which may be placed at an accessible point on the outside wall of the bank. This casting contains a rotating bronze cylinder operated by the opening and closing of a bronze drop door. The opening of the door brings the cylinder entrance around into an open position and at the same time closes off the chute below.

The shutting of the door turns the cylinder into a closed position. The contents of the cylinder then drop through a heavy steel chute into a safe at its

lower end. The key to the drill proof lock which controls the door and cylinder cannot be removed when they are in an open position.

The safe and chute are generally encased in re-inforced concrete and may be further safeguarded by means of electric burglar alarm attachments. The safe itself may be located either on the main floor or in the basement.

The safe has a strong steel body and circular door, the latter being  $3\frac{1}{2}$  inches thick. A special device renders it impossible to withdraw anything that has passed through the chute and another automatically closes and seals the opening in case an attempt is made to tamper with the depository entrance on the outside. The entire depository has been designed to offer the greatest possible resistance to attack and to comply with the requirements of the insurance classification.

## BUFFALO BANK MERGER

MERGER of the Manufacturers & Traders Trust Company and the Peoples Bank, both of Buffalo, N. Y., has been announced. Lewis G. Harriman, president of the former institution, will head the resulting bank, which is to be called the Manufacturers & Traders-Peoples Trust Company. Howard Bissell, president of the Peoples Bank, will be chairman of the board, and E. H. Hutchinson and Harry T. Ramsdell, honorary chairmen of the new board of directors. Perry E. Wurst will be executive vice-president.

The deposits of the Manufacturers & Traders total \$91,000,000 and those of the Peoples Bank \$29,000,000, so that the deposits of the new institution will approximate \$120,000,000.

Until a new building which is under construction is completed, the two bank buildings will be operated by the new company.





Exterior of the Elizabethport Banking Company, Elizabeth, N. J.

## ELIZABETHPORT BANKING COMPANY PROTECTED AGAINST BANDITRY

**W**ELL authenticated figures show that two-thirds of the total cost of crime, in the United States, consists of funds expended in the unsuccessful effort to capture the bandit or loot after the crime has been committed. People generally are careless enough to wait until they have been victimized by bandits before they take steps to provide adequate protection for themselves and their property. Banks, too, while maintaining the usual safeguards, are often lax and underrate the intelligence and system of the bank bandit. In fact, banks have recently been held up by girl bandits—a fact which shows that they are considered “easy marks,” even by amateurs.

There is said to be a nationally organized master organization in control of bank banditry, and a study of some 15,000 newspaper clippings referring to

banditry in general, and with particular reference to bank banditry, reflects the same subtle intelligence and the same system of “finding,” “hold-up” and “get-away” wherever bank robberies are reported.

The bank bandit works by a definite schedule, is undoubtedly routed for a month or so ahead, and completely detailed instructions enable him to maintain the advantage of the “surprise” element. On his side is the nerve-freezing effect of guns suddenly drawn, the element of traffic congestion and, perhaps most important of all from his point of view, the milling crowds of curious citizens who assist materially in covering his “getaway.”

Probably every banker who reads this article has said to himself on numerous occasions that “an ounce of prevention is worth a pound of cure,” or used the ex-



Lobby of Elizabethport Banking Company. Arrow in upper background indicates observation window and firing apertures in bullet proof steel compartment on mezzanine floor in rear of bank. Any part of lobby can be instantly brought under fire by guard in cage.

pression, "locking the door after the horse is stolen." Some of them have done more.

With the idea, coined by Iowa banks in a campaign to eliminate, or lessen, bank banditry, that "the crook never tackles the protected job," some banking institutions have taken a step forward toward providing adequate protection against bank bandits. A number of devices have been put on the market for this purpose. Some of them

have been useless, others partially efficient, still others more effective.

Charles D. Doctor, president of the Elizabethport Banking Company of Elizabeth, N. J., is one of the bankers who has realized the necessity of additional protection against hold-ups, who has recognized the intelligence with which hold-ups are planned and executed, and the need for intelligence to cope with it. After careful consultation with police officials and criminologists,



he consulted with his architects, Mowbray & Uffinger, bank specialists of New York, and J. J. de Boves, crime prevention engineer, with the re-

one entering the banking room. Thus the bank, with its guard on duty, is fully protected at all times against attempted hold-ups.

After the "Pill Box" had been installed an official test of it and at the same time a bullet proof vest, a bank siren, and other protective equipment, was held.

The following quotation from a letter by Mr. Doctor to the American Armor Company tells of the efficiency of the equipment as proven by this test:

"Dear sir:

"In the demonstration held March 19, I was deeply gratified and somewhat surprised to know that the steel turret which you installed in this bank a short time ago would stand up against the regulation army rifle, which was used here



Interior of cage showing guard at observation port in position to fire through aperture.

sult that the Bovite "Pill Box" was installed in the building of the Elizabethport Banking Company.

The "Pill Box" is, in reality, a steel cage built into the wall of the banking room and so concealed that it is not noticeable to anyone entering the bank. It is bullet proof. In the steel box is an armed guard who, from his elevated position, is able to cover with his rifle any-



CHARLES D. DOCTOR  
President Elizabethport Banking  
Company.

in the demonstration, which showed its effectiveness.

"I am sure anyone who attempted to hold up the Elizabethport Banking Com-

pany would get a warm reception from the guard stationed in the turret.

"The exhibition given of your bullet proof vest was most interesting.

"It plainly showed that the Mauser pistol, which you used in your demonstration, was ineffective against the bullet proof vest.

"I am quite sure that the more publicity given to this demonstration, the more will criminals be deterred from making any attack on this institution.

"Very truly yours,

"CHARLES D. DOCTOR,  
"President."

Witnesses of the test included bankers, business men, police officials and people of the various professions interested in bank protection against banditry. They were Mr. Doctor and officers and members of the board of directors of the Elizabethport Banking Company; M. J. Mulcahy, chief of police of Elizabeth, and Captains Ohrenberger and Brennan; members of the police commission of Elizabeth; bankers and business men of the community; and K. R. Holmes, Elizabeth representative of the Bankers Electric Protective Association.

Mr. Doctor was born in Surrey, England, September 5, 1865. He came to this country early in life and at the age of 20 joined the Tradesmen's National Bank of New York. There he advanced from runner to receiving teller and thence to assistant paying teller. He left the Tradesmen's National in 1898 and entered the employ of the Bank of the Manhattan Company, New York, as check clerk. He remained there until 1900, when he went to the Elizabethport Banking Company as cashier.

In 1918 he was elected vice-president of the Elizabethport Banking Company and two years later he was chosen president of the institution.

When Mr. Doctor took the position of cashier of the Elizabethport Banking Company, the bank had a capital of \$50,000 and total resources of \$355,000.

The institution has grown under his leadership until the statement of March 23, 1927, shows capital of \$250,000 and total resources of \$7,318,395.

Officers of the bank are: Mr. Doctor, president; Robert J. McCulloch and John P. Weber, vice-presidents; Thomas A. Simons, cashier; A. C. Husbands, assistant cashier and trust officer; Charles H. Morton, assistant cashier; and S. W. Eldridge, counsel.

Directors are: William Clifford, Charles D. Doctor, Edward S. Hersh, James J. Higgins, George W. Horre, Julian H. Kean, Robert J. McCulloch, Louis Quien, George Seeber, Frank R. Wallace and John P. Weber.

## SOUTH CAROLINA MERGER

THE South Carolina National Bank, Charleston, has recently taken over the American Bank & Trust Co., of Greenville, S. C., and made it a branch so that the South Carolina National now has the state well covered, with branches in Columbia and Greenville, besides those in the city of Charleston. The March 23 statement of the bank showed total deposits of more than \$22,500,000, with capital, surplus and profits of \$2,150,000, and cash in vaults and due from banks, \$4,794,500. The total assets were nearly \$28,000,000.

The bank is operating under the charter of the Bank of Charleston, with which it was merged and which, when it was organized in 1834 to take over the branch of the Second Bank of the United States, then in liquidation, received subscriptions to its stock totaling \$80,000,000, with \$20,000,000 paid in in cash, though the proposed capital was only \$2,000,000. Such was the confidence of the public, since shown in many ways.

It is the only bank south of Richmond, in operation before the Civil War, which has redeemed its pre-war bank notes, and these are still being redeemed when presented.

## BANCO DI SICILIA ACQUIRES NEW BANKING INSTITUTION

**T**HE Banco di Sicilia, the head office of which is at Palermo, Italy, has recently bought a controlling interest in the Security State Bank of Brooklyn, N. Y., which it plans to merge with the Banco di Sicilia Trust Company of New York, which was organized by the Banco di Sicilia in 1925. Italo Palermo, now head of the Banco di Sicilia Trust Company, will head the resulting institution and Pietro Dinnella, now president of the Security Bank, will become one of the vice-presidents.

The Banco di Sicilia is one of Italy's oldest banks and has branches all over Italy. It is not a shareholders' institution, not being owned by stockholders, but is a foundation and therefore has no private interests to care for. Its two affiliations in the United States, the Banco di Sicilia Trust Company and the Security State Bank, are independent units and thus keep and invest all of their resources in the United States, in accordance with the best American banking practice and with a view to giving all classes of American citizens of Italian extraction and Italians living in this country the service of an up-to-date and sound banking institution.

As a matter of fact many Italians in the United States hesitate to approach the large American banks because of their limited knowledge of the English language. These people must be gradually educated to appreciate the advantages of having banking relations and, from this point of view, the task that the Banco di Sicilia Trust Company is accomplishing is of importance nationally.

In addition, the Banco di Sicilia Trust Company is already one of the most active factors in the commercial and banking relations between Europe and America. It has a network of connections, not only in Italy, but all over Europe so that it is in a position to give the best service in every line of banking activity.

The Banco di Sicilia Trust Company

has a capital of \$600,000, surplus of \$125,000 and undivided profits of \$151,000. The institution is now contemplating an increase of capital to \$1,000,000 and of surplus to \$500,000.

The institution was organized April 29, 1925, and on December 31 of the same year its total resources amounted to \$2,728,276 and deposits to \$2,179,641. In February, 1926, when Mr. Palermo became acting president, the surplus of



IGNAZIO MORMINO

President and general manager the Banco di Palermo, Italy, which controls the Banco di Sicilia Trust Company, New York.

the institution was \$75,000. Under his management the company made rapid growth and nine months later, on December 31, 1926, the bank, besides its statutory surplus of \$125,000, had \$100,000 undivided profits, \$7,604,583 in total resources and \$6,489,504 in deposits.

The last statement, that of March 23, 1927, showed total resources of \$8,034,224, deposits of \$6,845,248 and undivided profits of \$120,629.

Mr. Palermo was born in Rome,

# Banco di Sicilia

## TRUST COMPANY

487 BROADWAY, NEW YORK CITY

Established April 29, 1925.

### CONDENSED STATEMENT

MARCH 23, 1927

RESOURCES		LIABILITIES	
U. S. Government and		Capital .....	\$ 600,000.00
Other Bonds.....	\$2,435,737.55	Surplus .....	\$ 125,000.00
Loans and Discounts.....	3,280,074.60	Undivided Profits .....	120,629.60
Due from Banks.....	1,858,809.01	Deposits:	245,629.60
Cash .....	68,759.19	Due to	
Other Resources.....	113,572.16	Individuals....	6,214,809.25
Customers' Liability under		Due to Banks .....	630,439.25
Acceptances and Letters of		Reserves .....	58,610.83
Credit .....	277,242.39	Other Liabilities .....	7,493.58
		Acceptances and Letters of	
		Credit .....	277,242.39
	\$8,034,224.90		\$8,034,224.90

# Security State Bank

FULTON STREET & ROCKAWAY AVE., BROOKLYN, N. Y.

Established December 5, 1925.

### CONDENSED STATEMENT

MARCH 23, 1927

RESOURCES		LIABILITIES	
U. S. Government and		Capital .....	\$ 100,000.00
Other Bonds.....	\$ 951,923.58	Surplus .....	\$ 50,000.00
Loans and Discounts.....	612,581.01	Undivided Profits .....	20,403.96
Due from Banks .....	117,320.52	Deposits:	70,403.96
Cash .....	36,422.05	Due to	
Other Resources .....	62,818.98	Individuals \$1,587,844.08	
Customers' Liability under		Due to Banks..	433.14
Acceptances and Letters of		Reserves .....	6,290.50
Credit .....	148,475.25	Other Liabilities .....	16,094.46
		Acceptances and Letters of	
		Credit .....	148,475.25
	\$1,929,541.39		\$1,929,541.39

The BANCO DI SICILIA TRUST COMPANY, New York, and the SECURITY STATE BANK, Brooklyn, through their affiliation with the BANCO DI SICILIA, head office, Palermo, one of the oldest Italian Banks with branches all over Italy, are in a position to supply unexcelled facilities and service to banks, firms and individuals in their business transactions with Italy.

# Banco di Sicilia

Palermo, Italy

Established 1844

Ignazio Mormino, Director General

## CONSOLIDATED STATEMENT

DECEMBER 31, 1926

### RESOURCES

Cash .....	Lire	127,783,936.13
Loans and Discounts .....	"	917,067,328.69
Due from Banks and Bankers .....	"	134,073,302.69
Securities .....	"	418,435,057.98
All Other Resources .....	"	278,897,398.67
Securities deposited .....	"	1,696,957,297.22
		<hr/>
	Lire	3,573,214,321.84

### LIABILITIES

Capital and Reserve .....	Lire	366,951,231.61
Undivided Profits .....	"	94,585,163.66
Deposits and Current Accounts .....	"	1,075,128,934.28
All other Liabilities .....	"	339,591,694.07
Securities deposited, Contra .....	"	1,696,957,297.22
		<hr/>
	Lire	3,573,214,321.84



Officers of the Banco di Sicilia Trust Company of New York include, left to right: Joseph Lodato, vice-president; Italo Palermo, president; and Luigi Scala, vice-president.

Italy, in 1887 and is, therefore, one of the youngest bank presidents in the United States.

Other officers include Luigi Scala, vice-president and manager of the foreign department; Joseph Lodato, vice-president and secretary; Frederik Gerard, treasurer; B. Ingegnieros, assistant vice-president; Anthony Di Marco, assistant secretary; Louis Freiman, assistant treasurer.

Mr. Scala was formerly connected with the Industrial Trust Company of Providence, R. I., and was a vice-president of the Highland Trust Company of Jersey City. Mr. Lodato is well known in New York's commercial world, where he received his banking training.

The board of directors of the Banco di Sicilia Trust Company consists of the following:

Joseph Di Giorgio, chairman; S. Badami, Louis Costa, L. Facchetti-Guiglia, John J. Freschi, Stephen Guardino, Joseph Lodato, Italo Palermo, Francis Romeo.

The remarkable growth of the institution is of interest since it is due both

to the leadership of its president, the experience of its officers and directors as well as to the standing and reputation of its parent bank, the Banco di Sicilia, of which Dr. Ignazio Mormino is manager.

The statement of the parent institution, as of December 31, 1926, shows total resources of Lire 3,573,214,320, capital and reserve of Lire 366,951,231, undivided profits of Lire 94,585,163 and deposits and current accounts of Lire 1,075,128,934.

### NEWARK & ESSEX OPENS FIRST BRANCH

THE National Newark & Essex Banking Company, Newark, N. J., has opened its first branch in temporary quarters at 165 Ferry street. A new building for the office is being erected at the corner of Ferry and Van Buren streets. Since the branch is located in the Ironbound section of Newark the new branch is called the Ironbound Branch.

This is the first branch opened in Newark under the McFadden Act.





## THE NETHERLANDS TRADING SOCIETY

**T**HE Netherlands Trading Society, established in 1824, has carried on business for more than a century. The company owes its foundation to the personal efforts of King William I, who wished to re-establish the Dutch over-sea trade which was in need of revival.

The king did not confine himself to this, for he also participated financially for a large sum and even guaranteed the shareholders a dividend of 4 per cent. from his private means.

The capital was originally fixed at 37,000,000 guilders, and at present it amounts to 100,000,000 guilders, 80,000,000 of which have been paid up. The steadily growing reserves now exceed 40,000,000 guilders, whereas deposits and current accounts approach a total of 400,000,000 guilders.

Under its articles of association the society was entrusted not merely with a private task but also with a national one, as it was called upon to devote its full energies to the extension of trade, industry and shipping of the Netherlands and its colonies, including the

study of everything which might promote the country's welfare. Its assistance in organizing profitable enterprises, founding new companies, and issuing loans is duly appreciated, as is proved by its connections in the commercial, industrial and shipping world.

The first years of the society's activity, in which commercial ties were made not only with the Dutch East and West Indies but also with South American ports, the Levant, Egypt and China, were very difficult and the royal guarantor had more than once to pay the shareholders the guaranteed dividend of 4 per cent. The capital subsequently was reduced to 24,000,000 guilders, the society buying its own shares below par. The operations of the society were also restricted to trade with the Dutch East Indies. This trade, however, had not yet recovered from the depression from which it suffered under Napoleonic rule, which was overthrown in 1813. Only since the year 1830, principally owing to the introduction of a system of colonial agriculture which made the govern-



Partial view of main banking room.



Typists' department.



Employees' lunch room.



The new building of the Netherlands Trading Society is provided with the most modern equipment.





Interior view of main office.



Engine room.

ment the largest planter of the Netherlands East Indies, have plantations again flourished and the volume of trade

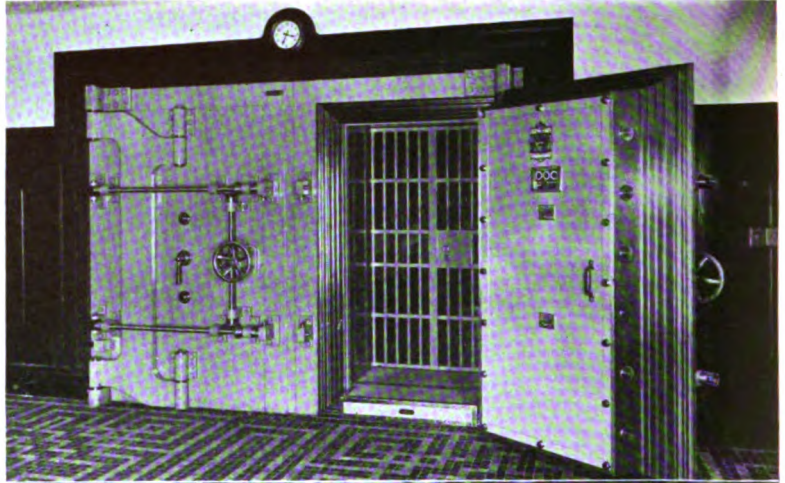
between the mother country and the colonies increased enormously. A period of prosperity dawned for the Nether-



Board room.



Entrance to  
vault.



Safe deposit  
vault.



Stairway to  
main floor.



The safe deposit facilities of the Netherlands Trading Society are modern in every particular.



President's room.

lands Trading Society. The fact that all government produce was consigned to the society for sale in Holland and that the society also acted as money-lender to the government, contributed largely to its further development.

#### CLOSE CONNECTION WITH GOVERNMENT

The close connection between the home and colonial governments and the society gave it a standing in Holland and abroad that placed it at the top of all Dutch financial, colonial and overseas institutions.

Owing to the changes which since were made in the agricultural organization mentioned above, in consequence of which the activity of the government gradually diminished while the plantation business was more and more left to private initiative, the sale of government produce has during the latter years been considerably reduced and is at present no longer of great importance as compared with the other lines of the society's business.

The society has meanwhile shown great activity in plantation and banking business. Apart from this, an extensive trade in produce for the society's own account developed during this period. This was stopped about 1880 on account of the further development of the banking business.

In the Dutch East Indies, however, the Netherlands Trading Society has still extensive connections with agricultural enterprises. It has several sugar mills of its own, holds a number of sugar plantations in combination with others and participates in a great number of other enterprises and companies in the Far East. For all these and for others the society sells products and acts as banker, supporting in this way to a high degree the export trade of the Dutch East Indies.

The company also finances a large portion of the import trade of the Dutch colonies and all these activities have led to the establishment of a large number of branches in the Dutch colonies. Moreover, branches carrying on banking busi-

ness principally have been established in China, Japan, the Straits Settlements and British India. It is worthy of mention that the Shanghai agency of the company puts its own bank notes into circulation.

The Netherlands Trading Society not only acts as a financial institution operating in the Far East, but is also engaged in banking business of every description in Europe. The latter development has shown great progress during the last decades. In this connection might be mentioned its participation, together with other large Dutch and foreign institutions, in the recently established *Nederlandsche Accept Maatschappij*, *Internationale Crediet Compagnie* and *Wolbank* (Wool Finance Corporation) which carry on a special international banking business and in which the society now has a leading position.

#### NEW BUILDING NECESSARY

Needless to say, the building in which the company had so far carried on its activities proved inadequate for the requirements of its extensive enterprise and it became necessary to acquire a building more worthy of the standing of the company and of its growing needs. The inserted pictures show the monumental building that has been erected in the center of Amsterdam in which the head office of the company is at present established. It is the creation of one of the most eminent modern Dutch architects, the late De Bazel. External architectural beauty has been happily combined with most practical equipment, the building internally comprising all that is most modern in up-to-date methods, the latest appliances and time-saving devices having been introduced.

In 1920 the first work on the foundation was started and in October, 1926, the opening of the building took place.

The construction of the building is in principal as follows:

The main entrance situated at the front of the building, in the center, leads by way of two wide staircases to the large hall on the main floor where the

cash and securities departments are located, surrounded by railings of marble Bois Jourdan. Many pay-windows are to be found here, also conversation and waiting rooms. Here and on the floors above the departments for domestic and foreign banking, for colonial banking, for the East Indian cultivation and Indian produce trade are situated. The higher situated floors of the building have been allocated to the departments not directly connected with the public—the bookkeeping department, archives, mail department, etc.

Around the two skylights, each 20 x 93 feet, lying longitudinally with the building, are the corridors connecting rooms and offices. From the main staircase the public has access to the various departments by means of these corridors.

Two elevators for the service of the public run from the safe deposit vault to the upper floors. Communicating with the safe deposit vault is a vault for storing safes and an additional number of small vaults to be rented separately. They have all been built in the most modern way.

The floors, walls and columns are faced with Venetian glass tiles in various colors. The ceiling and walls are decorated with ornamental painting.

In the cellar floors the engine rooms are located. Seven boilers heat and supply warm water for the offices, vaults and kitchen. The building is provided with an installation for ventilation by supplies of heated and cooled air. The ventilators have a capacity of 150,000 cubic metres per hour.

The electrical installations are connected with the alternating current system of the "City Electrical Works" but in the event of a stoppage of this supply an oil motor is ready to make up the lighting for the whole building.

The elevators for the use of employees and for private and storeroom use are situated in the wings of the building. Behind the employees' staircases on the various floors and landings are the toilets for the employees.



On the second floor is the employes' lunchroom, with room for more than 200 persons.

The floors and woodwork of the directors' rooms and assembly halls are done in mahogany. Persian hand-buttoned rugs adorn the floors. The whole gives a dignified but simple impression. Finally it should be mentioned that the assembly-hall of the old build-

ing, with which special recollections are associated, was transferred to the new building in its entirety, including the existing woodwork and furniture.

Since the ground in Amsterdam is not fit to support any building unless fortified by poles, 5000 poles, each having a length of 33 feet, were driven into the ground prior to the actual beginning of the building operations.



The United States National Bank of Denver, Colo., has solved the problem of installing a display window in a bank building whose present windows have high sills, as shown above. The exterior of the window is of cast metal and glass and the interior of walnut.

## UNION TRUST OF DETROIT TO BUILD NEW FORTY-STORY HOME

A FORTY-story skyscraper, covering an entire block, is soon to be erected by the Union Trust Company of Detroit. Plans for the new building are being prepared by Smith, Hinchman and Grylls and Donaldson and Meier. It will extend along the east side of Griswold street from Congress to Larned street, on a lot 80 by 270 feet, and will be known as the Union Trust building.

The new Union Trust building will occupy the full ground dimensions of its site, up to the eighth floor, where a setback of twelve feet is provided, throughout the middle section, both east and west sides. This arrangement makes for better lighting, as well as for economy and improvement of floor space. Above the setback, the walls will rise vertically to the base of the thirty-second floor, where a second setback occurs. A single floor is located above this setback, running the entire length of the building, and housing special facilities for the personnel of the Union Trust Company. The north end of the building will be crowned by a square tower, rising through the fortieth story. Present plans call for an observation chamber on this top story, which will command a sweeping view of the city, the river and contiguous territory.

The three basements and the first fourteen stories of the new Union Trust building will be occupied from the outset by the Union Trust Company itself, the remainder, with the exception of the thirty-second floor, being leased to tenants. A large part of this space has already been reserved. The plans call for separate elevator facilities for the Union Trust Company and the tenant firms, the arrangement being designed to promote the best interests of both groups.

Upon entering the lobby through the main, or Griswold street entrance—which will be three and one-half stories high, and deeply recessed—the visitor will find himself in a spacious lobby, as

high as the entrance. Ahead of him, directly opposite this entrance, are two elevator halls in which local and express elevators operate for the convenience of the building's tenants. At his left is the second entrance, opening from Congress street, and at the right are three massive stairways. The central staircase leads downward one-third of a story, into the land contract department, while the staircases at right and left lead upward, converging above the middle stairway and leading into the main banking-room, two-thirds of a flight above the lobby. A vista of 250 feet, commanding the full length of both these large rooms, may be had from the lobby.

The main banking room, decorated with mural paintings depicting the history of Detroit, will be one of the most striking features of the building. It will be 70 feet wide, 152 feet long, and 45 feet high, with a great vaulted ceiling. Ample lighting will be provided by high windows on both sides.

Three basements under the land contract department will house the vaults and general storage facilities for the building. The first basement, one flight below the land contract department, will be devoted to security, trunk and silver, and safety deposit vaults, as well as a late deposit section; the second basement will house record vaults; and the third the mechanical equipment and the maintenance organization. Heat will be brought in from outside the building.

The offices of the Union Trust Company, above the main banking floor, will be reached by elevators entirely separate from those which serve the building's tenants. These elevators will ascend from various points in the main banking room itself, and their shafts will rise to the thirty-second floor, furnishing connection with the company's facilities there, and anticipating further expansion of the company above the fourteenth floor.

The thirty-second floor has been re-

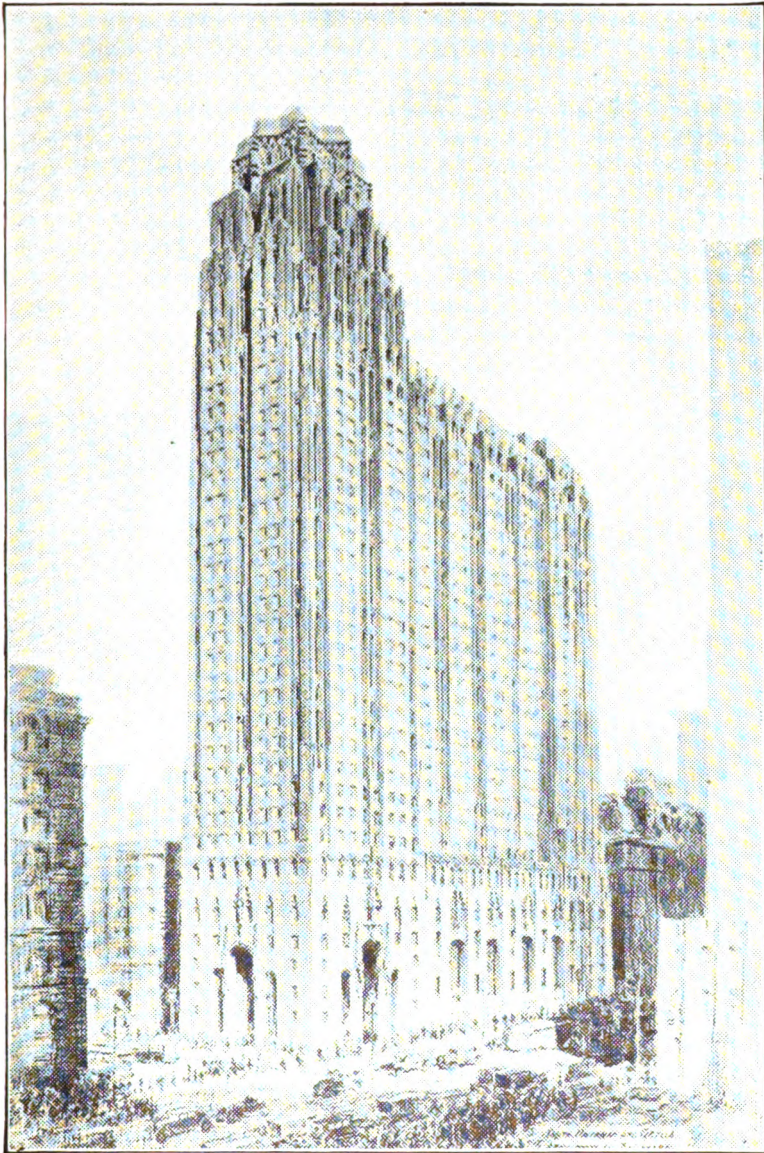


served by the Union Trust Company as a dining room, auditorium, and recreation place for its employes. The tower will be leased to tenants, under present plans, its sweeping prospect of land and water on four sides making it outstandingly desirable for office purposes.

The Union Trust Company is the oldest firm of its sort in Detroit. In its

present title, it succeeds the Fidelity Loan and Trust Company, the name having been changed in 1891. The late D. M. Ferry, famous throughout the country as a seed grower, was its president. Business was transacted in a small banking house at 27 West Larned street.

Frank W. Blair, now president of the Union Trust Company, assumed that of-



Architect's drawing of the new building of the Union Trust Company of Detroit.



fic in 1908, when there were about seventy-five employes, including thirty employes of the Union Trust Building Company. The growth of the Union Trust during the nineteen years of Mr. Blair's presidency has seen a commensurate increase in the firm's personnel, which now numbers 1025. Capitalization has increased from \$500,000 to \$2,500,000.

#### ANNOUNCES ADVISORY BOARD

THE American Exchange Irving Trust Company, New York, has announced the election of an advisory board for its Twenty-first street office, which was opened April 18. The membership of the board follows:

O. H. Cheney, vice-president; William Goldman, president Cohen, Goldman & Company, Inc.; Adam K. Luke, treas-

urer the West Virginia Pulp and Paper Company; Aaron Naumburg, president Jonas & Naumburg Corporation; Charles Pinnell, president Fred Butterfield & Company, Inc.; R. H. Reiss, treasurer the International Tailoring Company; Harry E. Ward, president Arthur Williams, vice-president the New York Edison Company, and John Williams, vice-president.

The new office is in charge of John Williams, vice-president, and Robert Sherwood, assistant vice-president.

Announcement was also made of the election of Max L. Masius, assistant treasurer Seeman Bros., Inc., to the advisory board of the company's Aetna office, West Broadway at Chambers street, and of Perry B. Frank, treasurer of John Weber, Inc., to the advisory board of the 8th Street office, Broadway at 8th street.



The First National Bank in St. Louis, Mo., sending \$200,000 by plane to one of its correspondents, the First National Bank of Ziegler, Ill., to avert a run on the bank, caused by a false rumor. R. Palmer McElroy, assistant vice-president (with goggles), made the trip with the pilot.

# BOOK TALKS

Special Section of The Bankers Magazine

MAY 1927

## THE AGE OF VISUAL EDUCATION

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. Why haven't bankers capitalized this great American habit sooner than they have? *101 Window Displays* (Bankers Publishing Company, \$5.00) tells about the excellent results that pioneering banks in this medium of advertising have received. Below is given the foreword of this book, written by Gaylord S. Morse, a former president of the Financial Advertisers' Association. The author of the book, M. E. Chase, has been for fifteen years a specialist in bank advertising and publicity.

**W**E are living in the age of visual education as evidenced by the increased interest and demand for educational motion pictures, traveling displays of various kinds and the increasingly popular and powerful builder of good will, window displays.

Tests made on school children in various cities reveal that 87 per cent. of our impressions are secured through the eye, and that the eye is twenty-two times faster than the ear in securing and retaining impressions.

Merchants have for years recognized the necessity of appealing to the public through the eye by attractively displaying merchandise in their windows. They have long ago appreciated the fact that their windows offer tremendous advertising and sales opportunities.

### SERVICE ALSO SOLD THROUGH WINDOWS

Bankers' sales problems are not the sales problems of the merchant. Service constitutes the bankers' principal stock in trade. They have felt that it was impossible to sell such an intangible commodity to the public through plate glass, and traditional conservatism stimulated their conviction in that belief.

Even in view of the uncertainties attendant upon so drastic a departure from usual advertising policies, a few bankers not many years ago began to experiment with this new advertising medium. They were dependent entirely upon their own ingenuity in deciding on what and how

to present to the public through their windows. This pioneering work was

Unless you make a will this is how  
the State will divide your Estate.  
Would it be satisfactory?

"Pass him up, he carries a check  
book."

By day the hold-up spies out the  
habits of men;

By night he pounces upon "good  
prospects."

These are samples of the many display card ideas that are given in *101 Window Displays*. There are seventy photographs of these window displays, along with the description of others, and more than a hundred display card ideas.

productive of results, sometimes indirect, but positive nevertheless.

And now, to all bankers, this book, *101 Window Displays* by M. E. Chase, comes as a dispeller of doubt. It is chock-full of practical plans and ideas, assuring the maintenance of result-producing windows for financial institutions. Window advertising by banks and investment houses is yet in an embryonic stage, but this effective, direct, and economical medium is gaining in popularity and gaining in usefulness. We are indebted to M. E. Chase for the wealth of information this book contains.

# BOOK TALKS

EVELYN PRICE, *Editor*

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

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MAY 1927

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## SHOP TALK

WILLIAM H. Kniffin, whose books on practical banking are well known, has been at work for some time on a complete revision of his book, *The Savings Bank and Its Practical Work*. This book has always been a steady seller, and we are glad that we can announce to readers of BOOK TALKS that this new, completely revised edition will be off the press this fall.



WE were told by the author the other day that copies of the old edition, which has been out of print for some time, have been selling for as high as \$14.00 at the second hand book stores.



IF you want to send in your order now for *Savings Bank and Its Practical Work*, we will be glad to hold it, and yours will be one of the first to be filled when copies are received.



SOME one has said that "France seems to have more trouble with her finances than a woman with a bank account." This will not be true of the women who use your bank, or of those who will be sure to be drawn into your bank, if you have a well organized women's department. Anne Seward's *The Women's Department* (\$1.25) explains how to organize this department and get worth-while accounts from women.

"THIS book covers in a very minute way most of the questions involved in the clearing and collections of checks," says the reviewer of the *Journal of Political Economy* about Spahr's *Clearing and Collection of Checks*, and adds that "the volume should prove quite useful as a reference book on this particular phase of money and banking."



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 forty 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.



WE are always willing to send our own books (Bankers Publishing Company) on five days' approval to banks and bankers, but we naturally cannot send on approval the books of other publishers. When books of other publishers are reviewed each month the reader will always find the name of the publisher given. We can order those books for you, but if you wish to find out more about the book before ordering, it is best to write directly to the publisher, who no doubt will be able to send you descriptive circulars.



**BANKERS PUBLISHING COMPANY**  
71 Murray Street - - - New York



# The Paying Teller's Department

The Paying Teller is in a strategical service position. No other employe is so well known to the business public.

**T**HIS book is a complete manual covering every phase of the Paying Teller's department and related departments in city or country banks. Every paying teller, assistant paying teller, money clerk, and bank clerk should own one.

It is written in a clear, straightforward style, and is the result of actual contact by the author with bank operations while conducting the educational work of a New York bank.

It has the advantage of being understandable also to the business man who daily draws, accepts, deposits or cashes various credit instruments, giving him an understanding of what responsibilities continue, or what protection he has, after he affixes his signature, as maker, acceptor or indorser. In this connection court decisions are cited.

The opinion of *The Office Economist*:

This is a most interesting book. We have never been a paying teller; we never expect to be one. But we read this book with a great deal of zest and interest. The facts about any man's job are interesting, and worth while if for no other reason than that they help us to understand what the other fellow is up against. . . .

No employe can sell a bank interdepartmentally so well as the Paying Teller, provided he is well trained.

## CONTENTS

- Relative Use of Money and Credits
- Paying Teller's Qualifications and Duties
- Organization Chart of Paying Functions
- Cash Reserves and Requirements
- Paying Teller's Cages
- Unit Paying-Receiving System
- Safeguarding Paying Teller's Cash
- Cashing Checks
- Paying Teller's Cash Proof
- Risks of the Paying Teller
- Stop-Payments
- Alterations and Forgeries
- Certifications
- Sources of Money Supply
- The Money Department
- What a Paying Teller and Money Counter Should Know About Money
- Chart Showing Money with Leading Characteristics
- Separating Good Money from Worn
- Separating Paper Money by Denominations
- Detecting Counterfeit Currency and Raised Bills
- Verifying the Count
- Money Section Proof
- Shipping Currency
- Settling Clearing-House Balances
- Bank's Payroll
- Petty Cashier
- Paying Teller's Reports
- Department Proof to General Book-keeper

## APPENDICES

- I. Digest of Court Decisions Showing Liability of Bank to Drawer for Certain Irregularities in Certified, Altered, Forged, Post-Dated and Stopped Checks
- II. Purposes of and Principles Underlying Subsidiary or Fractional Coins
- III. Charts Showing Engraved Portraits on Various Kinds of United States Money
- IV. Story of the Money Department of the Cleveland Federal Reserve Bank
- V. The Negotiable Instruments Law

**\$1.25**

The author is **GLENN G. MUNN**

**\$1.25**

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# BOOK REVIEWS AND NEW BOOKS

## Recent Announcements of Other Publishers

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### FINANCING THE LIVESTOCK INDUSTRY.

By Forrest M. Larmer. New York: The Macmillan Company. \$2.50.

THE plight of our livestock industry has been very much to the fore in all discussions of agricultural conditions during the last few years. Underlying the immediate problems of the livestock business in general or local conditions in different geographical regions, there are certain broader fundamental questions concerning the industry as a whole. They involve the question of how one of our great pioneer industries is to effect the transition to a permanent basis and to a sound and prosperous economic organization.

The author of this book comes from a family which has been actively interested in livestock production, and he has spent his own business life with various livestock credit companies. This experience, together with the author's university training and the collaboration of other members of the staff of the Institute of Economics who have themselves specialized along closely related lines, guarantees for the book a realism and penetration which will commend it to all persons interested in the agricultural industry and the future of our food supply.

### PROFESSIONAL AND BUSINESS ETHICS.

By Carl F. Taesch. New York: Henry Holt & Co. \$5.00.

PROFESSOR Taesch's practical knowledge of the entire field and his experience in teaching a course on the above-named subject have enabled him to bring together material not hitherto available. He is an associate professor of philosophy at the University of Iowa. All his material he treats sympathetically, but he is at the same time outspoken in his comments upon the ethics of various professional groups. He analyzes critically the marked recent development in the individual codes of the lawyer, the doctor,

the engineer, the teacher, and the business man; individual chapters are also devoted to the ethics of the labor unions and farmers' co-operatives, and to such general problems as fees and charges, and the ethical characteristics of business and professions.

### WORLD WAR DEBT SETTLEMENTS. By

Harold G. Moulton and Leo Pasvol'sky. New York: The Macmillan Company. \$2.00.

THIS book is designed to tell the story of how the interallied and the reparation debts which have resulted from the World War originated, and what steps have been taken for their repayment. The book deals only with government debts. It discusses separately each of the European debtors and treats of the origin and extent of its debts, as well as of the arrangements made by it for the eventual liquidation of these obligations. It also discusses the fundamental principles involved in the payment of an international debt, and shows the application of these principles to the situation confronting each particular debtor. Further, the book sums up the debt settlements made to date by the American World War Debt Commission, and by the British government. Finally, it traces the development of public thought and attitude in various countries—especially in the United States, Great Britain, and France—toward the whole problem of international war debts, and discusses the issues which still remain in suspense.

The book also brings together all the important documents concerned with the war settlements. It contains the full text of all the debt agreements concluded by the United States with her debtors and and by Great Britain with hers, and the full text of the more important reparation documents. Many of these documents are not generally available, and the publication of them all within the

covers of one volume makes the book an indispensable work of reference for all students of international financial problems.

**ACCOUNTING: Its Principles and Problems.** By Henry Rand Hatfield. New York: D. Appleton & Co. \$3.50.

THIS new book *Accounting*, by Professor Hatfield is replacing his older text which has been a standard for years, and the volume is entirely rewritten and is fully abreast of present-day theory and practice. It is a clear, concise, practical statement of the currently accepted principles and theories of accounting. Of course the book presupposes that the reader has a knowledge of bookkeeping, since the accountant's function is to analyze, combine, and interpret the bookkeeper's records. It considers the legal interpretation of accounting problems, referring constantly to court opinions and rulings of commissions. Its treatment of disputed points is sane without dogmatism.

**POLITICAL AND INDUSTRIAL DEMOCRACY. 1776-1926.** By W. Jett Lauck. New York: Funk & Wagnalls Co. \$2.00.

How can we make our democratic principles and institutions secure against radical and revolutionary tendencies? What is the relation of the organized labor movement to industrial democracy? What is the significance of the post-war movement for employe representation, or so-called "company unions," and democracy in industry?

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ured by these standards; present tendencies are analyzed and future developments forecast.

**THE LAW AS TO C. I. F. CONTRACTS.**  
By H. Goitein. London: Effingham Wilson.

AN attempt has been made in this English publication to set forth the special law governing those commercial contracts which have come to be known as c.i.f. contracts (contracts for the sale of goods that have to be carried over the seas). It is, according to the author, properly speaking, a branch of the law relating to the sale of goods, but for various reasons it has of late assumed an importance of its own. The English law reports of recent years abound in decisions on the subject, and some noteworthy judgments have sketched the large outlines of a new and important topic in this field of law. The author has endeavored to enable anyone who consults this book to decide at a glance whether the difficulty confronting him is really a difficulty or not. If it admits of a ready solution the nature of the solution will be found indicated, and if not it may be safely assumed that it is one of those matters that can only be satisfactorily determined by a submission to the court.

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Read the interesting item about this book on page 2 of Book Talks.

**FINANCIAL MANAGEMENT OF FARMERS' ELEVATORS.** By Gerald M. Francis. Chicago: A. W. Shaw Co. \$2.50.

THIS study was undertaken because of an interest in the financial status of the grain marketing business. A difference of opinion exists as to the methods which should be used in grain marketing organization. Some insist that local farmers' associations are chiefly to be relied upon; others propose centralized terminal organizations entirely separate from and substituted for local farmers' elevators.

It is the aim of this book to point out the relative advantages and disadvantages of these two methods of grain marketing. Some of the financial problems of the farmers' elevators as they now operate are presented. The newer problems to be expected with more unified control are likewise outlined.



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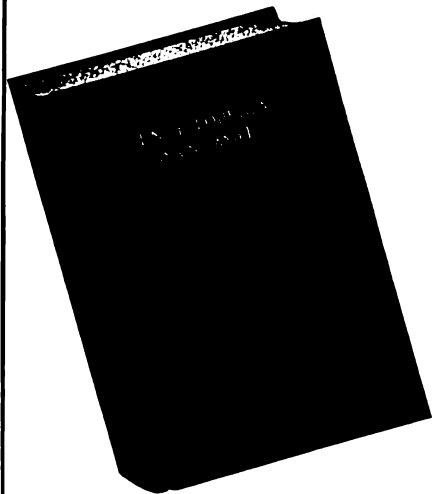
**PROBLEMS IN INDUSTRIAL MANAGEMENT.** By H. E. Schell & H. H. Thurlby. Chicago: A. W. Shaw Co. \$5.00.

**NO-PAR STOCK; Legal, Financial, Economic, & Accounting Aspects.** By C. B. Robbins. New York: Ronald Press Co. \$4.00.

**READINGS IN MARKETING PRINCIPLES.** By Ivan Wright & C. E. Landon. New York: Prentice-Hall Co. \$4.00.

**MODERN INDUSTRY.** By E. L. Bogart & C. E. Landon. New York: Longman's Green. \$3.75.

**LABOR BANKS IN THE UNITED STATES** (a list of References). Compiled by Laura A. Thompson. Government Prtg. Office, Wash. Dept. of Labor. Gratis.



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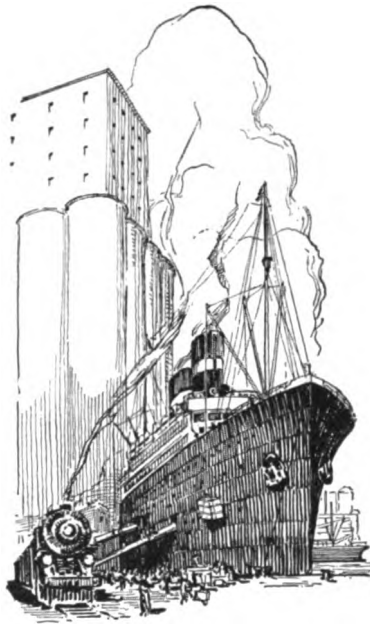
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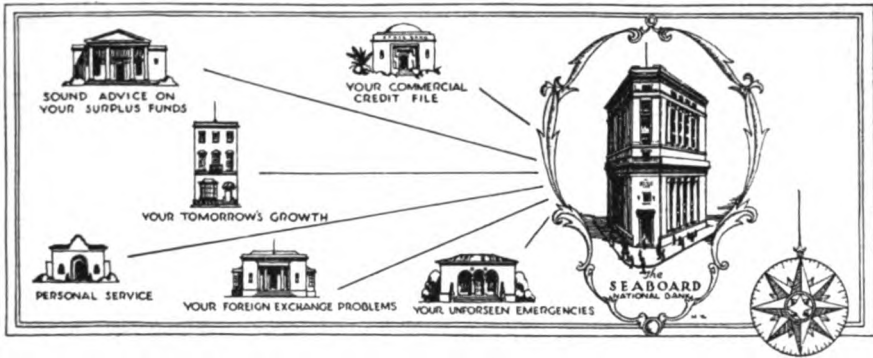
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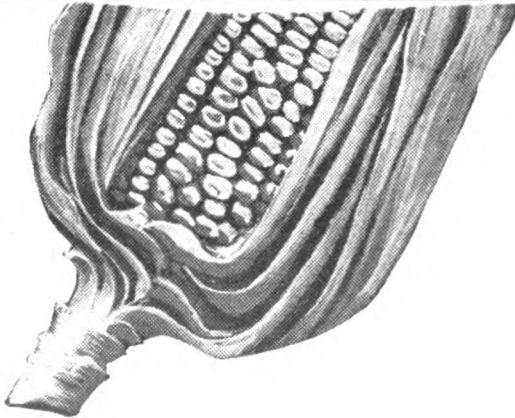
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## The Publisher's Page

**T**HOSE interested in competing in THE BANKERS MAGAZINE Prize Contest for 1927 are reminded that this contest closes on July 1, and that to be eligible for entry, papers must be in the hands of the Contest Editor by not later than that date. Papers are limited to 3000 words and should be confined to subjects related to banking. All papers must be typewritten, signed by a nom de plume and accompanied by the name and banking or business connection of the writer on a separate sheet. The three judges of the contest are: ARTHUR W. LOASBY, president Equitable Trust Company of New York; R. S. HECHT, president Hibernia Bank and Trust Company, New Orleans; and CRAIG B. HAZLEWOOD, vice-president Union Trust Company of Chicago. It is suggested that manuscripts be submitted in triplicate, as copies will be forwarded to the three judges simultaneously.

“Rotation of Maturities in the Bank's Bond Account” is the title of an article by John J. English, vice-president William R. Compton Company and chairman municipal securities committee Investment Bankers Association of America, to appear in the July number. Mr. English says: “The primary function of a bank is to meet the usual and extraordinary credit requirements of the community it serves, and its investment structure should be built with this purpose constantly in mind. The existence of Federal Reserve discount facilities together with Liberty bonds, both mediums contributing the highest degree of convertibility, make it possible for banking institutions to employ a larger proportion of their surplus funds in securities not ordinarily considered in the readily marketable class. It would be unwise to attempt to outline a complete investment program for any institution, since this could not be done intelligently without intimate knowledge of each special situation. It is my purpose to propose a plan which the experience of many banks, covering an extended period, has shown to be sound and satisfactory.”

In an article in the July number on the subject, “Financial Relationship between Banks and Building and Loan Associations in Pennsylvania,” by SAMUEL M. PERRY, the author sets forth the results of comprehensive research bearing on the financial relationship between these two classes of institutions. The various problems affecting the credit relationship as well as the resultant benefits to the parties involved are discussed, facts ascertained as result of

[Continued on page XIV]

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[Continued from page XI]

research stated, and conclusions drawn in accordance with the findings.

“Selecting a Manager for the Safe Deposit Vault” is the title of an article by L. E. THOMAN, manager safe deposit department Hibernia Bank and Trust Company of New Orleans, to appear in the July number. Mr. Thoman says: “The manager of the safe deposit vault should be carefully selected, and preferably a man who has had considerable banking experience, one well known in his community and a man of unquestioned honesty and ability. He should have executive ability and the ability to inspire implicit confidence in his clients. He should possess sufficient tact and judgment to be able to soothe the anxious and disturbed customer. No man should be at the head of this department whose conduct on the outside may be questioned. He should be a close student of human nature and thoroughly posted on current affairs. His advice is frequently sought by the widow and the man in financial difficulties. He must frequently listen to family troubles and advise and console those consulting him.”

In an article entitled “Don’t Let the Bond Salesman Get ‘Em!” to appear in the July number, the author “T. N. T.,” whose nom de plume is familiar to many readers of THE BANKERS MAGAZINE, says: “A person of ordinary intelligence, looking into the bank from the outside, would naturally expect to see the bank’s bond department and the bank’s savings department working together in mutual harmony for the common good of the bank itself and the bank’s customers. Yet, as a matter of fact, these two departments are, as a rule, as far away from each other as the two poles. They operate independently and often with considerable coldness toward one another. One would naturally think that the bond department might be interested in finding out from the savings department what customers had enough money on deposit so that they could buy bonds—and then going after those customers. But the bond people are not interested in that. They say it isn’t worth the bother of looking them up. They say that the amount of profit made on those small sales isn’t worth the trouble of solicitation. They prefer to go about hunting for their prospects in their own way. And they can hardly be blamed when one considers the usual attitude of the savings department toward the bond department. Suggest to a man in the savings department of the ordinary bank that his customers might be solicited to buy bonds, and he will throw up his hands in holy horror, ‘What,’ he cries, ‘give those bond men access to our savings records. Turn them loose on our poor, helpless savings depositors? I should say not!’”





**G**OOD foreign and domestic bonds—Governments, Municipals, Railroads, Public Utilities, Industrials—are offered in great variety in our monthly investment lists. Bankers find these offerings of great value in maintaining well-balanced bond investment reserves.

Just telephone or write our nearest office that you would like to receive these offerings regularly.



## 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

# When You Need A Massachusetts Fiduciary

Individuals and corporations having fiduciary business in Massachusetts are invited to correspond with the President or other officers of this Company.

We are prepared to serve in any fiduciary capacity in the State of Massachusetts. We have had 49 years' active experience in this field and render expert service as Executor and Trustee under Will and under Trust agreement, acting as Guardian or Conservator of property, and also as Custodian.

CHARLES E. ROGERSON, *President*

## BOSTON SAFE DEPOSIT AND TRUST COMPANY

100 FRANKLIN STREET

*At ARCH and DEVONSHIRE STREETS*

*Boston 6*



# The Bank of United States

Member Federal Reserve System

**Resources—\$100,000,000**

*Main Office*  
Fifth Ave. at 32nd Street  
7 Other Offices

DEPOSITORY FOR  
United States Postal Savings Funds  
State of New York      City of New York

***Foreign Exchange***  
***Domestic and Foreign Letters of Credit Issued***

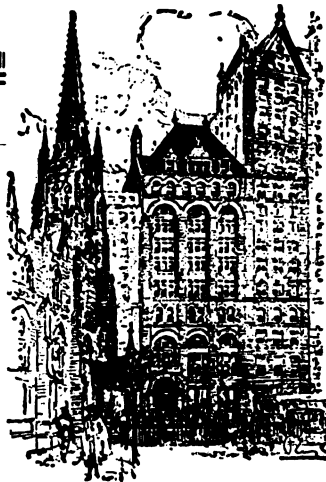
The steady and consistent growth of this bank is evidence of its constant attention to every detail of banking service. A thoroughly organized foreign department is equipped to handle all classes of foreign financial transactions.

**Accounts of Banks and Bankers Invited**

1864

1927

*Comprehensive  
Foreign  
Banking  
Service*



*Traveler's  
Checks  
Foreign  
Currency*

## 63 Years

THIS Company offers you its services based upon the experience gained during more than half a century of conservative activities.

- A general banking business.
- A commercial banking business including discounts, acceptances, etc.
- Foreign Exchange, Commercial and Traveler's Letters of Credit, etc.
- Acts as Executor, Trustee, Transfer Agent, Registrar of Stocks and in every Fiduciary Capacity.

*President*

George W. Davison

*Board of Trustees*

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George W. Davison  
Johnston de Forest  
Richard Delafield  
Clarence Dillon

Frederic de P. Foster  
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William Woodward

## 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 45 Million Dollars*

*Member Federal Reserve System*



# This Bank

**Organized,  
Developed and  
Conducted on the  
Principle of  
Conservative  
Banking along  
Progressive lines**

**With forty seven  
Banking offices in  
Detroit**

**Capital and Surplus  
\$18,000,000**

**A good Detroit  
Correspondent for  
Out-of-town banks**

**May we serve you?  
(190)**

**THE PEOPLES  
STATE BANK  
DETROIT MICHIGAN**

## Are your windows bringing in business ?

Banks all over the country are waking up to the tremendous new-business possibilities of window displays. Attractive, scientifically arranged displays actually bring folks into your bank and create business for all departments. How this is done is described in

## 101 Window Displays

By M. E. Chase

This book is not based on theory or guess-work but is the result of many years' study by the author and a careful investigation of the methods used by banks and investment houses that have been most successful.

A feature of the book is the careful description of 101 original displays for all departments of banking.

But don't take our word for this. Send for and examine this book at your own desk at our risk. Mail the coupon below TODAY.

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Bankers Publishing Company,  
71 Murray Street, New York.

You may send me a copy of 101 WINDOW DISPLAYS by M. E. Chase on 10 days' approval. At the end of 10 days I will either send you my check for \$5.00 or return the book.

Name .....

Bank .....

Address .....

**PARAPHRASED PROVERBS****That Service is  
Ordered Best that is  
Restricted Least**

---

You accept without question all the items your depositors give you for collection. To what extent do you permit yourselves to be hampered by arbitrary restrictions in converting these collections into cash?

Our correspondents are not limited to "lists" in sending their business to us either as to place payable or bank upon which drawn.

Our Transit and Collection Departments are in continuous twenty-four-hour-daily operation.

All items received at par. No charge for telegraphic transfers.

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THE  
**PHILADELPHIA-GIRARD  
NATIONAL BANK**

PHILADELPHIA, PA.

Capital, Surplus and Profits - \$28,500,000

The *Six* Largest  
 Life Insurance Companies  
 in the  
 United States  
 have invested over

*Two Billions*

in City and Suburban First Mortgages

# National Union Mortgage Bonds

Make available to the average investor  
 choice first mortgages on improved city  
 and suburban property.

Every mortgage underlying these bonds  
 is irrevocably guaranteed both as to  
 principal and interest by one of the four  
 following surety companies:

*U. S. Fidelity & Guaranty Co.*

*Maryland Casualty Co.*

*Fidelity & Deposit Co.*

*Baltimore*

*National Surety Co.*

*New York*

Write today for our booklet which explains all  
 the features of National Union Mortgage Bonds

**NATIONAL UNION MORTGAGE CO.**

BALTIMORE, . . . . MARYLAND

**MACKUBIN, GOODRICH & CO.**

BALTIMORE, MARYLAND  
 FISCAL AGENTS



## World-wide Banking Service

Through more than fifty years of constant growth and thousands of direct business connections established both here and abroad, the Illinois Merchants Trust Company has built a service for importers, exporters, banks, travelers, and investors, which is truly world-wide in character. The resources of this bank are large; its organization is well developed; its facilities highly-specialized and its board of directors composed of leaders in every branch of commerce and industry.

Your inquiries concerning our services and our ability to meet your banking needs are cordially invited.

# ILLINOIS MERCHANTS TRUST COMPANY

*Capital & Surplus* **45** *Million Dollars*

LA SALLE, JACKSON, CLARK AND QUINCY STREETS • CHICAGO



*How we helped one correspondent  
increase deposits*

# \$100,000 In One Week

Recently our Service Department planned a unique celebration for one of our correspondents on the occasion of their 40th anniversary and the dedication of their new building. The plan was created and all the advertising copy was specially prepared by us. Several new and unique features were incorporated and here is what happened:



**7,000 Visitors In  
One Day**

Although the last census gives the population of our correspondent's town as 5,000, more than 7,000 people—by actual count—visited this bank on the opening day.



**Deposits Increased  
\$100,000 First Week**

As the result of one new idea which we incorporated in this bank's plan, deposits increased over \$100,000 the first week—and new business is still pouring in.

*And instances such as this are not unusual at the "Republic"—in fact each day we go out of our way to do things for our correspondents.*



**The National Bank of the  
REPUBLIC  
OF CHICAGO**



Office of New York Representative, No. 1 Wall St.

JOHN A. LYNCH, Chairman of the Board

DAVID B. FORGAN, Vice-Chairman      GEORGE WOODRUFF, Vice-Chairman

H. E. OTTE, President

© N. B. R. 1927



*Chartered 1836*

**G**IRARD TRUST COMPANY  
in Philadelphia offers its services as Depositary under Reorganization Agreements and as Transfer Agent or Registrar for the securities of corporations.

The Company will be glad to act jointly with institutions in other cities.



*Corporate Trusts*  
**\$1,450,000,000**

---

**GIRARD TRUST COMPANY**  
BROAD AND CHESTNUT STREETS • PHILADELPHIA

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# 50 YEARS

## of Constructive Florida Banking

THE BARNETT NATIONAL BANK, the oldest in Jacksonville, is now occupying its new building, the tallest in the city. This is the fourth time in fifty years that constantly increasing business has required an expansion to larger quarters. Extensive facilities, further broadened by the present en-

largements, are afforded by a staff of men long experienced in both national and local banking. The benefits of this comprehensive banking knowledge are gladly offered to those conducting sound business transactions in any section of Florida.

### *The* **BARNETT NATIONAL BANK**

*Established 1877*      **JACKSONVILLE**      *A Florida Landmark*

*Capital, Surplus and Undivided Profits over \$2,350,000*

# Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



**Capital - - - - \$1,000,000.00**  
**Surplus and Undivided Profits 1,250,000.00**

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

*Collections given special attention, and prompt remittances made*

- DR. LOUIS A. BIZE, President
- W. W. TRICE, Vice-President and Trust Officer
- D. H. LANEY, Vice-President and Cashier
- ISAAC MAAS, Vice-President
- D. C. GILLETT, Vice-President
- L. I. BUCHANAN, Vice-President
- C. E. HESTER, Assistant Cashier and Credit Manager
- W. W. BLOUNT, Assistant Cashier
- D. B. RENFRO, Assistant Cashier
- JOHN T. BIZE, Assistant Cashier
- ASHBY GIBBONS, Assistant Cashier
- R. W. CLAPP, Assistant Cashier
- S. W. McCORD, Assistant Cashier
- A. M. EDWARDS, Auditor
- K. M. KRUSE, Contact Man



# Canada Newfoundland West Indies

**T**HROUGH our extensive chain of branches we are able to offer an efficient collection service in the above territories. Credit checkings and trade information are cheerfully given our correspondents.

265	Branches in	Canada
8	"	" Cuba
2	"	" Porto Rico
3	"	" Dominican Republic
10	"	" Jamaica
12	"	" Newfoundland

Enquiries should be addressed to our New York Agency,  
49 Wall Street

## The **BANK OF NOVA SCOTIA**

ESTABLISHED 1832

Capital	. . . . .	\$10,000,000
Reserve and Undivided Profits	. . . . .	20,158,887
Total Assets over	. . . . .	240,000,000

**New York Agency : 49 Wall Street**

P. W. Murphy, F. W. Murray, Agents

Branches also at Boston and Chicago

London, Eng., Branch—

108 Old Broad Street, E. C. 2



# BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

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

Formerly

Incorporated by  
Royal Charter, 1836

**THE COLONIAL BANK**  
with which are amalgamated

Reincorporated by  
Act of Parliament, 1925

## THE NATIONAL BANK OF SOUTH AFRICA LIMITED and THE ANGLO-EGYPTIAN BANK LIMITED

Capital authorised £10,000,000

Capital subscribed £ 6,975,500

Capital paid up .... £ 4,975,500

Reserve Fund ..... £ 1,100,000

Uncalled Capital £ 2,000,000

London Offices:

Circus Place, London Wall, E.C.2;

37-39, King William Street, E.C.4;

111, St. Martin's Lane, Trafalgar Square, W.C.2.

Other Offices:

LIVERPOOL—25, Castle Street. Manchester—21, York Street.

HAMBURG—Adolphplatz 4.

NEW YORK (Agency)—44, Beaver Street.

With over 400 Branches in

British West Indies, British Guiana, Egypt and the Sudan, Transvaal, Rhodesia, Cape Province, Natal, Orange Free State, British West Africa, Swaziland, Portuguese East Africa, South West Africa, Tanganyika, Nyassaland, Kenya Colony, Malta, Gibraltar, Palestine and the Mauritius.

The Bank acts as Correspondent for Home, Colonial and Foreign Banks

# NATIONAL PROVINCIAL BANK

LIMITED

Established 1833

(\$5=£1)

Subscribed Capital - - - \$218,085,400

Paid-Up Capital - - - - 47,397,080

Reserve Fund - - - - 47,397,080

Head Office: 15, BISHOPSGATE, LONDON, E. C. 2

UNION BANK OFFICE: 2 Princes Street, London, E. C. 2

OVER 1,150 OFFICES in ENGLAND and WALES

The Bank offers special facilities for the conduct of accounts  
of Colonial and Foreign Banks

AFFILIATED BANKS

COUTTS & CO., GRINDLAY & CO., LTD.

# Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

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

Capital Subscribed .....	\$5=£1 \$93,955,600
Capital Paid Up and Reserves .....	21,686,230
Deposits, etc., at 31st Dec., 1925 ...	299,098,130

379 BRANCHES AND SUB-BRANCHES.

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

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

# Commerz-und Privat-Bank

Aktiengesellschaft

(Established 1870)

HAMBURG-BERLIN

and

Over three hundred branches and agencies throughout  
Germany

Capital - - R.M. 60,000,000

Surplus about R.M. 35,000,000

All Banking Transactions

*Extensive Trade Information Service*

Cable address for main offices and branches

"HANSEATIC"

Represented in New York by Konrad von Ilberg, 50 Broadway

# The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

(90.50=1 Yen)

Capital (paid up) . . . . . Yen 100,000,000

Reserve Fund . . . . . Yen 92,500,000

*Branches and Agencies*

Alexandria	Changchun	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Batavia	Dairen	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Bombay	Fengtien	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tuluan
Buenos Aires	Hankow	Karachi	Nagoya	Rio de Janeiro	Sourabaya	Tungtau
Calcutta	Hankow	Kobe	Newchwang	Saigon	Sydney	
Canton	Harbin	London		Samarang		

*Agencies in United States*

New York      San Francisco      Los Angeles      Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE      -      -      120 BROADWAY



## BOOKS THAT BANKERS NEED

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

BOOK DEPARTMENT

# THE BANKERS PUBLISHING Co.

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



# Banca Nazionale di Credito

**Capital** - - Lit. **300,000,000**

**Surplus** - - - " **40,000,000**

**HEAD OFFICE: MILAN, ITALY**

**Over 60 Branches and Agencies Throughout Italy**



**Main Banking Room, Naples Office**

# In Every Important Italian Market

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

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



## Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 700,000,000

Surplus Lire 500,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

*Organized*

## Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$750,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

*All Banking Facilities*



# THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

**Head Office: TAIPEH, JAPAN**

**Capital Subscribed.....Yen 45,000,000**

**Capital Paid Up.....Yen 39,375,000**

**HIROZO MORI, Esq., President**

**Directors**

**GUNJI KAWASAKI, Esq.**

**TADASU HISAMUNE, Esq.**

**DENKICHI TAKITA, Esq.**

**MASAKAZU SHUTO, Esq.**

*Branches :*

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

**TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Makong, Nanto, Shinchiku, Taichu, Tainan, Takao, Taito, Toen, Tansui.**

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

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

**New York Office: 165 Broadway**

**K. YAMAMOTO, Agent**

**London Office: 25 Old Broad Street**


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

# The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed . . .  . . . Yen 70,000,000

Capital paid up . . . . . " 50,000,000

**Head Office : OSAKA, JAPAN**

N. YATSUSHIRO, Esq., Chief Managing Director

S. IMAMURA, Esq., Managing Director

K. OHDAIRA, Managing Director

**New York Agency, 149 Broadway, New York**

G. HIGASHI, Agent

### HOME OFFICES

Osaka (18)  
Shimonoseki  
KurumeTokyo (15)  
Moji  
KureYokohama  
Hiroshima (2)  
WakamatsuKobe (3)  
Hakata  
KokuraKyoto (3)  
Yanai  
NagoyaNiigama  
Onomichi  
Kumamoto  
Okayama

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

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

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

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

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

# THE MITSUI BANK, LTD.

Capital Subscribed . . .  . . . Yen 100,000,000.00

Capital Paid-Up . . . . . Yen 60,000,000.00

Reserve Funds (Dec. 1926). . . . . Yen 55,400,000.00

**Head Office : TOKYO, JAPAN**

(No. 5 Honkawayacho, Nihonbashi-ku)

*President*

G. MITSUI, Esq.

*Managing Directors*

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

**New York Agency, 61 Broadway, New York City**

*Home Branches :*

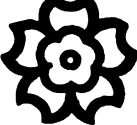
Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji, Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru, Shimonoseki, Wakamatsu (Kyushu), Yokohama

*Foreign Branches :*

Bombay London New York Shanghai Sourabaya

# The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 40,000,000
Capital Paid-Up . . .		Yen 25,000,000
Total Resources . . .		Yen 547,000,000

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

FOREIGN EXCHANGE DEPARTMENT: TOKYO

Governor, S. SUZUKI

Deputy Governor, J. YOKOBE

Y. KATAYAMA.

I. IUCHI

Directors

M. HASHIMOTO

T. KAKIUCHI

Branches

Japan Proper

Osaka

Kobe

Korea

Tokyo

Seoul  
Kunsan  
Wonsan

Fusan  
Chemulpo  
Chungjin

Taiiku  
Pyengyang  
Hollyong

Mokpo  
Chinnampo

Manchuria

Dairen  
Liaoyang  
Harbin

Antung  
Mukden  
Fuchiatien

Ryojun  
Tielhing  
Kaiyuan

Yingkow  
Changchun  
Lungehingteun

China Proper

Tsingtao

Shanghai

Tientsin

Siberia

Vladivostok


London Representative: 34 Old Broad Street, London, E. C. 2.

## New York Agency, 165 Broadway

K. HIYAMUTA, Agent

# The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		6,600,000.00
DEPOSITS (Dec. 31, 1926)		182,345,773.07

Keizo Hirooka, Esq., President

Chusuke Yoshii, Esq., Managing Director  
Seishichi Kawakami, Esq., Managing Dir.  
Seijiro Gion, Esq., Director  
Shikazo Sato, Esq., Director  
Ghei Hoshijima, Esq., Auditor

Manroku Matsui, Esq., Managing Director  
Yukinori Hoshino, Esq., Director  
Hikotaro Omura, Esq., Director  
Kyuemon Hirooka, Esq., Auditor  
Tadanosuke Emura, Esq., Auditor

## Head Office, Osaka, Japan

Principal Branches :

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

## General Banking, Foreign Exchange and Trust Business Transacted

New York Correspondents

London Correspondents

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
American Express Co.  
American Exchange Irving Trust Co.  
Guaranty Trust Company of New York

Yokohama Specie Bank, Ltd.  
Bank of Taiwan, Ltd.  
Midland Bank Ltd.  
Bank of London and South America, Ltd.

# SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG      STOCKHOLM      MALMÖ

Branches  
In All Parts of Sweden

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

Telegraphic Address: Kreditbolaget

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

## Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

*Head Office: Athens*

### BRANCHES

Piraeus, Argos, Pyrgos, Patras, Corfu, Cephalonia, Nauplia, Vostizza,  
Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa, Triccala,  
Mytilene, Canea, Zante, Plomari, Tripolitza, Rethymo,  
Cavalla, Carditza and Prevesa

*ASSOCIATED BANK in LONDON*

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

4 London Wall Buildings, E. C. 2

*with branches in CONSTANTINOPLE and ALEXANDRIA*

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

### GENERAL BANKING BUSINESS TRANSACTED

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

Capital and Reserves . . . Dr. 1,06,830,089

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

# Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1624.

## BANKERS

Capital Paid up.....	f.80,000,000	Neth. Currency	(£6,666,666)
Statutory Reserve Fund.....	f.21,117,340	“ “	(£1,759,778)
Extraordinary Reserve Fund f.22,660,000	“ “	“ “	(£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

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

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

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

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

# The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

CAPITAL AUTHORIZED AND ISSUED .....	£10,500,000	
PAID-UP CAPITAL .....	£3,500,000	} together £7,700,000
RESERVE FUND .....	£4,200,000	
RESERVE LIABILITY of Proprietors £7,000,000		

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

Manager—W. A. LAING      Assistant Manager—G. S. GODDEN  
Secretary—F. H. McINTYRE

197 Branches throughout Australia and New Zealand, viz.:—

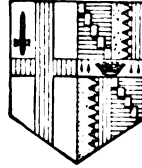
In Victoria, 47; South Australia, 15; New South Wales, 45; Western Australia, 21; Queensland, 18; Tasmania, 3; New Zealand, 48.

*Agents and Correspondents in all parts of the World*

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

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





## A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. Together with its affiliations it operates nearly 2400 branches in Great Britain and Northern Ireland, and has agents and correspondents in all parts of the world. The Bank has Offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

# MIDLAND BANK

LIMITED

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

Affiliated Banks : Belfast Banking Co. Ltd., Northern Ireland ; The Clydesdale Bank Ltd., and North of Scotland Bank Ltd., Scotland.



# GLYN, MILLS & Co.

(Established 1753.)

Registered with unlimited liability 1885.

incorporating

**Child & Co. — and — Holt & Co.**  
(Established before 1600) (Established 1809)

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Brigadier-General A. MAXWELL, C.B., C.M.G., D.S.O.

ERIC CORE BROWNE, D.S.O.

FREDERICK WILLIAM FANE

Head Office : 67, LOMBARD STREET, LONDON, E. C. 3

Childs Branch : 1, FLEET STREET, LONDON, E. C. 4

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The Bank, which is represented by Agents and Correspondents in all the principal Cities and Towns of the United Kingdom and throughout the World, conducts every description of Banking business, both British and Foreign.

Letters of Credit issued.

Home and Foreign Credits established.

Executorships and Trusteeships undertaken.



# Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

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Head Office  
Sydney, N. S. W.

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

A Savings Bank Department at all Branches and 3,460 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

### *Agents and Correspondents throughout the World*

#### Banking and Exchange Business

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

December 31st, 1926

General Bank Deposits .....	\$140,376,650.29
Other Items .....	58,222,576.84
Savings Bank Deposits .....	230,315,648.84
Note Issue Department .....	249,651,132.50
	<hr/>
	\$678,566,006.47

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

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened

Interest on Fixed Deposits

Advances made against approved Securities

**JAMES KELL, Governor**



# THE NATIONAL BANK OF AUSTRALASIA LTD.

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MELBOURNE

Chief Manager:  
E. H. WREFORD

Deputy Chief Manager:  
JAMES WILSON

Chief Inspector:  
J. A. G. HADLEY

Inspector and Manager  
Foreign Department:  
E. J. OSBORNE

LONDON OFFICE:  
7 LOTHBURY, E.C.2

With its 471 well distributed offices provides a complete banking service throughout Australia, and is well equipped for the transaction of all classes of foreign business.

Authorized Capital (@ \$5 to £1)	\$50,000,000
Capital Paid Up	\$20,000,000
Reserve Fund	\$12,050,000
Total Assets March 1926	\$203,530,085

## English, Scottish & Australian Bank, Limited

Authorized Capital	\$18,750,000
Paid-up Capital	\$11,250,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$10,250,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3  
and 401 Branches and Agencies in Australia

Chief Office in Australia—Collins Street, Melbourne

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

### Chief Agents in United States

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

E. M. JANION, Manager.



# THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

**Paid-up Capital - - - - - £4,000,000**  
**Reserve Fund - - - - - £3,810,000**  
**Reserve Liability of Proprietors**  
**under the Charter - - - - - £4,000,000**  
**£11,810,000**

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

**EDMUND GODWARD, Manager**

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

**Branches in Australia**

**VICTORIA**

Melbourne; 394 & 396 Collins St.; 384 Elizabeth St.; 588 Bourke St. West; 71 Collins St. East  
 Brunswick  
 Burnley  
 Coburg  
 Collingwood  
 Elsternwick  
 Footscray  
 Malvern  
 Middle Brighton  
 Port Melbourne  
 Prahran  
 St. Kilda  
 Williamstown  
 Bairnsdale  
 Ballarat  
 Benalla  
 Bendigo  
 Bright  
 Castlemaine  
 Charlton  
 Chiltern  
 Cobram  
 Corryong  
 Drouin  
 Echuca  
 Euroa  
 Fish Creek  
 Foster  
 Geelong  
 Katamatite  
 Kingston  
 Kerit  
 Korong Vale  
 Korumburra  
 Leongatha  
 Mirboo North  
 Mooroopna  
 Morwell  
 Nathalia  
 Numurkah  
 Port Fairy (Belfast)

**Victoria, Contd.**

Rutherglen  
 St. James  
 Sale  
 Shepparton  
 Stawell  
 Strathmerton  
 Tallangatta  
 Terang  
 Traralgon  
 Tungamah  
 Walwa  
 Warragul  
 Warramboul  
 Wedderburn  
 Welshpool  
 Wycheproof  
 Yackandandah  
 Yarram  
 Yarrowonga

**NEW SO. WALES**

Sydney: Martin Place; 85 Pitt St.; 555 George St. So.; Wentworth Ave.; 236 William Street  
 Bondi Junction  
 Castlereagh St.  
 Hurstville  
 Kogarah  
 Leichhardt  
 Marrickville  
 Newtown  
 North Sydney  
 (84 Mount St.)  
 Petersham  
 Albury  
 Ballina  
 Bathurst  
 Bega  
 Bellingen  
 Berrigan  
 Blayney  
 Broken Hill  
 Cessnock

**N. S. Wales, Contd.**

Cootamundra  
 Corowa  
 Crookwell  
 Deniliquin  
 Dorrigo  
 Dubbo  
 Forbes  
 Glen Innes  
 Goulburn  
 Grafton  
 Grenfell  
 Hamilton  
 Howlong  
 Jerilderie  
 Kempsey  
 Kyogle  
 Lismore  
 Maitland (West)  
 Maitland (East)  
 Moree  
 Murwillumbah  
 Murrumbrook  
 Narrabri  
 Narrorine  
 Newcastle  
 Nowra  
 Orange  
 Parkes  
 Peak Hill  
 South Grafton  
 Stroud  
 Tamworth  
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 Waco  
 Young

**QUEENSLAND**

Brisbane  
 Fortitude Valley  
 Cairns  
 Charters Towers  
 Chillagoe  
 Cooyar  
 Crow's Nest  
 Herberton

**Queensland, Contd.**

Hughenden  
 Ipswich  
 Kingaroy  
 Longreach  
 Maryborough  
 Oakey  
 Richmond  
 Rockhampton  
 Roma  
 Toogoolawah  
 Toowoomba  
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**SO. AUSTRALIA**

Adelaide  
 Koorina  
 Mount Barker  
 Port Lincoln  
 Port Pirie  
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**WESTERN AUSTRALIA**

Perth  
 Albany  
 Beverley  
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 Fremantle  
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 Levin  
 Mania  
 Mangonui  
 Marton  
 Masterton  
 Matamata  
 Morrinsville

Napier  
 New Plymouth  
 Otaki  
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 Patea  
 Raetihi  
 Rotorua  
 Stratford  
 Taihape  
 Taumarunui  
 Tauranga  
 Te Aroha

Te Kuiti  
 Temuka  
 Te Puke  
 Timaru  
 Upper Hutt  
 Waipawa  
 Waipukurau  
 Wairoa  
 Wanganui  
 Waverley  
 Whakatane  
 Whangarei

**Principal Correspondents in North America**

**CANADA:**

Bank of Montreal  
 Canadian Bank of Commerce

**UNITED STATES:**

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

**UNITED STATES, Contd.:**

National City Bank of New York  
 Continental & Commercial Nat. Bk. of Chicago  
 Illinois Merchants Trust Co., Chicago  
 National Bank of the Republic, Chicago  
 Franklin Fourth Street Nat. Bk., Philadelphia  
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Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers, Letters of Credit and Drafts, also Circular Notes and Circular Credits, on all parts of the world

# THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the  
AFRICAN BANKING CORPORATION, LIMITED)

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

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

**BANKING BUSINESS TRANSACTED  
IN ALL PARTS OF THE WORLD**

**HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.**

London Wall Branch : 63, London Wall, E. C. 2

West End Branch: 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

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

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SOUTH, SOUTH WEST and EAST AFRICA

**New York Agency: 67 Wall Street**

ROWLAND SMITH and R. GIBSON, Agents

*Also representing* } Bank of British West Africa, Ltd.  
*in New York* } Bank of New South Wales

**The New York Agency**

offers to Bankers and Merchants throughout the United States and  
Canada its unsurpassed service for facilitating trade with  
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

# BANK OF NEW SOUTH WALES

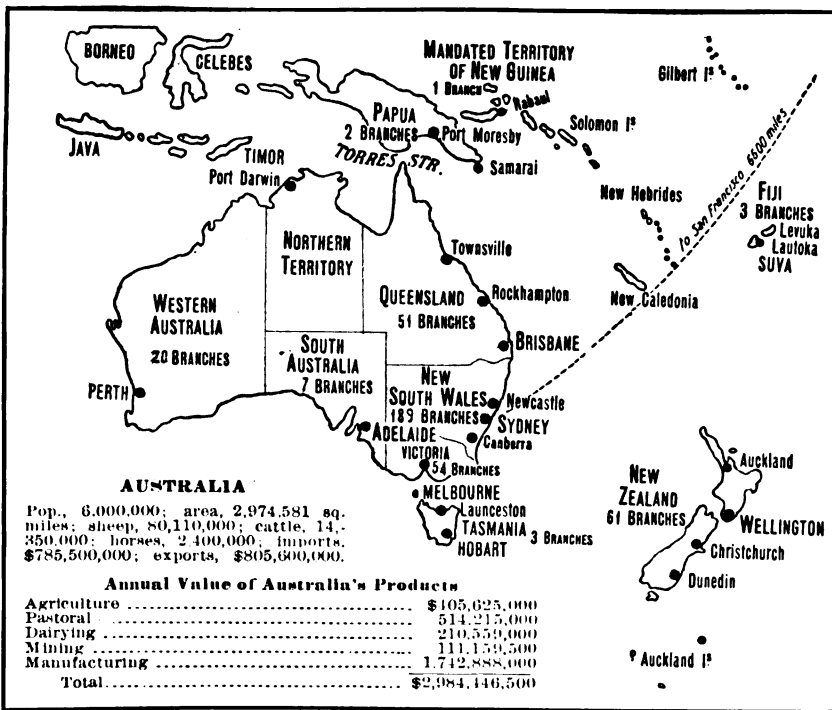
## AUSTRALIA

Paid-up Capital . . . . .		\$30,000,000
Reserve Fund . . . . .		23,750,000
Reserve Liability of Proprietors . . . . .		30,000,000
		\$83,750,000



Aggregate Assets, 30th Sept., 1926, \$410,975,720

OSCAR LINES, General Manager



431 BRANCHES AND AGENCIES

431 BRANCHES AND AGENCIES

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

### 431 BRANCHES AND AGENCIES

In all Australian States, New Zealand, Fiji, Papua, Manded Territory of New Guinea and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

Foreign Bills Negotiated and Collected.

Letters of Credit Issued.

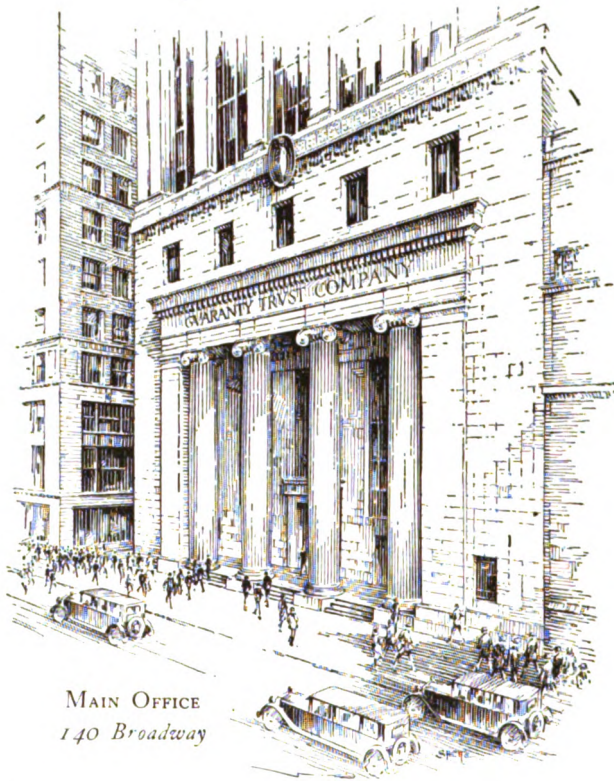
NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

### Agents in New York :

Standard Bank of South Africa, Ltd.  
 National City Bank of New York  
 National Bank of Commerce in New York

Agents in San Francisco, Bank of California National Association, Crocker First National Bank and Anglo and London Paris National Bank



MAIN OFFICE  
140 Broadway

WE invite accounts of banks, corporations, firms and individuals, affording them in addition to every financing facility, the varied services of a banking and trust institution of international scope.

## Guaranty Trust Company of New York

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LONDON    PARIS    BRUSSELS    LIVERPOOL    HAVRE    ANTWERP



# THE BANKERS MAGAZINE

ESTABLISHED 1846

ELMER H. YOUNGMAN, *Editor*

VOLUME CXIV

JUNE, 1927

NO. 6

## *Editorial Comment*

### REPEAL THE FEDERAL INHERITANCE TAX

ONE of the most obvious lessons of the large Government surplus would point to a remission of unnecessary and unproductive taxes. The Federal inheritance tax falls within this category. Besides, on top of the heavy taxes of a similar character levied by most of the states, it imposes a heavy burden upon the estates of decedents.

As a producer of revenue the tax is insignificant, the estimates for the fiscal year 1926-1927 being around \$72,000,000.

There is one feature of the law which has aroused much criticism, and that is the provision whereby inheritance taxes paid to any state or states may be deducted from the Federal tax up to 80 per cent. of the latter's total. In effect this tends to make it compulsory for the states to levy an inheritance tax. Should any state fail to do so, its citizens would be at a disadvantage compared with those of states having an inheritance tax. For while the latter could deduct from their state tax 80 per cent. of the amount paid the Federal Government's inheritance tax, the former could not. In other words, the citizens of states not having an inheritance tax would have to pay the full Federal inheritance tax, while the citizens of states having an inheritance tax would pay only 20 per cent. of the Federal levy.

This apparent discrimination has been attacked in the courts, but with an unfavorable result, the matter having gone as far as the Supreme Court of the United States. According to this decision the Federal inheritance tax does not contravene that provision of the

Constitution which guarantees to all citizens the equal protection of the laws.

But the wisdom of the continuance of the tax remains open to question. It constitutes a doubtful means of attempting to compel the states to impose a like tax, and possibly not merely for revenue purposes but for effecting a redistribution of property. As estates are frequently called on to pay an inheritance tax in several states, the Federal tax is an added and serious burden; besides, since revenues are plethoric, and since the tax produces an insignificant amount in the aggregate anyway, it should be repealed.

It may be further observed that Federal laws tending to impair the freedom of the states in their taxation policies should be enacted only under the pressure of necessity, and should be promptly repealed when the necessity disappears.

### PRAISE FOR AMERICAN "ECONOMY" AND "EFFICIENCY"

INSTEAD of ascribing the prosperity of this country chiefly to our course during the war, the *London Bankers Magazine* finds that it has been largely due "to economy and intense efficiency." This view is thus expressed:

"At the moment when the nation is groaning under an almost impossible burden of taxation and is getting deficits as a net result, the United States is achieving huge surpluses. We fully recognize the extent to which America's prosperity has been aided by her years of neutrality during the war, and we do

not forget that toward these surpluses—as much as £124,000,000 is said to be the surplus for the current year—the payment on our war debt to the United States has made a magnificent contribution. Nevertheless, we are quit? sure that there is far too great a tendency here to dwell upon these causes of American prosperity, at the same time ignoring other and more powerful causes contributing to big budget surpluses. From the very moment of America's entry into the war down to the present time economy has been earnestly pursued, and at the risk of being charged with undue pessimism and even with a tendency to decry conditions in this country, we must unhesitatingly attribute nine-tenths of American prosperity to a devotion to economy and intense efficiency, while in this country both of these virtues are being sacrificed to political expediency and to a steady drift in the direction of bureaucratic control and Socialism."

While it is comforting to Americans to hear that they are not altogether responsible for the difficulties existing in England and other lands across the sea, and conceding that President Coolidge has succeeded in impressing his ideas respecting economy upon the Federal Government, the foregoing tribute to our economy and efficiency cannot be accepted without certain reservations. States and cities, with few exceptions, have shown little disposition to economize. They are, in fact, piling up a volume of debt which is a matter of growing concern and apprehension. Nor can it be said that our efficiency either in Government or in all lines of business is so great as to leave nothing to be desired. There is danger that foreign praise of our efficiency, however sincere, may cause us to nourish that conceit which is always dangerous, and to relax that vigilance without which our prosperity cannot be maintained. For we have not sufficiently learned the true worth of economy and the stern need of ever-growing efficiency.

## WATCH THE STABILIZERS

**I**F you can get an opprobrious nickname fixed on a politician otherwise eminently respectable, his career may be regarded as finished. If you can get an ear-filling slogan, you stand a fairly good chance of "putting over" almost anything, however absurd. Against this latter danger we need at this time to be on guard. It is an era of popular cries, giving articulation to many of the hazy dreams and earnest longings of the time. So sincere are many of these aspirations and so extremely praiseworthy their objects, that it seems cruel and brutal to lay bare the fallacies on which they are based. The stabilizers seem animated by a holy zeal, comparable to that of the Crusaders of the Middle Ages. If only their theories could be tried out, and the general price level fixed where it is now, this would be truly a happy world. There would be neither inflation nor deflation hereafter. Things would stay put. The existing price level—reached it must be admitted as a result of abnormal influences—has something of the air of sanctity once attaching to the sacred 16 to 1 ratio of silver to gold. A favorite cry of the stabilizers is that further deflation must be stopped. They do not inquire into the justice of the existing price level. Enough for them to know that we have an index price, which must be taken as a yardstick, as they call it, and used as the future measure. The price level of 1927 is to be the standard for all time. This end is to be achieved by the intervention of the Government through the Federal Reserve Board. This board is alternately to increase or decrease the volume of currency and credit so as forever to preserve the existing price level. With such a duty incumbent upon them, the chief qualification for membership of the Federal Reserve Board would be physical agility. He who could turn the most somersaults would rank highest, and the whirling dervish would supersede the financier and the economist.

Much of the activity of the stabilizers

rests upon the mistaken belief that "business interests" and "the money power" control and manipulate credit for their own selfish interests regardless of the public welfare. It is the old free-silver argument over again, which has been resurrected after its burial in 1896. In now revisiting the glimpses of the moon after more than thirty years since its demise, many truly good souls have been greatly agitated. This furnishes an example of the persistence of error, and shows how old and thoroughly exploded fallacies have a habit of coming to life again once in so often. For if you think the stabilizing program through to the end, you will find that it is essentially greenbackism and the free and unlimited coinage of silver over again, and no more. But this should not lead anybody to suppose the movement any less dangerous. The stabilizers have a stirring slogan, and they are bent upon working it for all that it is worth.

If you would be convinced how deadly in earnest the stabilizers are, read "Stabilization; hearings before the Banking and Currency Committee of the House of Representatives on H. R. 7895"—the Strong Bill. This exceedingly interesting document of some 631 pages will afford a course in solid reading for the summer. It is both instructive and amusing; but its amusing features should not lead anyone to overlook its serious import. There is a determined effort to compel the Federal Reserve Board, by law, to manipulate the supply of currency and credit with a view to controlling the price level. It is a mischievous and dangerous movement.

To go into all the economic ramifications of this subject would lead one far afield. It is enough to say that the regulation of the volume of credit (and a true bank currency is but another form of credit) belongs properly to those who can use credit safely and profitably. It is a function belonging to the users of credit, not to the Government.

But the stabilizers are the special friends of the farmer as well as of the

general price level. They propose to stabilize farm prices by having the Government advance \$250,000,000, or any large sum, for the purpose of effecting an "orderly marketing" of the crops—another ear-soothing phrase. Plainly, the people are to be taxed to provide money to warehouse farm products with the view to keeping up their price—for "stabilizing" in this case means nothing else. It's a pretty scheme, altogether worthy of the exigencies of an approaching political campaign which promises to be sterile of live issues.

There are thus two kinds of stabilizers: those who would fix the general level of prices, and those who would stabilize prices of certain farm products. Nor will their activities stop here. They will not rest until they attempt to fix the price of a hair-cut at 75 cents and a shave at 50 cents, plumbers', painters' and plasterers' wages at \$12 a day, or thereabouts, and so on indefinitely.

The whole scheme is chimerical and dangerous. But the movement is already well under way and has obtained a remarkable following. It is, in part, the legitimate fruit of putting the Government into the management of banking, as was done when the Federal Reserve law was enacted, and an illustration of the mistaken belief that the Government can do almost anything. No doubt, if the Federal Reserve banks can be kept free from political pressure, they will in time, through the practice of a sound and careful policy, build up a traditional respect for the system that must constitute its main appeal to public confidence. Every attempt of the Government to intervene in the control of the banks will hinder such a development. The Strong Bill is such an attempt. It ought to be defeated.

Before adopting the suggestion of Professor Fisher to alter the theoretical contents of the gold dollar in order to meet fluctuations in the price level, and before compelling the Federal Reserve Board to keep lading out credit and currency in order to stop further deflation, as implied

in the provisions of the Strong Bill, attention should be directed to the existing status of our money and bank reserves.

The pains of deflation have been consequent upon the pleasures of inflation. So far as this country alone is concerned, the tremendous additions to our gold stock in recent years have been a contributing factor. But in the face of this flood of gold we have legislated to diminish required legal reserves, compelled all legal reserves of the national banks to be in the shape of deposits in the Federal Reserve banks, and have made it possible for Federal Reserve notes to be used as reserves of state banks. Now, it is suggested that a wiser monetary and banking policy would call for the following changes:

1. Gradual retirement of bond-secured notes of the national banks.
2. Retirement of the antiquated greenbacks.
3. Gradual recoinage of all full legal-tender silver into subsidiary coins.
4. Withdrawal of the promise of the United States to pay the Federal Reserve notes, leaving them obligations of the banks.
5. Provisions for an increase of legal gold reserves, all of which—or at least a much larger percentage than at present --to be held in the bank's own vaults.

By making these changes gold would be given a fairer opportunity of demonstrating at least a relative degree of stability. To say this is not to concede the correctness of Professor Fisher's view, that 90 per cent. of the variation in the price level results from inflation and deflation. The corollary of this is that increase in money and credit, or decrease as the case may be, accounts for 90 per cent. of inflation and deflation. This is placing a very high estimate on the influence of the money and credit supply on the price level.

Prior to the war, when there was a comparatively free international movement of gold, inflation and deflation were both subject to a restraining power

which has now greatly diminished, or disappeared altogether in many cases. The depreciated currencies of Europe have brought about this dislocation. And the situation is made all the more difficult for the United States because of our large export balance and the payments coming to us on account of interest on foreign loans. A high tariff tends to exclude the importation of commodities and pours into the country gold which we do not want.

It is recognized that the situation has its perplexities and causes some injustice. In seeking a remedy we should be careful to avoid strange expedients. To this class belong the variable gold dollar of Professor Fisher and the Government-managed credit of the Strong Bill.

There are obvious elements in the money of the country and in the banking reserves which tend to promote inflation, with subsequent deflation. For inflation is something that cannot go on forever. When these defects are removed, and the results carefully observed, it will be time to consider expedients which need not be thought of now.

#### INCREASE IN THE NATIONAL INCOME

**F**IGURES compiled by the National Bureau of Economic Research indicate that the aggregate current income in the United States increased from \$62,736,000,000 in 1921 to \$89,682,000,000 in 1926. On a per capita basis this would show \$771 for 1926, or one-third more than that of 1921. Regarding this increase the Bulletin of the Bureau says:

"When this per capita income is expressed in dollars having constant purchasing power, we find that the increase has been about 36 per cent. It appears, then, that from the economic point of view, the condition of the average inhabitant has been improving at a rate of about 7 per cent. per annum.

"To many persons, figures showing

the income per person gainfully occupied seem more significant than do those reporting income per capita. In the United States in 1926 there were some 44,600,000 engaged in activities yielding them direct money incomes. Some of these were employers, many more were employes, and some were simply working on their own account. The figures exclude housewives and women and children helping the head of the family on the home farm.

"For every person gainfully occupied in 1926, there appears to have been an income of slightly over \$2000. When reduced to money of constant purchasing power we find that the average person working for a money income received about one-fourth more for his services than he obtained in 1917 and about 44 per cent. more than in 1909.

Analyzing the income received by those gainfully occupied, it is found that, expressed in terms of 1913 dollars, in the period from 1909 to 1917 the per capita income increased 15 per cent., while in the last nine years it increased 26 per cent., indicating a marked upturn in the trend of economic welfare in the country. This improvement is ascribed to the progress of invention and to greater skill in management. More stable labor conditions have doubtless been a contributing factor in this marked improvement.

### RELIGION IN POLITICS

I believe in the common brotherhood of man under the common fatherhood of God.—*Alfred E. Smith, Governor of New York.*

**B**ANKERS, like other citizens, and whatever may be their religious beliefs or political affiliations, must have been profoundly stirred by the recent answer made by Governor Alfred E. Smith of New York to certain challenges addressed to him by Charles C. Marshall, dealing with the attitude of

Governor Smith toward certain religious matters in the event of the Governor's election to the Presidency of the United States. Mr. Marshall's challenge was based upon the assumption that there is a conflict between the provision of the Constitution of the United States relating to religious freedom and the polity of the Roman Catholic Church respecting the same matter. Governor Smith, an adherent of the Roman Catholic Church, has made a vigorous reply to this challenge. In respect to this reply two things only need be said:

First, Governor Smith makes it clear that there is nothing in his conception of duty to his church that would conflict with his duty as an American citizen.

Second, it must be pointed out that while Governor Smith has definitely settled his own position, the attitude of his church has not been established by its sole competent authority, the Sovereign Roman Pontiff. As the issue was not joined in the latter form, Governor Smith could not, of course, meet it.

But the clear, unequivocal declaration of his stand by Governor Smith cannot fail to increase admiration for his straightforwardness. Indisputably, he measures up to a high standard as a man and an American.

It is no purpose of THE BANKERS MAGAZINE to participate in controversies arising between religious sects. Reference to this matter is made because of the tremendously significant implications contained in the sentence quoted above from Mr. Smith's famous reply to Marshall: "I believe in the common brotherhood of man under the common fatherhood of God." Should this declaration ever seriously get into American politics, the controversies between Jew and Gentile, Catholic and Protestant, would sink into insignificance beside it, and we should be confronted by the greatest upturn in our political and social relations witnessed in 2000 years. That any political party contemplates anything of the sort can scarcely be imagined.

## BRANCH BANKING INCREASING

WHILE the new banking law authorizing branches of national banks in cities where the head office is located has been in operation only a few months, it is apparent that the banks are eagerly taking advantage of this opportunity of extending their facilities. The fact that in several cities a good many branches of a single bank have been opened would indicate that, in the judgment of the officers of the bank, there are districts where additional banking facilities are needed. Probably in a good many cases the demand was not great enough to warrant the organization of a new bank. Where local independent banks already exist, it will be interesting to see how they will fare in competition with a branch of a large central institution. Local pride may tend, for a time at least, to support the independent bank, but perhaps in the long run the bank that will survive will be the one offering the best service. The branch bank, from its size, capital and strength, ought to win in such a contest, though it is by no means certain that it will do so. The local bank has the advantage of having been first on the ground, with greater knowledge of the people and their business. Its policy also is apt to be rather more flexible than that of the branch of a city bank.

It is clear that the changed complexion of our cities, especially the increase in population and business of outlying districts, has altered our banking problem. Not so long ago, even in good-sized cities, the banks were convenient to everybody. Now many of our cities cover so much territory that the banks, located in the central business district, are remote from other important business districts. This is true, although the automobile and other improved means of transportation have virtually reduced distances. But, at the same time, they seem not to have relieved congestion; they have rather increased it. Of course,

this changed situation could be met by the organization of new banks in the outlying districts, and this has been done very largely. The contention of the friends of branch banking is that in such case the branch bank, on account of its greater economy of organization and operation, offers a better means of meeting this need than does the independent local bank. This is the matter now being put to the test.

## THE TRAVEL BUREAU

FORMATION of the Association of American Bank Travel Bureaus, and the publication by this organization of a very interesting bulletin, call attention to the development of a comparatively new branch of banking service. This development has been the natural result of the increase of wealth and the consequent gain in travel. People do not stay at home as much as they once did. They wander about, in their own and other lands. Americans have this habit more than the people of other lands. We are gadabouts, without any question. This national propensity manifests itself strikingly during three of the four seasons. In the spring our people rush to Europe; in the summer they go almost anywhere for a vacation; in winter they go to Florida or Southern California. This leaves a scant three months for staying at home, and even during this period numerous excuses have been invented for going somewhere.

It is idle to object to this habit, which has become firmly fixed in our national life. Folks will continue to go where they like, regardless of what others may think or say.

This roving propensity among Americans has given the banks an opportunity of enlarging their services by establishing travel bureaus. These bureaus are designed to furnish the information and service appertaining to a tourist agency. They can tell you where to go, how to go, arrange transportation and hotel ac-

commodations, and give much useful information about passports, tariffs, etc. That is they can do all this provided they have the necessary equipment, and no insignificant outlay will afford it. The banks can introduce their clients abroad, and can supply them with foreign currency, letters of credit and trav-

elers' checks. Such a service is of value to the customers of the banks, and may indirectly be of considerable profit. But from much of this service a direct revenue can hardly be expected. It is in line, however, with the policy of the banks generally, constantly to widen their sphere of public usefulness.

## WHERE THE MONEY GOES

FOR several years banks in general—and national banks in particular—have been complaining about the declining profits of the banking business. Yet when the figures for national bank profits from 1921 to 1926 are examined, it is found that the decline has been very slight. In fact, in 1926, all national banks in the United States combined added to their profits 9.54 per cent. of their capital and surplus. In 1921 they added only 9.40 per cent. These figures are taken from a very elaborate chart of the trends of earnings and expense ratios of national banks, compiled by H. N. Stronck and Company, Chicago, consultants to banks, bankers, and their commercial clients.

In some sections of the country, however, the decline in profits has not been imaginary. Banks in the states west of Mississippi have suffered from the difficulties which have been troubling Western farmers more or less constantly since 1920. This is evident from the table on the following page.

The losses of national banks in the Mid-west, Western, and Pacific States continue large. While the percentage of losses to gross earnings for all national banks in the country has decreased from 12.8 per cent. to 8.5 per cent. in the period 1921-1926, in the Mid-western national banks this ratio has decreased only from 8.9 per cent. to 7.6 per cent., while in the Western national banks it has increased from 11.7 per cent. to 15.7 per cent.; and in the Pacific national banks it has decreased only from 13.5 per cent. to 10 per cent.

There has been a country-wide increase in the percentage of gross earnings which is paid out as interest on deposits. It is probably the large increase of this item in the expense account which has given rise to the impression of declining profits.

PERCENTAGE OF GROSS EARNINGS PAID AS INTEREST ON DEPOSITS

	1921	1926
New England national banks	26.2	37.6
Eastern national banks	25.2	33.1
Southern national banks	20.5	27.6
Mid-western national banks	24.8	33.9
Western national banks	25.5	31.7
Pacific national banks	21.7	30.09

At the same time, over the whole United States the ratio of salaries and wages to gross earnings has also increased slightly—from 16.9 per cent. in 1921 to 19.3 per cent. in 1926—and the ratio of other expenses to gross earnings has also increased slightly—from 10.7 per cent. in 1921 to 11.4 per cent. in 1926. The real pinch, however, has come from the increasing amount of interest paid to depositors. It is said that this increase in interest paid on deposits is not the result of shifting demand deposits to time deposits—as had been suspected—but more the result of competition between banks for deposit accounts.

The long campaign that the bankers have waged for tax reduction has had its effect during this period. The ratio of taxes to gross earnings for all national banks in the United States in 1921 was 7.3 per cent. In 1926 it had been reduced to 5.8 per cent.

The effects of paying too much for de-



## RATIO OF NET ADDITIONS TO PROFITS TO CAPITAL AND SURPLUS

	For all national banks per cent.	Mid-western national banks per cent.	Western national banks per cent.	Pacific national banks per cent.
1921 .....	9.40	11.29	7.14	8.86
1922 .....	7.79	7.93	2.39	5.98
1923 .....	8.48	6.75	2.23	6.05
1924 .....	8.11	6.82	*.19	6.86
1925 .....	9.00	7.23	2.69	7.68
1926 .....	9.54	8.50	4.41	8.39

\*Deficit.

posits are already realized, and measures are being considered to remedy that. Eventually a solution to the problems of the Western farmer will be found, and the losses to the banks west of the Mississippi, which now cut so deeply into their profits, will be reduced. This accomplished, national banks may look for

an even better rate of profits than the present  $9\frac{1}{2}$  per cent. All things considered, an average profit of over 8 per cent. per year for all national banks from 1921 to 1926 is a pretty good record, considering the fact that this period includes a business depression, followed by falling prices.



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Chests containing millions of dollars in gold being loaded in armored cars to be transported from the old headquarters of the Central Mercantile Bank and Trust Company, New York, to its new building at 535 Fifth avenue. Thirty-two million dollars, much of it in cash and negotiable securities, was moved into the new building, \$10,000,000 from the office at 14th street and Fifth avenue and the remainder from a branch at 8 West 40th street, which was closed.



## BRANCH BANKING AND THE BANK OF ITALY

BY A. P. GIANNINI

The significant legislative reference to, and recognition of, branch banking contained in the McFadden Act, makes this one of the most vital and one of the most frequently discussed subjects before the bankers of the country today. In recognition of these facts and in the belief that its readers would be interested in hearing from the country's chief exponent of branch banking, *THE BANKERS MAGAZINE* presents the accompanying article, secured by request from the founder and chairman of the advisory committee of the Bank of Italy N. T. and S. A. This institution has developed under the guidance of Mr. Giannini, and through the successful application of the branch bank idea, from a modest institution, founded in San Francisco in 1904, to the largest bank in the country outside New York, operating 276 offices, exclusively in the State of California.

IN the United States the attitude with respect to the development of branch banking is peculiarly interesting. Strange as it may seem, our banks are permitted by law to reach out to foreign lands and establish branch offices, but are denied this privilege in our own country. We are the only world power of first rate financial caliber that has not already adopted the general principle of branch banking, on a nationwide scale; while in Continental Europe and England the banks have developed into institutions of world-wide scope.

The development of a strong regionally managed banking system, serving the entire nation, should be our logical and eventual objective. We are in an age in which quality, economy and service count. People want the best—as



A. P. GIANNINI

Founder and chairman advisory committee Bank of Italy N. T. and S. A.

cheaply and as conveniently as it can be supplied to them. We see the natural process of evolution, along this line, being worked out in every type of business, from public service, manufacturing, cooperative agricultural associations and the wholesale distribution of commodities, even to the establishment of branch stores to sell at retail to the ultimate consumer. This situation we know exists in practically every industry, and it seems hardly conceivable that banks can fail to keep pace

with the organizations which they must finance.

The advent of nationwide branch banking should not be long postponed. Fewer, but stronger, and more helpful banks, are the best insurance we can have for the preservation of our sound and healthful economic condition. Large

amalgamations of capital will provide sufficient loaning power for the great business enterprises that must be supported and, at the same time, the increased earning capacity of these institutions will justify the payment of salaries, commensurate with the ability of the men who must be employed.

#### EARLY HISTORY OF THE BANK OF ITALY

This view of the development of branch banking is not new to those who were responsible for the establishment of the Bank of Italy, though to appreciate its full significance, a brief reference to the early years of the institution should be made.

In the fall of 1904, with scarcely a ripple to mark its advent in the financial pool of Western America, the Bank of Italy was launched in San Francisco, with a capital investment of \$150,000.

If ever the early days of a new enterprise were tormented by untoward incidents, or its molding process tempered by the test fire (both literal and figurative) they were those of the Bank of Italy. The ink on the books for the first full year's operations was but a few months old when, without a moment's warning, the City of San Francisco was racked and torn by the terrible fire and earthquake of 1906. All that had been of real or material value suddenly became a shapeless mass of twisted burning rubbish.

The Bank of Italy—its building engulfed in the sea of fire that instantly swept the business section of the city—was, however, the first to find itself, and resume operations. A desk was set up on the docks at the water front, and business "as usual" was carried on, with the rest of the city still in the grip of the flames. As a matter of fact, while everything still lay in ruins, and long before the work of reconstruction had commenced, the bank dispatched a letter to all customers, telling them that loan applications were welcome and would be acted upon promptly.

It is interesting to note in this connection that of all the sections of the city,

the one that was tributary to the Bank of Italy was the first to be rebuilt. Its loans were made out of hand to all who wished to finance reconstruction—and not a single dollar was ever lost on any of those transactions.

Then on the heels of this experience came the panic of 1907. Many communities were caught unprepared, and there were serious financial consequences. The Bank of Italy had sensed the coming crisis and, in preparation for it, had stored quantities of gold. The supply in fact proved greater than was needed for the Bank of Italy, and was released for the benefit of other institutions.

With these trying episodes as a crucible, the institution secured a start that marked it as one of unusual characteristics and, when in 1908 it embarked upon a program of branch banking, people were ready to sit up and take notice. The first branch—located in San Francisco—occasioned only passing comment, but when in 1909 the bank opened up a plan that called for a statewide organization, there was a general exclamation of interest.

For nearly twenty years the Bank of Italy has been the chief exponent of branch banking in America. Its growth and development have been a source of constant surprise, as year after year it steadily betters the records of past performance.

Here, briefly expressed, is the story of the growth in resources of the Bank of Italy.

	Total resources
1904 .....	\$ 285,437
1908 .....	2,574,005
1912 .....	11,228,815
1916 .....	39,805,995
1920 .....	157,464,685
1924 .....	358,656,302
1927 .....	654,986,091

#### ADOPTION OF A STATEWIDE BRANCH POLICY

The writer has always believed in branch banking in California, because it seemed to him that the financial require-

ments of the state could be satisfactorily met in no other way. California has enjoyed a substantial period of growth during the last quarter of a century, and the demands for banking facilities have paralleled this development. Except through a branch bank organization, there appeared to be no way to supply a stable and sufficient reservoir of credit, in the various communities where it was most needed. That the belief was well founded is best evidenced by the fact that during the recent years of post-war adjustment in California no city, town or village, served by a branch office has lacked ample funds with which to carry on its activities or to develop its legitimate agricultural and industrial enterprises.

In the adoption of a state-wide branch banking policy, the principle of diversified investment occupied a conspicuous place in all considerations. By increasing the spread of loans, not only to cover a variety of endeavors, but also to include a great number of independent communities, a more perfect balance has been secured in the extension of sound credits. The Bank of Italy achieved the results it desired through the establishment of branch offices, rather than by attempting to loan money from a single unit bank to people who were remote from the bank's trade territory.

To appreciate the importance of this more readily, it is essential to bear in mind the divergence that exists in California's industrial and agricultural complexion. Almost every species of fruit or vegetable that can be grown anywhere in the world, is produced some place in California. Any commercial enterprise that can thrive anywhere on earth, will find a suitable combination of economic advantages in one or more of the cities of the state. But California is large in area, and to secure the desired diversification of investments that the Bank of Italy sought, it was necessary to reach out to the communities that offered such opportunities.

The same principles that were applied to this situation, have been successfully

introduced on a nationwide basis, in the development of the Federal Reserve System of branches. The basic idea of diversification, unified direction and uniformity in banking practice, characterizes both organizations.

#### BUYING EXISTING BANKS VS. CREATING NEW OFFICES

The first extra-city office of the Bank of Italy was established in 1909, through the purchase of a bank in San Jose, and its conversion into a branch of the larger institution. This practice of buying an already existing bank, rather than creating a new or *de novo* office, is one that it has consistently followed wherever possible. The bank feels that if it can secure an organization ready made, familiar with the problems of the community, and thoroughly versed in and sympathetic with its needs, it reaches the stage of maximum service to its customers, more rapidly.

In the seventeen years that have elapsed since its entry into San Jose, the Bank of Italy has steadily built up its organization, step by step, carefully consolidating each new unit. It has seen the original plan for a statewide institution gradually materialize, until today its scope includes the entire state, from the Oregon line, to the Mexican border. It has also been gratifying to observe the development of California itself, responding quickly to the provision of an adequate and flexible reservoir of credit.

When the enactment of the McFadden Bill brought into play definitely modernized powers for national banks the directing executives of the institution applied for a charter as a member of the national association.

It was felt that the bank's responsibilities in the economic scheme of things could be better assumed through this action, since it had but recently merged with the Liberty Bank of America—an institution of some \$200,000,000 in resources—thereby creating an organization of enlarged scope and potential usefulness. This amalgamation found the

institution occupying a position as the largest bank in the United States, outside of New York, and one of the few leaders not operating under national charter.

The Bank of Italy believes thoroughly in the principles on which the Federal Reserve is founded and has belonged to the system since its earliest years. It thinks that under existing conditions every bank in the United States should hold Federal Reserve membership. There is no other established agency through which the nation's resources can be mobilized, nor is there any other organization so well equipped for this work, nor possessing public confidence to such a degree. Instead of having unrelated banking groups, all of our institutions—national, state, and private—should be

included in one system, under which all would operate.

Ideal banking conditions, of course, will never be realized in this country until a plan is worked out to provide for such co-ordination. Possibly the system ultimately adopted will be patterned after the Federal Reserve organization, with its twelve branch offices, each serving a definite area—and managed and operated by men who are familiar with the needs of their own region—but with the whole structure united in one general banking system.

It is worth considering, that in other countries we see a dominant bank as, for example, the Bank of England or the Bank of France, and that possibly we, here in America, should begin to consider the logic in the situation.

## THE BANKS AS BOND BUYERS

**I**NFLUENCED, perhaps, by Dr. B. M. Anderson's warning that banks of the United States are putting too large a proportion of their funds into investments which are ineligible for rediscount at the Federal Reserve banks, a reporter on the *Wall Street Journal* has collected the statistics of investment by banks in bonds and stocks. He finds from the reports of the Comptroller of the Currency that the banks have increased their investments more than \$6,000,000,000 in the eight years ending June 30, 1926—that is, at the rate of about \$62,000,000 per month. Their total holdings of securities are now more than \$15,000,000,000.

During the same period, insurance companies have also been increasing their investments at the rate of about \$19,000,000 per month.

This growth, however, has not been uninterrupted. During 1919 the banks sold \$842,000,000 more bonds than they bought, and in 1920 they sold \$6,000,000 more. Since that time, with the increasing gold supply and the comparatively moderate commercial demands for

credit, they have had to put money into securities pretty regularly, to keep their deposits earning.

Some have questioned the reporter's conclusion that the monthly purchases of \$81,000,000 by the banks and insurance companies combined give them a "controlling interest" in the stock market, or in the bond market. When more than \$537,000,000 of new capital issues are being made every month (as was the case in 1926) an interest even so large as \$81,000,000 is hardly a controlling interest, important though it be.

If the further assumption that this demand will continue is correct (and gold is still being imported with no signs of greatly increased commercial demands for money) the further assumption that "it is difficult to see how bond prices can recede" is probably correct. However, a great many things can happen to change the financial situation in the course of a year, and it is for these changes that the astute bond buyer will watch, instead of resting secure in the confidence that bond prices are going to keep right on going up.



## WHAT IS A MARKETABLE REAL ESTATE SECURITY?

BY LAWRENCE B. ELLIMAN

The provisions of the McFadden Act permitting national banks to engage in the purchase, under specified conditions, of first mortgage real estate loans, paves the way for a new and profitable field of activity among this class of financial institutions. The accompanying article, which embodies a timely discussion of important questions relating to first mortgage real estate securities, comes from the pen of a man who is a director of one of New York's largest real estate firms, and president of the Real Estate Board of New York. This article is the fifth of a series on investment problems of the commercial banker.

**T**HOSE who delight in trying to answer lists of questions—a social pastime that seems utterly to have eclipsed the vogue of the cross word puzzle—can, if they are bankers, turn with profit to the measure that has passed Congress under the name of the McFadden Act.

This measure, which opens up to national banks an opportunity for almost unlimited expansion, both in prosperity and influence, simultaneously makes necessary the answering of some questions that are extremely important.

The McFadden Act, in addition to extending the charter of the Federal Reserve banks and permitting the national banks to establish branches, under limitations yet to be exactly defined, also allows the national banks to deal in marketable investment securities. Simultaneously the banks are authorized to engage in the purchase of loans secured by first lien

upon improved real estate. This real estate must be located within the bank's

Federal Reserve District or within a radius of 100 miles of the place in which the bank is located; the amount of the loan must not exceed 50 per cent. of the value of the security, and must be for a term not exceeding five years.

It is the permission to deal in investment securities, coupled with the authorization to buy first lien loans on real estate, that gives rise to the longest list of questions. In the first place, is a first mortgage on real estate an investment security?

Undoubtedly it is regarded as such, al-

most universally, and it is this meaning of the term which will require a number of rulings to clarify other requirements of the McFadden measure. National banks, which well appreciate how profitable the business of dealing in first mortgages has become during the last few years, are already making ready to enter



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President Real Estate Board of  
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upon this entirely new field of activity—a field which previously has been largely closed to them.

#### THE "WITHOUT RECOURSE" PROVISION

If real estate loans are indeed investment securities, one of the first questions to be raised will be the meaning of the language of the McFadden Act which confines national banks to the buying and selling, "without recourse," of "marketable" obligations. This provision apparently means that the banks shall continuously turn over the funds which they have invested in mortgages; otherwise this new concession would be of little service either to the bank or the community, since the extent of the funds which the bank can invest in this fashion is strictly limited.

In other words, the bank must market its securities—and they must be marketable.

The definition of the word "marketable," so far as it applies to a mortgage, is one that in the last analysis the buyer himself supplies. In the broadest terms, any bond is secured by a mortgage, and of course is judged by the value of the property, its earning capacity, location, the management of the business and its obvious prospects. These same rules apply with equal force to real estate mortgages. The buyer will usually base his judgment on many different considerations, among which are the location of the property, its earning power, the character of the buildings and their occupancy, the standing of the borrower. If the location is farm land the buyer of the mortgage wants to know the character and contour of the soil, its adaptability, its proximity to the market.

Now the national banks will presumably be unable to guarantee mortgages, by reason of the "no recourse" provision in the new law. They cannot purchase a guarantee from the various surety companies, as do many of the private operators, because of the fact that these surety companies require the guarantee

of the indorser. An indorsement "without recourse" would be precluded.

In consequence, the national banks will probably be limited to the purchase of only those loans of such obvious and undoubted worth as to be liquid in the market without a guarantee either of interest or of principal. Only in this way, presumably, can the banks prevent funds invested in five year loans from becoming frozen—a situation that might well become disastrous.

Congress, in sanctioning first mortgage loans on improved city properties for periods of not more than five years, refused to permit a national bank to participate in a mortgage; thus it would seem that not only will it be impossible for the banks to purchase first mortgage certificates, but it will also be impossible for them to deal in real estate mortgage bonds—unless they purchase the entire bond issue.

Whether, under any conditions, real estate mortgage bonds fall within the terms of the McFadden Act is a question which for final answer must await the rulings of the Comptroller. Even if they fulfil the definition of a "marketable security," a large number of the current bond issues might not meet the terms of the McFadden Act since their face value seems to amount to considerably more than 50 per cent. of the underlying security. Certainly, under such conditions, the very simplicity of entire first mortgages would seem to make them a preferred investment with national banks, compared to real estate bonds. In consequence, for all practical purposes, we may limit this discussion to mortgages that are first liens.

While no central market exists for such mortgages, in the sense that the New York Stock Exchange is a market for the securities listed there, it should be noted that Congress very carefully refrained from requiring a stock exchange listing for the new type of security in which the national banks were given permission to deal.



## THE GROWING MARKET FOR FIRST MORTGAGES

Consequently marketability must be taken as meaning a reasonable readiness of sale under all usual circumstances. The market for first mortgages is of course growing yearly. Life insurance companies have been particularly influential in recent years in increasing the demand for this type of security, since they experience increasing difficulty in wisely placing the vast funds they have to invest. First mortgages are becoming one of the major outlets for the funds of life insurance companies—to mention only one class of investing institution.

Naturally, the greater the safeguards which are thrown about the safety of principal and the greater the surety of interest payments, the wider the market for the investment—first mortgages are different in this respect from no other bond.

The necessity for conservative appraisal, the need for adequate margin of security over and above the value of the loan, the demand for careful consideration of all the physical and psychological factors that unite to comprise value, actual and potential—all these things are widely understood.

Underlying all of these matters, however, is a consideration that is of paramount importance, as far as marketability of the modern first mortgage is concerned.

This is the question of the title itself.

It is here that attacks are being made with increasing frequency, from sources which cannot possibly be foreseen. One can inspect the property, estimate its earnings, appraise the buildings, investigate the occupants and forecast the future potentialities of the undertaking with some degree of certainty. But no one can possibly foresee what forged deeds from a forgotten past—what unacknowledged widow—what minor children—may rise up to contest the ownership of a piece of real estate.

There was a time when this was not so. But, as this country grows in age

and the number of transfers of real estate increase annually, the records of the past become heavy and cumbersome. In Europe land holdings are retained in single families for generation after generation. In the United States we have had a developing, progressing people who have constantly built and then moved on. Probably most of our land has changed hands at least once in every generation—and in some parts of our cities it changes hands every few years.

Not only, therefore, is the opportunity for flaws to creep into the title growing with the number of land transfers; in addition the great increase in the value of American land offers more and more temptation to those who might hope to gain by litigation.

How is it possible to guard against the very real danger of having the security behind a mortgage partly or wholly wiped away by litigation of this character?

## TITLE INSURANCE

The answer lies in title insurance, which is not, as some apparently believe, a guarantee that a title is without flaw, or that it will not be attacked. There are probably relatively few titles in the United States of which this could be assumed with certainty. What title insurance does guarantee is that the title, in case of attack, will be adequately defended by the insurance company; should the defense fail, the policy holder is insured against loss.

It is no more possible to foresee an attack on a title than it is to foresee a fire. And it is necessary to insure against one contingency just as certainly as against the other.

Outside of New York and Philadelphia most institutions lending on real estate security have until very recently made the requirement of title insurance optional with the borrower, largely, perhaps, because the real need of it had not been thoroughly understood. Losses because of defective titles are naturally

never broadcast by the lending institution, and for this reason the risk involved has tended to be minimized.

More and more, however, conservative banking institutions are regarding title insurance as prerequisite in the marketability of a mortgage. Approximately fifty life insurance companies have come to utilize it. It is not too much to say that any institution which wants a ready market in the East for first mortgages or first mortgage certificates of participation today must show that security is guaranteed as to title.

Naturally, a title is not likely to be attacked until the property has become valuable—not, in other words, until the possibility of loss to the holder is very large. When this happens it is sometimes amazing to discover how many minors once signed deeds of conveyance—how many husbands signed deeds without admitting a wife—how often a posthumous child may arise from a man's grave to claim a share in his estate—

how many heirs are glad to prove an ancestor incompetent. Such a horde of possible litigants, if it arises, is almost always urged on by unscrupulous lawyers who often work on a percentage basis and will spare no pains to see if a knot hole cannot be found in the money chest. And occasionally the knot hole appears.

This explains why, in the oldest American centers of urban development, title insurance has come to be regarded as prerequisite to mortgage marketability. This insurance, of course, is paid for by the borrower, and not by the lending institution; and, incidentally, the premium is paid only once, upon issuance of the insurance.

Title insurance today is as necessary a guarantee against loss as fire insurance; it is as necessary a guarantee for the payment of principal and interest of a loan as is conservative appraisal and adequate security.

The secret of marketability lies in the stability of values.



The Bavarian Minister of Finance, Dr. Wilhelm Krausneck, and his party photographed on a two weeks' visit to this continent. From left to right are: Dr. Fritze Belke; Oberfinanzdirektor Friedrich Moroff; Robert C. Adams of the Equitable Trust Company, New York; Dr. Krausneck; William Cahill of the Equitable Trust Company; and Ministerialrat August Mader.



# ADVERTISING THE FOREIGN BANKING DEPARTMENT OF A LARGE BANK

BY ARTHUR M. DEBEBIAN

The author of this article has had a long and highly successful practical experience as the advertising director of one of America's largest banks. His institution's foreign department has played an important part in the wide expansion and development of the bank's activities. Mr. DeBebian is advertising manager of the Equitable Trust Company of New York.

**E**FFECTIVE foreign banking advertising is comparatively rare. Yet it is not difficult to write good copy about foreign banking. The subject is one of the most interesting in the field of modern banking. In fact, its scope is almost unlimited.

The unsurmountable difficulty seems to be the acquisition of a sufficiently broad and accurate knowledge of the technical operations of a foreign banking department to enable one to write good copy. When one considers that the foreign department of a large international bank is divided into about fifteen main sub-divisions, each highly specialized in its activities, it is no wonder that the average outside copy man dares not stray far from the safety of that conventional

**CAPTAIN CHARLES LINDBERGH**  
*carried a draft*  
on The Equitable of Paris

Make your trip abroad successful through the use of Equitable drafts and credits, and Equitable Foreign Travel Service.

**THE EQUITABLE TRUST COMPANY OF NEW YORK**  
17 WALL STREET

Madison Avenue at 46th Street    Madison Avenue at 28th Street    70 Broadway  
LONDON    PARIS    WASHINGTON CITY

Equal treatment given to all nationalities

Cashing in on popular interest at a timely moment. This advertisement appeared in morning papers announcing Lindbergh's success.

**A cable a minute**

**THE EQUITABLE TRUST COMPANY OF NEW YORK**  
17 WALL STREET

ADVERTISING OFFICE  
Madison Ave. at 46th St.

RECEIVING OFFICE  
Madison Ave. at 28th St.

COMMERCIAL OFFICE  
70 Broadway

phrase, "Foreign Banking in All Its Branches."

Even though he be trained in financial fields, a copy writer is helplessly at sea in attempting to tell an interesting story regarding foreign banking services unless he has, as a preliminary, accumulated a great deal of first-hand information from his foreign department men.

## STEPS PRELIMINARY TO A CAMPAIGN

If the writer were about to plan a foreign banking advertising campaign

Humanizing the day's activity of a division of the bank's foreign service.

for an institution, he would first endeavor to gain the confidence and sympathy of the officers of the foreign department. He would try to persuade each official to explain in his own way the work of his particular division of the foreign department. He would ask each to keep an eye out for letters commending the bank's foreign services. He

would ask them to relate instances of helpful services rendered customers. As this information became available, he would gradually build up a fairly comprehensive file of foreign banking material of every description.

From a busy executive in the import letter of credit division, he would learn of a customer who buys silk in Shanghai and has become a confirmed believer in the claims of the writer's institution to superior foreign banking service because it has showed him how he can save from 2 per cent. to 10 per cent. interest in the financing of his oriental purchases.

From the correspondence of another well known importer buying merchandise in Holland, the writer would learn that his bank's knowledge of the discount market has been employed profitably by the importer and he has expressed deep regret that he had not utilized its foreign facilities sooner. Such instances of helpful service can readily be worked into highly effective advertisements—they are true instances of service and because of this fact they ring true—they carry conviction.

Then there are the export credit and foreign draft collection divisions. The heads of these divisions will have something interesting to say about the value of personal service and supervision by some one in the bank in completing an export shipment for a customer.

The exporter who knows his business and has developed an efficient, smooth running organization with active agents, salesmen or representatives all over the world does not want to jeopardize his business by dealing with a bank which is careless in handling foreign draft collections.

The burden of completing an export shipment satisfactorily is largely on the exporter's shoulders. He must know how to pack, ship and deliver his merchandise. This necessitates a thorough knowledge of trade routes, steamer sailings, packing methods, etc. The exporter naturally looks to his bank to handle



**"I would have been  
lost in Europe without  
your letter of credit"**

THIS CAPTION is taken from the letter of a business man who made his first trip abroad last summer. He carried an ETC Letter of Credit.

"I was a stranger in London," he writes, "but your London office made me feel at home. It did as much, in fact, as I would have expected from a London office of my own company.

"When I went to Paris, at the start of an extended tour, a great load was lifted from my mind by your Travel Service Bureau there. It not only answered many questions with authority, but performed a score of services one would not ordinarily associate with a banking organization."

Experienced travelers use the ETC Letter of Credit because of their experience. Inexperienced travelers will find it a great

aid in saving time and trouble and in traveling with a greater sense of security.

If you live outside of New York your own bank will issue an ETC Letter of Credit to you.



**THE EQUITABLE  
TRUST COMPANY**  
OF NEW YORK  
37 WALL STREET

UP-TOWN OFFICE  
Wentworth Bldg. 410 N. Y.

IMPORTERS AND TRADERS OFFICE  
111 Broadway

FOREIGN OFFICES

DISTRICT REPRESENTATIVES

LONDON: 40 MARK LANE, E.C. 3.  
BANK HOUSE, ADELPHI, W. C. 2.  
PARIS: 21 Rue de la Paix.  
MEXICO CITY: Calle de Consueles

PHILADELPHIA: 1 and 2 1/2 Building  
BOSTON: 100 State and Beacon Sts.  
CHICAGO: 108 North La Salle St.  
SAN FRANCISCO: 408 California St.

Capitalizing the testimonial letter.



or securities or other important instructions are authenticated by means of a test compiled from the cipher key.

#### CAPITALIZING A DRAMATIC BUSINESS INCIDENT

One begins to realize that the cable department alone offers a very fertile field for a series of convincing foreign banking advertisements.

Another incident related by a cable department executive concerns the rapid and economical transferring of funds from New York to London:

"We must have £50,000 in London before the market closes, or suffer a loss," a commercial depositor phoned us.

It was then 9.30 a. m. in New York, 2.30 by Big Ben in London, and at 3 o'clock the London market would close.

By 9.39 the customer's instructions had been written, the exchange figured and a statement prepared.

By 9.42 the order had been reduced from thirty-two words to a few code words.

By 9.50, just twenty minutes after the phone call, the money was on deposit in a London bank.

To the customer the time saved in completing this transaction meant a great deal, to our cable department it was but a part of the day's work. Here is a dramatic business incident which furnishes excellent advertising material.

In the quest for foreign banking data the matter of foreign credit information naturally is encountered.

American merchants frequently find it difficult to obtain reliable and timely foreign credit information. The writer soon discovered that the bank's files were replete with up-to-date business news about both firms and individuals in all parts of the world, and the bank's offices in London, Paris, Shanghai and Hong Kong were invaluable in the rapid compilation of special foreign data needed by its customers.

The advantages which American firms engaged in foreign business obtain by carrying interest-bearing accounts with the bank's offices abroad form another theme for effective foreign banking copy.

Payment of foreign bills by check, saving of a considerable sum yearly in interest, elimination of speculation involved in meeting obligations at future dates, replenishment of balances when exchange rates appear most favorable, establishment of a valuable local reference overseas, first hand trade and credit information—all of these factors have a definite bearing upon the decision of the wide-awake business man who is considering a banking connection with unusual foreign conveniences and facilities.

#### ADVERTISING LETTERS OF CREDIT

Letter of credit service is more frequently advertised than any other branch of foreign banking business. This is probably due to the fact that the features of this service are more commonly known and most frequently used by the public. The advertising man, too, is sure of his ground when writing about letters of credit. But much of this type of foreign bank advertising is confined to purely academic lines whereas it offers possibilities for most effective human interest copy.

Take for example the letters such a department receives—one traveler writes:

"I was a stranger in London, but your London office made me feel at home. It did as much in fact as I would have expected from a London office of my own company.

"When I went to Paris at the start of an extended tour, a great load was lifted from my mind by your Travel Service Bureau there. It not only answered many questions with authority but performed a score of services one would not ordinarily associate with a banking organization."

Letters of this character from travelers who have tested the qualities of a credit are greater selling arguments than any amount of statistical data regarding the compact size of a bank's credit, the convenient comprehensive list of encashing banks, the handsome leather containers, and so on.

A clipping from the Paris edition of the *New York Herald* dropped in the mail by the vice-president in charge of



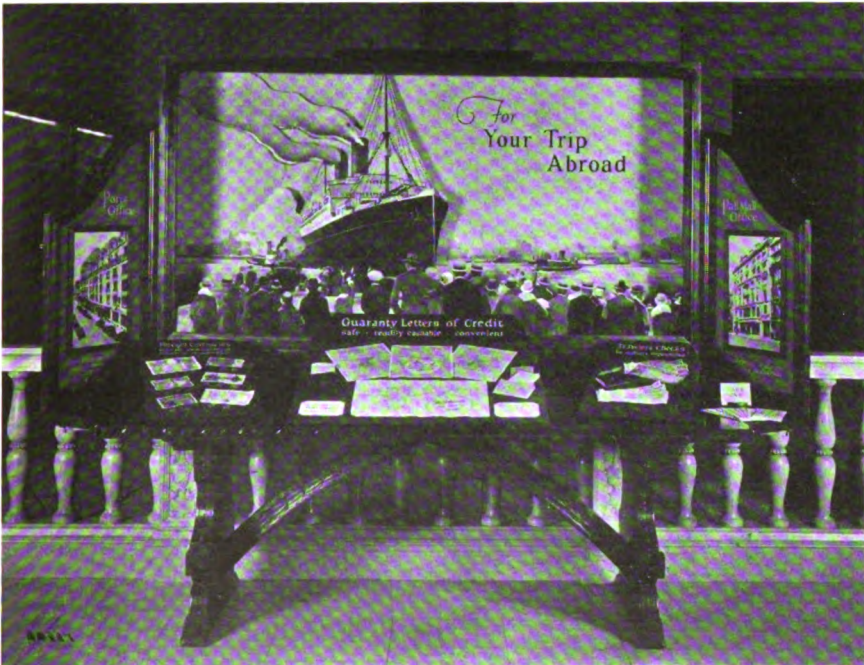
the Paris office gives the writer an excellent subject for a strong foreign advertisement.

The clipping is a tabulation of monthly Paris clearing house returns giving the general movement of funds of the principal member banks.

Among the forty-six banks listed in the Paris Clearing House, the writer found his bank's Paris branch in seventh place and further inquiry discloses the fact that it has ranked from fourth to twelfth in clearings during the last eighteen months.

As many American business men and tourists have an impression that the offices of American banks abroad are obscure branches and relatively unimportant, a fact of this kind brought out prominently in an advertisement gives the reader a totally different mental picture of the importance of our foreign operations.

This is a busy age. Business men have little time for generalities. Facts are essential especially in foreign banking copy—for the busy business man is the prospect.



One of a series of poster table displays in color that is being used by the Guaranty Trust Company of New York at its Fifth Avenue office to acquaint customers and other bank visitors with some of the facilities available to travelers. The exhibit is prominently placed in the main banking lobby of the bank and has proved of particular interest in view of its timely appeal at the travel season. The display comprises a large painting in full color of an outbound ocean liner, and at each end of the table is a picture of one of the Guaranty's foreign offices. Specimen letters of credit with explanation of how they are used, specimen books of travelers' checks, and a display of the more generally used foreign currencies complete the exhibit. Booklets describing in detail the company's services to travelers are kept available on the table.





## THE COOLING TIME

BY RICHARD W. SAUNDERS

ONE of the most serious conflicts in life is that between the emotions and the judgment. One is the impelling force urging us to do things and the other the guiding control that induces us to do things wisely. In all the actions of life, decisions should be made with the coolness and deliberation that each act is entitled to. Acting in haste and repenting at leisure occurs much too frequently. To be carried away by an emotion of any kind means being called upon to make a decision when the mind is least able to direct wisely. In such cases the excuse is made, "I am angry," or "my feelings got the best of me," but the damage was done just the same. When, however, in a certain case, a man has applied his best judgment there can be no "alibi." It behooves a man to correct his faulty judgment or to seek the advice of men on whom he can rely.

These emotional crises may stir a man individually or may affect masses of men. One may in a moment of anger commit a crime or in a moment of temptation commit a theft or a crowd may start a panic or a riot. These crises are begun by comparatively simple acts and in the case of a mob, gaining further impetus, are almost impossible to subdue before they have run their course. Orators labor to create this emotional effect in their hearers and it is the dominating factor in religious revivals. Here the word "spell-binder" can be adequately applied, for a real spell is cast upon the audience and for the moment its power of judgment is suspended. It is hard to overestimate the many things done under such influences for the emotions play a tremendous part in our lives.

An unusual number of people congregating in a bank may be enough to start

a run. The opportunity to take money without fear of detection may turn an honest man into a thief. The whole current of a man's life may be changed for better or worse, usually for worse, by giving way impetuously to some momentary emotion. A famous English colonel high in esteem and with a brilliant future gave way for a moment to a foolish passion, was degraded and lost his honors and his friends. Although he displayed later, under a foreign flag, a splendid generalship and in one notable instance saved England from a serious calamity, he was never able to regain his rank or favor. And all for a silly trifle.

This ability to apply judgment properly in the multifarious acts of life is the real characteristic of great men. They have emotions but they are curbed and under control.

Much has been said of the cold-heartedness of business men. But experience will prove the great majority of them are kind and many have tender hearts. The frequent impositions to which they are subjected force them to adopt a cold demeanor.

There should therefore be, in all transactions, a "cooling time" when a man can deliberate upon the questions involved. It may be only a moment but in that time the judgment can get a grip on the subject. In criminal law, if two men argue and in anger one should slay the other, the fact of the anger may be brought forward in extenuation. But if a time should elapse between the angry altercation and the homicide, it is no longer possible to allege the anger as an excuse. This period, in law, is called the "cooling time" and its use could well be extended to all affairs of life where the emotions are likely to lead us astray.



# CAN INDIA INFLUENCE THE UNITED STATES PRICE LEVEL?

BY CARLTON P. FULLER

In this article the author presents a very clear picture of the probable effect on the United States price level of the gradually increased demand for gold from India, which will be a real factor in lowering world prices.

**I**SOLATION received another body blow last spring when eminent American bankers and economists journeyed to London for the special purpose of testifying on currency reform in India, a nation as far from the United States as possible in space and race. It was not merely as disinterested technical experts that these men of affairs made the journey; it was rather because they feared an immediate and direct repercussion in their own land from any action taken in this far-off oriental empire. The occasion was the hearings held by the Royal Commission on Indian Currency and Finance, which marked another step in the eventual demonetization of silver, another accession to the gold standard. (Its history, proceedings and recommendations are summarized at the end of this article.)

Most of the publicity regarding the Indian Currency Commission Report of August, 1926, has been concerned with its effect on the price of silver, as was natural when that commodity fell off 20 per cent. shortly after publication of the report. Moreover, the United States is by far the world's largest producer of silver, and the prospect of seeing one of its two best customers materially curtail its purchases was not pleasant. The earnings of certain large silver producing companies were affected, and some silver mining districts in Mexico became seriously afflicted, but a more careful survey of the world situation has absolved the Currency Report from most of the blame, and has placed it upon the dis-

turbances in China that have forced exports of silver in place of the almost invariable imports. It is true that the effect of this movement was intensified by the sentimental depression in silver circles engendered by approaching demonetization in India; but the recent recovery in silver prices has relieved some of the fears and placed the underlying factors of the silver market in truer perspective. India's depressing influence on silver will develop very gradually, if at all, since private demand cannot be altered overnight, even though coinage may be stopped.

## WHERE THE SHOE PINCHES

But it was not the tribulations of silver that induced Benjamin Strong, Dr. J. H. Hollander, Dr. O. M. W. Sprague, and R. B. Warren to testify in London last May. *It was intense concern over the general price level of this country.* The connection between India and the United States is made through world gold reserves. If a country of the population and resources of India should climb aboard the gold standard bank wagon, her requirements for monetary gold would make a substantial dent in the world supplies, with its consequent serious effect on world and United States price levels. At the time when American experts were called into consultation, the Currency Commission was deliberating such a proposal—gold coinage and circulation for all India. Its hearings in India had uncovered a strong nation-

alistic sentiment in favor of an uncompromising gold standard, which would have drawn about \$500,000,000 of gold from the world's resources within ten years and would have correspondingly accentuated the decline in world prices. In fear of additional depression and further complications in an already disturbed financial situation, the experts from the Continent and from England unanimously opposed this proposal, and the American witnesses supported their position.

Despite this array of testimony, the eventual compromise in the report leaned well toward the gold standard side. In fact, it plainly announced that ". . . to secure public confidence in India . . . it is necessary to establish a true gold standard." The concession made to the rest of the world appeared in the decision against gold circulation, conversion of silver and paper to be available only in 400-ounce gold bars. Even this modified gold standard, which has been accepted in principle by the authorities, imposes a new burden upon world gold reserves. It means the acquisition of about \$100,000,000 over the next ten years instead of the \$500,000,000 originally proposed, and it places the Indian Government beside the western governments as a perpetual customer for gold for monetary purposes. It creates one more major element on the demand side of the gold equation.

#### THE PRICE LEVEL UNDER A GOLD REGIME

To American bankers, the significance of this event needs no vehement stressing. They realize that the general price level under a gold regime depends roughly upon the relation between the quantity of gold and the quantity of goods. They will see in India's move another argument in favor of a downward price trend in this country over the next quarter-century. For gold and its influences know no national boundaries in a world at peace. The central banks of the world are working in co-operation

to keep commerce on a level keel, and it was their apprehension of a rapid decline in the price level which would disturb business and involve far-reaching social changes that kept India from a full gold basis. The bondholder, of late decades punctured by the advance in prices which cut his purchasing power, might once again become "bloated" according to tradition; but to the public at large, the disadvantages of a rapid price decline would probably far exceed the advantages.

Judging from the testimony before the commission, and from the writings of various economists, the general price trend points downward, even without the impetus derived from Indian reform, on account of such influences as deflation after a great war (cf. Napoleonic Wars and Civil War) and excessive productive capacity. Some of them also point out that the supply of new gold is likely to diminish after, say, 1950, although others reply that economy in its use, through lower reserve requirements and circulation of paper money, will offset that factor. Though business men are in the habit of considering declining prices a bearish influence, they need not be alarmed by the prospect ahead.

They should, for one thing, differentiate sharply between this basic, over-all price trend and the movements of individual commodity prices. Supply and demand will continue to determine specific prices, fluctuations in which are always essential to stimulate or depress production, as the case may be. While it is true that these individual fluctuations have an influence upon the general price level, and vice versa, there are profound differences which must always be borne in mind. For example, a declining price level may stimulate manufacturers to greater efficiency, and is usually less bearish than business men believe, but a declining individual commodity may mean immediate and heavy inventory loss.

At the Congressional hearings on the Strong Bill, which instructs the Federal Reserve Board to use its influence to sta-

bilize prices, there cropped out this basic misapprehension. The *general* price level can be affected through monetary channels, and it is a legitimate function of central banks to prevent so far as possible undue fluctuations, although the Strong Bill probably overestimates the possibilities. Fixation of *individual* prices, however, is the unsound basis of the McNary-Haugen Bill and such attempts always court disaster.

There are numerous ramifications of the downward trend in the price level which need not detain us here. The point at interest is the direct influence of monetary reform in an Asiatic country on the domestic price level of the United States. American bankers are continually learning that for good or for ill, the world is their oyster!

#### INDIAN CURRENCY COMMISSION REPORT

The Royal Commission on Indian Currency and Finance, which was appointed August, 1925, and made its report August, 1926, was the fifth since 1890. Its chairman was the Rt. Hon. E. Hilton Young, and it included eight residents of India and two of London.

The occasion for its appointment was the breakdown of the gold exchange standard which from 1898 to the war had linked the silver rupee to the gold sovereign in the ratio of fifteen to one. Although a fourth commission in 1919 had attempted to solve the trouble by making the ratio ten to one, silver prices continued to soar and no progress was made. The Pittman Act of the United States Congress, which has received front-page attention occasionally, was designed to relieve a war-time ally's emergency by sending surplus silver from our treasury stocks to India.

That was by no means the first occasion of United States interest in India's monetary problems. "Free-silver" days are still vividly recalled, when Bryan with his "cross of gold" stormed the country in 1896. The climax of that agitation was partly due to the closing of Indian mints to the coinage of silver,

as recommended by the first commission in 1893. Indeed, the whole world was at that time keenly interested in the subject of bimetallism because the supply of gold seemed to be nearing exhaustion, and silver coinage seemed a necessity. Three international conferences (1878-1881-1892) failed to settle anything, but new processes of gold extraction came to the rescue with rapidly mounting supplies, and the question became academic, except for India and China.

The most recent proposal for Indian currency reform is, therefore, the culmination of more than thirty-five years of consideration. Before 1893, the single silver standard obtained; to the war, the "gold exchange standard" worked well. Now there is a definite step toward the single gold standard.

Hearings were held in India, where, as mentioned above, strong sentiment for an outright gold standard was developed. When the London hearings opened, experts from leading nations testified in considerable detail, from a world-wide point of view rather than from a technical angle. Europeans uniformly opposed the adoption of a gold currency because of the drain on world gold reserves. To the surprise of the Indian experts, American witnesses concurred. It had been argued in India that the United States had a super-abundance of gold which it would be glad to part with, but it was pointed out that this gold was already in use, and that European needs would come first.

Gold for private use has been going to India for many years in large quantities, and it never comes back. There was general fear that monetization of gold would simply mean pouring still more into the bottomless pit, the size of which is indicated by the fact that India has three times the population of the United States and the fourth largest foreign trade in the world.

#### THREE MAJOR RECOMMENDATIONS

The report of the commission as finally issued deals with three major situations,

which are outlined in non-technical language below:

#### A. Stabilization of the Rupee.

The commission recommends stabilization at 1s. 6d. (36 cents), which has been maintained in practice for some time past. The industries of India pleaded for 1s. 4d. as an aid in meeting competition. Probably this provision of the report will be most vigorously debated in India.

#### B. Foundation of a New Central Bank.

A reserve bank, to replace the present Imperial Bank of India which does a commercial business, is recommended to act as a rediscount center for other banks, and as sole custodian of the paper currency. It is to bear a close family resemblance to other central banking institutions, largely divorced from the government.

#### C. Introduction of the Gold Standard.

1. The recommended policy clearly looks to a diminishing use of silver in the monetary system of India.

2. The rupee is gradually to be reduced to the position of small change, with paper notes, redeemable in gold, constituting the body of the currency.

3. There is to be no gold coinage, but notes are to be redeemable in gold bars, while the ordinary circulation continues

to be the currency note and the silver rupee.

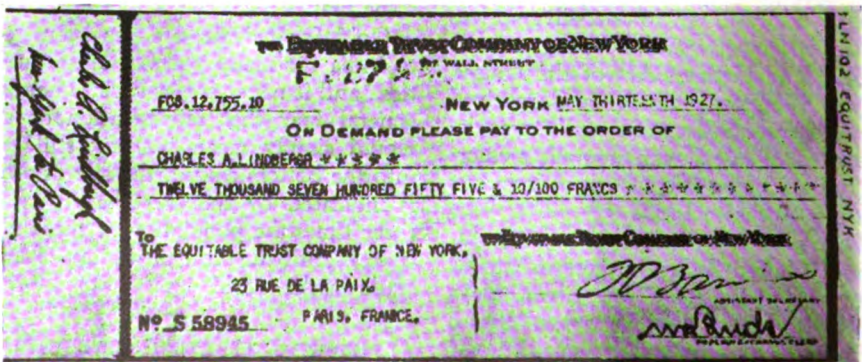
4. Gold reserves are to be built up gradually.

5. The government holdings of silver at present are considered too large and 250,000,000 ounces should be disposed of over the next ten years.

6. Although the silver rupee is to continue in circulation, its *coinage* is to stop for a long time to come.

It is to be noted that these proposals all have to deal with the currency system, and, as a matter of fact, the Indian Government has bought no silver in the last three years. It is the imports of silver on private account that are so important, having averaged 100,000,000 ounces a year during the last three years, and it is the effect of this change in standards on the prestige of silver as a savings element that should cause the most concern. If Indian natives begin to doubt the value of silver, they may cease hoarding that metal and absorb larger quantities of gold.

While these recommendations are in no way binding, they have been agreed to by the Secretary of State for India and by the Indian Government, and are now before the Indian Parliament. Their importance to England's greatest possession can hardly be over-estimated, and their great importance to the rest of the world has already been pointed out.



Radio photograph of the draft issued to Charles A. Lindbergh by the Equitable Trust Company of New York and cashed at the Paris office of the Equitable after his non-stop flight.



# SOME HINTS ON SAFE DEPOSIT VAULT CONSTRUCTION AND MANAGEMENT

BY L. E. THOMAN

This is the third of a series of articles now running in *THE BANKERS MAGAZINE* on various phases of the safe deposit business. The author is manager of the safe deposit department, Hibernia Bank and Trust Company, New Orleans, and president of the Louisiana Safe Deposit Association. A later article of this series will deal more particularly with the problems of smaller safe deposit vaults.

**T**HE finest vaults in the world can be found in this country and today the burglar has little chance to ply his trade with success, especially in the larger cities. The yeggman and scientific burglar have, however, kept up with the development of construction and worked out plans for penetrating some of the lesser protected safe deposit vaults in the smaller towns and villages, and it becomes necessary today to keep ahead of their operations and carefully study their methods of attack. Even though they be supplied with the latest tools of destruction, safe deposit companies must build safely enough to ward off their attacks.

The modern large city safe deposit vault is impervious to attack but it is necessary to go further; vaults must not only be built solidly, but must be operated safely. Any emergency that may arise while the vaults are open must be prepared for, so that the vaults will be protected from within as well as from without. Such methods must be used and such rules governing the employes of the department enforced as to leave little chance for any dishonest moves on the part of any employe. The safe deposit organization must also surround itself with such carefully written agreements and regulations for the renter as will protect the safe deposit vault from troublesome claims by a depositor, and put it in position to immediately detect an imposter. Both matters are somewhat difficult to handle in a large vault and

these subjects will be treated in more detail further on.

## VAULT CONSTRUCTION

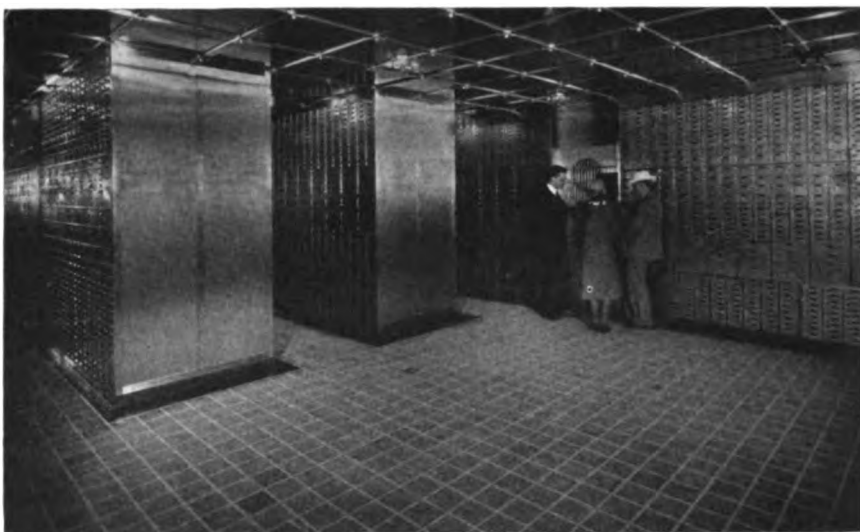
It is somewhat difficult to lay down any fixed methods of construction, especially of the foundation, for this particular feature is usually regulated by soil conditions which differ very largely in various parts of the United States. For instance a solid rock bed is found in such centers as New York City and Chicago, and in many other cities. Here not much preparation is necessary for foundation work, except bracing, tying and leveling the upper surfaces. But in other localities where the ground is of only ordinary soil and clay, it is necessary to dig away the soil and prepare stone or granite foundations or perhaps a foundation of concrete. These foundations must naturally be of sufficient solidity to sustain the immense weight of the vault they are to carry and also of such toughness and density as to make them impossible to undermine or tunnel through.

The bottom and side wall forms for the pouring of the concrete are built and the well mixed concrete poured therein. This forms the floor and walls when forms are removed. This is, of course, strengthened by steel rods or braces and steel beams or supports for the upper part installed before the concrete is poured. If an electric burglar alarm is to be installed, this is also in-



serted near the outer surface of the concrete, so as to make an entrance impossible without severing any of the many small wires making up its system. Heavy steel beams are usually placed across the

It is also advisable, where practical, to build so as not have the section occupied by the safe deposit vaults set too close to surrounding buildings, so as to avoid the dangers from fire and water in ad-



Interior of a large modern safe deposit vault.

top of the upper part so as to protect the vault from destruction from any accident which may befall the building. The steel re-inforced rods are also set in the ceiling of the vault, as is the network of burglar alarm wires, so that every portion of the entire vault is protected by this trustworthy friend, the burglar alarm.

If the foundation is to be solid or closed in, it should be made so firm that to undermine it would be next to impossible. Some vaults are constructed on heavy steel beams, entirely open underneath, so as to admit passage underneath as well as around, but even in such cases the supporting beams for such construction must have their solid foundation of stone or concrete for their support. One must not overlook the solid base required for that part of the vault where the entrance is to be built, the door. Most modern vaults are built with immense doors, hinges and vestibule, weighing many tons.

joining buildings and also to make tunneling practically impossible. For this reason a vault located nearer the center of the building is better protected than those situated near the property line. If located in the basement great care should be taken to protect the basement from overflow resulting from the flooding of sewers, drains or bursting of water mains, by providing a sufficient drain surrounding the basement through which this excess flow of water may be forced by inside pumps into the city drains, thus making it almost impossible to completely flood the basement.

#### THE ELECTRIC ALARM \*

If any other vaults are to be constructed in addition to the safe deposit vault, it is also very desirable to have them surround the safe deposit vault, either along side of it or in the rear, as this affords additional protection to the safe deposit vault walls. Special atten-

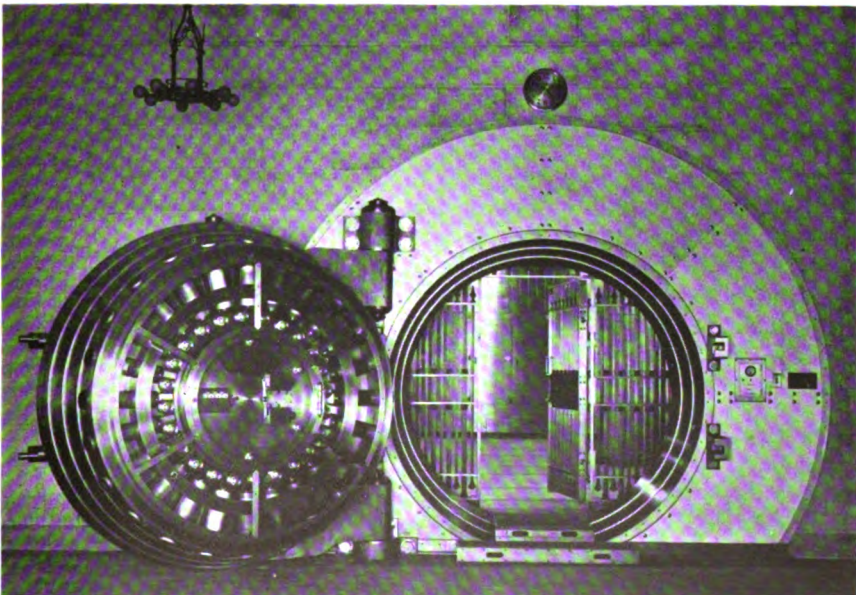


tion should be directed to the instalment of what is today considered a necessary protection, the electric burglar alarm, which should terminate either at the police station or some private police service or with its alarm on the outside of the building. These outer alarms are so constructed as to be out of reach from outside interference, either by their location or the construction of the alarm box. Some of them are so arranged that any attempt to unfasten or tamper with them in any way will at once send in an alarm or signal.

The interior of the vault should be so constructed as to make it inviting and impressive, either in natural steel finished plates or roughly finished and decorated, and it is generally considered desirable that the interior reflect the light and not absorb it. This is best accomplished by highly polished steel plates. If painted, the color should be light and lights so placed as to reflect the light to the floor. This is as necessary to those using the lower tiers of boxes as to those using the boxes near the ceiling, and shadows should be avoided. A sufficient number of fans, either paddle or rotary,

should be installed, preferably in the ceiling, to afford a complete circulation of air and if possible a large inverted exhaust fan should be located in the extreme rear or side, facing toward the front entrance so as constantly to furnish a complete flow of fresh air. This is a necessity for those employed on the inside, whose health must be taken care of, for good service cannot be given by unhealthy employes; and this is also a very attractive feature for those doing business with the vault.

In addition to these very necessary features, the complete circulation of fresh air will prevent the heavy or damp atmosphere often found in an unventilated vault from impregnating the very contents of the boxes contained therein. Enter a completely closed vault, with but one opening, and not provided with proper ventilation, and you are immediately affected by the heavy, musty and at the same time greasy air, which stifles you. On the other hand, enter a vault, well lighted, provided with more than one opening and with proper ventilation and you find an entirely different condition. The vault is inviting and



Entrance to a large modern safe deposit vault.

*The* **FIRST**  
**NATIONAL BANK** *of*  
**BOSTON**

1784 :: :: 1927

**F**ROM The First National Bank of Boston spreads a network of direct collection facilities covering all New England. This system is ready to handle your items, at all times, to your complete satisfaction.

*Capital and Surplus \$40,000,000*

*Foreign Branches*

BUENOS AIRES, ARGENTINA

HAVANA, CUBA

*European Representatives*

LONDON, PARIS, BERLIN

the atmosphere pure and refreshing and in consequence the employes are healthier and more cheerful in their work. These additional openings for ventilation can be made just as secure as the main door.

#### ENTRANCES AND EXITS

Special attention should be paid to the entrances or exits and no more of these should be included in the floor plan than are necessary. Where swinging gates are provided, these should open inward with the officer in charge on the inside. The same should apply when sliding doors are used and they should be so arranged that in an emergency exit may be prevented by the man in charge by turning the handle or knob, or the key, if one is used. Proper wire guards or screens should be so attached as to make it impossible for anyone to reach the door catch or key from outside. When a lock is used that can be unlocked from either side of the gate, care should be taken to provide one that cannot be picked, such as a Yale cylinder five or six tumbler lock, with paracentric key-way. It is also considered inadvisable to have the vault entrance open directly into the street, but in any case it should be so situated as not to have the entrance gate on a direct line with the entrance to the building, to make it impossible for any one on the outside to watch the proceedings within.

Privacy is an important factor in vault construction and in the floor plan of this department. It should be remembered that here the customer deposits his or her valuable possessions and does not wish to be observed. Besides this feature, they must be afforded protection and this can be better done when absolute privacy is available. In addition to the protection afforded by the best of vault construction clients must be furnished this necessary convenience and other comforts. Private rooms or booths should be provided. These should be as carefully arranged and constructed as possible and of sufficient size to afford

the client ample room to be comfortable. Other essential features are glass panel doors, frosted or Florentine, not transparent; well lighted interiors, both above and below the table; good ventilation and a fan for the hot summer months, so arranged that with one push of the button, lights and fans are put into motion. Call bells in each booth should connect with an annunciator in the office indicating from which room the call comes and without exposed wires or pipes of any kind. Floors should be of light-colored covering or pavement and with light under the table, so that anything dropped may be readily seen. Booths should be provided with stationary racks, coat hooks, stationary ink wells, to avoid upsetting, and with shears and coupon cutters. Either sliding or swinging doors may be used. If sliding doors, these should be encased so as to prevent accident and swinging doors should open inward.

The doors should be provided with door checks, to stand ajar when not in use, and made to close as soon as the customer enters; equipped with snap lock opened from inside with knob and from outside with key. These locks should be equipped with automatic signals to indicate whether booth is occupied or empty. Booths should be examined by attendants as soon as possible after being vacated, and doors set ajar, ready for the next client. This method, if employed, will prevent the second occupant from finding property left by his predecessor. Property thus found should at once be turned over to the manager, who may ascertain the name of the occupant of such booth by referring to his record of visits, which should show the name of such occupant and the booth number as well as the time he entered.

These booths are usually made large enough for one person, but there should be others large enough for two or three persons and larger rooms for committees and family meetings, etc., and all should be so arranged as to be strictly private. Care should also be taken to have the

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table shelf in the booth at such height as to be comfortable for writing while seated. Floors of this department are usually of steel, tiles, concrete or marble, and all portable furniture, such as chairs, settees, desks, etc., should be provided with noiseless chair tips.

#### TIME LOCKS

A very intricate and important piece of mechanism, a *sine qua non* in any up-to-date vault, is the time lock. There are several types now in use manufactured by well established houses. These are made in single timepiece, double, triple and quadruple, and are of very reliable workmanship. They are perfect examples of the watchmaker's art and should be, for much depends on their successful operation. Imagine what it would mean if a bank, or especially a safe deposit vault, were equipped with only one timepiece and this should fail. For it controls the opening of the vault at opening time in the morning. No matter if all the clerks and the master of the combination were at hand in the morning at opening time, were the time clock to stop working just a little while before it had been set to run down, these men would be of little service. To guard against such misfortune most vault doors are furnished with more than one timepiece, and these control the combination and prevent its unlocking before the time at which it has been set to open. The work of the safe blower has at this point been made somewhat more difficult, as both time locks and combination lock boxes or casings have now been so placed that they are not in direct line with the combination dial on the outside, as they formerly were, and this makes an attack upon these parts more difficult and unsuccessful for the burglar. These combination lock boxes on the inside of the door have further been protected from being tampered with by any dishonest person on the inside by being so constructed as to make it impossible for anyone not knowing the

combination to remove the front plate from the box, for the combination must be set on the outside of the door before this plate can be removed from the inside of the door. These parts require special attention and should be frequently inspected to see that the various connecting plates, washers, bolts, etc., do not become dirty, or gummy from oil and dirt. This may cause serious trouble.

The timepiece, the essential part of the opening device, should be in charge of some one man, whose duty it should be to care for it as he would his own watch. It should be carefully encased in glass, so that the dials are visible, and should be taken apart, cleaned and oiled at regular intervals by an expert who will examine them by microscope for any wearing of parts. These timepieces will last for some years if treated properly.

The time lock should be set in the presence of two persons, one setting, the other verifying the hours to be wound, to avoid oversetting. Where time locks are set in the morning after the doors have been opened, the same rule should apply and the operation of the clocks should be checked up during the day, and their movements recorded. They should be further checked up just before closing to see that all are running and on time. This having been done, the doors may be safely closed and the rest left to the busy little worker.

Inside the larger vaults a pilot light is left burning after the doors are closed and a telephone installed so as to enable anyone who may be locked in to communicate with the proper official who, having the necessary information, may assist the prisoner to liberate himself. This information must be carefully guarded, however, and should be known to but one person in any institution.

The advanced methods of attack by the up-to-date burglar have made it necessary for those engaged in vault construction to provide a means of protection that will not sleep on the job, one which can be relied upon, and one which





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cannot be bribed, influenced, intimidated or forced to comply with the demand, "up with your hands, don't shout!"—the burglar alarm. This is usually installed at the time of the construction of the vault, as it is built in the concrete, though there are methods of installation after the vaults are built, but these methods are neither as safe nor as satisfactory.

It is a good plan in laying out a safe deposit department, especially when the bank's vaults are to be placed on the same floor, to have the bank's vaults and the storage vaults adjoin the safe deposit vault on either side and in the rear. This will permit of solid construction, subdivided on the inside, and these vaults will be an added protection to the safe deposit vault, at least on two sides, and protect it from attack and also from fire. Note the immense doors that are now being constructed for the protection of the modern vault, weighing a score or more tons each (the door only), and with hinge and vestibule included weighing several times as much, so evenly balanced that they are opened and closed without much effort. The beautiful finish put on such work is a matter for sincere admiration. They are the masterpieces of the machinists' art and yet banks frequently spend thousands of dollars for such work and after it is turned over to them, pay no further attention to it, but let it corrode and rust. This may cause continuous trouble. Timepieces do not work right, doors bind and at times cannot be opened, and the presence of the safe man is frequently required to force the door open.

#### CARE OF VAULTS

This steel work requires careful attention and should be looked over daily. Sometimes a little screw or paper clip may be forced into the jambs and prevent its opening. All jambs, bolts, pressure bars and levers should be carefully oiled and the steel surfaces kept perfectly clean, by frequently washing off these

surfaces with benzine to remove the old grease and dirt, rubbed with emery cloth, dried off and carefully covered with a film of refined thin oil, evenly applied. Rubbing should always be done with the grain, not across, if scratching is to be avoided.

Inside the vault should be well lighted and great care should be given to the ventilation.

In selecting the type of construction and finish for the safe deposit box doors, the writer considers it poor judgment to select some type that is offered at a cheap price and consider it a bargain. The difference between this construction and the best is not great and it is a safer investment to secure the very best offered, for in the event of a loss or a robbery, that bank which has secured a box door that cannot be easily forced open has a better chance of defending itself than the bank which has installed an equipment that can be opened with almost any other instrument than the key.

For example, some vault construction companies can furnish a box door, hinges protruding, that cannot be opened even if the hinges should be taken off. There is a pattern sold on which the plate, the hinges of which are made in one piece and screwed to the inside of the door, has on the hinge side a projection one-eighth or one-quarter inch wide on the inside of the door, which fits into a slot, molded into the frame, and with a door one-half inch thick can neither be wedged nor bent open. The lock holds on one side and the flange on the other.

The lock attached to the doors should be heavy and of best construction, with cap, so that the mechanism of the lock cannot be tampered with. An unpickable lock should be provided.

Inside the vault is usually installed a key chest where keys for unrented boxes are carefully kept, with a place for each pair of keys. In some places a special cabinet is built for unrented keys, rolled into the manager's office during the day and into the vault at night. The un-



rented keys should be carefully guarded so that not more than one or two men in the department may have access to them. Little chance is then afforded anyone on the inside to secure a duplicate of any set. This is also a good point of defense. In a small vault there should be only one person in charge of such keys and this chest should not at any time be left open.

The booths or coupon rooms should be located as conveniently as possible to

the deposit vault and if built adjoining it should be so constructed as to not be attached to the vault wall, but about 18 to 24 inches away from it, affording a passage way, air and light, as well as preventing anyone inside of the booth from working upon the wall. This is not absolutely necessary, but is an extra precaution.

The next instalment of Mr. Thoman's article will appear in the July number.

## BANKING OPINION ON BUSINESS

IF one could stand on a high hill and look at business conditions the country over through the telescopic reviews published by banks in various cities, one would find, according to the June issue of the *Federal Reserve Bulletin*, that "industrial output declined in April, reflecting reduced activity both in mines and in factories. Distribution of commodities by railroads and retail trade increased, and the level of prices showed a further slight decline."

The May 25 *New England Letter* of the First National Bank of Boston confirms this. "Sales of cotton goods have tapered off somewhat. . . . Since the first of the year, operations in the woolen and worsted industries have been well above a year ago, although output for the last month showed a substantial decline. . . . The shoe industry is resuming operations on a larger scale in preparation for fall business."

In New York, says the comment of the National Bank of Commerce on Money and Markets, released May 20, "it cannot be said that there is an abundance of money in the large city banks pressing on the market, nor has such a situation existed for some time. Commercial demand for money is steady at about the levels of recent weeks. . . . There are indications of an upward trend in loans on stocks and bonds."

"There has been further expansion of

building in the Philadelphia district," says the monthly review of the Federal Reserve Bank of Philadelphia for May 2. "The iron and steel industries of the district have experienced some recent slackening in demand and operations. . . . In the bituminous mining industry there has also been a slackening. . . . Anthracite collieries have been more active."

The monthly review of the Federal Reserve Bank of Richmond, Va., reports that in that district, "wholesale trade was not more than fair last month. Labor is not so well employed as in April, 1926. . . . Fertilizer sales are lower than a year ago. Business failures have recently been more numerous and liabilities have been higher than those of the early months of last year."

Quite different is the situation in the district covered by the Federal Reserve Bank of St. Louis. "Taken as a whole," its report says, "business in this district underwent further moderate improvement during the last thirty days."

The Federal Reserve Bank of Dallas reports that "the physical condition of the district's ranges and livestock continued excellent and market prices reflected a further improvement."

Coming north again, the reports are optimistic. "The expansion in business customary to the spring months is reflected in current reports" to the Fed-

eral Reserve Bank of Chicago. The Union Trust Company, Detroit, Mich., says that "the general business situation in the State of Michigan, like that of the nation as a whole, is above normal." In Minnesota it is the same.

Beyond the Mississippi, reports are not so universally good. "Business in the tenth district," says the review of the Federal Reserve Bank of Kansas City, "was affected somewhat adversely during April by almost daily downpours of rain. . . . The advent of seasonal weather early in May brought improvement . . . and while there has been no great expansion, reports indicate a heavy volume of production and trade." The monthly summary of conditions by the First National Bank of Los Angeles also reports "a moderate contraction in the volume of trade and industry in the Pacific-Southwest during April."

*The Corn Exchange*, published by the Corn Exchange National Bank, Philadel-

phia, sums it up well: "The situation as it stands is that commodity prices are falling, management and efficiency have been improved to almost the 'nth' degree, the marketing problem has become a most difficult one, and yet labor keeps well employed at high wages.

"While trade leadership and co-operation can accomplish something through the restriction of production and the support of prices, yet the real solution, we think will have to come through the operation of the old law of supply and demand. . . .

"The business situation appears muddled and one cannot clearly discern the current. That is the way the water appears at times when churned up by the ferry boats, but eventually it flows on smoothly along its natural course and we doubt not that business will likewise correct its minor disturbances and flow on to the sea of prosperity."



INTERNATIONAL NEWSREEL PHOTO

Left to right: Eugene Meyer, Federal Farm Loan Commissioner; George R. Cooksey and Floyd R. Harrison, members of the board, at a recent meeting in Washington. Mr. Meyer was named to succeed A. C. Williams. He was formerly managing director of the war finance board.





## BRAVING FLOOD, A. B. A. COUNCIL HOLDS SPRING MEETING

**B**RAVING the dangers of the flood, the Executive Council of the American Bankers Association gathered at Hot Springs, Ark., for the annual spring meeting, on May 2-5. On the way to the meeting the members had a chance to see the havoc wrought by the

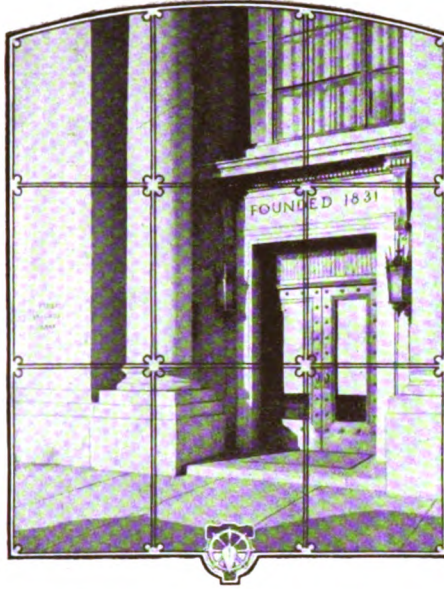
flood. When they met, their first act was to ratify the action of the administrative committee of the association in appropriating \$10,000 to the American Red Cross for flood relief. The final act of the meeting was the adoption of a resolution declaring it to be the profound



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Officers of the American Bankers Association photographed at Hot Springs, Ark., during the annual spring conference of the association's Executive Council. Left to right: Executive manager Fred N. Shepherd of New York; second vice-president Craig B. Hazlewood, vice-president Union Trust Company of Chicago; president Melvin A. Traylor, president First National Bank of Chicago; and first vice-president Thomas R. Preston, president Hamilton National Bank of Chattanooga, Tenn.

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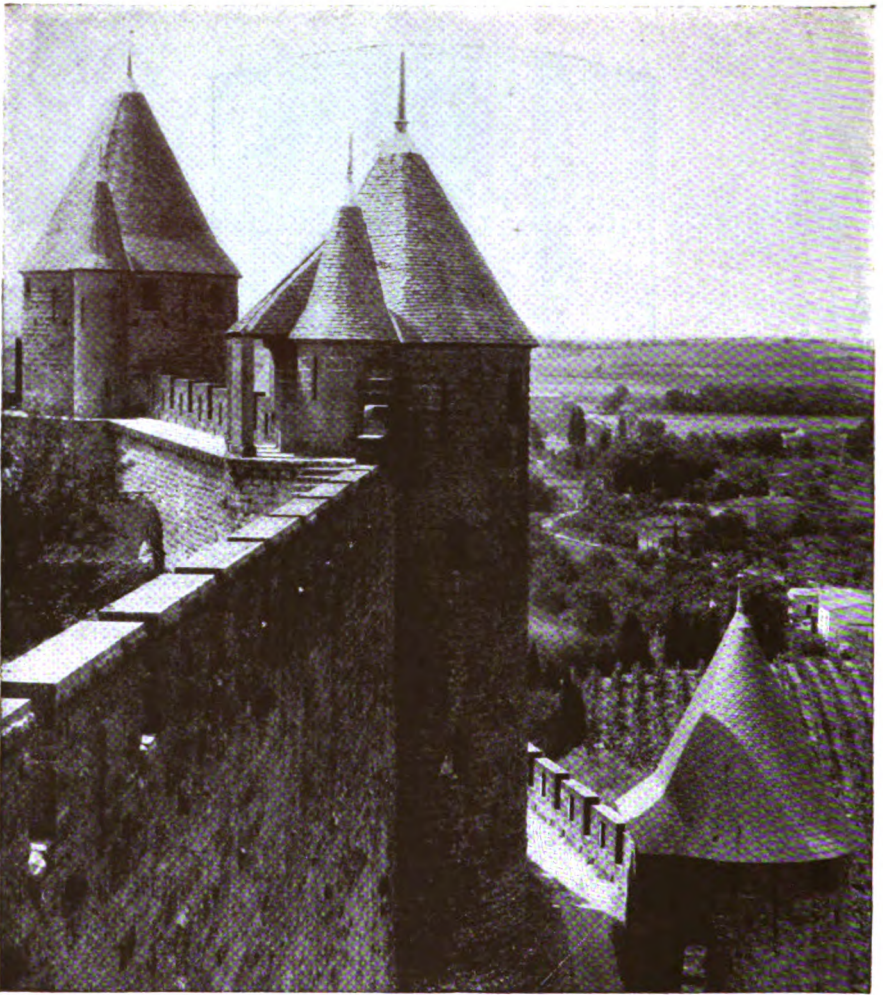
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conviction of the Executive Council of the A. B. A. that the "national Government through its proper agency should immediately assume its full responsibility for the quick solution of this great problem and then go ahead and solve it, instead of permitting those communities that are the immediate victims of this national scourge to shoulder the expense of inadequate protective measures. Since the Federal Government claims ownership of the navigable rivers of the country, we believe it should see to it that they are so restrained as to prove a constant blessing to our people rather than a potential and actual menace."

#### THE QUESTION OF BANK FAILURES

The cause and prevention of bank failures occupied a large place in this meeting. Guy Emerson Bowerman, president of the State Bank Division, considered it in his report. "Covering the period 1920 to 1926 inclusive," he said, "there were 3124 bank failures of which 2688 were state chartered and private banks and 436 national banks. This is over one a day for the seven-year period. The most vital question before the banking fraternity is better banking methods and the remedial treatment is one of inside application and purification, rather than altogether legislative. The answer to this entire problem is one for the banks themselves to solve. With the thought of bringing home to the individual banker a better understanding of some general banking delinquencies, our public service committee, of which M. Plin Beebe is chairman, issued a booklet. If the recommendations contained therein are put into execution as the basis for future banking operations we will have stronger banks, fewer failures, and a more profitable business. This naturally has reference only to those institutions which have in the past neglected fundamental principles or major objectives of sound banking. The most serious handicap country bankers labor under is insufficient profits,

which is well illustrated by the returns from one state with 845 banks reporting and showing an average net profit per bank of \$1970 for the year ending June 30, 1926. Profits can be increased by the introduction of a service charge as is so ably shown in the booklet, a careful perusal of which I recommend to those banks not usually carrying some liquid assets who do not make such a charge and neglect taking financial statements with all loans of \$500 or more."

Thomas B. Paton, general counsel, in his report, said that an observation of banking legislation had led him to believe that "bankers realize they must do something to strengthen the banking system to prevent bank failures and it is being evidenced in legislation. If they do not do it the people will do it in the form of guaranty laws."

In his report for the Clearing House Section, President John R. Downing also touched on bank failures. "We cannot lightly gloss over the large number of bank failures of this last year and say, 'incompetence,' 'overextension,' 'readjustment,'" he said. "We must provide means of preventing bank failures. The system of clearing house examinations now in successful operation in thirty-one cities has demonstrated its efficacy in promoting better and safer banking. The best safeguards of sound banking are intelligence and integrity, plus careful supervision. It is becoming more and more apparent that the extension of clearing house association work, including credit bureaus and voluntary clearing house examinations, is the chief reliance in promoting better banking. The work of the clearing house examiner is continuous, not periodical, and admirably supplements the work of national and state examiners."

It remained for the economic policy commission, however, to suggest definite action. "The commission has had brought to its attention the question of the causes underlying the numerous bank failures throughout the country," said Evans Woollen, chairman of the commission,

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in his report. “The commission voted that this was a subject worthy of careful investigation. A sub-committee was appointed consisting of Walter W. Head, Walter Lichtenstein and Max B. Nahm, with the chairman of the commission as *ex-officio* member, to canvass the situation and confer with a similar body investigating the same subject on behalf of the Federal Reserve Board.” This sub-committee was asked to first make a report of how much work would be necessary to investigate the subject of bank failures fully, and to have a preliminary statement ready to submit to the convention of the association at Houston, Texas, this fall.

The executive council of the State Bank Division had requested the economic policy commission to continue its study of instalment selling. The commission, however, pointed out that the information it had collected had been widely distributed, other exhaustive investigations had been made, and that the Association of Finance Companies, in conjunction with a committee of bankers,

had formulated rules and regulations for instalment buying. In view of these facts, the commission preferred to make no further study of the subject.

#### REDUCTION IN CRIMES OF VIOLENCE

There was a marked reduction in crimes of violence against member banks of the American Bankers Association last year as compared with 1921 and 1924, reported James E. Baum, manager of the protective department. In 1921 there were 166 burglaries and 97 daylight holdups and in 1924, while burglaries dropped to 59, holdups increased to 166 attacks. In sharp contrast such crimes last year were cut almost in half, there being but 29 burglaries and 112 daylight robberies, a total of 141 attacks as against 263 reported in 1921. Against the 14 burglaries and 53 holdups reported during the first half of the last association year the number of burglaries has risen to 16 this year, but this was more than offset by a decrease in the more serious crime of daylight robbery, there



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being but 47 holdups reported. During the same period, non-members, which means only one-half the number of member banks, suffered 18 burglaries and 65 holdups.

"An appreciable reduction is also noted in forgeries, swindles and sneak-thefts reported by member banks, whose warfare against the criminal gives promise of an improvement that will rank 1927 as a banner year for the suppression of bank crimes. During the period under report our detective agents caused the arrest of 147 of the 211 bank criminals apprehended, 72 of these having been convicted and imprisoned. In addition there were 53 convictions of prisoners who were arrested prior to September, 1926.

#### CHANGES IN CRIMINAL LAWS INDORSED

"The protective committee indorses the changes in the criminal laws last year in New York State as a demonstration of lawmakers using practical means to curb lawbreakers. Generally known

as the 'Baumes laws,' these changes give the police and law-abiding citizens an even chance with habitual felons, particularly the fourth offender, who is subject to a mandatory sentence of imprisonment for the rest of his natural life. They also aim at shyster criminal lawyers and professional bondsmen. Their successful application is predicated upon a complete system of criminal identification to determine the identity and record of seasoned crooks with the sole object of keeping them at a safe distance from society. Support by the press has been a powerful factor in their passage and successful application.

"The practical value of these laws is best measured by results. After a test of six months of their operation coupled with more efficient police work inspired by their effect, serious crimes in New York have been cut in half. But while many familiar faces are missing from New York's underworld the New York Police Department has identified too many photographs of criminals arrested in other states. Anticipating this flight

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of the crook from sterner penalties, the protective committee last year urged the Baumes laws as models for other states and the results have been gratifying. . .

"The work of our agents over a nation-wide area has resulted in apprehension of an unusually large number of notorious bank crooks during the current year. Results of the association's system in pursuit of bank criminals suggest the need of equally intensive measures by other organizations, particularly the casualty and surety companies which underwrite losses from criminal acts."

### CAPITAL AND LABOR INVOLVED IN USE OF AUTOMOBILES

Among the most interesting facts brought out by the various reports to the executive council was the fact that the amount of capital and the number of workers now involved in the use of automobiles are greater than the capital and workers for the railroads of the United States. A part of the report of the Commerce and Marine Commission, in

which this fact was contained, follows:

"In competition with railroads the effect of the motor truck is relatively light. Total ton-miles produced by trucks last year in competition with railroads is estimated as 8,000,000,000, or about 2.1 per cent. of the railroad total of 488,000,000,000. Tonnage lost by railroads to motor trucks was, therefore, relatively small and of a kind the railroads have found least remunerative. The loss is more than equalled by the large volume of railroad-carried automotive freight. .

"In contrast to the slight competitive effect of motor trucks on railroad freight traffic, the effect of automobiles and motor coaches on passenger traffic is serious. The losses are confined almost exclusively to passengers who heretofore have used railroad local passenger trains. Long distance and commutation passengers are increasing but not in sufficient degree to overcome losses on local trains and the total railroad-borne passengers have been declining steadily since 1920. The greater part of the loss is attributable to the private automobile but the

motor coach during the last five years has become a factor.

"Passenger miles produced by automobiles and motor coaches last year on highways outside cities were about three and one-half times as by railroads. The use of motor coaches will probably grow in competitive power, as the public is showing a preference for that form of transportation. The de luxe type of coach is extending its zone to distances in excess of 400 miles.

"To offset their losses the railroads are going extensively into motor coach operations themselves as supplements or substitutes for trains on light-traffic branch lines. Railroad activities in the motor coach field are likely to be extended. The motor coach, railroad operated, offers a promising solution to the problem of abandoning unprofitable lines without inconvenience to the public.

"A decade ago taxes paid by motor vehicle users were commensurate with added costs of improving and maintaining highways primarily for motor use. Rates have been revised and motor vehicle users now pay all of maintenance and a part of highway construction costs, but there is conspicuous lack of uniformity among the states and question whether the tax burden is equitably distributed between motor vehicles of different classes. The tax on gasoline, in effect in all but four states, is the most scientific form of motor vehicle taxation."

The Trust Company Division, according to the report of Edward J. Fox, its president, "in common with all branches of banking, is affected adversely or otherwise by the enactment of laws at the nation's capital or the various state capitals. The many provisions of the Federal Revenue Act are of direct and constant concern to the institution which represents not only individual but corporate interests." He cited two examples of unjust provisions on the revenue law, and concluded with the assurance that these will have the attention of the division with the assistance of the general counsel of the association. Funds

for the work are now being sought through voluntary contributions from members.

#### A. I. B. GETS \$15,000 FUND FROM GIANNINI

The membership of the American Institute of Banking has grown from 57,456 to 59,096 during the last year, said Paul B. Detwiler, president of the Institute. Two new graduate courses have been arranged by Dr. Stephen I. Miller, educational director—one in investments, the other in credits—for holders of the institute standard certificate. "Mention must be made," continued Mr. Detwiler, "of two outstanding events. One is a gift of \$15,000 by A. P. Giannini, founder of the Bank of Italy, San Francisco, Calif., to bring to the front young bankers qualified to address the public on banking and economic subjects and encourage the art of public speaking. The interest on the fund will be used for prizes to be awarded in national bank speaking contests. The other event was the conferring upon Mr. Miller of the honorary degree of Doctor of Laws, an honor justly earned."

#### MEETING SAVINGS COMPETITION

To solve the problem before savings banks of meeting competition that is keener than ever before, W. R. Morehouse, president of the Savings Bank Division, said that the division is suggesting that its members "call to the public attention in a most forceful way the many advantages of a savings account not found in other institutions competing with savings banks. We are advocating certain services for savings banks, among them instalment loans, payments to be made on a small monthly basis at a rate not to exceed  $\frac{1}{2}$  to 1 per cent. above the flat mortgage rate. . . . The division is gathering information as to various methods used by banks already in making instalment loans. The division advocates a service of advice to savings depositors.

. . . It is as important to conserve present business as to gain new business."

#### TRUST WORK FOR NATIONAL BANKS

"Trust work for national banks," said Charles W. Carey, president of the National Bank Division, in his report, "is encouraged and explained by the division continuously." However, the division does not recommend the installation of a trust department unless the bank installing it can equip itself to perform expertly the trust work entrusted to it. Mr. Carey also discussed the provision of the McFadden Act which authorizes the comptroller to designate investment securities national banks may deal in. "Much of the comment con-

verges upon the point of eligibility of real estate bonds. Opinion on the desirability and soundness of including them varies. Certain it is that they do not possess in its fullest sense the essential element of ready marketability. Member bankers have evinced great interest in the entire investment security section and the division has counseled them to follow a conservative course."

Fred N. Shepherd, executive manager, reported that though the number of members of the association has declined 340 in the last twelve months, due to consolidations and failures, the larger capital of present members has increased the dues of the association over \$9000 during the same period.



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Premier Mussolini (center, seated) at a conference of the Italian cabinet at which the "Workers' Charter" was formulated.

# CANADA FEATURED AGAIN AT UNITED STATES FOREIGN TRADE CONVENTION

**F**OLLOWING the precedent set at its last convention, the National Foreign Trade Council, at its fourteenth annual convention held in Detroit, Mich., May 25-27, devoted one entire session to the Dominion of Canada. The program of this session was prepared by the Canadian Chamber of Commerce and the National Foreign Trade Council, in co-operation. The remainder of the time of the convention was divided approximately equally between group sessions, where the specific problems of various aspects of foreign trade were considered, and general ses-



H. H. RICE

Chairman the Detroit executive committee for the fourteenth annual convention of the Foreign Trade Council.

sions devoted to the broader aspects of foreign trade.

As great in practical value as the group and general sessions is the trade adviser service of the National Foreign Trade conventions. More than a hundred for-

eign trade executives put themselves for one evening at the disposal of delegates who come to the convention with specific questions and problems. They are also available for consultation at other mu-



JAMES A. FARRELL

President the United States Steel Corporation and chairman the National Foreign Trade Council.

tually convenient times during the convention.

Canada's rapid growth in recent years is exemplified by "Canadian Water Power Development," described by Brigadier General C. H. Mitchell, president of the Toronto Board of Trade. "During the last five years," he said, "while the population of the country increased 7 per cent., installed water power capacity has increased 65 per cent.," until "Canada has, with one exception, the greatest per capita water power development of any nation of the world." And this present development represents "only about 11 per cent. of the total"

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**ROBERT V. FLEMING**  
President

**Resources  
over  
\$45,000,000**

power possible of development in Canada.

Canada is thus in a fortunate position, for second in importance to agriculture is the pulp and paper industry. "As the processes of making paper improve, the increased use of electric power becomes an important factor. Perhaps the most notable development in this respect in



**WILLIS H. BOOTH**

Vice-president the Guaranty Trust  
Company of New York.

the last few years is the employment of the electric boiler for making steam which is so much used in paper manufacture." Around the Saguenay river and Lake St. John, where conditions are particularly suited for this development "new industries, mainly paper mills and electric chemical works, are springing up—it has become another Niagara."

To Case R. Howard, manager foreign business department Canadian Bank of Commerce, New York, was left the task of discussing "Industrial and Financial Investments in Canada." Since Canada is the best customer of the United States, it is not strange to find that "in round

amounts, of the \$5,300,000,000 of foreign investments in Canada, \$3,600,000,000 came from the United States. . . . Perhaps the most interesting development arising from this flow of United States capital to Canada has been the establishment of some 1400 branch plants in the Dominion. By manufacturing in Canada it is possible to enjoy the preferential treatment accorded to Canadian goods by many countries within the British Commonwealth.

UNITED STATES CAPITAL IN CANADA

"Many reasons may be given for the belief that this flow of United States capital into Canada will continue," the most important of which is the fact that Canada is still a country of great undeveloped resources. The only development that would tend to check the flow of money to Canada would be the decision "to give Canada better tariff treatment than has been accorded her in the past. . . . The United States is not facilitating the importation of Canadian goods to enable Canada to make payment of interest on American loans or to pay for the goods Canadians buy in the United States. The only way the international balance can be adjusted is by the flotation of large loans in the United States."

Mr. Howard did not enter into any discussion of this policy other than the comment that Canadians would prefer to pay their debts in the United States by the shipment of goods. Finally, Mr. Howard suggested a number of specific opportunities for further investment in Canada:

In Prince Edward Island there is a logical site for a plant to manufacture dehydrated potatoes or potato flour. . . . The best soil in the world for growing potatoes is found in Prince Edward Island.

In the Maritime Provinces there is room for packing house products, with a possible location at Moncton. The necessary primary products, cattle, fish,

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RALPH VAN VECHTEN  
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**T**HIS advertisement will appear during June in the Saturday Evening Post, Literary Digest, Life, Time, New Yorker, Vogue, National Geographic, Harpers, Atlantic Monthly, Asia, Travel, Country Life, American Hebrew, American Legion Monthly, and Army & Navy Journal.

It will be seen by nearly 7,000,000 families, including a large number of your depositors.

For the utmost safety and convenience in traveling advise your customers to carry A-B-A Certified Cheques. If they are going abroad, give them a complimentary copy of "All About Going Abroad" when they buy their cheques.

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AGENTS: BANKERS TRUST COMPANY  
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fruit, and agricultural products are all close at hand.

Further inland there is a good opening for a button factory.

A great future for tobacco growing in Western Ontario is predicted by the Hon. J. S. Martin, Provincial Minister



JAMES P. GOODRICH  
Former Governor of Indiana.

of Agriculture. Good tobacco land can still be bought in Essex and Kent counties for \$150 to \$300 per acre.

"Canada needs American capital, American technical skill, and America needs cheap raw materials, cheap power, and the help of a young and vigorous country," said Mr. Howard, in conclusion. "As a Canadian, I can assure you that you will always find us willing and able to meet you more than half way in furthering the mutual understanding and the hearty co-operation upon which the growth of our future business relations must depend."

A closer co-operation between exporters and foreign bankers was urged by M. D. Currie, vice-president International Banking Corporation, New

York, in his address on "The Banker's Contribution to Foreign Trade." The banks, he said, could be of material assistance to such American firms as take the bold step of opening their own offices abroad. "There are too few American houses in the foreign fields. . . . How often does an agent take the trouble to thoroughly acquaint himself with conditions and complexities regarding the production of some particular line, its peculiarities, etc. The American foreign banks cannot be charged with having been illiberal to the export trade, particularly when they have been financing those American exporters who have established themselves abroad."

In return, "it is in the interest of the exporter and the domestic banker to encourage the use of any American bank having branches abroad for the collection of his bills. . . . The foreign banker regards such business as a feeder for his foreign branches, and regards such collections as an integral portion of his branch business but entirely separate from his domestic operations."

#### "BANKING SERVICE FOR FOREIGN TRADE"

J. A. H. Kerr, vice-president Security Trust and Savings Bank, Los Angeles, Calif., had quite a different conception of "Banking Service for Foreign Trade." He believes that "in a country as large as the United States, financial organization for foreign trade should be on a regional basis." To that end he suggested "the following program for providing the necessary financial organization for the regional development and stabilization of foreign trade activities:

"That the Federal Reserve banks establish branches at strategic points throughout the world, using for this purpose the surplus capital which they now carry unemployed." These branches, he said, would be apportioned equitably among the twelve reserve banks.

"Foreign branches of Federal Reserve banks would serve to eliminate a great deal of overlapping in capital invest-

ments," he continued. "They would eliminate the duplication in organization and personnel which occurs in the establishment of branches of competing private banks. . . . The regional development of foreign branches of Federal Reserve banks would insure the requisite larger units necessary and would effect a proper and desired national distribution of the benefits of our foreign commerce."

Giving real service is the only sure means of "Securing, Retaining and Expanding Export Business," R. A. Medina, vice-president J. A. Medina Company, New York, told the delegates. This means service to old customers as well as new. "It is more important to retain old business than to develop new business, because when properly handled, old business may be attended with minimum cost and effort, and with maximum satisfaction." For this reason "the proper discussion and just consideration of a claim is more important than an order."

Real service, to Mr. Medina, is no vague phrase. It means "the attention leading to the closing of a sale, information to the buyer regarding shipping, delays in transit, items short-shipped, prices on identical goods applying to future business, proper preparation of documents, transmission of papers on time to the proper parties without misspelling names or directing to erroneous addresses, covering insurance to suit the requirements of the importer, the merchandise and the particular market, attending to ocean freight at the proper rate (including supervision of weights or measurement of packages), insuring proper stowage and the preparation of commercial invoices intelligible to the foreign importer."

Another aid to foreign trade was suggested by C. M. Wynne, managing director Overseas Industries, Inc., Chicago, in his address on "Postal Helps to Foreign Trade." Said Mr. Wynne: "The division of foreign mails should be ele-

vated to the full rank and status of a bureau of the Post Office Department, under the direction of an assistant postmaster general, and reporting direct to the Postmaster General. . . . Certainly the importance of this service to our overseas trade fully justifies this change in administration, the added expense of which, if any, would be insignificant as compared to the benefits that undoubtedly would result. . . . If we really want foreign trade, we must have more than resources, more than money, more than goods. We must have conditions that will enable us to deliver merchandise to our overseas customers on an absolutely competitive basis, as to cost, convenience, and speed."

#### BROADER ASPECTS OF FOREIGN TRADE

In the general session devoted to the broader aspects of foreign trade a clash of views appeared. Speaking on the subject, "The Union of South Africa and its Trade," Eric H. Louw, commissioner for the Union of South Africa in the United States, called attention to the fact that the "United States exports to South Africa during the last year exceeded \$51,000,000, being an increase of almost \$5,000,000 over the previous year. As against this figure American imports from South Africa amounted to something over \$13,000,000. Mr. Louw expressed the opinion that "the South African exporter has every right to ask that he should receive a larger measure of business from the United States in return."

To which James A. Farrell, chairman of the National Foreign Trade Council and president of the United States Steel Corporation, replied that any scheme to compel a readjustment of trade so that sales of the United States to each foreign country will equal sales of that country to the United States is "unwise, impracticable, and, above all, uneconomic." "The demand for an even balance of

visible trade," he continued, "fails to take into account certain fundamentals of all trade, international or domestic, which in the end are always controlling. . . . The chief object of any producer is to sell substantially all his products at as remunerative prices as he can get. It is a matter of indifference whether the sale is in Buluwayo, Christmas Island, or New York.

"It is neither necessary nor wise for any nation to insist upon an even exchange of goods with any and every other nation. What one buys anywhere enables the seller to buy where he finds to his best advantage. It is the sum of all the purchases which balances with the sum of all the sales. The way to prosperity for the United States and for all other nations is along the line of increased production and lower cost, for that is what makes power to purchase and consume."

The real menace to our foreign trade, in the opinion of C. C. Martin, National Paper and Type Company, New York, is not in our faulty trade practices. They can be remedied. It is "The On-Coming Wave of Foreign Combinations" of which we must beware. "Our competitors throughout the world are drawing closer together," he said. "They are working against us in many ways. . . . It is frankly stated by many European business men that their commercial strength depends in the main on combines." American business men must take similar action to protect themselves. At present the Sherman Anti-Trust Act stands in the way, but "the time has arrived for the business interests of the United States to demand not alone that the status of trade combinations be clarified, but that our laws be so amended that reasonable freedom and fair play will be accorded us in our commercial activities. We have made a fetish of free competition, without defining of what this consists and, indeed, without knowing."

# PROBLEMS IN BANK CREDIT

BY M. E. ROBERTSON

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.

**QUESTION:** There are, no doubt, many readers of THE BANKERS MAGAZINE who are not in cities of important size and, due to the low rates which have prevailed for commercial paper, for some time, do not come into contact with credit problems involving detailed analysis of financial statements. Of course, when rates on commercial paper are such that these banks are buyers, they naturally become more interested in statement analysis and probably follow closely current discussion regarding it. Their problem is, however, generally much different from that of the city banker. We should like to have a discussion from your magazine regarding the aspect of loans to the country banker and what credit systems he might profitably employ.

A. E. S.

**ANSWER:** THE BANKERS MAGAZINE is read very extensively by bankers not located in important banking centers. It is the aim of the magazine to give information of interest to all its readers, city and country alike. This column as well as all other columns will welcome questions or information of general interest. We would particularly like to have more questions for the credit column from the banks in smaller towns and cities. Loans of banks of towns and cities of 25,000 inhabitants and less, are generally much different from those in larger places. If the town is the suburb

of a large city and made up of people who find employment in that city, the set-up is still different from a town made up of one or two large manufacturing concerns, employing labor many times largely of a foreign class. In the case of the town which is a suburb, many times the amount of business is not great because much of the money earned in the large city is spent there. In either case, therefore, there is no business which involves large capital, etc., but mostly one and two-man propositions. No elaborate accounting systems are maintained, book-keeping is crude and many times not as complete as it should be.

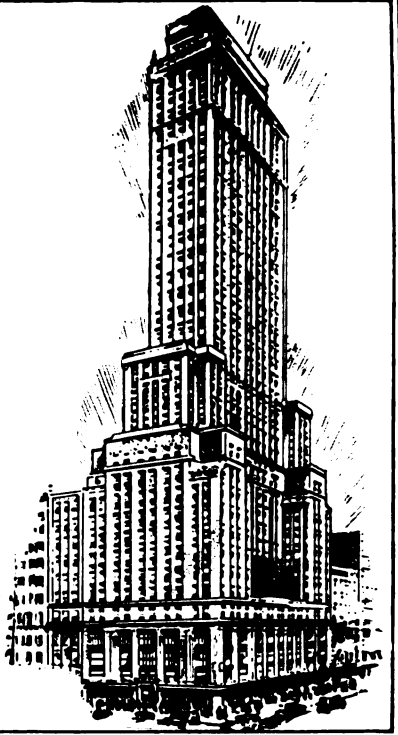
It is difficult to secure accurate financial statements from such customers and often it is necessary to have the man sit down at your desk and by careful questioning get his financial picture. It is, perhaps, a good thing to carry a supply of Federal Reserve statement blanks on hand and when you have such a customer, question him carefully, fill out the blank and get him to sign it. This is at least a signed statement, gives some support to your action in loaning him and often is all you can expect to get. There are some, of course, who keep fairly good records and can give you a more accurate statement. Such statements do not require much analysis from a ratio standpoint. The analysis comes in having an idea who owes the man money (you know many times how good they are),



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to whom he owes money and a knowledge of the value of his real estate holdings. Practically all of these small town merchants show an important part of their net worth in real estate. The local banker knows the value per foot front of the land on the street where he claims holdings, or the value of his acreage and construction, and makes a quick appraisal, taking into consideration mortgages.

The big thing, however, is that the country banker usually knows his man. He knows his habits, what church he goes to, what company he pals with, what kind of a house he lives in, how often he has a new automobile, etc. In short, he usually knows whether he is honest or dishonest, truthful or untruthful, thrifty or a spendthrift. His willingness to loan being largely based on character, the statement is more or less secondary.

It would seem that in every bank of total resources of \$1,500,000 or more, some sort of a credit file should be maintained. Some sort of light weight folder

should be used. It should contain the financial statements and have some sort of a form sheet on which is marked the line of credit as arranged by the officers or loan committee.

An occasional review of these files by the officers or loan committee, getting after some customers for new financial statements, will do much to improve the credit structure. A policy could well be decided upon with regard to the limit of credit without a financial statement. It might be decided that for any loan in excess of \$500 or \$1000 a financial statement must be furnished by the borrower. Very often one of the greatest sources of embarrassment to a country bank is its slowness to act on extending credit. The customer calls and the officer tells him the loan committee meets next Wednesday and to call back Thursday. If the loan committee does not care to give officers power to loan, it would be time well spent to establish a file similar to that mentioned above and arrange lines of credit for merchants so far as possible. The officer can act im-

**B**ANKS in other parts of the United States, which need, from time to time, to employ the banking, trust and collection facilities of a Los Angeles institution, have learned that from Security Trust & Savings Bank they obtain a service which includes a widespread covering of the Los Angeles Metropolitan Area, through 52 Branches, a well-organized Credit Department, a strong and capable investment subsidiary (Security Company) and a Department of Research, operated by trained economists.

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mediately usually (if the line established is a fair one) and by thus giving prompt action his own standing and the bank's standing is helped. It is good advertising. The writer has been connected with both country and city banking and is aware of the different problems which befall the two. We trust that the foregoing is of some value.

**QUESTION:** A company owns a machine which is carried in its assets at \$5000. On the liabilities side the company is carrying a reserve for depreciation against it for \$2000. It purchased a new machine costing \$7500 and is given credit by the company from which it purchased it of \$1500 for the old machine. It gives notes for the balance of the purchase price of \$6000. What would be the proper bookkeeping entries?

I. H. L.

**ANSWER:** The journal entries would be as follows:

	Debit	Credit
Machinery and fixtures ..	\$ 7,500	\$ 5,000
Profit and loss .....	1,500	...
Reserve for depreciation..	2,000	...
Machine Mfg. Co. ....	1,500	7,500
	<hr/>	<hr/>
	\$12,500	\$12,500

The above is made up of the following combination:

To write off old machine:

	Debit	Credit
Machinery and fixtures ....		\$5,000
Reserve for depreciation...\$	2,000	...
Profit and loss.....	1,500	...
Machine Mfg. Co. ....	1,500	...
	<hr/>	<hr/>
	\$5,000	\$5,000

To take care of new machine:

	Debit	Credit
Machinery and fixtures ....	\$7,500	...
Machine Mfg. Co.....	...	\$7,500
	<hr/>	<hr/>
	\$7,500	\$7,500

**QUESTION:** A large packing company does not charge off depreciation but rather charges off all repairs and considers that property is being maintained

in first class condition. We have never before noticed a company handling the problem in the same manner. It did not seem to us to be a good practice and would appreciate any information THE BANKERS MAGAZINE will give on this matter.

G. T.

**ANSWER:** This is not the normal procedure and while there have been a few who have followed the practice, it is not generally accepted as the best and most proper. The theory as you state it is that the plant is maintained in its original condition and is as valuable as it was originally. While true to a certain degree, it does not seem the most conservative policy. In other words, a normal annual allowance based upon the expected normal life of the plant is more conservative. Maintenance takes care of the units only at the time that they are so badly depreciated that they are rendered useless.

These charges might be heavy in one year and light in another, and earnings fluctuate more greatly on this account. Certain machines or construction may be rendered useless sooner than anticipated and must be replaced. Maintenance requires a heavy charge against earnings (perhaps the full benefit cannot be gained in income tax) while a normal depreciation would at least have written part of this off against past earnings and make the charge against current earnings more moderate. Maintenance, in other words, keeps up the same efficiency of the plant but does not set about to provide a systematic prevention from impairment of total investment. While the law of averages enters to a certain degree in the case of maintenance, it may ordinarily be said that in the average case the cost of maintenance increases with the age of the assets.

**QUESTION:** What do you consider is to be gained by the use of the ratio of receivables to merchandise? I have seen this ratio mentioned several times recently.

P. C. H.

**ANSWER:** This ratio was developed more recently than the other statement ratios which are found in general use. It was developed by Alexander Wall, who has been the foremost individual in the development of statement analysis by means of ratios and a weighed index. You are probably familiar with his works. His theory of the receivables to merchandise ratio, the writer believes, is its use as a qualitative ratio. As an individual ratio it, of course, does not seem to mean a great deal. When used in the analysis of statements covering a period of years, it becomes an interesting qualitative ratio, showing the relationship between these two important current asset items. When this ratio enters into the formation of a weighed index and the preparation of an index figure, such as suggested by Alexander Wall, its value becomes more apparent.

#### MICHIGAN SAFE DEPOSIT ASSOCIATION ELECTS OFFICERS

THE Michigan State Safe Deposit Association, at its annual meeting, elected officers as follows: President, Cecil Hunt, vice-president of the Detroit Savings Bank; first vice-president, H. H. Wolbert, Guardian Trust Company, Detroit; second vice-president, T. S. Cowing, of the Genesee Savings Bank, Flint; secretary, Mary Jane Cooper, Union Trust Company, Detroit; treasurer, R. J. Wright, Highland Park State Bank.

These officers, with the following, constitute the board of trustees: For one year, H. C. Worfel, Grand Rapids Trust Company; for two years, E. C. Roberts, People's State Bank of Detroit; for three years, R. S. Simons, Detroit Savings Bank.

The election of Miss Cooper to the position of secretary is unique in the history of the organization, inasmuch as this is the first time a woman has been so honored.



## RESERVE CITY BANKERS URGE BETTER ACCOUNTING METHODS AT MEETING; DOWNING MADE NEW PRESIDENT

**T**HE Association of Reserve City Bankers at its annual meeting held at Pittsburgh, May 19-21, elected as president John R. Downing, vice-president of the Citizens Union National Bank of Louisville, Ky. John F. Flournoy, Jr., vice-president of the Whitney Central National Bank of New Orleans, was elected vice-president; and Fred Brenchley, vice-president of the Marine Bank & Trust Company of New Orleans, was elected treasurer. New Orleans was selected as the next meeting place.

The following were elected directors: Clark Hammond, vice-president Keystone National Bank, Pittsburgh; Harris C. Kirk, vice-president American Trust Company, San Francisco; Dan W. Jones, vice-president Mississippi Valley Trust Company, St. Louis; Stewart McGinty, vice-president Fourth National Bank, Atlanta; and Charles M. Ransdell, vice-president Manufacturers & Traders-Peoples Trust Company, Buffalo.

Hal Y. Lemon, retiring president, vice-president of the Commerce Trust Company, Kansas City; William F. Augustine, vice-president National Shawmut Bank, Boston; Joseph R. Kraus, vice-president and executive manager Union Trust Company, Cleveland; and W. M. Massie, vice-president of the Fort Worth National Bank, are hold-over directors. Joseph J. Schroeder, Chicago, continues as secretary.

The report of the secretary showed a full membership, which is limited to 400 by the by-laws, and a considerable waiting list. The following resolutions, adopted at the final session of the convention, indicate the tenor of the discussions and the findings, touching as they do the most vital problems of American banking, are of considerable interest:

"We extend our sympathies to the residents of the great Mississippi Valley who have suffered as a result of the re-

cent flood conditions. We believe that the prevention of a recurrence of this catastrophe should not be left solely to the communities involved, but is a matter of such national importance that the Federal Government, which owns and controls our navigable waterways, should



JOHN R. DOWNING

Vice-president of the Citizens Union National Bank of Louisville, Ky., and new president of the Association of Reserve City Bankers.

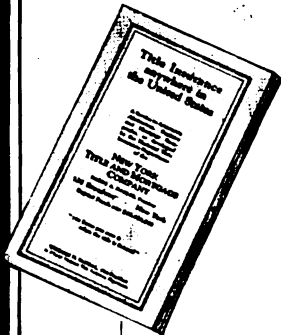
promptly and effectively carry out whatever program is necessary to make this area a safe place for people to live and earn their livelihood.

### BETTER ACCOUNTING METHODS URGED

"We most heartily indorse the recommendations of P. S. Wiseman, comptroller of the Union Trust Company, Cleveland, and Leo Belden, vice-president of the Bank of Italy National Trust and

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Savings Association, San Francisco, as presented to this convention, that:

"1. Banks extend and amplify their systems of accounting so as better to reflect their income and expenses, thus obtaining a complete picture of their operation from month to month and year to year; and

"2. Banks institute budgetary control of costs over every department, function and activity of the institution.

"We heartily indorse the recommendations of W. F. Augustine, vice-president National Shawmut Bank of Boston, and O. Howard Wolfe, vice-president Philadelphia-Girard National Bank, Philadelphia, that banks adopt a uniform system of interest calculation on balances maintained by correspondent banks.

"We concur in the recommendations of Fred Brenchley, vice-president of the Marine Bank and Trust Company, New Orleans, that great care should be exercised by banks in seeing that commodities forming the basis of loans be insured and that proper legislation as to insurance coverage should be enacted protecting banks loaning on trust receipts.

"We concur in the views of Guy Emerson, vice-president of the Bankers Trust Company, New York, and F. F. Florence, first vice-president of the Republic National Bank of Dallas, Texas, as expressed by them to this convention, that relationships between banks have, since the establishment of the Federal Reserve Act, become more, rather than less, important. The growing complexity and importance of the problems presented to bankers together with the constantly increasing contacts arising from nation-wide business operations, make the close co-operation of bankers in different cities a matter of prime business necessity.

"We believe that business conditions are at present sound, and that the continuance of those conditions depends to a marked degree upon the ability and willingness of the bankers of the country to properly counsel with their customers on the problems of production,

sales policies and conservative financing. We point out to our members that upon you, to a very large degree, rests the responsibility for keeping business in safe channels.

#### PROPER SUPERVISION OF FINANCE COMPANIES

"We urge the proper supervision of finance companies by our member banks,



● BLANK & STOLLER, INC.

HAL Y. LEMON

Vice-president the Commerce Trust Company, Kansas City, and retiring president of the Association of Reserve City Bankers.

both in the matter of the character of their loans and the handling of the collateral behind their obligations, to the end that instalment credit, which is in itself sound, shall not become a menace through its improper use.

"We believe that in our trustee relationships with finance companies there should be a greater uniformity of practice and that in general a closer check of collateral should be insisted upon.

"We indorse the issuance of bonds se-

cured by mortgage on real estate and buildings when essential to the physical growth of our communities. We urge upon our members their constant insistence that their customers limit their activities in this regard to obligations which are not only sound in themselves from the standpoint of security but which are issued in the financing of an enterprise for which a real need exists.

"We reiterate our confidence in the fundamental soundness of American banking institutions and American banking methods. At the same time we deplore the record of bank failures over the last seven years. As corrective thereof, we urge the constant consideration of the following principles:

"1. More effective administration of the existing methods of governmental supervision, including increased power to restrict issuance of unnecessary bank charters, the elimination of politics in the selection of bank superintendents and

examiners, and more thorough and more frequent examinations.

"2. The installation of a system of clearing house examination in additional cities and country communities which would provide continuous supervision and thorough and complete examinations by privately paid examiners and under the leadership of clearing house committees.

"3. Better self-supervision of banks by directors and officers including a clearer definition of the duties and responsibilities of bank directors and a more thorough understanding on the part of bank officers of the importance of building credit files, maintenance of secondary reserves and diversification of assets.

"4. The establishment of additional educational facilities for the better training of bank officers and prospective bank officers with the object of increasing the available supply of trained bank executives."

## THE MAN WITH AN EIGHT-DOLLAR CHEQUE TO CASH

Reprinted, with permission, from *The New Yorker*

HE approaches the portals of the Great Consolidated & Metropolitan Trust Co., on Fifth avenue, gazes inside, and then walks hurriedly by. He removes his cheque furtively from his wallet, makes sure the signature and the endorsement are satisfactory, and, wheeling in his tracks, enters the building briskly. Walking past a doorman and two guards, he makes for an empty window, only to discover it is for deposits. He then takes his place at the end of the line at the paying teller's window, and wishes his cheque were for ten dollars instead of eight. But he is somewhat encouraged as he regards the shabbily dressed individual in front of him. The line moves up, he sees a lady at the window receiving a considerable number of yellowbacks, and wishes his cheque were for a hundred dollars. The shabby man in front of him greets the

teller cheerfully, whereupon the latter smiles pleasantly, reaches in the drawer, wets his fingers, and hands out a thousand dollars in hundreds, fifties and twenties. The shabby man says "Thank you," and departs. Our friend hands the cashier his cheque. The cashier looks blank and asks: "Have you an account here?" He replies: "No, but this is my brother-in-law's endorsement." The cashier deliberates for a long period and then suddenly asks: "Are you John Gordon?" He gulps and then replies "Yes," bravely. The cashier thereupon draws out a five-dollar bill and three ones, counting them carefully three times. His victim suspects sarcasm but remains mute, stuffs the eight dollars in his overcoat pocket with a great show of nonchalance, and stumbles out of the bank.—*Parke Cummings.*

# 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

## PROVISION AS TO ADDITIONAL SECURITY RENDERS NOTE NONNEGOTIABLE

First National Bank of Fort Dodge v. McCartan, Supreme Court of Iowa, 213 N. W. Rep. 408.

**A** PROVISION in a promissory note to the effect that the holder may demand additional security at any time he deems himself insecure and that the note shall mature and become payable upon a failure to comply with his demand renders the note non-negotiable.

In this case, the plaintiff bank sued the defendants as makers of a promissory note for \$7500. The plaintiff purchased the note for full value and had no knowledge that the defendants had or claimed to have any defense to the note. The defendants showed that the note was an accommodation note and that they received no consideration for it. The defendant's liability depended upon whether or not the note was negotiable. If the note should be regarded as a negotiable instrument, the plaintiff bank, as a holder in due course, would be entitled to enforce it. But, if it should be regarded as nonnegotiable, the defendant's defense of lack of consideration would be good as against the plaintiff.

The note contained a provision that "should the holders of this note at any time deem themselves insecure, they may demand such additional security as may seem to them necessary; a failure to comply with such demand causing this note to become due and payable at once."

It was held that the note was rendered non-negotiable by this clause and that the plaintiff bank, therefore, could not recover. The effect of the clause was to place it in the holder's option to declare the note due at any time. This made the note uncertain as to time of payment and

one of the requirements of negotiability is that the instrument must be payable at a fixed or determinable future time.

Action at law upon a promissory note. The defense was that the note was an accommodation note, and that it was delivered in blank to one C. B. McCartan, to be used as accommodation of a certain bank; that C. B. McCartan inserted his own name therein as payee and negotiated the same in breach of faith. It was also averred that the note is non-negotiable in form. Plaintiff's reply pleaded an estoppel. The trial court entered judgment dismissing the petition, and the plaintiff appeals. Affirmed.

EVANS, C. J. The signers of this note were J. H. McCartan (now deceased) and R. B. McCartan. The note was without doubt an accommodation note. The only question in dispute was: Who was the party to be accommodated?

The First National Bank of Pocahontas and the McCartan State Bank of the same city appear to have operated as mutual adjuncts of each other. They occupied the same building, and had many officials in common. Much of the stock of both banks was owned by C. B. McCartan and his mother, Ella, and his brother Theo. C. B. McCartan was the cashier of the McCartan State Bank, though without authority to make loans or to borrow money. The signers of the note were uncles of C. B. McCartan, and they had previously aided him and his mother financially. A voluntary assessment of approximately 100 per cent. had been made upon the stockholders of the two banks. Just prior to the date of the note, August 8, 1923, C. B. McCartan visited his uncles on the farm and asked for aid. The form of the requested aid was that they should sign an accommodation note for \$7500. This was on Sunday. A blank note was left with them. On Monday morning they signed it without filling up any of the blanks,

and mailed it without a letter to C. B. McCartan. C. B. McCartan filled the blanks therein by inserting his name as payee and fixing the amount thereof at \$7500, and the due date as one year. He thereupon negotiated the note to the McCartan State Bank and received to his credit the full amount thereof, all of which he then and there applied upon the payment of the assessments made against the stock of his own, and of his mother and of his brother. A few days later the McCartan State Bank negotiated the note for full value to the plaintiff herein. The principal defense urged against the note is that the signers of the note became accommodation makers to "the bank" only as the accommodated party, and that C. B. McCartan was not authorized to insert his own name as payee and thereby to make himself the accommodated party. Which of the two "banks" should have appeared as payee of the note in order to conform to the directions of the makers, is nowhere disclosed in the record. Two principal questions are presented by the appellant for our consideration.

[1] I. The first of these questions is: Was the note negotiable in form? If yea, the plaintiff would be entitled to recover upon this record. The note contained the following acceleration clause:

"It is also agreed that, should the holders of this note at any time deem themselves insecure, they may demand such additional security as may seem to them necessary; a failure to comply with such demand causing this note to become due and payable at once."

Because of this provision, the defendants urge the nonnegotiability of the note. The question thus raised is one which is involved in irreconcilable conflict as between judicial decisions in the various states. It will be noted that, though this provision does not purport in terms to render a note due upon the mere will or election of the holder, yet such is its practical effect. There is no limitation therein upon the holder of the note as to the extent or nature of the securities

which he may demand at his own option. It must be said, we think, that this provision puts it in the power of the holder, if he so desires, to render the note due at any time. We are committed to the doctrine that such a provision is effective to render a note uncertain as to time of payment and therefore to render the same nonnegotiable. *Iowa National Bank v. Carter*, 144 Iowa, 715, 123 N. W. 237, and in *Quinn v. Bane*, 182 Iowa, 843, 164 N. W. 788.

[2] It is urged by the appellant that our opinion in *Bank v. Carter* was later modified in the case of *State Bank of Halstad v. Bilstad*, 162 Iowa, 433, 136 N. W. 204, 144 N. W. 363, 49 L. R. A. (N. S.) 132. The opinion in that case, as originally filed, did contain one sentence which modified our holding in the *Carter* Case. On rehearing a supplemental opinion was filed, withdrawing that sentence from the original opinion. True, from evident oversight, the supplemental opinion was never printed in the official reports, but was printed in 144 N. W. 363. The reporter did, however, insert in the original opinion, as officially published in 162 Iowa, 433, a reference to the supplemental opinion, as it appeared in 144 N. W. 363. It must be said therefore that our holding in the *Carter* Case has never been modified. On the contrary it was confirmed in *Quinn v. Bane*. The accelerating provision in question in effect reserved to the holder the right to change the contract at his own will, without any indication as to what such change should be. The appellant (plaintiff) relies upon certain others of our later cases, notably *Bank v. Arthur*, 163 Iowa, 205, 143 N. W. 556, Ann. Cas. 1916C, 498. What we held in that case was that certain non-negotiable provisions, contained in a mortgage securing a negotiable note, would not be incorporated in the note for the purpose of destroying its negotiability, and this even though such provisions, if contained in the note itself, would have rendered it nonnegotiable. The citations made in that opinion from

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December 31, 1923 .	\$ 5,069,317.96
December 31, 1924 .	10,448,173.99
December 31, 1925 .	15,171,402.62
December 31, 1926 .	19,400,134.32

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other jurisdictions were cited only to the proposition there decided. Some of the citations thus made are now relied upon by the appellant as being aligned in support of the doctrine (contrary to our holding), that no acceleration of the due date of a note can render it nonnegotiable. It is urged by appellant that we have approved these cases by reason of our citation thereof. Manifestly we have approved them only so far as they bear upon the question involved in the Arthur Case.

We are constrained to hold, therefore, that the district court properly held the note in suit to be nonnegotiable in form.

[3, 4] II. Our conclusion in the foregoing division reduces the case to a question of fact. The action is at law, and the finding of the district court as to the facts are binding upon us, unless it is lacking in support by the evidence. If the case were triable here de novo, there is much that could be said for a contrary finding upon the record. We are unable to say, however, that the finding of

the district court has no support in the evidence.

[5-7] The reply of plaintiff pleaded an estoppel against the defendant. This pleading was not in terms considered by the trial court in rendering decision. It is earnestly urged by the appellant that the facts appearing from the record are such as to work an estoppel against the defendants to set up this defense. These facts are, as contended, in substance, that the defendants intrusted the note in question to their nephew in blank form and to no one else; that he was presumptively authorized to fill in the blanks; that they did not in terms forbid or specify any particular limitations upon his authority; that they put it in his power to negotiate the note to innocent persons for full value. The pleading has its appeal. Its infirmity is that it discloses nothing other or more than would be available to the innocent holder of a negotiable instrument. To sustain the estoppel upon these facts would put the holder of a nonnegotiable note in pre-



cisely the same position as the holder of a negotiable one. As a holder of non-negotiable paper, the plaintiff was charged with notice of the want of authority of C. B. McCartan to insert his own name as payee in such note. Having such notice, it could not predicate an estoppel upon an alleged want of such notice. It is undoubtedly true, as contended by appellant, that the doctrine of estoppel operates in favor of a holder of nonnegotiable paper. But in such case the estoppel must be predicated upon something other than that he was an innocent purchaser for value. Circumstances might arise which are quite independent of the law of negotiable instruments, and which would operate as an estoppel in favor of the holder of nonnegotiable paper. Suppose, for instance, that the plaintiff had purchased the note upon assurance from the signers that it was valid. In such a case an estoppel would operate, regardless of the negotiability of the instrument. No facts are disclosed in the record as presenting an estoppel, which relieved the plaintiff in any respect from its status as a holder of nonnegotiable paper. We are of opinion, therefore, that, upon the facts of the record, the plea of estoppel was not available to the appellants.

The judgment below must accordingly be affirmed.

Affirmed.

#### OFFICERS OF UNINCORPORATED ASSOCIATION PERSONALLY LIABLE ON NOTE

Vorachek v. Anderson, Supreme Court  
of North Dakota, 211  
N. W. Rep. 984.

The officers of an unincorporated association who signed a promissory note in the name of the association as such officers will be personally liable on the note, even though they do not intend to assume such liability and believe that they are not legally responsible. This

is because a voluntary or unincorporated association is not a legal entity and cannot be sued except through its individual members.

The note which was sued on in the present case was signed in the name of a baseball association by the defendants, its officers, in the following manner:

"Dickinson Baseball Association,  
"By J. C. Anderson, President.  
"By Fred J. Flury, Secretary."

Action by Frank L. Vorachek, as receiver of the Dakota National Bank of Dickinson, against J. C. Anderson and another, doing business as the Dakota Baseball Association, and others. From an adverse judgment, defendants J. C. Anderson and another appeal. Affirmed.

BURR, J. This is an action on a promissory note, signed "Dickinson Baseball Association, by J. C. Anderson, President, and Fred J. Flury, Secretary." The Dickinson Baseball Association was voluntary, composed of a large number of the residents of Dickinson, and organized for the purpose of furnishing baseball amusement during the season of 1921. One H. E. Skauge, cashier of the Dakota National Bank and codefendant in this case, acted as treasurer, and during the season his bank advanced sums of money from time to time to the association by paying the bills, so that the association account in the bank was overdrawn to the extent of \$1400, the face of the note afterward given. The cashier was anxious to have the account in proper shape, and approached the defendants Anderson and Flury for the purpose of getting a note. As usual, there is some conflict in the testimony, but the contention of the defendants Anderson and Flury is that the first note presented to them for signature was one whereby they themselves would be the makers in person. They claim they refused to sign such note, and thereafter the cashier changed the proposed note so that it was signed Dickinson Baseball Association, by president and secretary. On the back of the note was written the

following guaranty: "We hereby guarantee the payment of this note, waiving demand, nonpayment and protest"—which bears the signatures of the defendants Anderson and Flury, H. E. Skauge, and one A. P. Nachtwey. It is the contention of the defendants that at the time of the signing of the note there was an agreement between Anderson and Flury and the cashier that by signing the note "Dickinson Baseball Association, by J. C. Anderson, President, and F. J. Flury, Secretary," these defendants would incur no personal liability, and there was a further contention that the guaranty on the back of the note was not to go into effect until the same was signed by fifteen persons, and that the cashier made such promise and inducement and had possession of the note and kept it for the purpose of getting these other signatures. The trial court found against the defendants. Findings of fact were waived by the parties. Judgment was rendered against the defendants Anderson and Flury and H. E. Skauge, and the case dismissed as to defendant Nachtwey. The defendant Skauge defaulted in the action and the defendants Anderson and Flury appeal to this court from the judgment rendered against them.

It will be observed that this indebtedness sued upon is the indebtedness of a voluntary association which has no standing in court so that it can be sued as a legal entity. There is no question about what the defendants Anderson and Flury were members of this association. The record shows these defendants were the acting officers, together with the cashier Skauge, who appeared to act as treasurer. They were the active managers of the association, and knew of the debts contracted, and knew that they were paid, or being paid, by the bank. Being members of the association, the debts of the association were their debts. The making of the note did not create the liability. They were already liable. Hence any promise or agreement of the cashier would be of no avail. The note sued upon reads as follows:

"\$1400.00.

"Dickinson, North Dakota, Sept. 6, 1921.

"On demand after date for value received we promise to pay to the order of Dakota National Bank of Dickinson, fourteen hundred dollars at the Dakota National Bank, Dickinson, N. D., with interest payable semiannually at the rate of 10 per cent. per annum before and after maturity and if interest is not paid when due to become as principal and bear same rate of interest.

"The makers, sureties, indorsers and guarantors of this note hereby severally waive presentment for payment, notice of nonpayment, protest and notice of protest.

"Due demand.

"Dickinson Baseball Association,

"By J. C. Anderson, President.

"By Fred J. Flury, Secretary."

There is no contention that the money was not advanced nor that the debts were not incurred. The main defense which the defendants interpose is to the fact that they were not to be liable personally upon the note. The record shows the defendant Skauge was a member of the association and was not in position to waive the liability of his comembers. Defendants contend that by signing the note, "Dickinson Baseball Association, by Anderson, President, and Flury, Secretary," they signed in representative capacities only. The rule is well settled that "an association not engaged in business enterprises, and the objects of which do not contemplate profit or loss, is not a partnership, and the liability of its members for debts contracted in behalf of the association is governed, not by the principles of partnership, but by those of agency. Membership, as such, imposes no personal liability for the debts of the association; but to charge a member therewith it must be shown that he has actually or constructively assented to or ratified the contract upon which the liabilities is predicated." 5 C. J. 1363.

The Dickinson Baseball Association was evidently composed of a large num-

ber of members. Being members of the Baseball Association as such would not create a personal liability, but in the case at bar we have two of the members actually assenting to the contract upon which the liability is predicated. True, they claim that when they signed, they signed solely on the ground that they were acting only as agent and with no intention to bind themselves personally; in fact, that there was a distinct agreement that they were not to be bound. In the case of *Detroit Light Guards Band v. First Mich. Ind. Infantry et al.*, 134 Mich. 598, 96 N. W. 934, it is held:

"One who makes a contract on behalf of a voluntary association is personally liable thereon, although he is acting only as agent for the association, and does not intend to bind himself."

If "an officer of a voluntary association enters into a contract in behalf of the association, he is liable thereon as an individual, irrespective of the liability of the associate members, although he does not intend to render himself liable and believes that the law does not render him so." 5 C. J. 1351.

This rule is upheld in the case of *Medlin v. Ebenezer Methodist Church et al.*, 132 S. C. 498, 129 S. E. 830. This court says:

An "officer of [an] association having authority to do so, and entering into contract on behalf of association thereby binds all members, including himself, and generally incurs an individual liability irrespective of his liability as member."

The alleged agreement between the cashier and the defendants could not alter the liability of the defendants to the bank. The bank is in the situation of saying:

"We have a note signed by the Dickinson Baseball Association, and this association is not a legal entity, and you gentlemen whose names are attached to the note as officers are the only members of the association we know, and so we are suing you under that name; if there are any others, you could have had them interpleaded."

Because of the lack of findings, we cannot say with certainty what the facts are as understood by the district court. The case was properly triable to a jury, and the jury was waived. In such case the decision of the court on the facts, as said by this court in the case of *State Bank v. Maier*, 34 N. D. 259, 268, 158 N. W. 346, comes here with all the presumptions in favor of its correctness. Appellants must be able to show the court that such findings are against the preponderance of the evidence. This rule is stated clearly in *Griffith v. Fox*, 32 N. D. 650, 156 N. W. 239. It is the contention of the plaintiff that the defendants ratified this agreement contained in the note, and there is nothing to indicate they did not. Evidently the court did not hold the defendants on the guaranty, as he dismissed the case against *Nachtwey*. Appellant cites the case of *Jarski v. Jones et al.* (N. D.) 201 N. W. 688, to the effect that this case is authority for the limitation of liability in a case of a nonentity. We do not so construe this case. In the case cited, the complaint alleged the making of a note signed, "Stockholders' Account, by John R. Jones—Chas. Heim." The complaint did not say whether "Stockholders' Account" was a legal entity or not, and therefore not showing it was a nonentity, the complaint on demurrer was held to be a complaint against John R. Jones in a representative capacity. The court in effect said:

"We do not know whether 'Stockholders' Account' is a legal entity or not; you do not show this; therefore we assume Jones signed merely as a representative."

In the case at bar it is conceded the association is not a legal entity. The defendants entered into the contract intending to bind this association, and by doing so they bound the association, but they themselves are the association, and so they bound themselves.

The trial court found correctly that they were liable, and the judgment is affirmed.

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# AMERICA'S FOREIGN INVESTMENT POLICY

BY THOMAS W. LAMONT  
Of J. P. Morgan & Co.

An address before the International Chamber of Commerce, American section, at Washington, D. C., May 2, 1927.

**W**HAT is America's policy as to foreign investments? When I ask this question I am referring in no way to the obligations of foreign governments which the United States Treasury holds, nor to its manner of treating those obligations. I am dealing solely with the foreign loans or investments made by American citizens.

Suppose we look first at our financial dealings with our nearby neighbors. The loans made to Central American and West Indian governments have (with the exception of the Cuban, to which American loans now outstanding aggregate \$79,464,900) been negligible in amount.

## THE MEXICAN DEBT SITUATION

Mexico, prior to the series of revolutions which all the friends of Mexico hope are now ended, borrowed extensively in the foreign markets. I happen to be chairman of an international committee formed in 1919 to endeavor to protect the interests of the holders of Mexico's foreign bonds which aggregated (with accrued interest) about \$725,000,000 (including the national railways' debt). Upon the invitation of the Mexican Government I visited Mexico in 1921 in order to study the foreign debt situation with the government officials. In pursuance of agreements subsequently entered into our protective committee has received from the Mexican Government upwards of \$30,000,000 gold for distribution to bondholders.

It is true that such sum represents only about a quarter part of what was due upon the original obligation. Nevertheless, the remittance by the Mexican Government of a sum as considerable as that stated is evidence of an earnest desire on the part of the Mexican State to fulfil its obligation to its foreign creditors.

The handling of the land and oil questions has, however, had the effect of discouraging most of the British and American oil companies operating in Mexico, and their oil production has fallen off heavily. For instance, the production of oil, which in 1922 amounted to 182,200,000 barrels, fell in 1925 to 115,500,000 barrels, and in 1926 to 90,500,000 barrels. The production in 1927 is hard to estimate, but if continued at only the present rate will be materially below that of 1926. The taxes levied by the government upon the production and export of oil form its greatest single source of revenue, and this diminished production of oil has cost the government heavily; for the taxes, which in 1922 amounted to almost 86,000,000 pesos, produced in 1926 only 37,235,000, and will in 1927 produce even less than the latter amount.

Until these perplexing questions now at issue approximate settlement, it is not probable that Mexico will invite foreign capital to seek outlet there on any large scale. I believe that the United States has the greatest possible friendliness for its nearest neighbors on the south and desires for them nothing but peace and prosperity. I know of no group in the United States, having direct contacts or

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dealings with Mexico, that is not anxious to meet all questions at issue in the same spirit of patience and good-will which, it seems to me, the Administration at Washington has shown. The country undoubtedly noted with great satisfaction President Coolidge's hopeful utterances recently as to relations with Mexico.

As to Central American countries, south of Mexico, for instance, Nicaragua, American bankers have been charged in some quarters with seeking to make loans to Nicaragua and then invoking the aid of the American Government to protect such loans. It so happens that the firm of which I am a member has never had the slightest interest in loans accorded to the government of Nicaragua. Therefore, possibly I may speak without prejudice of certain facts that are apparent with relation to financial conditions there.

### THE SITUATION OF NICARAGUA

It was in 1911 that at the request of the American Government certain American bankers undertook to render financial assistance to Nicaragua. Since that time Nicaragua has benefited by a striking reduction of its public debt, from approximately \$32,000,000 to approximately \$6,625,000, largely through adjudication of claims, funding of outstanding obligations and careful handling of government revenues. Nicaragua, whose currency was in complete chaos in 1911, now owns a national bank which has paid \$290,000 in dividends since its formation in 1912, and in addition has built up from earnings a surplus of approximately \$300,000. American engineering skill has taken the chief railway of Nicaragua, which sixteen years ago was described as a streak of rust, and from a broken down and unprofitable road has turned it into an efficiently operated property. Previous to the present revolution the earnings from the railroad and from the bank, both of which were entirely owned by the government of Nicaragua, were sufficient to pay the entire interest charges on the government's foreign and domestic debts.

It is only fair to say that American banking guidance of Nicaragua's financial affairs caused business there to grow and prosper; and such American commercial interests as now exist in Nicaragua are these American bankers having put the country on a gold basis, of having secured an efficient and honest collection of revenue, of having organized and successfully managed the national bank, and of having rehabilitated the national railroads that effectively served the industrial needs of the country.

Incidentally, two points may be noted. From 1911 until the end of 1925 (covering the latter part of the Taft, the two Wilson, the Harding and the Coolidge administrations) the American Government maintained a small legation guard in Nicaragua. During that period the country was stable and prosperous. The



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accomplishments in behalf of the government which I have described were being steadily carried on. The marines were withdrawn in 1925, a revolution began, and the Nicaraguan government has now been obliged to go again heavily into debt. The other point is that bankers never took part in Nicaraguan affairs until the United States Government under President Taft undertook to negotiate a treaty with Nicaragua calling for financial co-operation on the part of American nationals.

The cases of the Haitian and Dominican Republics have much that is in common. In the ten years prior to 1915 there was almost constant bloodshed and terror in Haiti. Conditions became so desperate that, as Mr. Wilson's Secretary of State, Mr. Lansing pointed out in his letter to the Select Committee of Congress on Haiti, it became evident to the Administration after the violation of the French Legation that "if the United States had not assumed the responsibility (of action) some other power would. To permit such action by a European power would have been to abandon the principles of the Monroe Doctrine."

## AMERICA'S AID TO HAITI

Under the treaty ratified between Haiti and the United States in 1916, the American Government undertook to use its good offices to provide Haiti with an

efficient and stable fiscal administration, and in 1919 a consolidation loan of \$16,000,000 was issued by American bankers. In 1915, prior to American intervention, Haiti's public debt stood at approximately \$36,000,000. Today it has been reduced to less than \$22,000,000. Budgets have been balanced regularly and instead of the usual annual deficit the Haitian Government now keeps a surplus of about \$5,000,000 on hand; roads and other public works have been constructed; an agricultural department has been established under American experts to teach the Haitians better farming methods; the gendarmerie has been established with both native and American officers, and sanitary conditions have been immensely improved.

## THE RECORD OF SAN DOMINGO

The record of San Domingo has been less turbulent than that of Haiti. Yet under circumstances that were becoming intolerable the American Government intervened in 1916 in the affairs of this Caribbean neighbor of ours. When the Dominicans failed to co-operate in the American plan for peaceful administration of the Republic's affairs, President Wilson finally directed in November, 1916, that a military government be instituted. Its administration was so effective that in less than a year the Dominican Government had a surplus of

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over a million and a half dollars on hand. Claims against the republic aggregating about \$15,000,000 were settled for approximately \$4,500,000. Various American loans for constructive purposes were made and such loans now aggregate \$15,000,000. Late in 1922 the American military administration was withdrawn.

The present administration here at Washington requires no apologists. But from a study of the record it is difficult to see the grounds upon which certain portions of the public press charge the present administration with new and imperialistic policies in Central America. The attempt to maintain reasonable order and prevent unnecessary bloodshed among these nearby neighbors was made a policy of our Government between fifteen and twenty years ago. Laudable as such a policy may be considered it was not inaugurated by the present administration, but it has been followed by it with restraint and prudence.

#### THE CHANGE IN AMERICA'S CREDIT POSITION

Now, as to the world at large, we are all familiar with the old story as to how America's credit position has changed in the last decade. Even, however, at the risk of repetition, we must cover the ground again. We must recall that up to the outbreak of the war, America had for decades been borrowing heavily in Europe; that to a very considerable extent the building of our transcontinental railways in the nineteenth century, and the development of our agricultural lands were carried out with money loaned to us by British, French, German

and other European investors. It was estimated that at the outbreak of the war British investments overseas amounted to approximately \$20,000,000,000. During the war British investors sold their American holdings upon a large scale. Yet the Chancellor of the British Exchequer stated in 1925 that his countrymen still held in foreign investments an amount equivalent to almost \$15,000,000,000, and no doubt these have now again reached a figure of \$20,000,000,000. Because, however, of America's enormous excess of exports over imports (such excess for the war years 1915 to 1920 alone being over \$18,000,000,000); because of the heavy repurchase by Americans of their own securities and because of the foreign loans made in the last decade, America's credit position has now been so far reversed that it is figured that the gross annual interest and sinking fund service payable to America upon foreign loans issued here (including the governmental loans), and the dividends from industrial and other investments now total about \$1,000,000,000 per annum. With such a great sum due each year to America, naturally the question arises as to how much further foreign countries will be able to stand this annual burden. Will their exports so far exceed their imports that they can continue (except by continuous fresh borrowing) to transfer the sums necessary for interest and sinking funds?

#### WHERE AMERICAN LOANS HAVE GONE

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overlook the large sums loaned and invested in many other corners of the earth. Here is a rough summary of them all up to a year ago, according to figures compiled by the Department of Commerce:

rowed here respectively since the Armistice—\$250,000,000 British, and \$300,000,000 French. During the same period Belgium has borrowed \$285,000,000. The first of these loans were of course made largely for the purpose of refund-

ESTIMATED VALUE OF AMERICAN INVESTMENTS ABROAD ON DECEMBER 31, 1925  
(In Millions)

Regions	Government and government guaranteed obligations	Industrial securities and direct investments	Total
Europe .....	\$1,825	\$ 675	\$ 2,500
Latin America .....	910	3,300	4,210
Canada and Newfoundland .....	1,175	1,650	2,825
Asia, Australia, Africa and the rest of the world..	520	350	870
<b>Total .....</b>	<b>\$4,430</b>	<b>\$5,975</b>	<b>\$10,405</b>

To this total might be added, say, \$1,000,000 for the new issue (less refunding) in 1926. Of course any inclusion of intergovernmental debts would greatly increase the grand total.

The following is a summary (without deduction for refunding operations) of loans publicly issued in the United States from 1919 to 1926.

ing loans made during the earlier years of the war. The later loans in the case of France and Belgium were made for reconstruction and for measures looking to currency stabilization.

LOANS TO CENTRAL EUROPE

Loans to the Central European countries did not begin until 1923. The first

FOREIGN GOVERNMENT, STATE, MUNICIPAL AND CORPORATE LOANS PUBLICLY ISSUED IN THE UNITED STATES FROM 1919 (THE ARMISTICE) TO 1926 INCLUSIVE

Year	(1)		Total
	Government, provincial and municipal	(2) Corporate	
1919 .....	\$ 511,500,000	\$ 105,448,000	\$ 616,948,000
1920 .....	387,055,000	228,626,000	615,681,000
1921 .....	463,573,000	169,867,000	633,450,000
1922 .....	624,174,000	124,051,000	748,225,000
1923 .....	379,482,000	53,931,000	433,413,000
1924 .....	880,703,000	317,776,000	1,198,479,000
1925 .....	776,022,000	515,971,000	1,291,993,000
1926 .....	719,935,000	725,877,000	1,445,812,000
	<b>\$4,742,444,000</b>	<b>\$2,241,547,000</b>	<b>\$6,984,991,000</b>

For what purposes have these various loans been made? In general we may answer that they have been made for constructive purposes. In the early years following the Armistice, loans publicly issued, aggregating several hundred millions of dollars were made to the allied governments, chiefly to the British and French, whose governments have bor-

one of these reconstructive efforts was in the case of Austria, reduced to a state of limited proportions and resources, shorn of much territory, given over to hopeless inflation, with ruin staring the Austrian people in the face. The League of Nations prepared a scheme of rehabilitation. Despite predictions of failure, it was taken up, and toward the

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successful loan of \$126,000,000 necessary for stabilization, reorganization of a new central bank of issue, etc., American investors subscribed \$25,000,000. A year later, with Hungary apparently going down the same toboggan slide from which Austria had been rescued, the League of Nations again devised a financial plan, and again a good portion of the loan necessary thereto was issued in the American markets. Then came the great international loan for the equivalent of approximately \$200,000,000 to the German Government, over half of which, \$110,000,000, was successfully taken up by American investors in October, 1924. This was the loan necessary to set the Dawes Plan under way, and it is not necessary to describe how vital was the inception of the Dawes Plan to the tranquillity of all Europe.

One can reasonably say then that America has taken a generous part in these great efforts for European reconstruction. In each one of these loan offerings in the American markets an appeal has been made to the investment community on the ground of helpful co-operation in world affairs. Naturally, however, the bankers would never have ventured to make such an appeal if they had not first convinced themselves that the loans were sound in themselves and so set up as to give every promise of being met at maturity.

#### LOANS TO JAPAN AND AUSTRALIA

During this same period America's loans to other parts of the world have, as has just been pointed out, been considerable. Among these I might mention particularly the great loan of \$150,000,000 to the Japanese Government in February, 1924. This was the reconstruction loan which enabled the Japanese Government to conserve its external resources and still continue, unabated, the rapid work of reconstruction following the disastrous earthquake and fire of September, 1923.

Another quarter where American in-

vestors have lent money for the first time on any considerable scale has been Australia. In July, 1925, the Commonwealth of Australia borrowed \$75,000,000 here. One of the states of Australia, New South Wales, has recently borrowed \$50,000,000 here.

#### ARGENTINE LOANS

Another foreign state that might well be mentioned is the Republic of Argentina. Prior to the war, the bulk of Argentina's loans came from Great Britain. During the war, New York naturally became the chief loan market for the South American states, and Great Britain has not yet been able to resume her lendings there upon her former scale. During and since the war, the Argentine Government has borrowed in our markets a net total (after allowing for the repayment of short-term indebtedness) of \$230,000,000.

I have indicated the general purposes of these loans; such, for instance, as financial reconstruction and currency stabilization in the cases of Austria, Hungary and Germany; material reconstruction in the case of Japan; development of public works and refunding of floating debt in the case of the Argentine, etc. Again, last October, an international loan of \$100,000,000, of which America's share was \$50,000,000, was made to Belgium for the purpose of stabilizing the new currency, furnishing ample gold reserves to the central bank of issue, etc. When the British Government determined to return to the gold standard in May, 1925, the government and the Bank of England between them arranged in New York for two-year credits aggregating \$300,000,000. Little, if any, however, of this credit was ever availed of, and the Chancellor of the Exchequer has announced that no request for renewal will be made.

#### THE POSITION OF FRANCE AND ITALY

France and Italy are the only two great powers of Western Europe which



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## Balance Sheet per December 31st 1926

### ASSETS

	Reichsmark Pf
Cash in Hand, foreign Currency, Coupons, and Balances with Note-issuing and Clearing Banks .....	76 384 369 39
Bills Receivable and non interest-bearing Treasury Bills.....	331 401 009 —
Credit balances with Joint Stock and Private Banks.....	200 436 528 32
Contangoes and Advances on Securities quoted on the Stock Exchange .....	159 070 820 21
Advances on Goods in Stock and in Course of Shipment.....	84 119 558 01
Own Securities .....	18 101 226 33
Syndicate Investments .....	15 751 623 99
Permanent Investments in other Joint Stock and Private Banks .....	20 614 123 41
Debtors on Current Account .....	580 167 206 90
Bank Buildings .....	25 000 000 —
	1 511 046 465 56

### LIABILITIES

	Reichsmark Pf
Share Capital .....	60 000 000 —
Reserves .....	40 000 000 —
Creditors .....	1 326 560 452 15
Acceptances .....	57 950 895 26
Pension-Fund for Employees .....	2 000 000 —
Other Liabilities .....	3 577 166 06
Net Profits .....	20 957 952 09
	1 511 046 465 56

Dividend for the year 1926: 12 per cent.

have not yet returned to the gold standard. It has been generally supposed that when these two countries decide to stabilize upon a gold basis they will, as a measure of insurance, require certain foreign credits, perhaps in the same manner that Great Britain arranged her credits in May, 1925. Yet in the case of France, its financial position has changed extraordinarily for the better in the last nine months. The world has seldom seen such a remarkable reversal and restoration of confidence as that shown by the French people in themselves and in their currency medium since M. Poincaré undertook the reins of government nine months ago. The foreign balances of the government and the Bank of France have mounted so rapidly that if and when France determines to resume gold payments she may be able, if she prefers, to do so without negotiating any considerable external credits. The Italian Government, too, has presumably been acquiring very material foreign reserves. The government borrowed direct here in November, 1925, a total of \$100,000,000, the proceeds of which loan are said to be still practically intact. Since that time governmental agencies and Italian municipalities have borrowed a sum equivalent to approximately another \$100,000,000, the proceeds of which have undoubtedly been made available to the government and/or to the Bank of Italy for additional reserves.

#### WILL AMERICA CONTINUE TO LEND ON SAME SCALE?

The question which perhaps interests us most is whether, and, if so, how long, America will continue to lend abroad sums upon anything like the present-day scale. The Department of Commerce has recently estimated that foreign American investments of all classes amounted to approximately \$12,000,000,000. I cannot attempt to answer this question. Yet we can note some of the factors that are likely to affect the increase or retardation of this flow

of American capital overseas. It is, for instance, clear that Europe is steadily getting more firmly on its feet. As farming land is restored, as manufacture increases, the necessity for purchases in America will diminish. As European enterprise prospers and as savings increase European investors will more nearly be able to return to their former practice of supplying capital for their own development. Then, too, there is, or has been, available here in recent years a large amount of European capital which was driven out of Europe by the fear of inflation. A few years ago we were hearing much about the flight from the franc or the lira, or even from the pound sterling. No doubt such foreign capital aggregating several hundred millions of dollars found temporary refuge in American investments. With the European currencies either stabilized or near the stabilization point, it is natural to suppose that this capital is returning home and will be utilized in the markets there, thus further diminishing the demand upon America for foreign loans. Or if this capital does not return home the income from it will serve as a balance to these international accounts.

From the point of view of the American investor it is obviously necessary to scan the situation with increasing circumspection and to avoid rash or excessive lending. I have in mind the reports that I have recently heard of American bankers and firms competing on an almost violent scale for the purpose of obtaining loans in various foreign money markets overseas. Naturally, it is a tempting thing for certain of the European governments to find a horde of American bankers stiting on their doorsteps offering them money. It is rather demoralizing for municipalities and corporations in the same countries to have money pressed upon them. That sort of competition tends to insecurity and unsound practice. The American investor is an intelligent individual and can be relied upon to discriminate. Yet in the first instance such discrimination surely

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is the province of the banker who buys the goods rather than of the investor to whom he sells them. I may be accused of special pleadings in uttering this warning. Yet a warning needs to be given against indiscriminate lending and indiscriminate borrowing. In this I think my banking friends generally will cordially agree.

### CAN AMERICA MEET DAWES PLAN PAYMENTS?

Another point that American lenders may possibly have in the back of their heads is this: That many economists have of late been raising the question as to whether, when Germany's maximum payments under the Dawes Plan begin to fall due in 1929, she will be able to make the necessary transfers to meet them; and if not, what will be the solution of the situation that will arise. I may recall to you that Julius H. Barnes, when he returned from his performance of those very eminent services rendered in the devising and setting up of the Dawes Plan, pointed out that the Dawes Committee had never maintained that the Dawes Plan in itself was necessarily a final solution of the reparations problem. It was manifest that the Dawes Plan furnished a bridge for the allies and the central powers to cross over the great gulf that had been fixed by the continued and ever-increasing dissension

over the problem of reparations; a disagreement that with the invasion of the Ruhr almost threatened Europe with a fresh war. It has been pointed out many times that the great feature of the Dawes Plan was that it furnished a *modus vivendi*. It put the question of the reparations outside of politics and gave the European nations time to settle down and pursue fresh methods of reconstruction and appeasement. Until, however, Germany's ultimate liability has been determined, the economists maintain that the reparations problem will not have been finally solved; and as the time approaches when heavier payments become due from Germany to the allies the question may come up in some form. In the long run the American investor will be satisfied to continue his loanings on a heavy scale to Europe only when he can feel that the whole question of inter-allied and inter-governmental loans, including the reparations due from Germany, has been settled equably and finally. Certainly, however, this is not a matter for us to concern ourselves about just now. Up to date the workings of the Dawes Plan have exceeded the highest hopes of its creators and have confounded those critics who predicted its early collapse.

### EUROPE BECOMING MORE UNIFIED

Except for this question, as yet not wholly solved, and with Russia, so to

say, still in the twilight zone, Europe seems to be pretty well out of the woods. Certain of the statesmen on the other side, men of sobriety and judgment, experienced and schooled in the world of politics, declare that Locarno means the permanent appeasement of Europe, a new era; that while there may be occasional embroilments, even sporadic armed conflicts, there will never again be any great cataclysm on the continent of Europe; that within the lifetime of our youth war will have become as outworn as witchcraft, slavery and dueling. It is true that Europe has happily become more unified. The movement to break down the high tariff barriers, built up by the growth of nationalism in almost every European country after the war, is already well under way. It is not inconceivable that Europe may some day become a great region of free traders as the United States is within its own borders. Such a development may take a long time in coming. On the other hand, it may move much more swiftly than we imagine. If it does we shall be able within a short span of years to witness a Europe restored, industrious, stable, peaceful, far stronger in every way than it has ever been in the past; with armaments vastly reduced, with swords beaten into plowshares, and with a future bright with promise.

#### LOOKING FORWARD TO A CHANGED EUROPE

It would be well for the American man of affairs to look forward to prepare himself to do business with a Europe of this sort. Offhand, one might say that industrial competition from a Europe so unified would be much more formidable than ever before. Yet such competition from a world across the sea, well ordered and at peace, is competition that America can well afford to welcome rather than fear. Then, too, the miracles



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of science and invention, being performed day by day under our eyes, must inevitably change our outlook and affect the scheme of things which our business men lay out for the future. Someone has said that change is impermanent. Rather, change is the only thing that is permanent. We must meet it, study it and try to guide it. The man of affairs the world over must keep pace with these new developments. He must realize that his outlooks cannot be kept parochial or even national; they must be international. He is keen today to do his share in rendering this world in coming generations a more stable, a more gracious, and a happier world to live in. Yet we must realize that the coming of such an era will depend almost entirely "upon the conscious co-operation of men the world over."

# THE FINANCIAL AND ECONOMIC SITUATION ABROAD

BY WILLIAM HAYES

Under this heading each month current political, financial and economic events abroad are summarized for the benefit of the busy bank executive who would keep himself informed about foreign affairs without the expenditure of time necessary to examine the data from which these articles are prepared.

IN Calvin's Hall at Geneva, on May 4, "the greatest gathering of business heads ever assembled under one roof" met to talk over the business problems of the world. The occasion was the International Economic Conference, called by the League of Nations. From all quarters of the globe, even from Russia, they came, over 1000 economists and business men, to consider what can be done in the way of international action to restore the world to pre-war production.

Controversial subjects had been carefully eliminated from the program. It was agreed that the conference would not discuss the war debts or the German reparations. Controversy impedes work and the business men wanted to accomplish something in this conference. But in a gathering of over 1000 men there are bound to be differences of opinion. In spite of the effort to make the opening addresses of the convention so platitudinous that all would agree, there were a few verbal tilts.

Max Muspratt, in his address, made a vague and veiled defence of Britain's rubber restriction policy. This was too much for the American banker, Henry M. Robinson. Into his prepared speech, Mr. Robinson interpolated a reply to Mr. Muspratt. The editor of the *London Economist*, chatting with another American delegate, Norman H. Davis, at the time, remarked, "It looks as if friend Muspratt got it right on the bean."

True economists, the delegates voted according to their beliefs, not according to the policy of their countries. Though the resolution "that the exportation of raw materials should not be unduly burdened and even where such duties or

taxes are justified by fiscal needs, they should be made as low as possible" was obviously aimed at the British rubber policy, nevertheless the British delegates advocated it.

The American members might have been expected to defend the practice of demanding that commercial attaches be permitted to investigate production costs in foreign countries to facilitate the collection of ad valorem duties. Yet they accepted a resolution which was a direct slap at that practice. Said the resolution: "Any system of inquiries of investigation in connection with the application of ad valorem duties or the modification of tariffs should be framed and administered with a full regard for the business interests involved and for the maintenance of commercial goodwill among nations. Inquiries involving inquisitorial procedure and arbitrary methods should be eliminated."

## TARIFF CONSIDERED

Tariff, the stumbling block of commerce since the war, held the center of the stage from the beginning. In the opening session, Walter Runciman, British member of the International Chamber of Commerce, quoted Secretary Mellon, "It is recognized that the absence of trade barriers throughout the United States renders unnecessary there many steps desirable in Europe. Americans feel that a similar freedom of commerce and trade in Europe would result in great benefits to European peoples." The final report of the conference on tariff summarized the evils of the present status thus: European tariffs today are higher, more complicated, less stable, and

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more numerous than before the war. Commercial treaties, once so common and so beneficial, seem to have been abandoned. Instead, tariffs are now weapons. A tariff law is passed first, and then used as a basis for negotiation. The remedies for this situation are so obvious that the report did not take the trouble to mention them.

Before the war there was a tendency to manufacture raw materials into finished goods in the country of production. The war speeded up this tendency. Europe, with the exception of France, Italy, and Sweden, has never regained the production lost through this change of method. The iron, steel, coal, ship-building, chemical, electrical engineering, cotton, and silk industries in America, Japan and India have gained accordingly.

Horizontal combinations, rationalization (large scale operation) with the elimination of inefficient factories and the reduction of costs, the report believes, will restore to European nations their lost share of the world's business. Mar-

keting agreements, long term commercial treaties, industrial ententes (some of them international in scope), and the abolishment of export and import restrictions will also be helpful.

The attitude of the delegates at the conference on agriculture was so provincial, according to the newspaper account, as to prevent any constructive recommendations for international action.

The delegates filed their reports with the Secretariat of the league, expressed their belief that the exchange of views had been mutually beneficial, and returned to their homes. To the league now remains the Herculean task of putting the recommendations into practice.

#### JAPANESE FINANCIAL CRISIS OVER

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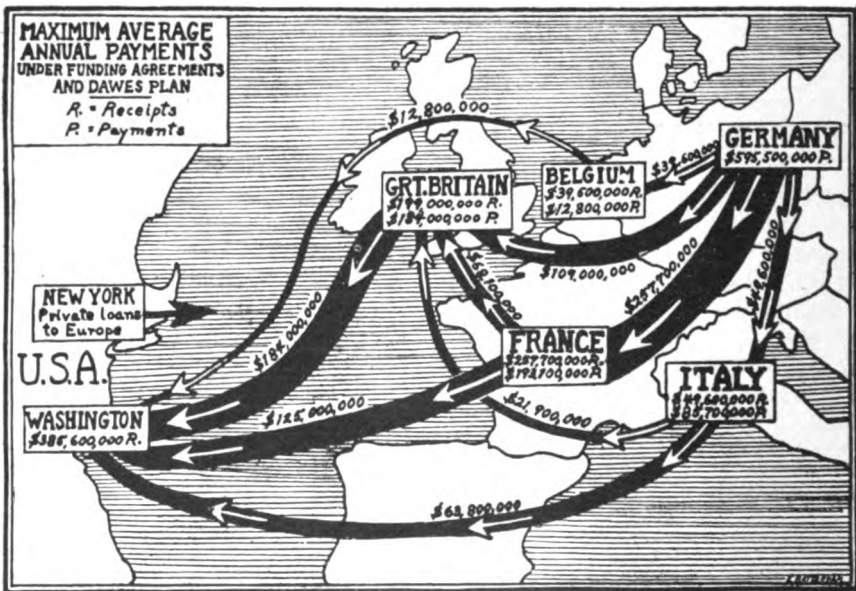
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The financial alarm caused by the failure of almost twenty-five banks in Japan during March and April, among them the Bank of Taiwan and the Fifteenth Bank, had almost reached the panic point.

The Bank of Japan had increased its

advances from the normal 259,000,000 yen over the 833,000,000 yen high point of the panic of 1920, over the 861,000,000 yen total of the earthquake panic in 1923, to the unprecedented, unbelievable total of 2,035,000,000 yen.

Finally the government acted. It de-



A very clear way of showing where the German reparations will go when the maximum annual payments are reached. Belgium gets \$39,600,000 a year, and passes on to the United States, as payment on her war debt \$12,800,000 of this. France gets \$257,700,000 a year. Of this \$68,100,000 goes to Great Britain in payment of France's war debt there, and \$125,000,000 to the United States, for the same purpose. Italy gets \$49,600,000 and passes on \$21,900,000 to Great Britain and \$63,800,000 to the United States. Great Britain gets \$109,000,000 from Germany (reparations), \$68,100,000 from France (war debt repayment), and \$21,900,000 from Italy (also war debt repayment)—a total of \$199,000,000—of which she has contracted to deliver to the United States \$184,000,000 in repayment of her war debt. Summed up, under present arrangements, maximum annual payments of German reparations will amount to \$595,500,000, distributed among Belgium, France, Italy, and Great Britain. These countries will deliver, in aggregate, \$385,600,000 of this to the United States every year, in repayment of their war debts.





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AN ENGLISH BANK preserving an English tradition throughout a system of over 900 branch offices, and represented in every banking town in the world. Vast resources combined with nearly a century's accumulated experience equip it for the characteristic service it places at its customers' disposal.

*Authorised Capital* : \$165,000,000 (\$5=£1)

*New York Representative*

C. M. PARKER, 68 WILLIAM STREET

HEAD OFFICE: 41 LOTHBURY, LONDON, E.C.2

clared a moratorium of three weeks, beginning April 24. That allowed the banks to marshal their resources, and the legislature to discuss and pass a bill authorizing the Bank of Japan to loan up to 500,000,000 yen to the banks "for the stabilization of the financial situation of the country." The same bill specifically authorized the Bank of Japan to loan in addition 200,000,000 yen to the Bank of Taiwan (the biggest of the banks involved in the Suzuki failure), guaranteeing to make good any losses suffered from these loans. Then the legislature passed a resolution censuring the Privy Council for not authorizing the loan to the Bank of Taiwan a month earlier and thus preventing the crisis.

When the banks opened again there was little to distinguish the situation from everyday business. The volume of transactions was larger, many depositors shifted their accounts from weak banks to strong ones, but there were no more runs. The advances of the Bank of Japan has been reduced from the high point of 2,035,000,000 yen to 1,347,-

000,000 yen, and the panic was over.

The "mopping up" still remains. The Bank of Taiwan must be reorganized, and the disposition of the failed banks must be considered. It has been announced that a new bank will be formed, with a capital of 10,000,000 yen, to take over the assets and liabilities of the smaller closed banks in equal amounts, and liquidate them in an orderly manner. Where liabilities exceed assets, the difference must be written off, and the depositors will have to stand the loss and thank their stars it was no worse.

#### CHANGE IN FEDERAL RESERVE GOLD POLICY

Hardly two weeks had elapsed after the release by the Bank of England of the £18,000,000 of French gold held in London since war days, before gold began to arrive in New York. Sterling was above the gold point, but the gold came anyway. It would have been cheaper to use the gold to purchase dollars in London. Nevertheless, beginning with

# The National Bank of New Zealand, Ltd.

Subscribed Capital, \$30,000,000

Paid-up Capital, \$10,000,000

Reserve Fund, \$10,000,000

## Head Office

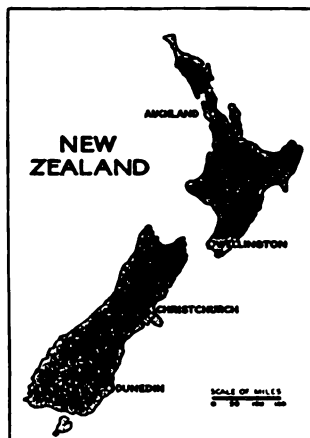
8 Moorgate, London, E. C. 2

Manager, ARTHUR WILLIS

## Chief Office

In New Zealand at Wellington

General Manager, G. W. McINTOSH



**88 Branches and Agencies Throughout New Zealand.**

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

April 30, almost every steamer arriving from London brought \$6,000,000 of gold, until the total reached \$30,000,000. More fuel for the inflation fire, if it ever breaks out.

Then, just as suddenly as they began, the shipments stopped. Readers of the Federal Reserve statements noticed a new item "Gold held abroad, \$59,548,000." "This" they said, "is the balance of the French gold sold to the Federal Reserve System but earmarked and held in London to prevent inflation." If the gold had been shipped to the United States, it would have been necessary to deposit it, as other shipments have been deposited, in Washington, security for issues of gold certificates. The ingenuity of the Federal Reserve officials has devised a better way. For the present it has checked the steady flood of gold to the United States, which already holds the largest supply of monetary gold ever held by any nation at any time in history.

## ENGLAND

No sooner did Secretary Mellon finish straightening out the Princeton and Columbia University professors on the war debts than Britain sent a note to the State Department to the effect that Secretary Mellon's remarks about Britain "do not correspond with the facts." Said the note:

"Mr. Mellon's statement implied that the United States Government lent the British Government all the dollars required to purchase supplies in America, and that over and above these loans, they paid dollars to Great Britain for services and supplies they required from the British Empire. . . . Such, of course, is not the case. All the dollar payments made by the United States for their sterling requirements in Great Britain . . . were applied directly to the purchase of supplies in America or to the repayment of debt."

Furthermore, the contention by Secretary Mellon that "all our principal debtors are already receiving from Germany

more than enough to pay their debts to the United States," is not true of Great Britain. The note went into considerable detail to prove that the amount received by Britain from German reparations and war debts will not be equal to the amount paid to the United States until after September 1, 1928.

The State Department acknowledged the note, replied that it regarded the dispute as a domestic matter, and did not care to enter into diplomatic exchanges on the subject. Mr. Mellon, however, is a fighter. He promptly gave the newspapers a statement answering the British note.

The first point, he said, is "immaterial. . . . The dollars they [the British Government] received increased their available cash resources while the promissory notes we received did not increase our available cash resources. . . . Had the transactions been identical in form the British Government would now hold obligations of the American Government to cover purchases made in Great Britain, just as the American Government holds obligations of the British Government for purchases made in America."

As for the second, "there was no intention to include Great Britain in the statement that enough was received from Germany," etc. "That sentence, as originally drafted, contained the words 'except Great Britain' but these words in the final copy were inadvertently omitted." Even so, said Mr. Mellon, that sentence was a reply to the professors' statement that the debt settlements would "impose a tremendous burden of taxation on friendly countries." "The note of the British Government makes it entirely clear," said Mr. Mellon, "that I was correct in challenging the accuracy of that statement, for whatever differences there may be as to the payments to be received and made by Great Britain in the years 1926 and 1927, the British Government admits that after the first of September, 1928, it will receive enough

## Complete Foreign Banking Facilities

WITH resources of over twenty-one millions this bank is equipped to render a complete service in both domestic and foreign banking.

Since its organization in 1869 the history of the Commonwealth Bank has been one of steady progress and an ever increasing sphere of usefulness.

*Correspondents in all parts  
of the World*

**Commonwealth Bank**  
**New York**

from its debtors to cover current payments due to the United States."

On April 21 the Bank of England surprised the financial community by suddenly reducing its discount rate from 5 to 4½ per cent. Open market rates for money immediately declined to correspond, and the amount of new loans offered in London increased materially, with the return of New South Wales, which had been borrowing in New York. Capital issues for April were almost twice the total for April, 1926.

Steel and iron production is in a slump, but coal production reached a new high of 5,500,100 tons in the week ending April 30. Most heartening of all, there were only 998,300 unemployed on May 17. This is the first time the number of unemployed has been under a million since the general strike. It is half a million less than were unemployed at the same date last year.

# THE MERCANTILE BANK OF INDIA LIMITED

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

New York Correspondent: BANK OF MONTREAL

Capital Authorized	£3,000,000
Capital Paid-up	£1,050,000
Reserve Fund and Undivided Profits	£1,512,884

BANKERS:—Bank of England; Midland Bank Limited

*Branches and Agencies in India, Ceylon, Burma, Siam, Straits Settlements, China, Port Louis, Mauritius and Dutch East Indies*

The Bank buys and sells Bills of Exchange, issues Letters of Credit and conducts every description of Banking Business in connection with the East.

Fixed Deposit rates will be quoted upon application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances, provided interest for the half year amounts to £1.

JAMES STEUART, Chief Manager

## THE PAST MONTH IN CANADA

By J. W. TYSON

WITH the advance of the spring season, that improvement in Canadian business conditions which has been recorded during recent months is being moderately continued. Trade and industrial indicators denote a generally satisfactory situation. The production of newsprint and primary iron and steel products signifies operations at a high percentage of capacity. The marketing of grain has been resumed on a larger scale with the early opening of navigation. Car loadings indicate heavier movement of agricultural and industrial products than at the same time last year. Wholesale prices are showing a substantial decline, and the upward movement of speculative values continues as a reflection of optimism in regard to future business and ample investment funds. Current loans by the banks are showing further increases but savings deposits are relatively large, and a continuance in the upward movement of bond prices is breaking the  $4\frac{1}{2}$  per cent. level of return for investors.

Conditions in the manufacturing centers are now regarded as more satisfactory than in any similar period since the war year. Wholesale and retail trade has been hampered by wet weather in some sections, particularly in the West, but the distribution over the entire country, as measured by car loadings, is about 7 per cent. greater than a year ago. Commercial failures are showing

some increase in number as compared with last year, but a decided decrease in the liabilities involved.

Canada's national wealth is officially estimated at \$22,000,000,000, which works out on the average of \$2525 per capita. This is apart from undeveloped natural resources. There are no accurate figures available as to what the national wealth was at Confederation in 1867, but it is estimated at under one and a half billions. It is now, therefore, about fourteen times what it was when Canada became a dominion. Agricultural values make up about eight billions of the present total; urban real estate nearly six billions; and the railways considerably over two billions.

### WEATHER CONDITIONS

Spring weather conditions have been marked by late snow storms and an unusual amount of moisture in Western Canada. This has interrupted seeding operations, but has put the soil in first class condition. Seeding in the East has been in advance of normal. As the result of profitable crops in recent years immigration into the country is in greater volume than since before the war, and a larger western acreage is hoped for despite the wet weather. The improved buying power of the farmers has been indicated by much larger sales of agricultural implements and record sales of automobiles.

# BANKING IN FINLAND!

## KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

ESTABLISHED 1889

*Head Office:*

**HELSINKI**

(Helsingfors), Finland

**143 Branches at all important business centres in Finland**

Capital Fmk. - - - 150,000,000

Reserve Fund and Profits Fmk. 135,000,000

Total Assets (31/12 '26) Fmk. - 2,337,000,000

*All descriptions of banking business transacted*

Telegraphic address: KANSALLISPANKKI

Contracts for new construction work total over \$92,000,000 for the first four months of 1927, and the volume is continuing to show an increase of more than 10 per cent. over last year. Construction work contemplated during the year has reached a total of about \$229,000,000, compared with \$177,640,000, as a corresponding showing in 1926. Building permits in sixty-three cities are likewise showing an increase of better than 10 per cent. over last year. The average index number of wholesale prices of building materials continues to be lower than in any other year since 1920.

The figures of exports and imports continue to show an unsatisfactory trend in regard to the country's favorable balance of trade. The fiscal year ending March 31 shows total exports at \$1,267,573,142 as compared with \$1,328,700,137 for the previous twelve months, and total imports at \$1,030,892,505 as compared with \$927,328,732. It must be taken into consideration, however, that the increase in imports is in a considerable measure due to larger purchases

of raw materials by manufacturers. Exports of manufactured goods are being well maintained.

#### NEWSPRINT SITUATION

The uncertainty in the newsprint situation as the result of impending increase in production, continues, but apprehension has been largely dispelled, particularly so far as the big efficient producers are concerned, by the organization of a single corporation to manage the export sales of Canadian newsprint manufacturers, aggregating about two-thirds of the total capacity of the country. Newsprint production continues to follow the upward trend in evidence since the middle of 1927. Output during the first quarter of 1927 established a new high record at 487,804 tons, an increase of 58,360 tons. Some falling off is being shown in exports of pulp. The total capital employed in the pulp and paper industry in Canada is now around \$500,000,000 and more than 55,000 persons are employed in the industry.

## Your Paris Correspondent

More of your clients are visiting Paris now than ever before

Are they receiving the personal service to which they are accustomed at home?

We understand their problems and can do much to render their visit more pleasant



Mail Facilities for Clients

**Direct Correspondents  
Throughout Europe**

**The Travelers Bank**

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Paris

*Bankers Correspondence Invited*

One of the important basic industries of Canada which has not been in a healthy condition since the war, in fact since before the war, is flour milling. The capacity which has been built up was largely dependent on export trade with only a small proportion of the output for domestic consumption. War demands lent temporary prosperity, but since 1921 export markets have been falling off and profits have been sacrificed even where volume has been maintained. The year of the milling companies is now drawing to a close, and is not expected to show any improvement over those which have preceded. This condition of affairs is expected to continue until export trade can be put on a more healthy basis from the millers' standpoint.

Another industry which has suffered since the war has been the Canadian packing industry. With the war demand Canada increased her output, and

made products for export at the sacrifice of quality, and it has been difficult to win back this export business in the face of European competition. Packers' profits have been unsatisfactory, and steps are now being taken looking to a merger of a number of concerns in the hope of curtailing administrative and operating costs.



HERBERT PHOTOS, INC.

SIR VINCENT MEREDITH

President of the Bank of Montreal, on his return from a European trip.

# BANKING BUSINESS WITH BELGIUM

## BANQUE DE COMMERCE

Société Anonyme  
**ANTWERP**

Every description of Banking Business transacted.  
Information on Investments in high class Belgian Securities.

**Capital Subscribed . Frs. 60.000.000**  
**Capital Paid Up . Frs. 35.000.000**  
**Reserve . . . . Frs. 13.500.000**

*Branches:*  
**BRUSSELS \_\_\_\_\_ OSTEND**  
**CORRESPONDENTS**  
**AT ALL BANKING POINTS**

## INTERNATIONAL BANKING NOTES

**N**ET profits of the Chartered Bank of India, Australia and China, London, for the year 1926 were £987,854, including £209,278 brought forward from the previous account. This has been disposed of as follows:

	£
To interim dividend June 30, 1926. . . . .	210,000
To final dividend at the rate of 14 per cent. per annum . . . . .	210,000
To bonus of 6/3 per share . . . . .	187,500
To officers' pension fund . . . . .	25,000
To bank premises . . . . .	40,000
To contingencies account . . . . .	100,000
To carry forward to next account. . . . .	215,354

The institution's paid up capital amounts to £3,000,000, reserve fund £4,000,000 and total resources to £66,645,955.

NET profits of the Mitsui Bank, Ltd., Tokyo, for the half year ended December 31, 1926, amounted to Yen 6,355,783. To this sum has been added Yen 1,956,637 brought forward from the previous half-year, making a total of Yen 8,312,420, disposed of as follows:

	Yen
To special reserve fund . . . . .	2,000,000
To pension and provident funds. . . . .	279,900
To bonus . . . . .	413,100
To dividend to shareholders . . . . .	3,600,000
To balance carried forward to next half-year . . . . .	2,019,420

Capital of the bank is Yen 100,000,000, reserve fund Yen 25,000,000, special reserve fund Yen 22,400,000, deposits Yen 455,844,863 and total resources Yen 725,037,780.

THE directors' report of the Skandinaviska Kreditaktiebolaget, Stockholm, Sweden, for the year 1926 shows net profits for the institution, after writing off debts to the amount of Kr. 5,952,758 and adding the sum

of Kr. 1,135,300 brought forward from the previous year, of Kr. 11,397,946. This has been disposed of as follows:

	Kr.
To reserve for taxes . . . . .	1,000,000
To dividend of Kr. 15 per share on 614,000 shares . . . . .	9,210,000
To balance carried forward to next account . . . . .	1,187,946
Total resources of the bank are Kr. 1,001,008,223.	

## Knauth, Nachod & Kühne

Leipzig, Germany

Established 1852



*Seventy-five years of continuous  
banking experience*

**Commercial and Travelers'  
Credits**

**Foreign Exchange**

**Securities**

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LEIPZIG, GERMANY

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NACHOD, LEIPZIG



## Like Halley's Comet

Once in a generation

*Don't lose a lifetime opportunity  
for lack of courage*

Ecuador is passing through the most severe depression in history. Sound bank stocks and first mortgage bonds are now on the bargain counter. Present prices will probably not be duplicated in many years.

The situation is the same as that which confronted the United States in 1921.

The well informed business man buys for the long swing when prices are lowest. DO NOT vacillate. BE courageous. The time to buy is NOW.

*May we suggest an investment plan?*

## Banco de Descuento

**Guayaquil, Ecuador**

*"Just the Bank You Need"*

NET profits of the Commonwealth Bank of Australia, Sydney, New South Wales, for the half-year ended December 31, 1926, amounted to £792,575. This sum has been disposed of as follows:

	£
To reserve fund .....	131,335
To national debt sinking fund .....	131,335
To rural credits department reserve fund .....	656
To rural credits department development fund .....	656
To Commonwealth Treasury (being portion of profits of the note issue department) .....	396,443
To rural credits department capital account (being portion of profits of the note issue department)....	132,147

Capital of the Commonwealth Bank is £4,000,000, reserve fund £1,058,592 and total resources £135,713,201.

ON page 451 of the March number of THE BANKERS MAGAZINE it was stated that the Union Bank of Manchester, Limited, Manchester, declared an interim dividend of 5 per cent. and a final dividend of 5 per cent.

for the year ended December 31, 1926. These figures are incorrect. The Union Bank of Manchester declared an interim dividend of 20 per cent. (5 s. per share) and a final dividend of 20 per cent., making a total of 40 per cent. for the year.

THE Rt. Hon. Sir Alfred Moritz Mond, Bart., P.C., M.P., has been appointed a director of the Westminster Bank Limited, London.



HEBERT PHOTOS, INC.

George K. Weeks, vice-president National City Bank of New York photographed in Rome, Italy, on his way to complete recent negotiations for a loan by the National City and J. P. Morgan & Co., of \$30,000,000 to the City of Rome for civic improvements.

## The Philippine Islands Trade is Growing Rapidly

The tremendous Balance of Trade in favor of the Philippines proves the Present and Potential Development Possibilities.

If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

# The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)  
Reserve funds . . . . . " 2,250,000 - (\$1,125,000)

Head Office: MANILA, P. I.

BRANCHES: ILOILO, CEBU, ZAMBOANGA



Fulgencio Borromeo .....President  
Rafael Moreno .....Vice-President & Secretary  
J. M. Browne ....Vice-Pres. & Mgr. Foreign Dept.  
D. Garcia .....Cashier  
S. Freixas .....Chief Accountant  
P. J. Campos .....Manager Iloilo Branch  
E. Byron Ford .....Manager Cebu Branch  
J. M. Garcia .....Manager Zamboanga Branch

*Correspondents in all parts of the World*

**Special attention given Collections**

REPORT of the board of directors of the Union Bank of Scotland, Limited, Glasgow, as of April 27, 1927, shows profits for the last year, after providing for rebate of interest and for all bad and doubtful debts, of £317,750. To this has been added £92,249 brought forward from the previous account, making £409,999, disposed of as follows:

	£
To bank offices .....	35,000
To heritable property yielding rent..	35,000
To rest account .....	50,000
To payment of dividend at the rate of 18 per cent. per annum on the paid up capital .....	180,000
To pensions and allowances fund..	25,000
To balance carried forward to coming year .....	84,999

Paid up capital of the bank is £1,000,000, rest account £1,400,000, deposits and current account £25,619,820 and total resources £31,482,550.

THE premises of Barclays Bank, Dominion, Colonial and Overseas, London, at 28, 29 and 30, Gracechurch street, E. C., are to be rebuilt and, pending the completion of the new building, the business of that office is being carried on at 37-39 King William street, E.C.4, the former head office of the Anglo-Egyptian Bank Ltd.

STATEMENT of the Sumitomo Bank, Limited, Osaka, Japan, for the half-year ended December 31, 1926, showed net profits for the half-year of Yen 3,140,367. To this amount Yen 2,228,806 has been added, making a total of Yen 5,369,173 to be disposed of as follows:

	Yen
To reserve fund .....	500,000
To dividend .....	2,500,000
To pension reserve .....	200,000
To bonus .....	140,000
To balance carried forward to next account .....	2,029,173

Subscribed capital of the institution is Yen 70,000,000, reserve fund Yen 22,000,000, deposits Yen 435,149,186 and total resources Yen 574,269,578.

THE condensed report of the Banque Nationale de Credit of Paris, as of December 31, 1926, shows assets of 4,210,219,118 francs, of which cash on hand, at Banque de France and at Tresor Public and due by banks and bankers amounted to 846,876,121 francs. Other principal items going to make up the resources were French Government treasury bills and bills on hand, 2,109,192,405 francs; debtors in current account, 534,479,147 francs; loans, 380,950,764 francs, and customers' liability under acceptances, 77,-





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You Just **NATURALLY** Think of

**AMERICAN COLONIAL BANK**

Head Office—**SAN JUAN**

*Branches*

**Arecibo**

**Mayaguez**

**Caguas**

**Ponce**

**Santurce**

**Bayamon**

*We Specialize on Collections*

976,864 francs. On the debit side of the report deposits were shown as 3,598,389,631 francs; acceptances and creditors by acceptance, 77,976,864 francs, and combined capital and reserves of 370,230,989 francs.

THE American Colonial Bank of Porto Rico has opened a branch in Bayamon, P. R. The head office of the bank is in San Juan, P. R., and it has branches at Arecibo, Mayaguez,

Ponce, Caguas, and Santurce, in addition to the new office at Bayamon.

William Schall of William Schall & Co., New York, is president; F. M. Schall of William Schall & Co., vice-president; and H. L. Cochran of San Juan, executive vice-president.

Combined capital, surplus and undivided profits of the institution are \$2,643,676.19. The New York office of the bank is at 160 Broadway.



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First meeting of the new Japanese cabinet, headed by Baron Tanaka, which assumed office late in April. Baron Tanaka is shown at the head of the table, seated, in center.

1839—1927

## Banking in the Levant

**T**HE Ionian Bank Limited since its establishment 88 years ago has always been an important factor in the economic development of the Levant.

The Organization of this British Bank is at the disposal of American Banks interested in trade and finance in the Near East.

### IONIAN BANK LIMITED

HEAD OFFICE—LONDON

Total Resources over £6,500,000

GREECE

TURKEY

EGYPT

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*Representative for the U. S. A.*

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120 Broadway

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New York City

### SIR MONTAGU CORNISH TURNER DISCUSSES CONDITIONS IN CHINA AND INDIA

**L**ABOR unrest, strikes at home and in the East and West, civil conflict and the interference of Russian communism in China and increased competition for foreign trade were cited as disturbing influences in the business of the Chartered Bank of India, Australia and China, by Sir Montagu Cornish Turner when he recently submitted his annual report and statement, as chairman of the bank, before its seventy-third ordinary general meeting in London.

In outlining conditions affecting the business of the bank in China, Sir Montagu discussed the present predicament of the British subjects in China, whose holdings, he estimated, total 350,000,000 pounds sterling. He said that all British merchants asked for in China was the "existence of a real, effective and settled government, with security for life and property, that peace and good will should prevail, that trade should be possible not only at seaports but up country

and that transport should be feasible by rail or river without fear of interference by bandits."

Sir Montagu blames the present Chinese revolutions upon the communistic element "—the spirit of hatred—" which invaded the councils of Canton, from Moscow. "From this communistic spirit," he said, "has grown the intense anti-British feeling and the so-called spirit of anti-imperialism." Indorsing the action of the home government in sending a protective force to Shanghai, Sir Montagu said, "our fellow countrymen in China owe much to the British army and navy. No impartial observer could possibly criticize the home government for doing what was really absolutely necessary to protect the lives of our fellow-countrymen."

Business in Hongkong and Canton has been most difficult and, according to Sir Montagu, while a limited amount of trade has been possible in North China,

# BANCO ALEMAN-ANTIOQUENO

MEDELLIN, Colombia, S. A.

Established 1912

Statement of Condition as of December 31, 1926 :

Capital Fully Paid In . . .	\$2,000,000	Deposits . . .	\$10,462,800
Reserves and Undivided Profits	\$1,053,500	Total Resources	\$18,981,100

**Branches:** Armenia (Caldas), Barranquilla, Bogota, Bucaramanga, Cali, Honda ; Bremen (Germany).

**GENERAL BANKING BUSINESS**

in Nanking, Shanghai and Tientsin, much trouble has been encountered, owing to strikes, boycotts and the insidious activities of agitators. However, Sir Montagu believes that the obscure future of China will brighten with the disappearance of the Moscow influence and that the patience, industry and common sense of the Chinese will soon restore a sensible government.

"In Japan, trading concerns generally, and especially importers, have suffered

from fall in values of raw materials and of the manufactured article. Excessive competition has also added to the losses sustained. Japan's imports of raw cotton amount to 3,386,000 bales, of which 1,840,000 are taken from India and 1,130,000 from America."

"On the whole India has continued to enjoy prosperity," said Sir Montagu, "thanks in a great measure to her exports of jute and tea and she can now show a balance of trade in her favor amounting to 32,279,000 pounds. The record American cotton crop affected the exports of cotton from India and resulted, of course, in a drop of value. It is interesting to note that India has imported from the United States quite a fair amount of this cheap cotton, which is being used in place of the insufficient and too expensive supplies available in India. About 200,000 bales of American cotton may be imported this season for use in local mills."

Sir Montagu in quoting the figures of the bank's balance sheet, said he considered them satisfactory, in view of the many handicaps to trade to which he referred. The balance total of the Chartered Bank of India, Australia and China was 66,645,955 pounds, a decrease of 4,220,492 pounds. The bank's investment in government securities showed an increase, being at 12,149,644 pounds. The directors voted that the regular dividend of 14 per cent. per annum for the half-year ended December 31 last, together with a bonus of 6s, 3d per share, free of income tax, be declared payable.

## Trade With Sweden

Aktiebolaget

# Göteborgs Bank

Gothenburg and Stockholm

SWEDEN

Established in 1848

**Own capital Kr. 78,750,000**  
**(over \$20,000,000)**

Through our many branches and correspondents all over Sweden we are able to offer every accommodation possible for banking transactions in Sweden.

*Cable address: Götabank*

## BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

### The Central Bank of India, Limited

Bombay (India)

**O**UR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

S. N. POCHKHANAWALA, Managing Director

## THE ROYAL BANK OF CANADA OFFERS FELLOWSHIP IN ECONOMICS

**W**ITH a view to promoting a serious discussion of Canada's economic problems, to encouraging advanced courses in economics, banking and trade, and to assisting capable students who desire to improve themselves in these fields, the Royal Bank of Canada will grant a graduate fellowship to any student in residence at a Canadian university who submits the best essay on one of several specified subjects during the coming academic year. The fellowship will have a value of \$1000 and will permit the student to do research in the economic department of any of the Canadian universities.

The following topics have been chosen as subjects:

Does Canada need a Federal Farm Loan System? A study of the Tory report and federal legislation.

Canada's optimum of population and how it may be obtained. In this context the word optimum may be defined to mean the ideal number of people of the type which will be most satisfactory for the building of the nation.

The potential development of Canadian trade in one of Canada's foreign markets.

Economic possibilities of the Maritimes. A study of the Duncan report.

The following conditions have been established for the contest:

"The essay must not exceed 3000 words in length, and preference will be given to papers which are non-technical in terminology and most practical in treatment.

"The fellowship will amount to \$1000, and may be taken in the department of economics or of political science at any Canadian university. In case a student is unable to pursue the advanced study of economics, he may choose a solatium of \$250 in cash, and a fellowship of \$750 will go to the student submitting the second best paper.

"The papers must be submitted to the economist's department of the Royal Bank of Canada before March 1, 1928; they should be typewritten in triplicate and numbered. The name of the student should be submitted in a sealed envelope with the paper.

"The winning paper becomes the property of the bank and at the option of the bank may be published as the bank sees fit. A non-winning paper remains the property of the student submitting it.

"The papers will be judged by the economist's department of the bank, and five of the best papers will be submitted for final judgment to a committee of prominent men not connected with the Royal Bank of Canada.

"Answers to any questions concerning the interpretation of the rules of the competition will be given by the head office of the Royal Bank."



ORIGINAL CHARTER 1828

## A Leading New England Bank

We endeavor constantly to imbue further our every transaction with the traditional cordiality which has existed so strongly between this bank and its correspondents and clients for nearly a century.

Corporations, executives, and individuals must have a dependable banking connection for their domestic and foreign business. The Atlantic National Bank of Boston goes one step further and incorporates into the whole the true spirit of banking service.

*Total Resources Over \$130,000,000*

THE  
ATLANTIC NATIONAL BANK  
OF BOSTON



# How Banks are Advertising

Special Section of The Bankers Magazine

JUNE 1927

**A** ONE-day session of the Financial Advertisers' Association in Denver during the annual meeting of the International Advertising Association, June 26-29, promises to attract a large number of bank officials, bank new business men, and association members.

The Denver committee has planned for the delegates thirty-five trips through Denver and the surrounding country, which is famed for its scenic beauty. The convention will adjourn on Wednesday and the time until Friday evening has been set aside for these sightseeing trips.

There will be a post-convention trip to Yellowstone National Park. The low summer rates are a genuine inducement to many delegates to take their wives and make a real vacation of the trip. The route carries visitors through the scenic attractions of the Colorado and Utah Rockies and to Salt Lake City and Colorado Springs.

The Yellowstone Park trip will start Friday, July 1, at 6.30 p. m. over the Union Pacific. Five days of the trip will be covered by automobile. The tour from West Yellowstone to Salt Lake,

Colorado Springs and back to Denver on July 10, will be taken by rail.

Stop-overs at all points of interest have been arranged. The trip lacks nothing in any respect.

Headquarters of the Financial Advertisers' Association, 231 South LaSalle street, Chicago, will gladly supply bankers with folders giving rates and dates for the entire trip.

THE Cleveland Trust Company, Cleveland, Ohio, has seized upon the sailors on Great Lakes boats as possible customers and has collaborated with the masters of the vessels in a campaign for savings accounts among the men. To increase interest in the plan, a prize is offered annually to the vessel winning a savings contest.

This year's contest is outlined in an attractive folder sent out to the sailors and called "Your All-Year Chart." The idea of charting a personal craft through life is carried out in the text. Last season's prize winners are announced—the ship winning the \$250 prize and the amount of the prize money which goes to each man. The men are awarded portions of the prize money in proportion to the per cent.

of their salary they have saved.

"THE Valley Bank Visitor," a bulletin "published in the interests of the Valley Bank in Arizona," Phoenix, contains a business review—agriculture, livestock, mining, development and national conditions; special articles; personal items and discussions of banking conditions

AN average of seventy new depositors every business day during 1926 and a total of \$1,021,500 interest paid on savings deposits in the same time is used to good advan-

*There is only TODAY  
in which to make your WILL*



**FIDELITY TRUST COMPANY**  
147 W. CONGRESS ST.

Trust Service

1. The man in the picture is a representative of the Fidelity Trust Company. He is a member of the Fidelity Trust Company and is here to help you make your will. He is a member of the Fidelity Trust Company and is here to help you make your will.

2. The man in the picture is a representative of the Fidelity Trust Company. He is a member of the Fidelity Trust Company and is here to help you make your will. He is a member of the Fidelity Trust Company and is here to help you make your will.

3. The man in the picture is a representative of the Fidelity Trust Company. He is a member of the Fidelity Trust Company and is here to help you make your will. He is a member of the Fidelity Trust Company and is here to help you make your will.

4. The man in the picture is a representative of the Fidelity Trust Company. He is a member of the Fidelity Trust Company and is here to help you make your will. He is a member of the Fidelity Trust Company and is here to help you make your will.

5. The man in the picture is a representative of the Fidelity Trust Company. He is a member of the Fidelity Trust Company and is here to help you make your will. He is a member of the Fidelity Trust Company and is here to help you make your will.

Placing the emphasis on "do it now!" A stirring impulse to action is embodied in this carefully thought out advertisement. Headline, copy and illustration are all well handled.

tage by the First National Bank of Boston in a folder, "The First in Savings."

The institution's service is summed up briefly in the words, "Not the least attractive phase of the bank's service to them (its seventy new daily depositors) is that, whether they have \$5 or \$5000 to deposit, they command at once the willingness and the facilities of the bank to serve them.

THE travel bureau of the Mellon National Bank, which has recently published a number of attractive pamphlets regarding its services, has added to the number with a folder entitled "Pleasant Journeys." This follows the general style of its precedes-

sors, containing a number of excellent views of European places of interest. The text deals with the advantages of seeing Europe in the spring. The back page of the folder contains, as a suggestion to travelers, the use of the Mellon Travel bureau facilities.

THE story of Jim Thorne, hardware merchant, and his resentment at being charged a \$3 service charge by the bank next door is told in interesting and readable fashion by Littleton Fitzgerald, Jr., advertising manager of the American National Bank, Richmond, Va., in a booklet distributed by a committee on analysis of accounts and service charge of

the Virginia Bankers Association.

The booklet is entitled, "How You Should Use Your Bank," and is much more interesting than it sounds. It is written informally and consists chiefly of conversation between Jim Thorne and the cashier of the bank, Haywood Blount, commonly called "Hay." Needless to say, Jim is persuaded—as is the reader at the same time—of the necessity and reason for a service charge and goes away convinced that the \$3 had been well spent.

Two-color printing and good make-up add to the readability of the booklet.

A MEETING of the extension committee of the Financial

SPECIAL FEATURES  
AUTOMOBILES

## The New York Times.

SPECIAL FEATURES  
RADIO

SUNDAY, MARCH 27, 1927

### TEN COMPANIES REACH THE BILLION MARK

United States Steel Heads List Which Includes Five Railroads, Two Automobile Concerns, the Telephone Company and the Standard Oil—All Are Designed to Meet Modern Demand for Speed



#### THE TEN BILLION-DOLLAR CORPORATIONS OF AMERICA

(Figures for 1926 unless otherwise specified, are given in millions for 1927.)

Company	Total Assets	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
U. S. Steel Corporation	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000	\$2,475,000,000
Standard Oil Company	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000	\$1,912,000,000
General Electric	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000	\$1,800,000,000
International Telephone & Telegraph	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000
U. S. National Bank	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000	\$1,500,000,000
Standard Oil of New York	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000	\$1,400,000,000
International Paper Company	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000	\$1,300,000,000
General Motors	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000	\$1,200,000,000
U. S. Telephone & Telegraph	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000	\$1,100,000,000
Standard Oil of California	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000	\$1,000,000,000

The Positions of These Ten Billion-Dollar Corporations As Compared to the United States Total—Transportation, Communications and Their Associates of These and 617

Five of the above billion-dollar corporations carry accounts with us.

## THE NATIONAL Shawmut Bank

OF BOSTON

A local call, Canal 8190, enables you to talk with us in Boston without extra charge



**The Shawmut Corporation**

deals in bonds, stocks, bank-ers' acceptances and other securities. It offers an investment service to all investors, whether depositors in the bank or not.

New York in Wall Street  
Chicago 400 N. La Salle Street  
Philadelphia 1400 Chestnut St.

A well timed capitalization of a feature news story. The National Shawmut reproduced part of the first page of this story shortly after it appeared in the "Special Features" section of the Sunday New York Times, the bank getting its own message across in a single line of copy.

Advertisers' Association was held in Pittsburgh May 21 to consider matters of first importance in bank business building.

With the growing importance of advertising as a part of any bank's business building plan, the association strives to keep always a step ahead of the trend.

Its extension committee, under the chairmanship of Robert J. Izant, is charged with the duty of not only discerning association needs in advance, but also with the duty of instituting such progressive changes as make for better advertising results.

Under the administration of C. H. Handerson, the association has taken vigorous hold of bank advertising problems.

The research committee, headed by Clinton F. Berry, has fifteen working sub-committees, each devoting its time and energy to one phase of bank advertising. The finished work of this committee will give to association members, concrete matter on the relative efficacy of the various advertising mediums used by banks.

This material, in addition to the text book now in preparation, will put into the hands of financial advertisers perhaps the most complete and factual study of advertising ever attempted by any group.

All these efforts in behalf of banks are put forth by the Financial Advertisers'

Association on recommendation of its extension committee of whose Pittsburgh meeting, John A. Price, advertising manager the Bank of Pittsburgh, was the host.

The personnel of the extension committee is: Robert J. Izant, chairman, Central National Bank, Cleveland; W. E. Brockman, Minnesota Loan & Trust Co., Minneapolis; Robert D. Mathias, Depositors State Bank, Chicago; Harrison B. Grimm, Security Trust Company, Detroit; H. Ennis Jones, Franklin Trust Company, Philadelphia; S. C. King, Bank of Ensley, Ensley, Ala.; Charles H. McMahon, First National Bank, Detroit; J. A. Price, Bank of Pittsburgh, Pittsburgh; Frederick P. H. Siddons, American Security & Trust Co., Washington, D. C.; I. I. Sperling, Cleveland Trust Company, Cleveland; Dudley Winston, Louisville National Bank, Louisville, Ky.; A. M. DeBebian, Equitable Trust Company, New York City.

A DIRECT mail campaign of the First National Bank in St. Louis has been selected recently by the Graphic Arts division to be a part of the Direct Mail Leaders Exhibit of 1927. This campaign, along with other exhibits, is to be shown in Philadelphia, Chicago, Cleveland, Boston and Pacific Coast cities. The committee on awards consisted of several direct-by-mail experts and was headed

by Charles R. Wiers. The campaign was prepared by Frank Fuchs, advertising manager of the First National Bank in St. Louis.

THE Citizens Trust Company of Utica, N. Y., has published a booklet, "A Story of Helpfulness," showing its work in selling Utica to its own residents. "Much has been done," it says, in introduction, "and said about developing our city—Utica. This little book is designed to acquaint our friends with the work this institution is doing, in a tangible form, to develop Utica.

"There is no mention of

**Thousands of NEW YORKERS have responded—Have You?**

Since the beginning of these advertisements there has been a constantly increasing number of replies to cards with no trace of delay. Thousands of requests have come in for our booklets. "These mail order relations are just exactly what we require. Each week, more and more of active business and professional interests have found here some useful and to them their needs of financial requirements and satisfied their dependent ones.

We do not know what your particular plans and problems are. But we believe that with its sound responsibility, integrity, experience and general success, this bank can become your legal and valued ally.

You have, one of our trust officers to have equipped to tell you, after a survey of the circumstances. Will you drop us a card telling us when you can conveniently open office or treasury accounts?

With Assurance Open a Chatham Phenix National Bank Trust Company Account.

**CHATHAM PHENIX NATIONAL BANK TRUST COMPANY**

This bank has built an effective advertisement around the reproduction of a series of impressive advertisements which the bank has been running, full page and half page size, in New York newspapers.

### A Market Report 100 Years Ago

AMONG the hidden assets of the Bank of New York and Trust Co. is a market review for March, 1837, with some interesting quotations.

Copper.....	\$ .17 to \$ .31
Cotton.....	8¼ to .12¾
Cash.....	.55 to .64
Wheat.....	.95 to 1.06
Butter.....	.10 to .18
Brandy.....	1.20 to 1.75 gallon
Whiskey.....	.31 to .33 gallon
Sherry Wine.....	1.50 to 2.50 gallon
Champagne.....	15.00 to 16.00 dozen
Tea.....	.26 to 1.25 pound

**Bonds and Stocks**

United States 6% Bonds.....	100¼ to 102
Bank of New York stock.....	124½
Manhattan Co. stock.....	112½
Bank of America stock.....	95½
Chemical Bank stock.....	103½

The prices of the staples, corn, wheat, cotton and copper, appear to have changed comparatively little during the one hundred year period, but it is interesting to note that certain items have disappeared altogether from the market reports.

The quotation for the stock of the Bank of New York was higher than any other bank stock; dividends at that time were 8% on a capital of \$965,000, while in 1927, exactly one hundred years later, dividends are being paid at the rate of 3½% on a capital of \$4,000,000, the bank's surplus and undivided profits at the present time being over \$13,600,000. Dividends have been paid continuously since the organization of the Bank in 1784.

We feel that our success of 143 years is due to our traditional policy of conservatism and strict adherence to correct banking methods.



### Bank of New York & Trust Co.

Capital, Surplus and Undivided Profits over \$17,000,000

Main Office  
52 Wall Street

Foreign Department  
48 Wall Street

Madison Avenue Office  
at 63rd Street

A number of very interesting quotations are brought to light in the 100 year market review quoted from by one of New York's oldest banks in an advertisement which it published recently. The bank points out in the copy that its stock was quoted in this review at a higher figure than that of any other New York bank.

the financial help this institution gives Utica industries. That help is to be expected of us. This is simply a story of a part of our efforts to develop this city.

"We are proud to say that this bank is doing everything in its power to help Utica grow."

Included in the booklet, which is attractively printed, are reproductions of advertisements published by the

bank in Utica papers and having to do with the growth of the city; photographs of several exhibits of Utica industries which were displayed in the bank lobby in an effort to acquaint Uticans with their town; and reproductions of an educational series of advertisements that the people might know what the Citizens Trust Company was doing for the town.

THE service department of the Union Dime Savings Bank of New York has issued several folders dealing with the budgeting of income—family or personal. One folder, feminine in its appeal, presents suggestions for the business woman's budget; another, similarly gotten up, deals with family problems.

Since the world at large is fairly well sold on budgets in theory but never gets around to them in practice, the pamphlets are chiefly concerned with showing suggested budgets for certain incomes. The proportion of

Half of the Homes of the Country are Owned by Men Earning Less than \$2000!

Some investigator has found that half of the homes in the country are owned by people with incomes of less than \$2000 a year.

You, who have been saying to yourself, "Gee, if I only thought I could, I'd have a home tomorrow" ... ponder over this:



If half the home owners have done it on a mere income of \$2000, what could you do with yours?

Don't you thrill at the idea of walking up your front steps and sticking the key into your front door?

Sleuth, airy rooms. A cool, breezy porch. A kitchen that is a kitchen. A garden to dig around in and rear flowers and vegetables. Doesn't the very thought of it make you say, I can and I will?

There is a right way and a wrong way to get started. For your good sake, may we give you a copy of "Prosperity Handbook" (No. 5, entitled "How to Own a Home")? We know you will study every page of it. Please ask at Window No. 24.



THE FIRST NATIONAL BANK OF NEW YORK  
42 Church St

COMMERCIAL SAVINGS TRUST SAFE DEPOSIT

An interesting fact interestingly presented, in an appropriate layout.

income that should be devoted to each department, under each of various incomes, is given, along with explanatory text. A third folder contains a conveniently tabulated sheet in which expenses may be jotted down in their own particular compartment.

Those with special problems are invited to bring them to Miss Mabel F. Thompson of the service department.

Two of a series of trust booklets being published by the State Street Trust Company of Boston deal, respectively, with "What Life Insurance Should Do," and "What An Immediate Trust Can Do." These are similar in make-up to another of the same series mentioned in these columns in May. "Will Making—the Chart of an Estate," and tell simply but effectively the services of the trust department of a bank in general, and of the State Street Trust Company in particular.

THE April number of the *First Wisconsin Triangle*, monthly publication of the First Wisconsin Group, Milwaukee, Wis., contains a one-page feature with saving to buy a home as its moral; a page of feature photographs; an editorial page containing several suggestions regarding vacations; an article on Milwaukee-made products; and a sketch of the career of an employe who

## WHO'S WHO IN BANK ADVERTISING




E. H. MCINTOSH

Advertising Manager Fidelity Trust Company,  
Detroit, Mich.

**MR.** MCINTOSH has had a background of nine years of varied newspaper experience. He is a former financial advertising manager of the *Detroit Times*. For three years he operated and owned a syndicate advertising company. He has been advertising manager of the Fidelity Trust Company for the last three years. His institution has no agency, and Mr. McIntosh writes all the copy himself. The originality and effectiveness of his copy have brought favorable comment from banks in all sections of the country. He is a member of the Financial Advertisers' Association.

**Where minutes count**  
(SAGE EYES WATCH THE CLOCK IN OUR TRAVEL DEPARTMENT)

**THE NORTHWESTERN NATIONAL BANK**  
Bank of the City of New York



**THE NORTHWESTERN NATIONAL BANK**  
Bank of the City of New York

Institutional copy telling a readable story of the way in which the bank saves time for its customers in the handling of out-of-town checks.

has been with the bank for twenty-two years.

A SERIES of four letters has been sent out by the First National Bank and Trust Company of Freeport, N. Y., to its depositors, telling them of the importance of making a will and the value of the bank's trust department as an executor. In each letter was enclosed a four-page folder, one page of which was a coupon to be detached, asking for a copy of the bank's booklet, "The First Step in Making Your Will." This also supplied a method for checking the returns on the campaign.

The last letter was addressed to those who had not up to that time sent in requests for the booklet and

contained a request that those who had already made wills mark the coupons so that further correspondence would not be sent them.

The same bank also used direct-by-mail advertising effectively in a letter sent to a list of prospects inviting them to come in and become acquainted with the bank's officers and assistants. A description of Freeport and a large aero-view of the city were given for those who are considering Freeport as a place to live.

A CHANGE from the bank employes' contests for new business is one which was held by the Liberty Trust & Savings Bank of Chicago—a customers' new business contest. In this "friendship campaign" the bank obtained 1495 new customers and \$1,193,000 in new business in seventy-five days.

The Liberty Trust & Savings Bank is located in an outlying district of Chicago and, since it did not expect a large amount of business from employes who live from three to ten miles from the bank, decided to get the cooperation of its depositors, who, it had been said, brought in 75 per cent. of the bank's new business.

Captains for eight teams were chosen from among the officers and 1025 names of customers, who it was thought would make good salesmen, were distributed among the captains. The

goal of each captain was \$125,000, including checking, savings, bond, trust and vault business. A huge score board recorded the daily results of the teams and weekly bulletins, telling of the customers who had brought in business, were mailed to each team member.


No bonuses were paid either to employes or customers; bond sales were given a credit of only 50 per cent. and no piece of trust business received a credit of more than \$1000. Ninety per cent. of the business obtained came directly from the depositors and of the total, 70 per cent. represented initial deposits of commercial and savings accounts.



**TO SOME**—merely a building.  
**TO OTHERS**—just another bank.  
**TO OUR CUSTOMERS**—a 60 year old institution, with successful experience and ample resources. A search friend and adviser, a headquarters for every banking requirement.

If you contemplate any changes in your banking connections, or if you are about to establish a new account, we believe our services will completely satisfy you and we ask for an opportunity to prove it.

Business our BUSINESS



**BROOKLYN TRUST COMPANY**  
41 Broad St., New York 100 Public St., Brooklyn 112 Broad Ave., Queens 100 Ege Ave., Buffalo

Well arranged copy features the layout of this Brooklyn bank's advertisement.



# SELECTING THE BANK'S ARCHITECT

BY LEWIS L. BAXTER

Vice-president and treasurer Morgan, French & Co., Inc.

NOT many years ago, to the layman, an architect was an architect, just as a doctor was a doctor and a lawyer was a lawyer. Under present day conditions even the layman draws sharp distinctions between criminal lawyers, corporation lawyers and lawyers specializing in real estate titles; also he does not expect his family physician to be a surgeon, or an eye specialist.

But there still persists in the minds of many, the idea of an architect as an impossible combination of artist and dreamer, with ink-stained smock and windsor tie, and perhaps unshorn locks—and master craftsman in a dozen trades, expert on foundations and roofs, steel framing and bathtubs, electricity and landscaping, cottages and palaces, garages and cathedrals. So persistent, in fact, is this idea, that legislation regulating the practice of architecture in one of the oldest and richest states in the union, limits the issue of licenses, theoretically, to just such non-existent paradoxes.

It is however, gradually becoming recognized that the day of the "general practitioner," in the important matter of planning buildings, is over. With the higher costs of construction now prevailing, the wasteful and inefficient methods of the old-fashioned architect must give way to more modern and efficient methods.

Not only is the "architect" likely to be an organization of experts in various lines, including designing, structural engineering, specification work, construction supervision, etc., instead of an individual with a few draftsmen working under his direction; but this organization, which quite frequently is an incorporated company, seldom attempts to undertake more than a limited number of different types of buildings, and often confines its activities to one particular class, in its effort to give its clients the advantage of specialized experience.

One of the most highly specialized fields is that of bank architecture. From the banker's standpoint, the advantage of dealing with a specialized organization are inestimable. To be successful, these firms must include in their personnel the best talent that can be ob-



© BLANK-STOLLER, INC.

LEWIS L. BAXTER

Vice-president and treasurer Morgan,  
French & Co., Inc.

tained in designing, from the true architectural or artistic standpoint, as there is no excuse for buildings that offend the aesthetic senses. A bank building that is not pleasing in appearance and proportions, or that is not architecturally correct, is an abomination, however well planned or constructed.

If the designer's work must be interrupted to figure out the stresses in a truss, or the details of a heating plant, or to write up a contract, or straighten out some construction problem in the field, he has that much less time to de-



vote to design. It is also doubtful whether any of the other things would be done as efficiently as they could be done by someone else, who was devoting undivided time to vaults or to the preparation of specifications and contracts.

A bank has a right to expect equal proficiency in every department. Not only should the building be properly planned, and be of pleasing and correct proportions, but it should be designed for the required strength, without waste of material. All of the different features and equipment items should represent the judgment, based on intimate knowledge and experience, of experts in such matters, and not on the advice of manufacturers or contractors, who are seeking to sell their products.

#### SPECIFICATIONS NOT ALL

The architect's work is only half done when plans and specifications are completed. A building on paper is one thing, and the completed job itself another. Not only does the bank expect excellent plans and specifications and competent supervision, but also a business-like administration of the operation, viewed as a business proposition. The lowest prices possible, consistent with first class workmanship and materials, must be secured on every item entering into the project.

The architectural organization must contain men who know the contractors and manufacturers, and their work, in order to give the client full benefit of a large competitive market. Selecting the proper contractors to bid on the work, and arranging the specifications in such a way as to get the benefit of the widest possible competition, is a job for the type of man who might otherwise be the purchasing agent for a business organization. This qualification should not be expected of either the designer or the engineer; such a man must be included in the architectural firm, or the bank will suffer.

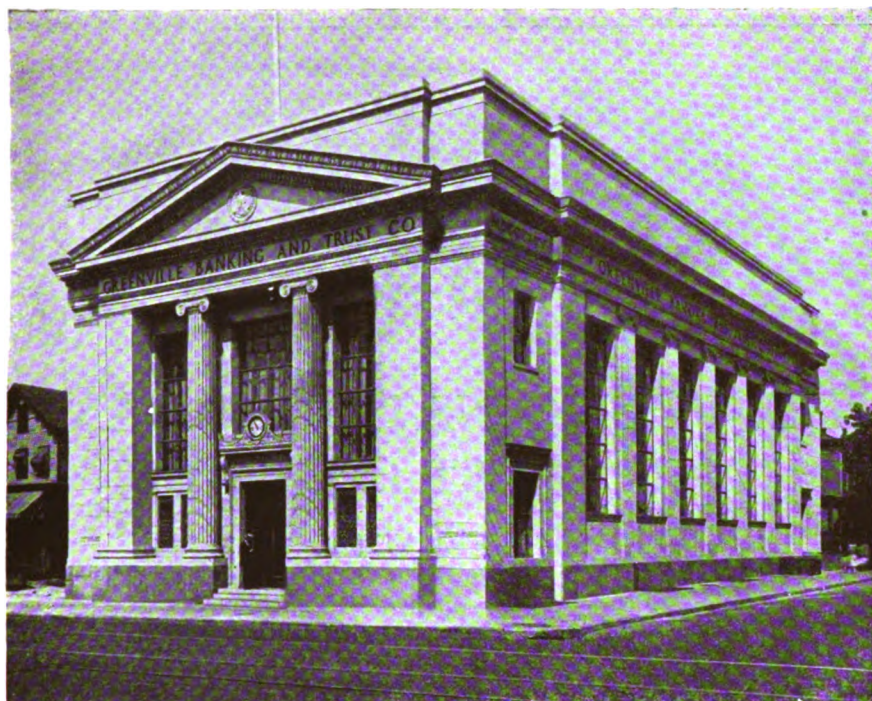
With the work properly planned, economically "bought," and efficiently

supervised, one might think things would move smoothly, and that the architect's troubles were over. This might be, were it not for "changes." Some banks will not permit everything to be carried out as planned. They think of something they want to add, or some change they want made in arrangement; perhaps as a result of changes in their own business system, while the work is in progress. This brings all of the co-ordinate branches of the architectural firm back into the transaction, to a degree that the bank seldom appreciates.

What appears to be a single change may affect the work of a score of different contractors and subcontractors, and work in progress in a dozen different factories. Not only must the change be analyzed, and proper instructions given to everyone affected, but numerous price adjustments must be made, and the bank's financial interests protected to as great a degree as possible.

Were it not for the changes, architectural offices could be run at less expense with a greatly reduced corps of assistants, including stenographic and clerical help. The architect has no adequate redress, and often loses money on the work of a client who is subject to frequent changes of mind. A change, where "extras" and "credits" balance, and do not increase the owner's bill or the architect's fee, may consume hundreds of dollars worth of time in the architect's office. Of course the architect should assume full responsibility for everyone affected securing correct information, so that the work will come together properly and "changes" require what amounts to an accounting division, run by the architect for the benefit of his clients to keep their complicated accounts with their contractors in proper shape.

If properly handled in the architect's office, the bank should not be penalized for making changes; but it often is, simply because the architect fails to analyze the "extras" charged, and the "credits" allowed, and insists on their being con-



Greenville Banking & Trust Company, Jersey City, N. J.

**T**HE new home of the Greenville Banking and Trust Company, Jersey City, N. J., is built in the Neo-Greek style of architecture, giving a combination of dignity and simplicity. The exterior of the building is of cut stone surmounted with terra-cotta, while the base is of polished Crotch Island granite. Large windows on all four sides admit an unusual amount of daylight.

**ALFRED C. BOSSOM**  
BANK ARCHITECT & EQUIPMENT ENGINEER.  
680 FIFTH AVENUE, NEW YORK



# THE PUBLIC NATIONAL BANK AND TRUST COMPANY

*of NEW YORK*

*Member Federal Reserve Bank*

We invite accounts of Banks,  
Bankers, Corporations, Firms  
or Individuals and shall be  
pleased to meet or correspond  
with those who contemplate  
making changes or opening  
new accounts.

CHECKING ACCOUNTS                      THRIFT ACCOUNTS  
TRUST SERVICES  
FOREIGN EXCHANGE                      SAFE DEPOSIT VAULTS

*Resources over \$135,000,000*

*Twenty-eight Branches in Greater New York*

sistent with the value of work added or omitted.

#### OTHER PHASES OF WORK

Various other phases of the work of the architect's office could be mentioned, such as the preparation of contracts that protect both bank and contractor; the periodic appraisals of work completed, in order to certify as to the amounts due to contractors during the progress of the work; and the "follow-ups" to see that each manufacturer's work is ready when needed; but these matters cannot all be taken up here in detail. It is hardly necessary to go any further to show how essential it is to bring together a group of men of widely diversified talents to properly perform the duties of architect; and it follows axiomatically, that these men will become much more proficient if they confine their various activities to one phase only, and do not attempt to be "jacks-of-all-trades."

Whenever a bank has a construction project to undertake, it is wise indeed, if it avoids trying to solve the details of the problem itself, and devotes its energies to ascertaining who is best organized for that particular class of work. The "general practitioner" cannot give the service offered by the "specialist," and the "specialist" should be in reality a group of specialists, if efficiency is to be attained. The individual cannot replace the organization. The subjects to be covered are too diversified for any individual to master, and employing a personal friend or business associate and then trying to tell him what you want done and how, will probably prove a

most expensive experiment, and be followed by numerous regrets.

It is not the purpose of this article to depreciate the importance of the architect, as the term is generally understood, meaning the designer. An organization that is deficient in that department may produce practical and economical buildings, but they will lack individuality, or "soul" as the poet might express it. The designer is an essential part of the modern architectural organization, and his talent and taste will be reflected in the finished product. Without his contribution, an otherwise competent organization would be forced to limit its activities entirely to the class of work that is strictly commercial, rather than artistic, and this would be a restricted field indeed, as bankers are appreciative of the value of attractively designed buildings as a purely business asset. It costs little, if any, more for any building to be correctly and beautifully proportioned; and the slight additional cost of appropriate embellishment is often not in any sense a waste or an extravagance, and can often be made to pay handsome returns in advertising value alone.

Do not expect the designer to be, however, an engineer, a specification expert, a business executive, an expert accountant or an organizer. The important construction work of today is being directed by organizations combining all of these qualifications, but it takes such organizations a long time to live down the bad name earned by the old-fashioned "jack-of-all-trades," who was necessarily incompetent in one or more of these important departments.

# INTERSTATE TRUST COMPANY

59 LIBERTY STREET, NEW YORK

**T**HE Interstate Trust Company announces that on July the first the Franklin National Bank will be merged with the Interstate Trust Company, and on the same date, Bloomingdale Brothers Private Bank will be acquired by the Interstate Trust Company.

The merger of these institutions provides a greater, broader field of usefulness, increasing our facilities to serve not only downtown New York but the Hudson and Franklin Street district and the Sixtieth Street and Lexington Avenue section of the City.

Every member of the entire organization is eager to serve personally and constructively. We are ready to discuss business or banking problems.

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## DIRECTORS Of the Merged Bank

**E. N. BROWN**  
Chairman, St. Louis & San Francisco Ry. and Chairman, Chicago, Rock Island & Pacific Railway

**EUGENE P. THOMAS**  
President, United States Steel Products Company

**DE WITT MILLHAUSER**  
Spreyer & Co.

**A. CURTIN FETTEROLF**  
Vice President, International Mercantile Marine Company

**JOHN W. DOTY**  
Chairman, Foundation Company

**SAMUEL J. BLOOMINGDALE**  
President, Bloomingdale Bros., Inc.

**GEORGE S. SILZER**  
President, Interstate Trust Company

**WILLIAM V. GRIFFIN**  
President, Brady Security and Realty Corp.

**CARLETON H. PALMER**  
President, E. R. Squibb & Sons

**RALPH WOLF**  
Attorney, Hays, Hershfield & Wolf

**JAMES A. KENNY**  
Vice-President, William F. Kenny Company

**JOHN W. BURROWS**  
*Formerly*  
American Woolen Company of N. Y.

**HERBERT C. LAKIN**  
President, The Cuba Company

**ARTHUR P. SMITH**  
Vice-President, Interstate Trust Company

**ALBERT T. JOHNSON**  
Vice-President, The Borden Company

**WILLIAM J. WELLER**  
Secretary & Treasurer, Reid Ice Cream Co.

**ARTHUR P. WILLIAMS**  
President of R. C. Williams & Co. Inc.

**F. A. WILLIAMS**  
Vice-President, Cannon Mills, Inc.

**ANDREW WILSON**  
Wm. A. Camp & Co.,

**ISAAC ALPERN**  
President, Perth Amboy Trust Co.

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## INTERSTATE TRUST COMPANY

George S. Silzer, President

59 Liberty Street

Member Federal Reserve System

**Franklin Branch**  
Hudson at Franklin Street.

**Bloomingdale Branch**  
Lexington Avenue at 60th Street

Capital of the Merged Bank  
\$3,800,000.

Surplus of the Merged Bank  
\$1,300,000.



# WHY AMERICA WAS FINANCIALLY PREPARED FOR THE WAR

BY ROBERT D. KENT

**I**N August, 1914, the monetary machinery of the United States met with what authorities agree was the most severe shock it had ever experienced; but it was prepared for it and, severe as it was, no special harm resulted. How this happened is a story well worth knowing.

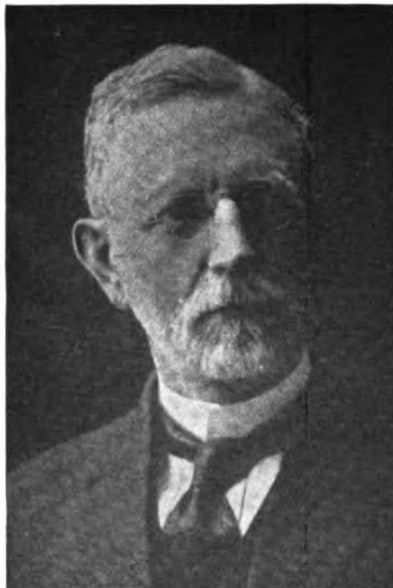
In order to get the proper perspective it is necessary to tell of what happened in 1893 and 1907, and of the methods of relief. A large proportion of the surplus or idle money of the country gravitates to New York and, as it is surplus and in a sense idle, the New York banks cannot invest it in a permanent way, nor in commercial paper having from four to six months to run; hence it furnished the call loan supply which runs into billions of dollars.

Loans on call are secured by collateral listed on the stock exchange, and can be called any day and, if not paid, the collateral can be sold on the exchange. When demands of one kind or another are made upon the banks their supply of funds is augmented by collecting a portion of the call loans. When a bank's cash is depleted to or below the required reserve, practically its only immediate relief is from the call loan market. A clear appreciation of this fact is a vital feature of the story the writer is trying to tell.

## CLEARING HOUSE CERTIFICATES

In severe panics we have had one system of great helpfulness in affording relief to the financial pressure. That is the issuance of clearing house certificates by the clearing houses of the principal cities of the country. Too much praise cannot be given our leading bankers for their statesman-like manner of issuing and retiring these instruments. In 1893 and 1907 clearing house certificates were issued in large volume and did much to

restore normal conditions but, notwithstanding this help to the situation, it will be remembered that currency could not be obtained for ordinary uses and it commanded, for a long period of time, a



ROBERT D. KENT

Mr. Kent has spent more than fifty years in the banking field and has long been known as an authority on monetary subjects and topics allied with political economy. He has been an official or a director of various banks and commercial enterprises in some of which he still maintains an active interest. Forty-five years ago he launched the Atlantic City National Bank of Atlantic City, N. J.—the first financial institution in that now famous resort. This bank has had an unusually successful career. Mr. Kent has also participated in the organization of other successful banks.

premium as high as 3 per cent. In other words, it cost that rate to transport money from the inside to the outside of a bank counter. In addition to the scar-

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,500,000 Undivided Profits \$445,000

**JULIAN P. FAIRCHILD, President**

**WILLIAM J. WASON, JR., Vice-President**

**THOMAS BLAKE, Secretary**

**HOWARD D. JOUNT, Vice-President**

**ALBERT I. TABOR, Assistant Secretary**

**J. NORMAN CARPENTER, Vice-President**

**CLARENCE K. TOBIAS, Assistant Secretary**

**ALBERT E. ECKERSON, Auditor**

**ACCOUNTS INVITED**

**INTEREST ALLOWED ON DEPOSITS**

city of currency there was great difficulty in effecting the movement of domestic exchange from city to city. The writer happens to know of a large business house in New York, which in 1907 had in its possession two checks amounting to about \$70,000 on a bank in St. Louis, upon which it was unable to realize for six or eight weeks. It would be remembered that this condition existed in spite of the ameliorating effects of the issuance of clearing house certificates and of the operations of the call loan market.

Previous to the passage of the Aldrich-Vreeland Law in 1908 our lack of a proper monetary system was deplorable. Each year when money and credit were needed to move the crops the strain upon our finances was so great, and our demands upon European financial institutions were so severe that, according to Paul Warburg, we endangered the financial machinery of Europe.

The panic of 1907 brought home to us the necessity of providing a proper monetary system, and the passage of the Aldrich-Vreeland Act was the result. Under this law currency associations were formed in the principal cities of the country, and the special currency was engrossed and ready to meet the call which it was expected the banks would make for it.

## DEFECT IN THE ALDRICH-VREELAND ACT

The law was in force, the machinery installed, and the currency engrossed and printed and ready for distribution during the years from 1908 to 1913. But there was one defect in the law

which prevented its being availed of. It was that the initial rate of tax on the emergency currency was placed at 5 per cent., and this sum was to be increased each month it continued outstanding. As Carter Glass truly said, "No bank dared to hoist a signal of distress" by applying for any of the special currency. It would have been equivalent to advertising to its customers that it was in trouble, and so have brought about large withdrawals on the part of its depositors. Each year from the passage of the law, up to and including 1913, there was in the fall a legitimate demand for additional funds to move the crops.

In 1910, May or June, in anticipation of the fall demand, money was very tight, and proper commercial credits on the part of banks and commercial paper dealers were severely curtailed. During that period the writer recalls counselling with the vice-president of one of the leading banks of New York as to the selection of some commercial paper, and found that he discriminated against many named of which he had approved a few months before. In calling his attention to this fact he responded that "in view of the serious monetary situation it was wise to select only the very strongest names." This was unquestionably sound advice; but what it meant to thousands of business concerns of good standing, but lacking large financial resources, will be appreciated by business men.

When it is realized that a slight amendment to the law decreasing the initial rate of tax would have avoided all of this strain and loss, one wonders



what our leading bankers and the members of the currency committees of Congress must have been thinking of. A greater crisis was, however, approaching, and the eyes of our understanding were opened, and in December, 1913, the Federal Reserve Act was passed, and there was incorporated in it a clause which extended the operations of the Aldrich-Vreeland Act from June, 1914, when its provisions were to terminate, to June 30, 1915, and a provision was made reducing the tax rate to 3 per cent., or one which would not make the banks operating under it liable to be considered as "hoisting a signal of distress."

The Federal Reserve Act in a general way is given, and correctly so, the credit of meeting our monetary needs growing out of the war. It should, however, be remembered that its general provisions were not put into operation until November 15, 1914, and that our dependence for three and one-half months after the beginning of the war was on the provisions of the Aldrich-Vreeland Law as extended, and with its changed rate of tax.

#### WHEN THE SHOCK CAME

What happened when the shock came? The stock exchange was closed and remained so for four months. The reliance of the banks on the call loan market was therefore entirely cut off. Clearing house certificates were issued as in other panics to help as far as possible. But a new factor began to operate. Special currency under the Aldrich-Vreeland Act was issued to the extent of \$380,000,000. This neutralized the strain and broke the force of the shock as smoothly and surely as a disabled elevator plunging down a shaft would be stopped by a properly installed air cushion. Without this remedy we should have had something approaching chaos. As it was, currency did not command the slightest premium. In a few months matters became readjusted and the special currency was retired.

The general provisions of the Federal Reserve law began to operate in November, 1914, and we were, under its workings, enabled to finance our needs and greatly help with those of Europe, but we should not forget that, except for the help afforded by clearing house certificates, our sole dependence to enable us to withstand the shock when the war broke out was upon the provisions of the Aldrich-Vreeland Law, which through one small defect, had remained inoperative for four years, until it was vitalized just in time for our salvation.

## LAWYERS AND TRUST COMPANIES

Editor THE BANKERS MAGAZINE,  
New York.

SIR: In reading the article in the May issue of your valuable periodical my attention was called to the statement by Mr. Weldon: "The trust company can mention the lawyer in its advertising."

It can, but why should it? If it is unethical for lawyers, as a class, to advertise their business, or profession, why should some one else do it for them? Our observation and experience have been that they will accept anything and everything of that character—gratefully at times, no doubt—without any diminution in their "retainers" or fees.

The rest of the article is good stuff; we try to work with the attorneys from all angles of the game but when it comes to spending good money for advertising them—not any.

Yours very truly,

A. C. THOMAS,  
Vice-president

Union Bank and Trust Company, Huntington, W. Va.

## DETROIT TRUST COMPANY DEDICATES NEW BUILDING

THE fifth home of the Detroit Trust Company, publicly opened in May, was officially dedicated to the twenty-five years of the bank's growth. The old building has been entirely renovated and a 100-foot addition made so that the building now occupies 140 feet on Fort street and 138 on Shelby street. It is entirely occupied by the Detroit Trust Company.

In order to symbolize conservation as the dominating characteristic of the trust



RALPH STONE

President Detroit Trust Company,  
Detroit, Mich.

business, the suggestion of solidity is secured by facing the building with columns set off with tall windows, grilled at the base and closed at the top with heavy horizontal pieces extending the full length of the building. With the idea in mind for future expansion, the foundation and steel structural work were designed to support eight stories in all.

The first thing seen when entering the

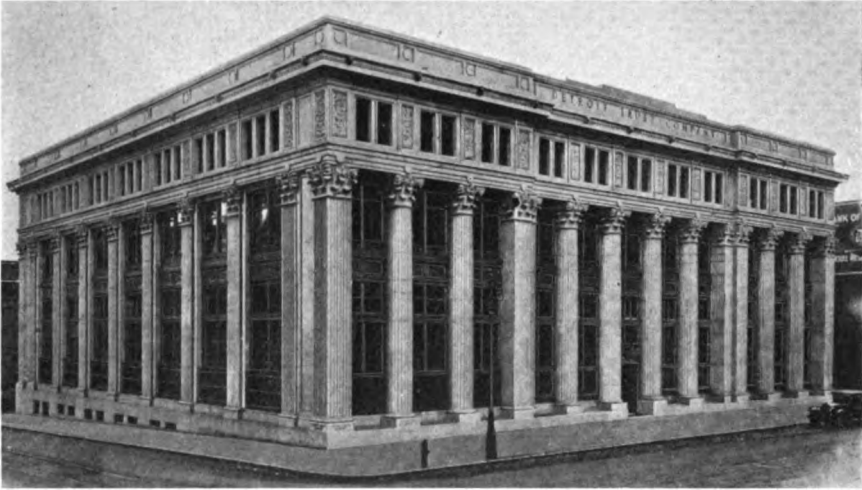
building is the huge open space on the first floor. The banking room is 140 feet wide and 120 feet deep, one of the largest of its kind in the country. Glass partitioned rooms, some used by the senior officers and others for consultation, flank the main room on three sides. At the rear are the bronze and glass cages, the elevator lobby and the ornamental marble stairway leading to the mezzanine. The wall in front of the mezzanine is of marble, pierced throughout the entire length with ornamental bronze and glass windows. In the center of the open space is a marble stairway surrounded by a bronze railing which leads to a comfortably furnished ladies' room and to the safe deposit department, in the basement.

Under the mezzanine, at the rear, is the entrance to the three-story securities vault. The concrete walls, floor and ceiling of this structure are twenty-seven inches thick.

Within the vault are the most modern facilities for safekeeping and caring for the securities held by the trust company in its various trusts. It has 800 feet of floor space and 3300 square feet of wall surface. Stairways connect the three stories so that all parts can be reached without leaving the vault.

The mezzanine floor is taken over by the library, municipal bond and trust investment departments. On the second floor, the real estate and mortgage loan departments occupy most of the space. The auditors and accountants are located on the third floor.

The company was organized in 1901. Offices were then located on the second floor of the old Butler building on Griswold street. As business expanded, the ground floor of the same building was taken over in 1902. In 1906 the company moved into offices on the ground floor of the Penobscot building, where it remained until November, 1915, when it moved into its own quarters on Fort and Shelby streets. Constant growth also



The home of the Detroit Trust Company, Detroit, Mich., showing the 100 foot addition which was opened last month. The eight mammoth columns with heavy horizontal pieces, the gridded windows and the small entrance were designed to suggest protection as the outstanding characteristic of the trust business.

has been reflected in the increase of invested capital from \$1,000,000 in 1901 to \$8,500,000 in 1927. Stock has steadily risen in value until the bid price this month reached \$700 a share.

Three directors who served on the first board are still members—Sidney T. Miller, vice-president; James E. Davidson, Bay City and Edward H. Butler, Detroit.

From the original staff two are still members of the company: Ralph Stone, president, and Frederick J. McGavin, assistant vice-president. Mr. Stone was employed as assistant secretary in May, 1901. He was appointed secretary and director in January, 1903; vice-president in July, 1912, and president in December, 1915. Mr. McGavin, assistant vice-president, is the oldest employe in point of service. He was first employed in February, 1901, as a stenographer; in September, 1916, was promoted to assistant secretary and in December, 1924, was made assistant vice-president.

The management of the company is now in the hands of twenty-five officers: Ralph Stone, president; Sidney T. Miller and James E. Danaher, senior vice-presidents; Lawrence K. Butler, Charles P. Spicer, McPherson Browning, Harry L. Stanton, Julius C. Peter, vice-presidents; Charles E. Hilton, vice-president and secretary; William J. Thomas, treasurer; Frederic J. McGavin, Julius H. Moeller, Raymond H. Berry, Henry Hart and Emmett F. Connely, assistant vice-presidents; Ernest K. Matlock, trust investment officer; Norton J. Miller, assistant treasurer; Harold R. Crusoe, Nathan C. Mente and Paul R. Barton, assistant secretaries; Howard C. Van Every, auditor; R. Y. Cutler, manager real estate department; Ralph F. Kheun, manager bond sales; Oscar L. Buhr, manager corporate bond division; and D. H. Campbell, manager municipal bond department.



New building of the head office of the Royal Bank of Canada, Montreal.

## ROYAL BANK OF CANADA TO ERECT TALLEST OFFICE BUILDING

**T**HE tallest office building, not only in Canada, but in the British Empire, is at present under construction in Montreal. This building will be the new head office of The Royal Bank of Canada.

The building will rise 390 feet above the sidewalk and will have twenty-one stories above the street level and two below, but its full height will not meet the eye of the passer-by, owing to the receding of the upper stories from the street line. The purpose of this design is to prevent undue obstruction of light and air from streets and buildings nearby, and the extent to which this is accomplished may be understood from the fact that the total area of floor space in the building, as planned, will be no greater than if an eleven-story building were erected to cover the full size of the lot on all floors. The lot measures 180 by 170. At the third floor the building recedes twenty-three feet from the street line on all sides, and at the eighteenth story it recedes again.

In the erection of the building, Canadian materials are being used wherever possible. In the main body of the building, 100 feet in height, which covers the entire lot, Queenston Stone from the Niagara Peninsula will be used, while Montreal Limestone will encase the upper portion or tower.

The massive base of the building will be occupied by the main city branch of the bank and the various departments of its head office. On the ground floor will be the main banking room and in the sub-basement, reached by elevators, there will be massive vaults constructed to give the maximum of protection. There will be two mezzanine floors. The first of these will be occupied by a cafeteria, rest rooms and locker rooms for the bank staff. The second mezzanine and the first floor above will be given over to various departments of the head office, including the telegraph department, from

which private wires extend to the principal cities of Canada as well as to New York and Havana. The second floor will be occupied by the president, general manager and executive officers of the bank, and by other departments.

Above this main section all offices, with the exception of space for the board room and directors' room, will be for rental. Access to these will be gained by eight high speed elevators, six of which will go to the top floor.

The illustration on the opposite page shows the building as it will appear from St. James street and the principal entrance. The main entrance arch will be deep and finely set, proclaiming an atmosphere of dignity and beauty.

In the banking room, reached by gently rising spacious steps, the ceiling will be approximately fifty feet high and will extend the full length of the room with a large window at either end. On the north and south, the upper walls which enclose the mezzanine floors will be carried over a series of arched openings with ceilings of vaulted design finished in rich polychrome. In the more open and loftier space these same color harmonies will be repeated.

The annual report of the Royal Bank of Canada, published at the close of 1926, gave the institution total assets of \$766,376,943, paid up capital of \$24,400,000, reserve fund of the same amount, total deposits of \$612,860,288 and undivided profits of \$1,409,674.

The bank has a total of 873 branches, of which 759 are in Canada and Newfoundland. The others are divided as follows: Cuba, 58; Porto Rico, Dominican Republic and Haiti, 12; British West Indies, 12; French West Indies, 3; Argentina, Brazil and Uruguay, 6; Venezuela and British Guiana, 6; British Honduras and Costa Rica, 2; Colombia and Peru, 11; London, Paris and Barcelona, 3; New York, 1.



## FIDELITY TRUST COMPANY OF DETROIT BUYS NEW HOME

**A**NNOUNCEMENT has been made by Luther D. Thomas, president of the Fidelity Trust Company of Detroit, Mich., of the purchase by that company of the eleven-story building of the Union Trust Company, at the northeast corner of Griswold and Congress streets, Detroit.

The Fidelity will occupy the extensive banking quarters, occupying all of the first, second and third floors of the building, as soon as they shall have been vacated by the present tenants.

Its acquisition of the Union Trust building on one of the most valuable corners in the heart of the financial district is the culmination of a year-long effort of the Fidelity Trust Company to secure an appropriate home for its rapidly expanding organization and activities. The company's name will later be given to the building.

The growth and increasing prominence of the Fidelity Trust Company



● C. M. HAYES & CO., DETROIT

LUTHER D. THOMAS  
President Fidelity Trust Co., Detroit.



First floor of the new home of the Fidelity Trust Company of Detroit, Mich. The entire space highly decorative ceiling give warmth



has been phenomenal since its organization in September, 1923, with modest quarters in the Penobscot building. On December 10, 1923, the company moved into its present location at 147 West Congress street.

Now, besides its ground floor banking space, it occupies all of the building's second floor and a large part of the third, and employs many times its original force in the conduct of a comprehensive trust company business. In its mortgage department alone it has advanced in three and one half-years from the bottom place in the trust company field to a position among the top three, according to published comparative reports of mortgages filed.

#### THOMAS MAKES STATEMENT

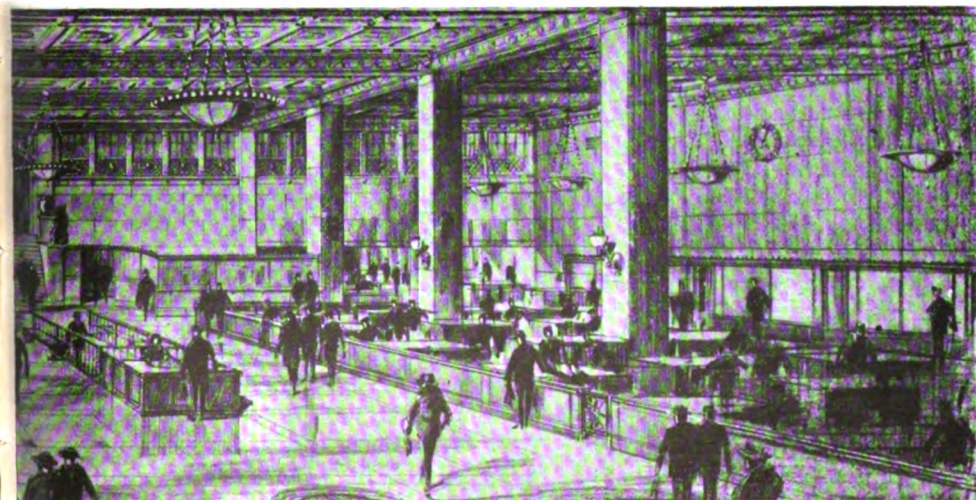
That all departments have developed accordingly is evidenced by the fact that the purchase prices of Fidelity Trust stock have mounted from \$150 to \$600 in the last three years.

"It was inevitable that we should acquire a well located home in the financial district," said Luther D. Thomas, president of the institution, "for the nature



The Union Trust building, recently purchased by the Fidelity Trust Co., of Detroit.

of our business lays open to us the advantages of such ownership. Truly our pressing need is for adequate home quarters, but we were equally concerned in the investment angle."



is one large room, outlined with offices and consultation rooms. The bronze borders and character to the banking room.



## PENNSYLVANIA BANKERS MEET IN PITTSBURGH

**T**HE program of the thirty-third annual convention of the Pennsylvania Bankers Association, held June 8 to 10 at the William Penn Hotel in Pittsburgh, included addresses by the Hon. Charles S. Dewey, Assistant Secretary of the Treasury on the subject "United States Treasury Financing;" D. J. A. Morrow, president Pittsburgh Coal Company, who spoke on "How Does Coal Look;" Dr. B. F. Austin, resident vice-president National Surety



CLARK HAMMOND

Vice-president Keystone National Bank of Pittsburgh and retiring president of the Pennsylvania Bankers Association.

Company, who spoke on "Fighting Financial Fraud;" William G. Littleton, vice-president Fidelity-Philadelphia Trust Company, who spoke on "How Should We Persuade an Individual to Make a Will?" and Dr. Lincoln Hulley, president Stetson University, Deland, Florida, who spoke on the subject "Two Sides of a Dollar."

The address of welcome to the dele-

gates was delivered by Mayor Charles H. Cline of Pittsburgh, and was responded to by Harry J. Haas, vice-president of the association and vice-president First National Bank, Philadelphia. Following this came the address of President Clark Hammond of the association. Mr. Hammond is vice-president Keystone National Bank, Pittsburgh.

Among addresses of committee chairmen delivered before the association were those of Paul B. Detwiler, assistant cashier Philadelphia-Girard National Bank, chairman committee on public education; J. H. Hasbrouck, president Penn National Bank, Reading, chairman on protective information; John G. Reading, president Susquehanna Trust Company, Williamsport, chairman legislative committee; and O. Howard Wolfe, cashier Philadelphia-Girard National Bank, chairman committee on bank economies.

The convention included a trust conference at which discussions were led by Carl W. Fenninger, vice-president Provident Trust Company, Philadelphia; Alvin Whitney, vice-president McKean County Trust Company, Bradford; Edgar A. Jones, vice-president Scranton-Lackawanna Trust Company, Scranton; Gwilym A. Price, trust officer Peoples Trust and Savings Company, Pittsburgh; and Leroy A. Mershon, manager Trust Company Division American Bankers Association, New York City.

Entertainment features at the convention included a convention ball in the ball room of the William Penn Hotel; a baseball game between the New York Giants and the Pittsburgh Pirates at Forbes Field; a smoker and vaudeville for men at the Pittsburgh Athletic Association; a theater party for ladies at the Pitt Theater; a bridge luncheon for ladies at the Pittsburgh Country Club; and a golf tournament and buffet luncheon at the Pittsburgh Field Club.

**THE** Bank of Pittsburgh N. A.,  
established in 1810, is in inti-  
mate contact with the business  
life of its community, and invites  
your business on the basis of an  
enviable record, ample resources,  
and a definite understanding of  
the requirements of out of town  
clients.

The  
**Bank of Pittsburgh**  
National Association



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President Coolidge's cabinet-committee for relief of Mississippi Valley flood sufferers conferring with members of the Red Cross flood committee. Left to right, seated, Admiral Stitt; Secretary Davis of the War Department; Secretary Wilbur of the Navy Department; James L. Feiser, acting chairman of the American Red Cross; Secretary Hoover of the Commerce Department, chairman of the committee; Assistant Secretary Charles S. Dewey of the Navy Department; Secretary Mellon of the Treasury Department and Mabel T. Boardman of the Red Cross.

## NEW YORK BANKERS MEET IN WASHINGTON; McHUGH SUCCEEDS CHASE AS HEAD OF STATE BODY

**M**ORE than 500 members of the New York State Bankers Association gathered at the Hotel Mayflower, Washington, D. C., for the thirty-fourth annual convention of the association, held June 6 to 8. John McHugh, president of the Chase



JOHN MCHUGH

President the Chase National Bank of New York and new president of the New York State Bankers Association.

National Bank of New York was elected president of the association to succeed Carleton A. Chase, president First Trust and Deposit Company of Syracuse; Milton J. Cahill, president Utica National Bank and Trust Company of Utica was elected vice-president and J. M. Kinney, vice-president Liberty Bank of Buffalo was elected treasurer.

Among those who addressed the convention were: Ogden L. Mills, under-Secretary of the Treasury, who spoke on problems of Treasury financing; Charles W. Collins, Deputy Comptroller of the

Currency, who discussed the McFadden Act; John N. Babcock, vice-president Equitable Trust Company of New York, who spoke on "The Relation of Trust Service to Modern Banking;" Virgil Jordan, chief economist of the National Industrial Conference Board, who spoke on the prospects and problems of business prosperity; State Senator Caleb H. Baumes, chairman of the New York State Crime Commission and author of the "Baumes Law" providing for life imprisonment for fourth offenders, who spoke in defense of this measure; Frank H. Warder, Superintendent of Banks of New York State, who spoke on "Banking Development During the Last Ten Years;" and Orrin C. Lester, vice-president Bowery Savings Bank, New York, who spoke on "Income Management—the Banker's Responsibility."

Illness prevented the attendance of President Carlton A. Chase of the association at the convention, and John McHugh, who succeeds him as president, presided in his place and read the president's address of Mr. Chase for him.

Standard classifications for bank earnings and expenses, which will enable banks intelligently to compare their operating costs with those of other banks and with the average figures for banks of their size, were urged by Stuart H. Patterson, comptroller Guaranty Trust Company, New York, who as chairman of the committee on bank costs appointed by the association, presented a synopsis of the printed report of that committee to the convention.

The plan proposed by Mr. Patterson's committee, which resembles in many essentials the system of uniform classifications prescribed by the Interstate Commerce Commission for the railroads of the country, will enable banks to secure more accurate comparative information on costs of operation than has heretofore been obtainable. Under the committee's

plan, the banks would be divided into three groups, depending on the amount of their deposits, and all banks would adopt uniform classifications of earnings and expenses according to their grouping. The printed report also contains an indexed expense manual to facilitate the classification of the various items of expense.

CREATION OF NEW BUREAU

The proposal also calls for the creation of a new bureau of the association to be charged with the compilation of the data reported by member banks in the three groups, through which bureau composite information may be obtained by a bank desiring to ascertain whether it is operating up to an average standard of efficiency for banks of its class.

Reports were presented before the convention by the officers of the association and by Michael Cahill, president Utica National Bank and Trust Company, for the committee on revision of the constitution and by-laws. Stevenson E. Ward, president National Bank of Commerce, submitted a report on behalf of the Federal legislative committee. Reports were also made by Jacob H. Herzog, vice-president National Commercial Bank and Trust Company of Albany, on state legislation; William S. Irish, president First Bank of Brooklyn on county organizations; Henry Burden, president Cazenovia National Bank, on agriculture, William H. Kniffen, vice-president of the Bank of Rockville Center Trust Company, on education, and W. K. Payne, president of the Cayuga County National Bank of Auburn, on clearing house associations.

The membership of the association showed a gain over last year, the total now being 1211, it was said.

M. H. Cahill, New York State vice-president of the American Bankers Association, presided over a meeting at which the New York delegation elected

the following American Bankers Association officers for New York State:

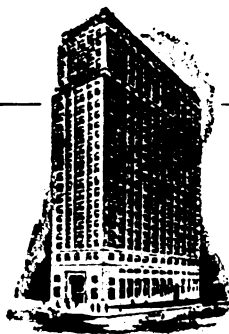
Members of the Executive Council for terms of three years: Carleton A. Chase of Syracuse and Harold K. Downey of Troy as successors to Willis G. Nash of New York and J. W. Spalding of New Rochelle.

State vice-president W. A. Boyd of Ithaca is to succeed Mr. Cahill.

Member of nominating committee, James H. Perkins of New York and J. S. Thomas of Rochester, alternate.

State vice-presidents for the following divisions also were elected for terms of one year:

National Bank Division, William C. Feathers of Troy; Savings Bank Division, Harry S. Hamilton of White Plains; State Bank Division, E. R. Thomlinson of Batavia; Trust Company Division, W. H. Radcliffe of Nyack.



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## WHAT BANKS AND BANKERS ARE DOING

MARK E. TRUMBELL, of the First National Bank of Chicago, has been elected president of the Chicago chapter, American Institute of Banking. Ernest L. Johnson, Harris Trust & Savings Bank, was elected vice-president; and Charles L. Pennell, Peoples Trust & Savings Bank, treasurer.



WILLIAM E. DEVER

Former mayor of Chicago, who has recently joined the Bank of America, Chicago, as vice-president and trust officer. The Bank of America was formerly Grenebaum Sons Bank and Trust Company.

GEORGE S. RUSSELL, vice-president and director of the Union Trust Company, Cleveland, died April 23 after a short illness. He was 77 years old. Mr. Russell succeeded his father as treasurer of the Big Four Railroad, and at the time of the organization of the Western Reserve National Bank of Cleveland, in 1893, he became its cashier. When this bank merged with the National Bank of Commerce, in 1899, and became the Bank of Commerce National Associa-

tion, Mr. Russell became cashier and director of that institution and later its vice-president. Upon the death of General Garrettson, in 1916, Mr. Russell was made president of that bank.

Through the further merger of the bank of Commerce and the Union National Bank to form the Union Commerce National Bank, in 1917, and the merger of that bank with other Cleveland banking institutions to form the Union Trust Company, in 1920, Mr. Russell came into the latter organization as one of its vice-presidents.

STEWART D. BECKLEY, vice-president of the Second National Bank of Houston, Texas, died recently after undergoing an operation. He was 41 years old. Mr. Beckley had been with the Houston bank only since the first of the year, going there from San Francisco and Dallas. He was active in the American Institute of Banking and at one time served the organization as president.

WILLIAM L. MCKEE, who resigned as a vice-president of the National City Company of New York last October, following an illness, has been elected a vice-president of the Chase Securities Corporation of New York. Mr. McKee is considered an authority on national and international finance and on many kinds of bonds. He had been with the National City Company since its organization and before that time was assistant head of the bond department of the National City Bank of New York.

S. YOUNG TYREE, assistant cashier of the State-Planters Bank and Trust Company, Richmond, Va., has resigned his position to become a vice-president of the Independence Trust Company of Charlotte, N. C.

CHARLES H. PLATNER, vice-president of the Guaranty Trust Company of New

York, died recently at his home in New Jersey, following a brief illness from pneumonia. He had been with the Guaranty Trust since 1911. He was made an assistant trust officer in 1916, corporate trust officer in 1919 and vice-president in 1926.

**MARGARET REYNOLDS**, librarian of the First Wisconsin National Bank, Milwaukee, will give a course of ten lectures on "The Business Library" at the Riverside, Calif., Library Service School, July 25 to August 5. Miss Reynolds lectured at the same school in 1924.



**WILLIAM A. STRONG**

Assistant vice-president Marine Trust Company of Buffalo, Buffalo, N. Y.

Mr. Strong has been named New York representative of the Marine Trust Company and the Marine Share Corporation of Buffalo, New York, according to an announcement by George F. Rand, president of both companies. The Marine will be the first Buffalo bank to have such an office. Mr. Strong will maintain an office at 100 Broadway and will have direct communication with the Marine by means of a private leased telegraph wire between Buffalo and New York.



● UNDERWOOD & UNDERWOOD

**LEWIS E. PIERSON**

Chairman the American Exchange-Irving Trust Company, who was elected president of the United States Chamber of Commerce at its annual meeting in Washington, D. C.

**FRED A. CRANDALL**, vice-president the National Bank of the Republic in Chicago and one of the best known bankers in the United States, has been appointed Pacific Coast representative of the Republic.

He will make his headquarters in Los Angeles, and will include in his territory the states of California, Oregon and Washington.

Mr. Crandall is a past president of the Chicago Chapter of American Institute of Banking and has at times served as president of the National American Institute of Banking, as a member of the Executive Council of the American Bankers Association; as vice-president of the A. B. A. for Illinois, and as chairman of the Clearing House Section of the American Bankers Association.

**F. H. MCKNIGHT**, for the last five years special European representative of the First National Bank in Boston, has been



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**The Bank Vault Inspection Co.**

SAMUEL P. YEO  
 President and Inventor

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elected president of Grace National Bank of New York, to fill the vacancy created by the death of J. Louis Schaefer.

He is well-known in New York banking circles having gone there from Pittsburgh in 1909 as secretary of the "American Group" consisting of J. P. Morgan & Co., Kuhn, Loeb & Co., the First National Bank and the National City Bank organized to participate in international loans to China. Mr. McKnight later became a member of the staff of J. P. Morgan & Co. and was closely associated with their activities as purchasing agents for the British and French Governments.

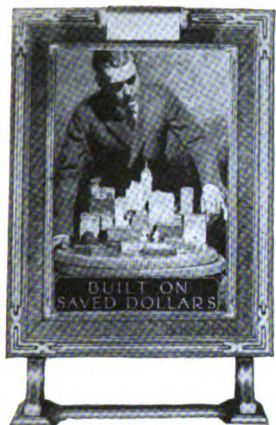
When the United States entered the war, Mr. McKnight entered the Plattsburgh training camp, was commissioned a captain and went overseas. After active service he had charge of the department of public works in the American sector of the occupied territory and during the peace negotiations at Paris was financial assistant to Herbert Hoover, head of the American Food Administration. Returning to New York, Mr. McKnight rejoined the Morgan interests and subsequently went abroad in the interest of the Foreign Commerce Corporation of America organized by that firm. In 1922 he became the special European representative of the First National Bank of Boston with offices in London, Paris and Berlin.

**JERSEY CITY BANK HAS NEW OFFICERS**

THE First National Bank of Jersey City has announced the appointment of two new assistant vice-presidents, Edwin Spoerl and Norman Dixon, to have charge of two new branches to be opened by the institution this month.

Mr. Dixon, formerly with the Guaranty Trust Company of New York and recently engaged in banking in Jersey City, will manage the Hudson City branch of the First National, located at 286 Central avenue, Jersey City.





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Bank.....

City..... State.....

Officer.....

B-M 6/27

Mr. Spoerl, who has for several years been prominent in Jersey City financial circles, will be manager of the Old Bergen branch of the First National, located at 89 Monticello avenue.

Kelley Graham, president of the bank, said that the First National Bank of Jersey City was the first institution in the United States to secure branch banking privileges under the McFadden act. The two new branches of the bank, he said, are the first steps in a program of extension of the service which has been rendered from the main office of the bank at 1 Exchange Place, for the last sixty-three years.

### CHEMICAL NATIONAL OPENS TIMES SQUARE BRANCH

THE Chemical National Bank of New York opened a branch at Times Square, in the Paramount building, recently with the words, "It's 103 years old the day it opens." The office is in charge of Meredith Wood, assistant vice-president, who became associated with the Chemical



**MEREDITH WOOD**

Assistant vice-president the Chemical National Bank of New York and manager of the new Times Square branch.

bank immediately after his graduation from Williams college. Associated with him as assistant managers are Raymond C. Ball, Frederick J. Brettman, Jr., Walter D. Lee and Harold J. Marsh.

The members of the advisory board of the Times Square branch are: Robert Goelet, a director of the Chemical Bank and a prominent real estate owner whose family has been connected with the bank for almost 100 years; J. I. H. Herbert, treasurer J. C. Penney Company; Messmore Kendall, director Metro-Goldwyn-Mayer Corporation; Frederick A. Munschenheim, president Hotel Astor; R. W. Saunders, comptroller Famous Players Lasky Company; Adolph Zukor, president Famous Players Lasky Company.

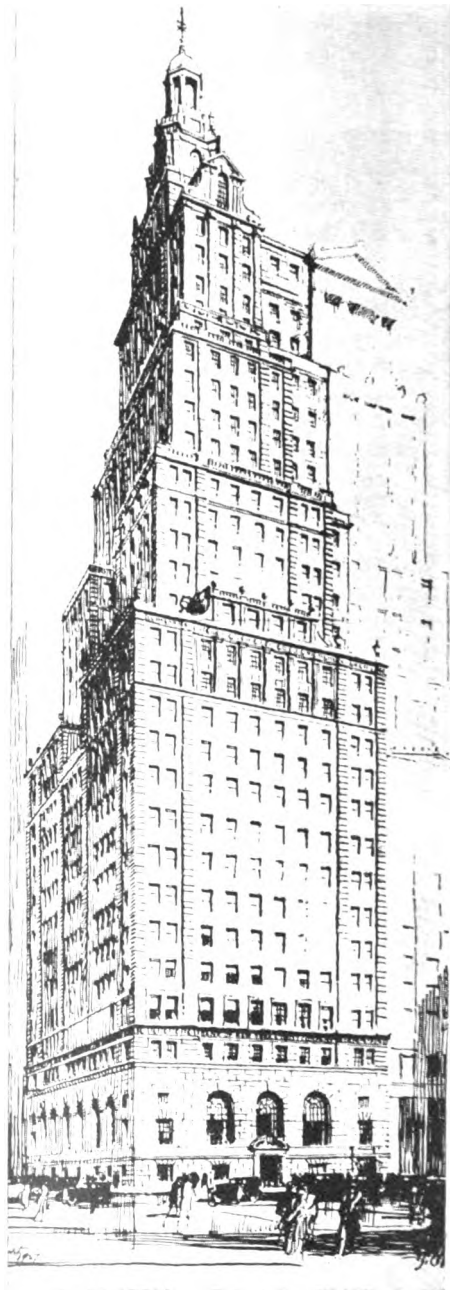
The Chemical Bank in financial circles has long been known as "Old Bullion," having been given this title during the panic of 1857 when it was the only bank that continued making specie payments. The Chemical Bank has had a unique and dramatic career. Its stock sold at one time as high as \$5000 a share. That was when its capital was only \$300,000. It later declared a 900 per cent. stock dividend in 1907.

In January, 1927, the bank declared a \$500,000 stock dividend, raising its capital to \$5,000,000. Its surplus and undivided profits are \$19,000,000. The Chemical Bank is the outgrowth of the old Chemical Manufacturing Company which was located in Greenwich Village. The charter of this company was amended to permit it to do a banking business, since it was very difficult at that time to secure bank charters. Since that time the name has remained unchanged.

Percy H. Johnston is president of the Chemical Bank.

#### BANK OF NEW YORK AND TRUST COMPANY TO BUILD

THE Bank of New York and Trust Company, New York, will erect a thirty-two story bank and office building on the northeast corner of Wall and William streets, according to plans an-



Architect's drawing of the new building to be erected for the Bank of New York and Trust Company, New York.

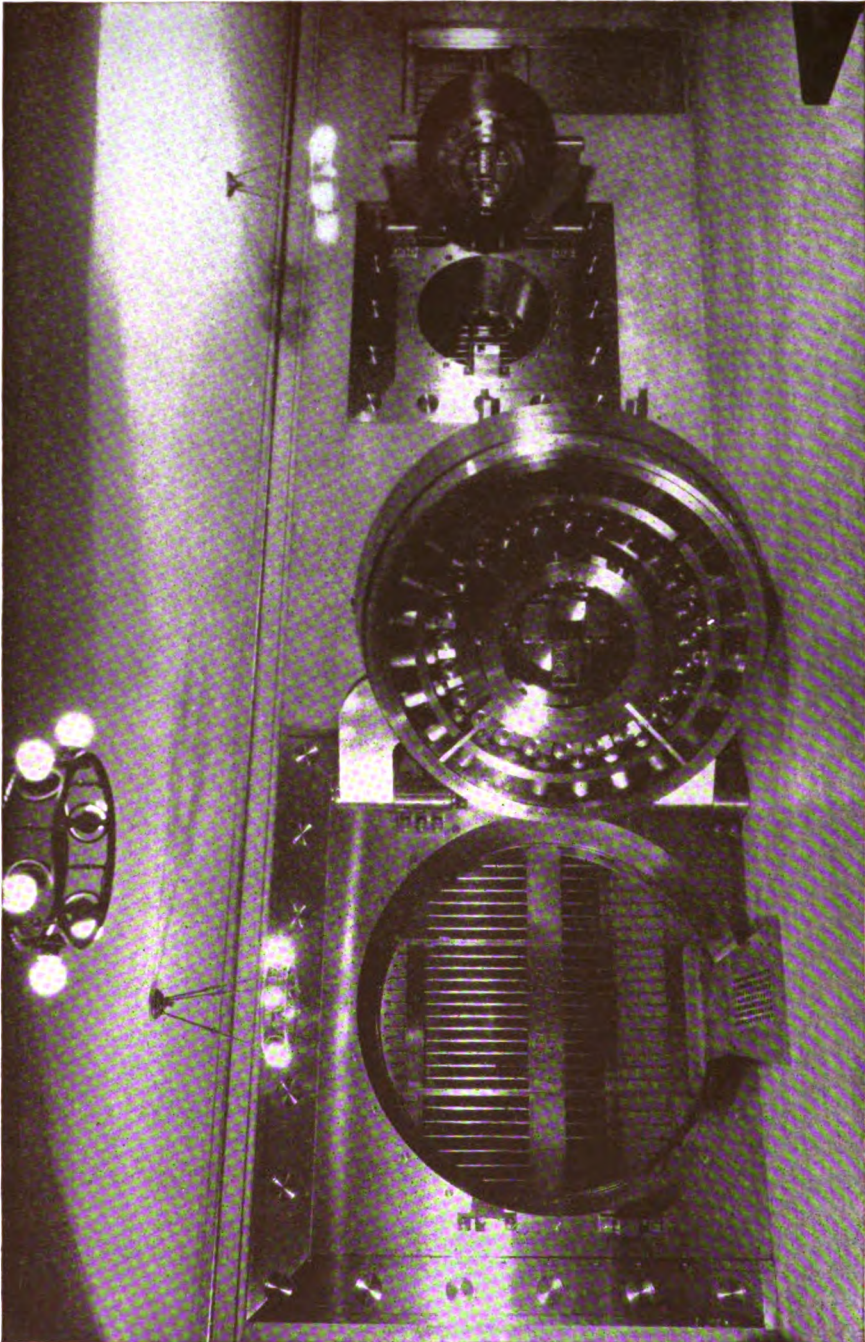




SECOND NATIONAL BANK, NASHUA, N. H.

THE fear of an excessive overhead expense prevents many a banker from having erected the adequate and imposing bank building demanded by his institution. This problem may often be solved by incorporating a floor of offices above the banking room. Such an arrangement not only produces a substantial income and brings the name of the bank to public attention but affords a ready means of expansion in later years. The individuality of a bank building is not lost in the photograph above and still twelve offices are provided on the second floor.

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Birmingham, Rochester, Boston—Factory at Hamilton, Ohio**



nounced recently by the company. The building will occupy the site, at 48 Wall street, purchased by the Bank of New York in 1796, and the additional property at 50 Wall street, recently bought by the bank. The building will have a frontage on Wall street of 99 feet, and will extend 126 feet on William street. It will be capped by a tower which will rise 470 feet from street level.

The building will recall the American Colonial architecture. The exterior is to be of granite with a limestone base. A set-back will be at the fourteenth floor and three additional set-backs will be at the twentieth, twenty-fifth and twenty-sixth floors, respectively.

The present structures on the site are already being demolished and it is expected that the building will be completed in the spring of 1929. The bank has temporary quarters at 76 William street.

#### NEW BUILDINGS OF THOMAS M. JAMES COMPANY

AMONG new work of the Thomas M. James Company, bank architects, Boston and New York, are the new colonial building at Stafford Springs, Conn., for the Stafford Savings Bank, and a fine new building at Newburyport, Mass., for the Newburyport Five Cents Savings Bank. The latter will be a colonial building, in keeping with the Newburyport traditions, the bank occupying the ground floor, with offices on the second floor. The extensive alterations and additions for the Mechanics National Bank of Worcester, Mass., are also about to start.

#### COOPERSTOWN NATIONAL INCREASES SURPLUS

THE surplus of the First National Bank of Cooperstown, N. Y., was increased by \$50,000, at a recent meeting of the board of directors, making the new surplus \$300,000. This is the last of suc-

cessive additions to the surplus which have resulted in an increase in the surplus of \$200,000 in the last four years. During the same time the resources of the bank have grown approximately \$1,000,000 and deposits are substantially larger.

The bank was established in 1830 as the Otsego County Bank.

The officers are George H. White, president; Charles A. Scott, vice-president; Frank Hale, cashier; and John F. Moakler, assistant cashier. The bank maintains an active trust department under the management and supervision of its board of directors and George H. White, Frank Hale and John F. Moakler, trust officers.

#### WORCESTER BANK TO ENLARGE

THE Peoples Savings Bank of Worcester, Mass., has long been confronted with the difficulty of doing a steadily increasing business, with deposits of over \$33,000,000, in a building of restricted space, with no possibility of increasing the ground area. So as soon as the necessary alterations can be made from the plans of Thomas M. James Company, bank architects, all business but the receiving of deposits and payments from accounts will be removed from the ground floor. The officers will occupy the second floor and the third floor will be given over entirely to the working forces of the bank, connected with other floors by Lamson system. This is the first time this plan has been worked out in a New England savings bank and it is expected that a business of \$100,000,000 may be done without further changes.

#### EDITOR TENDERED BIRTHDAY DINNER

ELMER H. Youngman, editor of THE BANKERS MAGAZINE, enroute to Europe on the French liner *S. S. Paris*, was tendered a special birthday dinner on the evening of April 26.

## *EXAMINATIONS - SYSTEMS - TAXES*

FOR

**Banks and Trust Companies**

**McARDLE & McARDLE**

*ACCOUNTANTS AND AUDITORS*

**Forty-Two Broadway, New York City**

### **EVANS WOOLLEN SUGGESTED FOR PRESIDENT**

THE candidacy of Evans Woollen, president Fletcher Savings and Trust Company of Indianapolis, for the Democratic nomination for president in 1928 has been formally put forward by



**EVANS WOOLLEN**

President the Fletcher Savings and Trust Company, Indianapolis, Ind.

leaders of the Democratic party in Indianapolis. At the same time it was made clear that Mr. Woollen would not accept second place on the ticket.

Mr. Woollen was defeated for the

short term United States senatorship at the last election.

Representatives of farmers' organizations made the statement that Mr. Woollen was held in as much esteem as former Governor Lowden, of Illinois, who has been mentioned as a candidate for the Republican nomination. They said the farmers felt the Indiana Democrat would do everything within his power to give them relief.

### **BOWERY BANK PLANS CAPITAL INCREASE**

DIRECTORS of the Bowery and East River National Bank, New York, have approved a recommendation to increase the bank's capital by issuing 10,000 additional shares, to be offered to present stockholders at \$450 a share. A special meeting of stockholders will be called to vote on the proposition.

Of the proceeds from the stock sale, \$1,000,000 will be added to the bank's capital, it is planned, to increase capital from \$3,000,000 to \$4,000,000, and the balance of \$3,500,000 will be allocated to the surplus account, surplus and undivided profits being increased by it to \$7,273,828.

The total capital, surplus and undivided profits will amount to \$11,273,828, compared with \$6,773,828 at the time of the last report on the bank's condition as of March 23 this year.

The reason assigned for the proposed increase is to maintain a proper ratio between capital and deposits. The deposits of the Bowery and East River National

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Bank, both at its main office and at all its branches, have increased so rapidly in the last year as to make this action desirable in the opinion of the board. Its deposits total more than \$82,000,000, where as recently as the end of last year the aggregate reported was \$67,238,269.

### **ASBURY PARK BANK BUYS CITY BUILDING**

THE Asbury Park Trust Company, Asbury Park, N. J., has bought the city commission building for the Asbury Park Guarantee Mortgage and Title Company. The latter company was organized several weeks ago with an authorized capital of \$1,000,000. It is engaged in first bond and mortgage business and title insurance.

Officers of the company are William J. Couse, president; J. Lyle Kinmonth, first vice-president; Warren H. Smock, second vice-president; William C. Rogers, secretary and Albert Robbins, treasurer.

### **GUARDIAN TRUST ELECTS WILLIAM B. HARDING**

CLARENCE G. APPLETON, president of the Guardian Trust Company of New Jersey, Newark, has announced the election of William B. Harding as a vice-president of the institution. Mr. Harding will be head of a branch which the company is to open in the Union building. Mr. Harding has formerly been vice-president and credit manager of the Merchants Trust Company, Newark.

### **TRENTON BANKING COMPANY ANNOUNCES CHANGES**

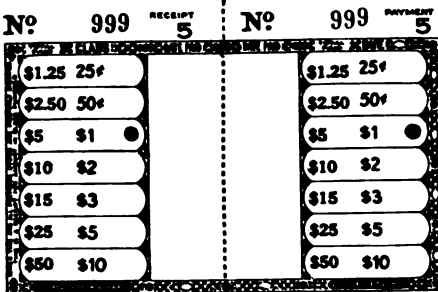
ANNOUNCEMENT has been made by the Trenton Banking Company, Trenton, N. J., of the election of William Green, first vice-president, to the presidency, following the resignation of John A. Campbell. Mr. Campbell was made chairman of the board. He had been president for twenty-two years.

Robert W. Howell, a vice-president, was made first vice-president, and C.



## Outcault's New and Improved Multiclass Coupon Book.

Patented Feb. 24, 1925—Aug. 4, 1925



Actual size 3 1-16 x 4 13-16

Here is a sample of Page 5 Outcault's Multiclass Coupon Book. Space in center for double rubber "Paid" stamp. Black dots on \$1.00 Class show punch holes. Printed on canary colored bond in green ink. Totals Paid are in red ink. Also number at top.

Payment dates are on the jacket or container. Never gets out of date.

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Herbert Fetter and Samuel H. Bullock were elected vice-presidents. Ira Frost was re-elected cashier. A new post, that of controller-auditor, was created and Caleb S. Green, a brother of the new president, was named to the place.

The directors voted to recommend to the stockholders that the capital and surplus each be increased from \$750,000 to \$1,000,000 and decided to at once begin construction of an addition to the main building. A branch bank is soon to be opened in the western section of the city.

## NEW JERSEY BANK ANNOUNCES STAFF CHANGES

THE Second National Bank of Paterson, N. J., has made a number of changes in its official staff. The personnel at present is as follows: William D. Blauvelt, president; Samuel S. Evans, first vice-president; Wessels Van Blar-

com, second vice-president; Roland G. Eves, third vice-president and trust officer; Ernest E. Blauvelt, cashier; A. Harold Bond, Otto Del Vecchio, assistant cashiers.

## ST. LOUIS COMPANY OPENS REAL ESTATE DEPARTMENT

THE First National Company, investment division of the First National Bank in St. Louis, has established a real estate department, according to announcement by F. O. Watts, president of the bank. The department will be managed by Forest K. Woodruff, who is well acquainted with real estate problems and experienced in the work of fitting business needs to available properties.

## DR. GEPHART HEADS BANKERS ASSOCIATION

DR. W. F. GEPHART, vice-president of the First National Bank in St. Louis, has been elected president of the Bankers Association for Foreign Trade, which held its annual meeting at French Lick, Ind., recently.

The association is composed of practically every bank east of the Rocky Mountains which does an extensive foreign business. The purpose of the organization is two-fold: First to carry on an educational work among bankers and business men with respect to sound procedure in the financing of foreign trade and, second, to encourage the adoption of more uniform practices with respect to foreign banking on the part of American banks. In substance, the aim of this organization is for all foreign banking departments of American banks to co-operate for the purpose of extending the foreign trade of the United States.

## BANKING INSTITUTIONS ON TAXATION MEET

J. L. KAHN of the Bankers Trust Company, New York, was elected chairman of the Committee of Banking Institu-

tions on Taxation at the ninth annual meeting of the organization held recently. E. T. Ward of the Bank of Montreal was elected vice-chairman and J. D. Smith of the Seaboard National Bank of New York, secretary and treasurer. The committee is an organization comprising most of the large New York banks and has been active in matters of taxation, both state and Federal, affecting their bank and clients.

### PUBLIC NATIONAL BANK CHANGES NAME

RECOGNIZING the growing importance of its trust department the Public National Bank of New York has given it a partnership, so to speak, by changing the name of the institution to the Public National Bank and Trust Company. This department, according to announcement by the institution, is ideally equipped to serve as executor, trustee, custodian, registrar, transfer agent, and in every other fiduciary capacity.

Resources of the Public National Bank and Trust Company, according to its last statement, are more than \$135,000,000. It operates twenty-eight offices—eight in Manhattan, ten in the Bronx, nine in Brooklyn and one at Coney Island.

The worth of an investment in the bank's stock is shown by an interesting table of the record of a stockholder who purchased 100 shares of the bank's stock in February, 1910, and who has, since then, taken advantage of his right to buy new stock offered to him by the bank during its growth. During the years up to and including February, 1924, the stockholder would have accumulated 4000 shares of stock at a cost of \$333,500. These are worth, at the present time, according to the table, \$2,800,000.

A second table shows the growth of the institution, which has made possible this record. Beginning in December, 1908, with a capital of \$100,000, increases have been made consistently so

that the capital of the bank in December, 1925, was \$4,000,000. A plan is now under way to further increase the capital.

Under the proposed plan the capital of the above mentioned stockholder will be increased to 5000 shares, 500 as a stock dividend and 500 by subscription at \$200 a share. This will entail a cost of \$100,000, thereby making the total cost of the 5000 shares \$433,500, whereas the stock will be worth approximately \$3,000,000. The cash dividends received during the period have been more than sufficient to pay for the additional stock offered

### INTERNATIONAL SECURITIES TRUST'S GROWTH

THE year ended November 30, 1926, was one of "remarkable growth and progress" for the International Securities Trust of America, Boston, according to its recently published report.

During the year the trust's resources have increased from \$6,819,647 to \$25,475,909 and its surplus, reserves and undivided profits have grown from \$160,290 to \$1,294,995.

Earnings were substantially in excess of bond interest and preferred dividends. The net earnings remaining after the payment of preferred dividends, before deducting reserves, were \$1,280,344, out of which \$266,735 was paid out as dividends on the common shares. The balance, \$1,013,609, was carried to surplus and reserves. Gross cash earnings, after the deduction of taxes, on the average capital employed throughout the year were over 14 per cent.

The number of preferred stockholders increased during the year from 945 to 4553 and the number of common stockholders from 1340 to 5190.

During the year the trustees suggested the appointment of a security holders' examining committee for the purpose of examining into the affairs and operations of the trust from an independent point of view, of checking the investments of the trust to ascertain whether they are

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## ARCHITECTS

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qualified under the rigid rules as to investment adopted by the trustees, and of reporting their findings at the annual meeting. The following committee was appointed: Simon B. Storer, consulting engineer, Syracuse, N. Y.; Edmund S. Wolfe, president the First National Bank of Bridgeport, Bridgeport, Conn., and Elmer H. Youngman, Editor *The Bankers Magazine*, New York.

#### WISCONSIN NATIONAL IN NEW HOME

An open house on two evenings during May, during which customers and other folk of the community were invited to visit the new home of the institution, was held by the Wisconsin National Bank, Watertown, Wis., in opening its new bank and office building. The building includes a basement and three floors and is 103 feet long and 24 feet wide. The main banking room, officers' quarters and safe deposit department are on the first floor of the building. They, as well as the rest of the building, are equipped with the most modern fixtures and bank equipment.

#### PHILADELPHIA BANK MERGER

THE Mitten Men & Management Bank & Trust Company, Philadelphia, will take over the Brotherhood of Locomotive Engineers Title and Trust Company, of the same city, according to announcements by the two banks. Both institutions will continue to occupy their respective quarters.

Stockholders of the Mitten bank will be asked to approve a plan for an increase in capital stock from \$3,000,000 to \$3,500,000 to take care of the merger.

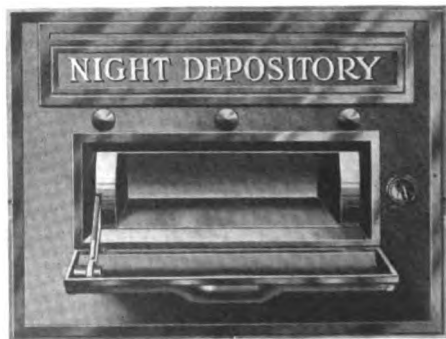
Six representatives of the Brotherhood

bank have been asked to serve on the board of the new institution. They include Freas B. Snyder, president of the Brotherhood institution; Rush Gramm, Lawrence V. Byrnes, Willis N. Doan, Harry T. Cooper and Walter T. Jenkins.

The entire personnel of the Brotherhood bank will be effectively merged with that of Mitten bank, there being added to the staff of Mitten bank the following Brotherhood Bank officers: Freas B. Snyder, president of the Brotherhood bank, will be executive vice-president of Mitten Bank; Lawrence V. Byrnes, assistant vice-president; and William L. Riddle, assistant secretary and treasurer.

#### NIGHT DEPOSITORY ARTICLE REPRINTED

AN illustrated article on "The Increasing Use of Night Depository Systems," published in the May issue of *THE BANKERS MAGAZINE*, in which was used a number of comprehensive sketches of the night



depository as installed by Herring-Hall-Marvin Safe Company, 400 Broadway, New York, has been reprinted by the Herring-Hall-Marvin Company. A copy will be sent to anyone who wishes one.

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# ADRIAN H. MULLER & SON

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The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

### PHILADELPHIA BANK IS SIXTY-FOUR YEARS OLD

THE First National Bank of Philadelphia has recently celebrated the anniversary of its founding, which took place May 29, 1863. At this time the first meeting was held by a group of men to organize under the National Bank Act, which had just been passed by Congress and signed by President Lincoln.

### INTERSTATE TRUST TO MERGE TWO BANKS

THE Interstate Trust Company, opened last October in downtown New York, has taken over two banking institutions, according to announcement by George S. Silzer, president of the bank and former Governor of New Jersey. The bank has recently acquired the business of Bloomingdale Brothers, private bankers, and of the Franklin National Bank of New York. Both will be formally merged July 1.

Combined resources of the three institutions will exceed \$26,000,000. Mr. Silzer in announcing the merger said that it would provide a greater and broader field of usefulness, increasing the facilities of the company to serve not only downtown New York but also the Hudson and Franklin street districts and the 59th street and Lexington avenue sections of the city. The two institutions to be taken over will be operated as branches of the trust company.

Upon completion of the consolidation, the Interstate Trust Company will

increase its capital from \$3,000,000 to \$3,800,000 and will have a surplus of \$1,300,000.

The latest statements of the three institutions showed that the Interstate Trust Company had total resources in excess of \$17,000,000, the Franklin Na-



GEORGE S. SILZER

President the Interstate Trust Company, New York.

tional Bank more than \$6,000,000 and Bloomingdale Brothers approximately \$3,000,000. The Franklin National Bank at present has a capital of \$800,000 and surplus and undivided profits of \$482,500. The last statement of

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Bloomington Brothers showed a capital and surplus of \$1,275,000 and undivided profits of \$72,277.

The Interstate Trust Company has expanded rapidly since its organization, increasing its deposits from \$2,693,759 at the opening of its business to more than \$12,000,000 at the present time. The acquisition of the Franklin and Bloomington banks will swell deposits to approximately \$19,000,000.

The board of directors of the Interstate Trust Company will be enlarged upon completion of the merger to give representation to the new interests. Its members will be E. N. Brown, chairman St. Louis & San Francisco Railway and chairman Chicago, Rock Island & Pacific Railway; Eugene P. Thomas, president United States Steel Products Company; De Witt Millhauser, Speyer & Co.; A. Curtin Fetterolf, vice-president International Mercantile Marine Com-

pany; John W. Doty, chairman Foundation Company; Samuel J. Bloomington, president Bloomington Bros., Inc.; George S. Silzer, president Interstate Trust Company; William V. Griffin, president Brady Security and Realty Corp.; Carleton H. Palmer, president E. R. Squibb & Sons; Ralph Wolf, attorney, Hays, Hershfield & Wolf; James A. Kenny, vice-president William F. Kenny Company; John W. Burrows, American Woolen Company of New York; Herbert C. Lakin, president The Cuba Company; Arthur P. Smith, vice-president Interstate Trust Company; Albert T. Johnson, vice-president the Borden Company, Milk Products; William J. Weller, secretary and treasurer Reid Ice Cream Company; Arthur P. Williams, president of R. C. Williams & Co., Inc., wholesale grocers; F. A. Williams, vice-president Cannon Mills, Inc., cotton goods; Andrew Wilson, Wm. A. Camp & Co., dried fruits and nuts; and Isaac Alpern, president Perth Amboy Trust Company.

### AMERICAN FOUNDERS TRUST SHOWS INCREASE

GROWTH in resources, earnings and number of shareholders of the American Founders Trust, Boston, is shown by the

### TOBACCO PRODUCTS CORPORATION

At a meeting of the Board of Directors held this day, a quarterly dividend of one dollar and seventy-five cents (\$1.75) per share on the common capital stock of the corporation was declared payable on July 15, 1927, to stockholders of record at the close of business on June 24, 1927.

GEORGE WATTLEY  
*Treasurer*

June 10, 1927

annual report of the company for the fiscal year ended November 30, 1926, and report of which has just been published.

Capital and surplus increased from \$4,138,749 at the beginning of the fiscal year to \$12,373,646. Financing subsequent to the close of the fiscal year brought the capital and surplus to \$16,917,019. Surplus, reserves and undivided profits increased from \$1,590,714.05 to \$3,631,453.08.

Gross cash earnings of the trust were \$1,277,280.23, which was 14.51 per cent. on the average capital and surplus during the year. After payment of all charges, taxes and dividends on the preferred stock, the company was able to carry to surplus the amount of \$507,326 in cash.

On March 1, 1926, there were 2449 holders of common shares, 2329 holders of first preferred shares, and 298 holders of second preferred shares. On March 1, 1927, there were 4875 holders of common shares, 4627 holders of first preferred shares, and 324 holders of second preferred shares.

The reserves for first preferred share dividends appropriated from surplus now aggregate \$257,104. The reserve for the outstanding second preferred shares has been accumulated to its maxi-

**The South Carolina  
National Bank**  
**Charleston, S. C.**

**Greenville, S. C. - Columbia, S. C.**

Consolidation of  
**Bank of Charleston, N. E. A.**  
**Charleston, S. C.**  
**Norwood Nat. Bank**    **Carolina Nat. Bank**  
**Greenville, S. C.**    **Columbia, S. C.**

Capital		\$ 1,100,000.00
Surplus		650,000.00
Resources		25,000,000.00

imum of \$71,460, or five times the annual dividend requirements on the second preferred shares.

**NEW YORK A. I. B. ELECTIONS**

NELSON M. McKernan, of the American Exchange-Irving Trust Company, has been elected president of the New York Chapter, American Institute of Banking. He was first vice-president last year. Other officers elected for the coming year include: Walter M. Monsees, Farmers Loan and Trust Company, first vice-president; Clifford L. Lundgren, Chase National Bank, second vice-president; Pavson G. Gates, Bankers Trust Company, treasurer, and Mortimer F. Hill of the Equitable Trust Company, chief counsel.

The chapter gave diplomas this month to 130 graduates from its three-year course. Victor A. Lersner, president of the Bowery Savings Bank, gave an address to the graduates, stressing loyalty to the principles of justice and fairness, at the graduation exercises, which were held in the Brick Presbyterian church. Prizes were awarded to those who had received the highest marks for the entire course and to those with the highest average grades for each of the three years. A special prize of \$50 in gold was awarded to Donald Ferguson for his essay on "Bank Stocks as an Investment."



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### CONVENTION OF ILLINOIS BANKERS

The thirty-seventh annual convention of the Illinois Bankers Association, will be held in Danville, Ill., June 23 and 24 at the Wolford Hotel.

Wednesday, June 22 will be devoted to meetings of committees and the executive council, the first session of the convention being held the morning of the 23rd. There will be three sessions, two on the 23rd and one the morning of the 24th.

While the program is not completed, some of the principal speakers who have accepted a place on it are: M. A. Traylor, president of the American Bankers Association, and president First National Bank, Chicago, who will speak on "The McFadden Act and Other Things;" Senator A. S. Cuthbertson, Bunker Hill, Illinois, on "Bringing the Criminal Law Up To Date;" Charles H. Meyer, chief examiner of Chicago Clearing House Association, on "Clearing House Supervision vs. Deposit Guarantee Legislation;" Charles A. Ewing of Decatur, who is the author of a plan to remedy the agricultural situation; H. E. Read of St. Louis, Mo., editor for McMillan & Company of New York, on "Banking—The Greatest Business in the World;" W. L. Barnhart of the National Surety Company of New York, an expert on forgery matters, on "Criminal Psychol-

ogy;" G. Gale Gilbert, chief of the securities department of the office of the Secretary of State of Illinois; C. W. Swengel, the association's new publicity director.

### HOWARD F. BEEBE DIES

HOWARD F. Beebe, vice-president and a director of Harris, Forbes & Co., New York, and a former president of the Investment Bankers Association, died recently after a short illness.

Mr. Beebe was instrumental in bringing to New York several important European loans during the last few years. He played an important part in the development of municipal financing in this country, and was widely known, both in this country, and abroad, for his work in the investment banking field.

Mr. Beebe, who was 46 years old, joined Harris, Forbes & Co. in 1904 and for many years had been head of the firm's municipal bond department. Among his early associates in developing municipal financing with Harris, Forbes & Co. was William L. McKee, who later became a vice-president of the National City Company and who is now a vice-president of the Chase Securities Corporation.

The preparation of the Federal Farm Loan act was partly the work of Mr. Beebe, and he had continued in close touch with the development of the Federal Land Bank System and the distribution of Farm Loan bonds. He had also been active in the development of policies and ethics of the Investment Bankers' Association of America. When he died he was chairman of the association's committee on foreign securities. He served as president of the association in 1921 and 1922, and had also been chairman of the municipal bond committee for several terms. As chairman of the association's legislative committee, he had sponsored many reforms in taxation and legislation in the interests of the investing public.



EXAMPLES OF RECENT BANK  
BUILDING OPERATIONS



Architect's drawing of the new head office of Lloyds Bank Limited, London, showing the Cornhill elevation.

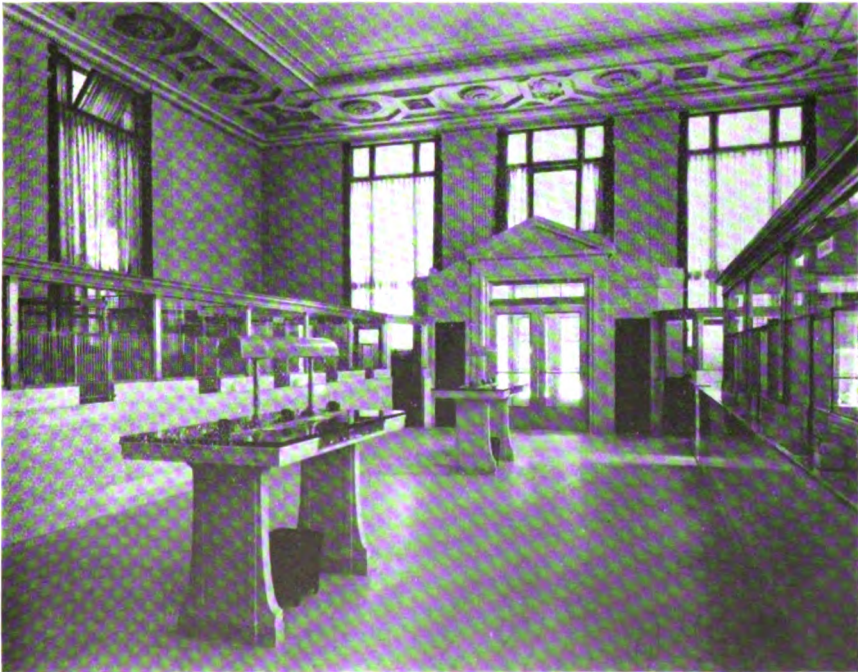


The new home of the Liberty Bank of Buffalo, Buffalo, N. Y., not only furnishes the bank with modern and adequate banking quarters, but provides an excellent office building as well. The building was designed by Alfred C. Bossom, bank architect and equipment engineer, New York.



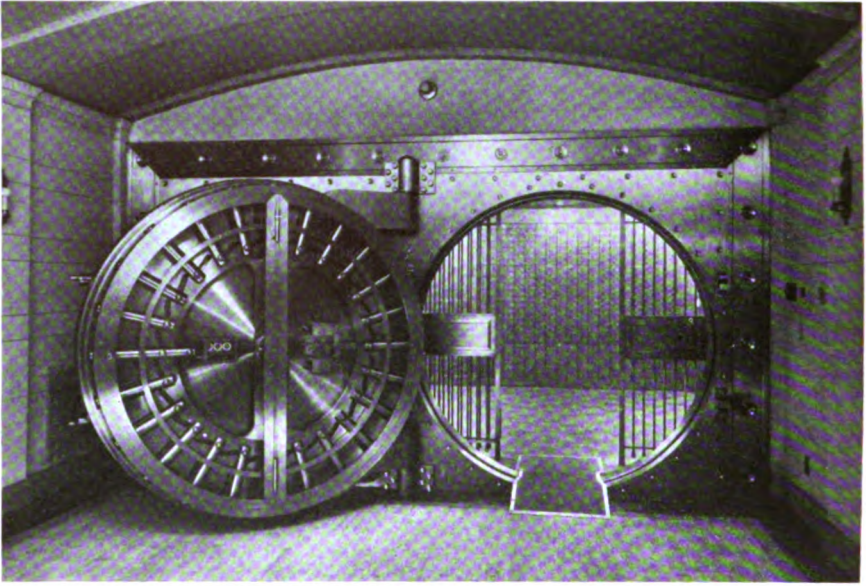


The interior of the Second National Bank, Nashua, N. H., is spacious and well lighted, representative of the modern desire for simplicity and dignity in bank design. The banking room beyond the bronze grille is devoted to a modern and completely protected safe deposit vault and coupon booth room facilities.



The interior walls of the Second National Bank, Nashua, N. H., are of cut cast stone, the floor of marble, and the counterscreen of marble and bronze. Ample space has been provided in the front of the banking room at the right for officers' quarters and at the left a ladies' retiring room. Mowbray & Uffinger of New York were the designers and supervisors of this building.





The new vault of the Long Island City branch of the Bank of the Manhattan Company, New York, has a circular entrance with a door of Infusite, offering greatest resistance to oxy-acetylene torch. The vault was installed by the York Safe and Lock Company of York, Pa.



Exterior of the newly altered and enlarged East New York Savings Bank, Brooklyn, N. Y., showing addition at the rear and the first floor refaced with limestone. The interior was also modernized and a large safe deposit department provided for in the basement. The remodelling was the work of Holmes and Winslow, architects, New York City.

## COMING BANKERS' CONVENTIONS

**AMERICAN BANKERS ASSOCIATION**, Houston, Texas, week of October 24. Executive manager, F. N. Shepherd, 110 East Forty-second street, New York City.

**AMERICAN INSTITUTE OF BANKING**, Detroit, July 11-15.

**CANADIAN BANKERS ASSOCIATION**, Montreal, November 11. Secretary, Henry T. Ross, Dominion Express Building, Montreal, Quebec.

**COLORADO BANKERS ASSOCIATION**, Estes Park, June 24-25. Secretary, L. F. Scarboro, Tabor Opera House, Denver.

**DISTRICT OF COLUMBIA BANKERS ASSOCIATION**, Hot Springs, Va., June 9-11. Secretary, W. J. Waller, vice-president Federal-American National Bank, Washington, D. C.

**FINANCIAL ADVERTISERS' ASSOCIATION**, West Baden, Ind., September 12-15. Executive secretary, Preston E. Reed, 231 South LaSalle street, Chicago.

**IDAHO BANKERS ASSOCIATION**, Hayden Lake, June 14-15. Headquarters Bozanta Tavern. Secretary, J. S. St. Clair, vice-president Boise City National Bank, Boise.

**ILLINOIS BANKERS ASSOCIATION**, Danville, June 23-24. Secretary, M. A. Graettinger, 208 South LaSalle street, Chicago.

**IOWA BANKERS ASSOCIATION**, Des Moines, June 20-22. Secretary, Frank Warner, 430 Liberty Building, Des Moines.

**MAINE BANKERS ASSOCIATION**, South Poland, June 18. Secretary, Edward S. Kennard, Rumford National Bank, Rumford.

**MASSACHUSETTS SAVINGS BANKS ASSOCIATION**, New Bedford, September 15-17. Headquarters, New Bedford Hotel. Executive manager, D. S. Sylvester, 80 Federal street, Boston.

**MICHIGAN BANKERS ASSOCIATION**, Detroit, June 18-24. Secretary, Mrs. H. M. Brown, 723 Ford Building, Detroit.

**MINNESOTA BANKERS ASSOCIATION**, St. Paul, June 8-10. Secretary, F. P. Fellows, 718 National Building, Minneapolis.

**MONTANA BANKERS ASSOCIATION**, Helena, July 21-23. Secretary, John Romersa, Box 619, Kalispell.

**NATIONAL ASSOCIATION OF CREDIT MEN**, Louisville, Ky., June 6-10. Executive secretary, J. H. Tregoe, 1 Park avenue, New York City.

**NEW MEXICO BANKERS ASSOCIATION**, Deming, October 20-22. Secretary, M. F. Barnes, First National Bank Building, Albuquerque.

**NEW YORK STATE BANKERS ASSOCIATION**, Washington, D. C., June 6-8. Headquarters, the Mayflower Hotel. Secretary, Edward J. Gallien, 128 Broadway, New York City.

**NORTH DAKOTA BANKERS ASSOCIATION**, Jamestown, June 15-16. Headquarters, Gladstone Hotel. Secretary, W. C. McFadden, 54 Broadway, Fargo.

**OHIO BANKERS ASSOCIATION**, Cedarpoint, June 15-16. Secretary, S. A. Roach, Huntington Bank Building, Columbus.

**PACIFIC COAST TRUST CONFERENCE**, Portland, Ore., August 11-13.

**PENNSYLVANIA BANKERS ASSOCIATION**, Pittsburgh, June 8-10. Headquarters, William Penn Hotel. Secretary, C. F. Zimmerman, First National Bank, Huntingdon.

**SOUTH CAROLINA BANKERS ASSOCIATION**, Ashville, N. C., June 27-29. Headquarters, the Battery Park Hotel. Secretary, Henry S. Johnson, Columbia, S. C.

**SOUTH DAKOTA BANKERS ASSOCIATION**, Deadwood, July 1-2. Headquarters, Franklin Hotel, Secretary, Geo. A. Starring, Huron.

**UTAH BANKERS ASSOCIATION**, Salt Lake City, June 10-11. Secretary, Carl R. Marcusen, Price Commercial & Savings Bank, Price.

**VIRGINIA BANKERS ASSOCIATION**, Virginia Beach, June 23-25. Secretary, Scott Irby, Kenbridge.

**WASHINGTON BANKERS ASSOCIATION**, Tacoma, June 9-11. Secretary, J. W. Brislaw, Alaska Building, Seattle.

**WISCONSIN BANKERS ASSOCIATION**, Madison, June 21-23. Secretary, Wall G. Coapman, 717 Caswell Block, Milwaukee.

**WYOMING BANKERS ASSOCIATION**, Thermopolis, September 1. Secretary, Harry B. Henderson, First Joint Stock Land Bank, Cheyenne.



The new home of the Putnam Trust Company, Greenwich, Conn., is of Indiana limestone and of Greek Doric design. The building and its equipment were designed by and erected under the supervision of Morgan, French & Co., Inc., architects and engineers of New York.





Public space in the main banking room, showing entrance to officers' quarters on the right and to the women's department on the left. In the rear is shown the heavy bronze grille protecting the entrance to the vaults.

## NEW BUILDING OF THE PUTNAM TRUST COMPANY OF GREENWICH, CONN.

**A** MONUMENTAL new building, designed to be a source of beauty to the community and the safest depository that modern science can devise for the money and securities of its patrons, is the latest sign of the success which has marked the growth of the Putnam Trust Company of Greenwich, Conn., during its fourteen years of existence.

The building, which was designed by and erected under the supervision of Morgan, French & Co., Inc., architects and engineers of New York, is of Greek Doric design, with massive columns flanking the front entrance and pilasters harmonizing with the columns employed down the side.

An interesting feature of the construction is the arrangement of the window openings. They are wide and high and, since the building is situated on a corner, afford an unusually well lighted banking

room. A screen wall pierced by smaller openings and separated from the upper portion by an ornamental band adds to the beauty of each window.

The walls of the structure are of selected buff Indiana limestone, rising from a four-foot granite base. The entrance doors are of bronze, below a bronze grille, above which is suspended a bronze clock. The doors open upon a spacious vestibule finished in marble, and thence into the public banking room.

The interior of the building is in architectural harmony with its exterior. The banking room is simply treated with pilasters and a heavy beamed ceiling, embellished with ornamental plaster and attractively decorated. On the front wall is a bas relief portrait, cast in bronze by the Gorham Company from an original by George T. Brewster, of General Israel Putnam, from whom the Putnam Trust Company takes its name.





ROBERT L. CHAMBERLAIN  
President of the Putnam Trust  
Company.



W. H. BRETTMAN  
Secretary and treasurer of the Putnam  
Trust Company.



The ladies' department.

Officers' quarters are at the right of the public space and behind them is a room for the president, conference rooms, telephone booths, etc. An alcove for callers adjoins the desk space. Directly opposite, occupying a space similar to that of the officers' quarters, is the women's department, attractively decorated and furnished.

The lobby itself is 18 by 72 feet. On one side are seven windows for commercial and Christmas Club accounts and opposite them seven for note tellers, savings and foreign exchange. The counter-screen is of Tavernelle marble. Cage divisions are marked by marble pilasters and the screen is completed by etched plate glass set in bronze wickets and frames.

A bronze grille and gate at the rear of the banking room open upon the vault enclosure. The vault door is circular and twenty-six tons in weight and the walls of the vault are eighteen inches thick. The vault provides for 3000 individual

boxes. It was manufactured and installed by the Herring-Hall-Marvin Safe Company.

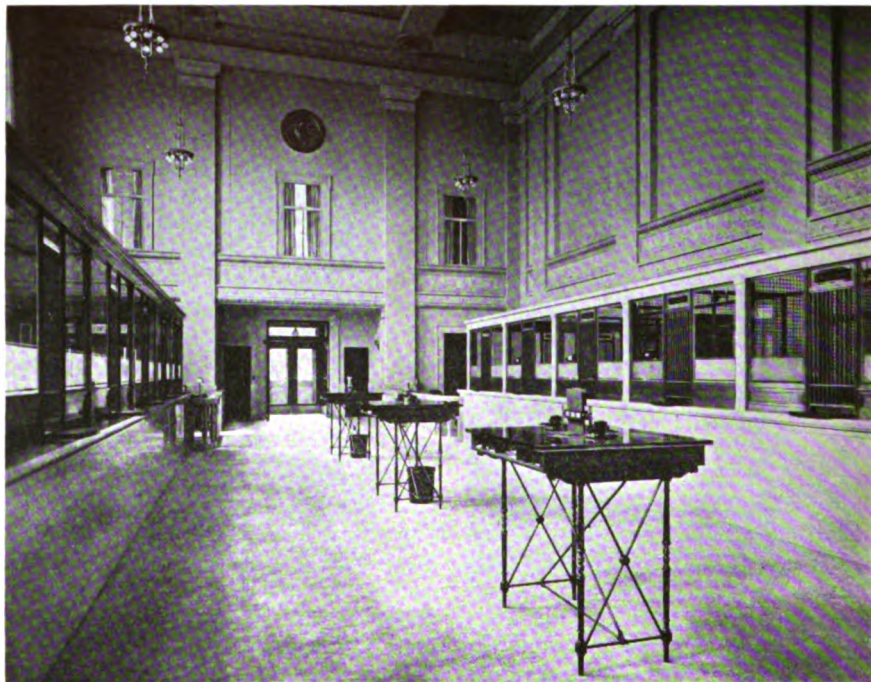
At the front and rear of the main banking room are mezzanine floors. That at the front is occupied by the directors' room, reached by a stairway from the officers' space, and attractively finished and furnished. Its casement windows overlook the banking room. Bookkeeping machines occupy the rear mezzanine and on a floor above are located work space and an attractive rest room and lockers for women employes.

One of the many modern features of the bank's equipment is the night depository safe connected with an exterior chute, making it possible for patrons to deposit valuables outside of banking hours. A deposit so made is in a locked canvas bag, the key of which is in possession of the depositor, who unlocks his own bag in the morning and makes a deposit in the usual way. Another un-



A retiring room in the ladies department, showing decorated mantel, panelled walls and attractive furnishings.





Main banking room, looking toward the entrance.



Partial view of the officers' quarters.





American walnut is used in the beautifully appointed board room, both for the furnishings and for the panelled walls.

usual feature is an insulated fur storage vault located in the basement. This vault is 20 feet wide by 67 feet long and is connected with the most modern type of electrically driven refrigerating plant. Adjacent to this vault is a silver storage vault 16 feet by 57 feet, while the foundation of the safe deposit vault provides a third storage vault in the basement for the bank's own use, 16½ by 18 feet in size.

The Putnam Trust Company was incorporated in 1913, by a special act of the legislature. The institution, organized with a capital of \$100,000 and a paid-in surplus of \$500,000, opened for business March 2, 1914. William J. Hoggson was president and Robert L. Chamberlain, vice-president. January 1, 1915, Mr. Hoggson retired as president and Mr. Chamberlain succeeded him. He has held the position since. At this time the deposits of the bank were \$539,000. A year later they had increased to \$772,-

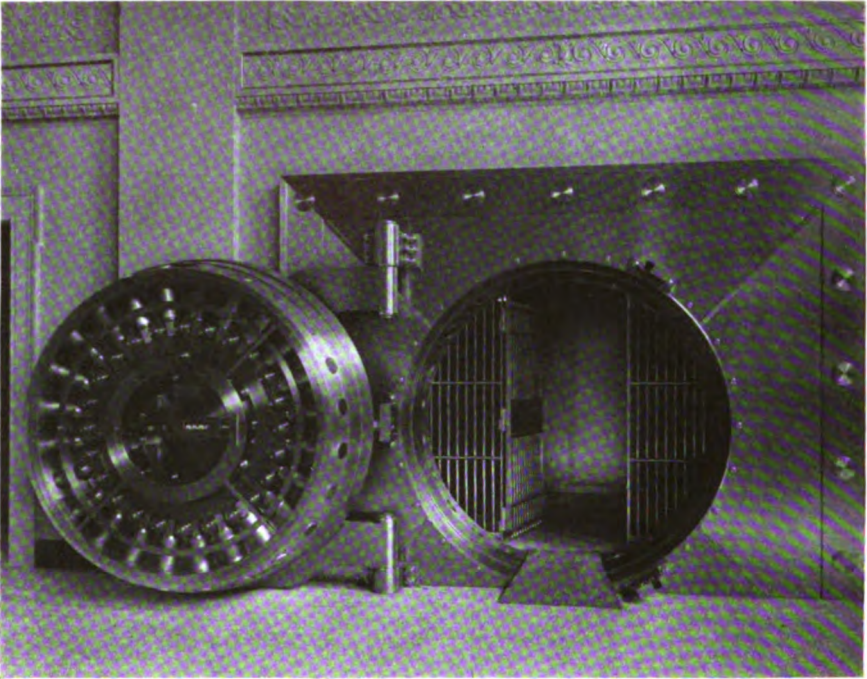
817. At the close of that year deposits had increased to \$1,151,057 and it became evident that larger quarters would be necessary.

A new building was completed in January, 1917. Five years later, in January, 1922, the Putnam Trust Company, with assets of \$2,710,648, had already outgrown its new building. In June of that year it bought the controlling interest in the Greenwich National Bank and a consolidation of the two became effective in January, 1923. Total assets after the consolidation were \$5,436,704. Banking offices were removed to those of the Greenwich National Bank and have been occupied until this year, when the bank's new home was completed.

The institution's growth has been steady and today its assets exceed \$8,500,000.

The bank's officers consist of Mr. Chamberlain, president; John D. Chap-





Modern twenty ton steel door to the vault and safe deposit department. The vault and equipment was manufactured and installed by the Herring-Hall-Marvin Safe Company.

man, vice-president; Ralph E. Brush, vice-president and counsel; W. H. Brettman, secretary and treasurer; A. G. Child, assistant secretary; A. F. Rippel, trust officer; and F. Eric Peterson, assistant treasurer.

#### G. M. C. VOTES EXTRA DIVIDEND

AN extra cash dividend of \$2 a share on General Motors common stock has been declared by the directors of the company, in addition to the regular quarterly dividend of \$2 on the common stock, which went on an \$8 annual dividend basis in February. The extra dividend will involve a distribution of \$17,400,000.

This extra payment is the sixth by the corporation on its common shares, four, totaling \$9, being declared during the final quarter of 1926 and the fifth, of \$2 a share, payable January 4, 1927, to stock of record November 20, 1926. The present extra, therefore, is the first to come out of the 1927 earnings, which

for the initial quarter of the year showed \$50,199,479 applicable to the common stock, as against \$32,944,181 for the corresponding period in 1926. The only stock dividend on the common was a 50 per cent. distribution declared on September 11, 1926.

The regular quarterly dividends were declared on the preferred and the 6 and 7 per cent. debenture stock.

Alfred P. Sloan, Jr., president of General Motors Corporation, announced that the corporation's cash position continued strong, with current cash and marketable securities totaling about \$150,000,000. According to the dividend provisions of the corporation, no cash assets shall be paid on the common so long as the net quick assets in excess of current liabilities are less than 75 per cent. of the par value of the outstanding 7 per cent. preferred stock, which, as of December 31, 1926, was \$105,333,200 7 per cent. preferred and \$1,795,000 6 per cent. preferred.



## THE MARINERS SAVINGS BANK, NEW LONDON, CONN.

**A** FEATURE of the interior of the building of the Mariners Savings Bank of New London, Conn., recently remodelled, is the "cageless counter," a style of counterscreen which has recently been adopted by several banking institutions in their new buildings.

The screen is but five feet in height and, owing to the absence of wickets, congestion and waiting are eliminated and every foot of the counter is available for the handling of customers. The lower screen also affords a complete view of the banking room and the proportions of the ledge, shelf and working counters are such that greater protection is afforded than by the ordinary screen with individual wickets.

The new counterscreen is proving 75 per cent. more efficient for the handling of the bank's business.

The base of the counterscreen is of Verde Antique marble and the panelling, shelves and ledges are of mahogany with crotch veneered panels. The ledge and top shelf are covered with black carrara glass in hone finish. The screen is topped with a decorative iron railing, finished in Verde green; the working counter is covered with linoleum. A system of reflectors under the upper shelf, directly above the working counter, lights the counter adequately.

Rubber tile covers the floor in the public space while the working space is carpeted with green cork carpet.

The work of completely remodelling the interior of the bank was done by Norton & Townsend of New Haven, Conn., architects specializing in bank design and equipment. The bank's equipment was brought completely up-to-date

by the installation of a vault by the Mosler Safe Company. The door of the vault, which is equipped with four inches of "Donsteel," is twelve inches thick.

The Mariners Savings Bank was incorporated sixty years ago, at the May session of the Connecticut General Assembly, and was organized July 29, 1867.

The organizers were a group of men nearly all of whom were identified in some way with the whaling industry—an industry which had for several generations been the principal business of the town. Among the early directors were Captain "Bill" Allen and "Rattler" Morgan, retired whaling captains who had the record of bringing in the most valuable cargoes of whaling history.

The moving spirit in the organization of the bank was Thomas M. Waller, then a young attorney, who later became Governor of Connecticut and Consul-General to London under Cleveland's administration. If the life story and experiences of some of the men who were identified with the bank in its early days were written, it would make an interesting addition to the literature covering the romantic days of an industry now almost forgotten.

### MURAL PAINTINGS

To keep alive the memory of those days when whaling was New London's chief industry—it was second only in importance to New Bedford—the bank has placed in its main banking room three mural paintings by Captain Thomas Petersen of Noank, Conn. Each painting depicts graphically some phase of the whaling industry. One shows





Main lobby of the Mariners Savings Bank, New London, Conn., showing the new "cageless counters."



Another view of the main banking room, looking toward the entrance and showing the school savings department on the left toward the entrance.





Partial view of the main banking room, showing the safe deposit vaults. These vaults were installed by the Mosler Safe Company and the doors, which are twelve inches thick, are equipped with four inches of "Donsteel."

whaling in the Northern seas, a second in the Southern. The third shows the waterfront at New London at a time when the fitting out of whaling ships was the town's chief industry. Each painting is ten feet square.

In addition to these, the bank has assembled an interesting collection of whaling relics and pictures. These have been placed on exhibit in a special room of the bank.

In other ways the bank has carried on the traditions of its early history—by its name; by its seal, which was voted on at the same time as the charter was formally accepted, "the seal of the bank shall consist of an anchor surrounded by the words Mariners Savings Bank of New London, Connecticut;" and by its monogram, a design of knotted rope.

The first office of the bank was with the National Bank of Commerce, at that time located over the Union Bank in the old building which stood where the present Union Bank building now stands.

In 1872, when the National Bank of Commerce moved to offices in the Crocker House block, the Mariners Savings Bank moved, too, and occupied the rear of the other institution's banking room.

In 1905 steps were taken to secure a separate building and the present home of the bank was completed and occupied January 1, 1907.

During the sixty years of the bank's existence, the deposits of the bank have increased to \$7,698,639. Statement of March 1, 1877, ten years after the organization of the bank, shows deposits of \$1,054,411. In 1887 they had increased to \$1,576,480; in 1897 to \$2,092,844; in 1907 to \$3,432,326; and in 1917 to \$4,788,462. Depositors of the institution now number more than 15,000 and assets are more than \$8,000,000.

In the same time the bank has had eight presidents: Captain Daniel Latham, 1867-1871; Henry R. Bond, 1871-1876; William H. Barns, 1876-1886; Christo-



The board room, done in Colonial renaissance, showing a model of a four master clipper ship on the mantel.



Exhibit room in which are displayed many interesting relics of New London's early history.





One of the three murals by Captain Thomas Petersen of Noank, Conn., painted for the Mariners Savings Bank. The one above shows the waterfront at New London at a time when the fitting out of whaling ships was the town's chief industry.

pher C. Comstock, 1886-1887; Daniel D. Latham, 1887-1898; William H. Allen, 1898-1903; George C. Strong, 1903-1909; and James P. Johnston, who has headed the bank since 1909.

Although the whaling industry has disappeared entirely from New London, the bank which it founded has not been content to rest upon the laurels of its founders, but, imbued with the same spirit as that of its pioneer directors, has been consistently progressive.

#### INTRODUCED NEW IDEAS

It has introduced several innovations into Connecticut banking. In addition to being the first savings bank to install

cageless counters, it was also the first to adopt the twenty-four-hour depository vault and the school savings plan. Today the school savings department is a regular adjunct of the modern savings bank.

Officers of the bank include Mr. Johnston, president; P. LeRoy Harwood, vice-president and treasurer; Charles B. Waller, vice-president and attorney; and Henry H. Smith, assistant treasurer.

The directors are Arthur P. Anderson, judge of Probate, Groton; Sidney A. Brown, sheriff of New London County; Charles A. Gallup, attorney; P. LeRoy Harwood, vice-president and treasurer; James P. Johnston, president; William T. May, retired merchant; and Charles B. Waller, judge of Court of Common Pleas.



Mural showing whaling in the Northern seas.



Whaling in the Southern seas is depicted in the third mural.



# METROPOLITAN CASUALTY INSURANCE COMPANY EXPANDS RAPIDLY

**U**NDER the presidency of John Scofield Rowe, the Metropolitan Casualty Insurance Company of New York has expanded rapidly. In 1924, when Mr. Rowe became president, the company had a capital of \$750,000 and a surplus of about \$350,000. Two years later it had a capital of \$2,500,000 (this being the capital at the present time) and its financial statement for the year ending December 31, 1926, showed remarkable achievements for that twelve-month period.

The total assets increased from \$5,573,959 to \$12,796,275. The premium writings of the company increased \$3,818,102 and this resulted in large reserves being established. This same report showed that the unearned premium reserve had increased to \$4,550,135 while the reserve for losses was \$2,695,544. After providing for all other obligations and setting up a voluntary reserve of \$200,000 for contingencies, the Metropolitan Casualty showed a net surplus beyond all liabilities of \$2,254,054—a gain of \$1,171,267 over the figures for the preceding year.

The company has recently voted an increase of capital from \$2,500,000 to \$3,000,000. to be accomplished by the issuance of 20,000 new shares of \$25 par value, to be sold at \$80 per share. This will also add more than \$1,000,000 to the net surplus account.

The issuance of 20,000 additional shares of \$25 par value has been suggested and a special meeting of stockholders has been called for June 2.

The agency and home office force have been chosen with that analytical care and keen judgment which have always characterized Mr. Rowe's administrative vision and sagacity. The company now has considerably more than 2000 accredited agents and a well developed list of branch offices and general agencies, a considerable number of both having been opened during 1926.

The board of directors now includes the presidents of three strong banks, three senior executives of great public utility organizations, four representatives of strong investment banking houses, two of the biggest manufacturers of Rochester, the head of a great hotel system, the two senior officers of the Agricultural Insurance Company of Watertown, N. Y., which co-operates with the Metropolitan Casualty in rounding out



J. SCOFIELD ROWE

President the Metropolitan Casualty  
Insurance Company of New York.

full lines of insurance, and four officers of the company.

John Scofield Rowe, president of the Metropolitan Casualty Insurance Company of New York (chartered 1874) and one of the most prominent insurance executives in the country, was born at Grand Rapids, Mich., on November 6, 1868, the son of William and Salome Rowe.

He received his early educational training in the Grand Rapids public

schools and at the Grand Rapids Business College, later attending Little Rock University at Little Rock, Ark.

#### INSURANCE HIS LIFE WORK

Deciding to make insurance a life work, Mr. Rowe, shortly after leaving school, accepted an appointment as auditor in the office of the Employers' Liability Company in Boston. This was in the early '90's, his tutor at that time being the dean of the liability insurance business in this country, George Monroe Endicott.

From 1891 to 1902, Mr. Rowe was auditor and superintendent of agencies of the United States branch of the Employers' Liability Assurance Corporation and in the latter year was called to Hartford, Conn., by the Aetna Life Insurance Company to start them in the casualty field. He became assistant secretary of the liability department, later being promoted to the position of secretary in 1905 and vice-president in 1911. In addition, he was elected secretary of the Aetna Casualty & Surety Company in 1908 and vice-president in 1917. Mr. Rowe was also elected secretary and director of the Automobile Insurance Company of Hartford in 1913 and became vice-president in 1917. The early and remarkable success of these two companies was largely due to his efforts.

In 1919 Mr. Rowe resigned from the vice-presidency of the three Aetna companies to become president of an underwriting agency in New York but severed this connection a year later in order to become vice-president of the U. S. Fidelity and Guaranty Company of Baltimore. He was responsible for that company's purchasing in 1923 a controlling interest in the Metropolitan Casualty Insurance Company of New York and in 1924 he headed a syndicate which purchased the company, becoming its president.

But long before Mr. Rowe became president of the Metropolitan, he had won renown in the insurance world by

his origination and development of loss-preventive measures. His recognition of the dog as "The Original Burglar Alarm" attracted nation-wide attention and received instant commendation, not only from the humane societies and press, but from all lovers of dumb animals throughout the country. More recently, his "merit rating" in check alteration and forgery insurance, which allows substantial credits to users of check-writing machines and safety papers, has received the enthusiastic indorsement of the business men and bankers of the country and has given him wide publicity.

The directors of the Metropolitan Casualty Insurance Company are as follows: S. William Burton, vice-president and secretary-treasurer; Floyd L. Carlisle, F. L. Carlisle & Co., Inc., New York; William K. Dick; Edmund J. Donegan, general counsel; Lamar Hardy, general counsel National American Co., Inc., New York; Henry L. Harriman, president New England Power Association, Boston; Darwin R. James, president East River Savings Bank, New York; David H. Knott, president Knott Hotels, Inc., New York; T. E. Lannin, president Lincoln-Alliance Bank, Rochester, N. Y.; H. E. Machold, president Northeastern Power Corp., New York; Luther E. Mackall, vice-president; W. Roy McCanne, president Stromberg-Carlson Tel. Mfg. Co., Rochester, N. Y.; C. H. Miller, president Insurance Management Corp., Huntingdon, Pa.; C. Stanley Mitchell, president Central Mercantile Bank and Trust Company, New York; F. S. Pendleton, president Pendleton & Pendleton, Inc., Brooklyn, N. Y.; J. Scofield Rowe, president; J. F. Schoellkopf, Jr., Schoellkopf, Hutton & Pomeroy, Buffalo, N. Y.; Paul A. Schoellkopf, president Niagara Falls Company, Niagara Falls, N. Y.; S. C. Steele, Sage, Wolcott & Steele, Rochester, N. Y.; George W. Todd, treasurer The Todd Company, Rochester, N. Y.; Harvey R. Waite, secretary and treasurer Agricultural Insurance Company, Watertown, N. Y.; J. Dugald White, vice-president

J. G. White & Co., Inc., New York; P. H. Willmot, president Agricultural Insurance Company, Watertown, N. Y.; George F. Rand, president Marine Trust Company, Buffalo, N. Y.; LeGrand S. DeGraff, president State Trust Company, North Tonawanda, N. Y.

Officers of the company are as follows: J. Scofield Rowe, president; S. William Burton, vice-president and secretary-treasurer; Luther E. Mackall, vice-president; V. A. Hancock, vice-president; Warren Griffith, assistant vice-president; Albert H. Lahy, assistant secretary-treasurer; Edmund J. Donegan, general counsel; James C. Heyer, vice-president, William P. Stanton, vice-president; Edgar A. Blendow, assistant secretary; Charles S. Thayer, assistant secretary.

### NEW JERSEY BANKERS IN ANNUAL CONVENTION

THE twenty-fourth annual convention of the New Jersey Bankers Association, held at Atlantic City, N. J., May 20-21, was attended by more than 1000 bankers. F. Archer Morse, president First National State Bank, Camden, was elected new president of the association to succeed Walter E. Robb, president Burlington City Loan and Trust Company. William J. Couse, president Asbury Park Trust Company, was elected vice-president of the association; Levi H. Morris of the Newton Trust Company was elected treasurer; and members of the executive committee for three years were elected as follows: Armitt H. Coate, Burlington County Trust Company, Moorestown; Thomas W. Stephens, Bank of Montclair, and Henry L. Holmes, Orange National Bank.

At a meeting of the members of the American Bankers Association Walter E. Robb, president Burlington City Loan and Trust Company and Wessels Van Blarcom, vice-president Second National Bank, Paterson, were elected members

of the executive council for three years. E. W. Rosevear, vice-president Dover Trust Company was elected state vice-president of the A. B. A. Charles H. Laird, Jr., vice-president West Jersey Trust Company, Camden and John B. Clement, vice-president Central Trust Company, Camden, were elected members of the nominating committee and alternate members, respectively. The following divisional state vice-presidents were elected:

Trust Company Division: Herman M. Sypherd, vice-president Guarantee Trust Company, Atlantic City.

National Bank Division: W. Sargent Nixon, cashier First National Bank, Bound Brook.

State Bank Division: Harry B. Sherman, president Long Branch Banking Company, Long Branch.

Among the speakers who addressed the convention were: J. Fisher Anderson of Fisk & Fisk, Jersey City, who spoke on the subject: "Recent Banking Legislation;" Carl W. Fenninger, vice-president Provident Trust Company, Philadelphia, on "Some Notes on Trust Department Development and Management;" R. Brooks Hering, vice-president Baltimore Trust Company, on "How to Secure New Business;" and Maurice S. Green, chief accountant Guaranty Trust Company, New York, on "Computation and Payment of Interest on Accounts."

At the annual banquet of the association, President Robb, after a brief address to the members, introduced Governor A. Harry Moore of New Jersey, who addressed the gathering. Governor Moore's address was followed by that of Hon. George W. Norris, governor Federal Reserve Bank, Philadelphia, who spoke on the subject: Changes in Banking Practice Resulting from the McFadden Bill."

At the closing session reports of the secretary and treasurer of the association, and of the chairman of the various association committees were presented.





New building of the Barnett National Bank, Jacksonville, Fla.

# BARNETT NATIONAL OPENS NEW BUILDING ON FIFTIETH ANNIVERSARY

**C**ELEBRATING its fiftieth anniversary, officers and directors of the Barnett National Bank, Jacksonville, Fla., were hosts recently to thousands of depositors and friends, formally opening their spacious quarters on the first two floors of the new eighteen-story Barnett National Bank building. The building was designed by Mowbray and Uffinger, bank architects, of New York.

The doors of the bank were thrown open at two o'clock on the holiday, and from that time until late in the evening the guests were received and conducted through the banking rooms and the building by a number of employes who had been delegated to act as guides.

Bion H. Barnett, chairman of the board, and W. R. McQuaid, president of the bank, assisted by the other officers and directors, were the recipients of hundreds of congratulatory messages during the evening. They expressed themselves as delighted with the public reception of the bank's new building, a monument to the growth of Jacksonville as the financial center of the state, and the development of Florida's second oldest financial institution, and one of the South's strongest and most conservative banks.

Founded by William B. Barnett, pioneer Floridian and banker, in 1877, this is the fourth move for expansion in the fifty years of its life and growth, and the Barnett National, under the leadership of the founder's son, pursuing a liberal and progressive policy consistent with conservative management, has played an important part in the growth of Florida and Jacksonville.

The bank is situated at Forsyth, Adams and Laura streets, fronting an entire block on Laura street and having entrances for the public at five different points on the three streets. The present site of the skyscraper home of the Barnett National Bank adjoins the classical old banking structure, built by the

founder of the bank, and is connected with it by a wide entrance, throwing the two buildings into one.

## OUTCOME OF STEADY GROWTH

Erection of the new building has been the outcome of a steady, consistent growth of the bank's business, which



W. R. McQUAID

President the Barnett National Bank.

made essential the building of larger quarters to offer improved facilities to its clients, and to allow room for expansion of departments. The plans for a large office building were first considered in the spring of 1924; construction was started January 1, 1926. The building was ready for occupancy January 1, 1927, and already fully 85 per cent. of the available space has been leased to representative business tenants.

Only the commercial departments of the bank have been moved into the new banking rooms—the bond, trust, savings



Interior of the bank, showing the officers' quarters and the main banking room in the rear.

and collection departments being still housed in the old building, now a part of the new, which has ever been referred to in the bank's advertising material as "A Florida Landmark."

Officials and directors of the bank awarded the contract for the building to James Stewart and Company of New York City, builders of the new Madison Square Garden, and many banking structures, among them the new Mitsui bank building in Tokyo, Japan, said to be one of the largest buildings of its kind in the world.

The Barnett National Bank building and the bank's quarters are the last word in modern building construction, and no half-way measures have been taken to insure utmost comfort both for office building tenants and for the bank itself. The elevator system, for instance, installed by the Otis Elevator Company, was the twentieth installation in the United States of this type of elevator. The bank vaults, installed by the Mosler Safe and

Lock Company, have twenty-inch drill and torch-proof doors and walls constructed of specially reinforced concrete electrically protected throughout.

The interior of the banking rooms combines simplicity with extreme beauty of line and arrangement—light-bronze fittings; travertine marble walls and floors; columns, railings and wainscoting of the warm tint of Botticino marble.

Fifty years is not over-long in the history of a banking institution's life for it to have achieved the growth and development of the Barnett National Bank—from deposits of \$10,000 to its present \$25,000,000.

Fifty years is the period of service of its present chairman, son of the founder of the institution. President McQuaid has served the bank well over half of this period.

#### SOUNDNESS OF BANKING POLICY

The soundness of the Barnett National's banking policy through stress of



circumstance, panic, fire and epidemic, has been ever manifest, and today in the current statement, which displays against deposits, over \$15,000,000 in cash and Government and municipal bonds.

The oldest bank in Jacksonville and the second oldest in the state, it has drawn to its side strong friends from the financial and industrial fabric of the state's metropolis, as may be readily noted from the names and connections of its directorate, which follows:

H. P. Adair, attorney, Cooper, Knight, Adair, Cooper and Osborne; N. Adams, merchant, White Springs, Fla.; W. D. Baldwin, New York City, chairman board of directors Otis Elevator Company; Bion H. Barnett, son of the founder of the Barnett National Bank, chairman; Don M. Barnett, his son, vice-president of the bank; Frank D. Bisbee, of Byrnes and Bisbee, realtors; Blair Burwell, president Burwell Motor Company; Joshua C. Chase, president Chase & Company, wholesale fruit; John G.

Christopher, president J. G. Christopher and Company, machinery and mill supplies; A. G. Cummer, president Cummer Lumber Company; D. H. Doig, attorney; T. W. Dunk, president New York Laundry; M. L. Fleishel, president Putnam Lumber Company; F. C. Groover, president Groover-Stewart Drug Company; H. E. Harkisheimer, president Elgin Butter Company; Norman M. Heggie, M. D., aurist; W. J. Kelly, president Consolidated Naval Stores Company; Courts P. Kendall, vice-president of the bank; C. S. L'Engle, vice-president of the bank; W. R. McQuaid, president of the bank.

The other officers of the bank are Frank W. Norris, vice-president; George A. Kirk, vice-president and cashier; A. C. Biese, vice-president in charge of bond department; W. B. Prevatt, assistant cashier and comptroller; and L. A. Perkins, Jr., P. L. Walton, E. G. Haskell, R. D. Baldwin and George Weinbarg, assistant cashiers.



View of the public space in the main banking room, as seen from above.



Entrance to the safe deposit vault, Barnett National Bank of Jacksonville, Fla.

## FLOOD CONDITIONS DISCUSSED BY NEW YORK BANK

**V**AST as the catastrophe appears to be today, the Mississippi flood is not likely to cause any great disturbance to either industry or agriculture, according to *The Index* published by the New York Trust Company.

"Among the crops, cotton will be the most deeply affected. There was a large over-production of cotton last year, and this year's loss will represent only a small proportion of the total estimated crop. A few railroads serving the Mississippi district will suffer a reduction of traffic; but the chief effect on industry as a whole will be no greater than a temporary decline in the buying power of a relatively small section of the country."

It is pointed out that although freight

car loadings have declined slightly during the last few weeks, the reconstruction movement of food, implements and materials will eventually contribute to railroad traffic, so that the net effect of the flood on freight revenues will be inconsiderable.

The chief consequence of the Mississippi flood should be the lesson that it must never happen again. The Department of Commerce has stated that the one practical and economic solution to the problem is the construction of adequate levees. However great the cost of this work, the nation will be willing to pay for the assurance that disasters of this kind will be prevented in the future.

# BOOK TALKS

Special Section of The Bankers Magazine

JUNE 1927

## BANK ORGANIZATION FOR CLEARING AND COLLECTION

In a 580-page book on the *Clearing and Collection of Checks* (Bankers Publishing Company, \$7.50) after the author, Walter E. Spahr, Ph.D., has gone very thoroughly into all phases of the subject, he devotes a lengthy chapter to bank organization for clearing and collection. A few paragraphs are given below, but they represent only a small part of the detailed information which the entire chapter and book cover.

**I**N addition to the items collectible by the city banks within the city, each bank receives many out-of-town items which it must convert into funds. These items may be divided into two classes: Cash items and collection items. The out-of-town cash items are called 'transit' and are handled by the transit department of the bank; the collection items are handled by the country collection department of the bank. These two departments will be described in the order mentioned.

"The transit department may convert its out-of-town checks and drafts into funds through either of the following collection agencies: Correspondent banks or Federal Reserve banks. Prior to the inauguration of the Federal Reserve System a third method was used frequently, namely, the country collection department of the clearing house, but the coming of the Federal Reserve banks made such departments unnecessary, and they have been discontinued in cities where Federal Reserve banks or their branches exist.

### CORRESPONDENT BANKS

"The use of correspondent banks was the most important method employed prior to 1914, and they are yet important media for collecting out-of-town items. This method has survived, since many banks are not members, or even non-member clearing banks in the Fed-

eral Reserve System. \* \* \* But the correspondent system prior to the present organization of the Federal Reserve System was linked closely with the reserve system; since reserves, to a large extent, have been concentrated in the Federal Reserve banks, it is expected and hoped that the Federal Reserve banks will become the principal media for collections. \* \* \*

"The work of the transit department of a large bank in New York City may comprise the following separate parts: The collection of transit items, the collection of so-called 'trusts,' items collectible through the city collection department of the clearing house, and the analysis of accounts. Other functions are frequently performed by this department, such as the sale of domestic exchange and the collection of non-transit items where the latter are not handled by a separate country collection department.

"The transit department in a large bank operates in three sections: The night, the morning, and the afternoon sections. The night work is merely preliminary to the morning work, but that of the morning is quite distinct from the afternoon. The transit department receives its items for collection primarily from the mail and receiving tellers of the bank, although some come from other departments such as the city collection

(Continued on page 7)

# BOOK TALKS

EVELYN PRICE, *Editor*

Monthly Book Section

## THE BANKERS MAGAZINE

71-73 Murray St., New York

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JUNE 1927

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### SHOP TALK

**S**ELLING at \$404! Fifty-one volumes in three-quarter leather of THE BANKERS MAGAZINE are quoted at \$404 by the Illinois Book Exchange of Chicago. This covers fifty years, from 1846 (the date of establishment) to 1896. BOOK TALKS is the monthly book section of THE BANKERS MAGAZINE, and appears as an eight-page insert of the magazine in addition to being sent out to all those who are interested in banking and business books. Subscriptions to this eighty-year-old publication are \$5 in the United States. The magazine is issued monthly, and, in addition to important editorials and articles on banking has sections on banking law, bank advertising and publicity, international banking, bank credit problems, and interesting general notes about the bankers and bank associations throughout the country.



SOME of the readers of BOOK TALKS have asked recently for information on bank acceptances. Over fifty pages have been given to an explanation and discussion of bank and trade acceptances in Kniffin's *Commercial Paper*. This section was added to the book when it was last revised as the use of acceptances had been constantly growing in the United States. There are also chapters on acceptances in *Bank Credit Methods and Practice* by Kavanaugh. The price of each of these books is \$2.50.



INSTALMENT buying has been under discussion for the last year by economists, bankers and business men, and the Academy of Political Science of New

York last November set aside a part of the session to a consideration of the various phases of the subject. Because of this general discussion in economic circles it will probably be of interest to readers of BOOK TALKS to know that a reference list of books, monographs, addresses, magazine and newspaper articles on the subject has been compiled by Mary E. Jameson, librarian of the National Industrial Conference Board, New York City, and has been printed in the May 1, 1927, issue of *The Library Journal*, published by the R. R. Bowker Company, New York.



THE National American Bank of New York City found that window advertising pulled more direct returns than any other medium used. While \$2 was the minimum for which savings accounts were opened, the windows pulled \$25 to \$800 first deposits. Reproductions and descriptions of some of the window displays of this bank are given in 101 *Window Displays* along with many others used by banks, large and small, throughout the country. Send for the book on approval (\$5.00), but we know you will never want to let it out of your hands after you have seen it. It is "chock full of ideas," as Gaylord S. Morse says in the foreword.



How often have I heard the young bank man say, "There is no future in this job for me; I want to get into something big." And to him my answer is—"Each line of work holds the chance for something big for the man who sees and improves the chance. And I do not know that promotions come faster in one kind of going business than another. A good man will go fairly quickly, no matter what line he is in; the average man will go forward slowly."—*Huntington Banker*.



AT a bankers' dinner the other evening a banker read a bad poem that he wrote, and nothing was done about it. But just let a poet write a bad check!—*New York American*.





# 101 WINDOW DISPLAYS

## Bank and Investment

By M. E. CHASE

**B**ANKS all over the country are waking up to the tremendous possibilities of window displays, and over two hundred large and small financial institutions were interviewed in gathering material for this book. Window architects, electricians, window dressers, color experts, show card writers and those making mechanical displays were also consulted and the information put into shape for practical use in every bank by M. E. Chase, who for

fifteen years has been a specialist in bank and investment advertising and publicity.

In these suggestions every branch of banking is included. The small town has not been disregarded, for most of the properties necessary for these displays may be obtained in a town of five thousand. The contents given below will give a good idea of what the book covers, and many new ideas will be suggested by those that are described.

### CONTENTS

#### Why and How of Window Advertising

- I.—**Window Advertising Pays**—Tests which banks have made.
- II.—**Capitalize Your Windows**—Your windows may be cold empty glass—or “glad hands” beckoning prospects in—Windows display a super-picture—In tune with the community—Don't over-do your attention getter—One idea at a time—Avoid monotony—Balance and Harmony—Change often—Tie up with your windows.
- III.—**Making Window Display Cards**—Relative size of cards to display—Making your own cards—Pen and paints—Frame them.
- IV.—**Proper Construction of Windows**—Height of window—Background—Depth of window—Panelled background—Parquetry flooring—Your name—Electric floor connections—Lighting—Colored lighting.
- V.—**Motion Displays Gain Attention**—What large banks are using—How small banks are doing it—Mechanical devices.

#### What is being done in Window Displays

- I.—**By Financial Institutions of the East**—National City Bank of New York—Union Trust Co. of Cleveland—Five Cent Savings Bank, Lynn, Mass., and others.
- II.—**By Financial Institutions of the Midwest**—First-Wisconsin Trust Co., Milwaukee—American Bond & Mortgage Co., Chicago—First National Bank of Detroit—Morris F. Fox, Milwaukee—State Bank of Chicago, and others.
- III.—**By Financial Institutions of the West**—Wells-Dickey Co., Minneapolis—Security Trust and Savings Bank, Los Angeles—

- United States National Bank, Denver—San Diego Savings Bank, and others.
- IV.—**By Financial Institutions of the South**—First National Bank, El Paso—First National Bank, Pratt, Kan.—Chattanooga Savings Bank, Chattanooga, and others.
- What Can Be Done in Window Displays**
- I.—**Savings Displays**—Pay days in cold storage—Armistice day—During the Auto Show—Evolution—Savings plus insurance—In and out banking—Tied to your job?
- II.—**Investment**—To get a mailing list—Interest and shoes—Play Santa Claus with bonds—Bonds on instalment—If he can, so can you—To retire at 60—Buying bubbles or bonds—Invest for children—Pyramid with coupons, and others.
- III.—**Trust**—Save your widow from shyster—Stop and read the law—Yesterday you lunched together—Her income is regular—Watch it operate—Say it with a Will.
- IV.—**Checking**—Carry a checkbook—Know! Who should write checks—Travels of a check, and others.
- V.—**Farm Banking**—Bulld farm credit now—Better herds—County Fair—Bank by mail—Dead farming methods, and others.
- VI.—**Safe Deposit**—If you have a new nest of boxes—For vacation times—Community strong box, and others.
- VII.—**Foreign Exchange**—Take travelers checks—Like a checkbook—If you sell S. S. tickets, and others.
- VIII.—**Miscellaneous**—Life Insurance—Bank at your mail box—Flower contest—Who minds growing older—Trade at home—Growing up financially, and others.

BANKERS PUBLISHING COMPANY

\$5.00

71-73 Murray Street, New York

\$5.00

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# BOOK REVIEWS AND NEW BOOKS

## Recent Announcements of Other Publishers

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**BUILDING THE BANK FOR BUSINESS.** By T. H. Moyer. Allentown, Pa.: The Tilghman Moyer Company.

THE author of this book has found in his practice of bank architecture an invariable eagerness on the part of bankers, bank directors and other business executives to know something of the broad fundamental principles upon which a successful building is based. With that in mind Mr. Moyer has gone into the common sense considerations which underlie the erection of a building rather than the details of materials and construction. The book is therefore not a technical discussion, but is an effort to fill a gap in the business literature of the day. The executive through this book can feel a surer grip on his building problem, and will realize how an experienced architect can serve him as a builder of business as well as a builder of buildings. Photographs of bank exteriors and interiors, floor plans and vaults illustrate the text.

**BANK SYSTEM AND ACCOUNTING.** By Frank L. Beach. New York: Ronald Press Company. \$6.15 postpaid.

THE information contained in this book embodies the best ideas of men skilled in bank administration. It has been gathered in personal visits to well managed banks, and in long experience and intensive study of methods in operation. The material can be readily adapted to the needs of large, medium or small banks.

Department by department it checks over the detailed procedure by which a bank carries on its work, covering not only the operating departments, but also the various service departments. It explains the differing principles of operation and accounting; calls attention to effective short-cuts and safe-guards; outlines methods employed in the newer fields of banking; describes the latest appliances for facilitating routine.

The chapters cover: Work of Commercial Tellers, Interior Proving Department, Commercial Bookkeeping, Transit Department, Work of the Collection Department, Domestic Exchange, Foreign Exchange, Work of the Savings Tellers, Savings Department Bookkeeping, Loan and Discount Records, Credit Department, Trust Department, General Books, Auditing Department, Accrual Accounting, Cost Accounting, Bank Purchasing Methods, Service Departments, Safe Deposit Vaults.

**EVOLUTION OF THE DOLLAR.** By Harwood Frost. Chicago: 10 S. LaSalle street. Published by the author. \$1.15 postpaid.

THIS is a small book which the author offers purely as a brief outline of the origin and development of money and the rise of the American dollar to the position of a recognized international monetary standard. It is mainly a reprint of material prepared for an address on the subject and has been printed in book form to satisfy many requests that the author has received for it. The edition has been limited to 500 copies.

There is probably no subject of more intense and universal interest than "money," and the information given in this book will add to the reader's knowledge of this important topic.

**NEW YORK CORPORATION LAWS: Including Amendments, 1927 Annotated.** New York: United States Corp. Co. \$2.15 postpaid.

THIS book contains the full text of the general corporation law, stock corporation law, unrepealed sections of the business corporations law, sections of the tax law applicable thereto; articles of general application of the membership corporations law; stock transfer tax act, uniform stock transfer act, blue sky laws and general associations law; applicable sec-

tions of the state constitution, the civil rights law, the penal law; sections of the partnership law relating to assumed names; legal recording and filing fees, a synoptic analysis and complete index.

The legislature which has recently adjourned amended twenty-one of the sections of the statutes included within this publication, many of which are of major importance; nine new sections were added and three of the existing sections were repealed.

**BANK AUDITS AND EXAMINATIONS.** By John I. Millet. New York: Ronald Press Company. \$6.15 postpaid.

THIS book has been prepared by a trained examiner who in ten years' experience with well known accounting firms has specialized in the auditing of bank and financial institutions. All the practical information needed to make bank audits and examinations, whether complete or partial, periodic or for special purposes, as uncovering bank defalcations, is included in the book. It shows how to check conditions in every department—banking, trust, title insurance, surety, safe deposit, foreign exchange, and includes procedure for auditing a number of important items, as the income and expense accounts, which are frequently overlooked in the usual type of examination. It explains fully the planning of the work, showing variations in routine according to whether the examination is for the directors, or for the state or federal authorities.

**BANKING LAW AND PRACTICE IN INDIA.** By M. L. Tannan. Calcutta, India: Butterworth & Co. (India) Ltd.

ALTHOUGH there are books dealing with banking law in England, this one is the first in the field on the subject of banking law and practice in India. The principles of banking law applicable to India are clearly stated, and in addition the important points of difference between the English and Indian laws are explained. The book has been written to meet the need of students of the subject as well as bankers, lawyers, and members of the general public who have dealings of any kind in India.

# Bank Credit Methods and Practice

By T. P. Kavanaugh

**A**N accurate description of the operation of the credit department of the modern bank, showing how credits are passed upon by the bank executive and how essential information should be kept on file, is given in this book.

It should therefore be a right-hand companion for the organizer and head of the credit department, and of particular interest to the banking student. The author has been able to write with both viewpoints in mind as he is a vice-president and credit manager of a large St. Louis bank, and also a lecturer on credits at St. Louis University.

In addition to the explanation of the workings of the credit department, Federal Reserve System, foreign credits, commercial paper, acceptances, analysis of statements, etc., as outlined below in the contents, the necessary records for the credit department, with illustrations of the forms in use in up-to-date banks are shown and carefully explained.

## CONTENTS

Theory of Credit  
Essentials of a Credit Risk  
Foreign Credits  
Commercial Paper and Trade Acceptances  
Bankers' Acceptances  
Commercial Lines of Credit. Reciprocal Relations  
Federal Reserve System  
Theory of Statement Analysis  
Importance of Statement Analysis  
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Investigation and Compiling Information

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**COMMUNITY ADVERTISING.** By Don E. Mowry. Madison, Wisconsin: Cant-Well Press. \$4.40 (in United States) postpaid.

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#### FEDERAL RESERVE BANK

THE twelfth annual report of the Federal Reserve Bank for the year ending December 31, 1926, has been published, and contains paragraphs covering the following subjects: Letters of Transmittal, Credit Conditions in 1926, The Year in the Money Market, Discount and Open Market Policy, Foreign Relations, Bank Changes in 1926, Reports of Operations, Directors and Officers

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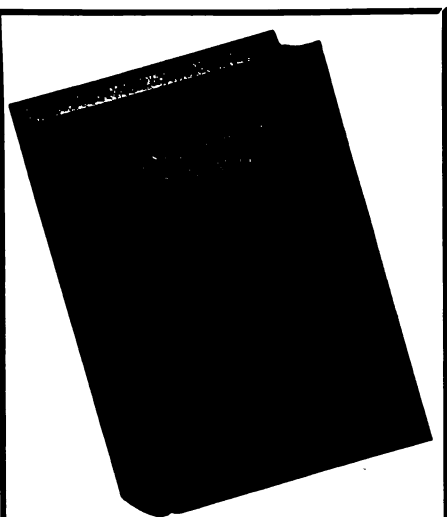
#### Bank Organization for Clearing and Collection

(Continued from page 1)

department, the note teller, and the foreign teller."

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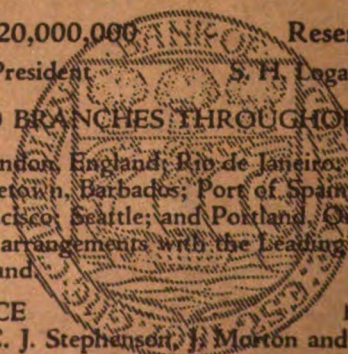
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