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A Business Man for President

The man who becomes the aristocrat of the future will become so, not because of birth or wealth, but because he has done something for the good of his country.—Charles M. Schwab.

IT is a trifle early to begin casting about for a Presidential candidate to be named in the summer of 1920. So many things may happen 'twixt now and then. Even should the favored candidate inspire great enthusiasm, he might never live until the conventions are held. Then there is General Pershing. Worse yet, there abides the memory of Colonel Harvey's remorse over his early discovery of a successful candidate.

Being duly mindful of all these impediments to the naming of a Presidential candidate now to be voted for in 1920, it may prove interesting to consider some of the qualifications which the next President should have and also to search for the man who possesses these qualifications.

The great present-day American problems relate to industry and trade. To back up the nation's high ideals we have just expended a good many billions of dollars—every cent of which expenditure every red-blooded American approves with all his heart—and now we must work efficiently and make money to pay the debt incurred in this righteous enterprise in which the country has engaged. We need prosperity; and not for this purpose only, but in order that our people may be well housed, well clothed and well fed, and that they may have the fullest opportunities to develop the best of which their lives are capable, so that the glory of the nation may be but the reflected welfare and character of its individual citizens.

Is there a man in the country whose origin was humble, like Lincoln's, who has worked his way up to distinction in the business world, and who retains the confidence and respect not only of the business world, but of labor as well, and who has the saving grace of humor and plain common sense—a man about whose head no halo would re-bounce he entered the White House?

Fact. we heard the cry of "ships, ships and more ships" some phases of the Fed the nation called Charles M. Schwab as

Director of the Emergency Fleet Corporation. Mr. Schwab got the ships as rapidly as any man could. His energetic work, the way in which he called forth the enthusiasm of others, his appeal to the popular imagination, and especially his success in inspiring the devotion of the workers in the shipyards, all combine to make Mr. Schwab one of the most notable figures of the war outside the ranks of active military commanders.

Since Mr. Schwab thus efficiently met the enormous responsibilities of this difficult situation, has he not rightfully earned promotion, even to the highest place within the gift of the people—the Presidency of the United States?

For this job he possesses some unusual qualifications: in the first place, in an era of universal quackery in economics and politics, when the very air is full of half-baked schemes for saving mankind, Mr. Schwab has but one remedy—"just plain, hard work." His own life has illustrated the practical application of this gospel, and he thus confidently recommends it to others. Then he has another remarkable element of fitness for the Presidency in these times: a man of big business and a capitalist, he has the respect and good will of labor. That qualification, it is suspected, will be a mighty good asset to have in the days ahead of us. The man who has himself sprung from the ranks of labor can work with other men, can understand and sympathize with their hopes and purposes better than any one who views the relations of capital and labor merely from the standpoint of those who have toiled only with words.

Mr. Schwab has, of course, one conspicuous disqualification for the Presidency. He has succeeded in life, and is a rich man. In others this, according to the spirit of the times, would be an insuperable barrier in the way of election to the Presidency; but in him may the offense not be pardoned? How could any man with the industry, energy, good nature, common sense and ability of Charles M. Schwab, in a land of unrivaled natural riches, with every door of opportunity wide open and beckoning him to enter—how could such a man fail to get ahead in the world?

If he were President he might cause us all to become so much in love with our jobs that we'd be too busy to listen to the prophets of despair, and make us laugh at the governmental and economic quacks who are now befuddling the public mind with their nostrums and panaceas.

Mr. Schwab would probably chuckle should anybody intimate to him that he is a statesman; but if he had statesmanlike jobs to be done, he'd have the judgment to pick men who knew how to do them, just as he picked men in the steel industry or to build ships.

Labor and capital as friends and co-partners in the great undeveloped riches, can make of our still

years the richest, happiest land on which the sun ever beamed, with work, food, shelter and clothing for all, and with the greatest opportunity man ever had anywhere to develop the very best of which he is capable in body, mind and spirit.

For leadership in these days of trial we need no publicist, professor, theorist or political hack, but a man who came up from the ranks and who still retains a sense of brotherliness for his fellows, who is sound in his outlook upon life, who profoundly believes in his country and his countrymen, who has humor and common sense which even the Presidency can not obscure, and whose gospel is "just plain hard work."

For President of the United States in 1920, Charles M. Schwab!



Secretary McAdoo's Retirement

THE retirement of Mr. McAdoo as Secretary of the Treasury naturally disposes one to review the very striking period covered by his régime. It has been a remarkable epoch in the country's history. Measured by the volume of dollars raised in taxes and loans the record is beyond comparison with anything in the history of this country and perhaps of the world. To raise such vast sums of money without wrecking business—almost without disturbing it—constitutes an extraordinary achievement. A Secretary of the Treasury who was not bold and resourceful, while being at the same time wise and skillful, could not have accomplished such a feat. Mr. McAdoo has raised billions upon billions and through all the tremendous demands made for money, public confidence has been maintained. This must constitute the chief tribute to Mr. McAdoo's brilliant administration of the affairs of the Treasury Department during the great war.

His patriotism, enthusiasm and ability all combined to help along the great Liberty Loan campaigns, while his optimism kept up the spirits of those who were disposed to be appalled by the magnitude of some of the financial problems with which the country was confronted. As an administrative officer, Mr. McAdoo's career has been brilliantly successful, and he deserves and will receive the enduring gratitude of his country for his distinguished services.

The two pieces of constructive legislation with which the Treasury Department has been identified (outside the purely war measures) have been the Federal Farm Loan Act and the Federal Reserve Act.

Some phases of the Federal Reserve Act may be appropriately

considered in connection with Secretary McAdoo's retirement. When the present administration came into power in 1913 the ground was already prepared for financial legislation. The subject had been agitated in the public prints and in Congress for many years, and following the panic of 1907 a makeshift measure was enacted. Furthermore, the National Monetary Commission was appointed to study the question of banking and financial legislation and to report upon it. The material collated by this body was at the disposal of Congress when the present Administration came into power. Mr. Wilson, whose rise to political prominence closely followed, if it did not actually date from, his appearance as a speaker at the convention of the American Bankers Association at Denver, Colo., in 1908, and who according to report was pledged in advance to financial legislation of some kind, was elected President in 1912. He at once insisted on the enactment of a banking law, and the Federal Reserve Act was put upon the statute-book before the end of the year in which he was inaugurated. Its provisions are too well known to require enumeration.

While the Secretary of the Treasury does not prepare and put through bills relating to banking and finance, his recommendations on these subjects do have great weight. It is hardly too much to say that with the close political affiliation existing between the Congress of 1913 and the Executive Department the Secretary of the Treasury had only to make his views known on these matters to have them prevail. The Secretary of the Treasury, when the Federal Reserve Act was proposed, had the opportunity of rendering his country an inestimable service—one which would have given him rank with Alexander Hamilton, the first Secretary of the Treasury. This was to rescue the bank-note circulation from the characteristic of Government money which had attached to it from Civil War times and coincidentally to get rid altogether of Government legal-tender paper. Mr. McAdoo did not seize this great opportunity. Apparently he was quite content to permit banking legislation to follow the lines of least resistance, and so the Federal Reserve notes were made obligations of the United States, a fact which not illogically led to their general employment as reserves by the state banking institutions of the country. The banking reserves were also further weakened by reducing their actual amount and requiring that all legal bank reserves of national banks be loaned to the Federal Reserve Banks.

When appealed to early in the war to permit a large issue of greenbacks, Mr. McAdoo refused the request in rather vigorous language. But by giving his sanction to the Federal Reserve Act he virtually approved the emission of an almost unlimited volume

of Government paper, which among some 28,000 state banks substantially possesses the legal tender attribute.

That Mr. McAdoo did not take a resolute stand in behalf of a genuine credit bank note instead of the present form of Government paper called "Federal Reserve Notes" was not due to lack of information. He knew what he was doing, but doubtless considered it easier to get a bill through providing for Government paper than it would have been to enact a credit bank note measure. At any rate, the sound principle was sacrificed for the unsound one, and the country was further steeped in the Government paper "money" delusion.

Against this criticism Mr. McAdoo might urge that he was not a part of the legislative branch of the Government, and therefore not to be held accountable for the Federal Reserve Act. But his large influence in shaping financial legislation seems to invalidate this excuse, while his repeated praises of the Federal Reserve Act give to that measure the stamp of his approval.

It still remains for some future Secretary of the Treasury to lead the country out of the morass of Government paper money into which we were led in the Civil War epoch and in which we are now floundering more hopelessly than ever.

But if in his constructive policies Mr. McAdoo did not measure up to the highest ideals of statesmanship, his administration of the Treasury Department in one of the most trying periods of the country's history was such as to win for him almost universal admiration. He will deservedly rank among the ablest of the long line of distinguished men occupying this important office.



Great Britain and the United States

THE tremendous losses which the great war occasioned come home so directly to nations and individuals and are of such an appalling and heartrending character that they naturally obscure the gains which afford at least some compensation for these great sacrifices of life and property. Chief among such offsets must be reckoned the reunion of the two great English-speaking countries of the world. For although Great Britain and the United States had been on friendly terms for a hundred years when the European war broke out, the relations between the two countries lacked that frank cordiality which now prevails. This changed attitude between the countries named will probably affect the future history of mankind beyond any one's power to measure or even to imagine.

Despite the differences referred to—which consisted rather of the embers of fires that long ago died out than of a freshly kindled antagonism—these two nations have much in common. Their language as classically written is substantially the same, however much it may differ when spoken, and especially with the usages which various localities have developed. In Government less divergence exists than is commonly supposed. The monarchy of the United Kingdom, with a cabinet responsible to the House of Commons, is essentially democratic, while in the self-governing dominions like Canada and Australia the resemblance, in substance, to our own type of government is even more marked. Our ideals in regard to human liberty correspond very closely, having been derived from a similar source. The results flowing from the application of the governmental forms and principles of each have not greatly differed. Great Britain has spread her civilization over nearly every part of the globe, with results almost universally beneficent; the degree of benefit varying, of course, with the capacities of the people coming under the sway of the British Empire. In the United States a like development has gone on within continental boundaries. The United Kingdom has been a colonizing nation, while the United States has not. This difference between the two countries will probably be less marked in the future since Great Britain will hardly seek to add to her dominions, which are already large enough to keep British statesmanship fully employed for a long time to come. As the United States will not seek to extend its territory much if any beyond the present limits, there would seem no possibility of a clash of territorial ambitions between the two countries.

With respect to some of the economic policies of Great Britain and the United States the future seems less clear. The former country has long adhered to free trade, while the latter has adhered to protection. Changes brought about by the war may possibly alter England's policy; if not to the extent of imposing protective duties, at any rate to preferential trading within the Empire. Although this policy might be likened to our own freedom of trade between all the states of the Union, applied on so wide a scale it might seriously affect our trade with some of the British dominions. Preferential trade is a weapon that one nation can use quite as well as another, and its employment in the United States would by no means constitute a novelty, for it is but "reciprocity" under another name. Rivalry between the United States and Great Britain as marine mercantile carriers may also develop as a result of the war. Great Britain's shipping losses have been heavy, while so much new tonnage has either been added in the United States or is now in course of construction that the latter country bids fair at no distant date to become one of the foremost ocean carriers of the world. This

promise may lack fulfillment, because it yet remains to be seen whether America, having shown a capacity to build ships, can profitably operate them in competition with other maritime nations. Should the United States become a serious competitor with Great Britain for the world's ocean carrying trade, it remains to be seen how this might affect the future relations of the two countries.

In the realm of banking and finance the United States must of necessity perform some of the services which were long the prerogative of England. It is believed that such wider financial coöperation on our part will be welcomed by the English bankers. Not only does England lack the means to extend credits and to make investments as formerly, but for some years at least must be a borrower herself.

The frank discussion of these problems should help toward an amicable and mutually satisfactory adjustment of them, for it is believed that with the utmost freedom in trade, navigation and finance, the next twenty-five or fifty years will offer opportunities greater than the United States, Great Britain and all other nations can fully utilize, much less exhaust.

There is one phase of the present and future relations between Great Britain and the United States about which no difference of opinion whatever exists. The peoples of these two great English-speaking democracies have made up their minds definitely to pull together hereafter, and no propaganda engendered either in hell or in Germany can change this purpose.



Problems of Reconstruction

NOW that peace is at hand the world faces the task not only of restoring as far as may be what the war has destroyed, but of readjusting the relations of nations, of individuals and of groups which the great struggle has upset. These problems are by no means the same all over the world, though they have some common aspects. For example, there are the maimed soldiers who must be trained to some form of employment within their capacities, relieving them as far as possible from becoming the dependents of charity. Then there are the soldiers who come back unharmed, and who must be returned to their former employments or placed in other industries or upon farms. There are beside these problems others relating to tariffs, to raw materials, to finance and to policies of Government in relation to commerce and industry in general.

Many of these vital problems were discussed by a large and representative body of men, assembled last month as a Reconstruction Congress at Atlantic City, N. J. The speakers included such well-known men as Mr. Schwab, Mr. Rockefeller, Jr., the Secretary of Commerce, Mr. Redfield; Mr. Farrell of the United States Steel Corporation, Mr. Alba Johnson, and the president of the United States Chamber of Commerce, Mr. Wheeler.

In listening to their addresses one could not escape the feeling that they were all somewhat of a millennial character, reflecting the glow of enthusiasm which the victorious ending of the war had called forth. A quotation from the address by Mr. John D. Rockefeller, Jr., will afford an opportunity of judging of the general tone of the speeches, for all were pitched in much the same key:

“Never was there such an opportunity as exists to-day for the industrial leader with clear vision and broad sympathy permanently to bridge the chasm that is daily gaping wider between the parties in interest and to establish a solid foundation for industrial prosperity, social improvement and national solidarity. Future generations will rise up and call those men blessed who have the courage of their convictions, a proper appreciation of the value of human life as contrasted with material gain, and who, imbued with the spirit of brotherhood, will lay hold of the great opportunity for leadership which is open to them to-day.”

Mr. Wheeler in his opening address, speaking of the victorious ending of the war, had said:

“How shall we enter in to possess this new world? With the boastful arrogance of the foolish victor drunk with power, or with the patient humility of a chastened people intent only upon building a new civilization and a new code of human ethics on the wreck of the past?”

Mr. Schwab thought both capital and labor had something to learn from the experiences of the past:

“Matters will adjust themselves industrially in this country, but what we want to prevent is that sudden slip of a cog which will give us a social jolt that may be dangerous to our industries for years to come. We must be patient. We must go along with small or no profits if necessary. We must bend every effort to keep our employees busy, employed, and satisfied. They must be made to realize the situation as we see it, and be content to help us in that development. We must get closer together with our work people. We must listen with patience to their side of the story, and we must induce them to listen with patience to our side of the story.

“The day of autocracy in Government and labor has gone by.

It is the day of democracy in which we now stand shoulder to shoulder for the protection of our mutual interests."

A similar tone characterized other addresses. Mr. M. L. Requa, General Director of the Oil Division of the United States Fuel Administration, said:

"If I were to define the 'spirit of the times,' as applied to the management of any of our great corporations, I should say that it meant a broad humanitarian view of social problems, a sympathetic interest in the welfare and aspirations of the masses, a constant and intelligent effort to abolish the poverty line by helpful suggestion and wise counsel, a realization that the old order passeth, that labor is entitled to a just wage, rational hours, decent working conditions, and that capital is entitled to a profit commensurate with the hazard of the particular industry in question, and that both must work in harmony if either is to survive."

Not only were all the addresses marked by an evidence of regard for the interests of workmen as of first importance, but there was a manifest spirit to subordinate the trade interests of the United States to the work of reconstructing the devastated portions of France and Belgium and of restoring their shattered industries. It was considered of more importance to get food and raw materials to our Allies than to seek to extend our trade interests. These sentiments sounded altruistic, but to one listening to the speakers there could be no doubt of the genuineness of these proposals, and the enthusiasm they aroused among some 4,000 or 5,000 business men present at the convention sufficiently attested their popularity.

Perhaps the most remarkable feature of this large gathering of business men was the evidence it afforded of a new attitude on the part of capital toward labor, of something approaching a new standard of industrial ethics.

The feeling of the business men in regard to the Government's attitude toward transportation, manufacturing and commerce was less positive. Here there was doubt as to the future. As soon as the Government's policy is more clearly revealed, there seems no reason why enterprise should not move forward with confidence in the great work of reconstruction.



Origin and Growth of a Bad Habit

THE seizure by the United States of the ocean cables serves to direct attention to the origin and growth of a bad habit—that of "taking" other people's property. This habit did not originate, as many suppose, out of the necessities of war. It began in

1913, before the war, when the Government "took over" control of several hundred million dollars of bank reserves. This "taking over" had legal sanction in the shape of the Federal Reserve Act—a measure which substantially authorized the Government to go into every national bank and demand the surrender of its reserves and a part of their capital under penalty of death in case of refusal. The funds thus "taken over" were put into the hands of the Government to be administered by a Federal Reserve Board. Although the money thus taken out of the banks belonged wholly to the banks—that is, to the people who were stockholders and depositors in the banks—the Government converted to its own use a part of the income derived from the "appropriated" funds, with an air of generosity returning a portion of the earnings to the banks that had yielded up these funds under compulsion.

The operation in question has turned out profitably for the Government, and no wonder the enthusiasts for Governmental control of business found in this experiment a warrant for still further extension of the principle of public control of private enterprise.

Rather a curious argument is employed by the Postmaster-General to justify the seizure of the wires. It runs something to this effect: profits on the privately owned and managed wires are around seven to eight per cent. per annum, as indicated by the dividends; the Government can borrow at $4\frac{1}{4}$ per cent.; therefore, why should not the Government borrow the funds necessary to buy the wires, and save the people the difference between this interest rate and the profits mentioned? Without stopping to point out the fallacy in financial reasoning of this kind, it may be said that it can be applied to every other form of business making equal or greater profits. This means general if not universal Government ownership and operation of business of every kind, and in essence is applied socialism.

As has been shown, the "taking over" of all the reserves and a part of the capital of the national banks under threat of extinction ante-dated the war and therefore could not be excused as a war measure. The seizure of the cables followed after the ending of the war and was apparently also indefensible as a military measure.

How can the owners of any great branches of industry longer feel secure in the possession of their property in the light of the two examples cited? If the Government may seize the bank reserves, why may it not also seize bank deposits? If it may "take over" the cables, why not the coal mines, the steel mills and the flouring mills? Why not any form of industry for which it conceives a liking? Under the present policy, what warrant has any citizen

for believing that the Government will not take his business away from him whenever it chooses to do so?

We have gone far in this policy already, either in actual seizures like those above cited or in the shape of meddlesome regulation through bureaucratic boards and innumerable commissions maintained at public expense. If this policy is to be continued it will tend to lessen the incentive which has heretofore led men to embark in business.

When the banking funds were taken over by the Government there was not in the United States a single banker with sand enough in his craw to fight this invasion of his rights. Owners of telegraph properties are less complaisant, and Mr. Clarence H. Mackay is testing in the courts the right of the Government to seize his property.



Expenditures for Education and Other Things

IN the Annual Report of the Secretary of the Interior appears the following among a number of other inquiries of a like character:

“What should be said of a democracy which expends in a year twice as much for chewing gum as for school books, more for automobiles than for all primary and secondary education, and in which the average teacher’s salary is less than that of the average day laborer?”

Doubtless Secretary Lane raises these inquiries like a clergyman or other public speaker—so that he himself may furnish the answer. At the risk of an unwelcome intervention a reply may be ventured to these inquiries.

The most obvious reply to the Secretary’s question is that freedom is of the very essence of democracy, and that this tendency is but an evidence of the people’s desire to throw off the shackles which convention would impose upon them and to discard the restraints and trammels of organized society. But may it not also be an evidence of a natural and healthful mind? What boy or girl unless hopelessly anæmic would prefer a school book—the absurd grammars, the impossible problems in mathematics and all the rest of the dreary hodge-podge of stuff masquerading under the guise of education—to a good fresh stick of chewing gum?

Why should anybody expect that people should expend more on “primary and secondary education” than they do for automobiles? This so-called “education” merely cramps and warps the mind of

the child and imprisons his body in the crowded school room where he contracts tuberculosis and other diseases, while the automobile takes him on the wings of the wind to the country where he may see and learn and enjoy all at the same time amid healthful and inspiring surroundings.

We pay the day laborer more than the teacher because he is worth more—because he produces a service of greater value to society—just as the corporation manager is paid more than the preacher.

When the teacher breaks from the cast-iron system of "education" which has been devised by persons with no conception of the meaning of true education, he may deserve better pay than he now receives.

Secretary Lane should not be dismayed because the people of this country prefer chewing gum to calculus or automobiles to arithmetic. The people of a democracy sometimes have curious ways of revealing themselves, and the wise statesman will study these ways and their meanings with an attentiveness which should lead to a correct interpretation of them.



The New Year

IN the previous history of the United States there are some events that mark important epochs—such as the Declaration of Independence, the adoption of the Constitution, and the Civil War. Comparable to these great events will be the signing of the armistice on November 11, 1918. The year just closed has been unquestionably one of great importance in our history. It marks a time when we were privileged to help in rescuing Europe and the world from the advancing tide of barbarism. The part which we took in that struggle, though involving the employment of fewer men than were contributed by other powers and also occupying a shorter period of time, is nevertheless of tremendous significance on account of its dramatic and decisive character. Americans may debate about the time when we should have entered the war, but there never will be any difference of opinion as to what we did after getting into the conflict. Some of the engagements in which our troops participated will rank among history's immortal events. While our record in this great struggle does not warrant any vain boasting or self-glorification, it does afford a solid basis of satisfaction in the character of our people and institutions. In a real test American democracy has vindicated itself. We have abundant reasons to be

thankful for 1918, despite the sadness it has brought to many homes. It was a glorious year in our history, and its sacrifices were not vainly made.

The task ahead of us is complex. We are to help in consolidating and preserving the fruits of victory, seeking diligently as well for some practicable means of diminishing the causes which lead to war. More than this, we must vindicate our civilization to our returning troops as they have vindicated it in the eyes of the world. If they could so magnificently fight, and die if need be, for justice and right on foreign fields, surely we may not shirk an encounter in the same cause here at home. Between the crazy schemes of bolshevism and the impracticable idealism of socialism there lies a safe middle ground of progress upon which all good citizens can walk with assurance toward a prosperous future.

Out of the war we shall certainly derive a juster comprehension of the value of united effort. Groups and classes, pulling this way and that, but reveal their weakness and the futility of disconcerted movements. The people, working together in harmony, have shown that hardly any task is beyond their powers. We shall need coöperation in the future as never before. A vast debt hangs over the country, but industry and economy will pay it without seriously burdening our production and trade. We have to determine what shall be the national policy toward the railroads, the telegraph and telephones, perhaps toward all public utilities, and possibly toward great industries of every character. We have to develop an international mercantile marine, to help in financing and reconstructing the devastated nations, to map out a future trade and diplomatic policy with the rest of the world.

These are but a few of the problems which must be grappled with in the year 1919, which promises to be a twelvemonth of extraordinary activity and interest. There would seem plenty of work ahead for everybody, and it is in keeping busy that there lies the greatest hope for the health and prosperity of the people of America in the year 1919.



Annual Report of the Secretary of the Treasury

FEW documents in the past history of America will have greater interest to the student of finance than the Annual Report of the Secretary of the Treasury for the Fiscal Year ended June 30, 1918, submitted to Congress on December 4 last. The document comprises 152 pages, and it is therefore impossible either to

print it or even to make a summary of its contents, but some of its statements are of such interest as to justify their quotation in full. At the beginning of the report, the Secretary says:

“During the past year the stupendous financial needs of America and the nations associated with her in the prosecution of the war have been met. From a peace basis the nation has gradually adjusted itself to a war basis. Non-essential industry has largely given way to essential industry.

“The payment into the Treasury of vast sums in war taxes and from bond sales, and the transformation of our varied and complex economic life to the supreme task of winning the war, have been accomplished without shock or financial disturbance. The credit and business structure of the nation remain sound and strong.

“The fundamental fact underlying these great economic achievements has been the flexible spirit and purpose of America to secure for the world the blessings of that kind of liberty and justice in which America was conceived, and without which neither America nor civilization can exist. Falsely reputed by her enemies to be a heterogeneous people incapable of united action, America has revealed herself to the world as a solidified, homogeneous, altruistic, and unselfish nation, willing to expend her blood and treasure without stint for the vindication of her ideals and the rights of mankind.

“The war has been won and peace is assured. Our heroes on land and sea have illumined the pages of America’s glory with immortal deeds. Their achievements, with the valorous deeds of their comrades in arms, have given a new meaning to democracy and have brought a new order into being. May their splendid triumphs be unmarred by vengeance and unsullied by injustice. May the new peace of the world be in truth that peace of justice and humanity for which America has fought.”

That “the payment into the Treasury of vast sums in war taxes and from bond sales, and the transformation of our varied and complex economic life to the supreme task of winning the war, have been accomplished without shock or financial disturbance” must stand as a witness to the character and resourcefulness of the American people and also as a permanent testimony of the skill with which the affairs of the Treasury have been managed by the outgoing Secretary. He is entitled to the thanks and gratitude of the country that after all these vast demands “The credit and business structure of the nation remain sound and strong.”

Some important facts regarding the third and fourth Liberty Loans are thus stated by Mr. McAdoo:

“The results of the four Liberty loans are a tribute to the patriotism of the American people, and to the economic strength of the nation. Following the first and second loans, which were discussed in the Annual Report of the Secretary of the Treasury for 1917, the third and fourth Liberty loans were offered and largely oversubscribed. Unaccustomed to the purchase of Government bonds, or, indeed, to the purchase of bonds of any sort, the American people responded to the call of the Government with the most gratifying loyalty and patriotism. In the third Liberty loan \$4,176,516,850 was subscribed by more than 18,300,000 people, an oversubscription of \$1,176,516,850; in the fourth Liberty loan, \$6,898,047,000 was subscribed by more than 21,000,000 people, an oversubscription of \$989,047,000.”

A statement of receipts and expenditures for the fiscal years 1917 and 1918 shows that expenditures rose from \$2,704,223,228.99 in 1917 to \$20,902,362.53 in 1918. The Secretary thus explains how these expenditures were provided for, and also gives some interesting information regarding the cost of the war:

“An analysis of the table for the fiscal year 1917 shows that, exclusive of public debt transactions, the receipts for the year amounted to \$1,124,324,795.02, and expenditures for the year \$2,026,678,446.74, including \$885,000,000 on account of the purchase of obligations of foreign Governments. From this it will be noted that, exclusive of public debt transactions, fifty-five per cent. of the expenditures for the year were paid from revenue receipts. If the purchase of obligations of foreign Governments is deducted from the total ordinary and special expenditures, that is, expenditures exclusive of transactions in the public debt, the result is \$1,141,678,446.74, and the above figures show that over 98.5 per cent. of this amount was paid from revenue receipts.

“A similar analysis of the table of revised receipts and expenditures for the fiscal year 1918 shows that, exclusive of transactions in the public debt, the receipts for the year were \$4,180,425,155.99, and expenditures for the year \$13,196,071,287.40. These figures indicate that exclusive of public debt transactions, 31.6 per cent. of the expenditures for the year were paid from revenue receipts. If the purchase of obligations of foreign Governments is deducted from the total ordinary and special expenditures, that is, expenditures exclusive of transactions in the public debt, the result is \$8,456,636,537.40, and the above figures show that 49.4 per cent. of this amount was paid from revenue receipts.

“If it is assumed that the normal expenditures of the Government for the fiscal years 1917 and 1918 on a peace basis would have,

been \$1,000,000,000 for each year, the cost of the war up to June 30, 1918, would appear to be as shown in the following table:

Total ordinary and special expenditures for the fiscal year 1917	\$2,026,678,446.74
Escimated normal expenditures for the year....	1,000,000,000.00
<hr/>	
Estimated normal expenditures for the year..	1,000,000,000.00
Total ordinary and special expenditures for the fiscal year 1918	\$13,196,071,287.40
Estimated normal expenditures for the year....	1,000,000,000.00
<hr/>	
Estimated war expenditures for the fiscal year 1918	12,196,071,287.40
Total estimated war expenditures to June 30, 1918.....	\$13,222,749,734.14

Big Business and the Public

FOR many years politicians have obtained popularity by attacking the large business interests of the country. These attacks were generally based upon isolated cases of wrongdoing by a few corporations or of small groups of exploiters who had obtained temporary control of some transportation line or industry. It was the habit of the politicians to seize upon these outstanding examples of corporate transgressions and to magnify them to the greatest extent possible while concealing all the great and beneficent services which many corporations were rendering to the public.

It thus came about that gradually the people grew to look upon every industry of large proportions as a monster monopoly engaged in exploiting the public and at the same time oppressing the laborers and producers.

For a long time the great industries of the country remained silent under the attacks above mentioned, which caused the people to conclude that these accusations were true and unanswerable. And worse yet, many people regarded this silence in the nature of a contemptuous indifference toward public opinion, and this greatly tended to aggravate the hostility of the people toward the big business enterprises of the country. This hostility did not stop with personal expressions of opinion, with attacks in the newspapers and magazines, or with mere declarations in political speeches and platforms. It was soon translated into legislative acts and administrative decrees, together with court actions in some cases, which restricted the conduct of large business undertakings by private enterprise and even threatened the extinction of some important concerns.

Finally the executives of the railways and of the more important

industrial organizations awoke to the necessity of taking the people into their confidence and telling them the facts of the situation. They saw that if their organization and methods of operation were honorable and sound, the American sense of fair play could be relied upon once the truth was fully presented and understood.

It is exactly in line with bringing about a better understanding between the people and the great and vital industries of the country that **THE BANKERS MAGAZINE** publishes in this number a carefully prepared article—furnished on the personal request of the editor—dealing with the organization and operations of one of the country's large packing industries.

Clearly the attitude of the public toward what is generally called big business will depend, in the last analysis, upon the practices of big business itself. If those practices are economically unsound, and especially if they are unfair or dishonest, they will be condemned, as they should be. But, on the other hand, if they rest upon sound principles, and are regardful of the public interests and of labor, they will be sustained by public opinion.

While it is proper that all evils with which big business—or little business, for that matter—may be charged should be brought to light and corrected, it is equally important and in the public interest that the valid services which the great industrial establishments are rendering should be recognized and protected from unjust Governmental restrictions originating in public prejudices created without regard to the facts.

The attitude of the Government toward business, and the relations of labor and capital—these constitute problems of immediate and transcendent importance, and there can not be too much of candid discussion of these weighty matters, so that the situation of all parties in interest may be fairly presented and well understood—conditions indispensable to a just determination of the grave problems which we must face without delay.

I AM now prepared to say what five years ago I would not have said. I think the time has come when we should say that under no circumstances shall there ever be a resort to war between the United States and the British Empire, and that no question can ever arise between them that cannot be settled in judicial fashion, in some such manner as questions between States of our own Union would be settled.—*Theodore Roosevelt.*

How Can Germany Pay the Expense of Reconstruction?

By C. C. ARBUTHNOT, Professor of Economics, Western Reserve University

GERMANY must replace the property she has wantonly destroyed on land and sea. She must return the wealth she has carried from Belgium and France and the other victims of her lust, rebuild the structures she has ruined, put the burgher back in business, restore the homestead of the peasant, and make good the loss of ships.

Whatever differences of opinion there may be in regard to the righteousness and possibility of making the German people feel in their own persons the hellish character of their type of warfare against civilians, there is no part of the terms of peace upon which there is more firm agreement among the Allies than upon the point that as far as material wealth can repair their destruction the German people must be made to pay.

This is an irreducible minimum, not a method of compounding for their sins, but one of the devices for bringing home to the Teutonic mind the fact that war is unprofitable.

While the most that can be done for the Hun's victims is pitifully inadequate, this least would help the survivors to begin the heavy-hearted labors of the memory-burdened years to come.

WHAT THE GERMANS MUST PAY

The information necessary to make an estimate of the amount of compensation that Germany must pay is not now available. The occasional statements that appear in the press, though only guesses, put into numbers something of the common knowledge that the totals involved will be

enormous. When public authorities have collected the evidence and calculated the sums required, the figures will stagger the people who went into the war as a foray. Whether it will amount to a sixth or a fifth or a fourth of the wealth of the German Empire, whatever conceivable results are the outcome of the calculation, the pressure upon the productive powers of the German people is certain to be extremely heavy. Especially is this true when account is taken of the economic condition in which the country was bound to be before the conviction of complete defeat was reached. And complete defeat had to be brought home to the Germans before they would ever agree to the measure of restoration that the Allies must demand and enforce. To a war-worn nation the problems of internal rebuilding will be serious. When there is added to them the load of reconstruction made necessary by crimes beyond her borders, she will find her resources and productive powers pressed to the limit for years to come.

A CONSTRUCTIVE POLICY

When it is said that the damage to be made good to the sufferers from lawless warfare amounts to a certain fraction of the wealth of the German people and that such a sum must be paid over as part of the terms of peace, it is not to be supposed that material wealth to that amount is to be transferred bodily from Germany to her victims. It may be possible to return to these devastated lands some of the property that was stolen by the invaders during the time of occupation, and

probably some of the shipping sunk in violation of international law may be replaced directly by transferring tonnage from German to Allied ownership. But the complete discharge of the debt in kind is a practical impossibility. The confiscation and transfer of physical property from Germany to the stripped countries would involve so much loss in the transition and such difficulty in placement and so great delay in execution that in the majority of cases the desired result in reviving the industrial life of these long-suffering people would be unendurably postponed, while the ability of the Germans to make complete recompense might be seriously imperiled. When hostilities stop, the poor world must not be made poorer. All hands should be turned to rebuilding. The policy adopted by both sides should be constructive in character.

While an eye for an eye and a tooth for a tooth seems to be the policy that will relieve the tension in one's breast, yet neither tooth nor eye can be transplanted; and whatever one's feelings may be, the real task then will be that of restoration. The process must be carried on as speedily as possible in a way that will enable as well as compel the great aggressor to build up what she has torn down.

Restoration must be an essential part of the peace terms; for the sake of the oppressed the plans should be carried out speedily; and the full cost of replacing what was lawlessly destroyed must be paid by Germany.

With these policies determined upon, the problem presented is that of practical methods of putting them into effect.

HOW GERMANY CAN PAY

It is doubtless evident that the German people will be unable to meet this obligation by the immediate payment of money. The amount will be too great to be covered at once and delays involved would be intolerable.

The first step is to push forward the process of restoration as rapidly as possible, securing the required goods from the most convenient sources, whether

they are structural materials or tools and machinery or food and clothing to support the labor employed in the work of rebuilding. The peoples of the harrowed lands must be supported from the outside and largely freed from other duties in order that they may devote themselves to the work of reconstruction. If workers from other countries are employed to assist in hastening the completion of these vital undertakings they too must live upon provisions drawn from the more fortunate countries and districts. That much of this can be secured at once from Germany is not probable. She is likely to be in want of many essentials for some time after peace comes and unable to furnish quickly the goods she will finally be obliged to pay for that are of immediate and imperative importance to the restoration of her victims.

FORMATION OF A CREDIT POOL FOR RECONSTRUCTION

The countries which have escaped the ravages of military operations and occupation must prepare at once to supply their unfortunate neighbors with all that the latter need to get back to their normal mode of life and work. This assistance can not be paid for upon delivery. The transaction necessarily will be on a credit basis. The United States, for example, must be ready to lend without stint to the heroic Allies who bore the shock of saving the rest of mankind from the curse of Kultur.

A great credit pool for reconstruction should be formed by the nations and sections that have come out of the struggle comparatively strong, and their combined resources put at the disposal of the districts that have been torn by the ravages of war. The unity of military command and diplomatic negotiation should be completed by identity of interest in restoration. The war should not be regarded as over until its blighting effects have been removed as far as it is possible to wipe them out. The ships that have sailed from our ports with troops and munitions should continue to sail with cargoes of reconstruction materials as long after

the shouting and the tumult die as is necessary to bring back to the peoples who suffered vicariously for us a measure of the comforts of the civilization they saved for this and generations yet to come.

The security behind this extension of credit should not be a mortgage upon the countries that suffered and must be restored. By no means. The world is in debt to these lands to such a degree that no advances to them could ever put the lenders in the position of creditors. The Allies will not look to the victims of unlawful war to make good its losses.

AGGRESSORS MUST BE MADE TO PAY

The lawless aggressors must be made to repair as far as it is possible the destruction caused by their inhuman violence. To impress adequately upon the Huns the world's horror at their methods would require the rest of mankind to descend to their level of brutality. The exaction of a commensurate indemnity is the only remaining way to bring home to the German civilians and military forces any proper conception of the magnitude of their crimes. They must be made to labor long and hard enough to build up what they have ruthlessly torn down. They must pay as they are able now and mortgage their future as much more as will eventually discharge the debt of reconstruction.

When the French paid the indemnity exacted by Germany after the Franco-German War of 1870-1871 they sold in the markets of the world foreign securities they owned and bought the bonds of their own government, thus providing the funds from abroad to square the account with their conquerors. How large an amount of foreign stocks and bonds remains in German hands now is unknown, but after these long years of struggle to save the mark from too great depreciation in foreign exchange there is little likelihood that any considerable volume of German-owned foreign securities is available as a means of paying an indemnity. Compared with the amount to be met

this source is likely to turn out to be all but negligible.

If, as it would seem from this hasty survey, the Germans are not able now to pay the enormous indemnity charged up to them either in the form of the materials of reconstruction or cash or securities, the practical alternative due to the pressing demands of the stricken countries is for the Allies to advance at once the necessary cost of reconstruction and then take such measures as to ensure repayment by Germany as fast as her people can produce the required wealth over the bare necessities for their own support. The productive powers of the German people must be mortgaged for the next decades if need be to create the values necessary to make compensation for the damage they have done since 1914.

STABLE FORM OF GOVERNMENT ESSENTIAL

If the Germans are to work and from the product of their toil pay this huge debt some sort of stable government that will ensure an orderly mode of life for the people is essential. Anything like the collapse of Russia would make the Allies' problem of collecting the indemnity extremely difficult. It is desirable therefore that the administration of public affairs on rational lines be maintained lest the chaos of anarchy wreck the economic structure of the country and check the production of wealth, because upon the latter depends the possibility of recovering compensation for unnecessary destruction during the war. A ruined Germany would leave the Allies without recourse after they have made the necessary provision for setting the invaded peoples again upon their feet. Without a doubt there are those among the Allies who would gladly sustain the loss involved if they could purchase thereby the suspension of the obligations of Christian civilization long enough to treat Germany as she richly deserves; but such indulgence can not be bought. The humane nations must endure the pain of being decent while they compel the Germans to reflect upon their crimes during the long

process of paying the cost of relieving those who have lived through the experience of Teutonic cruelty.

The programme laid out for the German people involves a term of hard labor in producing commodities and performing services that may be useful in meeting their debt. How the Allies will ensure steady payment of the obligations may be something of a problem. The Germans after the Franco-German War kept troops on French territory until the indemnity was paid. Such a policy puts the strongest pressure upon the debtor to discharge the obligation and get the soldiery off the soil of the fatherland. No doubt some such arrangement will have to be made in the present instance because of the total inability of the Germans to appreciate anything else than sheer force. The army of occupation may have a prolonged stay, but it will be a necessary one.

MEANS BY WHICH GERMANY CAN PAY

Of fundamental importance is the question as to what are the sources from which Germany can get the means to pay this great debt. Cutting off types of former expenditures or reducing them and increased production of wealth are the ways out of the difficulty.

The first items in which economy can be enforced are the outlay for the army and navy. The former could be reduced to the limits of a police force for the maintenance of order. The fleet should no longer absorb vast sums in the vain effort to gain the mastery of the seas. If to the amounts that can be saved when militarism is taken from the German back there is added what can be cut off with the Hohenzollerns, the totals will be a handsome figure. The proper confiscation of the Imperial family's wealth would increase considerably the amount with which the nation could make a payment on its debts of reconstruction.

The fact that the German railways and some potash mines are owned by the government mark them off for special treatment. In general when the Allies expect to secure part of the indem-

nity from the earnings of going concerns it will be necessary to leave the German people a sufficient stake in the profits to give the needed revenue for the economical conduct of their government and a stimulus to efficiency in management. Some substantial part, say half, of the earnings from the railways and the mines should be set aside under proper supervision of operation as contributions to the reconstruction of devastated lands.

The German people who loaned their money to further the plans of the military caste shared in its action and ought to be charged with special responsibility.

If from one-half of the war bonds held by small owners up to three-fourths of the holdings of the larger owners were confiscated and held in trust for the reconstruction fund, the fact that war is not a paying business would be impressed upon the German mind about as deeply as it would be possible to do short of a type of retaliation that our embarrassing humanitarian principles forbid. The sum of money thus made available eventually would go a considerable distance in repairing and replacing the results of super-wicked methods of warfare.

The occupation of the customs-houses and the exactions of a tariff for revenue only upon imported goods would offer an opportunity to get the money and put pressure upon the German people to pay their obligation as fast as possible.

The great munition makers and the profiteers generally should not be allowed to get away with their ungodly gains made at the expense of half of mankind. The Allies should stipulate that these vultures be made to disgorge. If any distinctions are to be allowed between the German people and their masters they ought to run on economic as well as political grounds. The groups who have exploited the nation for war profits, as well as those who have sacrificed their subjects for caste and dynasty, should be made to feel the obligations of restitution, the purifying pains of penitential stripes. A

one hundred per cent. war profits tax should be collected from those who have made financial gains out of the sufferings and destruction of civilized peoples. A thoroughgoing enforcement of such a provision could not but meet with the approval of the mass of the German people, whose burden would be to some degree lessened.

INDIVIDUAL GERMANS SHOULD BE HELD RESPONSIBLE

Behind these and similar suggested methods of securing enough wealth from Germany during the coming years to pay for the damage she has done is the assumption that she will continue as a nation and an economic group. Her citizens should be kept within her own borders and not allowed to emigrate until the debt is discharged. There should be no escape from this obligation on the part of individuals who might be able otherwise to avoid the duty of helping to square this account. It should be made possible for the German people to maintain a stable political system with an orderly administration of the law and the continuity of their social structure as they may desire. The Allies have an unlimited amount to lose if anything like Bolshevism should get the upper hand in Central Europe, due to blunders of policy in the terms of settlement or methods of enforcement. Wrongheadedness that would unhorse organization in society and put anarchy in the saddle would not live long enough to explain away its blunder.

The importance of maintaining the integrity of Germany's economic life is due to the fact that only out of the product of her labor can she eventually pay the indemnity that is to be charged against her. Out of her mines, from her farms and forests and foreign trade, through her factories and over her railroads must come the products fashioned by her labor from raw materials into marketable commodities that can be sold to raise the funds that are required to pay for what the Allies will have advanced to rehabilitate the stricken dis-

tricts. Germany must deliver to the markets of the world goods equal in value to the indemnity plus interest that she must pay.

It is in this form that the Allies can collect in time what Germany can not deliver soon enough to be of practical service in the reconstruction that can not be postponed without adding unendurably to suffering already beyond all limits.

If Germany is to pay this great debt with the products of her labor she must have the material to work with and food for the people of her manufacturing districts. The war has shown her dependence on foreign lands for essential supplies for sustenance and industrial activity. She needs agricultural produce and colonial wares, animal products, oils, and wool, cotton and copper, with a great variety of other indispensable commodities, if her population is to live and labor in the years to come. She would never be able to turn her people to the production of potash, beet sugar, wine and beer and other characteristic products in sufficient volume to square her account with the world. If she is to meet the just demands of an outraged civilization she must be given the opportunity to exert her strength in creating the values through which alone she can make anything like amends for the gross wickedness she has committed. Without imports she would be unable to live and work. Without prolonged labor she would not be able to create the wealth she ought to be made to turn over. Unless the Allies are willing to sell her raw stuffs and take from her the products of her toil they will not be able to collect the amount of indemnity that they ought to demand.

THE MOST PRACTICAL FORM OF RETRIBUTION

There exists a strong feeling on the part of many people in the Allied countries that they can never again use anything "made in Germany." The thought of it upsets their stomachs. They are not to be chided for this, and one ought

not to get into an argument over matters of such deep feeling. After all that has happened it would be strange if there were no such revulsion. The sympathetic nervous system gets the better of any cerebration when one begins to give attention to this problem.

It seems not worth while to go on with its examination. But after all is said and felt, the evil of the past can not be allowed to paralyze the constructive energies of mankind. The fact that the criminal can not be hung and quartered may fill the righteously indignant with regret, but it is not sufficient reason why he should not favor sentencing the offender to hard labor and using the products of this labor to pay the cost of restoring what has been damaged by the scoundrel's brutality, provided this is the severest available penalty. The output of such labor can be purified by the use to which it is put. One can forget its origin in thinking what it is destined to do. It would hardly be sensible to refuse to ride over roads because they had been made by convicts, or decline to use a brush because a criminal had helped to support himself and pay his fine by making it, or refuse to burn coal that felons might bring from the mines. It is not necessary to take such persons to one's bosom, or associate with them personally, or even make a fruitless effort to forgive them. One may even piously hope they may be damned and yet believe that in the meantime they should be made to produce useful goods to offset what they recklessly destroyed. If the Allies refuse to touch German-made articles they stand in the way of any workable programme of reconstruction to be paid for by the Ger-

mans. This bit of sentimentality, like the feeling that the Allies should not retaliate for air raids by bombing German cities, has to be gotten over in this sin-cursed and practical world.

The only way we can collect damages from Germany is to accept her products at least until the amount of the indemnity is paid. Commercial intercourse with Germany must be resumed or we shall block our own plans to force her to make amends.

As rapidly as the overrun lands are freed from the Huns the Allies who are able should pour in generously the means and labor needed for restoration, keeping a strict account of the outlay, actual and prospective, and charging it to the German account. The peace terms should place an especial share of the burden of repayment upon those classes in Germany who have aided or profited from the war and hold the whole nation for the ultimate discharge of the debt. The only practical plan by which Germany can pay off these obligations is that of working steadily upon products that can be sold in the markets of the world and paying over the proceeds of these sales to the Allies who have advanced the cost of reconstruction.

The revulsion against everything German in its origin must be overcome if we are to secure the indemnity that they ought to pay.

After the account has been squared we can indulge in the luxury of our aversions, while in the meantime there is no need to overwork the gospel of human brotherhood in our personal relations with these people who have put themselves beyond the pale.



Roumania's Economic and Political Future

By NICHOLAS PETRESCU, M.A., Ph.D.

PRELIMINARY REMARKS

AMONG the many changes wrought by this war will be the rapprochement and mutual understanding among all the nations without regard to their political weight. For the coming peace will create at least an atmosphere of equality in international relations, where every country will have an opportunity of contributing its part to the common good of humanity. Under such circumstances the necessity of knowing conditions in other nations becomes imperative.

Before the war the "Big Powers" seldom took the trouble to know a small country. Roumania has suffered more than any other small country on account of this indifference. I cannot refrain from quoting, by way of introduction, the following lines from Mr. Seton-Watson's book, "Roumania and the Great War" (London, 1915), the most adequate work on Roumania ever written in English:*

Roumania does not deserve the indifference with which she has been treated. It is not as generally recognized as it should be that thirteen out of the twenty independent states of Europe have a smaller population than Roumania, and her territory greatly exceeds in area every other Balkan State, as well as the kingdoms of Belgium, Holland and Denmark, and the republics of Switzerland and Portugal; that the Roumanian race in the present kingdom and its neighboring countries already numbers between twelve and thirteen millions; that the Roumanian army takes rank immediately after those of the six Great Powers; and that her trade almost equals in volume the combined trade of Serbia, Montenegro, Bulgaria and Greece. This bare statement should suffice to prove that Roumania must be regarded as an important factor in European situation.

The facts below given will fully justify this praise.

ETHNOGRAPHIC AND ECONOMIC DATA

Roumania occupies a unique place among the countries of southeastern Europe. Her geographical position, her Latin origin, and her natural resources are the three main facts which constitute her individuality.

A glance at the map shows the peculiar position of Roumania. She is at the gate of the Orient. Her geographical contours are characteristic in this respect: the northwestern border represents two opening jaws towards the Occident, the southeastern border a bold and blunt form towards the Orient: a fact which manifests itself in the proverbial eagerness of the Roumanians for western culture and their deep repugnance against oriental stagnation. The whole history of the Roumanian race has been determined by this intermediate position. For 1800 years the descendants of the Roman colonists in Dacia have struggled to preserve their Latin civilization from the barbarous waves of Asia.

Foreign writers improperly call Roumania a "Balkan State." Only a small portion of her territory, the province of Dobrujdea, falls geographically into this category, as being south of the Danube and under the influence of the Balkan mountains which run through Bulgaria, Serbia and Montenegro. Moreover, the name "Balkan State" does not apply to Roumania in a psy-

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chological sense. The Roumanian people differ through race, traditions, habits and education from their neighbors. It is not the object of the present article to enter into psychological considerations. It is enough to point out that the Roumanians may be easily distinguished from the other south-eastern peoples of Europe through their mental and physical features.

This distinctive character of the Roumanian nation is the direct consequence of her Latin origin. The Roumanian language, which is derived from the Latin spoken in the Imperial era, is in grammar and syntax essentially Latin. Many customs in Roumania of to-day were derived from the period of Roman life as recorded in documents and monuments.

The natural resources of Roumania are unusual for a country of her size. The wealth lies chiefly in cereals. Thanks to her fertile soil, Roumania ranks fifth (after the United States, Russia, Argentina and Canada) among the grain-growing countries of the world. Besides cereals, the mineral wealth is considerable. Roumania petroleum deposits rank third in the world, after those of the United States and Russia, and are equal to those of Dutch India and Mexico. The American Standard Oil Co. is largely interested in this industry, which is carried on partly with foreign capital. The total output of petroleum was 1,300,000 metric tons in 1909. In 1913, of the total export of 4,570,000 tons of Roumanian merchandise (cereals, lumber, vegetables, fruits, cattle, fish, etc.) the petroleum exported amounted to 1,036,000 tons; that is twenty-three per cent. of the total tonnage of export. At present the industry is crippled on account of the destruction of the oil wells before the German invasion, and it will continue to be in a lamentable state for some time to come, in spite of the effort made by the Germans during their occupation to reconstruct the wells. It has been often rumored that the Allies have promised a compensation to Roumania for the damages caused by the destruction of the petroleum industry.

In this case the work of reconstruction may be hastened with the return of peace.

FINANCIAL CONDITIONS

The Roumanian finances have been also disorganized by the war. The public debt, which before the war



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amounted to 1,800 millions of francs (lei), has augmented to 5,700 millions of francs, not comprising the advances consented to by the banks, nor the fiduciary circulation. To this total there will be added some 500 to 800 millions of floating debt; that is, a total of 6,500 millions of francs. The expenses of the war are estimated at 5,000 millions of francs, and the annual interest of the Roumanian debt amounts actually to 600 millions of

francs. The Government has the intention of effecting a great financial reform, comprising notably the augmentation of inheritance taxes, the introduction of monopoly for alcohol, the taxation of insurances, the industry of sugar, the raising of the railway tariff, etc. Taking into consideration the natural wealth of the country, one may reasonably expect that the Roumanian finances will soon recover.

The following table shows the leading place of Roumania in comparison with the other southeastern countries of Europe. The figures are those of 1913:

Area	Roumania	Bulgaria	Greece	Serbia	Montenegro
Square miles..	53,489	42,022	41,451	33,707	5,475
Population	7,601,660	5,300,000	4,821,000	4,623,498	435,000
Imports	\$113,872,000	\$38,474,000	34,341,000	22,277,000	.....
Exports	\$129,446,000	\$34,634,000	\$13,328,000	\$22,565,000	.....
Revenue	\$106,413,000	\$53,148,000	\$44,671,000	\$41,364,000	.....
Expenditures .	\$93,744,000	\$53,146,000	\$44,863,000	\$41,364,000	.....

RELATIONS WITH THE UNITED STATES

It is evident that such a rich country abounds in infinite possibilities as regards the economic development of its resources. With the aggrandizement of her territory, Roumania will present after the war a larger field of international trade than in the past. The economic relations with the United States especially will be extended. The new conditions caused by the havoc of war, the work of reconstruction and the need of agricultural and industrial machines and implements will necessarily create a demand for American manufactured products, which will thus replace the German products. Previous to the war, Roumania's trade relations with the United States were very limited, a fact partly due to her distance from this country, but mostly due to the lack of international relations (diplomatic, commercial, shipping and banking facilities). The appointment of a Roumanian legation at Washington last year and of Roumanian consuls in the largest cities will certainly foster intercourse between the two countries. As long as the majority of Roumanian emigrants to the United States

were Austro-Hungarian subjects, having come from Transylvania and other provinces of the dual monarchy, the Roumanian Government deemed it unnecessary to take a direct hand in American-Roumanian relations. When the territories habited by Roumanians will be redeemed and incorporated into the Kingdom, many Roumanian immigrants into the United States will return to their home. This fact will develop not only the business relations between the two countries, but also a certain sentimental relationship between the two nations.

Finally, the much discussed "Jewish

question," which has so much contributed to the discredit of Roumania in the United States, will find a satisfactory solution in conjunction with the "peasant question," on which it has always depended. For as long as the Roumanian peasants were economically handicapped by a system of large estates belonging to a few landlords, their political independence was relative. To grant political rights to the Jews, who were economically independent, would have thus meant to create a state of affairs incompatible with the national interests of the country. Nobody will deny that the Roumanian peasants deserve by right and nationality at least the same conditions of equality as the Jews.

The legend of the ill treatment of the Roumanian Jews will disappear with the solution both of the peasant and the Jewish question. However, in considering this last question, one should always bear in mind the following facts: Roumania has a larger ratio of Jews than any other country in the world, about 400,000, that is to say, five per cent. of the total population; the majority of them are of foreign origin,



An Outline Map of Roumania

mainly from Galicia and Russia; so far the Jews have been hostile to Roumanian institutions; some of the loudest calumnies spread abroad concerning Roumania emanate from a portion of the Roumanian Jews; the favorable condition of the Roumanian Jews as regards their material wealth and religious culture are beyond comparison with those of their brethren in other European countries; finally, the Jewish question in Roumania is neither a religious nor international question, but purely an internal affair, which must be solved within the national boundaries of the country. These facts are generally ignored by the foreign press. Roumania's reputation of being intolerant towards the Jews is an insinuation as mischievous as the interpretation which is sometimes given to the alien land law in California.

ROUMANIA'S PART IN THE WAR

Two circumstances have aroused astonishment in all countries with regard

to Roumania's rôle in this war: her sudden decision to enter the conflict, and her sudden collapse. While the first was greeted with an outburst of enthusiasm in the Allied countries, the second was looked upon as bad work on the part of a country from which everyone expected great results. Lack of space prevents me from dwelling at length upon these two important points. I shall, however, give a succinct account of the underlying motives which have determined Roumania's status in the world war.

It will be advisable to premise a few words regarding the national and political interests of Roumania before the war. Almost forty per cent. of the Roumanian race live in Austria-Hungary, where the medieval organization of state chains their national existence. For this reason Roumania has always longed for an opportunity of liberating her oppressed brethren and of uniting them with the free Roumanian nation. The present war offered this oppor-

tunity, and all Roumanians regarded it as the dawn of a new era, which would lead to the realization of the national ideal. On the other hand, the ever-growing influence of Germany upon the economic and political life of Roumania was the danger of which all Roumanians were aware before the war. This influence appeared still more fatal in the eyes of the Roumanian people on account of Germany's association with Austria-Hungary, the hereditary and immediate foe of Roumania. Finally, the sympathies of race and culture which Roumania has always cherished towards France and Italy, formed another strong motive of being pro-Ally. One thus understands why Roumania's heart and interests were on the side of the Allies from the beginning of the war. Yet, some political writers have been surprised at Roumania's waiting policy and have endeavored to explain her collapse as the result of this policy. They even went farther in saying that a good portion of the Roumanian people were pro-German. To dispel this wrong impression, I shall record briefly the course of events. This will at the same time furnish an elucidation of the two points mentioned.

To understand why Roumania entered the war suddenly and at an unpropitious moment, one must remember the following facts: After the successes of the Russian spring offensive in Bukovina (1916) and after the German failure at Verdun, the war barometer seemed favorable for the Allies. Besides, the coming into action of the new British armies and the beginning of the battle of the Somme made one believe that the German military power was doomed to dwindle soon. Under the impression of these events public opinion in Roumania grew impatient. War was then decided on in principle. The Government knew, however, that Roumania could not fight unless the Allies were able to assist her. The length of her front (about 500 miles) and the lack of military supplies were the two main obstacles. The army was inadequately equipped for the conditions of modern warfare in spite of the efforts

made during two years of preparation. Aëroplanes and big guns were mostly needed, since they could not be fabricated in the country.

In the meantime the Allies in general and Russia in special had officially promised Roumania a strong military coöperation, as well as the immediate sending of war material. In other words, they contemplated an offensive both on the Galician and the Macedonian fronts and the delivery of guns and ammunitions to Roumania as soon as the country should enter the war. The special terms with Russia included the immediate sending of 300,000 soldiers across Dobrudgea to fight the enemy on the southern front in order to enable the Roumanian Army to devote all her strength against Austria-Hungary. Finally, the arrogant warning of the Russian Imperial Government that, if Roumania shrinks from immediately joining the Allies, she will not be allowed later on to cull the fruits of the allied victory, had also hastened her entrance into the conflict. The Roumanian Government under the premiership of J. J. C. Bratianu fully realized the insecurity of the Russian promises as well as the danger of the Russian menace. The events of the war of 1877-78 were still alive in the memory of the Roumanian people. The Government then turned to the French and British Governments for assurance. With the endorsement of these two Governments, and with the conscience of helping the cause of humanity, it decided to stake everything. At the crown council held a few hours before the handing of the ultimatum to Austria-Hungary (August 27, 1916), the most illustrious of Roumanian statesmen, Mr. Peter Carp, raised his voice against the majority of his countrymen, and warned the nation, like a second Laöcoon, of the coming calamity. And the actual Prime Minister, Mr. Alexander Marghiloman, declared that Roumania took such a grave step before being sure of two essential things, namely, that she was sufficiently prepared and that the Allies would support her effectively. Unfortunately,

both statesmen proved to be right in their gloomy vision, and Roumania had to pay the penalty for her sudden decision.

What happened, everyone knows. The intended Allied offensive did not take place, neither on the Galician front, where the armies of General Brussiloff stood still, nor on the Saloniki front, where the armies under the command of General Sarail maintained a passive attitude throughout the first phase of the Roumanian campaign (August-December, 1916) for reasons which remain to be ascertained by future historians. Moreover, the guns and ammunitions reached the Roumanian Army always too late, thanks to the treachery of the Russian administration. Instead of the 300,000 soldiers promised, the Czar's Government sent a division made up chiefly of uninstructed Siberian troops. Roumania was thus obliged to divide her army and to fight on two fronts against an enemy superior in men and armament. The only help which Roumania received from the Allies during those trying days, and for which she will always be thankful, consisted of a military commission of French officers under the command of General Berthelot, a military and Red Cross commission from England and a Red Cross commission with medical supplies from the then neutral United States.

The treachery of the Russian Government under Stuermer and Protopoff, whose machinations were publicly disclosed some time ago, and the lack of coöperation on the part of the Western Allies brought about Roumania's sudden collapse. In no country has the Roumanian defeat been so much resented as in England, where the resignation of the Asquith Ministry (December, 1916) was the immediate consequence of what Premier Lloyd George

justly termed "bad business" for the Allies. Germany was allowed to conquer a large territory, rich in cereals and minerals, which enabled her to prolong her economic resistance and thereby to lengthen the duration of war.

The Roumanian people have borne their fate with fortitude, and, in spite of all sufferings and losses, they never gave up the fight for justice and humanity. The Bolshevik treachery and the underhand dealings of the new Government of Ukraine forced them to recede temporarily. But the shameful conditions imposed by the peace which Germany for the time being enforced, merely steeled their hearts and made them recover their national vitality, shattered after two years of frightful invasion.

The Peace Conference will settle the frontiers of the European countries according to the great principle of nationality. Roumania will acquire the national unity of the entire Roumanian race, and will thus emerge stronger than ever out of this war. The political importance of a Latin people barring the way of the German expansion towards the East cannot be sufficiently emphasized. With a strong Roumanian State at the gate of the Orient, the much-heralded "Mittel-Europa" would necessarily vanish. Let us add that a strong Roumanian State corresponds both with the political interests of the Allies and the principles of right and justice in international relations.

While the Roumanian nation was, for the reason stated, forced out of war, it continued to take an active interest in the course of events, and to look upon the Allies as her liberators, waiting on the hour when it again would become possible to range herself with the upholders of national liberty and international justice.



Banking and Commercial Law

Property Left with Bank for Safe-keeping

Sawyer v. Old Lowell National Bank, Supreme Judicial Court of Massachusetts, 119 N. E. Rep. 825.

WHETHER or not a bank has inherent power to receive property for safe-keeping is a mooted question. And where a bank does receive property for such purpose and the property is subsequently lost, through theft or other cause, the liability of the bank to the owner of the property is another matter, upon which the decisions of the courts are inharmonious. The rule generally applied is that the bank which undertakes to take care of property for its customers without compensation, is under an obligation to exercise ordinary care and no more.

Some time ago a case arose in New York, wherein a customer of a bank left a parcel of bonds with the teller of the bank. The bonds were placed in the safe where the bank's own securities were kept, but the door of the safe was sometimes left open and the safe was accessible to any person entering the bank. It also appeared that there were times during the day when the interior of the safe was not within the view of any official of the bank. The bonds were stolen and there was evidence that the theft was probably committed by someone coming in from the street. It was held that the bank had not exercised ordinary care, but had been guilty of gross negligence and was consequently liable to the owner of the bonds. This was the case of *Pattison v. Syracuse National Bank*, 80 N. Y. 94.

The present case involves the discovery of a will in the vault of a bank in Lowell, Mass., years after the death of the person by whom the will had been

executed. In the meantime the estate had been distributed to the next of kin under the intestate laws of Massachusetts and the next of kin had distributed their respective shares in accordance with the dictates of their own inclinations.

The testatrix, it seems, had died in April, 1902, while on shipboard returning from a trip to Jamaica. It was known that she had made a will and a search was instituted but nothing came of it and finally letters of administration on the estate were issued. In February, 1910, two clerks in the employ of the bank while removing the contents of a vault came upon a tin box inscribed with the name of the testatrix and when the box was opened the will was found, together with some family "keepsakes" of no intrinsic value. The will was later admitted to probate and the administrator brought action against the bank, claiming as damages the expenses of administration and the value of the real estate which had been sold by the heirs prior to the discovery of the will.

The bank, in this case, was held to be free from liability, the reason being that it was not shown that the bank knew, or should have known, that the box contained a will.

OPINION

Action of tort or contract by John F. Sawyer, administrator, etc., of the estate of Sarah R. Spalding, against the Old Lowell National Bank, resulting in verdict for defendant. On report to the Supreme Judicial Court. Judgment ordered on the verdict.

The case declared on, and tried in the superior court, was the alleged breach of duty by the defendant, as bailee, in failing to produce or deliver the box containing the last will of Sarah R. Spalding. We assume, for the purposes of this case, that the plaintiff is a proper party to sue in the right of the testa-

trix for some of the elements of alleged damage, and that the remedy provided by R. L. c. 135, section 14, in favor of persons aggrieved by the unreasonable neglect of the possessor of a will to deliver it into the probate court, is not exclusive. Nevertheless the plaintiff has failed to establish the essential fact, that the defendant ever became bailee of the will. Presumably it could be inferred from the evidence that the tin box was left at the bank for safe-keeping; but there is nothing in the record to indicate that the defendant knew or reasonably ought to have known that Miss Spalding's will was contained in it. Acceptance of the box would not make the bank responsible for its contents. As was said in *Scollans v. Rollins*, 179 Mass. 346, where a sealed envelope containing bonds was delivered:

"* * * If the certificates had been handed to him in a sealed envelope, they would not have been entrusted to him, and opening the envelope would have been like a carrier's breaking bulk. The modern decisions have followed the ancient suggestion that in such cases there is no delivery of the contents of the inclosure."

As the defendant never became custodian of the will of Miss Spalding it is unnecessary to consider whether it would be authorized under the National Bank Acts (Acts Cong. June 3, 1863, c. 106, 13 Stat. 99), to accept a will for safe-keeping, and would be legally liable for the consequences due to its failure to deliver the will according to directions. See *Myers v. Exchange National Bank*, 96 Wash. 244; *Dresser v. Traders' National Bank*, 165 Mass. 120; *First National Bank v. Union Trust Co.*, 244 U. S. 416.

The plaintiff, in his supplemental brief, argues that the defendant bank was bailee of the tin box, as distinguished from its contents. It is apparent from the record, however, that the bailment claimed in the pleadings and at the trial was that of the will, and the damages contended for could not arise from the loss of the box itself. Even if the question were now open to the plaintiff, it is difficult to see how

an empty tin box, gratuitously stored in the bank vault for the accommodation of the owner, could be regarded as a "special deposit," the handling of which would come within the regular line of banking business, like money, stocks, bonds and other securities. *American National Bank v. E. W. Adams & Co.*, 44 Okla. 129; *Foster et al. v. Essex Bank*, 17 Mass. 479.

The plea in abatement and demurrer have not been argued by the defendant, and the issues raised thereby are disposed of by what we have said. The conclusion of evidence offered by the plaintiff on the question of damages has become immaterial in view of our decision on the issue of liability. *Milten v. Gulesian*, 229 Mass. 27. The trial judge rightly directed a verdict for the defendant, and in accordance with the report judgment is to be entered on the verdict.

So ordered.



Depositor's Duty to Examine Bank Statements and Returned Vouchers

California Vegetable Union v. Crocker National Bank of San Francisco, California District Court of Appeal.
174 Pac. Rep. 920.

A bank is ordinarily not permitted to charge against a depositor's account checks which it has paid bearing a forgery of the depositor's signature. A bank may escape liability in a case of this kind where it appears that some negligent act on the part of the depositor has contributed to the payment by the bank. An illustration is found in the case where a depositor has neglected to examine the statements of account furnished by the bank and the returned vouchers and report any discrepancies without unreasonable delay. The depositor owes an obligation in this regard to his bank and his failure to live up to it will result in shifting the liability from the bank to him. It is, therefore, always to a bank's advantage to see to it that its depositors'

accounts are regularly balanced and to promulgate such rules as will clearly put it up to the depositor to check up his account and notify the bank of any errors.

The plaintiff corporation, in the above entitled case, kept its account in the defendant bank. It was arranged that checks on the account should be signed by the plaintiff's cashier and also by its manager. During a period of about a year the cashier forged the manager's name on 136 checks, aggregating nearly \$4,000, and pocketed the proceeds. The forgeries were not discovered until after the cashier had departed leaving no trace. But it appeared that, if any of the officials of the plaintiff had taken the bother to examine the monthly statement and vouchers sent in by the bank, the fraud would have been exposed. The plaintiff's failure to do this placed upon it the burden of the loss and it was permitted to recover only \$40, the amount of two checks paid after the bank had been notified of the other forgeries.

One thing that helped the bank was the fact that its monthly statements were accompanied by the following written request:

"Please examine the inclosed account and return this at your earliest convenience signed by the principal, as this bank will not consider itself responsible for errors or discrepancies which are not advised within fifteen days after delivery of the statement."

OPINION

Appeal from Superior Court, City and County of San Francisco; Frank J. Murasky, Judge.

Action by the California Vegetable Union, a corporation, against the Crocker National Bank of San Francisco, a national banking association. From a judgment in its favor granting only a part of the relief demanded, plaintiff appeals. Affirmed.

Walter R. Bacon, of San Francisco, for appellant. Morrison, Dunne & Brobeck, of San Francisco (J. F. Shuman, of San Francisco, of counsel), for respondent.

Beasley, Judge pro tem. The California Vegetable Union is a Los Angeles concern having a branch house in San Francisco. Of this branch house during the period in which we are interested H. F. Ardery was the manager and Fred B. Weeks the cashier. During the years 1911 and 1912 and until the end of the year 1913 the plaintiff's branch house in San Francisco was a depositor of the defendant bank. The bank was instructed to pay checks of the plaintiff when signed by Fred B. Weeks, its cashier, and H. F. Ardery, its manager. Weeks became an employee of the plaintiff about the 1st of May, 1912, and continued in that employment until about September 1, 1913, when he "departed these quarters for parts unknown, leaving behind him a trail of forged checks." Between September 18, 1912, and August 28, 1913, Weeks forged the name of Ardery to 136 separate checks, all drawn upon the plaintiff's account in the defendant bank, and aggregating \$3,972.65. The bank cashed these checks, and charged their amount to plaintiff's account. The checks went through the bank during the various months of this period, and at the end of each month the forged checks paid during that month, together with all the valid checks of the plaintiff, were returned to it, with a list of all checks paid by the bank during that month. The statement accompanying the vouchers also showed the balance to the credit of the plaintiff at the end of the preceding month in each instance, the amount of all deposits made by it during that month, and separately all checks of plaintiff paid by the bank during the current month, and the balance to the credit of the plaintiff on the defendant's books at the end of the month. These returned checks and these accounts for all of the months from August, 1912, to August, 1913, although regularly received in the course of business at the end of each month during that period, were never examined by the plaintiff, nor by its manager Ardery, until some time in September, 1913, after Weeks had absconded. During the period in which the forgeries

were perpetrated Mr. O'Neal, the president of the plaintiff company, visited the San Francisco branch on several occasions. He had opportunity to examine the account of the plaintiff in the bank and the returned checks and vouchers, but he never did it. He did, however, see the general statement showing the bank balance of the branch house during that time. Other officials of the company visited the office in San Francisco during the period but none of them ever examined or paid any attention whatever to the bank balances or to the written statements of the business of the branch with the bank. The plaintiff also employed an auditor in its Los Angeles office, whose duty it was to examine its bank balances and check up month by month the canceled checks and vouchers, but no examination of the checks and vouchers of the branch in San Francisco was ever made by this auditor during that time, nor by any one performing similar duties.

Mr. O'Neal testified that he knew it to be a custom of banks to furnish to their depositors monthly statements showing their balances, together with the vouchers and canceled checks that had been paid and charged to the account during the month; that he never asked Mr. Ardery if he was having that done in San Francisco; that the checks were made up in blocks of 100 each; that a check register was kept numbered to correspond with the various numbers of the checks, and ruled so that the purpose of the check is stated in the cash book or check register; that the regular system of the plaintiff was that every time a check went out the company had a list or memorandum of the check in the office, and that it was possible when the checks came back from the bank at the end of each month to compare them with the check register by numbers and amounts, but this was never done. Had any of these precautions been taken Weeks' rascality would have been discovered. Weeks was not without considerable skill in these forgeries. The forged signatures of Ardery were strikingly similar to his true signature. Several officers of the defendant bank, all skilled in the detec-

tion of forgeries, testified that this was so. Mr. Ebner, the assistant cashier of the bank, who has had thirty-three years' experience in examining signatures on bank checks, said that if the bank were to refuse payment of checks bearing signatures agreeing as closely with the authorized signature in the bank as did the forged signatures of Ardery, the result would be a refusal of payment of about half the checks presented at banks.

Ardery excused his remissness in paying no attention to the bank account by the curt statement that it was none of his business; that "Weeks was under bond to take care of that end of the work." Generally speaking, the method of these parties in doing business may be said to have corresponded with the customs of metropolitan banks and their depositors in transacting business with each other; and it appears from the evidence that had Mr. O'Neal or Mr. Ardery or their auditor given any attention whatever to the returned checks or to the state of plaintiff's bank balances they would have known that from the beginning of his transaction of business with the bank Weeks was forging the name of Ardery to checks, cashing them and converting the money to his own use.

The court gave judgment for the plaintiff for \$40, this being based on two checks of \$20, each forged and uttered by Weeks prior to his disappearance on the last day of August, and paid by the bank in September about a week after it had been notified by Ardery of the other forgeries.

The principal problem in this case may be stated in the language of the Supreme Court in the case of *Otis Elevator Co. v. First National Bank*, 163 Cal. 31, 124 Pac. 704, 41 L. R. A. (N. S.) 529, and is as follows:

"The claim made by the appellant was that * * * the evidence presented the simple case of a forgery * * * to which is to be applied the well-settled rule that as between the bank and its customers the payment of forged or altered checks by such bank is made at its peril, and cannot be

charged against the depositor's account. This, of course, is the general rule, and it is applied stringently in cases of simple forgery which involve no other elements than that the purported check of the depositor which was paid was a forged one. But this rule is not applied unqualifiedly. It has its limitations and exceptions, as general rules usually have, and is modified to the extent that when some negligent act * * * of the customer has contributed to the payment by the bank, or the facts in a particular case surrounding the forgery of a check and its presentation and payment are of such character as call for the application thereto of some general principle of law or equity, they may be relied on by the bank as an estoppel against the customer, precluding him from denying the correctness of the payment."

The exact question here involved has never been squarely decided in the courts of this state so far as we have been able to discover. An instruction in accordance with the contention of the appellant was expressly disapproved in the case of *Janin v. London & S. F. Bank*, 92 Cal. 14, 27 Pac. 1100, 14 L. R. A. 320, 27 Am. St. Rep. 82, which instruction reads as follows:

"In considering the fact that Mr. Janin's bank book was balanced, and that the bank's statement of the balance was apparently acquiesced in for a considerable length of time, I instruct you that the plaintiff was under no contract to the bank to examine with diligence his returned checks and bank book. In contemplation of law, the book was balanced and the checks returned for the protection of the depositor, not for the protection of the bank, and when Mr. Janin failed to examine it, the only consequence was that the burden of proof shifted. Mr. Janin then became bound to show that the account was wrongly stated. This right he has preserved so long as the claim was not barred by the statute of limitations." "This instruction," says the court in the opinion, "although apparently supported by the authority of

Weisser v. Denison, 10 N. Y. 68, 61 Am. Dec. 731, is not in our opinion entirely correct, and is in conflict with the other instructions referred to. When considered in connection with a portion of another instruction given, to the effect that it 'was sufficient to give notice when the forgery was discovered,' this instruction clearly implied that the plaintiff could not be charged with negligence in not examining his checks within a reasonable time, and that the jury were only to inquire whether he was guilty of unreasonable delay in giving notice after he made the examination and discovered the forgery. This is not the true rule. * * *

The court thus disapproved of the exact contention which counsel for appellant makes in this case, although it must be said that it did not reverse the case for that reason, but on other grounds, holding that in view of the undisputed evidence in the case the giving of this erroneous instruction did not justify a reversal of the judgment. This case and the case of *Otis Elevator Co. v. First Nat. Bank*, supra, are the only cases that we have been able to find in this jurisdiction, where this rule has been considered by the court; and in neither of those cases, it must be admitted, were the facts exactly those of this case; nor did the Supreme Court in either of those cases finally base its decision upon the proportions of law here involved. However, those cases appeal to us as sound expressions of the legal principle which must apply to the facts of the case at bar; and our conclusion in that respect is in accord with the weight of authority in the United States.

The principle embodied in the case of *Otis Elevator Co. v. First Nat. Bank*, supra, and the general rule above stated, find emphatic approval and application in the leading case of *Leather Manufacturers' Bank v. Morgan*, 117 U. S. 96, 6 Sup. Ct. 657, 29 L. Ed. 811, in which the court, treating the presentation of a bank book written up accompanied by the canceled checks of the depositor to him as an account stated, says:

"Where a party to a stated account, who is under a duty, from the usages of business or otherwise, to examine it within a reasonable time after having an opportunity to do so, and give timely notice of his objections thereto, neglects altogether to make such examination himself, or to have it made, in good faith, by another for him, by reason of which negligence the other party, relying upon the account as having been acquiesced in or approved, has failed to take steps for his protection which he could and would have taken had such notice been given," the depositor is estopped by his conduct to question the conclusiveness of the account stated which arises out of the presentation to him of the account and his failure to examine it and detect the frauds contained therein, and give the bank notice thereof in order that it may protect itself against future frauds of a similar character.

In addition to the rule laid down very clearly after an able and exhaustive discussion in the case of *Leather Manufacturers' Bank v. Morgan*, supra, the question has been before the Court of Appeal of the state of New York in the case of *Morgan v. United States Mortgage & Trust Co.*, 208 N. Y. 218, 101 N. E. 871, L. R. A. 1915D, 741, Ann. Cas. 1914D, 462, in which the legal principle in issue here was approvingly applied and clearly stated in the following language (syllabus):

"Primarily a bank may pay and charge to its depositor only such sums as are duly authorized by the latter, and of course a forged check is not authority for such payment. It is, however, permitted to a bank to escape liability for repayment of amounts paid out on forged checks by establishing that the depositor has been guilty of negligence which contributed to such payments, and that it has been free from any negligence. A depositor who sends his passbook to be written up and receives it back with his paid checks as vouchers, is bound, under certain circumstances, to examine the passbook and vouchers, and report to the bank

without unreasonable delay any errors which may be discovered."

The repeated failures of the appellant to heed this request speaks with much force in favor of the application of the principles above stated.

The claim that the plaintiff never received these statements is hardly worthy of notice, as its officers visited its branch house in San Francisco from time to time, as we have seen, and its manager, Mr. Ardery, was in charge of the branch house constantly during the time when these forgeries were being perpetrated. Their possession of and control over these statements and returned checks follow from their control of their branch establishment.

In Pennsylvania the leading case of *Myers v. Southwestern Natl. Bank*, 193 Pa. 1, 44 Atl. 280, 74 Am. St. Rep. 672, held in conformity to the views of the United States Supreme Court and of the Court of Appeals of the state of New York in the case above cited and other cases, upholding the same doctrine, and stated that if the plaintiff's duty to the bank had been performed at the proper time, the fact would have appeared that the bank had charged the plaintiff on his bank book with the payment of two items for which no vouchers appeared among the checks handed to him by the clerk, and that, no objection having been made at the time of the presentation of the statements by the bank, the latter had the right to assume that everything was correct, including the two checks purporting to have been forged, and that the silence of the plaintiff was tantamount to a declaration to that effect, and that in afterwards honoring checks signed by the same person the bank had a right to consider the fact that these signatures had been at least tacitly recognized by the plaintiff as genuine. Further the court in that case said:

"In view of the uncontradicted evidence as to the foregoing facts, it cannot be doubted that as between the bank and the plaintiff the latter alone should be held responsible for the consequences resulting from the failure to

examine the checks in question and approve or reject them within a reasonable time. In contemplation of law, the delivery of the checks to plaintiff's clerk was a delivery by the bank to the plaintiff himself, as the basis on which its credits were claimed. The bank was therefore entitled to have them examined, and, if rejected, returned within a reasonable time. That was not done, and because of plaintiff's failure to perform his duty in that regard he should not be permitted to recover. Any other rule would be inconsistent, not only with general and long-established custom, but also with well-settled principles of law on that subject."

Without quoting further, it may be said that the great weight of authority in the United States supports the conclusions arrived at in the cases above cited. It is true that those cases were based upon bank books written up, but there is no distinction in principle between the old-fashioned bank book and the modern statements furnished by a bank to its depositors from time to time upon the balancing of their accounts and the return of the canceled checks to them. Improved methods of book-keeping in banks do not render inapplicable the rule of law here invoked and applied. To lay down any other rule than that hereinabove stated would be to add an unjust burden to the duties of paying officers of banks. The greatly increased volume of business consequent upon the development of modern commerce, and the almost universal use of checks in settlement of every conceivable obligation, make the post of paying teller of a bank—compelled as he is to know the signature of every depositor of a bank—an exceedingly difficult one. If depositors may regularly at frequent intervals receive their vouchers and be notified, as was the appellant here, of reduced balances of their accounts in banks consequent upon the unfaithfulness of trusted employees during a period of nearly a year, and by neglecting to exercise reasonable supervision over their own business fail to discover fraud which has been perpetrated upon them and the

bank, and may thus leave the bank in ignorance of the frauds thus committed, and charge the bank with the losses thus occasioned, then banks and their paying tellers face hard conditions indeed. We do not feel justified in establishing any such rule in this state.

In the case at bar there is an additional reason for the application of this principle arising from the fact that the statements and returned checks were accompanied by the following written request on the part of the bank:

"Please examine the inclosed account and return this at your earliest convenience signed by the principal, as this bank will not consider itself responsible for errors or discrepancies which are not advised within fifteen days after delivery of the statement."



Similarity of Bank Names

Detroit Savings Bank v. Highland Park State Bank, Supreme Court of Michigan, 167 N. W. Rep. 895.

A corporation is entitled to the full and unhampered use of its corporate name. In this respect the corporate name is like any other trademark or trade-name owned by the corporation. It has the right to restrain any other corporation from adopting the same name and the courts will support it in restraining another corporation from adopting a name so similar as to create confusion or to deprive the corporation first in the field of the full benefit of the good will which it has built up. And as a general rule, under the laws of the different states, a company will not be permitted to incorporate unless the name which it selects is dissimilar from that of any existing corporation. For instance, it has been held that, where there was already in existence a corporation styled "Kansas City Real Estate and Stock Exchange," registration would be refused a new corporation under the name "The Kansas City Real Estate Exchange." (State v.

McGrath, 92 Mo. 355, 5 S. W. Rep. 29.)

The Supreme Court of Michigan has decided that the similarity between the names "Detroit Savings Bank" and "Bank of Detroit" is not sufficient to entitle the former to prevent the latter by judicial process from using its name.

The question came up in this way. The plaintiff, the Detroit Savings Bank, was organized in 1871. In 1916 the defendant took out a charter under the title, Highland State Bank of Detroit. From the beginning it emphasized the words "Bank of Detroit" on all its stationery, advertisements, signs and checks, for the purpose of distinguishing it from the Highland Park State Bank of Highland Park, which was located in the same building, across the lobby from the defendant. Later the defendant took steps towards legally changing its name to Bank of Detroit and the plaintiff brought suit to restrain the defendant from adopting this name. Certain instances were shown where persons had become confused and had gone to one of the banks, while intending to go to the other. The court decided, however, that such mistakes were due to carelessness rather than to the similarity between the names of the two banks and held that the defendant could not be enjoined from becoming the Bank of Detroit.

OPINION.

Suit by the Detroit Savings Bank against the Highland Park State Bank of Detroit and others. From a decree for defendants, plaintiff appeals. Affirmed.

STONE, J. The learned circuit judge who heard this case at the circuit, and who filed in writing his reasons for dismissing the bill of complaint, so concisely and clearly stated the issue, the facts found, and the law of the case, with his conclusions thereon, which so accord with our views, that we adopt the same:

"COURT'S FINDINGS OF FACTS"

"1. That in 1849 the Detroit Savings Fund Institute was organized and be-

gan a savings bank business in Detroit. In 1871 it was succeeded by the Detroit Savings Bank, which ever since has done both a commercial and savings bank business in Detroit under that title, now is a prosperous bank there, and is the plaintiff in this suit.

"2. On March 1, 1916, a new bank was organized under the laws of the state of Michigan, with its place of business at Detroit, known as the 'Highland Park State Bank of Detroit,' which is now a prosperous bank, and is the real defendant in this suit.

"3. From the beginning the 'Highland Park State Bank of Detroit' emphasized the words 'Bank of Detroit' on all stationery, advertisements, signs, and on all checks, by printing these words in larger letters, for the purpose of distinguishing it from the Highland Park State Bank of Highland Park. This was so prominent that it attracted the attention of some of the officers of the plaintiff bank, and these officers thought sooner or later the words 'Highland Park' would be dropped.

"4. These banks, at least their main offices, are both located in the Penobscot Building, Detroit, across the lobby from each other.

"5. Some time in September or October, 1916, the defendant bank took steps to change its name to Bank of Detroit, and, after some correspondence between plaintiff and defendant in regard thereto, plaintiff started this suit to restrain defendant from using the name 'Bank of Detroit' for the reason the name was alleged to be so similar to plaintiff's corporate name that defendant bank had no legal right to make the proposed change. By mutual arrangement no preliminary injunction was applied for, both sides being anxious to have a final hearing and have the question there decided.

"6. Plaintiff has not shown any facts that would indicate the defendant bank has been guilty of any fraud in making the proposed change, or by its conduct should be stopped from so doing, but plaintiff by its proofs attempts to establish public confusion.

"7. The confusion which the plain-

tiff has shown seems to have been more from carelessness and lack of ordinary care than anything else. Some stress is laid upon misdelivery of letters owing to similarity of names. Mr. Garger, the postman, and a witness for plaintiff, says there was not any confusion after the words 'Bank of Detroit' were emphasized (R. 60-63). Three specific instances were cited. One was a boy delivering a message, and he knew there were two banks there, and he thought he would try both, and he tried the plaintiff bank first. It would seem this confusion was due more to location than to names. Another witness did not read the name and attempt to distinguish, but simply hurried into plaintiff bank to cash his check. The third, a girl, realized the mistake when she got to the window to have her check certified. Outside of these three cases, the proofs are largely on the part of plaintiff that there was confusion, without tracing it to similarity of names, or else in the opinion of the witnesses there was liable to be confusion.

"8. The Germans use 'Spar' for savings and the Polish use the word 'Oszczednosci,' so in those languages there is a distinguishable word in the two titles which would prevent confusion.

CONCLUSIONS OF LAW

"1. I do not find that the plaintiff has shown in this case (by sustaining the) burden of proof that there would be confusion owing to similarity of names. In a large city, where two banks are located in the same building, there would be some confusion if names were entirely dissimilar, and I think that is what has happened here. If the three people who were specifically mentioned were confused when the words 'Highland Park State Bank of Detroit' were on the checks and windows, it would seem they would be deceived under any circumstances. This impresses me as resulting from haste and carelessness, which is always apt to occur under such conditions. All corporations doing banking business have the word 'Bank' in. A great many corporations use the word 'Detroit' and if no

two corporations can use the word 'Detroit' in their title, no matter what the arrangement in the same is or other conditions are, then there are many, many corporations entitled to redress in the court. I do not think that a corporation in the use of a name has to guard against carelessness, haste, thoughtlessness, or things of that nature, but it has a right to presume people will use ordinary care to prevent confusion.

"2. I do not think mere occasional or extraordinary circumstances establish public confusion.

"3. I think under the proofs here the law, considering the volume of business done, would be bound to say there was no public confusion.

"4. I cannot conclude from the testimony here that the public using ordinary care will be misled by the alleged similarity of these names.

"5. I think the Detroit Savings Bank and Bank of Detroit are dissimilar names within the meaning of the law, both in reference to banking, and other corporations, and as far as equity would apply.

"6. The bill, therefore, should be dismissed with costs to defendants."

A similar question was before this court in *Michigan Savings Bank v. Dime Savings Bank*, reported in 162 Mich. 297. In reversing a decree for the complainant in that case, Justice Ostrander, in a unanimous opinion, used the following pertinent language:

"It is not claimed that the defendant bank has any fraudulent purpose—a design to mislead the public or to injure complainant—in changing its corporate name. No director of one bank is also a director of the other, no contract relations between the two institutions are relied upon by the complainant, and defendant bank is not estopped to use the name. But it is claimed that if two banks, with offices upon the same street, in the same city, use names so similar, confusion and injury will result, that the statute forbids the defendant bank to assume a name so similar to that of complainant bank, and that equitable principles support the decree appealed

from. The banking law (2 Comp. Laws, § 6091) requires persons associating to organize a bank to specify in the articles of association, among other things, 'the name assumed by such bank, which shall be, in no material respect, similar to the name of any other bank organized under the laws of this state.' So Act No. 232, Pub. Acts 1903, in section 2 thereof, relating to names to be assumed by corporations, contains the proviso that: 'No name shall be assumed already in use by any other existing corporation of this state, or corporation lawfully carrying on business in this state or so nearly similar as to lead to uncertainty or confusion.' Courts of equity are frequently called upon to remedy conditions which grow out of the use by a corporation of a name similar to the name of another corporation, carrying on a business of the same character. In such cases it is usually, if not always, true that relief is granted because experience has demonstrated that the public is misled, and the corporation first established is defrauded on account of the similarity of the names. We assume that the statutes referred to were intended to prevent, to some extent, the conditions which in such cases, when they arise, make a resort to the courts necessary. In this view of the legislation, in its enforcement by the courts as a preventive measure, it is necessary to consider, in advance of a demonstration based upon experience, and in a case where neither corporation has, or can acquire, the general right to an exclusive use of the words employed in the name, whether it is likely that the public will be misled, and whether the complaining corporation is likely to be injured. It is evident that experience, not in the particular case, but in other cases, must still be employed in determining the fact, and that mere conjecture that some confusion may result is not ground for granting equitable relief. We may also consider that if relief is refused and conjecture is in actual experience made fact, the complaining corporation may have its remedy. We are not impressed that the testimony introduced

on the part of complainant supports even the conjecture that the public, using ordinary care, will be misled by the alleged similarity of the names of these corporations. If it is true—and we assume that it is—that the public is apt to seize upon some part of the corporate name and use it as descriptive of the whole and as designating the particular bank, we may also assume that the words 'Michigan Savings' in one case, and 'the Michigan' in the other, will be apt to be used and will be properly and sufficiently distinctive. It is the general rule that when they are properly descriptive, the use of geographical words in a business name will not be enjoined, in the absence of estoppel or of actual fraud, or public misleading. In enforcing a statute intended to prevent some of these results, it must be made to appear that it is reasonably certain they will follow the use of the name sought to be enjoined. The principle is the same in either case."

The dissimilarity or unlikeness of the titles "The Detroit Savings Bank" and "Bank of Detroit" is so great and so striking that no argument, it seems to us, is necessary.

Upon the subject of public confusion, a careful reading of the evidence leads us to the conclusion reached by the trial court. Such confusion as was shown was due to carelessness, and lack of ordinary care, and not to similarity of names.

Some claim is made by plaintiff that it has come to be known, sometimes, as "The Detroit Bank," "Detroit Bank," or "The Detroit." The fact, if it be a fact, that such a pseudonym, or fictitious name, has been occasionally used will not be availing here. The plaintiff must stand on its corporate name. Manifestly, both of the quoted statutes recognize the corporate name only. Nobody would doubt the right of the defendant bank to use the word "Bank" as descriptive of its business. May it not also use the geographical word "Detroit," in connection with the word "Bank," as properly descriptive, when acting in good faith and in the absence of estoppel or of actual fraud? We

think so, in view of the Michigan Savings Bank Case.

An examination of the record shows that the usual, abbreviated, popular name applied to the plaintiff is "Detroit Savings," thus rendering confusion still more unlikely. With the questions of similarity of assumed name and public confusion disposed of, very little remains to be said.

It is claimed by plaintiff that, independently of the statute, it is entitled to relief on the general equitable principle that where a corporation has built up a business of its own, no other corporation has the right to assume a name so similar as to mislead the public, and *Lamb Knit Goods Co. v. Lamb Glove & Mitten Co.*, 120 Mich. 159, and other cases are cited. The cases cited turn upon the question of such similarity as to be liable to mislead the public, or to lead to confusion of the public.

Both questions of fact having been found against the plaintiff, in what has been already said, in our opinion it is not entitled to the relief prayed. The decree of the circuit court is therefore affirmed, with costs to the defendants.



Check Payable to Fictitious Person—Forged Indorsement—Bank's Liability

Robertson Banking Company v. Brasfield,
Supreme Court of Alabama. 79 So.
Rep.

The plaintiff, Brasfield, employed an attorney to loan out some money for him. The attorney, pretending that he had arranged a loan to one Johnson, obtained a check from the plaintiff, payable to Johnson and drawn on the defendant bank. As a matter of fact there was no such person as Johnson, but the bank in good faith paid the check on a forgery of Johnson's indorsement.

Ordinarily a bank is liable where it pays a check on a forged indorsement and will not be permitted to charge such a check against the account of the drawer. But in this case the bank

made the contention that the check, being payable to a fictitious person, was payable to bearer, and that the indorsement was superfluous and immaterial and, therefore, could not be regarded as a forged indorsement. The court decided that this contention was not tenable for the reason that when Brasfield signed the check he had no knowledge of the fact that there was no such person as Johnson.

The decision was made under that provision of the Negotiable Instruments Law which declares that an instrument is payable to bearer "when it is payable to the order of a fictitious or non-existing person and *such fact was known to the person making it so payable.*"

OPINION

Appeal from Law and Equity Court, Marengo County; Edward J. Gilder, Judge.

Action by J. S. Brasfield against the Robertson Banking Company. Judgment for plaintiff. Defendant appeals. Affirmed.

Steiner, Crum & Weil and Horace Stringfellow, all of Montgomery, and Henry McDaniel, of Demopolis, for appellant. R. B. Evins, of Greensboro, for appellee.

ANDERSON, C. J. It is settled law that a bank which pays out the funds of a depositor on a forged check or indorsement does so at its peril, and the depositor can recover the amount so paid, unless the bank can show that the payment was made as the proximate result of the conduct or negligence of the depositor; and this rule applies to a forged indorsement of a fictitious payee in the same way as it does to the forged indorsement of a real or existing payee.

While this rule is not seriously questioned by the appellant bank, it is contended that the check in question was payable to bearer under the negotiable instruments law, as declared in subdivision 3 of section 4966 of the Code of 1907, which provides that the instrument is payable to bearer "when it is payable to the order of a fictitious or

non-existing person, and such fact was known to the person making it so payable" (italics supplied). It is undisputed that the check in question was made payable to a fictitious person; but, in order for the defendant to have treated it as payable to bearer, the burden was upon it to show that Brasfield, the drawer, knew that Johnson, the payee, was a nonexistent person. Boles v. Harding, 201 Mass. 103, 87 N. E. 481 and cases supra. There is no pretense that Brasfield knew, at the time of drawing the check, that the payee was a fictitious person, and intended to make the same payable to a nonexistent person; but it is contended that he had constructive notice of this fact, because Kirven was his agent in negotiating the loan for Johnson, and knew of the non-existence of Johnson, the payee, and that this knowledge by Kirven was imputable to his principal, Brasfield. It may be doubted whether or not Kirven was such an agent of Brasfield as to make him chargeable without notice to Kirven, who started in to perpetrate a fraud upon Brasfield, and whether or not he would, in this respect, be acting within the scope of his agency, if such a relationship existed.

But we may concede, for the purpose of deciding this case, that Kirven was Brasfield's agent, and that he would be chargeable with notice to Kirven, if acquired by him during the agency and while acting within the line of his authority. Yet, under the well-established law of this state, Brasfield was not bound by notice or knowledge acquired by Kirven before he became the former's agent. Marshall v. Lister, 195 Ala. 591, 71 South 411. "Knowledge acquired by an agent prior to his agency, or in regard to matters outside the line of his duty, or while pursuing his own or some other person's business, is not notice to his principal of such fact or facts, and is not binding upon him." 7 Mayf. Dig. 740, and cases there cited. "It was early settled in this state, and has been since followed, that notice or knowledge by an attorney, to carry home constructive notice to the client, must be shown to have

been given or acquired after the relation of attorney and client was formed." McCormick v. Joseph and Anderson, 83 Ala. 401, 3 South, 796. Kirven knew of the nonexistence of Johnson long before Brasfield authorized him to make a loan, and did not ascertain this fact after the relation of lawyer and client, or principal and agent, was formed. Therefore the check in question was not payable to bearer, so as to relieve the defendant bank from ascertaining the identity of the payee and the genuineness of his indorsement before paying the check; and, failing to perform this legally required duty, its neglect in this respect was the direct and proximate cause of the loss or injury.

It is also contended, even though this court should determine that the check was not payable to bearer, that Brasfield, though innocent, furnished the means whereby the loss was sustained, and that, when one of two must suffer through the conduct of a third party, he who enabled the party to commit the act must bear the consequences. This just doctrine is not questioned, but does not apply when one is more culpable than the other, or where the injury could have been avoided by the ordinary diligence and prudence of the one, notwithstanding the other party furnished the means, which may have been the remote, though not direct, proximate cause of the injury. Here we have a case in which Brasfield misplaced confidence in Kirven, who had started out to perpetrate a fraud, and issued a check which, as above demonstrated, was not payable to bearer, and which could have been only transferred by the genuine indorsement of the payee. Sections 4985 and 4980, Code 1907. When the instrument is not payable to bearer, but to a named person, it is the duty of the drawee bank, or one who buys the same, to procure a genuine indorsement; and the fact that the forged indorsement is the name of a nonexistent person does not afford relief against a noncompliance with its plain legal duty, and one who neglects this duty in paying out the funds of its depositors is guilty of proximate negligence. As was

well said in the case of *Jordan-Marsh v. Nat. Bank*, 201 Mass. 397:

"The question arises whether the making of a check payable to a fictitious or nonexistent person, through negligent failure to discover the fraud by which the check is obtained, stands differently from making a check to an actual person, in reference to its effect upon payment by the defendant. We are of opinion that there is no difference in law. *In either case, it is the duty of a bank to see that there is a genuine indorsement.* In some respects it would be more difficult to deceive a bank in this particular, as against vigilant investigation, if the payee was fictitious, than if he was real. In some respects it might be less difficult. We know no decision that has recognized a difference in law between the two cases. It has been held that there is no difference. *Armstrong v. National Bank* 46 Ohio St. 512 [22 N. E. 866, 6 L. R. A. 625, 15 Am. St. Rep. 655]."

Again, in the language of Minshall, C. J., speaking for the Ohio court in the *Armstrong Case*, 46 Ohio St. 512:

"It is a saying frequently repeated, in *The Doctor and Student*, that 'he who loveth peril shall perish in it.' In other words, where a person has a safe way, and abandons it for one of uncertainty, he can blame no one but himself if he meets with misfortune."

Here the discharge of a plain legal duty upon the part of the paying bank would have inevitably led to the fact that the indorsement was a forgery and averted the injury, regardless of Brasfield's misplaced confidence in Kirven and the betrayal of the same by said Kirven.

Suggestion is made that section 5016 of the Code of 1907, among other things, provides that:

"The drawer by drawing the instrument admits the existence of the payee and his then capacity to indorse, and engages that on due presentment the instrument will be accepted or paid."

How this section harmonizes with subdivision 3 of section 4966, unless it

applies to all instruments other than those payable to bearer, we are not called upon to decide; for, as above stated, the check in question was not payable to bearer, and if section 5016 makes Brasfield admit the existence of the payee, Johnson, and his capacity to indorse the check, this would but strengthen the reason and necessity of obtaining a genuine indorsement before paying the check. The section does not make Brasfield admit that any one other than his named payee could properly and legally indorse the check.

The case of *Kohn v. Watkins*, 26 Kan. 691, 40 Am. Rep. 336, comes nearer supporting the appellant's contention than any case we have found; but it is not in line with the authorities supra, and finds little or no support in other cases. In the first place, this case follows *Mr. Daniel* (section 139), to the effect that the check is payable to bearer if payable to a fictitious person, whether the drawer knew it or not, and which is not only contrary to the general rule of courts and text-writers, but to the negotiable instruments law (section 4966 of the Code); and if said instrument was payable to bearer, as there held, of course, the drawer was responsible for putting such an instrument in circulation and permitting it to fall in the hands of an innocent purchaser, who could acquire title by delivery. But under the well-considered authorities, and as under our statute, it was not payable to bearer unless the drawer knew that the payee was a nonexistent person. Indeed, this case is well criticized by the Tennessee court in the case of *Chism v. First Nat. Bank*, 96 Tenn. 641, 36 S. W. 387, 32 L. R. A. 778, 54 Am. St. Rep. 863.

The case of *Snyder v. Corn Ex. Nat. Bank*, 221 Pa. 599, 70 Atl. 876, 128 Am. St. Rep. 780, is in line with the holding that the drawer must know that the payee is a fictitious or nonexistent person, in order that the check shall be deemed payable to bearer; but the court held in that case that it was payable to bearer for the reason that Greenfield, the agent, had notice of the fact which was chargeable to Snyder, the drawer,

for the reason that said agent, Greenfield, had full authority under a power of attorney to draw checks in behalf of the plaintiff Snyder, and he knew of the nonexistence of the payee at the time and did not ascertain the fact before the relationship was formed. In the case of *Equitable Co. v. Nat. Bank* (St. Louis Court of Appeals) 181 S. W. 1176, the court imputed notice to the insurance company of the nonexistence of the payee of the check and the policy, because of Davis, the agent, discovered the fact while the company's agent and while acting in the line of his employment, but did not charge the company with notice as to a fact known to Davis before he became such agent.

The case of *First Nat. Bank v. Allen*, 100 Ala. 476, 14 South. 335, 27 L. R. A. 426, 46 Am. St. Rep. 80, is not in conflict with the foregoing views. The court did not there charge Allen with notice as to a fact known to or discovered by the agent, Tomlin, before he became Allen's agent. The opinion held that Allen was in no way responsible for the forgeries committed by his agent, Tomlin, or for the collection and circulation by him of forged checks, but did invoke an estoppel against Allen as against recovering for certain checks which the bank paid after it had sent in the passbook and previously forged checks, upon the idea that, if Allen had previously gone over his account and checks, he would have discovered the forgeries in time to have prevented the payment of subsequently forged checks. It was also the duty of Tomlin, the agent, to go through the checks and examine the account; and the court held that, as this was within the scope of his employment, his negligence in failing to discover the forgeries was imputable to his principal, Allen. The court did not hold, however, that, because Tomlin knew that these forgeries were going on, Allen was chargeable with this notice, notwithstanding the agent did not communicate

it to him, or that Allen was chargeable with notice acquired by Tomlin before he became his agent. The real holding in said case was that the negligence of Tomlin, while acting within the line and scope of his employment, in failing to detect the forgeries by an examination of the bank book and returned checks, was chargeable to the principal, Allen. As a matter of fact, Tomlin was the man committing the forgeries, and knew better than any one else that they were going on; but the court did not impute this knowledge to Allen simply because Tomlin was his agent, but only charged him with the neglect of his agent while acting in the scope of his employment.

The case of *Hall v. Haley*, 174 Ala. 190, 56 South. 726, L. R. A. 1918B, 924, is not opposed to the views above expressed, but is a strong supporter of same. As was said in that case, Somerville, J., speaking for the court:

"By a long line of decisions this court is thoroughly committed to the rule that knowledge acquired by an agent prior to his agency, or in regard to matters outside the line of his duty, or while pursuing his own or some other person's business, is not notice to his principal of such fact or facts, and is not binding upon him."

Again, it was said (174 Ala. on page 201, 56 South. 730, L. R. A. 1918B, 924) after qualifying or overruling the *Lea Case*, 147 Ala. 421, 42 South. 415, 8 L. R. A. (N. S.) 279, 119 Am. St. Rep. 93, which extended the doctrine as to previously acquired notice:

"But there is a long line of decisions in this state which adopt the rule that notice to an agent, to bind his principal, must have been acquired by the agent during his employment; i. e., while he is actually engaged in the prosecution of his duties as agent, and not at a time antecedent to the period of his agency."

The judgment of the law and equity court is affirmed.



The Safekeeping of Depositors' Liberty Loan Bonds by Savings Banks

By JAMES R. TROWBRIDGE, Comptroller, Franklin Savings Bank, New York

ON April 10, 1918, the New York State Banking Law was amended and a new "Subdivision 8, of Section 238 of Chapter 369 of the Laws of 1914," granted the following additional power to Savings Banks of this State:

To receive as depository, or as bailee for safekeeping and storage, Liberty Bonds or other bonds or securities issued by the United States Government for war purposes or otherwise.

While naturally no particular method of handling this work is prescribed in the law, it is nevertheless of vital importance both to the savings bank and its depositors that an efficient and economical system be adopted, both for the protection of the bank and for the convenience of the bondholders. Where an unsatisfactory system may become a heavy burden to the depository and a source of dissatisfaction to its depositors, a good system may well become a drawing card for new business; and a real service to the Government and the public.

The Franklin Savings Bank of New York city having received a number of inquiries for information as to the system which it has adopted for this purpose, its officers believe that a description of the same may be of general interest to savings banks. They desire at the outset to give credit to the Excelsior Savings Bank of New York, from whom they received the idea which had been adapted to meet their particular needs—that is to say, the idea of handling bonds received for safekeeping on the same basis as deposits of money—so far as may be done.

As a preliminary step the board of trustees passed the following resolutions:

Resolved, That the placing of Liberty Loan Bonds with the bank for safekeeping be controlled and regulated by the following rules and regulations:

First, That the officers of the bank be directed to keep a separate book containing the name of the depositor, amount of bonds issued, and rate of interest of each bond deposited;

Second, That each bond depositor be required to sign and assent to the following rules and regulations at the time of depositing the bonds:

The Franklin Savings Bank in the City of New York at my request consents to hold and care for the Liberty Loan Bonds belonging to me set forth on the other side of this card for my account and risk. In consideration thereof I hereby agree:

First. That the said bank shall collect all interest due on bonds deposited by me and credit the same to my account in the same manner as the dividends issued by the bank.

Second. I agree to give the said bank ten days' written notice of my intention to withdraw said bonds from its custody and upon such withdrawal to sign and deliver proper receipts therefor and to accept any bonds of the same denomination and issue or the issue to which the bonds may have been exchanged as provided below. The return of the identical bonds deposited hereunder shall not be required. I further agree to present my bank book at the bank in calling for coupons or bonds.

Third. In the event of that the Government shall call in bonds covered by this receipt or any others which the bank may hold for me, I hereby agree that the bank shall surrender these bonds and accept any securities which the Government may offer in partial or full payment for the same, holding such securities in accordance with these rules. Any cash received from the Government may be placed to the credit of the depositor's account with this bank.

Fourth. The said bank may cease to act as custodian of said bonds at any time and

I agree that it shall not be liable to me or my representatives in any manner whatsoever, except for loss sustained through its willful fault or neglect or both.

Fifth. In case of my death I agree that said bonds shall be returned to my legal representative upon the same terms and conditions as payments of deposits of deceased depositors.

Sixth. I agree that the receipt for the bonds shall be non-negotiable.

.....
Signature.

Dated, New York,, 19...

Third, That each bond depositor be given a receipt for the bonds deposited to be pasted or otherwise entered in the bank book of the depositor on which shall also appear the above rules.

Fourth. The officers are empowered to establish such other books as may be necessary for the proper entry of the said bonds.

Fifth. That bonds deposited be kept under the same control and in the same manner as if investments by the bank itself except such as may be needed for daily transactions, which shall be kept in the same manner as cash.

The most important point is embodied in the second rule to which the depositor assents, in which he agrees to accept any bond of the same denomination and issue that he has deposited, thus waiving the right to demand the exact one deposited—just as a deposi-

tor of a ten dollar bill, for example, does not expect to get back that same bill when he draws out his money, but will take his ten dollars in such legal tender as the bank hands him.

Based on this principle of the interchangeability of the bonds the system is a simple one. The depositor signs Form 1 on the reverse side, below the rules (as given above), filling in also the date, pass book number, and address, and passes this in with the bond to the receiving teller. We use a pink card for this form, of a grade to file in an alphabetical card index. A new card is made out for subsequent deposits of bonds, just as separate deposit slips are made out for separate deposits of cash.

The name, address and pass book number on the face of this card (Form 1) are filled in afterwards on the typewriter for convenience of reference. The details as to the amount and description of the bonds are entered by the receiving teller, for reasons of expediency and accuracy.

The pass book entry, which constitutes the depositor's sole receipt, is made by the receiving teller on Form 2, a separate loose leaflet which is folded vertically in the center and fastened in the back of the pass book, where it

<p>LIBERTY LOAN BONDS</p> <p><u>DEPOSITED WITH</u></p> <p>THE FRANKLIN SAVINGS BANK</p> <p><u>SPECIAL INSTRUCTIONS</u></p>	NAME				
	PRESENT ADDRESS				
PASS BOOK No.					
NEW YORK, 19					
HOW MANY	COUPON ATTACHED	MATURITY	Rate of Interest	AMOUNT	

may be pasted, but can be more quickly attached by a motion of the hand with a small riveting device. We are having pages with similar ruling bound into our new pass books at the back, but of course have to have separate ones printed up for attaching to old books. As indicated a copy of the rules on the reverse side of Form 1 is also printed on the reverse side of this leaflet, in order that the depositor may have a record of what he has signed and agreed to.

The pass book with the receiving

which must prove with the actual total of bonds on hand.

The bonds themselves are deposited under double control each day by two officers, one of whom initials the general bookkeeper's control account after comparing the day's entry with the bonds to be deposited in the vault.

The deposit cards (Form 1) are then filed alphabetically. As separate deposit cards are used for each deposit of bonds the card index may contain two or more cards for the same name. This card (or these cards) constitute

LIBERTY LOAN BONDS						LIBERTY LOAN BONDS					
DEPOSITED						WITHDRAWN					
Delivered to The Franklin Savings Bank by depositor for safe-keeping, subject to rules printed on the reverse side of this sheet.											
NAME.....						PASS BOOK NO.....					
DATE	How Many	Maturity	Coupon No.	Entered by	AMOUNT	DATE	How Many	Maturity	Coupon No.	Entered by	AMOUNT

Form No. 2

teller's entry next goes to the bookkeeper or clerk who enters the deposit in the day book. The form of such a record of course varies in different savings banks. We use a listing sheet for the day's deposits of cash and for the bonds separate sheets are also headed up for each day, with a separate sheet for each issue or converted issue. The clerk notes the name, pass book number and amount on the proper sheet, and at the close of the day's business the totals must prove with the totals of each issue held by the receiving teller, who has kept the various issues apart, each one with its deposit card until proof is struck.

The total of each issue for the day is next reported to the general bookkeeper, who keeps a special control account. Deposits and withdrawals of each issue being entered daily, he can of course strike a balance at any time

the ledger account. It would of course be possible to follow out even more closely the bookkeeping system for cash deposit, and post the separate deposits of bonds to a ledger account, either a card ledger or otherwise, but by reason of the comparatively few deposits of bonds by any one person we find it entirely practicable to use the original cards as a ledger. The card cabinet is provided with lock and key.

For withdrawals of bonds the depositor uses Form 3, a green card, which will explain itself and which he presents to the paying teller. When withdrawals become sufficiently numerous the paying teller will be provided with a small amount of the various issues and denominations, but at present he calls on officers in charge of the vault for such few securities as are taken out.

Withdrawals are entered on the day's

LIBERTY LOAN BONDS
WITHDRAWN FROM
THE FRANKLIN SAVINGS BANK

NAME
 PRESENT ADDRESS.....
 PASS BOOK No.....

NEW YORK..... 19.....

HOW MANY	COUPON ATTACHED	MATURITY	Rate of Interest	AMOUNT

NO BONDS DELIVERED WITHOUT THE PASS BOOK

Form No. 3

sheets the same as deposits of bonds, each on its appropriate sheet, the totals of each sheet to be reported daily for entry by the general bookkeeper in his control account.

If the depositor draws out all of his bonds his pink ticket (Form 1) is removed from its card index and filed apart with the green withdrawal card.

If only part of the bonds are withdrawn the pink card stays in its place and the green card is clipped to it.

The object and advantage of this system is that small bonds of a given issue may be promptly exchanged for large pieces. There is no need of keeping them separate, the coupon cutting is immensely reduced, and a proof can

THE FRANKLIN SAVINGS BANK IS HEREBY REQUESTED TO DELIVER MY LIBERTY LOAN BONDS AS DESCRIBED ON THE FACE OF THIS CARD TO

..... **OR BEARER**

BONDS RECEIVED BY

THIS SIDE TO BE FILLED OUT ONLY WHEN DELIVERY IS TO BE MADE TO PARTY OTHER THAN OWNER OF PASS BOOK

Form No. 3 (reverse side)

be quickly made at any time of the control accounts. Those who have tried to keep each bondholder's bonds separate and handle them separately will appreciate what this means.

When coupon cutting time comes around ordinary cash deposit tickets are made up from the pink cards (Form 1), the total is proved with the total of coupons cut, and each bondholder receives his proper credit in the usual way.

We do not accept bonds except for depositors. We do not take bonds for account A in trust for B. The New York Banking Law makes special provision for paying out cash held in such an account in the event of death, but not for bonds, which would have to be handled differently. We do not take bonds for joint account, "A or B," on account of possible complications in case of death. This usually means that such a bondholder opens a small straight account in his own name to get the benefit of our service. We do not limit the amount accepted from any one depositor, and we do not take registered bonds. We make conversions whenever desired.

By endeavoring to answer any question which comes up as to details of this work as we would answer a similar question about cash deposits we find that the system works out very well. In other words, we try to handle cash

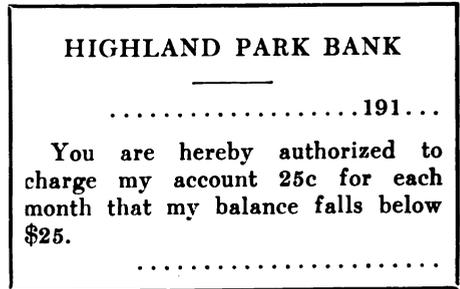
and bonds on the same general plan. It will of course be understood that this work is not reflected in the bank's statement, but is independent of it.

We have been keeping bonds for our depositors for the past year and now hold over \$650,000 par value for over 4,700 depositors.



Eliminating Unprofitable Checking Accounts

THE suburban banks of Los Angeles, working with the Los Angeles Clearing House, have put into effect a new rule to eliminate losses from checking accounts that fall to such small amounts as to be unprofitable. When



a depositor opens a checking account he is asked to sign a card, illustrated herewith, which authorizes the bank to charge his account 25 cents each month that his balance falls below \$25.

IF the railroads are not permitted to earn sufficient money to attract new capital, and if the risks of the business are not to be met with adequate reward to those who take them, there is no use of again trying the experiment of private ownership. It will be doomed to failure.

—Theodore P. Shonts.

In Flanders Fields

The Appeal

The Promise

The Fulfillment

THE APPEAL

By Lieut. Col. John McRae

**In Flanders Fields, the poppies blow
Between the crosses, row on row,
That mark our place; and in the sky
The larks, still bravely singing, fly,
Scarce heard amid the guns below.**

**We are the dead. Short days ago
We lived, felt dawn, saw sunset glow,
Loved and were loved; and now we lie
In Flanders Fields.**

**Take up our quarrel with the foe!
To you, from failing hands, we throw
The torch. Be yours to lift it high!
If ye break faith with us who die
We shall not sleep, though poppies blow
In Flanders Fields.**

THE PROMISE

By C. B. Galbreath

In Flanders Fields, the cannon boom
And fitful flashes light the gloom
 While up above, like eagles, fly
 The fierce destroyers of the sky;
 With stains the earth wherein you lie
Is redder than the poppy bloom
 In Flanders Fields.

Sleep on, ye brave. The shrieking shell,
The quaking trench, the startled yell,
The fury of the battle hell
Shall wake you not, for all is well;
Sleep peacefully, for all is well.

Your flaming torch aloft we bear,
With burning heart and oath we swear
 To keep the faith, to fight it through,
 To crush the foe, or sleep with you
 In Flanders Fields.

THE FULFILLMENT

By Meigs O. Frost

**In Flanders Fields, a silence deep
Descends to wrap our men who sleep
 Beneath those crosses, row on row,
 Where crimson-petaled poppies blow,
Where Death no more stalks forth to reap.**

**Our Dead we scarce had time to weep!
God bear you word how well we keep
The Faith with you who fought the foe
 In Flanders Fields.**

**Your fight was ours! Like herded sheep
Your slayers fled before the sweep
 Of righteous Victory! They know
 Today Defeat's remorse and woe.
In vain you did NOT fall a-sleep
 In Flanders Fields.**

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Relating Financial Advertising to the War

By W. R. MOREHOUSE, President Financial Advertisers' Association

IT has been well said that financial advertising is the salvation of the Liberty Loan.

Our great national leaders recognized financial advertising from the very beginning of the war, and they were not slow in placing their stamp of approval upon it. To-day they stand behind it to the man, from the President of the United States down. Who can say that it is undignified for these great leaders of our country to use financial advertising to sell Liberty Bonds and War Savings Stamps?

The answer to this question brings us face to face with the fact that if it is dignified for our national leaders to use financial advertising to an extent that has never been employed before, it ought to be no less dignified for our financial institutions to use it in their business-building plans. How can it be dignified for one, and undignified for the other? If I am not mistaken, financial advertising will be very popular from now on, and the man who opposes its use because he regards it as undignified will be out of harmony with the scheme of things.

What can be dearer to a nation at war than the medium or mediums that have helped to raise billions of dollars, unless it is the lives of her soldiers and sailors? In fact, the history of the war will be incomplete without due recognition of the part financial advertising played in the great struggle.

Financial advertising is fundamentally educational. For more than a year it has been telling the story of the Liberty Bond and the War Savings Stamp, and as a result millions upon millions of our people are now quite familiar with these securities.

Any deserving financial institution that will employ this same medium to disseminate information regarding itself and its service will also find it of immense help toward gaining the confidence and support of the public.

Let your bank tell who you are, how you are regulated by law, how you operate, and in what ways the patron is protected and benefited, and your bank will prosper and grow as never before.

AFTER THE WAR—WHAT?

With the restoration of peace our banks will find themselves face to face with a task of no little importance. On one hand there are hundreds of old depositors (who have closed their accounts in order to invest their savings with their country) to be won back; and, on the other hand, there are other millions of people who have been converted to thrift as a result of war-time savings, to be gathered in under the roofs of our banks.

Let us consider first the old depositors who have closed their accounts since the war began, because they are first in importance, and then the new converts to thrift last.

That there is no time to lose is obvious. During the adjustment period immediately following the declaration of peace, nothing will pay better than for every financial institution to keep in touch with its old customers whose accounts are closed temporarily.

To do this you must know who they are, and why they closed their accounts, and the right person to get this information is the person who closed the accounts of your patrons. Have every person in your bank who closes ac-

counts report daily the names and addresses of depositors closing in order to re-invest their funds in Government securities, and from these reports make up your list.

Periodically write all such persons a friendly letter over the signature of one of your officers, preferably the officer who is almost certain to be available should the patrons addressed call for an interview or for an accommodation. Don't make the great mistake of utilizing this means of complaining about the closure of the accounts, but join in with the depositors, and take the attitude that it was the patriotic thing for them to do. Invite them to reopen their accounts at first opportunity, and suggest that they save with a view to investing their savings in Liberty Bonds or War Savings Stamps later on. In other words, coöperate with them, notwithstanding that in doing so you may be encouraging the withdrawal of funds from your bank.

If you have on hand for free distribution folders or booklets treating of some phase of the war or war work, enclose a copy with your letter. Doubtless you will find that any person who withdraws all of his savings from your bank in order to invest them in Government bonds is 100 per cent. patriotic, and for this reason any literature dealing with the war will interest him to the extent that he will fully appreciate your kindness and thoughtfulness in sending it to him.

In closing your letter I would suggest that you make it plain to the old depositors in a few well chosen words that regardless of the fact that their accounts are closed they are still regarded by you as valued customers, and as such are entitled to use your facilities just as freely as when they carried accounts.

Immediately upon the definite reestablishment of peace in Europe, send out another letter to these same old depositors; one just as friendly as the other, but this time invite your old customers to come in and reopen their accounts with a view to building up a balance to their credit in your bank.

In this letter emphasize the simplicity with which this can be accomplished, inasmuch as they are well known to you, and all of the preliminaries necessary to the opening of an account having already been done. In closing this letter impress your prospects with the fact that you will consider it a personal favor if they will make themselves known to you when they call, so that you can have the pleasure of welcoming them back personally.

One thing certain, nearly everyone of your old depositors will sooner or later open accounts with some bank or trust company. Naturally, they should reopen their old accounts with you, but there is no assurance that they will do so.

It is quite reasonable to assume that if you ignore the fact that their accounts are closed, and if later, when peace reigns, you make no effort to reclaim these old depositors, many of them will drift away to other banks, and especially to the banks which are experienced and also active business-builders. Your old depositors are well worth reclaiming, and if I were you, I would begin right now, and before another month rolls by take definite action looking toward getting these old depositors back into the fold just as soon as it would be patriotic for you to pull them away from war-saving.

But you say that such a programme will entail considerable work and great expense. I will answer that statement by saying that you are absolutely correct. But I will also venture to say that it will entail much less work and the expense will be far less to get back fifty of these old depositors than for you to get a like number of new depositors. I will go further and say that the fifty old depositors that you win back will be worth double the value of the fifty new depositors. I make this claim upon the ground that an old depositor whose relations with your bank are of long standing is worth more than the new and untried depositor whose business is uncertain. This is even more true with the old depositors who have closed their accounts from

patriotic motives than it is with the depositors who close for purely selfish reasons, or because they are displeased with the way their business is handled, or because they are doubtful of the safety of their funds. One of the sterling qualities of a good bank depositor is, among other things, that he be a loyal citizen of the country in which he resides, and surely many of our bank depositors have shown this quality when they have invested all of their savings in Government bonds. Beside the patriotic point of view, we must not overlook the fact that these same persons have received intensive training in war-time saving—a training which will make them better bank depositors when they again resume their former method of saving through a bank account.

OUR NEW CONVERTS TO THRIFT

Now let us take up the class of savers who have been converted to thrift only recently. There are millions of them, some saving regularly and consistently, others spasmodically and somewhat indifferently. Then there is the class who are saving because they feel they are compelled to, or else they will be subject to public criticism, and be classified with the slackers. In fact, there is a wide variety of savers to be dealt with by our bankers and bond dealers after the war. Just what percentage will become bank depositors and bond buyers, and what percentage will drift back into their old ways of living from hand to mouth, will depend upon the amount and quality of work done to keep them saving day by day, regularly and with some definite end in view.

As in the case of the old depositors who have closed their accounts, there is work which you can do now, thereby laying the foundation for bank accounts later on.

Coming into your bank daily to make payments on bonds subscribed for, or for the purpose of buying War Savings Stamps, are persons who have never had a bank account with you, and doubtless a certain percentage of them have never had a bank account in their lives, being of that class who either spend all of

their income, or if they save keep their savings hidden about the house. There is still another class while although in the minority are worth considering. I refer to those who before the war deposited all of their funds in safe-deposit vaults.

Here we have several classes of people which our banks have not been able to interest in bank accounts or the purchase of bonds; even with the most effective kind of advertising. Our greatest problem has been to get them interested to that degree where they would call and look us over—in other words, brush up against us, and see just how we are prepared to benefit them. Doubtless many of them have looked upon our banks as rich corporations seeking only the business of the correspondingly rich, and with a view to making enormous profits out of the business.

If the claim which some merchants make is true, that goods are half sold the moment customers come into their places of business to shop, our bankers might feel greatly encouraged by the presence of millions of people who call daily to inquire about their Liberty Bonds. At least some of the bond buyers are getting a close-up view of what our banks can do, and how they do it.

I am beginning to think that, as a result of the war, the bank idea is half sold to the great American public, and whether they buy or not depends very largely upon what the banks do to sell them.

Much will depend upon what sort of an impression our bankers make upon these millions of people during the period they are calling to pay on war securities, and then what they do after the war, to turn the attention of these bond buyers to what our bankers have to offer them as a substitute for war-saving.

First of all we must be very friendly with these strangers while they are within our gates. Regardless of who they are, or whether they call to buy a twenty-five cent War Savings Stamp or a \$1,000 Liberty Bond, they must be made welcome to us our facilities freely and without obligating them-

selves, or without being made to feel they are strangers to us.

If there is pulling power in this thing we call "efficient service," right now is the time to throw it into high gear even though we exceed all previous sped limits.

Let us not make the mistake of rendering an indifferent sort of a "don't care" service in our Liberty Bond and War Savings Stamp Department, because it is not a money making branch of our organization, for if we do we are simply turning away a great opportunity that is knocking at our door—an opportunity to lay a solid foundation

for business later on. Personally, I look upon the present expense incident to the sale and subsequent handling of the Liberty Bonds and War Stamps as a safe investment, promising large future returns. To my mind these are days of seed sowing and not reaping, and therefore present profits are not a consideration.

There isn't the least doubt in my mind that if these war-savers are shown every courtesy they will eventually become bank depositors. Therefore let our bankers make their service as attractive to these new converts to thrift as is possible.



Review of Financial Conditions

By JAMES B. FORGAN, Chairman of the Board of Directors of the
First National Bank of Chicago

THE war is over, peace through victory has been achieved, the nightmare has been dispelled and now we can return to our ordinary pre-war avocations. We are now in the period of transition from a state of war to conditions of peace, with the problems of industrial, commercial and financial readjustment confronting us.

Victory came sooner than was expected. It came just when war activities in this country were assuming their greatest momentum and when our industrial organization was just beginning to turn out war materials on a really large scale. For this reason, although the signing of the armistice was hailed by all with unbounded satisfaction and rejoicing, it brought with it somewhat of a jolt to business. Industry and commerce had gradually been directed and devoted to the prime object of winning the war, when suddenly they had to be

diverted into their regular pre-war channels. Government contracts, involving enormous sums, have been suddenly cancelled, necessitating radical changes in the business plans and calculations of the contractors, many of whom have used their credit freely and have tied up large sums of money in their contracts. What these contractors have most to fear is long drawn out negotiations with the government for settlement of their claims. Prompt and equitable settlement of such claims is a prime essential in the readjustment of business dislocated by war necessities.

The Government cannot do anything that will be more helpful in bringing the business of the country back to normal conditions than by coöperating in every way possible to bring about early, equitable and liberal settlements of claims based on cancelled contracts. Moreover, the government should as

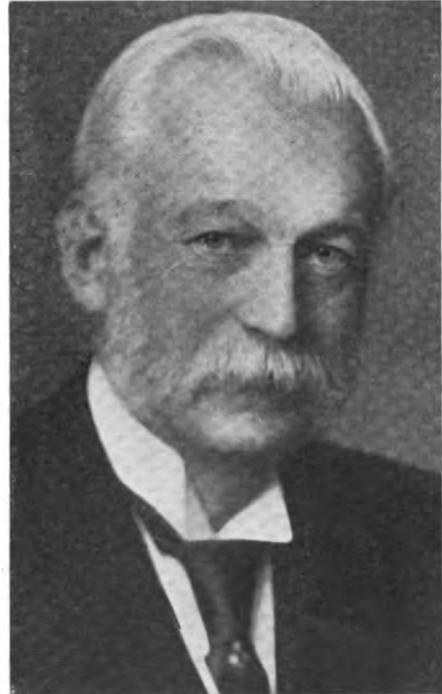
rapidly as possible release business from all restrictions, embargoes and regulations which were necessarily placed upon it during the war. These done, there remains little else for the Government to do in connection with the readjustment of business. The business of the country is done by the incalculable number of units engaged in it, each one of which bears its own particular relation to the fabric as a whole. No general programme can be promulgated that would be applicable to all. Each business unit should therefore be permitted and encouraged to adjust its own affairs to peace conditions as rapidly as possible and should be left to do so free and unhampered by any unnecessary governmental restrictions.

The Government has, of course, its duty to perform to the men in the army and navy who should not be discharged faster than suitable employment can be found for them. To help create such employment all national, state and municipal projects which have been held up during the war should now be launched. If existing opportunities are taken advantage of and demobilization is not too rapid, it would seem that there should be work enough for all.

While the war has cost this country a very large sum of money and has increased the national debt enormously, yet owing to our wealth and virility and to our Federal Reserve banking system, which was inaugurated just at the opportune time, we have come out of the ordeal considerably expanded but not broken. Our banking facilities have been tested but by no means to their limit. We are stronger financially than we were when we entered the war, with the prospect ahead of unprecedented business activity and development. There is, of course, in sight a period of economic industrial and financial confusion, but we are in better shape economically, industrially and financially than any other great country in the world. After such rapid expansion of credit as has taken place during the war represented by bank loans, bank deposits and by Federal Reserve notes in circulation, we must naturally look

for very considerable liquidation and contraction. With these may be expected, sooner or later, a reduction in the high cost of materials, the high cost of living and a corresponding readjustment of wages.

The discount rate on commercial paper has been steady at six per cent. throughout the year, while the New



JAMES B. FORGAN

Chairman of the Board, First National Bank, Chicago

York call rate has varied from four per cent. to six per cent. and has averaged $5\frac{1}{4}$ per cent. With a steady demand for loans at these prevailing rates the banks have had an unusual opportunity for earning large profits. While losses during the war period have been negligible and failures in business comparatively few, the seeds have no doubt been planted for these in the rapid expansion of bank credits which has taken place. Some of the business units expanded during the war will not be able to readjust their affairs to peace

conditions and some failures will occur. Experience shows that in the liquidation of a rapid expansion of bank credits such as has taken place, losses are inevitable and it will be the part of prudence and conservatism for banks and bankers to anticipate them. There is no reason to expect serious losses, but if after providing for the heavy

Federal excess profits taxes the banks find that they still have some excess profits left, they should set aside a reasonable part of them to provide for losses now undisclosed but likely to develop during the period of readjustment. The profits in all probability will not be so large when the losses occur.



This is how the National City Bank of New York provided Banking Facilities for our Soldiers on the Italian Front

Money, Its Evolution and Function as a Medium of Exchange

By FORREST L. APPLEBY, Manager Foreign Exchange Department, New York Agency Union Bank of Canada

IN tracing the evolution of money one must perforce refer to history, and before doing so I would like to make the comment that in business affairs only those who are thoroughly acquainted with the conditions of their own time can benefit in a practical manner by so doing, and that those who thoroughly learn their history first are likely to become confused in every-day matters by looking for history to repeat itself, but being unable to decide in which way it will do so. In other words, there is all the difference in the world between theory and practice.

In referring to history I cannot do better than quote Aristotle, who gives us the following definition of money and account of its origin:

It is plain that in the first society (i. e., the household) there was no such thing as barter; but that it took place when the community became enlarged: for the former had all the things in common, while the latter, being separated, must exchange with each other, according to their needs, just as many barbarous tribes now subsist by barter; for these merely exchange one useful thing for another, as for example, giving and receiving wine for grain and other things in like manner. From this, it came about logically, that as the machinery for bringing in what was wanted, and of sending out a surplus, was inconvenient, the use of money was devised as a necessity, for not all the necessaries of life are easy of carriage; wherefore, to effect their exchanges, men contrived something to give and take among themselves, which being valuable in itself, had the advantage of being easily passed from hand to hand for the needs of life—such as iron or silver, or something else of that kind, of which they first determined merely the size and weight, but eventually put a stamp on it, in order to save the trouble of weighing; for the stamp was placed there as the sign of its value.

ORIGINAL EXCHANGES BY BARTER

We, therefore, see that in the earliest history of man there was no such thing as money, exchanges of goods being made by barter or swapping one kind of commodity for another. To this day, in many uncivilized countries, wealth is estimated not by money, but by the number of head of cattle, wives, and slaves owned by the individual. This condition is evidenced very strongly by the similarity of the Latin words *pecus* (cattle) and *pecunia* (money). Advancing civilization and trade necessitated some medium which would assist barter, and very early tokens were exchanged for commodities. These tokens ranged all the way from caribou teeth and pieces of leather, beads, brass, etc., to gold. Pieces of metal soon became the most popular token, and gold most of any, owing to its malleability and freedom from deterioration in appearance through contact with the atmosphere. These pieces of metal were first in the form of unstamped bars, then stamped bars, and finally properly minted coin.

INTRODUCTION OF PAPER MONEY

For centuries metal money was the only medium of exchange, and it was not until the eighteenth century that paper money was introduced. As a means of discharging debts, gold and silver coins ranked equal during this period, but nevertheless we know that in the eighteenth century the English established by custom (not by law) a premium of two per cent. to three per cent. on gold. This was mainly occa-

sioned by the circulation of base silver coin. To offset this the English Parliament of 1816 enacted a law limiting the amount of silver which could be legally tendered in settlement of a debt to forty shillings.

*This was the origin of the gold standard which existed in most countries prior to the outbreak of this war. It is interesting to note that owing to the operation of the English law of 1816 it became profitable to export English silver to foreign countries having no similar law, and import their gold coins in return. Germany, in particular, bought English silver heavily; in fact, to such an extent that when, after the Franco-Prussian War Bismarck tried to sell it (or rather German silver coins made out of the English silver coins), the price of silver fell over thirty per cent., and shortly after, owing to the discovery of the rich Mexican silver mines, a further forty-five per cent.; namely, from sixty pence to forty pence and twenty-two pence per ounce.

All these circumstances resulted in an endeavor, on the part of all those countries which could do so, to place their currency on a gold basis similar to that of England.

FOUNDATIONS OF PRESENT CURRENCIES

We have, therefore, to distinguish carefully to-day between currencies based upon: Gold, silver, gold and silver (also known as bi-metallic), and paper.

Owing to the war very few countries can now be said to be on a complete gold basis, inasmuch as while their gov-

ernments might not refuse to discharge their debts in gold, in the national interest they would, in most cases, refuse permission to the individual to export gold for his own personal interests.

In speaking of a country whose currency is of the gold standard, one generally means that gold is the only legal tender (except for small amounts for which subsidiary coins are also legal). Subsidiary coins usually consist of silver, nickel and bronze.

In speaking of countries whose currency is of the silver standard, silver coins only are legal tender, gold being bought and sold as a commodity and having a fluctuating value.

In speaking of countries whose currency is of the bi-metallic standard, both gold and silver coins are legal tender usually in a fixed ratio of one to fifteen.

Countries with a paper currency are the most difficult of all to classify, as the alternative description "fiduciary currency" will show. The word "fiduciary" is derived from the Latin noun *fiducia*—faith. Therefore, fiduciary currency means currency based on faith or confidence. When paper currency is not based on confidence, it is known as "fiat" money, meaning that it is merely able to circulate as money by the decree of the government that it must be accepted in settlement of debt. If issued in great quantity, such a currency very soon becomes practically valueless, as no government can force its subjects to exchange their goods for money, and if they do not have faith in such paper money they will go back to the oldest method of exchanging their goods by barter.

The best-known examples in history of such currency are the fiat money of France, issued during the French Revolution, and the Continental currency issued by this country during the War of Independence.

Owing to the large amounts of such paper forced into circulation, the value of one franc gold was in February, 1796, equal to 288 francs paper, thus showing the practical worthlessness of

"In the United States of America, a Gold Standard country, there exists the peculiar situation of the gold certificate not being legal tender (as is the Bank of England note), in spite of the fact it is exchangeable for gold. This situation of course, is more theoretical or 'legal' than practical, but is worth bearing in mind."

In full explanation we quote the following extract from Pratt's Digest, page 94, 1914:

"Gold coin is legal tender for its nominal value when not below the limit of tolerance in weight; when below that limit it is legal tender in proportion to its weight; standard silver dollars and Treasury notes of 1890 are legal for all debts, public and private, except where otherwise expressly stipulated in the contract; subsidiary silver is legal tender to the extent of \$10, minor coins to the extent of 25 cents, and United States notes for all debts, public and private, except duties on imports and interest on the public debt. Gold certificates, silver certificates and National Bank notes are non-legal-tender money."

the paper franc; and in 1780 \$1 gold was worth \$320 paper in the Northern States, and one year later in 1781 \$1.000 paper in the Southern States. After that it disappeared from circulation to the great relief of all concerned.

THE PRESENT WAR ISSUES

With the exceptions of the above, there is no notable case of the issue of large amounts of fiat money until the present war, during which Germany forced the acceptance of fiat currency in all the countries she had overrun, especially Belgium and Northern France. The currency issued in Russia, under the régime of Kerensky and the Bolsheviki, is also purely fiat currency, and how little it is valued in Russia is evidenced by the fact that the most sought-after currency of all is that of foreign countries—the dollar bill, pound sterling note, the franc, guilder, krone—anything, in fact, except rubles.

Incidentally, the issue of fiat currency has always been followed in a very short while by counterfeiting on a large scale.

So long as each nation has confidence in its money, and is able to supply its needs from its own resources, it is of small moment which kind of money is in circulation. For instance, in this country we have five kinds of paper dollars, all ranking equal in purchasing capacity, because the whole nation has complete confidence in them. These kinds are: Greenbacks, which are fiduciary currency handed down to us in consequence of the Civil War; national bank notes, also a species of fiduciary currency, backed by the bonds of the United States Government; silver certificates, backed by silver, dollar for dollar; Federal Reserve notes, backed by trade indebtedness and gold in proportions of not more than sixty per cent. of trade acceptances, or less than forty per cent. gold; gold certificates, backed by gold, dollar for dollar.

When any nation is not able to supply all its needs from its own resources, it is a very different matter as it would

have to purchase from foreign countries where its money would not circulate as legal tender, but merely as a commodity, the value of which would be governed by the quantity available.

The only form of money acceptable to all nations, in exchange for their goods or services, is gold, and this is the case because the governments of nearly all countries have decreed that one ounce of pure gold shall be worth so much of their lawful money. It is certain that, as a metal, gold is far more useless than copper or iron, and yet because of certain properties, which I mentioned before, it has a value greater than its utility.

INDIVIDUAL CREDIT THE REAL BASIS OF EXCHANGE OF GOODS

Except in financially backward countries we have gone far beyond using money as a medium of exchange, building instead on the basis of money, a structure of credit. As an illustration, a cheque or promise to pay \$100 (yours or mine) is every bit as good as a \$100 gold certificate to all those people who have confidence in our willingness and ability to pay the \$100 when we say we will. The credit of the individual is therefore the real basis of all present-day exchange of goods.

An individual necessarily has comparatively small credit, because he has a small circle of acquaintances, even though his name may be known throughout the world. No American would hesitate to cash the check of Henry Ford, if he actually knew the party claiming to be Henry Ford was so, and yet even Mr. Ford could not immediately cash his check for a large amount, if he found himself in an American town where he knew no one. In like manner the checks or promises to pay of commercial concerns are acceptable as a medium of exchange for goods to all firms with whom they are acquainted (not only in their own country, but in foreign countries as well), limited in the same way by the extent to which each has confidence in the willingness and ability of the receivers

of the goods to pay for them when they undertake to do so; and as with individuals and corporations, so now with countries, as evidenced by the billions of dollars loaned by this country to the Allies, and by England to her Allies, by France to Italy and Russia, and so on throughout the world.

Put in a few words then, the evolution and function of money, as a medium of exchange, may be said to have started in man's distrust of man and trust in gold, and at the present day, to have reached the stage of man's confidence in his fellow men, with the reservation of a small percentage of gold with which to secure his needs from those few who may lack confidence in him.



Keeping Track of Address Changes

ONE bank, with many thousands of active accounts, keeps a pad of change of address slips on each desk used by the public, where patrons cannot fail to see and be reminded of their duty in this respect. This is the form used:

**IT IS
IMPORTANT
TO YOU**

That we have your correct address. Information of great value to you may otherwise be delayed or never reach you. Please fill in blanks below and hand to your Teller.

Name

Address

.....

Please advise us when changing your address that we may make a corresponding entry on our records.

Printing Outfits in Banks

A CORRESPONDENT of Bank of Buffalo *Teller* writes as follows in support of the modern bank providing its own printing facilities:

The day is past when it was necessary to convince the public of the possibility of doing their own printing as well as any printer could do and save from twenty-five to thirty per cent. of the cost. The fact that our largest and strongest banks as well as the best commercial houses in Buffalo are now equipped with some device to print their smaller forms and find it a profitable operation proves that fact conclusively. However, there is another fact to be considered in connection with this which I think is as important as the first mentioned, and that is the independence enjoyed from the ability to turn out an emergency order at any time. Suppose you want to send out a circular letter informing your customers of some new plan or law affecting your business, or perhaps the supply of some necessary form becomes exhausted, without the knowledge of the purchasing department, it is only a matter of half an hour to set up the required form and a sufficient quantity is had in no time, considering the delay caused by waiting your turn at the local print shop.

Another distinctive feature is the simplicity of operation of most of the modern printing devices. In most cases the work is automatic, every part being controlled by some ingenious labor-saving device which makes the system so simple that any one can operate them and in that way eliminate the necessity of skilled labor, which makes your printing bill twenty-five per cent. above par.

As I said, it is not a matter of possibility, but rather an indication of sound business management, whether a company having enough printing done to warrant it send their printing out, and pay other people the profit, or do it themselves and credit their profit and loss account with same.

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

THE BANK IN BUSINESS

THE lessons of the war have shown clearly the desirability of closer co-ordination of the various factors forming the basis of the nation's commerce.

The modern commercial bank, through its specialized service departments, is qualified to play an important part in the extension of trade, in the establishment of business relations, in the safeguarding and facilitating of commercial operations.

Specialized customer service has been highly developed in the Irving National Bank and its possibilities of value in business building will be appreciated after a visit to the bank and an inspection of its numerous domestic and foreign service departments.

IRVING NATIONAL BANK

WOOLWORTH BUILDING,

NEW YORK



A COMMERCIAL BANK
NATIONAL AND INTERNATIONAL

Breadth of Service

OUR aim has been to create a service broad enough in scope to meet every requirement—an institution where Banker, Manufacturer, Merchant, Investor, Traveler and Tourist will find complete facilities in accordance with their individual needs.

Departments

The various departments augmenting our service are: Banking, Trust, Foreign, Bond and Real Estate.

Uptown Facilities

To our organization we have recently added a large uptown office equipped with every facility of the modern commercial Bank, Trust Company and investment organization.

Foreign Trade Facilities

Merchants and manufacturers who are preparing to enter the foreign trade field will find the equipment of our large Foreign Trade Department of material service.

THE EQUITABLE TRUST COMPANY OF NEW YORK

MAIN OFFICE, 37 WALL STREET

**NEW YORK BRANCHES
222 BROADWAY ; MADISON AVENUE AND 45TH STREET**

**FOREIGN BRANCHES:
LONDON : 3 KING WILLIAM STREET, E. C. 4
PARIS : 23 RUE DE LA PAIX**

Economic Conditions in France

FRENCH SAVINGS AND THE WAR

THE small French savings have stood with success the vicissitudes of the war, and now take on a new aspect. Formerly the small saver invested his surplus resources in one of the 550 private savings banks, where he contented himself with an interest of 2.50 or 2.75 per cent. Now he is getting a double interest for his money.

The improvement of the French small savings is due to several circumstances brought about by the war. The Government, with its loans, obligations and bonds of national defense, has solicited the small savers, who thereby found an exceptional opportunity of improving their income. This is true especially of the Bonds of twenty francs and five francs, which yield five per cent.

It is interesting to mention the rôle of the Caisse d'Epargne et de Prévoyance de Paris in the development of French savings. Founded in 1818, this establishment served as an example to all the other 550 savings banks as well as to the State during the nineteenth century. It is known that the Government decided to found the Postal Saving Bank on the same principles as those on which the institution named was founded.

TEMPORARY NATIONALIZATION OF THE RAILROADS

Under this title, Mr. R. Magaud publishes an interesting article in "L'Economiste Européen," from which are extracted the following points:

A bill has been presented to the Chamber of Deputies concerning the control of the railways by the Government during hostilities and one year after their cessation. Without speaking of the economic danger which

would result from such a measure, one realizes that the project constitutes a grave step. In spite of the unsatisfactory administration of the railway Company of the West, the state wants to take over the whole system of railways. Since the beginning of the war the private railroads have been practically under the direct control of the Government. An extension of this control would be not only unnecessary, but dangerous from the economic point of view.

In fact, the control of the railways by the state entails the danger of crippling individual initiative. Besides this the danger of state socialism is necessarily implied by this measure, for the absolute control of the state is the first step toward regarding the state as all-powerful. The example of Germany should make one always shrink from such a measure, says "L'Economiste Européen."

THE RUSSIAN COUPONS AND LOAN

The French Government has shown a special sympathy towards the owners of Russian paper. According to the terms of the bill of September 19, 1918, the coupons of titles issued or guaranteed by the Russian State before the war and expiring in 1918 are admitted for the subscriptions of the French loan four per cent. of 1918. This advantage is limited to the titles possessed in France by French people.

A BIG BANK OF EXPORTATION

A big bank of exportation, with a capital of one hundred millions of francs, will be founded in France very soon. The Treasury will advance to this private establishment from twenty-five to thirty millions of francs without interest and redeemable out of the ultimate profits of the bank. This

amount will not have to figure in the budget, for the Treasury will find it in the advances which, according to the new convention, the Banque de France will have to pay to the state.

Besides this, the state will allow an annual subvention of two millions of francs in order to found economic agencies in the transoceanic countries where France will deem it necessary to be represented otherwise than by consuls. Of course, the state will exercise a certain right of control over the organization and the working of the bank.

The initial capital is already subscribed and the bank will soon be an accomplished fact. The main purpose of the Banque Française d'Exportation will consist in aiding the French exporters in their trans-oceanic transactions, since in the past they had to have recourse to foreign institutions or even to German banks. It is thus hoped that the interests of the French exporters as well as of the national commerce of France will be protected from foreign incursion.

AN ASSOCIATION FOR ECONOMIC EXPANSION

The economic relations among the nations of the Entente is a question which absorbs the attention of the business men of all the allied countries. France and Italy have already founded an association with the purpose of extending and developing such relations after the war. Mr. Gustave Donegan has taken the initiative of founding in Paris the "Association Italo-Française d'Expansion Economique" with the support of the greatest institutions and the highest personalities of finance, industry and commerce of France and Italy. This association has in view not only the interests of the two countries, but also those of other Allies. One of its best results is the creation of an "Interallied Institute of Exchange," to which eminent statesmen like Clémenteau, Ribot, Klotz and Nitti have given their full approval and support.

It is interesting to note how the association works and how it collaborates

in a practical way in all the fields and by all means in aiding the development of commercial, industrial, financial and even literary and artistic relations between the two allied countries.

Besides the fact that it initiates and encourages contact between French and Italian activities, by facilitating exchanges and transactions, the association informs its own members about the laws and rules in use in the respective countries, and gives conditions of production and consumption, by publishing reviews, newspapers, monographs and studies of different kinds. This action is completed by a service of periodical information about the press of the two countries and by the publication of a monthly bulletin.

There is no doubt that the activity of the association will develop in the future. The economic and customs relations based on the treatment of preference will permit a wider exchange of agricultural and industrial products between the two nations, which will lead to a certain common expansion in the other countries. The two common characteristics of the French and Italian productions—the viticulture and sericulture—offer a special field of common interest. If the exportation of the products in these two lines of industry were organized on some common basis, as far as practicable, in order to have the greatest development on the world market, a commercial enterprise of great importance would be realized.

The fact that the economic relations between France and Italy must become more intimate is proved by the measure taken long ago by the two Governments, namely, the lifting of the barrier concerning importations, and the absolute liberty of exchange of products between the two countries.

THE BUDGET OF 1919

The budget for 1919 contemplates a total amount of credits of 8,926,534,330 francs. In comparison with the credits voted in 1918 (7,961,286,131 fr.), it represents an augmentation of 965,248,199 francs.

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The surplus of augmentation covers the expenses of various services of the administration. A part of the total amount will be furnished by the collecting of taxes whose yield will be available in the course of the year. Thanks to this fact, the next budget will not require extraordinary measures. However, the report says that this should not create the illusion among the public that the Government will not appeal to the resources of the country in the near future.

The report presents a general exposition of the situation of the Treasury.

Out of the 116 billions of resources that the Treasury has realized since the beginning of 1915, eighteen billions come from normal resources and ninety-eight billions have been furnished by loans. In this total the interior loans amount to seventy-three billions. It is worth noting that since the beginning of 1918 the external loans have diminished. For the period from January 1 to August 31, 1918, they represent only 24.51 per cent. of the total operations of credit, while during the year 1917 they reached 37.21 per cent.



Economic Conditions in Italy

THE AGRICULTURAL EFFORT

UNDER this title the "Italie" of Rome declares that the Italian Government has shown its comprehension of the essential function of

agriculture by undertaking to do everything possible to improve actual conditions. In this sense it has concentrated the principal elements of production: man power, agricultural mechanics, and fertilization, which is distributed to

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(9th March, 1918)

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farmers by means of a central office of agricultural mobilization.

In order to remedy the lack of labor the Government has encouraged the use of motors. In 1917 there were only 400 mechanical plows in action; now there are more than two thousand. The increase of these mechanical means will be gradual. By their use many of the invalid soldiers will be able to work on the land.

ITALIAN LOANS ABROAD

According to a report which has been published lately, the amount of loans contracted by Italy abroad up to last June amounted to 11,470,800,000 lire at an average interest of 4½ per cent. This amount has been constituted by placing abroad about eight billions of special bonds of the Treasury since June, 1916. The difference, that is, about 3,500,000,000 lire, consists of credits granted by the United States to the Italian Treasury since June, 1917.

BANCA COMMERCIALE ITALIANA

The extraordinary assembly of the Banca Commerciale Italiana has taken place under the presidency of Senator Luigi Canzi and of all the members of the council of administration as well as in the presence of 134 stockholders representing 177,218 shares.

The report points out that the work of the bank has constantly augmented during recent years. A considerable development has taken place under the various forms of deposits, which fact proves the confidence of the public in the bank. The extension of businesses with North America determined the Institution to open an important agency in New York to facilitate and foster trans-oceanic relations.

The development of business has required an augmentation of capital for the bank from 156,000,000 lire to 208,000,000 lire, for which the issue of 104,000 new shares at a nominal value of 500 lire has been made.

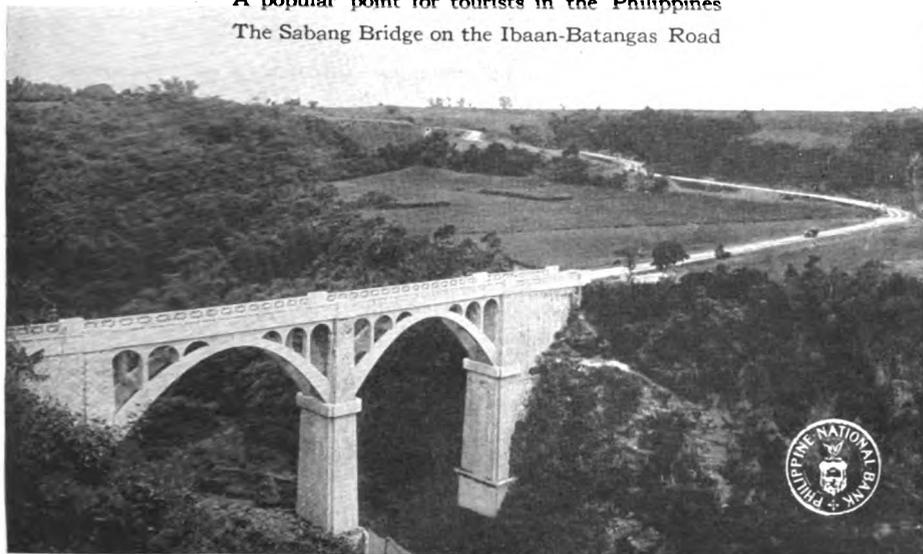
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Thanks to the coöperation of the friends of the establishment, 32,000 shares have been bought from the Swiss group for the Banca Commerciale Italiana, so that now from ninety to ninety-two per cent. of the capital is Italian. This fact has led to the substitution of three Italian advisers for the three Swiss advisers. At present the council of administration of the bank is entirely made up of Italian directors. The institution has thus become thoroughly Italian.

THE ACCORD BETWEEN THE BANKS

Count Santucci, the president of the Banco Di Roma, has declared lately with respect to the accord between the banks of Italy, that the fundamental basis of the convention is the coördination of financial services abroad. The Italian finance, he declares, should form one body abroad, for it should represent the expansive force of Italy in the international economic domain. The practical application of the principle of

coördination will be the object of a subsequent understanding, which will probably be realized within a few months.

ITALIAN EMIGRATION

Italian emigration towards the trans-oceanic countries has undergone a great contraction on account of the international vicissitudes of the last few years. Thus, after having reached the enormous figure of 872,598 persons in 1913, equal to 2.47 per cent. of the population of the Kingdom, it descended in 1914 to 479,041 persons. The entrance of Italy into the war and the consequent restrictions legally imposed upon emigrants have almost arrested completely the exodus, which was thereby reduced to 38,226 persons in 1915, augmenting only to 50,541 in 1916, and descending again and gradually in 1917 and in the current year.

In 1915 a great number of Italians (167,925) returned to Italy for mili-

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tary service. It goes without saying that the majority of these have come from the United States.

ITALIAN WAR EXPENDITURES

The war expenditure of Italy up to June 30, 1918, amounted to forty-six billions of lire.

The subsidies to the families of the mobilized already amount to 180 millions of lire monthly, and the Govern-

ment is disposed to increase the quota on account of the high cost of living. For the fugitives of the invaded territories the expenditures recently amounted to thirty million lire monthly. Further, 380 millions of lire represent the augmentation of salaries of those employed by the state, and an additional 178 millions are allocated for the relief of the high cost of living of the same employees.



Financial and Political Affairs in China

(Specially Contributed to THE BANKERS MAGAZINE by J. K. CHOY, Vice-President Industrial and Commercial Bank, Ltd., Hong Kong)

CONCERNING the report that American bankers are to join in the international financing of China subject to the policies of Washington under the specified condition that China cancels her existing loans, America has again shown herself the champion of the

progress of civilization to be attained by coöperation and mutual assistance of other nations, not only in theory but in practice. This golden rule for furthering the world's advancement is going to be established once for all by the present terrific world-wide war; and

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000

the egotistic doctrine of world domination by one single super-nation will no longer be possible under the ever-increasing complexity and interdependence of to-day's dynamic civilization. This newly established maxim of international policy, although until lately jeered at by the Germanized states, has always been the guiding principle of America. Ever since her entry into the family of nations she has preached and practiced this policy in both her internal and international affairs. She is the first nation to free another race in bondage by going to war with her own people for the sake of humanity. She is the first nation to defend her neighbors of like political institutions against the encroachment of European absolutism by her famous Monroe Doctrine. She is the first nation to join the world-wide war to uphold the lofty ideals of civilization with the most unselfish and altruistic idea—probably a league of democratic nations with equal rights—for the happiness of mankind. She is also the first nation to apply this idealistic doctrine in her dealings with weak China; for she has always played the part of "big brother" in her advocacy of the open-door policy and the internationalization of the Manchurian railways, in her withdrawal from the six powers' loan in 1912, in the return of the Boxer indemnity, and in her various philanthropic works, such as



LIANG SHIH YI

China's wealthiest citizen and known over the country as the "God of Wealth." He was banished from the country because of activities in connection with the restoration of the monarchy, but recently has been pardoned. Is now devoting his time to promoting industrial establishments along foreign lines for the development of China's virgin resources.

missions, Y. M. C. A.'s, colleges, hospitals, flood relief, etc.

And so her recent act of permitting

her bankers to participate in the international loans to China, under the express condition that China must first



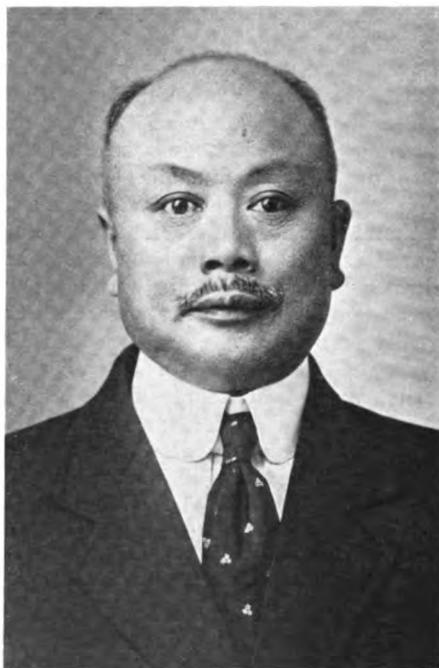
MR. CHANG KIA-NGAU

Vice-president and general manager of the Bank of China. Has done more than any other Chinese financier to modernize the government bank. Is a student and writer on financial affairs in the Far East.

cancel her existing loans, is welcomed by all.

The Chinese people will always look to America as their saviour if she succeeds in inducing the present Peking government or lending power to carry out the aforesaid terms for the preservation of the open door and independence of their country. It is indisputable in principle that China needs outside capital to develop her natural resources and production; but unfortunately in practice only a small part of the money advanced in the past has been used for such objects, for the greater portion is either squandered or pocketed by a few men, usually not the legal representatives of the Chinese people. One of the chief reasons for the cause of

the misuse and graft of the money borrowed is the rotten internal-political situation. The present republic exists only in name for the republicans have never been in power except for a few months after the overthrow of the Manchus. Due to the conflict of interests it is apparent to the mandarins that if the republicans were to run the government they will institute a system ultimately to check the handsome squeezing and other abuses of the old régime. To make a long story short, their leader, Yuan Shi-kai, dissolved the Chinese Parliament, and since then the whole country has been run and is still



MR. Y. C. TONG

Managing Director, Shanghai Commercial and Savings Bank. The first Chinese savings bank to be organized on American lines. Mr. Tong was graduated from Yale University and every officer in his bank is a graduate from some American school. This fall this bank sent two of its employees to America to make a special study of American banking methods.

run by a few tyrannical military dictators with the assistance of a group of heartless politicians whose sole object is to get rich quick by any means.

Any one who dares to question their sweet wills is branded and exiled as a traitor or a revolutionist. Thus unopposed they divide the lion's share of the loans among themselves, and use the minor part, supposed to be devoted to industrial purposes, for carrying on their military campaigns under the fine excuses of centralization and restoration of order, but in reality to enable their soldiers to get their share directly by robbing and murdering the poor peasants. The record of the crimes of these men is the darkest spot in recent Chinese history, for, worse still, they have bargained away the resources of the country in utter disregard of value these last few months for the financial support of Japan, in order that they may continue the above dirty work.

According to a statement of the Japanese Finance Department from the advent of the Terauchi ministry in October, 1916, there were in existence twenty-three loans aggregating over yen 100,000,000 between China and Japan. Then, according to reports confirmed by Tokyo, there is another big loan just concluded in Tokyo for yen 140,000,000 for the construction of railways in Shantung and Manchuria and the establishment of a national foundry. The present position is that China is indebted to Japan to the extent of about yen 300,000,000. From these figures the world will get some idea as to what degree the Chinese people have been mortgaged to their Japanese neighbors by their lords in using these loans to carry on their military campaigns in order to murder and rob them.

Thus all thinking Chinese will support Washington's policy in cancelling the existing loans before the advancement of any money to China. We would also wish to see other safeguards to prevent the squandering and the misappropriating of the money lent. At least some provisions of the following character should be insisted upon:

(1) The money supplied shall be spent under the joint supervision of the legal representatives of the Chinese

people; (that is, the constitutionalists and not their dictators and usurpers), and those of the lending nations.

(2) Only experts shall be employed in the works so financed.

(3) All employees in the works so financed, except those who determine policy and the common laborers, shall pass a civil service examination.

(4) The most up-to-date business checking methods shall be employed.

(5) The loans shall not be used for any other purpose besides those specified under any circumstances.

(6) The loans shall not be used for military purposes.

What is expressed here represents the general consensus of the intelligent class of China. They wish to enlist the sympathy, approval and assistance of high-minded Americans, for intelligent men of both countries should consider themselves not only citizens of their respective countries but also citizens of the world. The progress of one is that of the other; and this is the general law of progress in the long run. They do not wish military intervention, for it is better for the Chinese to settle their own affairs, but they do wish financial intervention and supervision under similar aforesaid regulations, if the world continues to finance China, as long as the present state of affairs lasts.

HONG KONG, Oct. 10, 1918.



American Co-operation in the Reconstruction of Russia

PRINCE GEORGE LVOFF, First Premier of Free Russia, at a dinner given in his honor under the auspices of the American-Russia Chamber of Commerce at the University Club, New York, on November 26, made a significant appeal for American assistance in the work of safeguarding Russia's national development. He said:

I am deeply touched by your cordial welcome and by your friendly greetings. In

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your attitude towards me I see the reflection of the interest that you have for Russia. The world is passing through great events. Humanity is ascending the high range which divides it from the ideals which for such a long time have kept it in the old narrow mold of life, the reign of brute strength which overwhelmed several nations and the democratic masses, belongs to the past and ahead of us lies the free self-determination of national and political life, and of free development of democratic forces in separate nations.

Those rapacious ideas which lay at the foundation of Teutonic ideology are conquered, but their surrender does not mean that this cruel war is at an end—ahead of us are ambushes and whole fields which are mined by the enemy of various kinds. International relations, however, are going to be on a new footing; peaceful labor, a free culture and a community of interest—these are the new tools that will take the place of cannon. Our relations, the relations between the United States and Russia, which are both eminently democratic, can tread easier than others new paths of international life. I will turn back to some of the history of our relations and will compare them with the present situation.

Sixty years ago, soon after the annexation by Russia of the region of the Amur River, a group of American citizens applied to

Count Mouravieff, Governor-General of Siberia, with an exceedingly important proposal for our country. The Americans wanted concessions for building a system of railroads throughout Siberia—and permission to exploit her natural resources. At his presentation of this report he received the following reply from St. Petersburg: "The Americans ought not to be let in on any account, for they would establish their own order of life and Siberia would fall away from Russia." Since that day the fear of the free American spirit never left our Bureaucracy. It sympathized with the German spirit. Our foreign trade fell into German hands. We began by becoming after a time a German colony and our own industry developed slowly, but the Russian Proverb says: "There is no evil without some good." The great natural resources of Russia remained almost untouched as if they have been saved by the country for a dark day. Alas, this dark day has come! Our great country is broken up into small parts; transportation is utterly disorganized; industry and trade destroyed; the Government's credit is injured—anarchy remains supreme. But I firmly believe that the mist of black which hangs over the future will gradually vanish. A creative Government force will rise and a young new and happy life, full of energy, will blossom on the ruins of the past. On the threshold

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of this new actuality we already do not feel the former fears of our Germanized Bureaucracy. On the contrary, we feel deep sympathy towards the spirit of your country—to that harmony of political and public life which has been developed with such marvelous rapidity by the genius of the American people, its enterprising character, its energy and its perseverance. We admire your talents for organization, your technical abilities and your daring. Fate does not give us any more respite and we must begin to work without further delay. Unfortunately, to start the work at once is not in our power. The great war by force of arms is overcome, but its evil spirit, crude instincts, intense hatred, have remained and will not be overcome soon. Sanguinary interior strife which started in our country has spread over Germany and Austria. If that disease which we call Bolshevism is not stopped in Russia, it will threaten the healthy economical development of other civilized countries and none of them can claim immunity. Bolshevism is a universal danger and must be crushed by the joint forces of the Allies. The end of Bolshevism has not come yet, and already a new struggle looms ahead of us—a struggle for economic influence—when Germany will begin to recover from her defeat, the question of markets for exportation will arise before her with renewed

force. It may be precisely this fatal question which was the hidden but decisive motive which plunged her into this universal war. Now this question will confront her with a new power. France, Italy and England will hardly allow at once the products of German industry on their markets. The German colonies may be lost to her. She will follow the old direction in sending her goods and come to Russia. Then it will be difficult for us without the economical support of the Allies to resist the pressure. It would seem to be a matter of vital importance for America to secure our market. Undoubtedly the industry of the United States will develop immensely after the war. In the meanwhile, the general depression in Europe may limit the markets for her export and Russian customers will be just as necessary to you as the produce of your industries is necessary for us.

But our greatest hope is not in this. When you will come—not only our industry will revive, but we will, I hope, receive some precious technical lessons in management of industrial affairs and organized forms of labor. I would like to think that such an economical connection won't be dictated purely by material motives. The mutual sympathy of our people is so great that it may be possible to establish a business intercourse without oppressing the weaker side. Germany was striving for the

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Reserves	2,055,515
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economical slavery of Russia. American capital may be more generous. It may without detriment to itself, aspire not to supremacy, but to coöperation with Russian industry and capital. In this sphere of trade it may come to Russia in friendly collaboration with England and France. Under such conditions the work of Americans in Russia, without exciting any one's jealousy, will find the heartiest welcome among our manufacturers.

I take this opportunity to state with full precision that we are expecting you at our home since long ago. Since the time of Mouravieff we have vainly waited for you in Siberia. We invite you—be welcome. I know it well that you shall come, but please don't come too late. Allow me, gentlemen, to lift my glass for our long awaited meeting and the development of our joint and friendly work in the interest of universal human progress.



American Foreign Banking Corporation

A BRANCH of the American Foreign Banking Corporation of New York was opened at 21 O'Reilly street, Havana, Cuba, January 3.

London Still Financing the Bulk of World's Trade

THE following statement has been issued by Leopold Frederick, director of the American Smelting and Refining Company and Treasurer of the Braden Copper Company and Chile Copper Company:

Whether London or New York will continue after the war to predominate in financing world trade is a question that has caused keen discussion in banking circles.

The popular belief is that New York today is the centre of world finance and that we have succeeded in wresting from London the premier position.

The question was discussed at a recent meeting of the Council on Foreign Relations held at the Metropolitan Club, New York. P. W. Wilson of the London "Daily News," in a very able speech regarding future relations between the United States and Great Britain, declared "that the financial centre of the world has passed from London to New York."

This did not coincide with the views that I held, which views were prompted by knowledge of the actual condition of the money markets both in New York and

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London. My speech at the meeting was in the nature of a reply to Mr. Wilson. At that time I set forth my reasons for believing that London still holds the financial supremacy. Since that time I have made a careful investigation and ascertained the approximate amount of acceptances outstanding against foreign trade in this country. I have also canvassed many authorities on the London acceptance market. The conclusions I have been able to draw from

this are, as I said in reply to Mr. Wilson, "that only so far as loans made by the United States to the Allies are concerned, has the financial centre been shifted to New York; however, so far as the financing of exports and imports of the world are concerned, London is still supreme."

The following table shows the estimated amount of acceptances outstanding against international business both in London and in New York:

LONDON

Acceptances of all London Clearing-house banks, colonial banks, foreign agencies and private bankers outstanding in the neighborhood of.....\$500,000,000

NEW YORK

Acceptances of New York national and state banks, and trust companies	\$270,000,000
Acceptances of foreign trade corporations and foreign agencies established in New York.....	55,000,000
Acceptances of private bankers.....	40,000,000
Total	\$365,000,000
Deduct acceptances issued for the purpose of financing domestic trade	\$155,000,000

Leaving a total of acceptances representing the financing of imports and exports through New York



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Oscar H. Swan - - - - - Cashier	Chas. S. Macferran - - - Asst. Cashier
Walter L. Johnson - - - - - Asst. Cashier	

The foregoing figures show that London is way ahead and I believe that even with the much needed improvement of the machinery for financing international trade, London will still, for many years to come, outdistance New York. We are lacking here the large number of merchants-bankers, old established accepting houses with business ramifications all over the globe. We here will be satisfied if we can hold the Central and South American and Far Eastern business. Although dollar exchange has made great strides since the war, the New York discount market is still in its infancy. For the present, there is little likelihood that we will get, except occasionally, the financing of the Continental trade of Europe. It is hardly likely that say an Amsterdam merchant importing goods from France will seek accommodation in New York; he will go as heretofore to London. It may be possible, I think, that this handicap of location will be partly overcome in the future with the aeroplane development, which would narrow down the time consumed by the mail in transit.

I dwell especially upon the great ability of the English to maintain the sterling rate for so long at the "pegged" figure, and the discount policy of the London market, which during the monetary stringency in New York in the last few months, enabled it to

render great services to the Allied nations in assuming the burden of financing a vast amount of exports and imports of the world.

In order to retain their business, the English bankers have made great sacrifices during the last six months. They are paying on foreign check accounts four and one-quarter per cent. interest and keeping the discount rate at three and a half per cent. They know that trade flows where money is cheapest. We have to take our hats off to the English. They understand international finance.



Further British Bank Mergers

MORE than usual interest will be aroused, says "The Financial Post" of Canada, by the news that the Bank of Liverpool and Martin's Bank have decided, subject to the shareholders' confirmation, to unite forces. Martin's Bank is a historical landmark of Lombard Street, with its sign of the Grasshopper, and its origin is, in the spacious days of Queen Elizabeth. But the growth of the industrial and com-

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

O. M. SHUMAN, Chief Foreign Dept.



Authorized Capital	(pesos) 10,000,000.00
Capital fully paid-up	4,500,000.00
Reserve Funds	2,000,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

mercial unit practically forces that of the banking unit, and gossip has long been busy with the question of the means by which Martin's would adapt themselves to the inevitable. By amalgamation with a strong country bank the question is happily answered. The paid-up capital of the combined bank will be £2,046,390, and the reserve fund, £1,300,000. The aggregate deposits, according to the latest figures published, were £54,520,000. Martin's shareholders will receive for each of their shares (£20 each, £10 paid up) two and a half shares in the Bank of Liverpool (£20 each, £10 paid up), and also a cash payment of £4 12s.

It is also officially announced that a provisional agreement has been made for the acquisition by the Union Bank of Manchester, Limited, of the business of the East Morley and Bradford Deposit Bank, Limited. It is stated that the business of the Deposit Bank has hitherto consisted of receiving deposits and investing them in high-class securi-

ties, paying fixed interest and dividends, and that "the fall in the value of stock exchange securities paying fixed interest or dividends, which has been caused by the war, has made the sale advisable."



Skandinaviska Kreditaktiebolaget

ESTABLISHED in forty-five places throughout Sweden this institution is closely connected with and acts as a representative for a number of the leading provincial banks of Sweden, being directly represented in some 305 Swedish places. Its paid-up capital and reserves have steadily risen to a total of Kr. 155,500,000 on August 31 last. On that date the deposits were Kr. 368,532,243; bills in circulation, Kr. 18,812,614, and total assets, Kr. 1,024,737,201. Principal offices of the bank are located at Gothenburg, Stockholm and Malmo.

MERCANTILE BANK of the AMERICAS

An American Bank for Foreign Trade



Statement of condition at
the close of business,
December 31, 1918

ASSETS

Cash on hand and deposits in Federal Reserve		
Bank and other Banks in the United States...	\$932,051.63	
United States Bonds and Certificates.....	2,555,700.00	
Bills of Exchange.....	808,961.03	\$4,296,712.66
Loans and Advances:		
Secured—		
Due from Foreign Branches and Agencies...	\$6,860,718.15	
Due from Customers.....	7,817,211.98	
Unsecured—		
Due from Foreign Branches and Agencies...	438,536.82	
Due from Customers.....	192,277.62	15,805,744.57
Customers' Liability account Letters of Credit.....		283,783.88
Stock of Affiliated Institutions.....		4,557,900.00
Furniture and Fixtures.....		1.00
Interest Paid in Advance.....		38,753.23
Total.....		\$24,485,895.34

LIABILITIES

Current Accounts:		
Due to Foreign Branches and Agencies.....	\$6,044,423.91	
Due to Customers.....	2,886,179.98	\$8,930,603.89
Acceptances Outstanding.....		7,429,041.23
Liability on Acceptances issued by other Banks and Bankers..		610,000.00
Contingent Liability as Syndicate Managers.....		400,000.00
Letters of Credit Issued.....		283,783.88
United States Government Bonds Borrowed.....		1,800,000.00
Unearned Interest Received.....		23,590.89
4% Semi-Annual Dividend Declared.....		140,000.00
Capital Stock.....	\$3,500,000.00	
Surplus.....	1,025,000.00	
Undivided profits.....	343,875.45	4,868,875.45
Total.....		\$24,485,895.34

The Mercantile Bank of the Americas offers the services of a banking organization with branches and affiliated banks in important trade centers throughout Central and South America, France and Spain.

Paris

NEW YORK

Barcelona

44 Pine Street

NORWEGIAN AMERICAN SECURITIES CORPORATION

74 Broadway, New York City

Capital - - - \$1,000,000.00

TRYGVE BARTH, President

LEIF H. STROM, Vice-President

GEORGE REITH, Vice-President

B. KROEPELIEN, Secretary and Treasurer

LE ROY JONES, Assistant Secretary

DIRECTORS

T. BARTH, President

**L. H. STROM, Vice-President New York
Oversea Company**

T. LANGLAND THOMPSON, Attorney

**GUNNAR HARTMANN, President Hart
Trading Company**

W. K. TRIMANN, Shipowner

GEORGE REITH, Vice-President

B. KROEPELIEN, Treasurer

**C. STEENDAL, President Jefferson Insur-
ance Company**

**WILHELM ALME, Managing Director
Bergen Agent A/S**

**WM. SCHENETROM, President Electric
Welding Company of America**

**TH. JULLUM, General Agent Norwegian
Marine Insurance Companies**

**KARL KROGSTAD, President S. O.
Stray & Company**

P. HARSEM, Merchant

The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

Correspondence Invited

Necessity of Work and Thrift

SPREAKING recently at a meeting of the Institute of Bankers in London, the president, Sir Richard V. Vassar-Smith, Bart., who is also chairman of Lloyds Bank, Limited, in referring to after-war conditions in Great Britain, said:

Looking at this vast creation of credit which has marked the war finance of all countries, we are driven to recognize that we are paying, and shall continue to pay, a heavy price for it. Inflated credit has been followed by high prices, producing popular discontent expressing itself in complaints of profiteering. This has led to agitation for higher wages, which in turn leads to still higher prices, and we find ourselves in a vicious circle from which egress is difficult. To attempt to remedy this condition of affairs by the further creation of credit is obviously useless. I do not say that we shall be able to reverse the process of inflation directly after the war.

We have got to face the fact that the most urgent problem will be to find employment for the men and women who have been in the army or providing munitions, and to get our industries on to a peace basis

once more, and for this purpose credit must be liberally provided. But we must never lose sight of the fact that at the earliest possible moment we must put ourselves in the position to produce goods which we can market abroad at a price which will compete successfully with those of other industrial nations. We must have a plentiful supply of raw materials, efficient labor, intelligent management and hearty goodwill all around.

But the mere multiplication of credit will give us none of this. Instead of blindly multiplying credit, with the result that prices rise, speculation becomes rampant and profiteering is encouraged, to be followed by an inevitable reaction, our object should be to direct the use of capital into those channels in which it can best be used to the national advantage.

It is for this reason that I personally would deprecate the provision of credit facilities by the State. This should be left to the banks, who are in the position to judge of the requirements of their customers, and who are fitted by long training to sift the applications with which they will have to deal.

There is no royal road back to prosperity. As a nation we have perforce been living the life of the spendthrift during the past four years and more. To get back to the old prosperity we must produce more and save

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese
Government 1909

Subscribed Capital - - Yen 40,000,000

Total Resources - - Yen 300,000,000



Head Office, Seoul, Korea

Principal Branches:

KOREA: Chemulpo, Pyengyang, Wonsan, Fusan

MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

JAPAN: Tokyo, Osaka, Kobe, Shimonoseki

CHINA: Shanghai, Tsingtao, Tientsin, Tsinan

Affiliated Bank—VLADIVOSTOK: Matsuda Bank

LONDON BANKERS: Guaranty Trust Company of New York
London Joint City and Midland Bank, Ltd.

Principal American Correspondents:

Guaranty Trust Company of New York
Equitable Trust Company of New York
Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo - Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco, Seattle and Vancouver

T. MUKAI, New York Representative, 120 Broadway

more. Work and thrift must be our watchword.



Royal Bank of Scotland

THE annual general court of proprietors of the Royal Bank of Scotland was held in Edinburgh, November 27, at which time the following report was submitted:

The net profits of the year, after providing for all bad and doubtful debts, amounted to	£310,502	15	3
The midsummer dividend, at the rate of 10 per cent per annum, required	£100,000		
Less income tax	25,000		
	£75,000	0	0
It is now proposed to pay a similar dividend at Christmas	£100,000		
Less income tax	30,000		
	70,000	0	0
There has been written off expenditure on bank buildings and heritable property	20,000	0	0
Carried to pension reserve fund	30,000	0	0
And added to rest, the balance of	115,502	15	3
	£310,502	15	3

With the above addition, the rest now amounts to £1,030,470, 15s. 8d.

Russian Economic League

IN order to create a medium for practical coöperation with American and Allied interests in the development of the movement of assisting the Russian people in the reorganization and reconstruction of their economic and national life, representatives of Russian financial, commercial and industrial interests have created a Russian Economic League. This new organization is an important step in the development of working relationships between Russia and the United States and other Allied powers. Its officers as elected consist of: President, A. I. Wishnegradsky, president of the Convention of Joint Stock Banks of Russia; vice-presidents, V. N. Baschkiroff, former Assistant Minister of Food Supplies under the Provisional Government; Alexander W. Behr, vice-president Russian-American Chamber of Commerce in Moscow; A. A. Boublikoff, former member of the Russian Duma, vice-president Central War Committee and chairman of the Transportation Section, member of the Executive Committee of the All Russian

Congress of Representatives of Industry and Commerce; B. N. Samoilenko chief commissioner of western front of the All Russian Zemski Union.

At the first meeting of the new organization the following statement was issued by the officers and board of directors:

The welfare of our native land, as well as of the whole world, imperatively demands that Russia—the largest consuming market

for all kinds of manufactured goods—be reinstated in her political as well as financial and economic position, in accordance with the plans outlined by President Wilson.

For this purpose the fullest development of Russia's producing power is necessary. The country's historic agriculture should be restored to a new and more vigorous life; her vast national resources mostly hidden away and unexplored should be made available to industry on a much larger scale than ever before.

Nothing can be done without a great effort by the country itself and help from the outside. This help will have to take the form of expert advice and, most important of all, working capital which alone can stimulate a productive effort by the country and which in the present improvised state of Russia must of necessity come from abroad. This is the only way to enable Russia to bear the colossal burden of debt—her heritage in the world fight of right and light against oppression and darkness—and to meet fully her obligations towards the Allies and the United States.

In order to insure favorable results from this hard work and a tenfold return for the capital invested, Russia should be given opportunity and time for these efforts to ripen and bear fruit.

In accordance with the above, the Russian Economic League, representing Russian commercial, industrial and financial interests, belonging to different political groups, but united in a common concern for their

country's welfare, and believing that they have the right to speak in the name of Russia's trade and industry—the most powerful factor of a country's well being—hold that the following programme must be carried out to insure Russia's rehabilitation as a nation:

(1) Restoration, with most energetic and broad help from the Allies, of public order and law on the basis of respect for the principle of private property and for the personal freedom of citizens; this being the most important factor.

(2) It is of vital importance that products of Russian agriculture have free access to foreign markets and that the young Russian industry should be given necessary protection.

(3) The Allies and the United States should make allowance for Russia's present condition by agreeing to a rather extended

Western Australian Bank

THE 154th half-yearly meeting of the shareholders of the Western Australian Bank was held recently at the banking house, in Perth. Sir E. H. Wittenoom, chairman of directors, presided.

The following report for the half-year ended September 30, 1918, was presented:

The directors have much pleasure in submitting the accompanying balance-sheet and statement of profit and loss for the half-year ended September 30, 1918:

The net profit, after providing for bad and doubtful debts, for rebate on discounted bills current, for interest on deposits, and for all expenses of management is	£29,121	2	0
Balance from previous half-year	19,339	1	10
	<hr/>		
	£48,460	3	10
From this the directors have resolved to pay a dividend of £1 per share free of State dividend tax	25,000	0	0
To carry forward	23,460	3	10
	<hr/>		
	£48,460	3	10
The reserve fund is now	700,000	0	0
Reserved profits	23,460	3	10
	<hr/>		
	£723,460	3	10

period of gradual payments of the Russian debts, most of which were incurred by Russia while fighting for the common cause.

(4) Some form of stabilized and guaranteed currency at a fixed rate of exchange should be agreed upon and established with the coöperation of the Allies and the United States. Russia's normal economic life cannot be resumed without stable currency.

(5) For the proper development of Russia's inexhaustible national resources and for providing the country with an adequate quantity of transportation facilities, it is of prime importance that new and easy credits be extended to Russia and the international money markets once again made available for the financing of Russian private commercial and industrial enterprises.

The Russian Economic League considers it to be its duty to state that it thinks it essential that the voice of Russian business men, as well as that of the Russian political men, be heard at the forthcoming peace conference, in order that in the interests of peace and the whole of humanity, decisions should not be taken which might jeopardize the commercial and industrial interests of our great country.

Economic Aid to Russia

FOR the purpose of giving economic aid to Russia the War Trade Board of the United States Russian Bureau has been organized at Washington with \$5,000,000 capital, provided by the United States Government. The company will engage in the business of exporting to Russia and Siberia agricultural implements, shoes, clothing and other commodities which the Russian population needs, bringing back Russian and Siberian raw materials in return. The company thus is intended to aid in supplying the needs of the people of Russia, in encouraging Russian production and trade and assisting in the marketing of Russian products in America and their exchange for American goods. One of the chief objects which the company will have in view

will be the encouragement of private capital to engage in trade in Russia and Siberia as shipping becomes available for the purpose. Its policy will be to cooperate with, encourage and promote such trade with Russia as will assist in the rehabilitation of her economic life and to cover by its direct operations only such portions of the field as cannot at present be served readily by private enterprise.



National Bank of Australasia, Limited, and Colonial Bank of Australasia, Limited

AN extraordinary general meeting of the National Bank of Australasia, Limited, was held at Melbourne on September 27, Sir John Grice presiding, says the "Australasian Insurance and Banking Record." Extraordinary resolutions were passed unanimously for the adoption of the scheme of arrangement for the amalgamation of the two banks, for increasing the capital, and for making various alterations in the articles of association. The first two resolutions were as follows:

1. That the scheme of arrangement for effecting or enabling an amalgamation of this company and the Colonial Bank of Australasia, Limited, as already agreed to by separate meetings of the preference and of the ordinary shareholders of this company and sanctioned by the Supreme Court of Victoria on the 10th day of September, 1918, be and the same is hereby adopted by this company, and that the directors be and hereby are authorized and empowered on behalf and in the name of this company to do all things which to them may seem necessary or proper on this company's part to cause or enable the said scheme to be effectually carried out according to its intent.

2. That the capital of the company be increased to £5,000,000 by the creation of 199,012 new ordinary shares of £8 each. Of such new ordinary shares 27,048 shall be issued credited as paid up to £5 each in pursuance of clause 3 (b) of the said scheme referred to in the foregoing resolution (1) and as soon as conveniently may be after such issue there shall be a further issue of 10,464 of such new ordinary shares to be credited as paid up to £5 and to be



Invest After Investigation

K. N. & K. are familiar with market conditions and their information and experience are at the disposal of investors.

Purchase your securities through recognized houses whose facilities permit of thorough investigation and whose reputation assures reliable service.

"THE INVESTMENT SITUATION"

*is a monthly review of current
financial interest*

WRITE FOR IT

Knauth·Nachod & Kuhne

Members New York Stock Exchange

Equitable Building

NEW YORK CITY

The
National Shawmut Bank
of Boston
Foreign Banking



Capital . . \$10,000,000
Surplus . . 7,000,000
Undivided Profits 2,100,000

Complete service to banks throughout the country in all branches of Domestic and Foreign business.
Commercial and Travelers' Letters of Credit; Collection of Foreign Drafts.
Foreign Exchange and Cable Transfers purchased and sold.

CORRESPONDENCE INVITED

issued in pursuance of and in accordance with the provisions of clause 16 of the said scheme. The balance (being 161,500) of such new ordinary shares shall remain available for future issue in accordance with the articles.

The above resolutions were confirmed as special resolutions at an extraordinary general meeting of the National Bank on October 14. The meeting closed with a hearty vote of thanks to the directors, chief manager, and staff for their efforts in connection with the amalgamation.

An extraordinary general meeting of the Colonial Bank of Australasia, Limited, was also held at Melbourne on September 27, Mr. Bowes Kelly presiding. The following resolutions were carried unanimously:

1. That the scheme of arrangement for effecting an amalgamation of this company and the National Bank of Australasia, Limited, as already agreed to by separate meetings of the preference and of the ordinary share-holders of this company respectively and sanctioned by the Supreme Court of Victoria on the 10th day of September, 1918, be and the same is hereby adopted by this company. And that the directors be and hereby are authorized and empowered on behalf and in the name of this company to do all things which to them may seem necessary or proper on this company's behalf to cause or enable the said scheme to be effectively carried out according to its intent.

2. That the articles of the company be altered in manner following:

"In Article 73 the words 'or any office under any other bank of issue and deposit,' shall not apply to any director of the company becoming a director of the National Bank of Australasia, Limited, in pursuance of the scheme of arrangement referred to in the foregoing resolution."

The above resolutions were unanimously confirmed as special resolutions at a further extraordinary general meeting of the Colonial Bank on October 15.



Russian Corporation, Limited

THE fourth ordinary general meeting of the Russian Corporation, Limited, was held in London, November 22, the chairman, A. W. Tait, Esq., presiding. His report showed that the results for the year, after providing for all administration charges and other expenses, and depreciations on various investments and rouble exchange, gave a loss of £18,476. In speaking of the causes of this loss, Mr. Tait said:

The year under review has been one of extreme anxiety for the directors, owing to the total lack of law and order and the introduction of methods of oppression far exceeding anything that has obtained in any civilized country in the history of the world.

We are, in consequence, entirely without reliable information as to the position of our investments in Russia, which are very largely represented by Government and municipal loans and bank deposits.

At the time of our meeting last year, the Bolsheviks had just usurped power, and I do not think anyone could have foreseen that they would have indulged in such an orgy of massacre, spoliation and terrorism. I ventured then to express the hope that they would not hold the reins of Government for any length of time, and, had it not been for the fact that the whole of the resources of the Allies were concentrated upon bringing to a successful conclusion the war with the Central Powers, which they have now satisfactorily accomplished, it would have been their duty, in the cause of law and order

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized . . . \$7,500,000
 Paid-up 3,250,000
 Reserve Fund 3,000,000

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)
Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

and humanity, to have taken by this time strong measures of protection, so that some properly constituted assembly could take hold of the Government of the country and prevent the excesses which have been committed under the Bolshevik regime.

The Russian problem of to-day is not a domestic one for the people of Russia, but is a world problem. It is impossible that the economic and social re-organization of the world can be successfully carried out, leaving a vast country of 180 million people in the tragic position in which Russia is to-day.

It is fully realized that, in going to Russia's assistance, the Allies can in no way, nor do they desire to, interfere in the internal affairs of Russia, but they should extend a friendly hand to enable the loyal elements of the country to rally round the standard of proper government.

The Bolsheviks, who falsely proclaimed their programme as one to assist the masses of the country to a betterment of their condition, have only succeeded in reducing Russia to a state of famine, plague and terror. In these days of social reorganization, which we all appreciate is necessary, and which I am sure we are all prepared to assist in furthering, so that a better understanding may come about between all the classes that make up the community at large, we have

and a commencement is made with the development of its vast agricultural and mineral resources, Russia will be able before long to meet the service of its international obligations, and it is only by doing this that the country can obtain in large measure the commercial, financial and technical assistance which it requires for the development of these resources.

I am still a great believer in the future possibilities of that country, but the development of its resources cannot commence until law and order are established, but, once established, there should be a rapid recuperation from what at the moment looks like national bankruptcy.



Royal Bank of Australia

AT the sixty-first ordinary general meeting of shareholders of the Royal Bank of Australia, Limited, held at Melbourne on October 30, the directors submitted the annexed report for the half-year ending September 30:

	£	s.	d.
The profits amount to	£26,180	8	6
which it is proposed to deal with as follows, viz.:			
To pay a dividend at the rate of 8 per cent. per annum.....	£12,000	0	0
transfer to the reserve fund (making it £310,000)	10,000	0	0
and to add to the amount carried forward from last half-year (making it £5,898 0s. 2d.)	4,180	8	6
	£26,180	8	6

before us the object-lesson of Russia as to what happens when extreme anarchical ideas, insidiously introduced under the guise of social reform, are allowed to have full play.

There is no doubt in my mind that when law and order are restored in the country,

To provide accommodation for the bank's business at Sydney, which has outgrown the capacity of the present leased quarters, the directors have bought a suitable building, which will

be suitably altered and occupied in a few months' time. Land has been purchased and a new building is in course of erection for a new branch for the convenience of customers of the bank in the southeastern portion of Melbourne.

For the half-year ending September 30, including London branch figures as at August 1, 1918, deposits of the Royal Bank of Australia, Limited, were £1,028,559; capital paid up, including reserve fund and profit and loss, £627,898.



Big Business Co-ordination in Japan

ACCORDING to "The Americas," published by the National City Bank of New York, the Mitsubishi Company has just completed a new banking house at Tokyo, Japan (a photograph of the plaster model of which is here reproduced) which, The National City Bank of New York is

the late Mr. Yataro Iwasaki in 1892. It is now one of the largest private concerns in Japan and has a capital of about \$100,000,000. The company is engaged in many important lines of industry and commerce, the principal ones being mining and metallurgy, ship-building, docking, engineering, banking, warehousing, paper manufacturing, iron production, management of estates, oil refining, importing and exporting, etc. It is the proprietor of several mines, shipyards and workshops, and owns large landed properties in Tokyo and in many other parts of the country.

Until last year all the above-mentioned branches were organized as departments of Mitsubishi Goshi Kaisha. Recently, however, most of these departments (excepting the banking and estate departments) separated from the latter and each has become an independent company. The original president of Mitsubishi Goshi Kaisha controls and supervises this system of companies.

The banking department has several branches in Japan, one in Shanghai and one in London. It is one of the largest



Headquarters Bank of the Mitsubishi Company in Tokio, said to be a Modified Replica of the New York Banking House of the National City Bank.

honored by being informed was designed as a modified replica of that bank's building in New York.

The Mitsubishi Goshi Kaisha, to give the great house its Japanese designation, is an example of large-scale business coördination in Japan. It is essentially a family concern, founded by

private banking houses in Japan, having a long list of foreign clients, enjoying the confidence of the public and wielding a considerable influence in the money market of the country. The business transacted by the department covers nearly all branches of general banking as well as foreign exchange.

Sumitomo Bank, Limited

NET profits of the Sumitomo Bank, Limited, for the half-year ending June 30 last, were yen 1,515,205, to be added to yen 512,820 balance brought forward from the previous half-year. Of this amount yen 500,000 was added to the reserve fund, yen 825,000 applied to dividends, yen 400,000 set aside as a reserve for doubtful debts, yen 150,000 allocated to pension reserve, yen 55,000 to bonus, leaving yen 598,025 as the balance to be carried forward.

The head office of the Sumitomo Bank, Limited, is at Osaka, Japan. On June 30 last its deposits were yen 220,195,000 and the aggregate of the balance-sheet yen 301,832,597.

Investment of American Capital in China

By DR. C. T. WANG,

Vice-President of the Senate of the Chinese Republic

CHINA welcomes the investment of foreign capital in building her roads and railways, in developing her industries and commerce, in opening up her mines and other resources, but she cannot and will not tolerate the investment of capital as a means of "peaceful penetration."

Of all nations China specially welcomes the investment of American capital. She trusts America. She knows America has no ambition for land grabbing, no "sphere of influence" to maintain, no "special rights" to claim. China welcomes the investment of American talent. There is a natural fondness of our people for the Yankees. Ask the American business men, teachers, travelers, public men and missionaries who have been in China and they will tell you, one and all, that the Chinese have most easily become the best friends with Americans. Above all, China welcomes the investment of American

ideals of liberty, of free government, of fair play, of equal opportunity, and of making the World safe for Democracy, for China has in herself the capacity to respond to these glorious ideals.

Chosen and Manchuria

FROM the Bank of Chosen (head office at Seoul) comes a compact volume giving a veritable mine of information about that part of the world. It will surprise most people to learn what enormous strides in production have been made in Chosen in the last four or five years. The production of rice, in the seven years that have elapsed since the Japanese annexation of the country, has increased by fifty-eight per cent., while all forms of production and wealth show remarkable gains—constituting the most practical testimony to Japanese efficiency. No less remarkable is the growth of the Bank of Chosen, whose capital and reserve have risen from yen 2,500,000 in 1909 to yen 16,683,000 in 1917, and the total of the balance-sheet from yen 32,876,477 to yen 186,161,717.

Chinese Bankers' Association Has New Quarters

THE Chinese Bankers' Association is now at home in its new quarters on Hongkong Road, Shanghai, and recently held a reception in honor of the opening of its new home. This association was formed two years ago by the financial institutions of Shanghai that have adopted modern banking methods, of which there are more in Shanghai than in any other city of China. The association runs a weekly magazine printed in Chinese containing material of interest to the members and to Chinese bankers in general. The association intends eventually to construct a modern clearing-house building on the site of the present quarters.

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 60 other
Places in Sweden

(\$0.26 = 1 Kr.)

Capital Paid Up	.	.	.	Kr. 30,000,000
Surplus	.	.	.	Kr. 15,200,000
Resources About	.	.	.	Kr. 319,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { **The Mechanics & Metals National Bank**
The National City Bank of New York

National Bank of India

FOR the half-year ended June 30 the net profits of the National Bank of India were £177,228, which added to the amount brought forward gave an available total of £317,056. Out of this sum an ad interim dividend at the rate of twenty per cent. per annum was paid on Sept. 25, leaving a balance of £217,056 to be carried forward.

The National Bank of India was established in Calcutta September 29, 1863, and was registered in London March 23, 1866. Its head office is at 26 Bishopsgate, London. The paid-up capital is £1,000,000, and the reserve fund £1,350,000.



Banking Relations between the United States and India

BECAUSE the opportunity for further development in India is so apparent, and because that development will require financial assistance on a large scale, unusual importance is attributed to the organization of the Tata Industrial Bank, for which, as recently announced, the Guaranty Trust Company of New York has become the correspondent in this country. A writer in "Capital," a financial and economic journal of Calcutta, had the following to say regarding this bank, the first of its kind to be established in India:

The Tata Bank is intended, as far as possible, to guide industrial investment into

sound channels. In undertaking all preliminary investigations, and floating industrial issues under its own ægis, it will fulfil useful functions. It has another advantage. It creates banking machinery, as far as this country is concerned, of an entirely new character. There has been bitter complaint that industrial enterprises have received inadequate support from commercial banks. The Tata Bank removes all ground for complaints of that character, its raison d'être being that industrial financing requires banks constituted specially for that purpose. It is not the business of either the presidency or exchange banks to finance industries. They are constituted to finance trade and trade alone. The need of industrial banks has often been felt. It has now received practical recognition under the best possible auspices.

The Asia Banking Corporation, which was recently formed by the Guaranty Trust Company and a group of associated banks, will act as correspondent of the Tata Industrial Bank in the Far East. A large part of India's trading is done with China, Japan, Java, and other parts of Eastern Asia, where the Asia Banking Corporation will ultimately operate.



Commonwealth Bank of Australia

ON examination of the twelfth balance-sheet of this institution for the half-year ending June 30 shows that the profits were £317,075, one-half of which was transferred to the reserve fund, making that item £538,013, and one-half to redemption fund, bringing the total of that item up to the same

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

K. M. VAN ZANDT, Jr., GEO. J. McCARTY, President
Vice-Pres. & Manager F. PELTIER, FCO. COUDURIER, G. A. MORAN,
Asst. Manager Cashier Asst. Cashier

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amount. Although the Commonwealth Bank of Australia, which is a Government bank, has no share capital, its reserve and redemption funds are of the amounts stated. General deposits, as at June 30, were £51,939,580; savings deposits, £15,227,534, and total assets £70,162,520.



The Nederlandsch Indische Escompto Maatschappij of Batavia

By J. A. MUURLING

FROM the times of the nabobs of Java, the period when a few families accumulated large fortunes in agricultural enterprises, dates the administration offices or "trustees," who were entrusted with the supervision of those estates when the owning family made up their minds to settle in the home country. It stands to reason that the members of such trustee firms enjoyed a high moral reputation. One of the oldest surviving till this present date is that under the style of Messrs. Tiedeman and van Kerchem, at Batavia. They are of interest to the readers of this MAGAZINE because they were the first to start a genuine bank in the Dutch East Indies. In the year 1857 the Nederlandsch Indische Escompto Maatschappij, usually called "the escompto" or discount, was established with an initial capital of 500,000 guilders, of which ten per cent. was paid up. Its development is interesting as a

barometer of independent economic expansion. By 1866 the capital had doubled; from 1892 to 1895, Fl. 2,000,000 were added. Under the able direction of Mr. Jan Dinger it became prominent in foreign exchange dealings. Since 1904 the increase in business required almost yearly Fl. 1,000,000 more, until in 1916 the paid-up capital reached Fl. 10,500,000.

Of course the war has also had its marked influence on business in those parts of the Far East. The difficulty in moving the crops, the long time covered by the mails and not the least, the restrictions and not merely the supervision by many countries of their foreign finance connections, made ample funds requisite for any banking house. The Dutch East Indian banks as well as the agricultural development companies and big commercial undertakings had to expand their means. Fortunately for them at the same time the Dutch investor was rather weary of foreign securities, so that he was patriotic enough to give his sympathy to colonial issues. In this way the "Escompto" did not in vain make an application for an increase of Fl. 5,000,000 in September last, and it certainly was a compliment for the directors when the tenders for this new issue at the rate of 122½ per cent. were found to aggregate over thirteen million guilders. It operates now with twenty million guilders fully paid up, and a surplus of over three millions.

In comparison with the Dutch East Indian banks established in the Neth-

erlands and reviewed in previous numbers of this MAGAZINE, it is no owner of plantations or shareholder in such plantations. Still, it takes an important part in the agricultural life of the country, which is the dominant factor of the Dutch colonies. It is specially useful in advancing working capital for moving the crops. If in the form of a promissory note the Java (circulation) Bank will rediscount this paper, in special circumstances, but on the special condition that it is non-renewable.

The Escompto with its seat at Batavia has twelve branches over the colonies and agencies in Amsterdam and The Hague.

Its balance-sheet for 1918 may be thus summarized:

ASSETS	
Cash on hand and with bankers..	\$3,100,000
On call	500,000
Foreign coin	57,000
Invested surplus	874,000
Bills receivable	3,966,000
Loans and advances	12,316,000
Buildings	210,000
Debtors	870,000
Miscellaneous	60,000
	\$21,953,000
LIABILITIES	
Capital	\$3,750,000
Surplus	874,000
Deposits	4,360,000
Bankers' a/c	236,000
Creditors	511,000
Bills payable	2,655,000
Cashier	8,500,000
Interest not yet earned.....	77,000
Profits for distribution	424,000
Miscellaneous	546,000
	\$21,953,000

An offshoot of the Escompto is the Unie Bank, opened at Amsterdam in 1914. This new competitor appears to have the right connections and capable managers since it was induced to increase its operating capital to Fl. 4,000,000, and opened an agency at Tilburg in an industrial center of Holland and has branches in Java.

The possibilities of the Dutch colonies in which since the beginning of this year one American bankinghouse has begun to participate with branches at Batavia and Sourabaya, is well illus-

trated by the fact that from 1900 to 1918 the capital of banking and investment offices has increased from 77,000,000 guilders to 187,000,000 guilders.

Since 1863 offices have been opened by the Chartered Bank of India, Australia and China; since 1880, by the Hongkong and Shanghai Banking Corporation, and since the war, the Bank of Taiwan, Ltd., and the Yokohama Specie Bank. A commercial house acts as special correspondent for the Banque de l'Indo Chine.



Remarkable Expansion Indicated in Report of Royal Bank

THE annual report of the Royal Bank of Canada (head office Montreal) for the fiscal year ending November 30 shows that the institution enjoyed a very successful year. This is evidenced in the large increase in total assets, which now have reached the huge sum of \$427,512,982, a gain of over \$90,000,000 during the twelve months. Only a small part of this increase can be accounted for by the taking over of the Northern Crown Bank, the major portion being due to the strengthening and building up of the business of the organization in all parts of the Dominion.

Net earnings for the year are given in the report as \$2,809,846, or equal to 10½ per cent. on the combined capital and reserve of the institution. Adding to net profits the balance of \$564,264 brought forward from last year's profit and loss account, the sum of \$3,374,110 is shown available for distribution. Out of this sum the following amounts were appropriated: \$1,614,702 for dividend; during the year: \$100,000 for officers' pension fund; \$400,000 was written off bank premises; \$133,651 to pay war tax on circulation; \$40,000 for various patriotic funds; \$50,000 for the Halifax relief fund and \$500,000 was transferred to reserve fund, leaving a balance of \$535,757 to be carried forward to profit and loss account for 1919.

In addition to the \$500,000 transferred to reserve fund from profit and loss account, a similar sum, representing a premium on new capital stock issued to Northern Crown shareholders, was also credited to this fund, bringing the total amount of the reserve fund up to \$15,000,000 as against \$14,000,000 last year. The paid-in capital of the bank is \$14,000,000.

Last spring the Royal Bank of Canada opened a branch in Barcelona, Spain, and arrangements are now being made for the opening of a branch in Paris in the near future.

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

❁

Growth of the Bank of Montreal

AS will be seen from the accompanying comparative statements, the Bank of Montreal increased its resources during the last year by more than \$154,000,000.

Bank of Montreal, annual statement as of 31st October, 1918, and 1917:

	LIABILITIES	
	1918	1917
Capital stock (all paid up)	\$16,000,000	\$16,000,000
Rest	16,000,000	16,000,000
Balance of profits carried forward..	1,901,000	1,664,893
Unclaimed dividends	6,670	3,640
Quarterly dividend payable 1st Dec., 1918	400,000	400,000
Bonus of 1 per cent. payable 1st Dec., 1918	160,000	160,000
Notes of the bank in circulation ...	42,082,209	29,308,086
Deposits	474,043,161	321,303,911
Balances due to other banks in Canada and foreign countries ...	3,086,741	14,135,583
Bills payable	311,895	1,024,346
Acceptances under letters of credit (per contra) ...	3,674,865	3,335,499
Liabilities not included in the foregoing	746,392	644,275
Total	\$558,413,546	\$403,980,236

	ASSETS	
	1918	1917
Specie and Government demand notes	\$94,024,097	\$51,353,125
Deposits with Dominion Government for security of note circulation	1,038,167	790,000
Deposit in central gold reserves ...	27,700,000	14,500,000
Notes of and checks on other banks..	24,191,536	18,605,766
Due by bankers elsewhere than in Canada	14,703,461	16,629,089
Call and short loans elsewhere than in Canada	99,400,939	100,610,214
Bonds, debentures and stocks	10,331,620	74,600,202
Current loans and discounts and other assets ...	176,493,418	119,184,709
Overdue debts (loss provided for) ...	855,445	371,629
Bank premises ...	6,000,000	4,000,000
Liabilities of customers under letters of credit (per contra)	3,674,865	3,335,499
Total	\$558,413,546	\$403,980,236

❁

Bank of Ottawa

THE Bank of Ottawa annual statement for the year ending November 30th last shows total assets amounting to \$72,694,205, which is \$8,000,000 higher than a year ago, while profits at \$645,437 are increased by \$29,199.

NOYES & COMPANY

Established 1879

Foreign Bills
Government and Municipal Bonds

8, Place Edouard VII.
PARIS - FRANCE

Of the \$645,437 earned in the past year, \$480,000 went to the usual twelve per cent. dividend, \$40,000 to war tax, \$10,000 to the Patriotic Fund, \$105,437 was added to profit and loss account. Reserve fund at \$4,750,000 in excess of capital and remains unchanged.

The principal features of the balance sheet are increases of about \$7,000,000 in deposits, nearly \$6,000,000 in holdings of Government bonds and upwards of \$2,000,000 in current loans. The expansion in security holdings brought total liquid assets up to \$42,500,292, against \$36,450,388 a year ago, the proportion to public liabilities rising to 66.8 per cent., against 65.3 per cent. a year ago, and 58 per cent. two years ago.



Canadian Bank of Commerce

FOR the year ending November 30 the results of the business of the Canadian Bank of Commerce were:

Balance at credit of profit and loss account brought forward from last year	\$1,332,074.52
Amount recovered from over-appropriations	1,000,000.00
Net profits for the year ending 30th November, after providing for all bad and doubtful debts	2,850,318.16
	<u>\$5,182,392.68</u>

This has been appropriated as follows:

Dividends Nos. 124, 125, 126 and 127 at 10 per cent. per annum	\$1,500,000.00
Bonus of one per cent. payable 1st June	150,000.00
Bonus of one per cent. payable 1st December.....	150,000.00
War tax on bank-note circulation to 30th November....	150,000.00
Transferred to Pension Fund	85,000.00
Reserved for the cost of a proposed memorial to officers of the bank who served in the great war, and of a history of the bank.....	100,000.00
Transferred to Rest Account	1,500,000.00
Subscriptions:	
Canadian Patriotic Fund	\$50,000.00
Halifax Relief Fund	25,000.00
The Navy League of Canada	10,000.00
Y. M. C. A. Red Triangle Fund..	10,000.00
Sundry subscriptions	7,550.00
	<u>102,550.00</u>
Balance carried forward....	1,444,842.68
	<u>\$5,182,392.68</u>

Notes of the bank in circulation on November 30 amounted to \$31,583,694; deposits, \$353,158,816, and total assets \$440,310,703.22—the latter item representing an expansion of \$95,900,000 within the year.



The Bank of Toronto

THE Bank of Toronto reports a good year with all-round expansion.

Net profits reported are \$844,402, an increase of \$42,000 over the previous year, and of \$114,000 over 1916. Dividends at the rate of eleven per cent. per annum were paid, amounting to \$550,000. After allowing for the war tax on circulation, \$50,000; written off bank premises, \$110,884; subscriptions to patriotic and other war funds, \$36,200, and other deductions, the bank carries forward next year \$625,623 compared with \$555,306 carried forward a year ago.

The assets of the bank have grown during the year to \$100,207,997, compared with \$81,293,918 in 1917 and

\$73,144,554 two years ago. The assets now include gold and silver coin current, \$948,654; Dominion notes \$10,473,528, and deposit in the Central Gold Reserve, \$2,500,000.

The bank's holdings of Dominion and provincial, Canadian municipal and other public securities have increased from \$16,368,527 to \$21,808,814. Railway and other bonds, debentures and stocks amount to \$674,767, compared with \$896,625 a year ago and \$1,003,573 two years ago. This indicates a gradual but distinct change in the class of securities held by the bank. Call and short loans in Canada amounted to \$1,305,824, compared with \$2,178,411 in 1917. Other current loans and discounts in Canada amount to \$18,951,-

8, an increase of over \$6,000,000 during the year.

Notes in circulation are now \$7,270,615, compared with \$7,606,005, a reduction of \$335,390. Deposits bearing interest have risen from \$46,872,381 to \$49,534,482, while deposits not bearing interest have advanced from \$17,034,915 to \$29,504,792, an increase in deposits of both classes of almost twenty-five per cent.



A Bank's Window Cards

WHILE the window of one bank is painted over with black paint, an opening has been left in the surface large enough to accommodate a mahog-



any frame about 15 x 30 inches. In this are placed show cards and bulletins. Some of these cards are of a pa-

triotic nature; others are announcements of local affairs and others are bank advertisements. They are changed regularly and are always interesting. Three of the bank advertising cards are shown herewith. One calls attention to the checking account department of the bank. One of the smaller two—which were inserted together—shows a tree



planted in poster style bearing the label, "Savings Account." The fruit of the tree is the interest and the pot containing the tree, "Thrifty." The companion card shows a barren plant in a can marked "Waste." Above the thrifty card is a bank pass book showing an entry of interest. Above the companion card is a note, indicating debt. Occasionally a newspaper or magazine clipping touching on thrift, or the success of some man who began at the bottom, will be mounted on the cardboard of the frame. People will always stop to read a clipping.

The success of a plan of this sort depends a great deal on its not growing stale.



Shipment of Currency

1. Treasury Department Circular No. 125, November 20, 1918, embodies the following information of interest to fiscal officers of the Government:

2. Under contract made by the Treasury Department, express shipments of currency between said Department and banks, and by receiving officers of the Government, have heretofore been carried at a special reduced rate.

3. The American Railway Express

Company, which is the only express transportation company now conducting business in Washington, D. C., and other cities in the United States, now advises that beginning January 1, 1919, it will discontinue carrying currency at a reduced rate and will thereafter charge the regular published tariff rate on moneys entrusted to it.

4. Arrangements have now been effected with the Postmaster General, whereby currency of the denomination of ones, twos and fives may be shipped from Washington, D. C., or from any of the nine sub-treasuries, to banks at parcel post rates, registered and insured, the registration fee being as follows: Ones and twos, 10 cents; fives, 25 cents. Denominations of currency of \$10 and upward must have paid thereon the regular first-class rate of postage.

5. Several large insurance companies have agreed to cover, at a special rate, mail shipments of currency to and from banks. These special rates may be obtained from the Mail Insurance Office, Room T, Treasury Department, Washington, D. C.

An Attractive Ladies' Room

ONE of the most attractive and convenient ladies' rooms in any of the New York banks is that of the New Netherland Bank, on Thirty-fourth street, which, on account of its location near the shopping district, has given



special attention to ladies' accounts. While catering to the business of the bank's women patrons is a comparatively modern idea, many banks have found that it pays, some institutions having thousands of accounts of women, with deposits aggregating in the millions.



Receiving subscriptions to the Fourth Liberty Loan at the Seaboard National Bank, New York

A Big, Vital American Industry

The Story of Swift & Company

By L. D. H. WELD, Manager Commercial Research Department,
Swift & Company

SWIFT & COMPANY'S sales for 1918 were the largest in its history. As measured by volume of business, this makes Swift & Company second only to the United States Steel Corporation, and yet this company, as well as the other companies in the packing industry, has developed within practically a single generation.

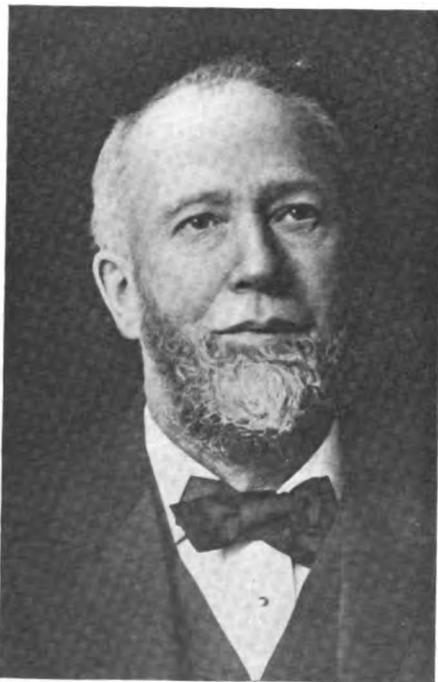
ORIGIN OF THE BUSINESS

Swift & Company is managed by a remarkable family of brothers—six of them, sons of Gustavus Franklin Swift, who started the business in Chicago in 1875, and who had developed it into a business of two hundred million dollars a year when he died in 1903.

The story of G. F. Swift's first experience in the meat business on Cape Cod bids fair to become one of the classics of American industrial history. It was in the town of Barnstable, Massachusetts, that he went to work for a butcher for \$1.00 a week when he was fourteen years old. After he had learned the business, his father loaned him \$20.00, with which he bought a heifer, which he killed and dressed himself. He peddled the meat around Barnstable and made a profit of \$10.00, which is a far larger profit per head than Swift & Company has ever been able to earn since that time.

As a result of his experience in buying cattle for his local meat business, Mr. Swift soon became a cattle dealer, and began to frequent the stock yards around Boston. From Boston he followed the live stock industry west as far as Buffalo, and finally moved on to Chicago in 1875.

Mr. Swift began in Chicago as a cattle dealer, but he soon conceived the idea that the proper solution of the meat business was to be found in the



G. F. SWIFT
Founder of Swift & Company

slaughter of animals in the Middle West and West, where they could be most economically produced, and the shipment of the dressed meat to eastern markets. In order to do this, there were numerous obstacles to be overcome. In the first place a refrigerator car that would carry dressed meat had



Original Plant, Barnstable, Mass.

not been perfected; in the second place, the people of the East were naturally prejudiced in favor of home-killed meats, and it was necessary to educate them to the superior quality of western dressed meats; and then there was the opposition of all the vested interests, such as the railroads which supplied stock cars for the carriage of live animals, the dealers and shippers who made a business of shipping cattle, and the stock yards and local slaughtering interests of the East, who naturally did not care to have their businesses taken away by western slaughterers.

Mr. Swift's indomitable will made it possible for him to triumph over all of these obstacles. He perfected a refrigerator car that would carry dressed meats to eastern markets in prime condition. He built his own refrigerator cars for this purpose because the railroads refused to build them. He got dealers in the East interested in the business, and they helped to overcome prejudice among eastern consumers.

CAPITALIZATION

The business of Swift & Company in Chicago was at first developed under a series of partnerships. It was not until 1885 that the present corporation was organized with a capital of \$300,000. Measured in terms of capital

stock, the growth of Swift & Company shows a continuous and steady development. By 1893 the capitalization had reached \$15,000,000; by 1902 it had reached \$25,000,000; became \$50,000,000 in 1906; \$75,000,000 in 1911; and \$100,000,000 in 1916. In 1918 the capital was further increased to \$150,000,000.

EXPANSION WESTWARD

Although Chicago is still the largest live stock and packing center, the raising of live stock soon began to develop in the Southwest and Northwest, and to carry out the principle of slaughtering animals at points in or near producing sections and shipping the dressed meat by rail, it was necessary for the packers to follow this westward movement of the live stock industry. Swift & Company, for example, established plants in Kansas City and Omaha in 1888. In 1893 St. Louis was entered; and in 1898 St. Joseph. In 1897 a plant had been established in St. Paul, and in 1902 Fort Worth was entered. In 1912 Swift & Company took over the plant of the Western Packing Co. in Denver, and in 1917 two small plants were taken over in Alabama and Georgia, indicating Swift & Company's belief that live stock production has begun in earnest in the South.



Partial View of Present Plant of Swift & Company

This and the preceding illustration show in a striking way the development of a great industry from modest beginnings to its present importance

In addition to these large plants in the producing sections, Swift & Company still operates some plants in the East, especially around New York. These eastern plants draw their supply of live stock partly from local sources, and a part of the supply is shipped on from Chicago and other western points. Two important reasons why slaughtering is still carried on in the East are: first, a preference among some people for locally dressed meats, and second, what is much more important, the custom of the orthodox Jews, which requires that they eat freshly killed beef. Slaughtering establishments in the East are also necessary to take care of the calves marketed by dairy farms, and of the sheep raised in eastern states. On the whole, however, the packing business in the East is extremely small as compared with the business as it has developed in the West.

SOUTH AMERICAN INTERESTS

One other highly interesting feature of the development of Swift & Company's business is its entrance into the South American field in 1907. It was found that beef could be produced in Argentine at a lower cost than in the United States, and that this Argentine beef was largely taking the place of American beef in European markets.

Swift & Company had been doing a large export business and had developed an organization to take care of this business, especially in England. In order to continue to use this sales organization, and in order to hold the trade that had been developed in Europe, Swift & Company found it necessary, not only as a matter of protection, but as a matter of farsighted business possibilities, to introduce American methods of slaughtering into Argentine.

RAPID GROWTH IN RECENT YEARS

The growth of the company, as measured by volume of sales, has been very rapid during the past ten years. In 1908 the sales were about \$240,000,000; by 1912 they had increased to \$300,000,000, and by 1915 they had jumped to \$500,000,000. As mentioned above, they increased to \$875,000,000 in 1917 and will show over one billion dollars in 1918. The tremendous increase in sales during the past two or three years has, of course, been due more to higher prices than to an increase in tonnage, although the tonnage has also shown substantial increases.

It is not generally realized that the production of live stock has been increasing very rapidly in the United States since 1914. It is true that from

1907 to 1914 there had been a slight decrease in the production of cattle, and that hog production, although it had continued to increase, had not quite kept pace with the population. The situation even then, however, was not so serious as many people thought, be-



L. F. SWIFT
President of Swift & Company

cause we were still producing live stock in such quantity as to enable the United States to be the leading meat eating nation in the world, outside of Australia and New Zealand, and to allow a certain amount for exportation. Ten and fifteen years ago the prices of live stock were so low that in these days it does not seem possible that live stock production could have been profitable to farmers at all, and it is no wonder that other forms of agriculture were found more attractive. The live stock situation was also affected by the breaking up of the large ranches in the West, and the substitution of small-scale mixed farming.

Since 1914, however, live stock pro-

duction has been increasing more rapidly than population. The number of cattle and hogs on farms on the first of each year since 1914, as estimated by the United States Department of Agriculture, was as follows:

	Cattle on Farms	Swine on Farms
1914	56,592,000	58,933,000
1915	58,289,000	64,618,000
1916	61,920,000	67,766,000
1917	63,617,000	67,453,000
1918	66,830,000	71,374,000

Before the war, although we still exported some pork products, the United States was practically on a self-sufficing basis. Since that time we have been exporting larger and larger quantities for the American Army abroad and for the Allies, until during 1918 nearly one-third of the output of the big packing houses has been going overseas. The tremendous increase in exports is shown by the following figures:

	Beef Products (Pounds)	Pork Products (Pounds)
1914	148,487,828	921,913,029
1915	383,533,055	1,106,180,488
1916	444,440,400	1,459,532,294
1917	411,473,025	1,499,476,444
1918	590,359,769	1,691,454,529

As further indication of the rapid increase in exports during the past few months, it is a striking fact that the exports of fresh beef, bacon, ham and lard were greater for the first six months of 1918 than they were for the whole year of 1917.

WAR ACHIEVEMENTS

This vast increase in exports gives some idea of what the packers have been able to do in the fulfillment of war demands. There is probably no industry in the country that has been able to play its part in the great war so effectively, so promptly, and so efficiently as the packing industry. This is due to the fact that the industry had become organized on such a large scale basis, both with regard to the packing plants themselves, and with regard to its selling organization, which is not

only national but international in scope.

It is little realized how great the needs of the Allies and of the American Army abroad have been, and how dependent the Government has been on the packers during the war crisis. All orders for our own Army and Navy and for the armies and civilian populations of the Allies have been allotted through the United States Food Administration, thus eliminating duplication of effort, and simplifying the placing of huge orders, the fixing of prices, and the shipment of the goods.

The uncertainties of ocean shipping greatly complicated the situation both for the Food Administration and for the packers. Meats have had to move overseas in refrigerator vessels, and cargo space with convoys was available at irregular intervals. The Food Administration would often find that it would have cargo space available at a certain time a few days in advance of sailing, and it would suddenly notify the packers that they must have a certain quantity of meats, often amounting to millions of pounds, at the seaport within a certain length of time. When such orders were received, the packers often began moving the goods from their plants within a few hours.

Swift & Company, alone, has shipped as many as 800 carloads of meat products in a single week for overseas shipment, and at the same time has been able to take care not only of the domestic cantonments, but also the population at home.

POSITION OF THE PACKER IN THE MARKETING SCHEME

The position of this big, vital industry in the economic organization of the country will be better understood by describing the steps through which live stock passes on the way from producer to consumer, and by describing the functions actually performed by the packer in this process.

To begin with, live stock is shipped from country points in a variety of ways. The farmer who has enough animals to fill a car may ship direct to a

large live stock market; or, especially if he has less than a carload to market at one time, he may sell to a local stock buyer who consolidates the offerings of individual farmers into car lots; or the farmers at a country point may have a cooperative shipping association.



L. A. CARTON
Treasurer of Swift & Company

The railroads provide stock pens at country shipping points to care for the animals until time for loading, and operate special trains of live stock cars to the principal markets. Owners of stock or their representatives, who are given transportation on these stock trains, generally accompany the animals to market to see that they are properly fed and cared for.

Most of the live stock shipments of the country move to certain large live stock markets in the Central West, where the packers have their plants. Each of these markets has stock yards, where the animals are unloaded, fed and watered and held until ready for slaughter, or in some cases until ship-

ped to markets farther east. The live stock comes to the stock yards consigned to commission merchants who attend to feeding and watering and who are expert salesmen. They attend to these matters more efficiently than the shippers could themselves, and their charges average about fifty cents per head for cattle, and twelve cents per head for hogs.

The buyers in the stock yards are the packers (large and small); shippers, who buy for reshipment to other markets; and dealers and speculators. Thin cattle are sold as "stockers and feeders" to be sent back to farms to be fattened; fat cattle and hogs are bought by the packers for immediate slaughter.

Many of the stock yards are owned wholly or in part by the large packers, who have plants in conjunction with the yards—a matter that has been subject to criticism by the Federal Trade Commission, and by many stock raisers. In fact, the Federal Trade Commission has recommended that these stock yards be taken over by the Government. Swift & Company has no particular objection to the Government's taking them over, especially if there is any way in which the present high standard of efficiency can be maintained. Swift & Company feels that it has rendered a public service by the part it has played in developing stock yards. Especially in the newer and smaller markets the maintenance and operation of efficient stock yards offers no great inducement to outside capital, and the packers have been practically forced to finance and operate these yards so that they will be furnished with adequate and sanitary facilities, and so that the farmers' stock will be properly taken care of until it is ready for slaughter.

The stock yards companies derive their revenue from the charging of yardage fees and from the sale of feed. These charges are the same to all, and furthermore the whole operation of stock yards has been under the supervision of the Bureau of Markets of the United States Department of Agriculture since July, 1918. Financial inter-

est in stock yards gives the packers absolutely no control over prices of live stock or over the trading methods of the commission men who represent live stock shippers in the sale of their products.

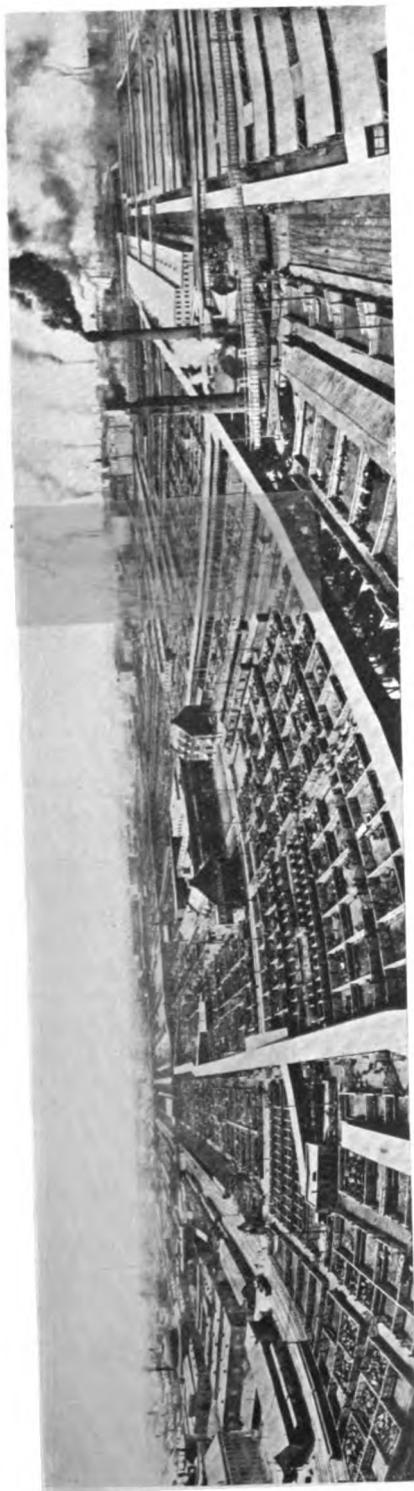
The packer has to maintain a buying organization to properly select the animals bought. They are then taken to the "killing floor," where they are slaughtered; during the dressing process which follows United States inspectors thoroughly inspect every carcass. Those condemned are used for other than food purposes. The good carcasses, after being thoroughly washed, are placed in the "cooler" long enough to become thoroughly chilled before shipment. Hog carcasses have to be cut up after slaughter and chilling, and such cuts as hams and bacon go through the additional process of curing and smoking. When ready for consumption, the meats are shipped to various parts of the country in refrigerator cars.

THE DISTRIBUTIVE SYSTEM

Swift & Company sells direct to retailers all over the country. It does this in two ways: first, through branch houses, of which there are about 400 in the United States; and, second, by means of "car routes."

The appearance of branch houses is familiar to all, because they are located in all the principal cities of the country. These branch houses have refrigerating facilities, corps of expert meat handlers and cutters, sales, accounting, and credit organizations, and delivery equipment, in order to carry the goods (except in a few cities) direct to the retailer's store. There are probably no industrial concerns in the country that have such elaborate and well developed sales organizations. Meat is a perishable commodity and cannot well be entrusted to the care of wholesalers, although in a few cities there are found brokers and jobbers who assist in getting meats into the hands of retailers.

The car routes reach small towns that are not served by branch houses. Salesmen go from town to town along the line of a railroad and take orders



A Panoramic View of the Union Stock Yards, Chicago

from retailers. These orders are filled direct from the packing plants, and products are loaded into refrigerator cars which make regular semi-weekly or weekly trips and drop the shipments required by the various towns along the route. This is an exceedingly expeditious and economical method of reaching retailers in all parts of the country.

THE RETAILER

The last step in meat distribution is occupied by the retailer. He buys whole carcasses or "sides," or various cuts, depending on the size of his business and the class of people to whom he sells. Because of the fact that he has to do a small-scale business, and because in most instances he has to perform services such as deliveries and the granting of credit, his expenses are relatively high. He also has to charge varying prices for the different cuts, because if porterhouse and sirloin were sold at the same price as the stewing cuts everybody would demand the choice cuts and the others would become a drug on the market. Furthermore, the choice cuts constitute only a small percentage of the total animal. Tests made in Chicago in December, 1917, and revised to date, show that where retailers buy sides of beef from the packers at twenty cents a pound, they have to charge as high as forty-five cents a pound for porterhouse and sirloin in order to get an average price of twenty-five cents a pound for the whole side. This is because the stewing cuts, which constitute a large proportion of the meat, do not bring above twenty cents a pound. In other words, it is absolutely unfair to compare the price of porterhouse alone with the wholesale price of whole carcasses or with the price of live stock. Swift & Company does not sell at retail.

COSTS AND PROFITS IN THE PACKING BUSINESS

Because of large-scale operations and a high degree of specialization in manufacturing, the packers are able to con-

vert and distribute meats at very low unit costs and at astonishingly small margins of profit. During 1917 Swift & Company's whole expense for killing and dressing, freight to market, and operation of branch houses, amounted to less than one and three-quarters cents per pound of dressed beef, and the profit was only about one-fourth of a cent per pound of beef. It is perfectly obvious that if this profit were eliminated altogether, there would be practically no effect on the price of meat or the price of live stock.

It is also true that the packer sells the meat from a steer for a less amount than he pays for the live animal. For example, in 1917 Swift & Company paid an average of \$84.45 per head for live cattle, and received an average of \$68.97 per head for the meat. The other revenue was derived from by-products, which, in 1917, amounted to \$24.09 per head. From the sale of the meat and by-products together, Swift & Company received a total margin of \$8.61 per head over the price paid for cattle, and it was out of this amount that all expenses were paid and that a profit of one-fourth of a cent per pound of beef was derived. This profit includes the profit from packing-house by-products, such as cured hides, refined oleo oil, tallow, etc.

Another way of showing how little effect the profit has on prices is to compare profit with sales. The following table shows the percentages that Swift & Company's profit was of its total sales for the past five years:

	Percentages of Earnings to	
	Sales	Sales
1913	\$400,000,000	2.31
1914	425,000,000	2.21
1915	500,000,000	2.81
1916	575,000,000	3.56
1917	875,000,000	3.96

The significance of figuring profits on a per pound basis, or as a percentage of sales, is merely to show that profits have practically no effect on prices, a fact which is not generally understood by the public. The question of profits on investment is an entirely

different matter, and although Swift & Company and other packers have been criticized for the profits they have made during war times, Swift & Company, at least, is perfectly willing not only to defend the profit it has made, but to show that it has not been any more than necessary to pay fair returns to stockholders and to finance the business during times of uncertainty and high prices.

Although Swift & Company's profit of \$34,000,000 in 1917 amounted to thirty-four per cent. of the capital stock, it amounted to only twenty-one per cent. of capital stock and surplus; and surplus is invested in the business just as much as the capital stock. Even capital stock and surplus together, however, do not represent the full value of assets on which Swift & Company is justified in figuring its profit from a purely investment basis. The company is not only under-capitalized, but its properties are carried on its books at less than present-day market values, and the company is certainly entitled to earn something on the vast quantities of money that it borrows from banks all over the country. Otherwise there would be no sense in borrowing money to carry on its large-scale operations.

During 1917 ten per cent. dividends on its small capital stock were issued to shareholders; the remainder of the profit remained tied up in the business, largely in exceedingly heavy inventories at abnormally high cost prices. Whereas Swift & Company normally carried about \$50,000,000 worth of goods in process of manufacture and on the way to market, before the war, it has been carrying inventories of more than \$150,000,000 during 1918, and has also continuously had accounts receivable amounting to another \$100,000,000. The profits were only partly realized in cash, and the part which was derived from increases in inventory values is but a reserve to meet the decline back to normal conditions. Such a decrease in values is bound to come sooner or later, although the great demands from abroad are likely to keep the prices of live stock and meat products at a high

level for some time after the cessation of hostilities. Even these additional profits were not sufficient to finance operations during war times, and additional capital stock had to be issued during 1918 to raise more cash for this purpose.

LABOR PROBLEMS

Swift & Company has been confronted with labor problems during the war similar to those encountered by other industries. Beginning in 1916 the wages have been rapidly advanced, and since early in 1918 questions of wage adjustment have been left to arbitration. The rate of wages paid by Swift & Company to common labor has increased about 130 per cent. since early in 1916, and the wages of all packing house labor have increased about 108 per cent. This is, of course, a much greater increase than has occurred in living expenses.

For several years Swift & Company has been taking active steps to bring about an improvement in labor conditions. New methods of employment management have reduced the turnover of labor. Improvements have been effected in the physical conditions of plants by installing safety devices, etc. Medical offices, with competent physicians, attend to sickness and injuries at the plant and in the home. The company maintains an Employees' Benefit Association which provides sickness and death benefits, and it has a liberal pension fund which takes care of retired employees in their old age. Savings are encouraged by making it possible for employees to invest in Swift & Company stock under a partial payment plan.

A continuation school gives office and messenger boys instruction for an hour each day out of regular working time. Attendance at night school is encouraged, and those who attend regularly are rewarded by being given vacations at a camp maintained by the company at Fish Lake, Indiana. A troop of boy scouts has been organized. Women employees are also sent to Fish Lake camp

for vacations at the expense of the company.

There is also in Chicago an organization of office employees which helps fellow employees in times of trouble. The Military Welfare Association sends comforts and remembrances to the 7,389 employees who joined the colors. An attempt is being made in cooperation with other packers to improve living conditions in the community around the Chicago Stock Yards through a central clearing-house. Swift & Company is also taking active steps to bring its labor problem in consonance with the spirit of the times, and to develop a feeling of cooperation between employees and the management.

GOVERNMENT REGULATION DURING WAR TIMES

Since November 1, 1917, the packers have been licensed by the Food Administration and have been operating under regulations which have limited their profits. This limitation amounts to nine per cent. of the capital employed (including borrowed money) in the meat departments of the business. There have also been other regulations promulgated by the Food Administration which have affected the packers; as, for example, the promise of the Food Administration to maintain, so far as possible, a minimum price for hogs, and the establishment of maximum prices which the packers may receive for pork products. Swift & Company has not had to artificially lower its profits in order to fall within the maximum profit allowed, because its profit in the meat departments since November, 1917, has not amounted to nine per cent. of the capital employed. This result has been partly brought about by the fact that the Food Administration has set the prices on all orders for the Government and for the Allies, and these prices, although they have allowed profits to the packers part of the time, have at other times required the packers to fill Government orders at substantial losses. In other words, the packers' profits have probably not been so large during 1918

as they would have been if prices had been left to the unrestricted working out of the forces of supply and demand.

FEDERAL TRADE COMMISSION INVESTIGATION

During a large part of the years 1917 and 1918 the Federal Trade Commission has been investigating the packing industry, and a summary of its report was issued in July, 1918. The investigation itself was an ex-parte one, and the packers never had an opportunity to present their side of the case. The report shows bias and prejudice, and an unfair and unscientific way of handling figures. Swift and Company has issued published statements which point out the weakness and unfairness of the Trade Commission's report.

The Federal Trade Commission accused the packers of having a monopoly in restraint of trade, but a careful analysis of its report shows that it has no ground for such a conclusion. Swift & Company is in open and keen competition with all other packers, and there are plenty of evidences, not mentioned by the Trade Commission in its report, which clearly prove that competition exists.

The Federal Trade Commission did not recommend that the Government take over the packing industry itself, as so many people seem to believe, but recommended only that the stock yards and refrigerator cars and live stock cars owned by packers should be taken over, and that branch houses also be appropriated by the Government as public markets. So far as the taking over of stock yards and cars is concerned, Swift & Company has no serious objection, although it does not believe that the present high standard of efficiency of operation and service would continue under Government operation. In fact, the Interstate Commerce Commission has only recently expressed its opinion in connection with private cars that it would be unwise to attempt to

change the present system, that the packers' methods of handling refrigerator cars result in benefit to the public at large, and that the operation of such cars has not been profitable to the packers during the past few years. As for the taking over of branch houses by the Government in order to operate them as public markets, Swift & Company believes this proposal to be impractical, although it has no serious objection to the Government's operating public market facilities, if it is found necessary to provide distributive machinery for the small packers who cannot afford country-wide sales organizations of their own.

THE PUBLIC SHOULD KNOW MORE ABOUT THE PACKING INDUSTRY

Because of ignorance of the packing industry, and because the packers themselves have never taken the public into their confidence, there has developed in some quarters a prejudice against this big, vital industry. Swift & Company has decided that this is not a healthy situation, either for the packing industry itself, or for the country at large, and wants the public to know about its business. For this reason, Swift & Company has been trying to give some of the fundamental facts to the public in the form of paid advertisements—since this is the only way that it can adequately present its case.

One of the important reconstruction problems of the United States is the development of a proper attitude toward large industrial corporations. If the prejudice which exists against big business, as such, is allowed to continue, the results may be disastrous to American business. Swift & Company feels that in its educational advertising it is performing a service to American business and industry in general, and it believes that large corporations must more and more take the public into their confidences.



Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansel, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baughner, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bise, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

O

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberpacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Eckrich, A. A., secretary, North Side Savings Bank, New York City.
Elsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., 237 East Ashley Street, Jacksonville, Fla.
Lanng, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles E., cashier, The First-Second Savings and Trust Co., Akron, O.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
 Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
 Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
 Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
 Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.

Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president, Lake County Bank, Madison, S. D.
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Grimm, H. B., director, Department of New Business, St. Joseph Valley Bank, Elkhart, Indiana.
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.
 Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Massachusetts.

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**BANKERS
MAGAZINE**

SECTION



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CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

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DANIEL G. REID	Vice President
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ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
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FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier



A Fifth Avenue Landmark—long noted as the home of Mrs. Oelrichs. The unique decision of the New York Trust Company to house its uptown branch in this sumptuous dwelling occasioned congratulatory comment



Reception room at the left entrance, assigned as office to Charles E. Haydock, Vice-President and Manager

The World and His Wife

ON the first day of November, 1918, a huge sign was blazened across the second story of a fine gray stone residence on the northeast corner of Fifth Avenue and Fifty-seventh Street, New York, announcing that the New York Trust Company would there locate an uptown branch.

The World and his wife stopped. They stared. Her curiosity was no greater than his interest. But she was voluble. "Why, that's been Mrs. Herman Oelrichs' house for years! Before that, Mrs. Paran Stevens lived there, and Mrs. Mason Jones before her. Three of New York's most prominent women. What a shame to pull it down for a nasty old business building! Most of America's social history is linked with that house."

"It's bound to be a fine building if the New York Trust puts it up," the World insisted.

"I don't care how fine; it's a shame! If heaven doesn't enforce building restrictions, I shan't want to fly along the golden streets."

"Nonsense. Business must grow," growled the World.

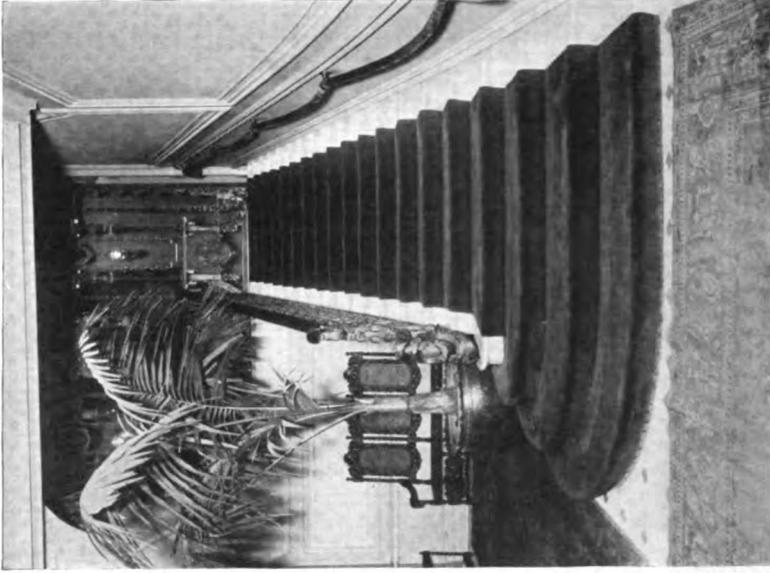
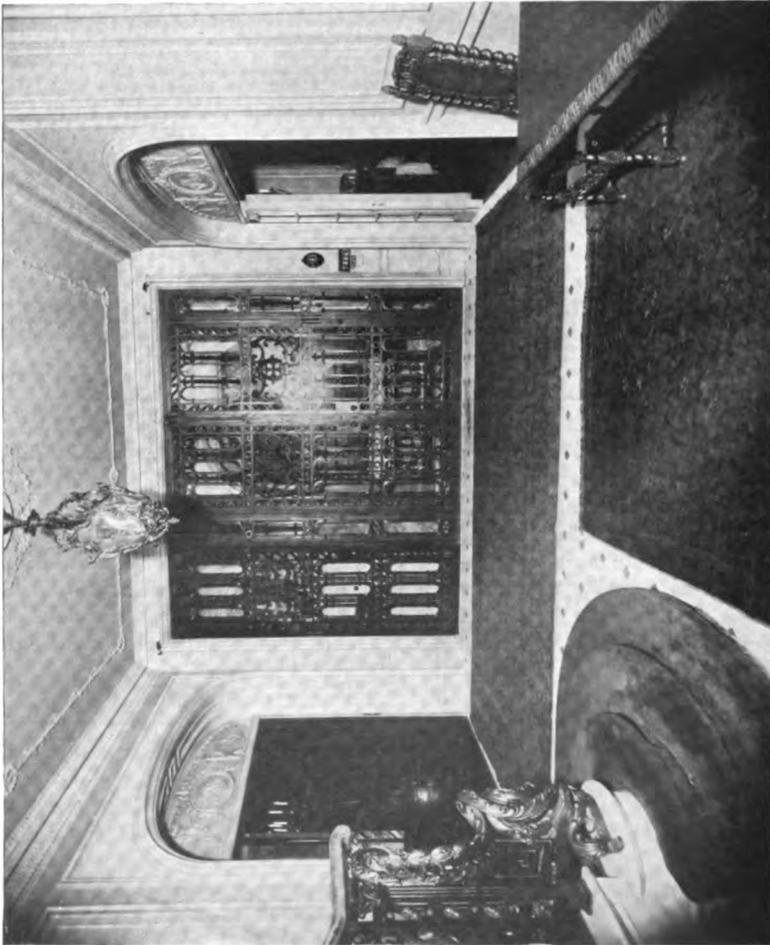
Three weeks elapsed.

The World and his wife passed daily. Almost each time she made regretful note.

Then the sign was forgotten.

Its withdrawal passed unnoticed. Simple curtains appeared against the lower sashes; unobtrusive bronze plates upon either side of the door.

Early on the 23rd of November florists' wagons began to arrive. Standards



Vestibule and entrance through which the 'beau monde' now returns as client. The staircase typifies the late Stanford White's appreciation of line and proportion. A fine Louis Seize mirror upon the landing doubles the already existent impression of space



The ball room is rededicated to figures, not those of the cotillon, nor the later tango, but those with which bookkeepers are most conversant

of American beauties and mammoth chrysanthemums were carried swaying into the house.

"A party," thought the passersby.

In reality it was the cordial expression of welcome from all the banks and trust companies of the uptown section, for November 23rd was the opening day.

The prophesied "business building" was not there, but the New York Trust was.

The World and his wife had been asked. A doorman swung open the great bronzed doors. They glimpsed a Louis Seize mirror across the landing of a staircase, its spacious elegance testifying to the late Stanford White's appreciation of line.

On the right of the tessellated entrance hall opened the oak dining room with discreetly carved ceiling. The mere addition of tellers' cages of carefully matched panelling had transformed it into a dignified banking interior. To the left a suitably sized re-

ception room served as office for the vice-president and manager, Charles E. Haydock. A further and most luxurious room, with separate entrance, and trim maid in attendance, had been assigned to the use of the ladies.

Upstairs the brocaded walls of a former salon enclosed with no apparent incompatibility their present allotment of handsome but business like furniture. In the only other apartment on that floor, the ballroom, light and spacious accommodation was assured the bookkeepers.

An entire cycle of admiring exclamation had escaped the World's wife. "How unique. What an inspiration to keep the house unchanged. How clever. Why hasn't this been done before—in America, I mean. Europe showed us how long ago."

The World—still a male World—grunted; but each grunt meant approval.

It was in the third story he spoke, "Splendid idea."



The Trust Room, formerly the main salon upon the second floor, re-echoing previously to social chatter, has become the restful Mecca for those wishing to rid themselves of financial problems



Below these windows the gay Fifth Avenue pageant daily unrolls, but the well built walls diminish sound to a merely agreeable murmur



No alteration was required to turn the former library into a luxurious room for ladies. [There letters may be written, appointments kept, or the essential freshening of a toilette accomplished]

"What?" She scanned the square rooms, the chair-surrounded tables, simple curtains and plain soft carpets, thinking it a bit austere.

"Why, these conference rooms. They are at the disposal of their men clients. Very up-to-date. It'll be much appreciated."

"I'd have you know they offered them to me for any Red Cross meeting, or conference on other work!"



Anook for the depositor who has memoranda to make, or, perhaps, a miniature conference room which gives but a hint of the five commodious ones on the floor above

The World stared.

"And I'll tell you what else they do for those women who wish it. Pay all their house accounts and balance their check books monthly. And did you notice the ladies' room? It'll be as good as a Club to out-of-town women."

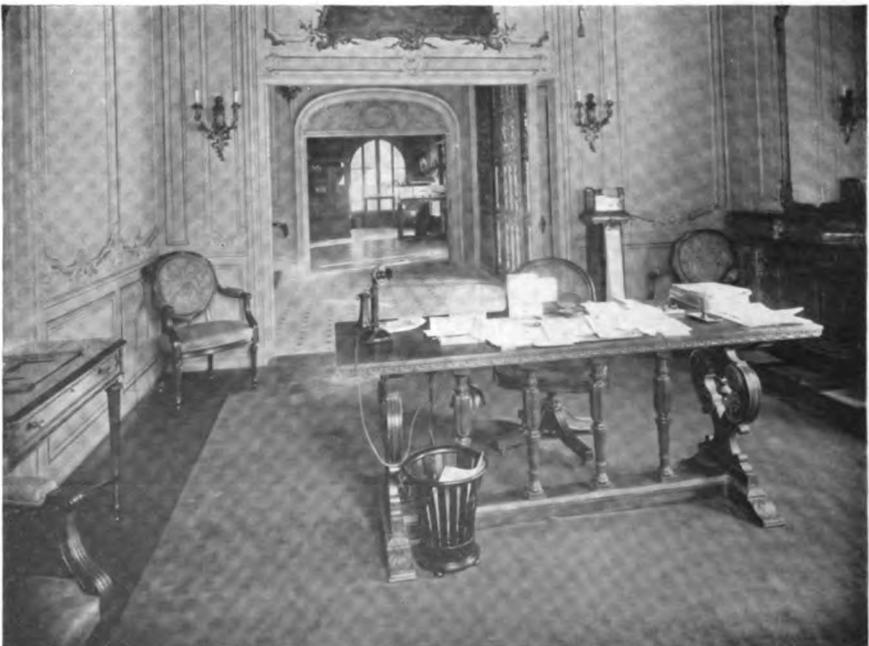
The World smiled. He was thinking of other advantages, such as checking out uptown, against downtown deposits, getting interest on his comfortable balance, taking a convenient deposit box for securities and for certain seldom used jewelry, for he had remarked the burnished steel doors of a vault.

"It's a great idea, greatly conceived and greatly carried out," was the World's verdict.

NOTE—To transform a magnificent mansion into effective banking quarters, yet dominated by simplicity and convenience, was the trying task that confronted Hoggson Brothers in making over the famous Oelrichs residence into an uptown office for the New York Trust Co. So skilfully and sympathetically, however, was the remodelling planned and carried out, that the architectural and decorative spirit which characterized this private house has been successfully preserved, and yet all those essential fixtures and equipment necessary for carrying on a banking business in the most up-to-date manner have been provided.



The main banking room from which silver and napery have disappeared, but candles still gleam upon the walls which once enclosed the distinguished diners of two continents



View from the Fifth Avenue side of the dwelling across the tessellated hall into the sun flooded banking room



Import Department and Exhibition Room, Mercantile Bank of the Americas, Caracas, Venezuela

American Banking Service in Foreign Trade

NEW indications that the United States is fast developing truly cosmopolitan aspects to its political and commercial life are becoming ever more noticeable. That we have for the first time played an important role in the theatre of European activities is sufficient evidence that America as a whole has finally evinced a deep-rooted interest in international affairs. The genuine concern and earnestness with which American business is turning its attention to expanding its foreign relations is a further unmistakable sign of progress in this regard.

As a particular illustration the Mercantile Bank of the Americas in New York may be cited as an excellent example of an American institution with an individuality of a truly international character.

This characteristic has been acquired not alone through intimate relations with its many affiliated institutions and branches abroad, but partly by the effect of its own cosmopolitan personnel.

Within its edifice the foreign merchant or banker feels entirely at home

for he converses with the bank's officials and employees in his native tongue, and finds many who are personally acquainted with people and conditions in the city from which he hails.

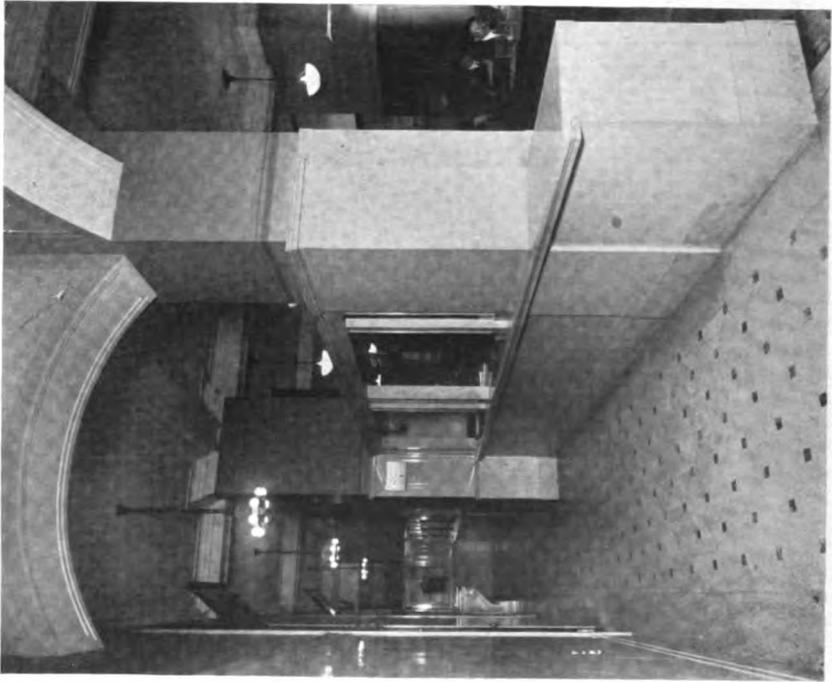
Of the employees in the head office of the Mercantile Bank of the Americas in New York, 96 speak Spanish, 31 French, and 16 possess a knowledge of German. In addition there are 15 employees who speak Portuguese and 11 who speak Italian.

Interpreters for any other language are easily located among the employees of the bank when occasion necessitates their services.

When it is taken into consideration that about 40 of the employees are of Latin and Latin-American birth, and more than 50 have had residence abroad, it is safe to say that this American institution, if no other, can in respect to cosmopolitanism be favorably compared with older European banks and more particularly with those of Switzerland, which have until this time practically held a monopoly of the linguistic faculty.



Correspondence and Exchange Departments, Mercantile Bank of the Americas, Caracas, Venezuela



Corridor in Main Banking Room



Mr. W. J. Wollman at his desk



Mr. W. J. Wollman's Private Office

W. J. Wollman & Co.

IN this issue of *THE BANKERS MAGAZINE* are presented some striking photographs, showing the attractive interior of the offices of Messrs. W. J. Wollman & Co. on the second floor of the Equitable Building, 120 Broadway, New York, together with photographs of the members of the firm.

W. J. Wollman & Co., which is organized and conducted along sound investment lines, is considered one of the strongest and most conservative in the street. Mr. W. J. Wollman, the head of the firm, has had a long and valuable banking experience, and has been extensively identified with railroad, industrial and municipal financing.

In addition to transacting a large business for its local clientele, the firm also operates extensive wire systems,

reaching the important cities of the country, and has strong financial connections in London, Paris, Amsterdam and other European money centers.

Although the energies of the firm have been increasingly devoted to development along purely investment lines, a large commission business has been built up with a clientele distributed over a great part of the country. Besides two memberships on the New York Stock Exchange, the firm also has memberships in the New York Cotton Exchange, the New York Coffee and Sugar Exchange and the Chicago Board of Trade. The members of the firm are William J. Wollman, Morton Wollman and Walter W. Hess.

The offices of the firm occupy extensive space on the second floor of the



Mr. Morton Wollman, one of the Firm



Mr. Walter Hess, Partner in W. J. Wollman & Co., and Member of the New York Stock Exchange



The Investment Department

Equitable Building, 120 Broadway. In addition to the general elevator service with which the Equitable is so amply supplied, the clients of the firm enjoy the convenience of a private elevator, which is operated exclusively for the patrons of the house. The main offices, including the investment department, private offices, conference rooms and customers' room, are richly trimmed in mahogany. There is a general impression of airiness and space about the interior which is in refreshing contrast to the tendency to partition off the area into small private offices. The entrance from the private elevator on the second floor affords a wide vista broken by huge columns, enhanced by unusually high ceilings. The investment department presents the orthodox substantiality of a sound and conservative banking house. To the right of the investment department, separated by a broad open corridor, are the desks of the members of the firm. To the rear of Mr. Woll-

man's desk, at which he performs most of the details of his work, is his own private office, where he holds most of his conferences with his financial associates.

The customers' room is equipped with tickers recording the prices of stocks, bonds and commodities, as well as the news tickers of the news gathering agencies, supplying service of this character.

The wire room is equipped with all the paraphernalia for the rapid and systematic transaction of a large business on the Stock Exchange and other exchanges. Numerous private telephones to the various exchanges permit of the rapid transmission of orders, the executions of which are immediately reported to local customers, or are flashed over the private wire systems, operated by the firm.

The clerical and accounting departments have particularly attractive surroundings. A handsome marble corri-



Lobby of the Main Office



The Clerical Department



One of the Conference Rooms

door leads up to the various windows, and the clerks perform their duties amid spacious surroundings with plenty of fresh air and light.

The firm, under the guidance of its senior partner, has built up an admirable system for the transaction of its large business. Mr. Wollman is a stickler for accuracy. Every possible check is instituted to guard against mistakes or their repetition. The conduct of the firm's business is modeled on the policy that it is better to do a moderate volume of business and do it well, than to attempt more than is consistent with the utmost accuracy.

The foreign department is under the charge of Mr. Justin Madison, who has a wide acquaintance in the leading financial centers of Europe, and an extensive experience in the marketing of securities both in this country and abroad.

By way of keeping in touch with its clientele and expressing its views on general financial, industrial and eco-

nomie questions, Messrs. W. J. Wollman & Co. issue every two weeks their "Review." This publication, compiled by Mr. C. T. Revere, a writer of unusual ability, is widely quoted throughout the United States, and is mailed to an extensive list of investors, which includes a large number of banks. The policy of the "Review" may be interpreted as reflecting the views of the head of the firm himself. Although extremely conservative, Mr. Wollman is an optimist. He is a strong advocate of constructive rather than destructive criticism. An ardent patriot and a firm believer in the future of his country, Mr. Wollman always looks forward to a satisfactory solution of troublesome problems, even when conditions current at the time call for incoherent disapproval.

This is the spirit which is reflected in the pages of the "Review," a constructive courage rather than blind optimism or indulgence in futile criticism.

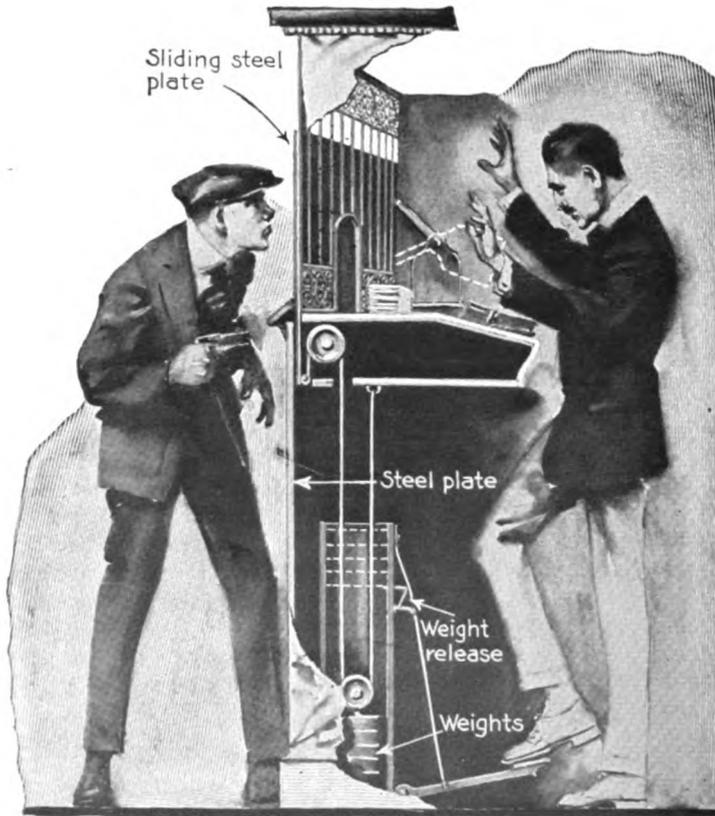
In this publication the leading questions of the day are discussed, including the problems of reconstruction, railroads, foreign securities, and the stock market. The articles show plainly the

result of conservative judgment, careful analysis, and forceful phraseology. Above all they give the impression of the forward-looking, constructive spirit which characterizes the firm.



A New Way With Hold-up Men

Illustration by courtesy "Popular Science Monthly"



The bank teller is throwing up his hands, but his foot, taking the opposite direction presses a concealed trigger that completely surrounds him with armor

Book Reviews

A, B, C OF THE FEDERAL RESERVE SYSTEM. By E. W. Kemmerer. Princeton Univ. Press, Princeton, N. J. Price, \$1.50.

This book sets forth in non-technical language the reasons for the Federal Reserve System, its main features of organization and how it works.

Accuracy is combined with a comprehensive survey of the subject, giving to the reader the fundamentals of this new régime in American banking.

Samples of the body of the book in pamphlet form for distribution by banks may be had at moderate cost.



FUNDAMENTALS OF COST AND PROFIT CALCULATION. By R. S. Denham. Cost Engineering Publishing Co., Cleveland, O. Price, \$1.00.

A vigorous discussion of the vital elements of business.

A book for the business man, attempting to throw the searchlight of analysis into the complexities that make up costs.

Gives the correct rules of calculation, grouping and distribution of cost of production and cost of merchandizing.



PRINCIPLES OF ACCOUNTING. By W. A. Paton and R. A. Stevenson. Macmillan Co., New York. Price, \$3.25.

This book is intended primarily as a text for general accounting courses in colleges and universities.

It presents material available for those who desire a broad training in accounting principles as part of a general equipment.

Written by two university professors of wide experience, the book presents a practical and proper basis for specialized work in professional accounting as

well as meeting the needs of students of economics.



INDUSTRY AND FINANCE. By A. W. Kickaldy. Pitman & Sons, N. Y. C. Price, \$1.75.

This book will be found full of interest and of considerable value to those studying the economic facts of the war.

Gives statistics on war expedients and reconstruction of industry and finance in Great Britain during the present war period.



JAPAN YEAR BOOK FOR 1917. Edited by Y. Takenob. American Agents, Dixie Book Shop, New York. Price, \$2.00.

The present edition is up-to-date and supplies the latest available information on all matters pertaining to Japan and Japanese.

It is a cyclopedia of general information and statistics and will prove immensely serviceable to all desirous of having an accurate knowledge of Japan.



SCIENTIFIC DISTRIBUTION. By Charles F. Higham. A. A. Knopf, New York. Price, \$1.50.

A book on advertising that goes far beyond the usual technique regarding publicity.

It is not a record of achievement or a text-book on methods. The author sees advertising as a social factor and presents a vision of it as a civilizing force.

Altogether the book is a practical one, written in a business man's every-day

language by a practical man who handled the bulk of England's advertising for recruits and floated several of the English war loans.



BANKER AT THE BOARDING HOUSE. By Montgomery Rollins. Lathrop, Lee and Shepard Co., Boston. Price, \$1.50.

In this, the last book of a well-known author, written in the style of the "Autocrat of the Breakfast Table," the scene is laid in an aristocratic boarding house.

The central character, a banker, explains in simple language to fellow boarders the nature and use of money, the mysteries of banking and securities and the dangers of the stock market.

And the reader—while pleasingly, often humorously entertained—becomes engrossed in the plot, then realizes that he has acquired an education in matters perplexing and of vital importance.



MONEY AND BANKING. By John T. Holdsworth. New revised edition. D. Appleton and Co., New York. 511 pages. Price, \$2.25.

This is a book that should be in the hands of all American bankers and business men.

It covers the entire field of money,

credit and banking, treating in detail such subjects as the function of money, coinage history of the United States, various forms of credit and domestic and foreign exchange.

Though the first edition appeared less than three years ago, significant changes in financial affairs necessitate a revised edition. These changes and developments have occurred particularly in clearings and collections, Federal reserve currency and foreign finance. The last chapter on the Federal reserve system has been rewritten in the light of its development to date.

Numerous charts, diagrams and illustrations aid in the exposition of the text.



AUDITING PROCEDURE. By William B. Castenholz, La Salle Extension University, Chicago. Price, \$3.00.

A manual which tells the practitioner not only what accounts must be audited and why, but how.

It is well planned to give the professional accountant the broad and accurate knowledge which enables him to do constructive work.

The author is a member of the American Institute of Accountants and Director of the Department of Higher Accountancy in the La Salle Extension University.



Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



UNION COMMERCE *National Bank* OF CLEVELAND

Capital
\$4,000,000

Surplus and Profits
\$3,698,655

Total Resources
\$72,775,103

These items indicate the financial strength of this bank and its ability to meet the requirements of large business transactions.

In the departments of the bank and its official organization are supplied all the essentials of complete banking service.

Letters of credit and acceptances offer to our customers excellent facilities for foreign as well as domestic trade.

***“Expedition Service now—
Long Experience taught Us How”***

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON, - President	HARRY E. HILLS, - - Asst. Cashier
GEORGE S. RUSSELL, Vice-President	CARL R. LEE, - - Asst. Cashier
WILLIAM E. WARD, - Vice-President	FRANK A. WHITE, - Asst. Cashier
ELMER E. CRESWELL, Vice-President	FRED. W. COOK, - Asst. Cashier
CHARLES L. BRADLEY - Vice-President	GEORGE Q. HALL, - Asst. Cashier
WALTER C. SAUNDERS, - Cashier	EZRA W. BOURNE, - Asst. Cashier

Banking and Financial Notes

BANKERS TRUST SHARES ITS PROSPERITY WITH EMPLOYEES

A cash distribution to its employees has been announced by the Bankers Trust Company of New York as compensation for the higher cost of living during the six months' period ending December 31, in accordance with the plan devised by the officers and employees of the company. This is the fourth semi-annual adjustment of this kind that the Bankers Trust Company has made since January 1, 1917, in an effort to stabilize salary values during a period when the costs of all essentials

have been advancing steadily. The officers have not considered these distributions as bonuses, but as a just compensation to employees during a time when living costs have greatly depreciated the purchasing power of salaries. The cooperation of the employees in devising the plan was asked by President Seward Prosser.

The distribution that has just been declared by the company gives to all of its employees who were on its payrolls prior to July 1, 1916, a cash addition ranging from thirty to forty per cent. of their salaries. This cash distribution is proportionately less for employees who have gone on the payrolls at different periods since 1916, because of the fact that their salaries when they were engaged were accepted on the basis of living costs at that time. For example, employees who entered the service of Bankers Trust Co. during the year 1916 receive cash distributions running from twenty-two to thirty-five per cent. of their salaries, which are graded in accordance with the range of their incomes and the month when they entered the company's employ. For the employees engaged during 1917 the percentage varies from eight to twenty-five per cent., and for employees who have been engaged during the year 1918 the distribution was five per cent. of their salaries. Salaries above \$2,500 are compensated in the same dollar amounts as those of \$2,500. In calculating these percentages the committee recommended that those in receipt of salaries of \$1,100 to \$1,299 per year should receive the highest percentage of compensation, as it felt that this class carries the greatest burden.

The committee of employees that has made the report for the past six months consisted of C. O. Cornell, Herman Knoke, Harry C. Bock, Charles C. Gardner and Clarence Campbell.



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Large Earnings of Banks

mean more than mere good management. They mean **GOOD SERVICE**—service that has held old patrons and attracted new ones.

With this thought in mind we present some figures as a basis for soliciting your account :

Original Capital, 1844'	-	-	\$ 300,000
Increase of capital from earnings			2,700,000
Present Surplus and Profits	-	-	10,000,000
Dividends paid 1844-1918	-	-	24,500,000

The Chemical National Bank of New York

ORGANIZING FOR ORIENTAL BUSINESS

The National Park Bank and the Union Bank of Canada, which have been closely related for many years, announced that they had decided to enter the Oriental banking field together and have incorporated a subsidiary corporation for that purpose. Branch offices will be opened in Yokohama, San Francisco, and Seattle. Gilbert G. Thorne and an official of the Union Bank of Canada have just returned from an extensive visit to the Orient.

NEW HOME FOR NATIONAL CITY COMPANY

The National City Company has closed a deal for the old building of the Mechanics and Metals National Bank at 50 Wall Street, New York. It is generally understood that the purchase price was in the neighborhood of \$1,250,000. President Mitchell of the National City Company, whose headquarters at present are at 55 Wall

Street, said the business of the company has expanded to such an extent that it became necessary to seek other quarters. The company now has thirty-three branches scattered throughout the country. Mr. Mitchell further stated there was a growing tendency among individual investors to buy securities of the highest grades. He said the company was making an effort to reach as many investors as possible, regardless of the size of their investments.

PIERRE JAY REVIEWS CITY'S BUSINESS

Pierre Jay, chairman of the Board of Governors of the Federal Reserve Bank of New York, has issued a report on general business conditions, in which he says attention is centered in the problem of readjusting business to a peace basis, different lines reaching in different manners to the change in conditions resulting from the signing of the armistice. The report says, in part:

In general, the volume of business continued above normal until about November

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN P. FAIRCHILD, D. W. McWILLIAMS, WILLIAM J. WASON, JR.,	} Vice-Presidents	JULIAN D. FAIRCHILD, <i>President</i> THOMAS BLAKE, <i>Secretary</i> HOWARD D. JOOST, <i>Assistant Secretary</i> J. NORMAN CARPENTER, <i>Trust Officer</i> GEORGE V. BROWER, <i>Counsel</i>
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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

10, and then contracted with gradually increasing rapidly during the next fortnight. Sales by retailers, which were somewhat restricted at the beginning of the period under report, because of the influenza epidemic and the spirit of war economy—showed a decided gain toward the end of November.

Profits, as for some time past, are reported as decreasing, due to high wages, the shortage and inefficiency of labor, and, in some lines, to large overhead as compared with the volume of business done. The tendency to shorten credits continues, and collections are, on the whole, good.

NEW OFFICERS FOR THE NATIONAL BANK OF COMMERCE

Two new assistant cashiers have been appointed by the National Bank of



EDWARD W. McDONALD
Assistant Cashier National Bank of Commerce
in New York

Commerce in New York. Don L. Moore's appointment is really a promotion, he having been manager of the bond department. The appointment of



DON L. MOORE
Assistant Cashier National Bank of Commerce
in New York

E. W. McDonald was made to add to the bank's forces a man of experience in the steel trade. He was formerly assistant to the president of the Truscon Steel Company of Youngstown, Ohio, and joined the National Bank of Commerce in July of this year.

"The Bank That Service Built"

THE SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,603,000
Deposits	55,917,000

S. G. BAYNE, President
C. C. THOMPSON, Vice-President
B. L. GILL, Vice-President
W. K. CLEVERLEY, Vice-President
L. N. DeVAUSNEY, Vice-President
H. W. DONOVAN, Cashier
O. M. JEFFERDS, Asst. Cashier
C. C. FISHER, Asst. Cashier
J. D. SMITH, Asst. Cashier
B. I. DADSON, Asst. Cashier
J. E. ORR, Asst. Cashier

DIRECTORS
SAMUEL G. BAYNE
WILLIAM K. CLEVERLEY
EDWARD J. CORNISH
HENRY WHITON
HENRY C. FOLGER
BENNETT L. GILL
EDW. H. R. GREEN
PETER McDONNELL
JOSEPH SEEP
CHARLES C. THOMPSON
DAVID H. E. JONES
ROBERT J. CALDWELL

The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

CORN EXCHANGE BANK INCREASES CAPITAL

At the annual meeting of stockholders of the Corn Exchange Bank of New York, January 21, a proposal to increase the capital stock of the bank from \$3,500,000 to \$4,200,000 will be acted upon. A circular to the stockholders has been issued by President Walter E. Frew, in which he says:

When the increase of capital was authorized in 1906, which was done to take care of increasing business, the bank had twenty-one branches and about \$43,000,000 net deposits. Since that time the bank has enlarged its business by the reorganization of nineteen additional branches, and net deposits at this time average about \$117,000,000.

The increase of 7,000 shares will be offered to stockholders of record at the close of business January 31, 1919, at \$100 per share. The subscription privilege being twenty per cent. of their holdings at that time. Subscriptions are to be paid on or before February 14, for which temporary receipts will

be issued exchangeable for stock certificates February 17.

ESSENTIAL INDUSTRIES FINANCE CORPORATION DISSOLVES

The announcement is made by Eugene V. R. Thayer, president of the Chase National Bank, New York, who is also head of the Essential Industries Finance Corporation, that the latter institution has been dissolved by the directors. This was occasioned by the fact that the war having ended, and the demands on credit for such financing having lessened, it was found that there was no further function for the corporation to perform. It was originally organized to undertake the financing of public utilities in need of aid.

AMERICA'S PRESTIGE AS SEEN BY
MR. GEHLE

Frederick W. Gehle of the Mechanics and Metals National Bank, New York, in an address before the New York State Association of Certified Public

THE
**CHATHAM
 AND
 PHENIX**

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

100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN

President

FRANK J. HEANEY

Vice-President

WILLIAM H. STRAWN

Vice-President

NORBORNE P. GATLING

Vice-President

H. A. CLINKUNBROOMER

Vice-President

MAX MARKELL

Vice-President

WALLACE T. PERKINS

Vice-President

HENRY L. CADMUS

Asst. Cashier

HENRY C. HOOLEY

Asst. Cashier

JOSEPH BROWN

Asst. Cashier

RICHARD H. HIGGINS

Vice-President

BERT L. HASKINS

Vice-Pres. and Cashier

C. STANLEY MITCHELL

Vice-President

ROLFE E. BOLLING

Vice-President

GEORGE R. BAKER

Vice-President

JOHN B. FORSYTH

Vice-President

WALTER B. BOICE

Asst. Cashier

VINTON M. NORRIS

Asst. Cashier

HARVEY H. ROBERTSON

Asst. Cashier

GEORGE M. HARD

Chairman

ACCOUNTS INVITED

RESOURCES 100 MILLION DOLLARS

Accountants, pronounced with emphasis the fact that a greater era of industrial activity and prosperity will follow the trade and labor readjustments that are immediately before the United States. Mr. Gehle said many good things in his address, one specially attractive feature being what he said about the task of releasing the nation from its war tension and returning it to a basis where it will meet the requirements of ordinary affairs. "Roughly there are 8,000,000 war workers of one kind or another in the United States, and more than 3,000,000 men in the army and navy," said Mr. Gehle. "The mustering out of both the industrial war army and the military forces will be a gigantic task, and although those just now released are readily finding employment, none of us can be so sanguine as to expect that all these millions will be absorbed into peace-time industry promptly and at present wages and hours of employment. Temporarily we shall have a period of uncertainty, with wage readjustments and with, perhaps, a certain amount of unemployment. But that will be only for a short time. The whole world will presently be knocking at our door for material with which to reconstruct destroyed cities, railroads and factories, and in satisfy-

ing the demands to be made we shall have the greatest opportunity ever placed before any industrial nation in the history of the world."

SCANDINAVIAN TRUST'S ACTIVITIES

The Scandinavian Trust Company of New York recently distributed bonuses among its employees amounting to twenty per cent. of their salaries, and paid a ten per cent. dividend to its stockholders. The Scandinavian Trust Company is rapidly assuming a high place among the banking institutions of New York.

FEDERAL RESERVE BANK ELECTION

Announcement is made by the Federal Reserve Bank of New York of the election of directors by Group III of the member banks. Charles A. Smith, president of the Citizens National Bank of Oneonta, N. Y., was elected a Class A director to serve for a period of three years, and Leslie R. Palmer, a lawyer of Croton-on-the-Hudson, a Class B director to serve for the same length of time.

NEW TRADE MAP BY THE IRVING NATIONAL BANK OF NEW YORK

The latest publication of the Irving National's foreign trade series is the "Graphic Trade Chart and Commercial

Atlantic National Bank

257 Broadway New York

Established 1829

Nationalized 1865

An Efficient Banking Service in
Close Touch with Present-day
Commercial Developments



1829

Capital, Surplus and Undivided Profits	. . . . .	\$1,800,000
Total Deposits	. . . . .	\$18,000,000

Map of Latin America." There are shown, in easily available form, details concerning area, population, imports, exports, facilities of transportation, communication, commerce, elevation, distribution of products, rainfall and other information relating to Latin America and its trade. The chart and map have been produced with a definite intention of helpfulness toward the development of the foreign trade of the United States.

JOSEPH R. SWAN BECOMES A VICE-PRESIDENT OF THE GUARANTY

The Guaranty Trust Company of New York has appointed Joseph R. Swan a vice-president. Mr. Swan began his banking career as secretary to Robert C. Pruyn, president of the National Commercial Bank of Albany, N. Y., later becoming treasurer of the Union Trust Company of Albany. He came to New York in 1910, since which time he has been a partner in the banking firm of Kean, Taylor & Company.

BOARD OF REGENTS OF THE A. I. B.

The Board of Regents of the American Institute of Banking has added to its membership Frank C. Mortimer, assistant cashier of the National City Bank of New York. The following constitute the new Board of Regents: O. M. W. Sprague, chairman, Professor of Banking and Finance in Harvard University, Cambridge, Mass.; E. W. Kemmerer, Professor of Economics and Finance in Princeton University, Princeton, N. J.; Fred I. Kent, Bankers Trust Company, New York; Frank C. Mortimer, National City Bank, New York; George E. Allen, New York.

GUARANTY TRUST WILL OPEN BRANCH IN LIVERPOOL

About March 1, 1919, the Guaranty Trust Company of New York will open a branch office in Liverpool, England. Permission to do so was granted by the Superintendent of Banks of the State of New York upon representation that

this corporation finances exports of raw cotton to Great Britain to a larger extent than any other banking institution in this country, and that while the business has been transacted heretofore through correspondent banks in Liverpool, it will be advantageous both to American exporters and to the company to have a branch office in that city.

The Liverpool branch will be located on the first floor of the Cotton Exchange building, which is one of the largest and most modern office buildings in Liverpool.

This is the second announcement of the opening of a branch office in Europe made by the Guaranty Trust Company of New York since the signing of the armistice. It was announced a few weeks ago that a branch office would be opened in Brussels and that through its Paris office and correspondents in northern France and Alsace-Lorraine the company proposed to take an active part in the reconstruction of devastated territories through the extension of its banking service. Vice-President John J. Lewis and Alexander Phillips, manager of the Paris office, are now in Brussels organizing the branch there.

NEW TRUST COMPANY ORGANIZING

It has been announced that the directors of the New York Title and Mortgage Company are organizing a trust company, with a capital of \$1,000,000 and surplus of \$200,000, to be known as the American Trust Company. The new institution will do a general banking and trust business in cooperation with the mortgage company. According to a statement given out by Mr. Kahler, president of the Title and Mortgage Company, the directors and officers of the company have been considering broadening the scope of its operations to embrace a general banking and trust business, in order to meet the requirements of its ever-increasing clientele. They have decided that their clients were entitled to such additional service, and only the conditions brought on by the war deterred them from sooner taking action.

Among the incorporators of the new company are George T. Mortimer, president of Equitable Office Building Corporation; George Zabriskie, of Zabriskie, Sage, Kerr & Gray; William E. Harmon, Wood, Harmon & Co.; Walter H. Bennett, vice-president American Exchange National Bank; Edward M. Burghard, attorney; Oriens H. Cheney, president Pacific Bank; Charles J. Obermayer, president Greater New York Savings Bank; Morgan J. O'Brien, and ex-Senator James A. O'Gorman.

NEW METROPOLITAN TRUST DIRECTOR

The Metropolitan Trust Co. of New York has elected Arthur Amory Houghton of Corning, N. Y., as a director to fill a vacancy in its board. Mr. Hough-



ARTHUR AMORY HOUGHTON
Newly elected director of the Metropolitan Trust Co.
of New York

ton is the vice-president of the Corning Glass Works. He is also the president of the Ephraim Creek Coal & Coke Co., a West Virginia corporation with offices at 11 Broadway. Mr. Houghton's home is at Corning and he also has an apartment on Park Avenue, New York City.

THE NEW YORK TRUST COMPANY

Main Office

26 Broad Street

Fifth Avenue Office

5th Avenue & 57th Street

NEW YORK

Capital \$3,000,000

Surplus and Profits . . . \$10,600,000

*Designated Despository in Bankruptcy and of Court
and Trust Funds*

OTTO T. BANNARD

CHAIRMAN OF THE BOARD

MORTIMER N. BUCKNER

PRESIDENT

FREDERICK J. HORNE...Vice-President	H. WALTER SHAW...Assistant Secretary
JAMES DODD.....Vice-President	ARTHUR S. GIBBS...Assistant Secretary
CHARLES E. HAYDOCK...Vice-President	JOSEPH A. FLYNN...Assistant Secretary
HERBERT W. MORSE.....Vice-President	AUGUSTUS C. DOWNING, Jr...Asst. Sec.
HARRY FORSYTH.....Treasurer	WALTER MacNAUGHTEN.....Asst. Sec.
BOYD G. CURTS.....Secretary	EDWARD B. LEWIS...Assistant Treasurer

TRUSTEES

Otto T. Bannard	George Doubleday	Ogden L. Mills
S. Reading Bertron	Samuel H. Fisher	John J. Mitchell
James A. Blair	John A. Garver	James Parmelee
Mortimer N. Buckner	Benjamin S. Guinness	Henry C. Phipps
James C. Colgate	F. N. Hoffstot	Edmund D. Randolph
Alfred A. Cook	Buchanan Houston	Norman P. Ream
Arthur J. Cumnock	Frederic B. Jennings	Dean Sage
Robert W. de Forest	Walter Jennings	Joseph J. Slocum
John B. Dennis	Darwin P. Kingsley	Myles Tierney
Philip T. Dodge	John C. McCall	Clarence M. Woolley

*Member of the New York Clearing House Association
and of the Federal Reserve System*

Citizens Commercial Trust Company

BUFFALO, N. Y.

Growth in Deposits — Two Years

September 20th, 1916.....	\$7,484,024.47
September 8th, 1917.....	14,804,336.56
November 1st, 1918.....	20,375,848.68

Officers

MAIN OFFICE

JOSEPH BLOCK, Chairman of the Board
 WILLIAM H. CROSBY, President
 WILLIAM H. ANDREWS, Vice-President
 NORMAN A. MacDONALD, Vice-President
 ROY H. GRIFFIN, Vice-President
 SYDNOR J. TUCKER, Vice-President
 WILLIAM F. CHASE, Treasurer
 ROBERT W. MORRIS, Secretary
 BERNARD M. NORCROSS, Asst. Secretary
 IRA D. LOCKWOOD, Assistant Secretary
 GORDON B. CLEVERSLEY, Asst. Secretary
 ANTHONY J. KUHN, Auditor

DEPARTMENT OF BANKS AND BANKERS

WILLIAM H. HURLEY, Vice-President

WILLIAM STREET BRANCH

LEO B. SEITZ, Assistant Secretary

BLACK ROCK BRANCH

HARRY G. HOFFMAN, Asst. Secretary

R. W. H. CAMPBELL, Assistant Secretary

WEST SIDE BRANCH

MILES E. FREEMAN, Manager

Capital and Surplus . . . \$2,500,000.00

MEMBER FEDERAL RESERVE SYSTEM

TELEPHONE BONDS

The Equitable Trust Company of New York has issued an interesting circular on Telephone Bonds as investments. The circular covers comparative earnings of the principal companies over a period of years, shown in tabulation and chart, market record of telephone bonds compared with railroad issues, and the nature of the business management and operating policies. The information given is valuable and complete.

"WHEN PRICES DROP"

The National Bank of Commerce of New York has issued a second edition of its booklet, "When Prices Drop," to meet the demand which exhausted the first edition. Post-war problems involved in the readjustment of prices, wages and commercial policies are presented and analyzed in the most comprehensive form. The text was carefully reviewed before the second edition was brought out, but no changes

were found necessary as a result of developments since the original issue.

CAPTAIN DOLLAR IN THE RIGHT PLACE

The Asia Banking Corporation has elected as a director Captain Robert Dollar of San Francisco. The Asia corporation's offices are at 66 Liberty street. Among the stockholders of the corporation are the Guaranty Trust Company of New York, the Bankers Trust Company, the Mercantile Bank of the Americas, the Anglo and London Paris National Bank of San Francisco, the First National Bank of Portland, Oregon, and the National Bank of Commerce of Seattle, Washington. Branches of the corporation in the Far East will be opened at Shanghai, Peking, Tientsin, Hankow, Harbin and Vladivostock.

BIG INCREASE IN SURPLUS

The board of directors of the National Bank of Commerce in New York, on January 2, voted to transfer \$5,000,-

000 from undivided profits to surplus, thereby increasing its surplus account from \$15,000,000 to \$20,000,000.

The bank now has a capital and surplus of \$45,000,000 and undivided profits of more than \$4,500,000.

This further increase in the surplus account of the National Bank of Commerce is in keeping with the continued progress the institution has made under President James S. Alexander, who was elected to the office of chief executive in 1911. At that time the total resources of the bank were \$207,000,000. At the last call of the comptroller of the currency for statement of condition, November 1, 1918, the total resources were over \$590,000,000.

**CHASE SECURITIES CORPORATION ELECTS
TWO NEW VICE-PRESIDENTS**

Duncan Argyll Holmes, of New York, and Halsted G. Freeman, of Chicago, have been elected vice-presidents of the Chase Securities Corporation of New York. Both gentlemen will add broad and varied experiences in the buying and selling of securities to the already efficient force of the corporation. Mr. Holmes is a graduate of the School of Mines, Columbia University, where he received the degree of electrical engineer. This was in 1904. Later he was employed by the Knickerbocker Trust Company, W. S. Fanshawe & Co., William Salomon & Co., and Kuhn, Loeb & Co. While with Kuhn, Loeb & Co., one of the two greatest private banking houses in the country, Mr. Holmes had charge of the details incident to the receiverships of the Chicago and Eastern Illinois Railroad Company, the Texas and Pacific Railroad Company and the Chicago and Eastern Illinois Coal properties. At this time he also managed the reorganization of the Wabash Railway Company, the Cincinnati, Hamilton & Dayton Railroad Company and the Missouri Pacific Railway Company.

Mr. Freeman has been engaged for the past three years as a joint manager for E. W. Clark & Co. in their Chicago office. Previous to that he was sales

Resources

\$16,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



**Try our Service
and you will be entirely
satisfied**

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

	H. MARTIN BROWN, President	
JOSHUA M. ADDEMAN	Vice-President	HENRY B. CONGDON . . . Secretary
JAMES M. SCOTT . . .	Vice-President	J. OUNLIFFE BULLOCK . . . Trust Officer
SAMUEL M. NICHOLSON	Vice-President	ELMER F. SEABURY . . . Assistant Treasurer
FLORRIMON M. HOWE . . .	Vice-President	HARRY C. OWEN . . . Assistant Secretary
WARD E. SMITH . . .	Treasurer	HENRY C. JACKSON . . . Assistant Secretary
	ELLEBY HOLBROOK, Assistant Secretary	

manager for William A. Read & Co. at their Chicago office. He was with this firm ten years, and gained the reputation of being one of the hardest and most tireless workers in the business.

JOHN CLAUSEN AS VICE-PRESIDENT OF THE CHEMICAL

John Clausen, formerly vice-president of the Crocker National Bank of San Francisco, has been elected to a

vice-presidency in the Chemical National Bank of New York. Mr. Clausen's breadth of experience in the banking business, together with a continuous and tireless study of financial affairs as they affect the commerce of the world, has made him a valuable man to be added to the executive staff of a bank like the Chemical.

During his military service in Cuba, Mr. Clausen was married on March 18, 1899, in the city of Matanzas. After his discharge from the army he traveled in Europe—principally for educational purposes—returning to the United States in December, 1899, when he accepted a position with the North American Trust Company of New York in their branch at Matanzas, Cuba. This institution was later absorbed by the Banco Nacional de Cuba (National Bank of Cuba), but Mr. Clausen remained with them until April, 1905, during which period he occupied various positions with promotions from that of bookkeeper and cashier to branch manager of their Matanzas, Cardenas, Manzanillo, Santiago de Cuba and Havana offices.

In June, 1906, Mr. Clausen accepted a position as assistant manager of the International Banking Corporation at their branch in Mexico City, remaining with that institution until May 1, 1907, when he resigned to accept a position as manager of the Mexico City Banking Company, S. A., Mexico City, leaving them on January 1, 1910, when after a pleasure and educational trip throughout the eastern part of the



JOHN CLAUSEN

Newly elected Vice-president of the Chemical National Bank of New York

The Dictaphone— for letter writing



Just as simple as talking

You use The Dictaphone like you use the telephone—slip the receiver off the hook and *talk*.

Both exist for the same purpose—to transmit messages in the quickest and most direct way. The telephone transmits verbal messages, The Dictaphone written messages.

Both are instruments of 24-hour convenience. They can be used any hour of day or night that you desire to use them.

One is as simple and convenient to use as the other. Both are mechanically perfect. Both are absolutely reliable.

If anything, The Dictaphone is a little bit the surer of the two, because you can always write to your party, even though you can't always reach him by phone.

In many leading banking and financial houses, those are the two busiest office conveniences.

On request, The Dictaphone man will call with a machine and prove in just 15 minutes that The Dictaphone will mean more letters for you at less cost. He asks just fifteen minutes. Phone or write for this demonstration today.



THE DICTAPHONE

Registered in the U.S. and Foreign Countries

Dept. 126A, Woolworth Building, New York City
Branches Everywhere Write for booklet, "The Man at the Desk"

There is but one Dictaphone, trade-marked "The Dictaphone,"
made and merchandised by the Columbia Graphophone Company



Resources over
\$180,000,000

Capital and Surplus
\$10,000,000

The
Philadelphia National Bank

Established 115 Years

A Bank of Character, Strength and Service

LEVI L. RUE, President

CHARLES P. BLINN, Vice-President

WILLIAM S. MADDOX, Vice-President

HOWARD W. LEWIS, Vice-President

HORACE FORTESCUE, Vice-Pres. & Cashier

United States and later in California. he accepted the management of the Foreign Department of the Crocker National Bank of San Francisco, June 30, 1910. On March 13, 1917, he was elected a vice-president by the board of directors of the Crocker National Bank, San Francisco.

**PRESIDENT THAYER'S CHRISTMAS
GREETING**

An expressive Christmas greeting went to the boys in the service from President Thayer of the Chase National Bank, New York. The letter reads:

To those of the bank's force who have sacrificed their habitual occupations and have ventured their very lives in the service of the Republic, we send this Christmas greeting. They are absent from their families, their friends and their business associates, but they are still with us in memory and in a hopeful anticipation of an early reunion. They have ventured everything in the world's greatest crisis. Their experiences have been novel and hazardous, but the enthusiasm of youth has sustained them

through it all. In this time of world-wide rejoicing we wish you one of the greatest of all joys—the consciousness of a difficult and a stern task efficiently performed and the realization that your old friends and associates appreciate and honor your services. May this be the most Merry Christmas for you and may the New Year bring you nothing but happiness.

With the letter was enclosed an engraved card, saying: "We are looking forward to your return home and wish to reassure you that a position in the bank awaits you."

CRISCUOLO FILLS IMPORTANT POSITION

Luigi Criscuolo, formerly with Messrs. Redmond & Co., of New York, has resigned as secretary of the United States Railroad Administration Advisory Committee on Finance, is now in New York making arrangements for the financing of post-war requirements of Italian interests. Mr. Criscuolo has been one of the most ardent advocates of the financing of Italian industries by American interests, and his articles on

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over \$19,500,000

the subject have attracted wide attention in financial circles here and abroad.

PHILIPPINE NATIONAL'S REMOVAL

Last month the Philippine National Bank moved its New York office from the Woolworth building to No. 37 Broadway.

ABANDONMENT OF PRICE-FIXING

A statement issued by the National Bank of Commerce in New York, dealing with price readjustment, advocates the abandonment of price-fixing as rapidly as possible. James S. Alexander, president of the bank, declares in a foreword to the statement, that the liquidation of war conditions as promptly as consistent with the fulfillment of our purpose in the war is highly to be desired, so that business may return to a basis of peace and the realization of legitimate profits.

The statement has been issued in booklet form under the title of "Price

Readjustment." The body of the booklet was prepared by D. M. Anderson, Jr., of the bank's economic division, and is a further development of his recently issued article, "When Prices Drop," which predicted a fall in prices without a commercial crisis. In his present discussion he says that this fall in prices need not seriously impair profits in business properly adjusted and efficiently conducted to meet conditions transitional from war to peace. He particularly opposes any suggestion that price-fixing need or should be employed to keep prices up, or that other artificial means should be employed for this end. An early decline of prices to stable levels, he asserts, is to be desired, to the end that business can go ahead on a sound basis.

FIRST NATIONAL OF BROOKLYN TO INCREASE CAPITAL

In order to avail itself of the privilege to act in a fiduciary capacity extended to national banks under the re-

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$15,778,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM E. WEBB, Asst. Cash.

cent amendment to the Federal Reserve Act, the First National Bank of Brooklyn, N. Y., has called a meeting of its stockholders for January 14, 1919, to vote upon the question of authorizing the directors to increase the capital of the bank from \$300,000 to \$500,000.

"BANK AND PUBLIC HOLIDAYS," BY THE
GUARANTY TRUST COMPANY

The booklet published by the Guaranty Trust Company of New York a year ago, entitled, "Bank and Public Holidays Throughout the World," has been revised and improved for the year 1919, the first edition embodied what is believed to have been the first attempt to compile a complete list of holidays of all nations, and was prepared especially for bankers, merchants and manufacturers engaged in international trade. It is now in use everywhere by those whose business involves the making of payments and collections in other countries, and has come to be recognized as an authority.

In a foreword the company points out that the war has introduced several elements of uncertainty into the question whether or not certain holidays will be observed during the year 1919. It is suggested that some of the royal personages whose birthdays were formerly celebrated in certain parts of the world are no longer in the positions that entitled them to this distinction. These and other points of equal importance are carefully treated in the volume.

BIG INCREASE IN CAPITAL BY BANKERS
TRUST

The Bankers Trust Company of New York has voted to increase its capital from \$11,250,000 to \$15,000,000. The new stock was offered at par (\$100) to shareholders, in the proportion of one share for every three shares now held. The bid price of the stock is now 480, being a large advance within the past month. The reason for the proposed increase in the capital of the Bankers Trust Company is said to be to make

the same correspond more accurately with the company's deposits, which now amount to approximately \$300,000,000.

NATIONAL CITY BANK SAYS IT IS A QUESTION OF PRODUCTION

The National City Bank of New York, in its regular monthly communication, goes into the question of the transition period that is upon us quite carefully, and treats it exhaustively. Touching upon the real basis of prosperity the letter says:

The test, therefore, of a country's ability to recover from the war and to regain a state of prosperity, is in its capacity to produce a flow of goods for trade and to supply the wants of the population. It is not a question of how much money has been expended on the war or the size of the national debt. It is a question of production. How much grain, meat, fruits, cotton, wool, coal, oil and factory products are coming to the markets? What is the available amount of machine power? What is the state of the industrial organization and what is the banking power? If the facilities of production and distribution are as great as ever, there is no real obstacle in the way of prosperity.

FARMERS LOAN AND TRUST'S EUROPEAN CONNECTIONS

It is announced that the Paris office of the Farmers Loan and Trust Company of New York has re-established financial connections with Brussels, Antwerp, Luxemburg, Metz, Strassburg and other points in Alsace-Lorraine. Inasmuch as Alsace and Lorraine are still technically German territory, foreign exchange transactions with these provinces are conducted under special dispensation of the Federal Reserve Board, which was recently given for these particular cases. Buyers of drafts are required to make a declaration that the "enemy" will not benefit from the transfer of funds.

NEW YORK STATE BANKERS MEET IN JUNE

The Committee of Arrangements of the New York State Bankers Association have decided to hold the 1919 convention of the association at Albany,

B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. A special department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

**UNION TRUST COMPANY
CHICAGO**

*Strictly a Commercial Bank
Established 1869*

New York, June 12 and 13, 1919. Headquarters will be at the Hotel Ten Eyck.

The chairman of the committee, Charles Smith, of Oneonta, was absent, and the meeting was presided over by Vice-President Delmar Runkle, of Hoosick Falls. E. J. Newell of Buffalo, G. G. Clarabut of Rome, and Secretary Gallien of New York were present. Ledyard Cogswell and Jacob Herzog were also present and told the committee what a royal time Albany would give the convention when it meets there.

NATIONAL PARK BANK'S FOREIGN TRADE DEPARTMENT

A foreign trade department has been organized by the National Park Bank of New York in connection with its foreign department. H. R. Jolles, an experienced man in foreign trade mat-

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$44,922,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRAIM CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

ters, has been appointed manager of the department.

NEW MARINE INSURANCE COMPANY

An important organization, in which the banking interests of New York are largely represented, has been effected. It is called the Bankers' and Shippers' Insurance Company and is to handle marine and fire insurance. It was organized with a capital of \$1,000,000, and a surplus of \$1,500,000, all of which was immediately paid in at the organization meeting, held in the offices of the Mercantile Trust Company. The sponsors of the new organization feel that there is a big field of activity open to the new company, which contemplates having offices in various parts of the world, so that American shippers may obtain without difficulty strictly American insurance.

Francis H. Sisson, vice-president of the Guaranty Trust Company, which is interested in the new company, said yesterday that the necessity for such an in-

surance concern was made manifest by the prospective increase in the shipping business of the United States.

The underwriting will be done by an organization to be known as the Maritime Underwriting Agency, which has already absorbed Whist & Co.. It is expected that other underwriting agencies will come into the organization before long. Just what plans are being considered as to fire insurance was not made known, but it was definitely announced that the company soon would go after business in this field. Many prominent interests are identified with the organization, among them being included the Guaranty Trust Company, the du Pont powder interests, the Chase Securities Corporation, the Barber Steamship Company, and Willcox, Peck & Hughes, insurance brokers.

Eugene V. R. Thayer, president of the Chase National Bank, was elected chairman of the board. The other officers are William G. Willcox of Willcox, Peck & Hughes, president; James Bar-



“Has He Made Good at Home?”

Every stranger seeking to establish business relations with you must show that he has made good at home; must prove that he has the confidence of those people who have known him longest and most intimately.

If this bank, in soliciting your business, comes as a stranger, we should be put to the test. Do we pass it successfully in pointing out that more than one-fourth of all the banks in our Federal Reserve District carry accounts with us?

The National Bank of Commerce

IN ST. LOUIS

Resources, over \$85,000,000.00

ber of Barber & Co., and Harold Stanley, vice-president of the Guaranty Trust Company, vice-presidents; Raymond T. Marshall, treasurer, and Robert Van Iderstine, secretary.

The directors are Harold Stanley, vice-president Guaranty Trust Company; John H. Spoor of Chicago, Oswald Kirkby of Willcox, Peck & Hughes; Oakley Wood, John J. Watson, vice-president of the International Agricultural Corporation; Howard Bayne, vice-president of the Columbia Trust Company; James Barber, J. J. Raskok, vice-president of the E. I. du Pont de Nemours Powder Company; Seward Prosser, president of the Bankers Trust Company; Charles C. Peck of Willcox, Peck & Hughes; E. V. R. Thayer, Charles H. Sabin, president of the Guaranty Trust Company; Chellis A. Austin, president of the Mercantile Trust and Deposit Company; William G. Willcox, and Edward J. Barber.

LINCOLN TRUST IS ALLIED WITH GREAT ITALIAN BANK

The Lincoln Trust Company has placed a large amount of its stock with Banca Commerciale Italiana of Milan, Italy, with the result that very close relations will be established with that great institution. Representatives of the new interest will be elected by the directors of the institution.

The Banca Commerciale Italiana is the largest commercial bank in Italy, with a capital of about \$40,000,000 and a surplus of about \$13,000,000, with more than fifty branches in Italy, a branch in London, and affiliated very closely with one of the strongest banking institutions operating in South America.

The Lincoln Trust Company was established in 1902. It has a capital, surplus and undivided profits of \$1,640,000, with deposits of \$17,000,000 and total resources of \$24,735,385.

BANKING HOUSE desires experienced bankers, versed in credits, as officers for its foreign branches. Age thirty to forty years. Salary four to ten thousand dollars a year. Personality, good appearance, adaptability and ease of manner essential. State full particulars, salary, education, knowledge of foreign languages and experience.

Address

"G. W." P. O. Box 822 City Hall Sta., N. Y. City

FIRST NATIONAL OF HERKIMER ADDS TO ITS QUARTERS

Without any interruption in business the First National Bank of Herkimer, New York, has remodeled and increased its quarters in size. Hoggson Brothers, the New York builders, did the work. The main banking room was practically doubled in area, the public space being thirteen by thirty feet, enclosed by a counter screen of mahogany, plate glass panels, with pedestals and pilasters supporting the beautiful cornice. The entire room was redecorated in harmonizing tones.

NEW SECRETARY FOR NATIONAL BANK SECTION

Frederick W. Hyde, of Jamestown, New York, has been chosen as secretary of the National Bank section of the American Bankers Association, to succeed Jerome Thralls, who resigned to become secretary and treasurer of the Discount Corporation of New York. Mr. Hyde was the first president of the National Bank Section, serving from its organization in September, 1915, for the year 1915-16. He was formerly cashier of the National Chautauqua County Bank of Jamestown, and left that position some time ago to en-

gage in business. He was a member of the Executive Council of the American Bankers Association for the three-year term 1912 to 1914.

NEW BUILDING FOR NIAGARA COUNTY NATIONAL

A new building of exceptional beauty is being erected at Lockport, New York, for the Niagara County Bank by Hoggson Brothers, the New York Builders. The exterior is a massive and dignified design of the Roman Doric period of architecture, and will be one of the most imposing bank buildings in that part of the state.

MISS OLNEY ELECTED A DIRECTOR

For nearly three years Miss Catherine Olney, of Leicester, Massachusetts, has acted as solicitor for the Park Trust Company of Worcester, Massachusetts, and at the annual meeting of the board of directors of that institution she was elected a director. She is the first woman to be thus honored by any bank in this part of the country. There may be a case of the kind in some one of the Western States, but none in the East. That Miss Olney merits the election is attested by her associates in the bank. She was elected

Are you "up" on Acceptances?

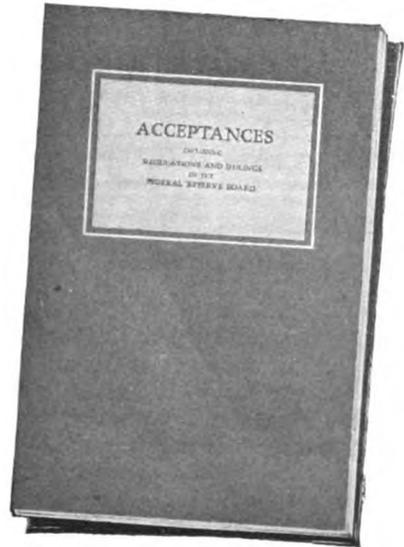
DO you know why Acceptances are distinctly self-liquidating?

—why they can be immediately converted into cash through the Federal Reserve Bank?

—why they are a good investment for you, and give you the opportunity of doing something for your customers?

There is no mystery about Acceptances. Send for this booklet, and read a clear-cut explanation of their functions, and learn their value to you as a modern form of liquid investment.

Included in the booklet are the regulations and rulings of the Federal Reserve Board—on which every banker should be posted. A copy of "Acceptances" will be mailed on request.



**SERVICE
TO BANKS**

The National City Company National City Bank Building New York

UPTOWN OFFICE: 514 Fifth Avenue, at 43rd Street

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BOSTON, MASS.
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BUFFALO, N. Y.
Marine Bank Bldg.
CHICAGO, ILL.
177 So. La Salle St.
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Fourth Natl. Bk. Bldg.
CLEVELAND, OHIO
Guardian Bldg.

DAYTON, OHIO
Mutual Home Bldg.
DENVER, COLO.
718 17th Street
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147 Griswold Street
HARTFORD, CONN.
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Fletcher Savings &
Trust Bldg.
KANSAS CITY, MO.
Republic Bldg.
LOS ANGELES, CAL.
507 So. Spring Street

MINNEAPOLIS, MINN.
McKnight Bldg.
NEWARK, N. J.
790 Broad St.
NEW ORLEANS, LA.
301 Baronne St.
PHILADELPHIA, PA.
1421 Chestnut Street
PITTSBURGH, PA.
Farmers Bank Bldg.
PORTLAND, ME.
396 Congress Street
PORTLAND, ORE.
Railway Exchange Bldg.
PROVIDENCE, R. I.
Industrial Trust Bldg.

RICHMOND, VA.
Mutual Bldg.
SAN FRANCISCO, CAL.
424 California St.
SEATTLE, WASH.
Hoge Bldg.
SPRINGFIELD, MASS.
3rd National Bank Bldg.
ST. LOUIS, MO.
Bk. of Commerce Bldg.
WASHINGTON, D. C.
741 15th St., N. W.
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36 Bishopsgate.

Bonds

Short Term Notes

Acceptances

SEND YOUR BUSINESS

ON THE

Twin Cities AND THE Northwest

TO THE

**CAPITAL AND SURPLUS
TEN MILLION DOLLARS**

We are prepared to meet your most exacting requirements and cordially invite you to write to us



not alone because of her efforts in behalf of the company, but chiefly on account of her activities in behalf of the four Liberty Loan Campaigns in Worcester. That she appreciated the honor bestowed upon her was made plain by the fact that she presented the directors with a box of cigars at their first meeting and asked them not to mind her presence, but to smoke all they wished.



WILLIAM A. MACKIE

Recently elected President of First National Bank, New Bedford, Mass.

PROMOTIONS BY FIRST NATIONAL OF NEW BEDFORD

At a meeting of the board of directors of the First National Bank of New

Bedford, Massachusetts, on December 14, William A. Mackie, vice-president and cashier, was unanimously elected president to succeed Gideon Allen, Jr., who was compelled to retire on account of ill health. Frank B. Chase, assistant cashier, was unanimously elected to succeed Mr. Mackie as cashier.

J. W. MARNO MADE CASHIER OF NATIONAL UNION BANK, BOSTON

J. W. Marno was recently elected cashier by the directors of the National Union Bank of Boston to succeed Arthur E. Fitch, who died in the early part of December.

NEW ENGLAND CHECK COLLECTIONS

The collection department of the Federal Reserve Bank of Boston handled checks for the week ended November 30 which totaled \$185,721,260, compared with \$231,654,322 the previous week and \$94,345,513 the corresponding week in 1917.

LOWELL BANK INCREASING QUARTERS

The Merrimack River Savings Bank of Lowell, Massachusetts, is having plans drawn for increased and up-to-date banking quarters. The plans are being made by Hoggson Brothers, builders, of New York and Chicago, and active work is scheduled to commence during the month of January. The improvements are made necessary by the steady expansion of the volume of business of the bank, and when com-

Commercial Credits

Acceptances

The Mississippi Valley Trust Company is a Federal Reserve Member. It finances bank and trade acceptances, and has a modern well equipped Banking Department for the efficient handing of bank and commercial accounts.

Mississippi Valley Trust Co.

Capital, Surplus and Profits over \$8,000,000

ST. LOUIS

pleted the new building will provide sufficient room and modern equipment to take care of the bank's present and future requirements.

The Merrimack River Savings Bank was organized February 24, 1871. Its present officers are: Nathan G. Lamson, president; Charles Runels, Michael Corbett, Charles F. Varnum, Herbert C. Taft, vice-presidents; Franklin E. Johnson, treasurer.

RHODE ISLAND HOSPITAL TRUST COMPANY

A beautiful new building was dedicated by the Rhode Island Hospital Trust Company of Providence on December 3, following a meeting of the directors and stockholders of the institution. President Faunce of Brown University addressed the meeting and in the course of his remarks said: "Every building is a confession of faith of friends and employees. When he be message to the passerby? It is that the greatest asset in modern business is character." The board room of the new

building is to be placed at the disposal of the various charitable institutions of Providence as a place to hold their board meetings.

CITY BANK AND TRUST COMPANY OF HARTFORD

The stockholders of the City Bank and Trust Company of Hartford, Connecticut, at a meeting held December 9, voted to confirm the recommendation of the board of directors to increase the capital stock of the institution from \$140,000 to \$500,000. The new stock consists of 600 shares of the par value of \$100 each. F. P. Holt is president of the company.

FORTIETH ANNIVERSARY CELEBRATED BY PRESIDENT RUE

President Levi L. Rue, of the Philadelphia National Bank, recently celebrated the fortieth anniversary of his connection with the bank by quietly remaining at his post. His office was

For Sale

Slightly used mahogany custom built bank fittings, consisting of thirty feet of counter with French plate glass screen, metal wickets, counter equipment complete, marble base. Also four flat top mahogany desks with chairs and one mahogany custom made roll top desk. All of this work is custom made, material of highest grade and workmanship of best quality and is in fine condition.

APPLY TO

Quincy Savings Bank, Quincy, Mass.

elaborately decorated with flowers, gifts of friends and employes. When he began his career as a clerk the institution was not very large as banks go in these times, but now it is the largest financial institution in the State of Pennsylvania.

FEDERAL RESERVE BANK DIRECTORS

The Federal Reserve Bank of Philadelphia elected two new members to its board last month. Francis Douglas, cashier of the First National, Wilkes-Barre, was chosen by Group Two member banks as a Class A director for a term of three years. Charles K. Haddon of Camden was elected by Group Three banks as Class B director.

UNION NATIONAL'S SIXTIETH ANNIVERSARY

The Union National Bank of Philadelphia celebrated the sixtieth anniversary of its establishment on November 15, 1918. It was really the anniversary of the first annual election of directors and officers of the Union, thereby putting into actual effect the charter secured from the State Legislature in

May of the preceding year. The times were anything but favorable for the establishment of a financial institution, but the doughty founders heeded them not. It was the year following the panic of 1857, which threatened destruction to the entire commerce of the country, and which had not yet spent its force; the nation was stirred by the discussion of the slavery question; war was imminent, and the prospects were not bright for any kind of business. In spite of the conditions the Union Bank prospered, and paid a dividend of three per cent. the first year—1860. The following year the Civil War began, and every bank was strained to the utmost, but the Union Bank never failed to pay a dividend from that time forward.

November 1, 1864, the Union Bank took out a national charter, and was converted into the Union National Bank of Philadelphia. The capital was fixed at \$250,200, and David Faust was elected president, which office he held until January, 1904, nearly forty years. In December, 1865, the capital stock was increased to \$300,000, and on April 23, 1872, was increased to \$500,000. In 1908 the bank purchased the assets and business of the Consolidation National Bank, and on January 1, 1916, it purchased the assets and business of the Manufacturers National Bank.

The Union National Bank, according to its statement under date of November 15, 1918, has a capital of \$500,000, surplus and net profits of \$575,349, and total resources of \$19,250,220.

President, J. S. McCulloch; vice-president and cashier, Louis N. Spielberger; assistant cashier, Samuel Campbell; assistant cashier, O. Stuart White; assistant cashier, Frederick Fairlamb.

PHILADELPHIA HAS NEW STATE BANK

Philadelphia has a new state bank to be known as the Overbrook Bank of Philadelphia. The organizers are: H. F. Seiber, P. A. Deitrich, W. P. McCuliff and A. B. Casper. The capital stock will be \$200,000, divided into 2,000 shares of \$50 each.

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A SOLID INSTITUTION CELEBRATES 100TH ANNIVERSARY

On November 29 Brown Brothers & Company celebrated the one hundredth anniversary of the establishment of their Philadelphia house by giving a dinner at the Bellevue-Stratford to the members of the Philadelphia Staff. Founded by Alexander Brown, in Baltimore, in 1800, the business was expanded by the establishing of William Brown & Co., in Liverpool, in 1810 (now the widely known firm of Brown, Shipley & Co., London), John A. Brown & Co., Philadelphia in 1818; Brown Brothers & Co., in New York, in 1825, and in Boston in 1844. The firm name in Philadelphia was changed to Brown & Bowen, June 1, 1839, and since December 1, 1859, it has been Brown Brothers & Company. The house has the distinction of being one of the few in the United States which have been continuously active for over a century and in which the direct descendants of the founder have taken and still are taking prominent parts. The business was originally the importation from Great Britain of linen goods, followed later on by other lines and also by the exportations, largely in vessels owned by themselves. With the expansion of the foreign trade of the United States and the growth of their own business and capital they soon began to do a general foreign banking business and today their high reputation is established all over the world.

The present members of the firm are Charles D. Dickey, Eugene Delano,

James Brown, Thatcher M. Brown, Moreau Delano and John Henry Hammond, New York; George Harrison Frazier and James Crosby Brown, Philadelphia, and Louis Curtis, Boston.

"WITH THE COLORS," BY THE NATIONAL CITY BANK OF CHICAGO

Enough matter to fill a good-sized booklet is crowded into twenty pages of a closely typewritten communication by the National City Bank of Chicago. It is dignified with a title, "With the Colors," which fits the context admirably. It gives quite a dissertation on Mr. Forgan's "Second Line of Defense," which has become famous throughout the country as a war echo, and the document is replete with letters from the boys of the bank who are "With the Colors." One letter has the following paragraphs, which is fully as natural as it is interesting:

Please give my best wishes to all of my friends and, if there are no objections, especially the girls (in the bank). Would like to mention some by name, but that would never do, would it?

Considerable space is devoted to the personnel of the bank as it at present exists, and the lady employes are given full credit for their excellent work.

NEW VICE-PRESIDENT OF NATIONAL BANK OF REPUBLIC, CHICAGO

The National Bank of the Republic of Chicago announces that at a regular meeting of its board of directors Mr. Watkin W. Kneath, for several years

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resident partner of Spencer Trask & Company, was duly elected to the office of third vice-president, in charge of the bond department of the bank.

MR. HOEBEL BECOMES ASSISTANT CASHIER

F. C. Hoebel has been elected assistant cashier of the Central Manufacturing District Bank of Chicago. Mr. Hoebel's banking experience extends over a period of many years, but for the past three years he has been connected with the W. T. Raleigh Company of Freeport, Illinois.

ELIGIBILITY TO A. B. A. MEMBERSHIP

The matter of determining what firms, corporations and individuals are entitled to membership in the American Bankers Association was referred by the Chicago convention to the Admin-

istrative Committee, which has decided the question as follows:

That in the opinion of your committee, corporations and firms engaged in the following lines of business are hereby declared eligible, namely: Dealers in commercial paper, dealers in investment securities, title companies, safe deposit companies, and Morris Plan Banks.

TWO CHICAGO MEN HONORED

Rudolph S. Hecht and Fred W. Ellsworth, president and vice-president, respectively, of the Hibernia Bank and Trust Company of New Orleans, were formerly hard-working young men of Chicago, doing their best not to win plaudits or their way to the front, but to serve the banks where they were employed and make their employers feel that they were earning the envelopes which were handed them twice a month. They were not looking for praise or promotion in those days, and it is safe to say now that they care less for the laurels they are wearing than they do for building up the big bank for which they are jointly engaged.

NELSON H. GREENE QUITS MOLINE BANK

Nelson H. Greene, formerly president of the Illinois Bankers Association, has resigned his position as vice-president of the Peoples Savings Bank and Trust Company of Moline, Illinois, and returned to Talluda, Illinois, where he was for several years engaged in the private banking business. He bore the distinction of being almost alone among the private bankers of Illinois in taking up the fight for state regulation of private banks. He has the reputation of being an able banker.

DISCOUNT CORPORATION IN ST. LOUIS

In perfect keeping with its policy of reconstruction, which is at once broad and comprehensive, the Mercantile Trust Company of St. Louis has organized the Discount Corporation of St. Louis for the purpose of buying trade bills of the highest type, such as bank-

ers' acceptances, trade acceptances, the highest grade of commercial paper enjoying a ready market, Government Treasury bills, short municipal warrants, etc. Such paper is evidence of debt of the classes suited to rediscount at the Federal Reserve Banks. The main objects of the Discount Corporation are as follows:

To create an open market for prime bills at St. Louis, with known quotations based on supply and demand.

To deal in foreign exchange, including the purchase and sale of sight and time bills issued by bankers, and documentary bills issued by merchants and manufacturers.

To maintain branches or fixed representation in such foreign markets as would, after a careful investigation, promise a profit on operations.

To gather and maintain such credit information as would enable bankers to buy bills and merchants to grant credits with a maximum of safety.

The capital of the corporation is \$5,000,000.

PAUL BAKEWELL, JR., BECOMES ASSISTANT COUNSEL

The board of directors of the Mississippi Valley Trust Company of St. Louis, on December 17, elected Paul Bakewell, Jr., assistant counsel of the company. Ever since the United States went into the war he has been in Government service, first as assistant director of the enemy trade bureau, in the War Trade Board, later as acting director in charge of that bureau, and more recently as an attache of the corporation department of the Alien Property Custodian's office. He is a son of Paul Bakewell, well-known patent attorney, and traces his ancestry to the founders of St. Louis. He was born in St. Louis and took his college degree at the St. Louis University, later studying law there and at Washington University. He began the practice of law in 1910, and was actively engaged in it until he entered the Government service. Mr. Bakewell is president of the Alumni Association of the St. Louis Uni-

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versity and a member of the faculty of the St. Louis University Law School, where he lectures on corporation law.

DIVIDENDS OF THIRD NATIONAL, ST. LOUIS

The Third National Bank of St. Louis, having a capital of \$2,000,000, paid an extra dividend of two per cent. in June and one of three per cent. in December.

The Third National Bank pays twelve per cent. regularly on its stock, which with the extra five per cent. paid gave each share an earning capacity of \$17 in the last year. In addition to this the bank was able to add a bonus to the pay check of each employee, equal to twenty-five per cent. of his annual salary, as the result of an unusually prosperous business year.

The Third National Bank is the oldest National Bank in Missouri, cele-

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brating its fifty-fifth anniversary on Christmas Day. From the very beginning of the bank's history it has had a consistent and substantial growth. Its resources are now over \$63,000,000.

MISSISSIPPI VALLEY PAYS EXTRA DIVIDEND

The Mississippi Valley Trust Company of St. Louis declared an extra "Victory" dividend in December of \$4 per share on its capital stock of \$3,000,000. This raises the dividends paid by the Mississippi Valley Trust Company during 1918 to twenty per cent. on its capital when dividends for the year were completed by the disbursement on December 31 on the last regular quarterly dividend of \$4 per share. Regular dividends of \$16 per share have been paid by the company since 1903. With the "Victory" dividend included, the company's disbursements for 1918 amounted to \$600,000.

Besides its \$3,000,000 capital, the Mississippi Valley Trust Company has a surplus of \$3,500,000 and undivided profits which, as shown by its last official statement, amount to nearly \$2,000,000.

MR. CARTER OF THE MERCANTILE TRUST CO. RESIGNS

The Mercantile Trust Company of St. Louis lost a good official when W. Frank Carter, a vice-president, resigned in order to resume the practice of law. He was elected to a vice-presidency in the Mercantile Trust Company over nine years ago, and has taken an active part in all its most important work.

President Festus J. Wade, in confirming Mr. Carter's resignation, said:

"Mr. Carter has quit the service with my warmest friendship, and he is held in highest esteem by the officers and directors, all of whom wish him success in his profession. He made a most capable officer."

Mr. Carter will retain his stock in the institution and continue a member of its board of directors.

ALL OLD EMPLOYEES OFFERED JOBS BACK

John G. Lonsdale, president of the National Bank of Commerce in St. Louis, announces that every one of the fifty-one employees of that bank who joined the service of the Government will be given their positions without loss of rank when they return.

NATIONAL STATE AND CITY BANK OF RICHMOND

Wm. S. Ryland, assistant cashier of the National State and City Bank of Richmond since July, 1916, has resigned to accept an assistant cashier-ship of the National City Bank of New York, effective January 15, 1919. He will have headquarters in Richmond.

Julien H. Hill, cashier of the bank from July, 1910, to January, 1918, when he was made vice-president and cashier, relinquishes the title of cashier to devote his time to his duties as first vice-president.

R. E. Cunningham, assistant cashier since July, 1916, has been made a vice-president. Prior to his connection with the National State and City Bank he

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S. P. RYLAND

Cashier National State and City Bank, Richmond, Va.

was cashier of the Covington National Bank, Covington, Va.

Samuel P. Ryland has been elected cashier of this bank, effective January 1, coming to us from the Union Bank



JESSE F. WOOD

Assistant Cashier National State and City Bank,
Richmond, Va.

of Richmond, of which he is now cashier. Formerly he was assistant clearing-house examiner of Cleveland, Ohio. Prior to that time he was connected with the First National Bank of Richmond.

Jesse F. Wood, promoted to assistant cashier, has been manager of the savings department for the past year, coming to us in that capacity from the Richmond Bank and Trust Company.

B. Frank Dew has been made auditor, coming to us from the Federal Re-



B. FRANK DEW

Auditor National State and City Bank, Richmond, Va.

serve Bank, where he was assistant auditor. Prior to his connection with the Federal Reserve Bank he practiced his profession as certified public accountant. Mr. Dew is the son of Judge John G. Dew, for many years second auditor of the State of Virginia.

The new line-up of officers, effective January 1, all of whom are natives of Richmond, is as follows:

- Wm. H. Palmer, president.
- Julien H. Hill, vice-president.
- J. W. Sinton, vice-president.
- R. E. Cunningham, vice-president.
- Samuel P. Hyland, cashier.
- Jesse F. Wood, assistant-cashier.
- B. Frank Dew, auditor.

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VIRGINIA BANKER JOINS THE HIBERNIA BANK AND TRUST CO.

Walter J. Herman, of Warm Springs, Virginia, has resigned his position as cashier of the Bank of Warm Springs to become associated with the Hibernia Bank and Trust Company of New Orleans as manager of its collection department. Mr. Herman is a native of New Orleans and was educated in that city, but has spent the past twelve years in the North and East. From 1911 to 1913 he was connected with the Commonwealth Bank of Richmond, Virginia, and part of the time as manager of its 25th street branch. In 1913 he became cashier of the Bank of Warm Springs. For some years he has been a member of the American Institute of Banking. He is a member of the Virginia Bankers Association, and has been active in Group 4 of that association. He takes up his new duties with the Hibernia Bank and Trust Company with an experience which will be of especial value to that institution and its clients.

R. S. HECHT ELECTED PRESIDENT OF HIBERNIA BANK AND TRUST CO.

Vice-President R. S. Hecht of the Hibernia Bank and Trust Company has been elected president of that institution to succeed John J. Gannon, who asked to be relieved of active duties, after meeting with an automobile accident recently. Mr. Gannon had been president of the bank since 1903. The Hibernia experienced a steady growth during Mr. Gannon's administration,

and is now by far the largest trust company in the South.

In the election of Mr. Hecht as president, the Hibernia Bank and Trust Company secures as its executive head a man who is a modern banker in every



R. S. HECHT

President Hibernia Bank and Trust Co., New Orleans

sense of the word. Although comparatively a young man, he has to his credit a banking experience, not only local, but national and international as well, which few men of his age possess. His

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early banking education was obtained in Chicago with the National Bank of the Republic and the Commercial National Bank. He went to New Orleans thirteen years ago as assistant manager of the foreign department of the Hibernia. He became trust officer in 1910, and manager of the bond department in 1911, and was elected vice-president of the institution in 1915.

**HIBERNIA BANK AND TRUST COMPANY
ACTIVITIES**

The directors of the Hibernia Bank and Trust Company of New Orleans, at their regular meeting, December 18, 1918, declared the regular six per cent. quarterly dividend payable January 2, 1919, to stockholders as of record December 31, 1918.

The directors also voted a Christmas bonus of one month's salary to all employees of the bank who have been with the institution four months or more. Those who have been with the company less than four months receive a Christmas bonus amounting to one-half a month's salary.

A special bonus was also voted to all employees who have been in the service of the Government, and this bonus will be paid to them as they return to the service of the bank.

LOS ANGELES BANK LOSES AN OFFICIAL

Roy P. Hillman, secretary and cashier of the Guaranty Trust and Savings Bank of Los Angeles, California, died recently after a short illness, at

the age of twenty-nine years. He was highly esteemed as a banker, stood high in social and club circles, and was a useful citizen.

**LOS ANGELES BANKS AID SOUTH AMERICAN
TRADE**

Plans are under way for the formation of a financial organization to be backed by the banks of Los Angeles. San Pedro, Wilmington and Long Beach for the purpose of encouraging Latin-American trade through the harbor by facilitating the financing of cargoes. Los Angeles has just had the greatest year in the history of its harbor, and it has spent over \$5,500,000 on improvements in the last seven years. Port charges at Los Angeles harbor are the lowest on the Pacific coast, and it is felt that the furnishing of adequate banking facilities for exporters and importers through an agency in direct touch with the ships and cargoes would greatly stimulate the port trade.

E. W. WILSON'S WORK APPRECIATED

The following letter sent by the Governor of the Twelfth Federal Reserve District of San Francisco to the banks, bankers and trust companies of that district, shows that hard, conscientious work is appreciated on the Pacific coast:

On February 21, 1918, Mr. E. W. Wilson, vice-president of the Anglo and London Paris National Bank of San Francisco, enlisted as "Director of Sales of United States Treasury Certificates of Indebtedness" in the Twelfth Federal Reserve District for the period of the war.

Are You Informed on These Important Points of Banking Law?

If you have not read these and other court decisions in the December Banking Law Journal, you are not keeping up with the times.

Dividends Out of Capital

The directors of a bank declare a dividend, not knowing that it would have to be paid out of capital; the liability in such a case has recently been passed on by a court of last resort.

Notice Not to Pay Deposit

The wife of a depositor informed the bank that the deposit belonged to her; the bank nevertheless paid the money to the husband and was held liable in so doing.

Certificate of Deposit

If a bank pays a certificate of deposit to the wrong person it may have to pay the amount over again; such a case recently has been brought into court and is important to every banker.

Driving a Bargain in Bank Stock

A bank president sold his stock in the bank at less than half its value because the purchasers led him to believe that the bank's financial condition was unsound; the court wrote an interesting and instructive opinion in this case.

Presentment of Note

On the day the note matured it was locked in a safe and the only person who knew the combination was out of town; the indorser claimed that failure to present discharged him; this case explains the rule applied in such circumstances.

The above decisions and others of equal importance to the banker are published in the December issue of The Banking Law Journal. The Journal publishes each month all the important banking decisions from the courts of last resort in this country. The bank official who is familiar with the current decisions is enabled to avoid the costly mistakes of other bankers.

This same issue contains the Index-Digest of all decisions published during 1918—in itself a valuable book of current banking law.

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Between that date and November 7, Certificates of Indebtedness had been sold in this district, under Mr. Wilson's direction, to the amount of \$535,434,000. While these figures speak for themselves, it is proper to add that this result was largely due to Mr. Wilson's enthusiastic application and untiring attention.

The war being over, Mr. Wilson has asked that he be released from further labors in this connection, and reluctant as we are, we must, of course, acquiesce.

In making this announcement, we desire to express our high appreciation of, and gratitude for, the patriotic service rendered by Mr. Wilson to the Federal Reserve Bank of San Francisco and, through it, to his Government at war.

INVESTMENT BANKERS ASSOCIATION HEADED BY BAKER

The election of William G. Baker, Jr., of Baltimore, to the presidency of the Investment Bankers Association was part of the proceedings of the annual convention held at Atlantic City in December. Frederick R. Fenton, Chicago, was re-elected secretary, and H. L. Stuart, Chicago, treasurer. The vice-presidents are: John E. Oldham, Boston; George W. Hodges, New York; Lewis H. Parsons, Philadelphia; J. Shepard Smith, St. Louis, and Charles H. Schmepp, Chicago.

The various committees submitted reports and in addition to the formal addresses by officers of the association, the following speakers were on the programme: Prof. J. Paul Goode, University of Chicago, on "The Prussian Dream of World Conquest;" George E.

Roberts, National City Bank of New York, on "Reconstruction," and Hon. R. C. Leffingwell, assistant secretary of the Treasury.

RESOURCES OF ALL BANKS FORTY BILLIONS

The report of Comptroller of the Currency Williams shows that the aggregate resources of the 28,000 banks in the United States, state and national, on June 30, 1918, amounted to \$40,310,000,000, of which \$22,371,000,000 was credited to the 21,175 state, savings and private banks and trust companies, and \$17,839,000,000 to the 7,705 national banks.

Deposits of the state banks amounted to \$18,567,000,000, and loans to \$12,426,000,000, showing an increase of five per cent. in deposits over the record of the year previous and of 6.5 per cent. in loans.

National banks showed \$14,021,000,000 deposits, an increase of 9.8 per cent., and \$9,620,000,000 in loans, an increase of 9.1 per cent.

All banks, state and national, had \$32,589,000,000 deposits and \$22,046,000,000 loans.

BUSINESS SUMMARY BY FEDERAL RESERVE BOARD

A comprehensive summary of business conditions throughout the United States, based upon reports received from Federal Reserve agents, has been issued by the Federal Reserve Board. It shows that during the month of November business conditions were in a state of transition. Up to the date when the armistice with Germany was made known, industrial machinery was being operated overtime for the purpose of meeting war requirements, and the productive power of the country was being developed to its highest capacity. Subsequent to the signing of the armistice there set in a period of temporary uncertainty which lasted for rather less than a week. It was terminated by the beginning of the process of "demobilization."

Extensive suspension of purely war

work and conservative readjustment in other lines have been the dominant factors of the situation since the completion of the arrangements with Germany.

The banks of the country are admitted to be in a position which calls for careful and farsighted handling in order that their resources may not be too rapidly absorbed in connection with purely development work, while on the other hand, it is admitted that they are now in a position which calls for every conservative treatment in order gradually to reduce the loans on war paper which have been piled up in the process of placing the various Liberty Loans.

CROP VALUES EXCEED TWELVE BILLIONS

The December crop estimate for the year 1918, made by the Department of Agriculture, shows that the nation's principal farm crops for that year were worth more than any year in the history of American agriculture. The total value fixed by the estimate is \$12,272,412,000, which amount exceeds that of the former record year, 1917, by \$614,380,000. There was also a marked increase in acreage, the total of 355,895,722 acres for 1918 exceeding that of 1917 by 10,700,000 acres.

NEW BANK BILL URGED BY GOVERNOR HARDING

Governor Harding of the Federal Reserve Board went before the House Banking Committee recently in support of Senator Phelan's bill to amend the Federal Reserve Act, and urged immediate legislation authorizing increase of Federal banks' surplus to 100 per cent. of their paid-in capital.

In the course of his remarks Governor Harding said that while profit was not and should not be the primary object of the Federal Banks, the banks had been so successful that several of them, if the proposed legislation were authorized, would have 100 per cent. surplus on January 1, 1919, and that all the banks would have that surplus by next July. He explained that addi-

*foreign exchange
is the clue . . .*

to the international situation

The unprecedented increase in our foreign trade—the unfamiliar spectacle of our becoming a creditor nation—is causing business men and students to pay more attention to the study of foreign exchange. *What is it? How does it operate? How is it affected by international transactions?* ¶ These questions and many others are answered in "The Elements of Foreign Exchange" by Franklin Escher. The intricacies and perplexities of foreign exchange are made clear in this little book, which, in a popular and readable style, tells you just what you NEED and WANT to know about this important subject. Sent prepaid anywhere on receipt of check or money order for \$1.35

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tional security for \$2,500,000,000 of outstanding Federal Reserve notes, as well as an increase in the Federal system to compete with foreign financial concerns in future financing, would be made possible by the legislation.

"The board views with some concern the large amount of outstanding Federal Reserve notes," the Governor said, "but the banks have been obliged to support the Government in its financing, and we now hope we can reduce the outstanding notes."

A. B. A. COUNCIL AT WHITE SULPHUR SPRINGS

White Sulphur Springs, West Virginia, has been selected as the next spring meeting place of the Executive Council of the American Bankers Association. The question was referred to the Administrative Committee by the Chicago convention, and this selection was made and the dates fixed on May 19, 20 and 21, 1919. The sessions of the Council will be held at the Greenbriar.

General Secretary Farnsworth has just visited White Sulphur Springs and the management of the Greenbriar and the White hotels met every requirement as to desirable hotel accommodations, meeting rooms for the Council and the various committees, etc. These hotels are beautifully situated with picturesque surroundings; removed from busi-

nes life and will be admirably adapted for meeting purposes.

THE ROOSEVELT FAMILY AND THE
CHEMICAL NATIONAL

A friendly relationship between the Roosevelt family began in 1844, when Cornelius Van Schaick Roosevelt became one of the five directors under the new charter, and the friendship has remained unbroken to the present day. Although Theodore Roosevelt was not himself a depositor, some of the stock of the bank was held in trust for him, and his cousin, W. Emlen Roosevelt, is at the present time a director.

Cornelius Van Schaick Roosevelt, in addition to being a stockholder and a director of the Chemical, was elected temporary vice-president on June 2, 1848, and held that office until April 2, 1849. James A. Roosevelt, his second son, on April 17, 1863, was secured to assume the duties of his father as director, because the father's ill health had forced him to resign. It was Mr. James A. Roosevelt who established the banking house of Roosevelt & Son, at 33 Wall Street. In May of 1867, Mr. Cornelius Van Schaick Roosevelt recovered his health sufficiently to resume

the place that his son had been holding. At the death of Robert McCoskry, however, Mr. James A. Roosevelt was secured to fill permanently the vacancy of director, the meeting for that purpose being held at the uptown residence at Broadway and Fourteenth Street. In 1869, again, Mr. Cornelius Van Schaick Roosevelt retired, and for the last time. On May 12, 1890, James A. Roosevelt was elected vice-president. In 1898 W. Emlen Roosevelt, cousin of the Ex-President, was elected a director, the position which he holds today.

WAR TIME WORK OF THE FEDERAL
RESERVE

The Secretary of the Treasury has this to say concerning the important part played by the Federal Reserve System during the war:

The Federal Reserve system has permitted the enormous transactions connected with the financing of the war to be carried through without shock or disturbance, and its services will not be less important to the Government and to the nation in facilitating the readjustment from a war basis to a peace basis and to assist and foster thereafter the development of agriculture, industry, and commerce under normal peace conditions.



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ELMER H. YOUNGMAN, Editor

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Theodore Roosevelt

THE most prominent trait in the character of the statesman who passed away on January 6 was his Americanism.

More than any man in the history of the country since Lincoln and Washington he embodied, in his life and career, the spirit of America.

His chief claim to the gratitude of his countrymen and to a high and honorable place in American history rests upon the services he performed in arousing the national conscience to oppose the insolent aggressions of entrenched power and privilege, and the effective work he did in awakening the country to the dangers that lay in our military unpreparedness at the outbreak of the European War.

In the first of these services he awoke the national conscience, while in the second he aroused the dormant spirit of American patriotism, leading to that action which vindicated the national honor and perhaps saved the country's life.

If these statements seem exaggerated, we have but to reflect what might have been the history of the United States had we permitted great business enterprises to go on unchecked in their policy of insolent aggression. Among certain great captains of industry there had grown up a belief that they could ride roughshod over the interests of the people and the laws of the country. Mr. Roosevelt gave them very clearly to understand that in him they had met their master. He showed them that there was no concern in the land so great as to be superior to the country's laws.

In estimating the value of his services in the campaign for national preparedness after the outbreak of the European War, we have only to consider what to-day would be the position of the United States if it had remained content to go on coining money out of the distress and misfortunes of the European nations and had refused to take any action to vindicate the outraged rights of our own people.

In paying these tributes to Mr. Roosevelt it is not intended to indulge in extravagant praise. Not long before his death he him-

self laid down the correct principle to be observed in dealing with the acts of public men. He said in substance that public officials should be praised when they do well and censured when they do ill. And that is the standard which he would wish to have applied to his own record as a public man. It will stand that test quite as well as the acts of anyone who has occupied the Presidential chair from the foundation of the Government to the present time.

In his effective work in behalf of law enforcement there was an element of comedy which Mr. Roosevelt himself fully understood and appreciated. When he became Police Commissioner of New York he found upon the statute books a law requiring that places where liquor was sold should be closed Sundays. This law had for many years been practically a dead-letter, but Mr. Roosevelt began vigorously to enforce it and succeeded until, as he himself said, the courts decided that "a pretzel and a glass of beer constituted a full meal." Then it was no longer possible to enforce the law, since it permitted the serving of drinks with meals.

The same element of comedy may possibly be said to have been present in regard to his enforcement of the Sherman Anti-Trust Law. When he became President this law had been in existence for a number of years, but nobody had paid the slightest attention to it. He at once began to enforce the law and proved that it was anything but obsolete.

While he may have wished as a matter of principle to close the saloons in New York on Sunday, and no doubt thought that "big business" should be put in its place, he also in both of these cases must have derived very great enjoyment from the enforcement of laws which had been enacted merely as a sop to public clamor and as pious expressions, without any intention of their enforcement. Whatever may have been his personal views with regard to either of these laws, his action in making them effective represented the abhorrence of his nature against anything savoring of hypocrisy.

No action in Mr. Roosevelt's long and picturesque career has been more criticised than his withdrawal from the Republican Party in 1912 to make the race as a Progressive candidate for the Presidency. His enemies charge this act to his overweening ambition. How false this view is will appear on a little reflection. When Mr. Roosevelt returned from his African hunting trip he was undoubtedly at the crest of his popularity. Besides having held a number of minor offices, and serving with distinction in the Spanish-American War, he had been Governor of his State, Assistant Secretary of the Navy, Vice-President and President of the United States. In all these positions he had acquitted himself in a manner to receive the approval of the great body of his fellow countrymen. He had furthermore visited the various parts of Europe where he had been received with great honor and achieved unusual distinction. He

came home from his African hunting trip with his fame absolutely secure. There were no further honors which his country could confer upon him. What, then, prompted Mr. Roosevelt to fling in the scales all his great honors for the almost certain defeat which faced him, as an independent Presidential candidate? If elected he could gain no further honor; if defeated his prestige would apparently be seriously impaired if not destroyed. As a practical politician he must have known, in fact, he did know, that defeat was almost certain. Why, then, did he risk it? Those who were privileged to be closely associated with Col. Roosevelt know the correct answer to this question. He believed that the Republican party had become hopelessly committed to a stand-pat policy, and was firmly convinced that the tendency of the times demanded the adoption of a forward looking programme in behalf of social justice. He saw no one in sight willing to make the fight for these principles except himself, and this is the real cause of his political action in 1912.

Perhaps Mr. Roosevelt never showed his practical political vision more luminously than in the action he took in that campaign. He saw that not only this country but the world was approaching vast social changes which were almost revolutionary in their character. He hoped by the programme which the Progressives put forth to bridge over the gulf marking the transition from the old to the new social order. Many people then thought his principles were far ahead of the times. Who does so now? With the very audacity of genius and the never-failing practical vision, which always marks the true statesman, he foresaw the tremendous upheaval which society is now undergoing and prepared a programme which he hoped would help to make these vast changes without completely destroying the very pillars upon which society rests. Much of the programme which he outlined in 1912 has long since passed into legislative and administrative acts, while a number of the principles and policies which he proposed will have to be put into effect as a result of the great changes wrought by the European War.

That phase of Colonel Roosevelt's career which is of special interest to bankers and financial students was decidedly disappointing. In the year 1908, while Mr. Roosevelt was President, an opportunity existed for the Republican party to place upon the statute books a sound currency and banking law. Such a measure could not get through Congress, however, without the approval and leadership of the President. Mr. Roosevelt conspicuously failed to exercise such leadership. A comprehensive banking and currency bill was proposed, but was not passed; instead, the makeshift Aldrich-Vreeland law was enacted, a monetary commission was appointed, and the real settlement of the banking question was postponed. By his failure to exercise leadership at this crisis Mr. Roosevelt transferred the opportunity of legislating on the banking

question from the Republican to the Democratic party and the latter on its accession to power quickly made use of the opportunity.

In setting down these facts no desire exists to criticise Mr. Roosevelt for his action in the above matter. He did not lead in banking legislation simply because the bent of his mind failed to give him any special interest in such questions. Currency, banking and the tariff were matters which had scant interest for him. His whole attention was concentrated on measures of social justice and such other legislation as he believed necessary to preserve the institutions and welfare of his country. His habits of thought did not lead him to see that sound economic measures are vital to a nation's life. This is merely to say that Mr. Roosevelt was not, as some of his injudicious admirers claim, a super-man, but possessed his limitations the same as others do.

The student of American politics will find no more tragical chapter than that which relates to Mr. Roosevelt's failure to attain the Presidency during the conflict in Europe. His character, training and ambition, and his Americanism all fitted him better than any other citizen to occupy that position in this critical period of his country's history. Whether he might have had that distinction if his course in 1912 had been otherwise than what it was, must remain merely a subject of interesting speculation. At least he was not President at the very time when he of all others was best fitted to fill that office and most desirous of doing so. Denied this opportunity, he tried to serve his country by the organization of a division of troops to be used in the European battlefield. His ambition in this respect was sanctioned by a Congress which was largely hostile both to him personally and politically. The President, however, denied him the privilege of offering his life in his country's defense. This treatment did not cause him to hesitate for a moment in his strong advocacy of our taking a vigorous part in the European War. Long before the United States became involved in the war, and when others were counselling a policy of hesitation and delay, he preached national preparedness from one end of the country to the other and clearly pointed out the path of duty which the country was later destined to take. If he could not himself give his life to his country, he sent his four sons to the front, and one of them fell in the line of duty.

Higher than any of the great honors which came to Theodore Roosevelt shone out his pure soul, which hated and despised wrong and oppression and which flamed forth with unquenchable zeal in behalf of the oppressed of every land. He held no impracticable ideals in regard to policies to be adopted either at home or abroad. He believed that international security depended upon the practice of international justice. The popular opinion accredited him with being a militarist, but he won the Nobel peace prize and

in a delicate crisis in the relations between Japan and the United States took a tactful course which not only removed the cause of friction but tended greatly to cement kindly relations between these two countries.

The high honors that Mr. Roosevelt received never for a moment swerved him from his plain and simple life. He was democratic in his living, in his manners, in his mind and in his soul. His private life was spotless. It may truly be said of him that measured by the most judicious standard he was one of the greatest men of his own country, or of any country—of his own time or of any times. The record of his busy life and the lustre of his character will remain as a permanent inspiration to his countrymen and to the world.



Business and Financial Affairs in the United States

ALTHOUGH some uncertainties mark the beginning of the new year, they are far less serious than those which existed twelve months ago. We had faith then that the huge military undertaking in which this country was engaged would turn out successfully, but now that faith is translated into a certainty. But the details of peace yet remain unsettled, and the financial and business world can hardly resume the usual course of affairs until some of these problems are cleared up. Not that there is the slightest apprehension in this country over the deliberations of the Peace Conference itself; for it is expected that complete harmony will prevail, and certainly no disposition exists in the United States to insist on any policy that would tend in the least to produce discord. But until the Peace Conference has settled not only the momentous questions of indemnities, international boundaries, etc., but has at least taken preliminary action in regard to finances, shipping, raw materials and other matters bearing directly upon business, international trade and finance must continue surrounded by conditions that are uncertain.

The same circumstances are affecting domestic trade and finance, combined with other more local influences. Not only must manufacturers, exporters and bankers reckon with the present unsettled international problems, but they also have to take into consideration the question of labor supply, and of wages and prices, as well as the future money and banking situation. With the rapid dwindling of the army, the supply of labor naturally increases, though as yet the process of transferring men from the ranks of

military to civil life has not gone far enough to exercise a very great effect upon the general supply of labor throughout the country. But that such effect can not be long delayed, and that it may go so far as to produce a surplus of labor, may be inferred from the discussion already heard of plans to resume building operations on a large scale and possibly to institute work of a public character, so as to prevent unemployment. Since the ordinary building operations of the country and public constructions have been largely under suspension during the closing months of the war, a resumption of activity in these lines would seem to be demanded without special regard to the labor situation.

The problem of keeping labor employed will probably be less difficult to settle than that of wages. Undoubtedly the high wages which have prevailed for the last year or so must, in some lines especially, be subject to considerable reduction in the near future; though, taking wages as a whole, no general reduction may be immediately expected. So far as the labor situation is intermingled with politics, the tendency will be against a lowering of wages; but even the great manufacturers themselves are not counting on an early change in the wage situation, nor indeed favoring it. They realize that one of the most serious problems with which they have to deal is that of keeping their employees contented and loyal, and they further understand that a substantial reduction in wages so long as prices remain high would work serious injustice. That this fall in prices may not be much longer delayed appears from a waiting attitude in wholesale merchandise circles, which must tend to cause a reduction in selling prices so that present hesitation in buying may disappear.

The money and banking situation presents no marked change in recent weeks. It is known that very early in the spring a new loan of large proportions must be floated. With the ending of the war it is not likely that the same high pitch of enthusiasm will be reached as in the previous loan campaigns, and this may mean that the banks will have to subscribe for the bulk of the new loan, which they are well able to do, but not without in some degree lessening their ability to handle the ordinary commercial demand for credit. Government loans, rising prices, and general business activity have combined to swell the expansion of bank resources in this country in the last five years at a rate quite unexampled in the country's history. Whether or not there is any actual shrinkage in these resources in the near future, the rate of their increase may be expected to diminish once we are exempt from the special influences tending to expand banking resources in recent years.

All the foregoing elements of uncertainty, while tending to retard the complete resumption of normal business, are comparatively trivial measured with those in existence a year ago. The one fact in

the present situation which transcends all else in importance is that war, with its terrible depletion in man power and material resources and its insatiable demand for loans and taxes, has ended and that the United States, in happy accord with the other nations of the world, turns with hope and confidence to the work of reconstruction and the pursuits of trade.

The final and complete victory over Germany in which the United States was privileged to take part has awakened in this country no thirst for military glory or national power won at the expense of weaker nations. American soldiers are proud of the help they were able to give their Allies, but they are glad to get home and back to work on the farm, in the shop and in the office.

American bankers are glad that in a great emergency they were in a position to extend financial aid to other nations whose resources were severely taxed by the strain of war, but they have no wish to use the advantage thus gained in any way that will not be of mutual benefit.

In the highest circles of business and finance, as well as among the masses of the people, the results of the war have developed no spirit of boastfulness or of arrogance, no ambition to exploit other lands, much less to oppress them. Rather there is a sense of humility because of the great opportunities and responsibilities which the war has brought to our people. America hopes in meeting these new duties to have the world's coöperation and good will.



This Country of Ours

No country, after all, produces any better crops than its inhabitants. And as I travelled onward I liked to think of these brave, temperate, industrious, God-friendly American people. I have no fear of the country while so many of them are still to be found upon the farms and in the towns of this land.

—*Friendly Road.*

IT has been the glory of America, the chief characteristic of our institutions, that here existed no caste or class or rank to hinder the progress of the humblest in the land to places of the greatest honor in public life or of largest success in the business world. Not only was there an absence of these artificial hindrances to the advancement of any boy or girl, but their pathway was made easier by free education. We have seen the beneficent operations of these untrammelled conditions in the past: a rail-splitter became President of the United States; a farm boy led the armies of the country to victory and afterwards became the Chief Ruler of the United States; one telegraph operator became one of the world's most fa-

mous inventors, and another one of its richest men; a stage-driver rose to be one of the greatest captains of industry.

But better than these examples of poor boys who rose to conspicuous success—and they could be multiplied by thousands—are the millions of people in the United States who have been permitted freely to develop their lives, to attain to positions of honor in their respective communities, and to enjoy a wider distribution of comforts and luxuries than has been known in any country in the world. Indeed, one of the commonest foreign criticisms of America was that the masses of the people had become so steeped in luxury that they no longer had any ideals for which they would sacrifice anything. In persistently defying us and in outraging our rights Germany undoubtedly acted upon this theory. How mistaken this view was need not be dwelt upon. Without boasting it may be said that any country will hereafter think twice before attacking the United States.

We have perhaps taken too much satisfaction in our men of great wealth. But it is a source of no little satisfaction to remember that, despite their rise in the world, most of them have remained plain, simple and democratic Americans, and only here and there have there been those who became snobs. Nearly every American who has grown rich—perhaps there is no exception—has immeasurably benefited the masses of the people as well as himself. Nothing is more false than the statement that the rich grow richer while the poor grow poorer. The truth is that everybody has been growing better off—that is, everybody who is industrious and economical. This fact is witnessed by the general diffusion of comfort and luxury, the large increase in the general expenditures of the people.

We have just demonstrated our power so that no one doubts it. Are we now capable of exercising that sober self-restraint which more than all else constitutes the proof of greatness?

More than all, are we capable of so employing the great advantages derived from the war as to distribute the benefits of these new conditions and adjust the burdens equitably among the masses of our people?

The real problem would seem to be not to restrict the opportunities which any have heretofore enjoyed for development of the faculties of mind or body, but to open the door of opportunity still wider so as to enable greater numbers of people to improve their mental and material condition. We shall gain nothing by instituting a process of leveling down, but our true policy lies in the constant endeavor to bring more and more people up to a higher and higher standard of moral and material living. Fortunately, the material resources of the United States are as yet far from being fully developed. They no doubt offer as great opportunities for profit in the future as any that have been derived in the past. He

who to-day sits down in despair because of lack of opportunities for advancement is hopelessly ignorant of the great wealth of our country which still lies undeveloped.

If in the future we give to intelligent and unremitting effort the same incentive and rewards as have heretofore been offered, America will develop men of light and leading equal to those who have arisen in the past. These opportunities will most surely be maintained by the careful preservation of the character of our institutions and especially by maintaining that prosperity which has been so marked a characteristic of our recent national history. It must be remembered that this prosperity, which has become widely diffused, arose when there was the freest opportunity for men to develop the wealth of the country with a minimum of governmental interference.

If the laws and conditions under which business operates become so restrictive as to offer insufficient rewards to capital, those who have money to invest will not risk it in the ordinary channels of business but will put it into those securities offering a safe and modest return without any of the risks and worries incident to business operations.

Undoubtedly throughout the world the tendency of sentiment is toward ideas of the most radical character. The United States is still a comparatively young nation, and it should preserve a conservative attitude in this crisis in the world's history. It must be remembered that our institutions were founded in the light of centuries of European experience and that we long ago discarded many of the hindrances to free government and individual and national progress which have just been thrown off by some of the European nations on the field of battle. The men who established the Government of the United States were possessed of high character and broad intelligence, and they acted deliberately with the light of the world's previous history to guide them. They established institutions which thus far have endured shocks which have proved fatal to many nations in various parts of the globe and which even now are rocking society to its very foundations. Every palliative which legislation may bring is within the reach of the masses of the people of this country, for they only have to bring public opinion to their side in order to carry through any measure deemed helpful.

The opportunities for labor, the high wages that prevail, and the marvelous abundance and still comparative cheapness of the ordinary necessities of life, combine to make this one of the most favored dwelling places for man on the face of the earth. The relations between capital and industry are every year growing closer, and intelligent leaders of both sides feel sure that with a reasonable degree of patience all points of difficulty will gradually be adjusted

to the mutual benefit and satisfaction of both capital and labor and to the advantage of the people at large.

If we all stand resolutely together, determined to preserve the foundations upon which the welfare of this country has thus far been established, and use these foundations as a solid basis for our future development, the people of the United States will continue to advance in prosperity and power, thus justifying the efforts of those who helped in bringing this country into being and who have labored to preserve its free institutions for the benefit of the people of the United States and as an example to all mankind.



The Writer of the Federal Reserve Act

NO ghoulish glee nor desire to spoil a tear-compelling human interest story prompts the publication of the following, from the Washington correspondence of the Philadelphia "Public Ledger," and the accompanying comment. Says the correspondent:

"Playing virtually a lone hand, consulting only the President and the Secretary of the Treasury, the Virginian toiled over the banking bill for an average of twenty hours a day. Three-fourths of the measure was written in his own handwriting, between midnight and sunrise. He locked himself in his room in a hotel where he has lived during most of his residence in Washington, and worked.

"Writing in the tiresome method of holding a pen between the index and middle finger of his hand, he covered many pages of foolscap. He scratched out and interlined, revised and rewrote, until he evolved what he believed was wanted. The manuscript was copied by his secretary. The lone copy was carried about in an inside pocket of Mr. Glass's coat.

"He took the typewritten draft of the bill and went over that, amending, supplementing, eliminating, and all the while every newspaperman in Washington and most of the bankers of the country were at their wits' end to learn what he had written. His colleagues on the Banking and Currency Committee were uninformed, as Mr. Glass did not talk much. There was a lot of speculation and little of actual knowledge."

But the correspondent adds that Mr. Glass himself would probably disclaim any such exhausting labor, saying:

"Now, if you were to ask Mr. Glass to confirm the above account of the Federal Reserve Act's preparation, he probably would deny

that he had so great a part in its preparation. It is more than likely that he would disclaim the authorship and tell you that the bill was written by Woodrow Wilson; but Mr. Glass's modesty cannot transcend facts."

Whether Mr. Wilson would put in a claim for the somewhat doubtful honor of having written the Federal Reserve Act is not known. If the correspondent's statement is correct, what becomes of the assertion that Professor H. Parker Willis was paid for writing this bill?

To those who saw the Federal Reserve Bill, as it passed the House, and the mutilations and alterations of various kinds made by the Senate, the correspondent's account of the labors of Mr. Glass easily becomes the most amusing incident in the recent financial history of the United States.



Gold Miners' Plea for Relief

IN the year 1916 and subsequently people were accustomed to having their peace of mind disturbed by lurid tales of a beautiful Silver Lady, struggling in the clutches of the Gold Power, with the knightly Bryan spurring across the plain bent upon her rescue. Now times have changed. This willowy maiden has grown fat and pudgy, and the famed knight of other days, instead of mounting barbed steeds to rescue the victims of the money power, capers nimbly upon a Chautauqua lecture platform. But the maiden—or rather a maiden—is not yet unhanded, though no longer clothed or crowned with silver, but radiant in gold. She shrieks for help just as piercingly as did her silver sister of other days. Could we have any compassion for a daughter of Gold, once denounced as the robber-baron of the world, some Bryan of these days would fly to her relief. How well must all venerable students of American finance recall the appeals which in other times went forth to "do something for silver!" Surely, it was not a metal, dragged forth from the bowels of the earth, in whose behalf these appeals were made, but a modest, shrinking personality whom the gold villain unrelentingly pursued. What boots it now that this once unsophisticated and poverty-stricken child dwells in the halls of luxury and of pride? Her sister, Goldie Locks, has now become the one imploring the world's chivalric intervention in her behalf. In plain terms, the gold miners now want the people to "do something for gold." Their argument amounts to this, that prices on all commodities have advanced in terms of the Government's paper money

except that of the ounce of gold, which has a fixed price of \$20.67. Thus, in reality, the purchasing power of gold has decreased in proportion to the increase of other commodities which in one way or another are factors in the obtaining of new gold. From this dilemma relief might be had by Professor Fisher's "compensating dollar," whose amount of gold would vary with the price fluctuation.

Really, the gold miners are in about the same boat as the rest of us, and they will probably have to await a turn in the tide for relief from their present situation.

Accrued Interest Received

By HOWARD M. JEFFERSON, Auditor Federal Reserve Bank,
New York; Author "Accrued Interest Receivable and Payable"

In the May, June and July numbers were printed a series of articles dealing with interest accrued receivable, unearned discount and allied subjects. These articles were prepared in anticipation of the instructions from the Comptroller of the Currency to the national banks to begin an accurate accounting of interest accrued receivable and unearned discount on January 1, 1919. They have since been reproduced in book form and have been widely distributed. A few questions have been asked and the author has been requested to answer them for our readers.—*Editor Bankers Magazine.*

Question 1. How would you take care of minimum interest charges on small notes?

Answer: Some banks are frequently called upon to discount very small notes and are glad to accommodate small borrowers if a minimum charge is paid. For example, a bank might be called upon to discount a note of \$24 for thirty days. The discount on this, twelve cents, would not pay the bank for its trouble, but the borrower would be glad to pay a minimum charge for the service.

The words "service charge" describe

the situation perfectly and solve the question of what to do with the difference between the real discount and the total amount received. It is a service charge and should be credited to an account by that name. The discount, twelve cents, should be credited to "unearned discount" and one-third of the amount included in the general daily transfer from "unearned discount" to "discount earned."

Question 2. Some of our customers renew their notes by mail and frequently make errors of a few cents, sometimes in their favor and sometimes in ours. It is our practice to accept these renewals without question. How would you adjust them in the accounts?

Answer: No method, of course, can provide for errors. They must be adjusted arbitrarily in each case. The excess or deficiency might be adjusted through the service charge account, to which reference was made in the answer to question one. An account entitled "miscellaneous income" would be quite as acceptable.

Question 3. Should the accounts "interest accrued receivable" and "unearned discount" be audited?

Answer: They should be audited at least once in six months. Simply repeat the process employed in figuring the inventory when starting the system. In very large banks the transfers from "unearned discount" to "discount earned" should be audited daily and the balance in "unearned discount" proved monthly. If the loans and discount are classified as to rates in the tickler, calculation of the unearned discount is a comparatively easy task.

Question 4. How would you treat the accounts "interest accrued receivable" and "unearned discount" when the books are closed at the semi-annual periods? Interest accrued but not received could not safely be distributed as dividends because payments of interest are sometimes in default, but discount received, although you call it "unearned," is available for distribution. If it is distributed it would be necessary to open the accounts anew every six months.

Answer: The banking laws of the State of New York, recently revised by a special commission, give the best definitions and explanations of terms peculiar to banking. It defines "net earnings" as follows:

The term "net earnings," when used in this chapter, means the excess of the gross earnings of any corporation to which this chapter is applicable over expenses and losses chargeable against such earnings during any dividend period.

It also states that, in calculating the gross earnings of a bank for any dividend period, "interest accrued and unpaid upon debts owing to it secured by collateral as authorized by this article upon which no default of more than one year exists and upon corporate stocks, bonds or other interest-bearing obligations owned by it upon which no default exists" may be included.

The law also says that interest paid or accrued or unpaid on debts owing by it must be taken into the expenses in order to calculate net earnings.

It will be seen from the above that

the general trend of thought in the recently revised New York State law is that interest accrued, even though the actual cash has not been received, should constitute a part of earnings. The only exception is that the interest accrued on unsecured loans and on debts which are in default may not be taken into earnings.

Question 5. We hold a large number of Liberty Loan bonds in fifty and hundred dollar denominations for which the bank has paid. These are being paid for by customers on the card system. The interest on the bonds is divided with the customers. The amount a customer receives and the amount retained by the bank depend entirely upon how long he takes to pay for his bonds. How would you adjust the matter?

Answer: This problem is a little more difficult than some of the others, because in selling bonds by the card system calculation of interest to be paid by depositors is not always exact. If you can determine the exact dividing point between your ownership and the ownership of a subscriber the matter is simple. In general you might credit to your Liberty Bond account the total amount paid to you by subscribers. Then if you make actual adjustment with your subscribers the amount of accrued interest receivable in your own account should be correct.

Question 6. In our section of the country we discount notes drawn with interest by crediting the borrower the face amount. If we carry the note at maturity value our unearned discount will be out of balance. What shall we do?

Answer: A note of this character is a time loan and not a discount. You do not take your discount in advance but collect the interest when the loan is paid. The correct way is to carry the note as a time loan and accrue the interest rather than as a discount and then transfer from "unearned discount" to "discount earned."

If you do not wish to carry these in a separate group under the head of

"time loans," you might carry the face of the note among the discounts at the proper rate and the interest payable at maturity in a special column marked "no per cent." For example, a note of \$10,000 having ninety days to run, drawn with interest at six per cent., handled in this manner creates the following entries:

<i>Bills discounted</i>	\$10,000
<i>to</i>	
<i>Individual deposits</i>	\$10,000
<i>Discount</i>	150

It is evident that only \$10,000 is earning interest. The face of the note therefore, \$10,000, must be entered in the "six per cent." column on the accrual sheet, and the interest, \$150, in a special column marked "no per cent." This will keep the accrual sheet in balance with the general ledger and give an accurate calculation of discount earned daily.

Question. 7. We are called upon at times to rebate notes previously discounted. In some cases we rebate in full for the unexpired period and in others we exact a penalty of one per cent. for the unexpired term. How shall we handle these entries?

Answer: If a note is rebated in full, reduce the amount carried at the proper rate and deduct the amount of unearned discount from the total. Assuming a \$1,000 note discounted at six per cent., rebated thirty days before maturity, the journal entries would be:

<i>Unearned discount</i> . . .	\$5.00
<i>Cash</i>	995.00
<i>to</i>	
<i>Bills discounted</i>	\$1,000.00

If a note is rebated at five per cent. the penalty may be transferred at once to "miscellaneous earnings" and clear the account. The journal entries would be as follows:

<i>Unearned discount</i> . . .	\$5.00
<i>Cash</i>	995.83
<i>to</i>	
<i>Bills discounted</i>	\$1,000.00
<i>Miscellaneous earnings</i> . . . . .	.83

Keeping Track of Bank Relationships

ONE of the difficulties met with in modern banking institutions, with depositors by the thousands, is keeping track of the various relationships of customers with the bank. The Old Colony Trust Co. of Boston has solved this problem by a new indexed card file, conveniently located on the first floor of the bank building. A copy of the card form used is shown herewith:

						Opened
						Closed
Married name						
Latest address						
Date						
Introduced by						
Taken by						
						Deposit \$
BANK	SAVINGS	LOAN	FOREIGN	TRUST	OTHER	
M O						
T F						
E S						
Business						
Other connections						
Other banking connections						
Strictly confidential						
Remarks						

A card for a "Bank Relationship" file

All departments are expected to send to the file managers daily lists of names and addresses of new customers and any special item of interest in connection with the same.

With the faithful coöperation of all members of the staff it is expected that this new service will continually develop and prove to be a valuable auxiliary through the information contained in the file, and it is also likely to be productive of much new business for the company.

Banking and Commercial Law

The following decisions are selected from the most important of the current decisions, handed down by State and Federal Courts, passing upon questions of the law of banking or negotiable instruments. The word "opinion," where used, indicates that the matter following is the opinion written by the court, in whole or in part.

Collection of Forged Check

Commercial and Savings Bank Co. of Bellefontaine, Ohio, v. Citizens National Bank of Franklin, Ind., Appellate Court of Indiana. 120 N. E. Rep. 670.

ORDINARILY a bank which pays a check drawn on it and afterwards discovers that the drawer's signature was a forgery cannot recover the money back from the person to whom it was paid. This is because a bank is bound to know the signature of its depositor.

Sometimes, where it appears that the party receiving the money on the check has been guilty of negligence, as where he cashes a check for a stranger without inquiry, the drawee bank is allowed to recover.

In the above entitled case the court decided that both parties, the collecting bank and the drawee bank, had been negligent and it was therefore held that the court would simply leave the parties where it found them and not permit the drawee bank to recover.

The check in question purported to be drawn on the plaintiff bank by one Kellison, payable to his own order, and indorsed by him. A negro presented it to the defendant bank, said that he was Kellison and asked for the cash. The defendant told him he would have to wait until the check was collected, to which the negro assented. The defendant indorsed the check "Pay any bank or banker; all previous indorsements guaranteed," and forwarded it to the plaintiff for "collection and return." The plaintiff paid the check and afterwards, upon discovering the fact that

it was a forgery, brought suit against the defendant, but, as stated, it was not allowed a recovery.

OPINION

Felt, P. J. Appellant, the Commercial & Savings Bank of Bellefontaine, Ohio, brought this suit against appellee, the Citizens National Bank of Franklin, Ind., to recover the amount paid by it to appellee on an alleged forged check.

The parties made an agreement as to the evidence in the case. The court found for appellee and rendered judgment accordingly.

A new trial was asked on the ground that the decision is not sustained by sufficient evidence and that such decision is contrary to law.

The substance of the evidence, so far as material, is as follows:

Appellant was a banking corporation doing business in the state of Ohio, and appellee was a similar corporation doing business in the state of Indiana. On October 11, 1912, appellant received from appellee, through the U. S. mail, a check which was as follows:

"Bellefontaine, Ohio, Sept. 29, 1912.
"The Commercial & Savings Bank Co.:
"Pay to the order of Myself . . . \$320.00
"Three hundred and twenty . . . Dollars.
"W. H. KELLISON."

The check was stamped on the face as paid by appellant October 11, 1912, and was indorsed on the back "W. H. Kellison"; and also, "Pay any bank or banker. All previous indorsements guaranteed. Citizens National Bank, Franklin, Indiana. J. H. Tarlton, Cashier."

That appellee sent with the check to appellant a slip reading as follows:

"The Citizens National Bank,
Franklin, Ind., Oct. 10, 1912.
Commercial & Savings Bank Co., Bellefontaine, Ohio:

"We enclose for collection and return Items marked X no protest.

"Report by number.

"No. on Amount.

"X You \$320.00.

"Respectfully, O. C. Dunn, Cashier."

The name of "W. H. Kellison" as maker and indorser of said check was a forgery. Appellant, relying upon the guaranty of appellee, did on October 11, 1912, pay appellee the amount of said check, less its charges of 30 cents; but at that time had no notice that the check had been forged, or that the indorsement by Kellison was a forgery, and in paying the same relied wholly upon the indorsement of appellee. On October 16, 1912, appellant first discovered that said check was a forgery, and thereupon notified appellee by mail of that fact, and requested the return of the money. On the 19th of October, 1912, appellant again communicated with appellee by mail, in which reference was made to a conversation over the telephone, and mention is made that the letter of October 16th did not reach appellee. In the letter dated October 19th it is stated that the check had been forged by a negro who was then in jail at Anderson, Ind. Appellant also inclosed the check and asked appellee to remit the amount previously received from appellant in payment thereof.

On October 22, 1912, appellee returned the check by mail to appellant, and informed the latter that the check had been presented to it for payment; that the bank refused to pay the same, but took it for collection; that the check was thereupon sent direct to appellant for collection, was accepted by it as genuine, and a draft sent appellee for the amount, less charges for collection; that it is "presumed a banker knows a genuineness of his customers' checks

before payment, and we disclaim any further responsibility in the matter."

The agreement as to the evidence further shows that on October 10, 1912, a negro, who was a stranger to appellee, presented the check to the bank at Franklin, Ind., for payment and payment was refused; that appellee did not know the negro, but the check was taken for collection, and after it was collected by appellant, and the amount sent to appellee, it paid the same to the man who had so presented the check as aforesaid, who falsely represented himself to be W. H. Kellison; that it did not receive notice of the forgery until after the money had been so paid, and did not then know where said negro was, nor have any knowledge of his location until informed by appellant's letter of October 19th that he was in jail in Anderson; that said negro represented himself to be W. H. Kellison, but appellee did not know W. H. Kellison nor the negro who so represented himself to be Kellison, nor did it know the handwriting of W. H. Kellison; that when appellee so indorsed the check as aforesaid and sent it to appellant it accompanied the same with a slip, a copy of which is above set out, and thereby intended to place upon appellant the whole responsibility of determining the genuineness and value of the check; that when appellee received the money collected by appellant on said check it believed appellant had ascertained the check to be genuine, and thereafter paid the money over to the presenter of the check as aforesaid; that when appellee refused in the first instance to cash the check, and offered to take the same for collection, said colored man showed no hesitancy or unwillingness, but readily assented thereto, and later on called and inquired if the bank had received payment on the check; that W. H. Kellison was a depositor in appellant's bank, but appellee had never known nor heard of him before the transaction in controversy; that appellant gave the check only ordinary examination before paying the same, and was at the time acquainted with the usual and customary method

of banks in widely separated places in forwarding checks from the holding bank to the drawer bank, and knew that it is the usual and ordinary practice to send the same through a correspondent bank for collection and credit, by mail, each receiving bank in turn crediting the bank sending the check to it and charging the bank to which it is sent with the amount thereof, and indorsing the check, all without charge to one another, and that such method is called forwarding "for collection and credit"; that in some instances, where prompt return is desired, the holding bank sends check by mail direct to the drawer bank for honor, and such plan is designated "for collection and return," and in such instances the drawer bank, if it honors the check, remits the amount by draft or otherwise by mail direct to the holder; that the forwarding of checks "for collection and return" as aforesaid is infrequent in proportion to those sent for "collection and credit," and in actual practice the checks so sent are not more than three or four out of one hundred, and this was the only transaction of the kind between appellant and appellee; that appellant was at the time familiar with the signature and handwriting of W. H. Kellison; that appellee has never received from said colored man or from any one the amount so paid him as aforesaid or any portion thereof.

Appellant asserts that it is entitled to recover in this case under the general proposition of law that money paid under a mistake of fact may be recovered by the person making such payment. While there is no dispute as to such general principle or rule of law, and its application to many transactions, text-writers and courts have expressed widely different views as to how far the rule is applicable where drawees of bills and checks and especially banks of deposit are involved.

It is universally held that an exception to the general rule aforesaid obtains as to drawees of bills by which they are charged with knowledge of the signatures of the drawers of such instruments, and as a general rule must

bear the loss, if any, resulting from a failure on their part to detect forgeries until after payment has been made. The principle underlying such a rule or exception is applied to banks of deposit, and they are charged with the responsibility of knowing the signatures of their depositors. Where a check purporting to have been drawn by one of such depositors is presented to the bank by a bona fide holder thereof for value, and is paid by the bank, the latter cannot compel such holder to whom payment has been so made to repay the amount of it, if it subsequently discovers the check to have been forged.

The rule which protects a bona fide holder in his right to retain money paid by a drawee upon a bill or check to which the drawer's signature is subsequently ascertained to be forged was first announced by Lord Mansfield in *Price v. Neal*, 3 Burr, 1355, decided in 1762. The case was followed by Justice Story in *Bank of United States v. Bank of Georgia*, 10 Wheat. 333, 6 L. Ed. 334, decided in 1825, and has generally been recognized and followed in this country, though with varying modifications and interpretations.

It has frequently been announced that this rule is founded on the supposed negligence of the bank in failing to detect the forgery and refuse payment. But there are several important reasons which have led to the adoption and application of the rule. Banks of deposit have superior advantages and facilities for knowing the signatures of their depositors and detecting forgeries. For this reason it has generally been recognized that the rule is especially applicable where the drawee is a bank of deposit, and the check purports to have been drawn upon it by one of its depositors. The question of public policy is also taken into account, and it is held that, as between a good-faith holder for value of a check purporting to have been drawn upon such bank by one of its depositors, the bank should be made the place of final settlement, where all prior mistakes or forgeries should be detected, settled, or corrected, once for all, and, if not then and there detected,

payment by such bank to such holder should be treated as final, without recourse upon any such holder by the bank making payment under such circumstances.

The rule also tends to promote the security of depositors and the stability of banks, and should not be relaxed or ignored for trivial reasons or minor considerations, but should be applied unless the facts and circumstances of the involved transaction bring it clearly within some established rule adopted and enforced to promote the ends of justice. 5 R. C. pp. 554, 555; *Bank of Williamson v. McDowell County Bank*, supra; *First National Bank v. Marshalltown State Bank*, 107 Iowa, 327, 77 N. W. 1045, 44 L. R. A. 131; *Germania Bank v. Boutell*, 60 Minn. 189, 62 N. W. 327, 27 L. R. A. 635, and notes; 51 Am. St. Rep. 519.

The foregoing rule as to drawees and banks of deposit has not been applied with uniformity by the different states. It is universally recognized where all the faults of a failure to detect a forgery may reasonably be laid upon the bank, which has failed to detect a forgery of the name of one of its depositors who is himself without fault, where the loss would fall upon him if not borne by such bank, and likewise as against any bona fide holder for value of such check who is free from any fault or negligence contributing to the loss resulting from the forgery. But where the holder of the check has been remiss in the discharge of some duty incumbent upon him, or has misled the payee bank by something done or omitted, which fair dealing and commercial usage require of him in such transactions, the rule has been relaxed, and a recovery permitted under the general rule which authorizes a recovery of money paid out under a mistake of fact.

What is generally known as the negligence rule has been adopted in many jurisdictions, under which a recovery is authorized against the party whose fault or negligence was the proximate cause of the loss sustained by a failure to detect a forgery before payment

of such check or other forged instrument.

In some jurisdictions the rule of responsibility of drawees and banks of deposit is strictly enforced in all instances, except those in which the holder of the check has knowledge of, or participates in, the fraud upon such drawee. 2 Daniels, Neg. Inst. (6th Ed.) section 1657. Where the negligence rule has been adopted, and the fault or negligence, which was the proximate cause of the loss resulting from a failure to detect a forgery before payment of the instrument, can be traced wholly to the bank of deposit or other drawee, or to the holder of the check, the rule is of easy application and the loss is placed upon the party so at fault. But where the facts show some negligence or failure of duty on the part of each, there is less uniformity in the application of the rule. Some courts place the loss upon the party first in fault in the transaction.

The weight of authority is to the effect that responsibility of the bank or drawee who pays such forged check is absolute only in favor of one who has not by his own fault or negligence contributed to the success of the fraud, or by his conduct misled the bank, or in some way induced a sense of safety which reasonably may have caused such bank to lessen its vigilance by reliance upon such conduct.

In *Farmers National Bank v. Farmers & Traders Bank*, 159 Ky. 141, 166 S. W. 986, the court, in referring to the above rule, say: "Where the parties are equally innocent the drawee is the loser."

The decisions are not in harmony as to the effect of payment by the drawee bank to a holder who has indorsed the check so paid. Where the indorsement is "for collection" or for "account of" it is generally held that it is notice to the drawee bank that the presenter of the bill or check is not the owner, and that such indorsement will not justify the drawee bank in relaxing its vigilance, but it must at its peril determine the genuineness of the signature pur-

porting to be signed by one of its depositors.

This court has heretofore applied the negligence rule to a transaction involving an indorsement of an instrument "for collection."

In the case of *First National Bank of Crawfordsville v. First National Bank of Lafayette*, 4 Ind. App. 355, the view is expressed that such indorsement may tend to throw the drawee bank off its guard and cause it to relax its vigilance, and thereby induce payment of a check or other forged instrument by the bank when, in the absence of such indorsement, the forgery might have been detected by the bank which made the payment. In that case the court was considering the sufficiency of an answer by the bank which had indorsed an instrument for collection and received payment thereof from the payee bank through another bank, and afterwards ascertained the instrument to be a forgery, and sought to recover the money so paid by it from the bank which had so indorsed the instrument. In addition to the foregoing statements, the court indicates that the answer did not show that to compel payment would place the defendant in any worse situation than it would be in if payment were refused or a recovery denied. The instrument purported to be the obligation of a township, executed by its trustee, and the court held that it was not negotiable by the law merchant, and that its presentation and payment were not in all respects governed by the rules applicable to instruments of the latter class; also that the averments of the answer on the question of notice of the discovery of the forgery were insufficient.

The case lends credence to the proposition that an indorsement by a bank of an instrument "for collection" does not necessarily relieve such bank from liability in all cases where it is subsequently ascertained that the instrument had been forged, and the question of liability arises between the bank making such indorsement and the bank which accepts and pays such check or other obligation.

The case gives as the reason for the rule of responsibility of drawees and banks of deposit their supposed negligence in failing to detect forgeries. This view, though frequently expressed by text-writers and in opinions of courts, is too narrow, and the tendency now is to adopt the broader and more substantial reasons above stated.

Checks are in constant use in business transactions through banks, and the character and use of such instruments afford much stronger reason for the rule which makes drawees and banks of deposit responsible for knowing the signatures of drawers or depositors, than obtains in the case of instruments of the class under discussion in *First National Bank of Crawfordsville v. First National Bank of Lafayette*, supra. That case does not, however, depart from the general rule which holds banks responsible for knowledge of the signatures of their depositors, but recognizes exceptions thereto where the other party is wholly or in part responsible for the failure to detect the forgery before payment of the forged instrument.

If the decision in *Fourth Appellate*, supra, is construed as an authority holding that a bank indorsing an instrument for collection, and sending it to the bank upon which it is drawn or at which it is payable, thereby assumes all responsibility for detecting a forgery, where such instrument purports to be the check of a depositor of the bank to which it is sent, we are of the opinion that both the weight of authority and the better reason are against it and that it should not be followed to that extent.

The weight of modern authority, where the negligence rule is invoked, is that responsibility falls upon the party whose negligence or conduct is wholly responsible for the loss, and that as between a drawee bank and a bona fide holder of a check indorsed for collection and sent to such bank for collection and credit or for return, if a loss results which must be borne by one or the other of such banks, because the instrument is afterwards found to be

a forgery, both having been at fault, the holder for so indorsing the check without further information to put the payee bank on guard, and the payee bank for failing to discharge the duty of detecting a forgery of the name of one of its depositors, the law will leave the loss resulting therefrom where the parties have placed it by their dealings, and will not come to the assistance of either as against the other because of his fault or negligence contributing to such loss.

In the case of *Commercial & F. Nat. Bank v. First Nat. Bank*, 30 Md. 11, 96 Am. Dec. 554, it is said that:

"As between parties equally innocent and equally deceived, but where one is bound to know and to act upon its knowledge, and the other has no means of knowledge, the loss should be thrown upon the former rather than upon the latter. * * * The safest rule for the commercial public, as well as that most consistent with justice, is to allow the loss to remain where by the course of business it has been placed."

There are some exceptions to the general rule that an indorser of a negotiable instrument warrants its genuineness. An unrestricted indorsement, indicating an absolute transfer and sale of the instrument, warrants its genuineness. But it is generally held that the indorsement of a check or like instrument by one other than the payee of such instrument does not extend to the signature of the maker or drawer thereof, and as applied to a depositor of a bank the latter is bound to know the signature of its customer notwithstanding such indorsement. 1 Daniels, *Neg. Inst.* (6th Ed.) sections 670, 671, 672 and notes.

In the case at bar the Indiana bank took the proper precautionary measures at first by refusing to cash the check of an unidentified person. But by its indorsement of the check it became in some measure responsible for the failure to detect the forgery before payment of the check by the Ohio bank.

True, the slip accompanying the check should be taken into account on

the question of negligence, and appellant was not at liberty to wholly ignore it. It tended to indicate to appellant that the Indiana bank was not assuming responsibility in determining the genuineness of the signature of the drawer. But this fact could not entirely annul or change the probable effect of the indorsement guaranteeing all prior indorsements.

When once the door is opened to a consideration of any conduct or negligence of the parties, other than fraud, in such transactions, fairness and justice require consideration of all that was done or omitted which could in any way affect the question to be determined. The indorsement of the check by the Indiana bank and the slip accompanying the same, considered together, should have called the Ohio bank's attention to the fact that the indorsement did not indicate an absolute sale and transfer of the check. This we think must be true independent of the rule above announced, that an indorsement of a check by a party other than the payee does not apply to the signature of the drawer of the check, by which rule alone appellant would be held negligent in failing to detect a forgery of the signature of one of its own customers.

It would be an unsafe rule to hold that the things done or omitted by the Indiana bank relieved the Ohio bank from all responsibility in determining the genuineness of the signature purporting to be that of one of its depositors. By failing to detect the forgery it became absolutely responsible to its depositor, and its fault in that respect was in part, at least, responsible for the loss that, on the facts of this case, must be borne by one or the other of such banks.

The facts make a case where the fault of both contributed to the loss, and under the law as above announced the decision of the trial court is sustained by sufficient evidence, and no error was committed in denying appellant's right to recover or in overruling the motion for a new trial.

Judgment affirmed.

Checks Rejected as Forgeries by Mistake

A bank has recently been held liable for damages in the sum of \$3,000 because, through an error, it marked certain checks drawn by one of its depositors with the word "forgery" when they were presented for payment and returned them unpaid.

The facts are unusual and it is very unlikely that a similar situation would arise in another bank. Nevertheless the case serves to illustrate how important it is for a bank to make a careful investigation before labelling a check in this manner.

The trouble originated in the fact that the teller of the bank by mistake gave one of the bank's depositors a pocket check book, which had been intended for the use of a clerk's loan association, the membership of which was made up of clerks in the employ of the bank. Each check bore a faint rubber stamp impression of the name of the association just above the signature line. The depositor did not pay much attention to this feature of the checks; if he noticed it at all he merely gained the impression that it designated the branch of the bank in which his account was kept.

He signed and issued a number of checks out of the book which had been given to him and in due course of time these checks were presented for payment through some other bank or through the clearing-house. They were promptly attached to return slips, marked "Signature incorrect" and returned along the channel through which they had been presented. And in addition to this the word "forgery" was written across the face of each of the improperly signed checks. One of the parties, to whom the checks in question had been delivered by the depositor, immediately wrote him a letter phrased in rather sharp terms. And naturally the others assumed that the depositor had been guilty of issuing fraudulent checks.

The depositor thereupon brought action against the bank for libel. After

a trial he secured a verdict for \$6,000. There were six checks involved and the jury awarded him \$1,000 on each check. On appeal the higher court reduced the verdict to \$3,000, that is it gave the depositor the option of accepting \$3,000 or having a new trial.

There was no malice involved. Both the depositor and those who represented the bank acted in good faith. It was simply a case of mistake all around. What made it bad for the bank was the fact that the checks had been characterized as forgeries. This amounted to a libel, and it was entirely unnecessary, for, as the court pointed out, the bank's purposes would have been served by merely returning the checks on the ground that the signature was incorrect. In that there would have been no imputation against the integrity of the depositor. But, when the bank in writing declared the checks to be forgeries, it directly charged the depositor with having committed a criminal act.

There were unusual circumstances present which made it possible for the bank to explain its mistake. In fact everything seemed to combine to make it possible for the mistake to occur. Among other things it appeared that the events complained of transpired in a branch of the defendant bank, which had been taken over by the defendant but a few days before. But, as in most cases, explanation is not excuse.

The following is quoted from the opinion of the court:

"Both as matter of pleading and of testimony the word 'forgery' was evidently written on these checks by defendant's employees. This action amounted to a charge of forgery against the plaintiff; at least, on this evidence, the jury could properly find that it would be so understood by the persons to whom the returned checks passed.

"Here appellant urges a fine distinction: Plaintiff being the drawer of his own checks, that the imputation of forgery would not be against him but would only be understood that some unknown person had written that name. Of course, the defamatory words must point to the plaintiff. But would not

a business man, receiving back from the bank a returned check he had taken as good, with the word 'Forgery' on it, naturally infer that such a charge was made against the drawer of the check? Placing a genuine signature on an instrument may be a forgery. Had it been the intent to draw against the funds of this Jefferson Branch Clerks' Association, it would amount to such a crime, and that was what this charge would naturally suggest.

"I think the privilege covered no more than such use of the return slip customarily attached to checks that are refused payment. The last printed wording, 'Signature incorrect,' which was checked in ink, sufficiently set forth the ground for returning the check. To write across the face of the check the word 'Forgery' was characterization not required for any proper protection of the defendant or the collecting bank."



Cable Transfer to Russia

Oshinsky v. Taylor, New York Supreme Court, Appellate Term, 172 N. Y. Supp. 231.

No little trouble has arisen out of transactions involving the sending of money to Russia by cable or other means during the past two or three years and a number of disputes between the parties to such transfers of money are now coming before the courts for settlement.

Generally in cable transfer cases it appears that money is delivered to a banker for transfer to Russia, and, because of the chaotic conditions prevailing in that country, delivery is found to be impossible. In the meantime the value of the Russian ruble declines and the question arises as to whether the person transmitting the money is entitled to receive from the banker the amount in dollars which he delivered to the banker, or the equivalent in rubles at the rate of exchange on the day of the transaction or on some subsequent day.

In one of the latest of these decisions the New York Appellate Term holds that where no exact time for payment in Russia is fixed, it is the banker's duty to pay the foreign money to the payee within a reasonable time or, if this is impossible, to hold it subject to the order of the sender, and, if demanded, to return it, or its then value in United States money within a reasonable time after demand.

OPINION

PENDLETON, J. It fairly appears that on December 23, 1916, plaintiff paid to defendant \$210, \$200 to be sent by cable transfer to one Lieb Oshinsky, in Harbin, Russia, and \$10 to pay the expenses of cabling, etc.; that plaintiff was told at the time it would be paid in Russia in three or four days, and that if not paid the money would be returned; that on December 27, defendant cabled to its correspondent in Petrograd to pay to the designated payee the money, amounting at the then rate of exchange, to 600 rubles. The receipt issued by the defendant contained the following provisions:

"The sum of money covered by this receipt, if duly issued as aforesaid, will be forwarded to the payee named herein, subject to the rules and regulations of the various post offices used in making the remittance."

The money was never paid to the payee, although he was at Harbin from December, 1916, to March, 1917. Plaintiff, four or five months after December, 1916, and at other times, demanded the return of the money.

The term "cable transfer" precludes the idea that an actual transfer of money is contemplated. The seller of a cable transfer sells a credit for a sum of money payable at the place indicated in the contract, and the buyer purchases a credit for such sum, available at such place, the transaction is completed when the cable transfer is sold, the money paid becomes the property of the seller of the transfer, and the buyer receives the obligation of the seller to pay over the equivalent in for-

foreign money to the payee. *Strohmeier & Arpe Co. v. Guaranty Trust Co.*, 172 App. Div. 16, 157 N. Y. Supp. 955.

In the case at bar, no time being fixed for the payment of the money to the payee, the law will presume a reasonable time, and it became, therefore, defendant's duty within a reasonable time to pay the foreign money to the payee, or, if this could not be done, to hold it subject to the order of the sender, and, if demanded, to return it, or its then value in United States money, within a reasonable time after demand. In view of the statement to plaintiff that it would be paid in three or four days, or returned, there was some evidence as to what a reasonable time would be. Defendant not having paid the money to the payee, or returned it to plaintiff after demand, and there being some evidence that a reasonable time had elapsed, was *prima facie* in default. Doubtless this was open to explanation, but the burden of explaining was cast on defendant, although on all the evidence, when in, the burden of proof on the whole case would remain with plaintiff. Proof that the failure to pay to payee or plaintiff was due to war or other conditions, and that defendant was not guilty of negligence, might have excused such non-payment; but no competent evidence as to this was offered. The offer to return 600 rubles on December 10, 1917, or their then value in United States money, was a very different matter, and, standing alone, was properly excluded as immaterial.

The judgment should be affirmed, with \$25 costs. All concur.



Manufacturer May Control Retail Prices of Product

United States v. Colgate & Company, United States District Court, Eastern District of Virginia. 253 Fed. Rep. 522.

A manufacturer may establish certain fixed prices, at which his product may be disposed of to retail customers, and

he may refuse to supply any dealer who sells for less than the established price, it appearing that the dealer is not engaged in retaining or acquiring a monopoly, but is merely acting in good faith in the best interests of his business. Such action on the part of the dealer is not a violation of the Sherman Anti-Trust Act and is not indictable under that law.

This conclusion was reached recently by the United States District Court in a prosecution instituted against Colgate & Company, manufacturer of various toilet articles and preparations.

The Government's case showed merely that the defendant issued lists setting forth uniform retail prices at which its goods were to be offered to the public, that it informed dealers that any price cutting would result in further orders from them being rejected and that, when a dealer was found selling below the established price, he was put on a "suspended list" and no more goods were sold to him.

It did not appear that the defendant had a monopoly in its line or was seeking one. There was no charge that the prices established were unfair nor was it claimed that the defendant was acting jointly with other manufacturers of similar goods. In fact, that defendant showed quite plainly that its object was to prevent dealers from exploiting its goods at bargain prices for the purpose of attracting trade in other lines. And the court held that, in doing so, it was acting entirely within its rights.

This decision is of great interest to all friends of the Stephens Standard Price Bill. When Edmond A. Whittier, Secretary-Treasurer of the American Fair Trade League, which is backing the Stephens measure in Congress, was asked for a statement, he said:

"Judge Waddill's decision is the second big break in the Chinese Wall of misconception of basic facts against which we have been battling throughout the discussion of the economic question of a producer's right to control the resale price of his product, as embodied in the Stephens Bill.

"Following closely Vice-Chancellor Lane's decision, in the New Jersey Court of Chancery, enjoining a Newark Department Store from using Ingersoll trade-marked watches as cut-price advertising bait, and holding that such practices are a fraud upon the public by creating a false impression of the value of other merchandise, an entirely new atmosphere has been created in standard price litigation. In these two cases the clean-cut issue of protection to good-will and reputation against destruction by sensational price-cutters was presented for the first time uncomplicated by any question of copyright or patent right. That the learned Judge kept in mind the paramount interest of the public is clearly indicated by the language of the opinion, as when he said: 'It by no means follows that in the end the public would be benefited, as the price cutter could easily raise prices after the demoralization caused by his conduct had been brought about, and profit individually by so doing. What the public is interested in is that only reasonable and fair prices shall be charged, for what it buys, and it is not claimed that the defendant's manner of conducting its business has otherwise resulted.'

"It is an epochal decision," concluded Mr. Whittier, "of tremendous educational value which cannot fail to widely influence legal and judicial minds. It will materially help to secure necessary remedial standard price legislation recognizing the economic value of the one price to all principle on identified merchandise."



Municipal Warrants Held Negotiable

City of Marcus v. Ofner, Supreme Court of Washington, 175 Pac. Rep. 31.

Municipal warrants, reading "pay to the order of," are negotiable instruments. They possess all of the qualities of negotiable paper, with one exception, and that is they are always open to any defense that might have

been made to the claim upon which they are founded. This rule has been applied by the Supreme Court of Washington in a case where an attorney, to whom such warrants were delivered for the purpose of being used in a suit, wrongfully pledged them as security for his own debt. It was held that the pledgee obtained good title and that the city could not compel the pledgee to return them to it.

OPINION

MAIN, C. J. Plaintiff, a city of the fourth class, brought this action to recover the possession of certain improvement district warrants. The trial resulted in a judgment for the defendants, and the plaintiff appeals.

Briefly, the facts are: Certain improvement district warrants, all of which read "Pay to the order of," issued by appellant in 1911, were presented by the payees to the city treasurer, who indorsed them "Not paid for lack of funds." The warrants were indorsed in blank by the payees, and later transferred to the First State Bank of Marcus, and by the bank deposited with the city treasurer as indemnity against loss of city funds deposited in the bank. The bank failed, whereupon the city employed two attorneys, one of whom was W. C. Stayt, to recover from the bank, ex-city treasurer, and his bondsmen the amount due the city. The city delivered to Stayt the warrants for use during the trial. While in his possession, and before trial was had, he pledged the warrants (which bore only blank indorsement of payees) to defendants herein as security for loans made by them to him.

The sole question for determination is whether the respondents, having acquired the warrants in good faith as security for the loans from one having rightful possession of them, had a superior title thereto to that of the appellant. There is no substantial distinction between this case and the case of Fidelity Trust Co. v. Palmer, 22 Wash. 473, 61 Pac. 158, 79 Am. St. Rep. 953. In that case the plaintiff sued to recover the value of a city war-

rant which had been delivered to an attorney to be used as evidence in a case then pending in the superior court. The attorney, instead of returning the same to his principal, sold it to the defendant, who paid value therefor. At the conclusion of the evidence in that case for the plaintiff, the trial court upon defendant's motion directed a judgment in his favor. The purchaser there, as here, acquired the warrant in good faith and for a valuable consideration. It was there said:

"Appellant contends that such a warrant is not a negotiable instrument, but is intended as a mere voucher of the city treasurer when paid. The great weight of authority is that a county or city warrant possesses all of the qualities of negotiable paper but one, viz., that it is open to any defense which might have been made to the claim upon which it is founded. For all purposes involving its title, it must be treated as negotiable [citing cases]. Such being its character, the case is not affected by the fact that Stevens [the attorney] had no authority to sell the warrant."

Upon the authority of that case, the judgment in this case will be affirmed.



Depositors' Guaranty Law

Austin, Commissioner of Insurance and Banking v. First National Bank of Teague, Court of Civil Appeals of Texas. 205 S. W. Rep. 839.

The Court of Civil Appeals of Texas holds that a deposit, made by one bank in another bank, evidenced by a certificate of deposit and secured by a bond, executed by the depositary bank with sureties, is a secured deposit within the meaning of the Depositors' Guaranty Fund Law and therefore not protected by that statute.

Article 486 of the Revised Civil Statutes of Texas defines those claims which are payable out of the Depositors' Fund and reads in part as follows:

"Deposits upon which interest is being paid, or contracted to be paid, di-

rectly or indirectly by said bank, its officers or stockholders, to the depositor and deposits otherwise secured, shall not be insured under this chapter, but shall only receive the pro rata amount which may be realized from the assets, resources and collections of and from such banks and trust companies, its stockholders or directors."

The certificate of deposit involved did not bear interest. So the only question presented was whether the deposit was "otherwise secured" within the meaning of the words as used in the statute.

The reasoning of the court may be followed in the following paragraphs quoted from the Court's opinion:

"The controversy in this case—if, indeed, room for controversy exists—is predicated upon the meaning of the words 'otherwise secured.' Counsel for appellee the First National Bank of Teague make the contention, which seems to have prevailed in the court below, to the effect that the language referred to means otherwise secured by the statute just being enacted; while counsel for appellant, the Commissioner of Insurance and Banking, contend that the words 'otherwise secured,' as used in the proviso, signify and mean deposits secured otherwise than by the Depositors' Guaranty Fund Act (Rev. St. arts. 445-517), of which article 486 is a portion.

"The deposit protected by the Guaranty Fund is not protected by the bank, but by the statute providing for the Guaranty Fund. The property of the bank does not protect any depositor, because the statute expressly provides that creditors shall share equally in the assets of an insolvent state bank. R. S. arts. 470, 486, 487, and 551. Therefore it seems quite obvious that, when the Legislature used the words 'otherwise secured,' they were used for the purpose of describing deposits secured otherwise than by the law then being enacted. * * *

"As before intimated, we see but little, if any, room for controversy about the construction of the statute now under consideration. In our opinion, the

agreed facts bring the case clearly within the scope of the proviso in article 486; and for that reason we hold that the trial court erred in that portion of its judgment which holds that the judgment in favor of the First National Bank of Teague against the other defendants was payable out of the Depositors' Guaranty Fund of the state, and therefore in that respect the judgment is reversed and here rendered against the First National Bank of Teague, and in favor of Chas. O. Austin, as Commissioner of Insurance and Banking."



Qualifications of Administrator

Bell v. Fulgham, Supreme Court of Alabama. 80 So. Rep. 49.

Most any person, who is mentally normal, is qualified to act as the administrator of an estate. Book learning, it seems, is not a necessary qualification, and illiteracy is not a disqualification. In Alabama it has recently been decided that a person who can neither read nor write may nevertheless be appointed administrator of an estate, provided he has "good intelligence."

Instances of this character indicate the wisdom of making a will and naming therein a trust company or some competent individual as executor. This method enables the testator to select a person as executor of his estate, in whose integrity and ability he has confidence.

OPINION

SAYRE, J. Appellant cannot read or write; but he is a man of good intelligence, accustomed to transact his own affairs, and, we infer from the evidence shown in the bill of exceptions, has a memory for the details of past transactions superior to that of the man of average book learning. It cannot be said, therefore, that he is incompetent to discharge the duties incident to the administration of an estate by reason of a want of understanding. It is not

suggested that he is incompetent for any other reason. Under the statute, section 2520 of the Code, appellant, father of deceased, was entitled to the administration in preference to appellee, who is a half-brother. *Brown v. Hay*, 1 Stew. & P. 102. Section 2508 does not set down illiteracy as a cause of disqualification, and, under the ruling of this court (*Crommelin v. Raoull*, 169 Ala. 413, 53 South. 745), one who is entitled to preference under the statute may not be disqualified except for some ground specified in the statute. Appellant's petition for the recall of the letters improvidently granted to appellee and for his own appointment was a direct attack upon the previous appointment and, under the evidence, should have been granted, and appellant should have been appointed instead.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Bank's Statement that Check is Good

Minnesota, Dec. 16, 1918.

Editor, Bankers Magazine.

DEAR SIR: An out of town bank or individual calls us up by telephone and states that they hold one of our customer's checks drawn on us and inquired whether the same was good. We advised that the check is good *at present*. During the day a number of checks are presented and paid against the account. The following day the check arrives from out of town and is now insufficient and we refuse to pay the check on that account.

Are we in any way liable to the parties who telephoned the day before and whom we advised at that time that the check was good at present?

Will you kindly give us an answer, and oblige,
ASST. CASHIER.

Answer:—The above letter makes inquiry as to the liability of a bank, where

someone representing it advises a customer by telephone that a certain check, drawn on the bank, is "good at present."

In such a case the bank is not liable. The reason is found in the Negotiable Instruments Law, in force in Minnesota, which provides that the acceptance of a bill of exchange "must be in writing and signed by the drawee." This provision applies to the acceptance or certification of a check as well as to the acceptance of other bills of exchange. A check is merely a "bill of exchange drawn on a bank, payable on demand," and is so defined by the Negotiable Instruments Law.

Where a bank receives an inquiry of this character, it is always to its advantage to avoid any misunderstanding by explaining to the inquirer that the bank is under an obligation to honor checks as they are presented and that it cannot legally set aside a portion of the depositor's money for the purpose of meeting the inquirer's check. As stated, this is not necessary for the bank's protection, but it tends to avoid dispute and possible litigation.



Common Sense from an Experienced Banker

FROM our neighbor and friend, "The Financier," is selected this bit of good sense, contributed by Mr. Andrew J. Frame, president of the Wankesha (Wis.) National Bank. Mr. Frame speaks out of a banking experience of fifty-six years:

To our mind, as nature is generous in her gifts to man in raw material, if man will but put his hands to the plow, work more hours and thus produce more; if he will be sober, industrious and economical; if he will have oil in his lamp when invited to the feast and care for the talents which God has given him, he will want for no necessary thing in normal times.

Plain, old-fashioned philosophy, but dependable as the Northern Star to the mariner.

Prizes for Suggestions

THE Guaranty Trust and Savings Bank, Los Angeles, Cal., recently adopted a plan for enlisting the assistance of its employees in making suggestions for improvement of the service and the elimination of waste.

The "Guaranty Bank Bulletin" announced in a recent issue that the committee on awards had accepted and paid for ten suggestions, the average amount of each being \$5. Payment was made on all suggestions accepted at a price determined by the chairman of the committee on suggestions.

Some of the employees have had more than one suggestion accepted. The bank feels that the plan has already proved its usefulness, and it will be continued.



Something He Needed to Know

ALL banks have certain patrons whose business is valuable and who at times fall into an unfortunate disregard of banking rules and practice.

Such a case recently came up in the course of business at our institution and was most cleverly handled by our teller.

This particular patron had lately acquired the habit of dropping into the bank just after the close of business, expecting the usual service, which at that time is most difficult to give.

On this occasion, during banking hours, while the teller was taking his deposit, he called the patron's attention to the fact that one of his accounts was at that moment overdrawn. The patron responded by saying that he was aware of it and was prepared to make the overdraft good at once. Then, he continued in a jovial tone of voice: "Now, tell me something I don't know!"

The teller was after him like a thousand of bricks. Hesitatingly, but very skilfully, he said: "Our closing hour is three o'clock P. M."

C. F. ZIMMERMAN,
Treasurer, Lebanon County Trust
Company, Lebanon, Pa.

The Discount Department

By T. W. EGLY, Discount Department Market and Fulton Office
Irving Trust Company, New York

FOR detail work the discount department with few exceptions is not paralleled by any other department in the bank. With this in mind I have described the different branches of the work under individual caption in order that the reader may understand the relation that each branch bears to the general department work. The forms and plans described in this article are based on the experience of a department that has an average of 1,000 notes in its portfolio.

BILLS, NOTES AND ACCEPTANCES

About the first thing the discount clerk does when an offering is made is to see that the instrument conforms with the Negotiable Instruments Law; that is, it must be signed by the maker; must be an unconditional promise or order to pay a sum certain in money; must be payable on demand, or at a fixed or determinable future time; must be payable to order of someone and endorsed, and payable at a definite place. He must be acquainted with the endorsement of the customers or have the signatures verified, and on customers' notes made payable to the bank, he must see that the proper signatures of firms and corporations have been affixed.

Bills of exchange and trade acceptances must be accepted by the drawee and endorsed by the drawer if payable to the order of ourselves. With collateral loans the discount clerk must examine the collateral according to nature of security. If it is stocks he must see that each certificate is properly endorsed and witnessed, or get a bearer's power of attorney; with bonds

he must examine each bond to assure himself that no coupons are detached that would affect the sale of a bond, and if any are detached he must ask for a receipt or at some future time a demand may be made upon him for the detached coupons. The market price of the stocks and bonds must be watched to keep the collateral at the proper percentage above the amount of the loan.

Should the collateral be warehouse receipts, the receipts must be endorsed and insurance must be given in sufficient amount to cover the value of the goods stored. Care should be taken that the insurance covers the goods stored in the specific warehouse stated in the warehouse receipt and that the loss, if any, is payable to the bank making the loan.

With assignment of savings bank books the borrower must give an assignment of his savings bank book and a draft signed with the same signature filed at savings bank for the amount he wants to borrow. A notice of the assignment is sent to the savings bank and when the loan is paid and the book released, a notice is also sent to the savings bank advising them that the claim on the book has been satisfied.

When bills receivable are offered as collateral, it is best, if possible, to arrange to have the loan mature before any of the notes offered for collateral. When the loan is due, the notes held as collateral can be discounted to liquidate the loan and go through the regular channels of the bank for collection. If, however, some of the collateral notes mature before the loan the collection can be applied on the note and the loan reduced accordingly.

A collateral form of note is usually furnished by the bank and in brief is an agreement with the borrower to use the collateral against any indebtedness; to call for additional security, if necessary, and in case of non-payment to sell the collateral, applying the proceeds of sale against any indebtedness and returning the overplus to the borrower.

After the notes have been examined they are timed for maturity and the maturity marked on the note in colored pencil. The best method for timing notes drawn in months is by adding the number of months the note has to run to the number of the month in which the note is drawn; should the total be more than twelve, deduct twelve and the answer will be the month in which the note is due: For example: a note dated April 15 for four months will be due August 15; April is the fourth month; four months more added is the eighth month. Again, a note dated October 15 four months will be due February 15. October is the tenth month; four months added makes fourteen, deduct twelve and the second month is the month in which the note is due. When notes are drawn in days a regular timing calendar is best used. On this calendar the days of the year are numbered consecutively and by simply adding the number of days for which a note is drawn to the number of the day in the year the note is drawn, you get the number of the maturity date. When notes fall due on Saturdays and holidays they are payable on Monday or the succeeding business day in most every state. These facts must be considered, or money will be lost in figuring the interest.

On interest-bearing notes the interest must be added. It is a good policy also to underline the place of payment because it often happens that a note is dated in one city and payable in another, and if one note payable out of town should be overlooked and not presented at maturity no end of trouble might arise.

Arrange the notes in order of matu-

rities to be registered on the books. When series of notes of the same names are offered the arrangement of names will save writing; but unless there are enough to make it worth while the arrangement of names will prove to be poor economy as a time-saver when other departments of the work are considered. At the close of the day when all the notes have been registered the maturity should be rechecked and note notices written for notes payable in the city and filed in order of the month they mature to be mailed later. Note notices should be so arranged that window envelopes may be used.

THE DISCOUNT REGISTER

It may well be said that from the discount register radiates the whole department work. For this reason the book ought to be in loose-leaf form, thus enabling the different branches of the work to be performed, if necessary, at the same time without one clerk having to wait until another finishes. Should the volume of notes to be discounted be unusual, the entire department can register notes and figure the discount. Under normal conditions as each sheet is finished, in so far as the discounting goes, it is passed to the next clerk for completion.

The notes are listed in order of endorser, rate, maker, number of days and amount. The discount, exchange and proceeds are figured and extended in one column for all customers. In order that each bookkeeper may have a proof of his discounts an auxiliary sheet is run showing the discounts for each ledger.

Each offering if it consists of more than one item should be totaled in colored ink. As each sheet is filled the totals are added and carried forward to the next sheet.

If the discount clerk must figure the number of days a note has to run from the time of discount until maturity it goes without saying that he has a big task every day. There are a few calendars prepared by experts that lessen the labor. The discount clerk need

FORM 482

DAILY BALANCE

@ _____ PER CENT MONTH OF _____ 19__

DATE	LOANS AND DISCOUNTS			UNEARNED DISCOUNT		
	INCREASE	DECREASE	BALANCE	DISCOUNT EARNED	DISCOUNT REC'D	BALANCE
FORWARD						
27						
28						
29						
30						
31						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
FOOTING						
AVERAGE						

Unearned Interest Form

after due date, because the journal must be made on the day the notes are due; and further, if the examiner finds it necessary to verify the collections, he can first prove the amount of each day's maturities with the tickler before sending his letters. A study of this plan will show that if it is not feasible to charge the collecting banks the use of duplicate letters will serve favorably if the outstanding unpaid discounts are to be included in the total amount of bills discounted.

DISCOUNTS AND INTEREST

For interest computations the use of some standard interest table is best adapted for general department work. However, the following few rules, when memorized, will enable the discount clerk to check himself and often tell him what the interest is at a glance. What

is commonly known as the sixty-day method at six per cent. can be used with equally good results with other rates when properly applied. Below is given a table of several rates:

at 6	%	Int.	60 days	equal	1%	of amount
at 5	%	Int.	72 days	equal	1%	of amount
at 4½	%	Int.	80 days	equal	1%	of amount
at 4	%	Int.	90 days	equal	1%	of amount
at 3	%	Int.	120 days	equal	1%	of amount
at 8	%	Int.	45 days	equal	1%	of amount

It will be seen from the above table that if at six per cent. sixty days equal one per cent., 600 days will equal ten per cent., and 6,000 days will equal 100 per cent. Now then, if it can be remembered that the relation the time bears to the amount remains the same if the order is reversed; considerable labor is saved and the computation made with apparent ease; for example, a note for \$6,000 has 122 days to run. Reverse the order—note for \$122 has

6,000 days to run. Six thousand days equal 100 per cent of the amount. Interest \$122. Proof:

Interest for 60 days on \$6,000.....	\$60.00
Interest for 60 days on \$6,000.....	60.00
Interest for 2 days on \$6,000.....	2.00
	\$122.00

The same method can be applied with any of the other rates using the key in the table as the basis, and once these few simple rules are mastered, they will prove of great value, particularly in rechecking interest charges. It often happens that when the time and amount are considered it is not convenient for rapid calculation to figure at the rate given; then perhaps by using another rate and adding or subtracting the same result can be attained. For example: note for \$5,000 has ninety days to run at five per cent. Applying the table at four per cent. we get \$50 as the interest. The difference between four per cent. and five per cent. being one per cent., we simply add one-fourth of \$50 and we get \$62.50 as the interest at five per cent. By using these short methods they soon become familiar and can be performed mentally.

UNEARNED DISCOUNT (INTEREST COLLECTED BUT NOT EARNED)

When a note is offered for discount the interest is figured from the day the note is discounted until its maturity and the amount deducted from the note, the proceeds being credited to the customer. It stands to reason that at the time of discount none of the interest deducted has been earned, but as each day goes by one day's interest on the amount has been earned. The common practice has been to credit all the interest deducted in one account called discount received and periodically determine what portion was earned and unearned. Of late, however, this subject has caused considerable comment and the establishment of separate accounts unearned and earned has been suggested.

To establish these accounts it is nec-

essary to determine daily the amount of earned and unearned interest. To do this it is necessary to know the total amount of notes discounted at each individual rate. Each day add what has been discounted and deduct what has been paid at each specific rate. One day's interest on the balance at the various rates constitutes the earnings for the day.

For the unearned discount it is necessary to know exactly what amount of interest is unearned at each rate (that is, what amount would have to be given back if every customer demanded rebate). To this add the amount figured as discount for the day and deduct the amount earned for the day at each rate. The balance is unearned discount. On the general ledger all discount received is credited to unearned interest and each day the earned interest charged against it and credited to interest earned. Installing a system of this kind may prove a difficult task, because practically speaking every note has to be rebated at the rate it was discounted at to determine the amount of notes discounted; and the amount of unearned interest at each rate; to establish a basis to work upon. Considerable time and labor can be saved, however, if the rate is posted in the daily ticklers. Each day's maturities can be segregated and figured as one item. A schedule can be made and only one amount at each rate appear for each day. A form for the daily balance of unearned discount and a classification sheet for daily interest is shown herewith.

It sufficed some banks, however, to average the unearned discount periodically as stated before. The method of average is a simple average of accounts: Determine the amount at each rate and multiply the amount by the rate; divide totals and the result is the average rate. Determine the amount maturing each day and multiply it by the number of days it has to run from the time of figuring; divide the totals and the result is the average maturity. The total amount of bills discounted figured at the average rate for the average

Classification of daily bills discounted notes to be posted on Daily Interest sheets 200

INCREASE		Total of Notes	Total of Discount Received
<i>Total of Bills Discounted classified as to rate</i>			
	4 1/2%		
	4 3/4%		
	5 1/2%		
	5 3/4%		
	6 1/2%		
	6 3/4%		
	7		
	7 1/2%		
	7 3/4%		
	8		
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crual sheet. Figure the interest for the month and register the amount on the reverse side of the demand loan card. List the cards on the accrual sheet and charge the total to an account called accrued interest receivable on the general ledger and credit interest account. This transaction serves a double purpose. It gives the total amount of interest earned on demand loans at the close of each month and also increases the interest account against which the interest paid to customers is charged. When the interest is paid the amount is credited to accrued interest receivable and reduced accordingly, so that at the end of each quarter the balance should be cleared or the ledger. Should the customer desire to pay off his loan between accrual periods, the interest is figured from the last time interest was paid. By referring to the reverse side of the loan cards the amount of interest previously accrued and credited is shown and the amount paid can be divided between accrued interest payable and interest account. For example: May 15 John Smith wants to pay his demand loan of \$10,000 made on January 1. Interest having been paid for the first three months, he owes interest from March 31. Referring to the reverse side of the loan card, the interest accrued for April at six per cent. is \$50. The interest due from March 31 to May 15—forty-five days—at six per cent. is \$75. The credits to be made are accrued interest payable \$50 and interest account \$25.

ELIGIBLE FOR REDISCOUNT

A note, draft, or bills of exchange, to be eligible for rediscount or used as collateral security with the Federal Reserve Bank, must comply with the following requirements briefly stated:

It must have a maturity at time of discount of not over ninety days (agricultural paper may have a maturity of six months).

It must arise from an actual commercial transaction. It must be an instrument the proceeds of which have

been used or are to be used for agricultural, industrial or commercial purposes. Or it may be notes secured by Government issues.

It must be endorsed by a member bank.

It must not be given in payment of land, buildings, permanent improvements or that which is used for general investments or speculative purposes.

It must not be payable on demand.

A financial statement must be on file.

The notes that are eligible for use at the Federal Reserve Bank should be kept in some way accessible at all times. That is, a minimum amount should be established and these notes kept aside. The agency ratings taken from the own paper cards, and the information listed on forms provided by the Federal Reserve Bank. Copies of all the forms necessary should be kept on hand. When notes are rediscounted or pledged they should be so recorded in the ticklers.

When reports are requested from the Comptroller the information required should be anticipated as much as possible and the records kept, in order to compile the figures immediately the report comes in. Directors' liabilities, rediscounts for state and national banks, new loans, and renewals, average rates, collateral loans, the nature of security, and all the information necessary for the department to give, should be in such form that the final figures mean only a matter of a short while.

The slogan of the discount clerk should be—clean up your desk and be ready for any emergency.



American Modesty

We used to think that Yankees were boasters, and we used to think that Americans boasted about America. That was their common reputation. Today anybody who remembers any boast they ever heard of America and will compare it with the facts must marvel at our reservation.

—Frank A. Vanderlip.

War Work of a Savings Bank

By WILLIAM E. KNOX, Comptroller of the Bowery Savings Bank, New York

DURING the past four years, and more especially during the last year and a half, the savings banks, in common with every other business in the country, have been obliged to adjust themselves to new conditions. For more than one hundred years they had pursued the even tenor of their way, acting as the trustees of the people, gathering the innumerable rivulets of the peoples' savings into their capacious reservoirs, and diverting them into the channels of the country's business. The process had become somewhat automatic, and there appeared to be little necessity for change.

In almost any of the mutual savings banks, it was possible to forecast quite accurately the ebb and flow of funds, and as a consequence it was not difficult to plan for the want of depositors on the one hand and for the needs of the borrowers on the other hand.

Restricted as they were to a limited field of operations, and to a well defined field for investments, assured as they had been for many years of a steadily rising tide of deposits, the coming of the great war found them, in many ways, not adequately prepared to meet the new conditions.

Until the outbreak of the war, there had been little if any need for any but long-time fixed investments, and the savings banks were among the largest purchasers of Government, state, municipal and railroad bonds, with maturities in the distant future. They were also heavy lenders on bond, secured by mortgage, on real estate, the loans frequently running for five years. The amount of cash held by the savings banks was seldom more than six per cent. of their

liabilities. In normal times this had always been found ample, as it was always possible to replenish the cash supply by the sale of bonds in the open market.

CHANGES BROUGHT BY WAR

But the entrance of the United States into the war changed conditions materially. In its need for funds in enormous quantity, the Government has put out four bond issues, which appeal directly to the wage earner (to which issues there has been a large popular subscription). It has been a good thing for the wage earner, if only for the fact that it has brought to him a better realization of his responsibilities as a citizen, with a clearer perception of his duties. The savings banks have been glad to step aside and to leave the field clear for the Government. The savings banks have not been content to "do their best." They have entered heartily and with enthusiasm into the task of distributing among their depositors and the public in general, each succeeding Liberty Bond issue. They have advised and urged and persuaded their depositors to invest in Liberty Bonds. They have helped their depositors to make larger investments by purchasing bonds for them and receiving their payment in weekly and monthly installments. They have quite generally undertaken the care and safe keeping of bonds for the public, the only condition being that the bond owner shall have a small account of a dollar or two with the bank, this not for the sake of the amount, but for convenience in keeping their records.

While thus assisting and encouraging their depositors to lend to the Gov-

ernment, they have invested to the extent of their ability in Liberty Bonds on their own account. Every available dollar resulting from redemption of bonds, and from income, has been invested in Liberty Bonds, with a consequent diversion of the flow of funds from the usual investment channels. The result of this, especially in the East, has been a curtailment of building operations, and a complete stagnation in the real estate market, for the savings banks are the main source of supply for real estate owners in need of capital.

The savings banks have been doing their full duty in the way of helping along the Government loans; but, on the other hand, they have been helpful to their borrowing clientele. They have kept loans open, and carried borrowers along, knowing that it was next to impossible to borrow on mortgage loans in the present market conditions. This has been a most important part of the war work of the savings bank.

In addition to the direct purchase of bonds, it has fallen to the lot of the savings banks to furnish considerable sums to meet the needs of depositors who, for one reason or another, have been forced to resort to their savings banks for money with which to pay for bonds. When the First Liberty Loan was issued, many of the canvassers and salesmen did not sufficiently emphasize the necessity for leaving savings deposits undisturbed, but the various Liberty Loan Committees later saw the importance of laying particular stress upon that point.

The people were taught that the war had to be financed out of present savings and not past accumulations, and the lesson was taken to heart. The savings banks have done important work in this direction, not only by precept, but by example. They have not attempted to market securities to provide funds for Liberty Loan subscriptions, but have practiced what they have preached, buying their bonds out of current income, and leaving the main bulk of their investments undisturbed.

In proportion to their liquid assets, the savings banks have done their best,

both directly and indirectly, in standing behind the Government in its task of winning the war.

It is to be hoped that among the lessons to be learned from the experiences through which we are passing, will be the lesson that savings banks, not only in war times, but at all times, should keep a considerable portion of their investment liquid. Had that been the practice, we could have done even more than we have done. It is only since our entrance into the war that the laws of New York State (and some of the other states) have been changed, so as to permit banks to invest in bankers acceptances, one of the best forms of liquid investment.

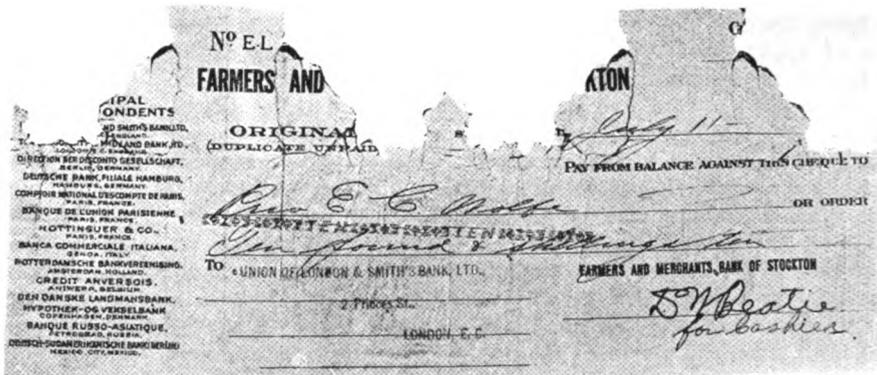
THE SAVINGS BANKS AND THE FUTURE

Turning from the things that we have done and are doing, we should be thinking of the work that will surely lie before us, now that the war is over, and when militarism shall have been stamped out and democracy shall be fully triumphant. It needs no prophet to foresee that there will be big problems to solve.

The high wages which prevail cannot continue. There will come a day when wages must be reduced, when prices will seek a more normal level, and when that day comes, with it will come in all probability much unrest and discontent on the part of labor. If our people have been thrifty and have taken advantage of the period of high wages, there will be a new generation of small capitalists, most of them owners of Liberty Bonds. For in spite of the high cost of living, there is a considerable margin for saving. A recent investigation in Bridgeport, Connecticut, has shown that while earnings showed an average increase of eighty-one per cent. living prices had increase only sixty-one per cent. But it is too much to hope that the twenty per cent. difference has all been saved. Unfortunately, much of it has been squandered.

The law of supply and demand admits of no exception, and wages must fall.

What then? It is too much to expect



Stockton Boy's War-Torn, Blood-Stained Check from No Man's Land—His Officer Killed by a Shell

that professional labor agitators will let pass such a golden opportunity for stirring up trouble.

May we not cherish the hope that the small bond owner and the savings bank depositor (their name is legion), the men and women who have been sensible and saving, will have scant patience with the man who has been earning big wages and spending them, while our soldiers and sailors have been fighting and dying for us and for them at \$30 a month?



A Shell-Torn and Blood-Stained Check

THROUGH the courtesy of the Farmers and Merchants Bank, Stockton, California, the following interesting story is republished from "The Stockton Record":

The above is a reproduction of one of the most remarkable souvenirs of the great war that has come to Stockton.

It is a check received by the Farmers and Merchants Bank from Corp. E. C. Wolfe, whose home is at 235 South Sierra Nevada street. Note the ragged edges of the check, showing the tear made by a German shrapnel shell, which blew to pieces Lieutenant Love, Wolfe's platoon commander, to whom the Stockton soldier had given the check to send to his mother here. The story is best told in the following letter, received by the bank. Friends of Corporal Wolfe, a letter from whom appeared in the "Letters from Yanks" column Saturday, will be pleased to learn he is safe and proud to hear the tribute paid him by one of his officers.

The following letter gives the history of this check:

France, Oct. 28, 1918—Farmers and Merchants Bank: This check is a check that has gone through a large drive in France. I am sending the remains of this check to you to be replaced, and I wish to have the money turned over to my mother—Mrs. W. H. Wolfe, who resides at 235 S. Sierra Nevada street, Stockton, Cal.

When I received the check my battalion was called to the front to take part in a large drive, so I turned it over to my platoon commander to be sent home to mother, Lieutenant Love being my platoon commander. He failed to send the check and carried it with him on the drive. We were in the drive ten days when he was killed. He was blown to pieces by a large shell. It was shrapnel that cut the check in the condition you found it. R. J. Heeney, a farmer on Roberts Island, sent me this check and, if possible, I would like for him to see the check. His address is R. J. Heeney, Stockton, Cal., R. F. D. No. 5, Box 59.

I have been made corporal since this check was sent to me, so it changes my address from Pvt. Wolfe to Corp. Wolfe. Respectfully,

CORP. E. C. WOLFE.

Co. A, 10th Bt., American E. F.
Censored O. K., Anderson, 1st Lt., U. S. A.

The following note was added by the censor:

Farmers and Merchants Bank, Stockton, Cal.: Cpl. Wolfe, as he has explained, gave this check and a sum of money to one of our officers to hold while up in the worst part of the front. This officer was killed, the shrapnel going directly through the check and money. In the condition the check is now it is impossible to cash over here. The check has seen some tough fighting as has Corporal Wolfe, who is a real soldier.

O. K. A.

There are blood stains on the check.

The Building Outlook and the Banker

By NOBLE FOSTER HOGGSON, President of Hoggson Brothers

DESPITE the unusual factors affecting building construction at this time, indications point to the greatest building revival during 1919 this country has ever experienced. For the past four years the volume of building construction has steadily declined; for more than twelve months there has been but a small amount of non-war building, and to-day practically all building construction is at a standstill.

Our country is underbuilt to the extent of over 40 per cent; in dwelling houses alone more than half a million are needed. In New York City the rentable space is 33 per cent. below the demand. Plant extensions, industrial housing, office buildings, lofts, apartments, hotels and residences are greatly needed in many parts of the country. A vast amount of public utilities is immediately necessary. There is also need of a great amount of bank building. In many parts of the country our financial institutions have been carrying on their work in crowded, inadequate quarters, waiting for a favorable time to erect new buildings or modernize their quarters by remodelling.

In the industrial as well as the domestic and commercial fields building should now see the beginning of great activity. New factories must be built, plant extensions are an economic necessity, war-plants, instead of being scrapped or abandoned, will in most cases be altered for peace work. Housing for employees, which received such impetus during the past two years, will be carried out on a vaster scale than we ever thought possible. Employers have recognized the actual money-value return of providing decent housing accommodations for their employees. It is fatuous to believe that employers

have not profited by the lessons of the war. They have learned that contented workmen are the best possible investment; that high labor turn-over is unnecessary and expensive, and that proper housing is one of the greatest factors, if not the greatest, in reducing



NOBLE FOSTER HOGGSON
President Hoggson Brothers, New York

labor turn-over and keeping employees happy on the job.

Even though there has been a slight drop in the prices of a few building materials, there seems to be good reason to believe that with the enormous shortage on hand and the biggest program of building construction ever

known, the prices will soon rise again to higher levels. We can expect little or no immigration of labor until the old world has been rebuilt. With our own plans for reconstruction well under way, we shall have need for all the labor that our country can supply and will look in vain for a sharp decline in the cost of labor.

In a recent statement by the National City Bank, the subject of wages and prices is touched on:

The indications are that wages and prices are going to stay up all over the world, which will do much to simplify the situation in every country. The general state of credit expansion over the world will sustain, and naturally cause, a higher level of prices than prevailed before the war, and there will not be the same pressure to lower wages and prices in this country that there would be if the level were falling in other countries.

Though building prices are at present high, it will be remembered that it is when times are prosperous and prices high that the bulk of building has been done. One finds little building projected in times of depression and low prices. We must also have in mind that conditions surrounding our building program are bound to be affected by the immense amount of construction work now starting in France and Belgium.

With the further development of the plans of the Shipping Board, we may soon expect to find bottoms available for sending abroad a vast tonnage of fabricated steel and other building materials. The demand for export steel has been growing heavier each week and there is little likelihood that much will be gained by those contemplating building in waiting for a reduction in the cost of erected steel.

From many points of view, economic as well as social, it seems propitious to have plans for buildings made now, so that every individual will at this time put into actual practice a bit of work that will be a step towards the great task to be accomplished. Such action will help to stabilize industry in the period immediately preceding and which will follow the formal declaration of peace.

A statement from the U. S. Department of Labor advises us that a new division has been created in that department for the purpose of interesting the nation in public works and private construction. This new service is planned to gather and distribute information that will enable private initiative to make the transition from a war to a peace basis without serious interruption due to lack of data on which judgment must depend. A survey of business conditions will be made with a view of learning how labor and capital may be profitably employed during the period when factories are being made over for peace production and markets are being canvassed for future output.

The particular objective of the bureau's research will be to secure data for the use of the construction industry, but the materials to be collected will be so varied that the information will be of value to industry generally. The facts made available will be of help to any community or investor in determining the advisability of undertaking public or private building at present. When circumstances unfavorable to construction are discovered, an attempt may be made to correct them, but there will be no stimulation of economically unsound enterprise. The findings of the bureau will be given the widest publicity.

The pivotal nature of the building industry is economic reconstruction, and the general purpose of the work of this division are expressed in Secretary Wilson's statement:

Building construction will help to provide employment for returning soldiers and for workmen dismissed from war industries. One of the largest sources of prospective employment is the building trade and its allied factory industries.

In the case of private construction, a resumption of activity will also lessen the congestion of population, improve conditions concerning public health and convert inactive into active property, which supplies the means that enable communities to support the functions of government.

During the war the nation practically concentrated all its efforts upon the production of goods for immediate consumption—war materials, food, clothes. The failure to produce the normal quota of goods for future consumption has made these scarce

and high priced, and as they are essential to further production they affect the cost of production, and, consequently, the cost of living. Chief among such are building and other real estate improvements, including public works, as roads, bridges, etc. The scarcity of buildings, for example, creates high rents.

In a recent interview regarding labor conditions, Judge Gary remarked:

The country never was more in need of its workers than it is now; and it will use all the workers it can get. I don't think there is going to be any permanent or menacing unemployment problem.

Our country never has been so prosperous as it is now. We have resources of fifteen billions of dollars annually coming out of the ground—more than we ever had before; we have more than sixteen billions of cash in our banks; we are a creditor nation to the extent of fifteen billions or more, and our per capita wealth has jumped up to \$36, as compared to \$35 before the war. We are in an era of prosperity hitherto undreamed of.

What we need is simply to get to work and not talk about unemployment. Psychology has a good deal to do with it. Pessimistic talk will do more to bring about unemployment than it will do to prevent it.

Banks throughout the United States have been large participants in this great prosperity, and many of the bankers seem to feel that not only will they be meeting an economic need by building now, but that their action in this regard will set a precedent in their communities and encourage other owners to build.

The banker, by precept, by example, can show the way. He can take the initiative. Someone must lead. There will be enough—too many, perhaps—of the timid, pessimistic element who will want to "wait and see" before carrying out a proposed building operation. Therefore, if a new building is in contemplation, the directors can help start the reconstruction movement into action by getting under way at once with the work.

Not only should they have their plans prepared and let the contract; they should give the widest publicity to the fact that they are to have a new building. This publicity in daily papers, in letters to investors, to other banks, folders to depositors and prospective depositors, would have the electrical effect of causing positive and favorable action on the part of other owners.

In practically every community the bank reflects the prosperity and progressiveness of its locality, or the lack of these elements. Not alone in regard to its investments is the banker looked to for guidance; he is generally relied upon to take the initiative in all civic improvements. Let a bank build a new business home; that is outward evidence of prosperity, and other owners will hearten and follow suit. If a bank, metaphorically, pulls a long face and defers improving its property, all the faint-hearted and some of the lion-hearted, taking their cue therefrom, will hold off and wait for the bank to act. Naturally there are likely to follow inaction and depression instead of progress and prosperity.

The great part the bankers can take in this period of reconstruction to complement the admirable work they performed in war times will not be in solemn conclave in closed directors' rooms. For such as need new banking quarters it will be the open diplomacy of practical demonstration in the form of a new building erected now while the outlook to so many is uncertain, a building that will be not only a lasting asset to the bank, but a civic and moral asset as well. Financial encouragement and enthusiastic coöperation extended at this time to the building trades will be necessary and will exert a most encouraging and helpful influence in satisfactorily meeting the serious conditions which surround us to-day.



The Advantageous Investment of Bank Reserves

By CHARLES S. WALL, Secretary of the National City Company, New York

WITH crops moving rapidly to market and being disposed of at high prices, many banks in agricultural communities are having their deposits built up to large amounts. In the average country community the banker knows his depositors intimately; he is usually familiar with their plans requiring the expenditure of any comparatively large amount of money; he is, therefore, able to tell pretty accurately how long his deposits will remain with his institution.

Reports indicate that many of these banks are carrying an exceptionally large percentage of cash on hand or on deposit with correspondents. Our laws require banks to carry a certain percentage of cash reserve. Good banking practice and the knowledge of the requirements of his particular community may require that a banker carry a greater reserve than that required by law. But good banking practice likewise requires the banker to keep most of his funds invested, thus benefiting not only his own community, but contributing to the welfare of the whole country. Of course, it is necessary for the banker to select his investments with regard to the demands that are likely to be made on him. If he buys short term notes or long term bonds he requires those which can with certainty be disposed of whenever he needs to realize on them. If he buys a very short term obligation he wants one with a maturity to meet his withdrawals and that will of a certainty be paid at maturity.

It may be that banks in the agricultural districts, knowing as they do, the

requirements of their customers, are carrying this larger amount of cash to meet withdrawals in a short time. There is a form of investment, however, which is particularly adapted to meet the needs of a banker in this situation. This is the bank acceptance.

While introduced in this country only four years ago, the acceptance has been for centuries the premier short term investment in European financial centers. As has been pointed out in many articles dealing with the subject, the acceptance of a bank is the same as its cashier's check, with the difference that the acceptance is payable at a definite future date. With the firmly established open discount market and the operations of the Federal Reserve Banks, the acceptance of a prime bank may be disposed of at any time, so it comes pretty close to being just as liquid as the cashier's check. A bank which is willing to carry its funds on deposit with its correspondent should certainly be satisfied with the credit risk involved in purchasing the acceptance of that same institution, or of another equally as good or better. The discount market in the past has handled with scarcely a change in rate all the prime bills being offered, so the banker should always be able to secure a prompt and close quotation should he wish to dispose of his prime acceptance.

It is usually possible to obtain in the market prime acceptances maturing in approximately thirty, sixty or ninety days, occasionally shorter or longer. Since our acceptances are drawn against actual commercial transactions they

come in pieces varying in size from a few hundred dollars to several hundred thousand dollars, so that approximately any amount or maturity could be obtained.

Investigation shows that more and more country banks are regularly appearing in the market as purchasers

and their experience seems to indicate that they are finding in prime bank acceptances the ideal very short term investment, combining an exceptionally good credit risk, quick convertibility into cash and satisfactory return in a degree not equalled by any other form of instrument.

National Bank of Commerce in St. Louis

STOCKHOLDERS of the National Bank of Commerce in St. Louis have abundant cause for satisfaction in the recent report of President Lonsdale showing the results of the bank's operation during the past year. Some of the principal features of this report follow:

Nineteen eighteen has been essentially a year of war work. The task of providing the "sinews of war" has imposed heavy duties—and without remuneration—upon the financial institutions of our nation. In this respect our bank has done its share gladly and efficiently. Since the beginning of the war we have subscribed and paid for Government securities amounting to \$50,939,500, we have made 11,000 sales of Liberty Bonds on the small-installment plan; and we have contributed \$25,000 to the American Red Cross. Yet, notwithstanding the extra expense arising from the patriotic work thus performed, our profits have not been meager, for there has been an active demand for money at paying rates.

Our profits—all of which were derived from current banking operations—for the year ending November 1, 1918, the date of our last called statement, amounted to \$1,211,737.74. Of this sum, \$600,000 was paid out in dividends; \$72,000 was placed to reserve for building construction account, under a plan explained in the next paragraph; and the remainder, \$539,737.74, shows in increased surplus and profits account. The surplus and profits account, thus continually increased and invested, constitutes a source of income which will serve to stabilize a higher dividend rate, whenever the directors shall have decided to raise it.

To remodel and equip our building formerly occupied by the "Post-Dispatch," and



JOHN G. LONSDALE
President National Bank of Commerce in St. Louis

now called the Commerce Trust Building, cost \$200,000. This, in reality, represents increased value of our real estate and could properly be charged to the bank building account, but in pursuance of a policy of strict business prudence, it is being paid out of earnings—\$132,500 having already been charged out, including \$72,000 to which reference has been made. The Commerce Trust Building is one hundred per cent. occupied on long-term leases, and the other two buildings owned by us, over ninety-nine

per cent. On the first floor of the Commerce Trust Building are quartered the Savings, the Trust, the Income Tax and Foreign Exchange, and the Liberty Loan Departments of the bank.

The Savings Department, which is now one year old, has approximately 12,000 depositors, with total deposits of more than \$1,200,000. This remarkable record, made over a period when most savings banks were losing business on account of the very general investment by the public in Government securities, has occasioned favorable comment in banking and financial circles throughout the country. For the future this department, we think, holds great possibilities indeed, as the primary attraction for savers is safety, which banking element is pre-eminently assured by our very large capital, surplus and profits fund.

In my 1917 report, I called your attention to plans for the organization of a trust company to be operated in conjunction with the bank. Since that time, however, the Federal Reserve Act has been amended to permit the full exercise of trust and fiduciary powers by national banks, and the necessity for a separate organization was thereby eliminated. We have accordingly instituted a Trust Department under the management of Mr. Virgil M. Harris, one of the best known Trust Department officials in the West. It takes time to develop the trust business, but when it does arrive at the paying point, it is highly profitable of itself and constitutes a constant feeder for other departments of the bank.

Throughout the war period of expansion and high prices, we have carefully maintained the liquidity of our assets, charging off such as at any time appeared doubtful. As a result we go into the period of business readjustment prepared to answer our patrons' needs as they arise. In the development of foreign trade which we think will be an important phase of post-war activities, we are fully equipped to serve dealers or manufacturers, by virtue of being agent and stockholder of the American Foreign Banking Corporation of New York.

Among the items on our statement of November 1, 1918, you will observe "acceptances executed for customers" in the amount of \$3,854,363.35. This represents a method of financing business by which we lend our credit instead of our funds. From the view-point of both bank and customer, such transactions are scientific and profitable, and we hope soon to increase outstanding acceptances to the twelve-million-dollar total allowed us by the Federal Reserve Board.

Every effort of yours in behalf of the bank will be heartily seconded by the officers and employees, all of whom are animated by loyalty to the institution and sincere interest in their work. We want this bank to be known as The National Bank of Service—The National Bank of Safety—The

National Bank of Courtesy—as well as The National Bank of Commerce. We are working hard to build that reputation because we realize that banks are sellers of service, and that the institution offering most for the money must be the winner.

The progress of the bank during the year 1918 is shown by the following comparative statement of resources and liabilities on the dates named:

COMPARATIVE STATEMENT OF THE CONDITION
OF THE NATIONAL BANK OF COMMERCE
IN SAINT LOUIS

	RESOURCES	
	Nov. 1, 1917	(Called Statement) Nov. 1, 1918
Cash and exchange	\$25,384,449.64	\$26,522,863.68
United States bonds and certificates	5,428,850.00	19,685,251.72
Bonds, stocks, etc.	3,143,580.64	2,739,669.48
Concrete Investment Co. stock	1.00	1.00
Bank building ..	2,900,000.00	2,900,000.00
Other real estate ..	260,002.00	260,008.00
Federal reserve bank stock ..	360,000.00	360,000.00
Safe deposit vaults	100,000.00	100,000.00
Overdrafts	8,524.18	19,111.30
Loans and discounts	40,488,517.03	45,219,006.59
Customers' liability acct. acceptances	0.	3,854,363.35
Building construction acct.	13,000.00	200,000.00
Total	\$78,086,724.49	\$101,860,275.12
LIABILITIES		
Capital	\$10,000,000.00	\$10,000,000.00
Surplus and profits	3,276,903.67	3,816,641.41
Circulation	4,900,000.00	4,854,697.50
Acceptances executed for customers ..	0.	3,854,363.35
Reserved for taxes	123,734.45	149,390.05
Reserved for interest accrued, ..	0.	12,279.32
Reserved for building construction acct.	60,500.00	132,500.00
Amount paid on Liberty Bonds per contract ..	.....	1,761,930.92
Bills payable and rediscounts with Federal Reserve Bank.	4,555,000.00	14,405,948.32
Deposits (net) ..	55,170,586.37	62,872,524.25
Total	\$78,086,724.49	\$101,860,275.12

It will be seen that under Mr. Lonsdale's management, which began with his election to the presidency on June 15, 1915, the National Bank of Commerce has had a marked growth, and that it has now entered the ranks of the hundred million dollar banks—a position which accords with the financial and commercial importance of the city of St. Louis.

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

THE BANK IN BUSINESS

THE lessons of the war have shown clearly the desirability of closer co-ordination of the various factors forming the basis of the nation's commerce.

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Total Resources over - - \$290,000,000

The Financial Condition of the Republic of China

By SINGLOH HSU, Secretary, Ministry of Finance, Peking

It is a time-worn but nevertheless true saying that finance is not mere arithmetic; finance is a great policy. Politics and finance can never be separated. If we wish to understand the finance of a country, we must not lose sight of its political conditions. When we study the budget of China, we are at once struck by the preponderance of the military expenditure. But this is only a phenomenon. Its explanation—and for many others as well—lies in the existence of a cleavage between the North and the South. Therefore, in surveying recent financial conditions we should keep this fact unceasingly in view.

Soon after Dr. Chen Chin-tao's accession to the Ministry of Finance in 1916, he made known his financial policy. In the memorandum embodying it he first laid emphasis on the importance of recovering the financial status quo ante and then outlined his programme of reform. In order to revive the status quo he proposed: (1) To adopt a policy of retrenchment with regard to all expenditures, whether military or civil; (2) to maintain the existing system of taxation; (3) to ask the provinces to continue their contributions to the Central Government on the old basis; and (4) to raise a foreign loan of \$100,000,000, to be used in the following manner: (a) \$25,000,000 for resumption of specie payment by the Banks of China and of Communications; (b) \$20,000,000 for disbandment of troops; (c) \$5,000,000 for reorganization purposes of several provinces; (d) \$4,000,000 for purchase of brass "cash" and minting new coins; (e)

\$6,000,000 for improvement of means of communications, and (f) \$1,000,000 for administrative purposes.

As to Dr. Chen's programme of re-



MR. TSAO JU-LING

Chinese Minister of Finance and Communications. He was educated in Japan and he is said to be the only Chinese official who has a Japanese wife. He is largely responsible for the great number of loans that Japan has floated in China since the beginning of the war.

form it was outlined under the following headings: (1) Reorganization of the taxation system; (2) reform of the budget system; (3) unification of the

Treasury system; (4) reforms in connection with public loans; (5) currency reform; (6) realization of state control of the sale of tobacco and wine; (7) reform of revenue-collecting agencies; (8) reform of central banks, and several so-called auxiliary reforms, which were: (a) creation of a service for the inspection of revenue collection; (b) state purchases of "brass" cash; (c) reform in the method of auditing, and



MR. T. H. YEH

Chief of the Technical Office, Chinese Ministry of Finance. Is also an American College Graduate. Has done much to unify China's Currency System.

(d) codification of laws pertaining to finance.

PROGRAMME NOT FULFILLED

Thus, with the advent of 1917, we found Dr. Chen Chin-tao already six months in the Ministry of Finance, long enough to see whether he was able to carry out his promising programme. But circumstances perhaps did not allow him to accomplish much. He was

not able to realize his scheme of restoring the status quo, to say nothing of his various reforms. The policy of retrenchment was found impossible. Expenditures increased instead of being curtailed. Money was required to disband troops and for other purposes. It was said that \$800,000 was remitted to the Military Council of the South, besides \$1,000,000 carried to Canton by the new civil governor of that province. Provincial contributions did not arrive as before.

Even the plan of borrowing \$100,000,000 failed to materialize. Two loans were concluded, besides some advances from the Deutsche Asiatische Bank. The first loan was yen 5,000,000 from the Japanese corporation "Sin Yah Company" secured on certain mining rights in the provinces of Hunan and Anwei. This loan brought forth such a flood of protests that an alternative security in the form of "brass" cash melting profits had to be offered. The second loan was \$5,000,000 supplied by the Continental Trust and Savings Bank of Chicago, secured on the tobacco and wine revenue.

The proceeds of such loans and advances, which did not amount to one-fifth of the proposed \$100,000,000 loan, were almost entirely spent in the resumption of specie payment by the Bank of China on October 26, 1916. It is now generally admitted that although the intention of such a step may be laudable, it was done when the metallic reserve was not sufficient even for partial resumption of specie payment, so that its subsequent collapse was inevitable.

A financial conference was called, composed of all the more important members of the Ministry of Finance, delegates of Civil Governors and Provincial Financial Commissioners. It held its session from March 1 to the 17th. Its object, as stated in the official preamble, was to discuss the means of developing national wealth, abolishing bad taxes, and in short improving the financial conditions of the country. Many important questions in fact were

discussed and passed, such as the centralization of the Treasury system, reform of the provincial banks, preparation of financial accounts for the fourth fiscal year; but very little in the way of tangible results was achieved. It however, pointed out a way that future Ministers of Finance may pursue in securing the coöperation of the central and provincial authorities in their en-

deavor to devise measures of financial reform.

BUDGET FOR THE NEW FISCAL YEAR

The budget for the fiscal year (July 1, 1916-June 30, 1917) *was brought before the Parliament on February 21 and its examination did not end till April 23. The Government was still alive to the futility of such a belated

REVENUE

I.— <i>Ordinary.</i>	New 5th	Old 5th	3d	2d
	Year	Year	Year	Year
	July 1916- June 1917	Jan. 1916- Dec. 1916	July 1914- June 1915	July 1913- June 1914
1. Land Tax	\$90,105,784	\$95,972,818	\$76,859,060	\$79,180,723
2. Customs Revenue.....	73,056,663	71,320,970	78,773,341	66,970,003
3. Salt Revenue	96,767,010	84,771,365	84,879,873	77,401,265
4. Tax on Commodities, including Likin	42,719,194	40,271,368	34,175,656	36,876,823
5. Regular and Miscellaneous Taxes	34,768,432	32,341,704	28,000,424	33,725,227
6. Regular and Miscellaneous Duties	5,448,686	14,067,574	4,947,281	3,173,530
7. Income from Government Investment	2,083,401	2,621,261	4,063,483	7,849,579
8. Miscellaneous Income of Provinces	5,101,531	6,927,694	5,133,694	12,723,427
9. Income of Central Administration	1,374,648	1,635,464	4,620,785	.....
10. Income directly received by Central Government..	36,584,311	76,306,927	29,611,340	.....
	<u>\$388,009,660</u>	<u>\$426,237,145</u>	<u>\$351,064,812</u>	<u>\$317,900,646</u>
II.— <i>Extraordinary.</i>				
1. Land Tax	\$5,751,464	\$1,580,695	\$2,368,749	\$3,222,889
2. Customs Revenue	706,885	847,359	629,716	1,254,280
3. Tax on Commodities....	21,025	18,716	10,391	6,054
4. Regular and Miscellaneous Duties	3,911,410	4,496,333	.....	132,829
5. Income from Government Investment	8,351	16,703	364,021	634,093
6. Miscellaneous Income of Provinces	91,610	338,253	1,575,024	10,115,868
7. Income of Central Administration	2,248,438	1,359,698	1,406,077	230,308 (Contributions)
8. Income directly received by Central Government	23,510,969	17,051,808	.....	164,269
9. Miscellaneous Income of Central Government ...	8,100,000	.....	.....	(Salt Revenue)
10. Loans	24,291,468	20,000,000	25,082,398	.....
11. Advances from Banks..	16,187,305	.....	.....	223,370,000
	<u>84,828,924</u>	<u>45,709,565</u>	<u>31,436,376</u>	<u>239,130,590</u>
Total Revenue	<u>\$472,838,584</u>	<u>\$471,946,710</u>	<u>\$382,501,188</u>	<u>\$557,031,236</u>

*No budget for the 6th fiscal year (July 1, 1917, and June 30, 1918) was prepared and that for the 5th (new) was proclaimed by a Ministerial order to serve as such.

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000

EXPENDITURES

I.—Ordinary.

	New 5th Year July 1916- June 1917	Old 5th Year Jan. 1916- Dec. 1916	3d Year July 1914- June 1915	2d Year July 1913- June 1914
1. Foreign Affairs	\$4,446,548	\$3,276,677	\$4,229,529	\$3,293,115
2. Interior	42,570,109	49,653,982	42,672,290	39,618,149
3. Finance	61,792,970	53,531,625	{ 23,383,898	210,345,180
			{ 29,960,079	
4. War	156,606,047	135,813,986	134,061,795	136,864,494
5. Marine	7,304,135	17,101,779	4,802,560	7,665,881
6. Justice	9,337,156	7,665,772	7,258,459	14,671,825
7. Education	4,433,893	12,611,583	3,276,904	5,207,215
8. Agriculture and Commerce	2,734,790	3,762,244	2,276,537	5,083,386
9. Communications	1,533,606	1,577,408	1,935,560	934,877
10. Mongolian and Tibetan Affairs	1,044,216	947,230	1,065,344	.....
	<u>\$291,803,470</u>	<u>\$285,942,286</u>	<u>\$254,922,955</u>	<u>\$423,684,122</u>

II.—Extraordinary.

1. Foreign Affairs	\$1,846,786	\$826,141	.....	1,013,223
2. Interior	3,117,770	2,105,864	.....	4,263,860
3. Finance	162,397,633	175,302,789	98,564,793	181,568,614
4. War	10,711,333	6,438,727	3,526,282	26,910,518
5. Marine	847,434	102,758	10,000	1,307,014
6. Justice	28,610	45,572	.....	370,313
7. Education	594,943	225,724	.....	1,701,635
8. Agriculture and Commerce	1,279,496	376,792	.....	959,735
9. Communications	116,833	112,783	.....	457,843
10. Mongolian and Tibetan Affairs	94,276	40,000	.....	.....
	<u>\$181,035,114</u>	<u>\$185,577,150</u>	<u>\$102,101,075</u>	<u>\$218,552,756</u>
Total Expenditures...	<u>\$472,838,584</u>	<u>\$471,519,436</u>	<u>\$357,024,030</u>	<u>\$642,236,874</u>

budget, but thought it would serve as a model for the following budget. We give below a summary of the budget, which is styled the new fifth year budget, as distinguished from that of the same name prepared under the late

President Yuan Shih-kai, who in 1915 altered the fiscal year system to make it coincide with the calendar year.

The above figures are only estimates, but they serve as a guide to present conditions. The salt revenue leads in

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the list of sources of revenues while the land tax follows quite closely. The customs revenue shows a falling off as compared with the third year, but if we take into consideration the existence of the great war, it must be regarded as very satisfactory. The item "income directly received by the Central Government" is rather misleading and requires elucidation. It was made up in the following manner:

(1) Stamp duty	\$5,864,400
(2) Tobacco, wine and license duty	2,012,852
(3) Tobacco and wine tax	14,350,456
(4) Income from tobacco and wine sale	12,134,986
(5) Mining duty	2,221,617
Total	\$36,584,311

Customs and salt revenues, though not included under this heading, are

also income directly received by the Central Government.

Provincial contributions do not figure in the budget as such because they are the quota the provinces contribute to the Central Government according to some arrangement, after having met their own expenditures from their total receipts, and they are so to speak dispersed throughout the various items of the budget.

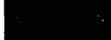
As regards expenditures, the Minister of Finance, with its total expenditures ordinary and extraordinary of \$224,190,603, occupied the first place. But when the money provided for the amortization and interest payment of loans, which was \$142,244,888, was subtracted, giving a residue of \$81,945,715, that place was easily yielded to the Ministry of War, which took up \$167,317,380. In fact, the percentage distribution of expenditures has been calculated as shown herewith:

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[Yokohama Shokin Ginko]

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(\$0.50=1 Yen)

Capital Subscribed . . .		Yen 48,000,000
Capital paid up . . .		Yen 42,000,000
Reserve Fund		Yen 23,100,000

(9th March, 1918)

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	Per Cent.
(1) Ministry of War.....	35
(2) Ministry of Finance, with provision for loans.....	47
Ministry of Finance without provision of loans.....	17
Ministry of Finance without provision of loans and also exclusive of allowances to the Imperial Manchu House	9
(3) Ministry of Interior.....	7
(4) Ministry of Justice.....	2
(5) Ministry of Education.....	1
(6) Ministry of Marine.....	1
(7) Ministry of Agriculture and Commerce	1
(8) Ministry of Foreign Affairs.....	1
(9) Ministry of Communications (less than)	1
(10) Ministry of Board of Mongolian and Tibetan Affairs (less than)	1

These figures for the Ministry of Communication do not include the receipts and expenditures of the railway lines, postal and telegraphic services, which have a special budget of their own, but only represent the expenses of the ministry proper and educational institutions affiliated thereto.

Not long after the fall of Dr. Chen Chin-tao in April, brought about by the notorious "brass" cash smelting case, the country was on the verge of civil war, heralded first by the question of China's declaration of war against Germany, and then developed through a cabinet crisis into a constitutional issue. The kaleidoscopic movement of events brought us to the attempted Imperial Restoration by General Chang Hsun on July 1 and its collapse on July 12.

In the Post-Restoration Tuan Cabinet, Mr. Liang Chi-chao became the Minister of Finance. The legacy he had inherited was quite burdensome. Although we have no record of the actual cost of the Imperial Restoration to the State, it has been estimated that, among others, (1) direct expenses of the Republican Expeditionary Army against Chang Hsun amounted to \$1,000,000; (2) the disbandment of Chang Hsun's army and others accounted for about \$200,000, and (3) disbandment of temporarily increased troops, etc., re-

PHILIPPINE NATIONAL BANK

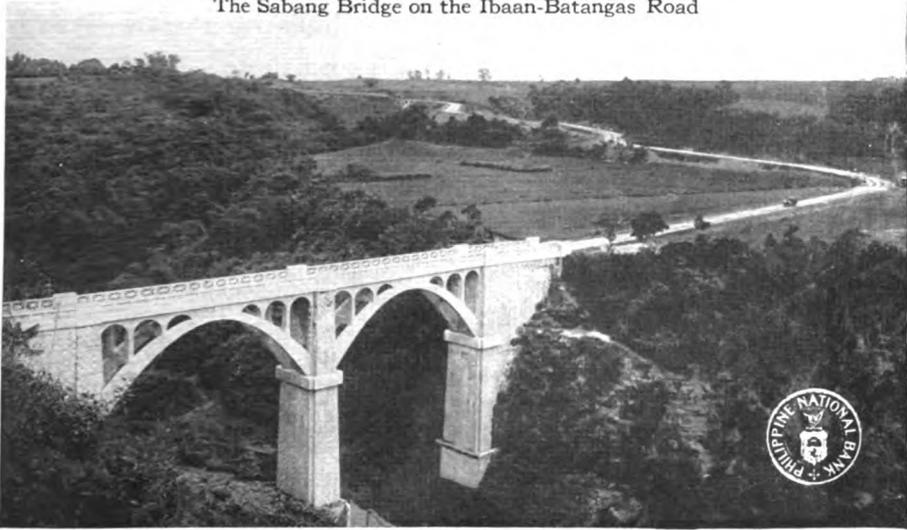
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quired about \$1,000,000—thus bringing these three items alone to about \$2,200,000.

It is also said that the Restoration Minister of Finance caused a fresh issue of copper notes to the value of \$2,200,000, which had to be recalled in order to prevent a precipitate fall in the value of such notes.

PROBLEMS CONFRONTING THE NEW FINANCE MINISTER

Thus, in addition to an empty Treasury, Mr. Liang Chi-chao found himself confronted with extraordinary requirements of some five million dollars. In trying to bring the two ends to meet, or at least as nearly as possible, Mr. Liang Chi-chao decided to adopt a stringent policy of retrenchment. By adjusting expenditures on a basis of realizable revenues, he formulated an estimate of ten months, viz: September, 1917, to June, 1918, for the Central Government. He reckoned the matricular contributions of the provinces at

\$6,000,000, and other receipts of the Central Government for the same period at about \$70,000,000. The expenditures were divided into three groups, as follows:

- | | |
|-----------------------------------|--------------|
| (1) Military expenses | \$49,000,000 |
| (2) Administrative expenses | 20,000,000 |
| (3) Other expenses | 6,000,000 |

But the equilibrium established in this estimate was not very stable and it did not require much exterior force to upset it. The Government's determination to use force in settling the dispute between the North and South had undoubtedly a most disturbing effect. Although we have no knowledge of the extraordinary expenditure incurred, it may be a conservative estimate to put it at \$3,000,000. The relief of the flood sufferers at Tientsin and other districts again demanded more money than was thought of first, and borrowing had to be resorted to for meeting such unexpected requirements.

A loan of yen 5,000,000 was contracted on November 24 with the Sino-

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Japanese Industrial Development Company. It was secured on Shangtung and Shansi and was to run for one year. The long deferred Grand Canal Loan was also signed in November, 1917, by Mr. Hsung Hsiling, representing the Chinese Government, and Mr. Carey on behalf of the American International Corporation. The amount of the loan was \$6,000,000 gold, to be supplied jointly by the International Corporation for \$3,500,000 and the Industrial Bank of Japan \$2,500,000. The work of irrigation of the canal, once begun, will afford relief to thousands of flood sufferers.

The most reliable source of income to the Central Government has been, as before, the salt revenue surplus released by the group bankers after meeting the interest charge of the reorganization loan and other charges. The amounts of salt revenue surplus released each month were as shown herewith:

January	\$4,500,000
February	3,600,000
March	5,000,000
April	5,000,000
May	4,400,000
June	*3,200,000
July	1,400,000
August	3,400,000
September	2,450,000
October	6,500,000
November	*6,900,000
Total	\$46,350,000

*Approximate.

In the course of 1917, customs revenue surplus of Tls, \$8,000,000 was also released.

THE ATTEMPT AT CURRENCY REFORM

Mr. Liang Chi-chao has long clamored for currency reform, and it was therefore to be expected that he should give it the foremost place in his financial programme. Monetary conditions in China are chaotic. The silver tael, fictitious in places and real in others, varies in different localities. Thus one

Haikwan tael equals one and a half Tientsin tael, but 1.114 Shanghai taels. Silver dollars of various origins circulate together, exchangeable according to their contents of fine silver. Thus we have not only silver dollars coined in different mints at different periods, but also foreign dollars, such as the Straits dollar, Spanish Carolus dollar and the Mexican dollar. Our monetary system has adopted the silver standard, as provided by the Currency Law of 1914, but the de facto standard is still copper. Paper money is in a still worse condition. The notes of the Bank of China and of Communications do not circulate at par in Peking, while notes issued by some provincial banks are depreciated as much as seventy per cent.

To bring order out of the chaos, Mr. Liang Chi-chao had prepared a thorough scheme of currency-reform. It was divided into two parts, viz: (1) Unification of silver currency; (2) redemption of depreciated notes. The silver standard as adopted in the Currency Law of 1914 was to be maintained and enforced. There should be absolute uniformity with regard to the fineness, weight and form of silver coins and any silver coins found to be in circulation to deviate from the provisions of the law would be withdrawn and recoined. Proper silver subsidiary coins were to replace the small silver coins then in circulation. The depreciated notes of the provincial banks would be redeemed, either by means of the notes of the Bank of China or by some other means, and the value of the Peking notes of the Banks of China the Communications must also be ameliorated. The ultimate standard to be adopted, i.e., whether "gold exchange" or silver, was to be deferred for later determination, as, with the war going on, it was deemed premature to prophesy on the relative values of gold and silver.

In order to carry the above scheme into effect, a large sum of money was required. But this could only be secured by borrowing. Negotiations for



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a second Reorganization Loan were begun by the Four-Power Group Banks in October, 1917. When Mr. Wang Ke-min succeeded Mr. Liang Chi-chao as Minister of Finance, he was reported to have said that, in the matter of currency reform, he would pursue the same policy as his predecessors. An interesting fact to be recorded in this connection is the intention, as expressed by the American Minister, of the American group to rejoin the Four-Power Group Banks and participate in the second Reorganization Loan for currency reform. As we know, the Americans were among the first to take an interest in our currency reforms. It was at our request that Professor Jeremiah Jenks was sent over in 1903 to study the monetary problems of this country and his visit had undoubtedly given a great impetus to the demand for currency reform. The American

An American Bank for Foreign Trade



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and
AFFILIATIONS
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Colombia
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Capital & Surplus
\$8,600,000

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group was, moreover, largely responsible for bringing about the Currency Reform and Industrial Development Loan Agreement of 1911, which they had signed along with the British, French and German groups. The withdrawal of the American group from the negotiations of the Reorganization Loan of 1918 having always been lamented, their intention in favor of a changed policy must therefore be welcome to everybody in the Far East.

The continual depreciation of Peking notes of the Banks of China and Communications is occupying the attention of all peoples, great or small. Indeed, it is the most pressing of the problems of currency reform. Unless the banks are provided with a sufficient stock of metal, it is useless to attempt specie payment. What is required is a gradual rise in the value of notes. While limiting the supply, by ceasing to make fresh issues, the value of the notes may be increased.

It was with this point in view that

the financial authorities decided to cancel the requirements of specie for payments in the railway service and to accept notes at par for such purposes as well as for revenue collection in the provinces of Chili, Honan and Shang-tung, also in the special districts of Cahar and Kwei-Suei. Other means have also been adopted; e. g. the acceptance of a better rate on the notes for remittance to other places. The effect of such measures has perhaps not been as great as one might have expected, but considering the actual political conditions, it may be said that they have at least been effective in keeping the value of notes from falling any further.

An advance of yen 10,000,000, known as the first advance of the Second Reorganization Loan, was made by the Yokohama Specie Bank on behalf of the Four-Power Group, and the money so advanced was spent in maintaining the value of the notes of the Bank of China. According to the re-

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Nominal Capital	(\$5=£) <u>\$12,500,000</u>
Paid-up Capital	<u>3,125,000</u>
Reserve Capital	<u>3,125,000</u>
Subscribed Capital	<u>6,250,000</u>
Reserves	<u>2,055,515</u>
Surplus over Liabilities	<u>8,305,515</u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

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port of the vernacular press agency, a second advance of another yen 10,000,000 is soon to be made* by the same bank on behalf of the same group to the Chinese Government for the same purpose. The expenses incurred by the Bank of Communications in maintaining the market value of notes have been met by the proceeds of a loan of their own.

THE ABOLITION OF LIKIN

Besides the currency reform, two other reforms figured most prominently in the programme of Mr. Liang Chi-chao. The first was the abolition of likin. It is well known that the existence of likin acts as a great hindrance to the development of trade and industry. But as it brings to the state an annual income of \$20,000,000 no one is bold enough to propose its unconditional

abolition. The institution of a production and destination tax is generally considered to be a good solution. Mr. Liang Chi-chao had the intention of initiating the reform in a few provinces and gradually extending it to others.

A thorough reorganization of the wine and tobacco revenue was another reform contemplated by Mr. Liang. After having incorporated the then Independent Bureau of Tobacco and Wine Revenue into the Ministry of Finance, the law on tobacco and wine was amended to ensure an effective control by the states over the sale of the two commodities. As existing at present, there are five different imposts on tobacco and wine, more or less duplicated, and it was the desire of Mr. Liang to amalgamate them into one or two simple taxes. This would benefit the consumers as well as the State, as in matters of taxation simplicity means economy.

As the declaration of war against Germany and Austria had profound in-

*This second advance has since been made—on January 6, 1918.

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Paris Branch: 16 Rue Halevy.

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	(\$5 = £1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
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PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,500,000

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fluence upon China's political status, so has it had great effect upon her financial condition. All claims of repayment of debt by Germany and Austria were ipso facto stopped or suspended on the declaration of war. The following lists give a summary of German and Austrian claims:

TO GERMANY

(1) Arising from Treaty—According to the peace protocol of 1901, China was to pay to Germany an indemnity of Mks. 275,165,423.33, to be paid in Shanghai by monthly installments of Mks. 1,247,610.22.

(2) Arising from agreement, i. e., advances by the Deutsch-Asiatische Bank, debts due to Carlowitz, Diederichsen and other firms, about \$10,606,970.

(a) Arnhold, Karberg Loan II.....	£360,000	
(b) Arnhold Karberg Loan III.....	200,000	
(c) Austrian Loan I.....	890,000	
(d) Austrian Loan II.....	1,333,500	
(e) Austrian Loan III.....	33,600	
(f) Austrian Treasury Bills.....	1,139,314	10.8
(g) Other loans.....	49,373	10.2

(3) Arising from agreement entered into with Germans and subjects of some other nations—monthly payment of principal and interest on:

(a) British German loan of 1896.....	£40,279—1 $\frac{3}{4}$
(b) British German loan of 1898.....	34,801—6.8
(c) Reorganization loan of 1913.....	20,833—6.8

AND TO AUSTRIA

(1) Arising from treaty, according to the peace protocol of 1901, China was to pay to Austria an indemnity of Kr. 14,394,091.40, and the monthly payment of principal and interest for 1917 was Kr. 65,263.34.

(2) Arising from agreement:



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Oscar H. Swan - - - - - Cashier	Chas. S. Macferran - - Asst. Cashier
Walter L. Johnson - - - - - Asst. Cashier	

Upon the declaration of war, the Deutsch-Asiatische Bank was also taken over by the Chinese Government for liquidation.

As a practical demonstration of a friendly attitude towards China on her declaration of war against the common enemy, the Allied Powers agreed to offer for five years the payments of the Boxer indemnity. The annual quota of indemnity payment to the different Allied Powers is as follows:

Russia	\$7,093,282,757
Japan	1,892,397,717
Great Britain	2,754,185,113
Portugal	50,191,773
Belgium	461,620,014
Italy	1,448,189,837
France	3,856,374,837
	<hr/>
	\$17,556,172,048

Russia, owing to her preponderant share, only agreed to defer one-third, thus bringing the annual deferment down to about \$13,000,000.

The Allied Powers—and also Amer-

ica—further agreed to revise the customs tariff on the basis of an effective five per cent. A commission on tariff revision composed of delegates of all the powers concerned met in Shanghai. It has been estimated that as the result of the revision the customs revenue may very nearly be doubled.

Meanwhile a new national tariff was promulgated by a presidential mandate on December 25, 1917. It was to apply in our trade with subjects of non-treaty nations. The rates are fixed as follows:

	Per Cent.	Ad valorem Duty
Luxuries	30	100
Useless goods	20	30
Useful goods	10	20
Necessary goods	5	10

It is true that the financial condition of China as presented by the above survey of 1917 does not warrant us in taking a very optimistic view of the future. We still find the unfortunate phenomena of undue preponderance of military expenditure, financial import-

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Capital fully paid-up	4,500,000.00
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 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank and The Guaranty Trust Company

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

ance of the Central Government, chaotic state of monetary affairs and the general sterility of measures of reform.

But these phenomena are only transitory, which will disappear when the root of the evil is removed. It is the unsettled political conditions that have caused the appearance of such phenomena, and such conditions are in turn caused by the cleavage still existing between the North and the South. As, however, there is no radical difference—whether racial, linguistic, religious or even political—that could keep the two sections permanently apart, the time will not be very distant when this cleavage will disappear. Then we shall find our finance, along with other things, restored to its normal state.

AMENDMENTS TO THE CHARTER OF THE BANK OF CHINA

One important event should also be recorded. By a Presidential mandate, dated November 21, 1917, the charter

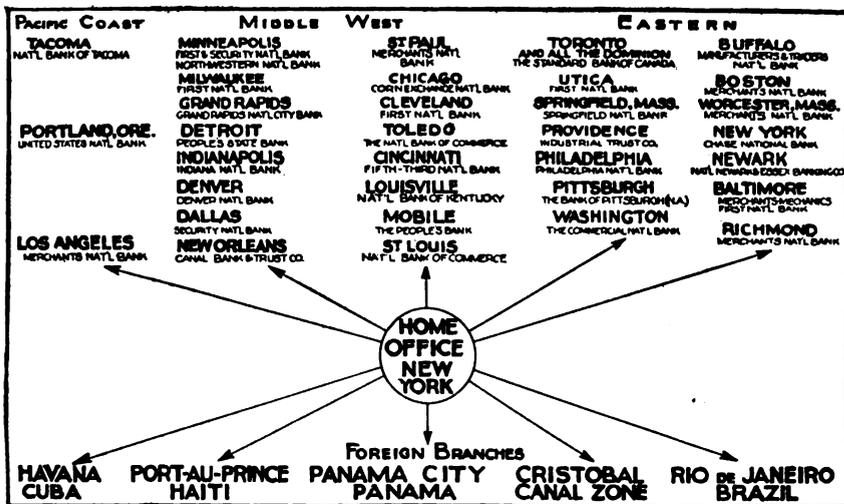
of the Bank of China was amended, which affected the bank in the following manner:

(1) Capital: (a) Original charter of 1913, amount \$60,000,000, Government to subscribe half, on which one-third should at least be paid up; (b) Amended charter of 1917, amount \$60,000,000, of which \$10,000,000 to be subscribed by the public, and the Government was to take part in the subscriptions—thus eliminating the statutory provision of the Government's holding half the shares of the bank.

(2) Governor, vice-governor, directors and censors of the bank: (a) Original charter—governor and vice-governor to be appointed by the President of the Republic, directors and censors to be elected by the shareholders' general meeting; (b) amended charter, directors and censors to be elected by the shareholders' general meeting and the board of directors to elect two directors

World Wide Foreign Trade Service

THROUGH the Federal Reserve Act authorizing national banks to own stock in a bank engaged in international banking and operating under the control of the Federal Reserve Board, the American Foreign Banking Corporation was organized. Thus business men in the principal commercial centers of the United States are afforded facilities for the transaction of every description of international banking business through the stock holding banks in their own cities. The branches and affiliated banks shown in the following diagram are augmented by correspondents in all other parts of the world:



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C. A. MACKENZIE, Secy.-Treas.

as governor and vice-governor, respectively.

(3) Tenure of office of the governor and vice-governor, five years—governor

and vice-governor, directors, four years.

It may be seen from above that the motive behind the amendment was to make the bank less "Governmental."

APPENDIX

LIST OF CHINA'S LOANS MADE BY JAPAN
(January 1, 1909, to July 1, 1918.)

		Yen
1909.	From Yokohama Specie Bank to Imperial Railway Administration representing past payment of that part of the Hsinmintum-Mukden Railway lying east of the Liao River.....	320,000
	For eighteen years at 5 per cent., issue price 93; secured by revenues of road.	.... ..
1909.	From Yokohama Specie Bank to Imperial Railway Administration for construction of Kirin-Changchun Railway.....	2,150,000
	For twenty-five years at 5 per cent., issue price 93; secured by revenue of road.	
1910.	Yokohama Specie Bank to Imperial Railway Administration for redemption of Peking-Hankow Railway.....	2,200,000
1911.	Yokohama Specie Bank to Imperial Railway Administration for same as above and for running expenses pending redemption.....	10,000,000
	For twenty-five years at 5 per cent., issue price 95.	
1912.	Mitsui Bussan Kaisha to Hankow Waterworks & Electric Light Co. for construction purposes	1,000,000
	Repayable in ten annual installments. Interest 7 per cent., guaranteed by Ministry of Communications.	
	Loan on Hankow Mint.....	2,000,000
1913.	Yokohama Specie Bank to Ministry of Communications for construction of Supinkai-Chengchiatun Railway	5,000,000
May 1, 1915.	Asiatic Development Co. Loan to Central Government for general purposes	5,000,000
	For three years at 6 per cent., issue price 94; secured by uncertain mining concessions in Hunan and Anhui and by profits of brass cash smelting scheme.	
Sept., 1916.	To province of Shantung for military purposes.....	1,500,000
Dec., 1916.	To Kwangtung Provincial Government on security of Salt Revenues..	1,500,000
Jan., 1917.	Japanese Banking Group to Ministry of Communications, for redemption of notes of Bank of Communications.....	5,000,000
	For three years at 7 per cent., no discount, secured by 1,500,000 shares of bank stock and by \$4,000,000 Treasury Bonds, Japan obtaining privilege of appointing adviser to bank and option of future loans.	
Jan. 30, 1917.	Bank of Chosen to Fengtien Province for relief of Chinese Banks in Mukden	2,000,000
	Half payable in one year, half in three. Interest 6½ per cent., issue price 95.	
Feb. 7, 1917.	Yokohama Specie Bank, second loan to Ministry of Communications for construction of Supinkai-Changchiatun Railway.....	2,600,000
	For one year at 7 per cent., secured by revenue of road.	
Feb., 1917.	Japanese Syndicate to Kwangtung Provincial Government.....	3,000,000
	1,300,000 for advances to provincial government and 1,700,000 for construction of Canton cement factory, entire loan secured on revenues and property of cement factory, and customs land at Tashatou, and guaranteed by Provincial Government.	
Aug., 1917.	Japanese Syndicate to Bank of China, for redemption of Bank Notes..	5,000,000
	Secured by \$15,000,000 Bank of China Notes. For 6 months at 7 per cent.	

	Yen
Aug. 28, 1917, Yokohama Specie Bank advance on second Reorganization Loan for reimbursement of advances made by Bank of China to Central Government	10,000,000
Payable out of 10,000,000 second Reorganization Loan if made, otherwise to be repaid in cash in one year. Interest at 7 per cent., discount 1 per cent. Secured by Surplus Salt Revenue.	
Oct. 17, 1917, Sino-Japanese Industrial Company and ten Japanese banks to Central Government for relief of Chihli flood sufferers.....	5,000,000
One year at 7 per cent., secured by revenue of three native custom houses, including Dolner.	
Oct., 1917, Loan for Kirin-Changchun Railway by South Manchuria Railway.....	6,500,000
For thirty years at 5 per cent. issue price, 91.50, secured by revenue and property of road.	
Nov. 20, 1917, Grand Canal Loan (part of Siems Carey Loan) of total \$6,000,000 gold Americans take \$3,500,000 and Japanese 2,500,000 equivalent to Yen..	5,000,000
Jan., 1918, Mitsui Bussan Kaisha to Central Government on Bureau of Engraving & Printing	2,000,000
For three years at 8 per cent., issue price 98. Agreement provides that all material shall be bought from N.B.K., if prices are not higher than competitors.	
Jan., 1918, Mitsui Bussan Kaisha to Tsao Kun, Tchun of Chihli for military purposes	1,000,000
Secured by shares for Kailan Mining Administration.	
Jan. 3, 1918, Yokohama Specie Bank second advance on second Reorganization Loan, repayable out of second Reorganization Loan, if made, 7 per cent.	10,000,000
Secured by Salt Surplus Revenues. Otherwise a one-year Japanese loan.	
Jan., 1918, Japanese Syndicate to Tan Nuo-min, "rebel governor of Hunan."....	2,000,000
Said to be secured by right to cooperate in working iron mines at Taipingshan, Hunan. For five years at 7 per cent., issue price 94.	
Jan. 18, 1918, Yokohama Specie Bank to Central Government for suppression of plague, to be refunded in ten months.....	1,000,000
Secured by salt surplus.	
Jan., 1918, Loan to province of Fukien, for general purposes.....	1,000,000
Secured by sundry taxes.	
Jan., 1918, Mitsui Bussan Kaisha Co., Chihli province for purchase of Chihli spinners Repayment guaranteed by Ministry of Finance.....	1,000,000
Jan. 20, 1918, Tai-hai Mumei Syndicate to Central Government for purchase of arms	20,000,000
Interest 7 per cent., issue price 95, additional commission of five per cent, unspecified purposes.	
Jan. 20, 1918, Second loan to Bank of Communications, three years at 7½ per cent... ..	20,000,000
Secured by \$25,000,000 in Treasury bonds money advanced by Bank of Chosen, Bank of Taiwan, Industrial Bank of Japan.	
April, 1918, Mitsui Bussan Kaisha to Telegraph Administration.....	20,000,000
For extension of land lines, interest 7½ per cent., discount 1½ per cent., secured by all telegraph property not previously pledged.	
April, 1918, Wireless loan, amount not known, but probably for construction of wireless stations	3,000,000
Materials to be purchased from Mitsui Bussan Kaisha.	
June, 1918, To Ministry of Communications, for continuance of Kirin-Changchun line to Korean border.....	20,000,000
For forty years at 5 per cent.	
June, 1918, Bank of Chosen to Fengtien Province for redemption of small coin-notes	3,000,000
One-half to be repaid in two years, one-half in three; interest at 6½ per cent.; issue price 95, secured by stock in Penhsihsu collieries owned by Fengtien province.	

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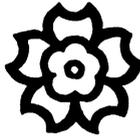
Correspondence Invited

		Yen
June, 1918.	Loan Yen 1,000,000 by Bank of Chosen to Chihli province.....	1,000,000
	Three years, 8 per cent. for stabilizing currency, loan guaranteed by three or four provincial taxes.	
	In addition to the above the following loans are reported to have been practically agreed upon:	
	The Mitsui Company to Central Government for the recovery of Kwangtung Province	5,000,000
	For — years at 8 per cent., with a discount of 5 per cent. to the underwriters, secured by certain mining rights in Kwangtung, to be given to the Mitsui Company after the recovery of the province.	
	A Japanese Syndicate to the governor of Kirin Province.....	1,000,000
	Probably at 8 per cent., secured on a copper mine in Kirin Province.	
	A loan a \$20,000,000 to \$10,000,000 on the Chinese government wine and tobacco monopoly is under contemplation, but it is the opinion of well-informed persons that instead of a straight loan on this security, the wine and tobacco monopoly will be demanded as additional security for a third advance on the second Reorganization Loan.	
	LOANS TO HIANGYANG COLLIERY COMPANY:	
1908.	Industrial Bank of Japan, thirty years at 6 per cent.....	3,000,000
1906.	Mitsui Mining Cosomi—annual repayments interest 7½ per cent....	1,000,000
1906.	Okura & Company, seven years at 7½ per cent.....	2,000,000
1908.	Yokohama Specie Bank, ten years at 7½ per cent.....	1,500,000
1908.	Yokohama Specie Bank, ten years at 7½ per cent.....	500,000
1909.	Yokohama Specie Bank, ten years at 7½ per cent.....	6,000,000
1910.	Mitsui Mining Company, two years at 7 per cent.....	1,000,000
1912.	Mitsui Mining Company, two years at 7 per cent.....	2,000,000
1913.	Yokohama Specie Bank, forty years at 7 per cent. to seventh year thereafter 6 per cent.	15,000,000

204,770,000

The Bank of Chosen

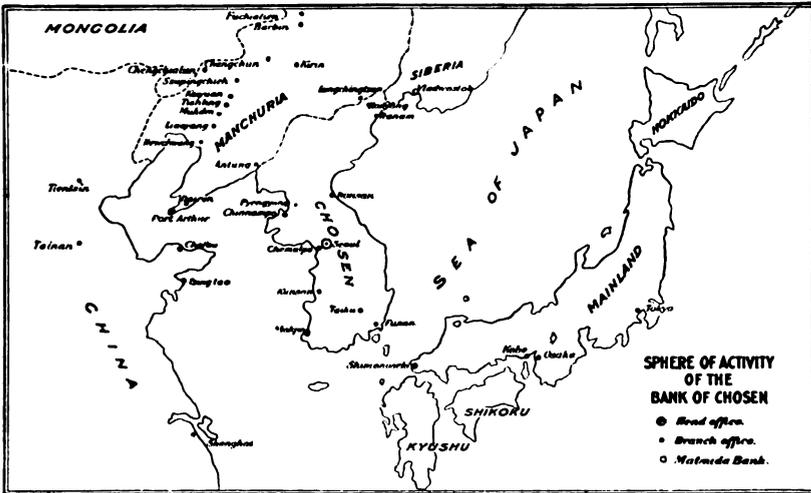
Incorporated by Special Charter of



Imperial Japanese Government, 1909

Subscribed Capital - - Yen 40,000,000

Total Resources - - Yen 300,000,000



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Affiliated Bank—VLADIVOSTOK: Matsuda Bank

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Commercial Service Department

THE FIRST NATIONAL BANK of Boston

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Resources - - - 250,000,000

Branch at Buenos Aires, Argentina

The World's Indebtedness

ACCORDING to a calculation made by the Mechanics and Metals National Bank of New York, the gross indebtedness of the nations of the world has risen in four years from twenty-seven to more than two hundred billion dollars. From this statement it appears that the indebtedness of the seven nations which were chiefly engaged in carrying forward the great war amounted to 194 billion dollars on January 1, 1919, Great Britain and Germany having the largest debts of any of the belligerents, France being third after these countries, while next in turn were Austria-Hungary, Russia, the United States and Italy. The United States came into the war after the other nations, and that fact set it apart from the common trend, notwithstanding that war expenditures here from 1917 forward were more than those of any other single belligerent.

The Mechanics and Metals National

Bank has made an exhaustive study of the war obligations of Europe and the United States, and will shortly publish its results in a book entitled "The World's War Debt." According to the bank's figures, securities now outstanding against the seven nations which chiefly financed the war represent a sum greater than the developed wealth of any single nation of the world, other than the United States. They represent a sum six times as large as the deposits of all the banks of the United States, twelve times as large as all the gold and silver mined since the beginning of the world and twenty times as large as the value of our annual foreign trade.

The indebtedness of Great Britain, which in the middle of 1914 represented a mortgage equal to four per cent. of the nation's wealth, now represents a mortgage equal to more than forty-four per cent. of that wealth. The indebtedness of Germany, which in 1914 represented a mortgage of six per cent. of Germany's national wealth, now repre-



"ARISTOCRACY OF SERVICE"

Charles M. Schwab in a recent address said that the "aristocracy of lineage" and the "aristocracy of wealth" were being replaced by an "aristocracy of service."

The principles and customs of banking may be and have become largely standardized, but service can never be standardized any more than salesmanship can be standardized. Service—the amount and kind of service which a bank can render is the only thing that varies.

Shawmut Service has become a recognized factor of importance in the banking and business world. We have every facility at the disposal of correspondents for the collection of checks, transfer of funds, credit information, or any other needs.

OFFICERS

WILLIAM A. GASTON, <i>Chairman</i>		ALFRED L. AIKEN, <i>President</i>
<i>Vice-Presidents</i>		
HAROLD MURDOCK	NORMAN I. ADAMS	ROBERT S. POTTER
W. A. BURNHAM, Jr.	JOHN BOLINGER	ADDISON L. WINSHIP
<i>Cashier</i>		
JAMES E. RYDER, <i>Cashier</i>		
<i>Assistant Cashiers</i>		
HENRY F. SMITH	FRANK HOUGHTON	FRANK A. NEWELL
GEORGE H. S. SOULE	GEORGE E. FICKETT	ERNEST H. MOORE
MAX F. ROESTI	WILLIAM S. TOWN	

THE NATIONAL SHAWMUT BANK OF BOSTON

Resources over \$200,000,000

sents a mortgage of nearly fifty per cent. of that wealth. For Austria-Hungary the increase has been to sixty per cent. of the nation's wealth, for France and Russia to forty-five per cent., and for the United States eight per cent.

Estimating the indebtedness of the nations on January 1, 1919, the figures of the Mechanics & Metals National Bank are as follows, in comparison with the national debt figures as they stood at the outbreak of the war, on August 1, 1914:

	Gross debt of August 1, 1914	January 1, 1919
United States	\$1,000,000,000	\$21,000,000,000
Great Britain	3,500,000,000	40,000,000,000
France	6,500,000,000	30,000,000,000
Russia	4,600,000,000	27,000,000,000
Italy	2,800,000,000	12,000,000,000
Entente		
Nations	\$18,400,000,000	\$130,000,000,000
German Empire and States	5,200,000,000	40,000,000,000
Austria - Hungary	3,700,000,000	24,000,000,000
Teutonic Nations	\$8,900,000,000	64,000,000,000
Gross debt, all	\$27,300,000,000	\$194,000,000,000

Vast as the above figures are, the debt obligations of the nations will not end even here. A gross total of 194 billion dollars for the countries given,

acknowledge only the war indebtedness, as added to the indebtedness of 1914. It makes no allowance for obligations to be incurred for further military purposes, for the demobilizing of armies, and for pensioning them. Nor does it allow for the restoration and replenishment expenditures that will impose upon the nations the duty to incur further loans. There will be, beside the expense of demobilizing the armies, the work of rebuilding and restoring, of housing on an unparalleled scale and of roadmaking. There will be the imperative need of agricultural development, shipbuilding and improvement of transportation, to say nothing of schemes of economic and social reform that are regarded as absolutely essential to future national efficiency.



Ernesto Tornquist & Co., Ltd.

AN increase of the capital of Ernesto Tornquist & Co., Ltd., was effected at the shareholders' meeting in Buenos Aires on October 31, the increase being

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized . . . \$7,500,000
Paid-up 3,250,000
Reserve Fund ; . . . 3,000,000

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

[Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius]

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

from \$7,500,000 gold to \$12,000,000. This change was brought about by transferring \$4,500,000 from the extraordinary reserve to capital account.

Net profits for the last year were \$2,525,906.23, exceeding those of any year since the organization became a limited liability company.



British Bank Opens Branches in Belgium

THE directors of Lloyds Bank (France) and National Provincial Bank (France), the French subsidiary of the two important English banks of the same name, announce that branches of the bank are to be opened in Brussels and Antwerp.

One of the first conditions of reconstructing the economic life of Belgium is the provision of proper currency, banking and exchange facilities, and the English banks can assist materially in the provision of these facilities.



African Banking Corporation Limited

ADVICES to William Logan, New York agent of this institution, state that the board of directors have recommended a dividend for the year ending September 30 of four per cent., less income tax, being at the rate of eighty per cent. per annum. The dividend was payable January 17.

London and River Plate Bank, Limited

THE fifty-sixth ordinary meeting of shareholders of the London and River Plate Bank, Limited, was held on December 17 at the office in London, Mr. Kenneth Mathieson presiding. In his address the chairman referred to the fusion of interests with Lloyds Bank, Limited, and to the opening of a branch in Manchester. He then made the following review of the bank's operations:

I think I am right in saying that the grand total of the present balance-sheet demonstrates the largest volume of business ever undertaken by the bank, and this, in conjunction with the profit obtained, will no doubt be entirely satisfactory to the shareholders.

On the liability side of the balance-sheet, capital and reserve accounts remain unaltered, but I would call special attention to the large increase of current accounts and deposits at branches—£29,883,000 odd as against £23,817,000 odd the preceding year. This arises in part from actual augmentation of deposits and partly from their being converted into sterling at higher rates of exchange. The two items of acceptances amount to £2,466,000, as against £3,272,000 in the previous balance-sheet. This diminution is accounted for by the fact that a large portion of remittances from South America have recently been made by cable, and which therefore take the place of the customary ninety days' sight bills which would be accepted. Bills for collection for customers' account I will refer to in a moment. On the assets side, please note the increase in the item of cash on hand, namely, £12,762,000 odd as compared with £9,491,000 last year, or an increase of about £3,300,000. This denotes the strength of the bank's position. Similarly you will observe that this year we had £26,166,000 odd

Sociedade. Torlades

LIMITADA

32 Rua Aurea - - - Lisbon

General Financial and Commercial Business

Coal and Wheat Importers

Steamship Agents

AGENTS IN PORTUGAL FOR

Furness, Withy & Co., Ltd.

Compagnie des Messageries Maritimes

Societe Anonyme des Forges et Chantiers de la
Mediterranee

Bureau Veritas

LONDON CORRESPONDENTS

Brown, Shipley & Co.

Lloyds Bank Limited

London County Westminster & Parr's Bank Ltd.

NEW YORK CORRESPONDENTS

Brown Brothers & Co.

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 60 other
Places in Sweden

Capital Paid Up	. . .	Kr. 30,000,000
Surplus	. . .	Kr. 15,200,000
Resources About	. . .	Kr. 319,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { **The Mechanics & Metals National Bank**
The National City Bank of New York

of bills, advances, securities, etc., compared with £23,846,000 in the previous year—also a most satisfactory increase. A moment ago I referred to the item of bills for collection, £4,713,000, which appears on both sides of the account. Well, the board are particularly gratified at the expansion in this department of business with its shipping customers; the increase over last year being nearly £1,000,000. You will notice a small increase in bank premises, caused by rebuilding one of our offices, but I may here repeat what was said on previous occasions, that the value at which our properties stand in our books is much below their actual value.

Turning to the profit and loss account, I would remark here on the item of charges at head office and branches. The figure is £481,185 0s. 4d., or about £35,000 more than last year. There is one simple explanation, and that is the necessity and fairness of increasing salaries and granting war bonuses because of the notoriously enhanced cost of living, both at home and abroad. You will be pleased to know that our capital does not suffer from any depreciation of currency in South America, nor has there been any necessity to write off loss in connection with the securities we hold. The net profit obtained from the year's operations was £65,000 more than in the previous year, and the whole balance available for distribution about £130,000 more. The balance to be dealt with is £693,751 8s. 3d. (including £293,356 19s. brought forward), and after ample allowance has been made for bad and doubtful debts, income tax, and rebate of interest on bills not due, the following is the board's proposal:

To pay a final dividend of 11s. 3d. per share, less tax, which, with the two interim dividends already paid, makes up 15 per cent. for the year, less tax, on the paid-up capital of the bank. This final dividend will absorb £67,500. Then we recommend placing £100,000 to reserve fund (which will bring this up to £2,100,000), and carrying forward to profit and loss new account the handsome residue of £323,751 8s. 3d. This carry forward is some £30,000 larger than that of last year.

London Banks Increase Capital

THE London County, Westminster and Parrs Bank is increasing its capital by issuing one new one pound share at 35 shillings for each existing share, and also by distributing about £70,000 of shares as a ten per cent. staff bonus.

When these two operations are completed and the absorption of the Nottingham Bank has been consummated, the aggregate capital will be £8,500,000, and the reserve £8,750,000.

Williams Deacon's Bank has also obtained the Treasury's consent to increase capital from £7,812,500 to £10,000,000.



Conditions in Cuba

WALTER M. VAN DEUSEN, assistant manager of the Mercantile Bank of the Americas, who recently returned from Cuba, where he went in connection with the establishment of the new Banco Mercantil Americano de Cuba, organized under the auspices of the Mercantile Bank of the Americas and the Guaranty Trust Company of New York, and of which he is a director, was interviewed regarding the prospects of business in the Republic of Cuba.

Mr. Van Deusen was very optimistic regarding conditions in that republic. The present sugar crop bids fair to be the largest ever produced in the island,

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS . FRANCE

and as a sale has been arranged through the Sugar Equalization Board, at a figure which will give the sugar mills in Cuba a fair return, this crop alone will insure a prosperous period for Cuba.

The wages being paid in all branches of business, especially in the sugar industry, are high, and this gives to the laboring class a large purchasing power which in turn benefits the jobbing and retail stores.

The coming tobacco crop is apparently being produced under conditions which will make it the best in many years. The weather and climatic conditions have been exactly suited to the growth of the tobacco plant, and there is every indication that the crop will not only be fine in quality, but command a good price.

American business houses are making strong efforts to hold the trade of Cuba, ninety per cent. of which has come to this country during the past few years. They will, however, have to meet strong competition from English and Spanish manufacturers, and it will require their best efforts to hold their trade.

The banking business in Cuba is in excellent condition, as the past few years, having been very prosperous in the sugar industry, have enabled the borrowers from the banks to put their loans in excellent condition. There have been a number of new banking institutions organized in Cuba recently, but the great prosperity of the island will make room for all of them, as Cuba

needs a tremendous amount of foreign financing in order to enable her to properly handle the large crops which are produced there.

The new Banco Mercantil Americano de Cuba was organized to cooperate in the development of Cuba's resources and to promote trade between the United States and Cuba. It will be located in a new office building now being erected in the centre of the commercial district and its offices will be the most modern and up-to-date of any bank in Havana. The capital and surplus of the new bank, amounting to \$2,500,000, has been fully paid up. The officers are: Chairman of the Board, C. H. Sabin, president Guaranty Trust Company, New York; president, Albert Breton, vice-president Guaranty Trust Company of New York; vice-presidents, Frederick Strauss, of J. & W. Seligman & Co., New York; Thatcher M. Brown, of Brown Brothers & Co., New York; Jason A. Neilson, vice-president Mercantile Bank of the Americas, New York; manager, F. J. Cohnmichen, formerly manager Banco Mercantil Americano del Peru, Lima, Peru.

Cuba has suffered severely from the restrictions which had to be placed on the shipment from this country of food stuffs, but, now that these are being gradually withdrawn, this condition will be greatly improved.

There have not been as many tourists visiting Cuba this winter as usually was the case, but the passport restrictions are gradually being eased up, and it is anticipated that before the close of the season a large number of tourists, in addition to the business men visiting the island, will avail themselves of the opportunity of visiting one of the most delightful winter resorts to be found anywhere in the world.



New Japanese Adviser to China

ANNOUNCEMENT is made of the appointment of Baron Sakatani as financial adviser to the Chinese Govern-

ment. Baron Sakatani is a son-in-law of Baron Shibusawa, one of Japan's richest men, and is himself one of Japan's greatest financiers. He recently spent six months in China studying Chinese currency problems with a view to devising a better monetary system, and it is expected that as financial adviser he will endeavor to effect adoption of the gold standard in China.



Investment Opportunities in Colombia

IN a recent address by Phenor J. Edor, of the New York office of the Mercantile Bank of the Americas, the investment opportunities in Colombia



PHENOR J. EDOR
Mercantile Bank of the Americas, New York

were presented to the attention of American capital. Mr. Edor first gave an outline of the organization and methods of operation of the Mercantile Bank of the Americas, and then said:

NOYES & COMPANY

Established 1879

Foreign Bills
Government and Municipal Bonds

8, Place Edouard VII.
PARIS . FRANCE

So much for banking. Now in regard to investments. The American Mercantile Bank of Colombia, as the name implies, is a mercantile bank—that is to say, it engages in merchant banking and is primarily designed for financing commercial operations. It would not be sound banking for it, and this is one of the things that we have to teach our Colombian friends, to tie up its capital even indirectly by loans for capital purposes. By releasing, however, local capital hitherto for lack of proper credit facilities tied up unnecessarily in financing crop movements and commercial operations, the burden of which should be properly borne by a bank, it will undoubtedly aid in the development of the resources of the country. Moreover, it can act as an intermediary for American capital seeking investment in Colombia, and it stands ready at all times to furnish coöperation in this direction.

I have not time to adequately cover the field of investment possibilities in Colombia. I can do no more than hint at one or two. The department of commerce has recently published a book on Possibilities for Investments in Latin America by Mr. Halsey, Special Agent, which I recommend to your attention. It includes Colombia, of course, and for statistics and a more comprehensive treatment I take the liberty of referring you to it.

The possibilities for investment may be grouped as follows:

- (a) Government and public loans generally.
- (b) Transportation and public utilities generally.
- (c) Agricultural and cattle manufacturing.
- (d) Development of the natural resources of mines and forests.
- (e) The Government of Colombia has been rapidly establishing an improved credit standing. It has ever since the administration of President Peze in 1905 been in-

citing the service on its foreign debt. Its foreign and internal debt, per capita, is one of the smallest of the world and its present outstanding foreign obligations, as well as any it may put out hereafter, under proper safeguards and under proper banking auspices would be well worthy of serious attention on the part of an investor. Recently, owing to its revenues being based almost wholly on custom duties and imports due to the war having fallen off, the Government has been in hard straits, but the future is promising, even under the present system and revenues could be greatly increased under proper taxation. The departments and municipalities have, with insignificant exceptions, never put out any bond issues and here is another field that might always, of course, under proper investigation and safeguard, profitably be worked up.

(b) Colombia has only a few railroads—all short lines. There is no road from the coast to the capital. A great deal of money could be put into railroads in the country. A few of the projected lines would probably pay from the start, but most of them would not have traffic enough at the beginning to make them pay without Government support. Public utilities, municipal improvements, electric light and power plants, dock and harbor and river improvements, water supply, tramways, sewerage systems, slaughter-houses, etc., are needed in nearly all parts of the country and offer a fruitful field for American enterprise.

(c) The agricultural and cattle possibilities of the country are among the most promising for investment on either a large or a small scale. Some American capital has already gone in. The United Fruit Company has built up a very valuable banana industry—the Santa Marta region. There is one American sugar plantation (the Cauca Valley Agricultural Co.) in the Cauca. The American Colombian Corporation has bought large holdings for development in the Magdalena Valley. The International Products Co. has a concession for a packing-house on the Atlantic Coast and there seems to be unlimited opportunities for the development of live stock, coffee, cocoa, fruits and other tropical products—all depending upon improvement of transportation.

(d) Mining can be expected to develop with great rapidity. Colombia is already one of the largest gold producers in the world and American interests are rapidly increasing the platinum production of the country. It possesses the only emerald mines in the world. Oil prospecting has been progressing rapidly and interesting developments are momentarily expected. Other metals and minerals, coal, iron, copper, etc., await better transportation facilities. The prod-

ucts, the forests—woods, ivorynuts, etc., are practically untouched.



Bank of Adelaide Opens New Branch

THIS bank opened on January 2 last a branch at 105 Pitt street, Sydney, New South Wales, under the management of Mr. A. H. Dale from the head office in Adelaide. The event is interesting, as although the bank was established in South Australia as long ago as 1865, it had until the opening at Sydney no branch outside that state, apart from the London office, which was opened in 1890.



Future Belongs to no Single Class

By OTTO H. KAHN

IYIELD to no one in my respect and sympathy for labor, or in my cordial and sincere support of its just claims. The structure of our institutions cannot stand unless the masses of workmen, farmers, indeed, all large strata of society, feel that under and by these institutions they are being given a square deal within the limits, not of Utopia, but of what is sane, right and practicable.

But I venture to say that this prediction that the world will belong to "labor" will not and ought not to come true, for the rulership of the world will and ought to belong to no one class. It will and ought to belong neither to labor nor to capital, nor to any other class. It will, of right and in fact, belong to those of all classes who acquire title to it by talent, hard work, self-discipline, character and service.

It is not by the spoliation of those who have been successful, but by the creation of larger assets and wider opportunity for all; not by pulling down some, but by creating a higher level for all, that national happiness and contentment can and must be enhanced.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baughner, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Blise, L., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Brancham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Eklirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Grimm, H. B., director, Department of New Business, St. Joseph Valley Bank, Elkhart, Indiana.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.

K

Kaha, A. T., vice-president, Commercial National Bank, Shreveport, La.
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., 237 East Ashley Street, Jacksonville, Fla.
Lann, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. E., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.
 Murali, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
 Pools, John, president, Federal National Bank, Washington, D. C.
 Potta, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
 Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
 Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.

Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.

Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
 Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Massachusetts.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**



Diversified Uses of Soya Beans

IN an article in "The Romance of the Soya Bean," by L. S. Palen, appearing in the January issue of "Asia" magazine, appears the following interesting account of the diversified uses of the soya bean:

Since its extensive introduction into the Western market, its uses have been diversified until now it is treated or mixed as a paint oil; it is purified and flavored with an admixture of olive oil for salad purposes; it forms the basis of some of our butter and lard substitutes; and, after various processes, furnished an ingredient for, or is used in the manufacture of, explosives, linoleum and varnish. Many would

doubtless be surprised to know that if Manchuria had not come to the rescue during these days of war, some of our greatest soap factories would have been hard pressed, even to the point of closing, for lack of raw material. Back in China this oil, which has a very penetrating pungent odor that modern processes of manufacture, however, eliminate, is the butter and lard of the masses, as it is their chief medium for frying, and in most cases constitutes the only element of fat in the diet. As it furnishes the enticing atmosphere of the inn to the discerning nose of the hungry carter at noon, so it speeds his journey as the axle grease for his cumbersome wheels, and provides the light that welcomes him again to the redolent haze of the caravansary at eventide.

Banking and Financial Industry

SPECIAL

**BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
CHAS. W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE F. MURNANE	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier



Italian Discount and Trust Company, 399 Broadway corner Walker Street

Italian Discount and Trust Co.

ONE of the most recent and significant indexes of the possibilities of the future growth of the commercial, industrial and financial relations between Italy and the United States is the union of the Banca Italiana di Sconto, of Rome, and the Guaranty Trust Co. of New York for the establishment in New York of the Italian Discount and Trust Co.

This joining of two of the most prominent financial institutions in Italy and the United States for the promotion of the interests of both countries was brought to a head by the activity of Mr. Albert Breton, vice-president of the Guaranty Trust Co. of New York, and Mr. Emilio L. Wirz, general manager of the Banca Italiana di Sconto, who made a special trip from Rome and spent several months in New York in connection with the organizing of the Italian Discount and Trust Co.

This company is incorporated under

the laws of the State of New York, with a capital of \$500,000 and surplus of \$250,000, and transacts a general domestic and foreign banking business, paying special attention, however, to Italian import and export trade, for which it has direct and unsurpassed facilities. It caters also to the large Italian colony in New York for the handling of checking accounts and special interest accounts. Its department devoted to foreign exchange, money orders and drafts has already assumed proportions which promise well for the development of this class of business.

The new company is quartered at 399 Broadway, corner of Walker street, in the building where the Italian Consul has his offices. It opened for business on November 11, 1918, the day the armistice was signed between the Allies and Germany, and the birthday of the King of Italy.

The president of the new company is

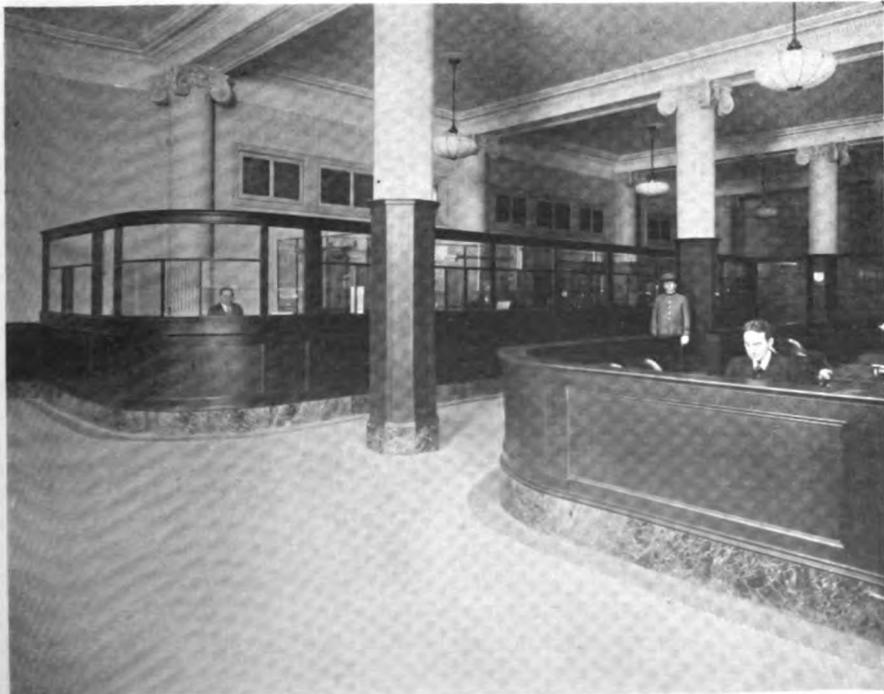


GEORGE P. KENNEDY, President



G. BIASUTTI, Vice-President

Italian Discount and Trust Co., New York



Main Banking Room, Officers' Quarters, Italian Discount and Trust Co., New York



HARVEY J. CONNOLLY, Secretary-Treasurer



GERARDO T. QUAGLIOTTI, Assistant Secretary

Italian Discount and Trust Co., New York

George P. Kennedy, formerly assistant treasurer of the Guaranty Trust Co. of New York, who is widely known in the several trades conducting business with Italy. Gaetano Biasutti, formerly manager of the Florence branch of the Banca Italiana di Sconto, is vice-president. Harvey J. Connolly is secretary and treasurer; Gerardo T. Quagliotti, formerly of the head office of the Banca Italiana di Sconto of Rome, is assistant secretary.

The directors are: Alexander J. Hemphill, chairman of the board of directors of the Guaranty Trust Co. of New York; Commendator Angelo Pogliani, managing director of the Banca Italiana di Sconto; Eugene W. Stetson, vice-president of the Guaranty Trust Co.; Harry Lawton, assistant treasurer of the Guaranty Trust Co.; Theodore

Rousseau, secretary to the president of the Guaranty Trust Co.; Emanuel Gerli of E. Gerli & Co.; Ho. John J. Freschi; George P. Kennedy, president, and Gaetano Biasutti, vice-president.

The Banca Italiana di Sconto, which acts as correspondent for the Italian Discount and Trust Co., ranks as one of Italy's leading banks, with a capital and surplus of over 200,000,000 lire. It has over eighty branches in the most important industrial and commercial centers of that country, as well as a branch in Paris and a London clearing-agency, the London Provincial and Southwestern Bank, Ltd., which was recently merged with Barclay's Bank. The chairman of the board of directors of the Banca Italiana di Sconto is Senator Guglielmo Marconi, the world-famous inventor of wireless telegraphy.



Fayette Bank and Trust Company Has Double Celebration in New Banking Home



New individual bank building for Fayette Bank and Trust Company, Connersville, Ind., erected, equipped, decorated and furnished by Hoggson Brothers, builders, New York and Chicago

THE Fayette Bank and Trust Company of Connersville, Ind., held open house recently to enable its friends and customers to inspect its magnificent new banking home, which was erected, equipped, decorated and furnished throughout by Hoggson Brothers, of New York and Chicago. Cross & Cross of New York were the architects.

The new edifice, of which the bank may justly feel proud, is of striking design, following the pure Greek-Doric style of architecture. It is of imposing proportions, being forty-eight feet wide by eighty-two feet long, of fire-proof construction throughout.

The main entrance is on Central street, flanked by a massive carved doorway, exquisite in its detail, set between huge free standing fluted columns over four feet in diameter. These columns and doorway form a recess portico entrance leading to the vestibule, which in turn opens directly into the main banking room.

Marble, bronze and tile fittings and equipment combine to make a decidedly beautiful banking room, which is skilfully arranged. The walls are finished in Caen stone effect, pilasters flanking the large windows and supporting a massive cornice carried around the

room. The layout is of the horseshoe type, wherein the working quarters center around the public space. This latter area is of ample size, enclosed by a counterscreen of unusual beauty, constructed of Alabama marble with Verde-Verde base and glass panels, set in bronze grilles and telescopic wickets. Two large marble check desks with plate glass tops and trays containing all necessary writing materials are installed for the convenience of customers.

The vault system in the new bank is of the most modern construction and ingenuity, affording accommodations not only for present needs, but for future expansion as well.

The Fayette Bank and Trust Company also at the time publicly celebrated the consolidation of the Fayette National Bank and the Farmers and Merchants Trust Company. The combined interests, with a capital and surplus of \$400,000, will henceforth be known as the Fayette Bank and Trust Company, recognized as one of the strongest financial organizations in the Middle West.



A Trap for Bank Gunmen

ACORRESPONDENT of the New York "World" presents a plan to foil the bank gunmen which, while written in a humorous vein, has some excellent points. This plan, too, might have a strong deterrent influence, if it were once known that modern banks were being equipped with this up-to-date device. This is the plan:

Seriously, now. One of my first jobs as a youngster out of school was as an all-around assistant to the cashier of a First National Bank in a Missouri country town not fifty miles from the old stamping-grounds of the James boys. On a local stock-sales day I've sat alone behind the brass rail of the paying teller's window with a bunch of money all around me. In those days the James brothers were memories merely, but now and then a bank somewhere experienced

the unexpected. I cogitated on these possibilities deeply. Suddenly the idea!

Briefly, it was this: Just in front of the teller's window a section of false flooring, six or eight feet square, rigged in hair-trigger fashion to drop to the bottom of an eight or ten foot basement floor at a touch of the teller's foot upon a pedal.

Of course, my bank didn't rig it up. It reminded me that an old-fashioned, six-shot, 45-calibre revolver lying around somewhere was enough. But one day I wrote the story of what a fictitious young chap like myself did to a Wild Western gunman who appeared suddenly in the centre of this fictional now-you-see-it, now-you-don't strip of matting outside the brass barrier. More, one of the leading boys' publications of the time sent me a \$50 check for the story.

But right now, and most seriously, isn't it possible so to rig up a device of the kind as to be fool-proof against landing a valuable customer jarringly in such a sub-basement, and thereby make the bank hold-up risk too great for even whiskey to stimulate? If history is going to repeat itself, we're likely to experience a whole lot of gunman business following this coming world peace—and the robbing of a bank always has least feazed the conscience of the most tenderfooted of the gunman type.



Keeping the Bank Building Full of Tenants

HOW to keep the bank building full of paying tenants is one of the problems facing many banks whose investments include a big building with many offices to be let to the public, especially when as often happens the building becomes a little old-fashioned and has to compete with more modern structures.

One bank has hit upon a method, as effective apparently as it is simple, which has the desired results. Not that this plan alone would insure a bank permanent tenants, but according to A. F. Bader, assistant cashier and publicity man of the Old State National Bank at Evansville, Ind., it goes a long ways in that direction.

In sending the newspaper page reproduced here, Mr. Bader writes: "Enclosed is a building occupancy adver-

THE EVANSVILLE COURIER, WEDNESDAY, JANUARY 1, 1915

WHO'S WHO IN THE OLD STATE BANK BUILDING EVANSVILLE, INDIANA.

Stores and Shops on Second and Third Floors—Take Elevators.

Table listing tenants on the second and third floors, including Boston Book Shop, W. E. Frensch Company, and others.

Table of Building Occupants on the second floor, including Alton Frank, American Export Yelbrough Co, and others.

Advertisement for the Old State Bank Building, featuring a detailed architectural illustration of the building and a list of directors.

Table of Building Occupants on the third floor, including Knapp & Knell, Deffert, and others.

Table listing tenants in the banking department of the Old State National Bank, including various individuals and their roles.

Table listing tenants in the Old State Bank Building, including A. F. Bader, Roper, and others.

The Occupancy of the OLD STATE BANK BUILDING is equivalent to the population of any of these well-known towns: LINCOLN CITY :: WADESVILLE :: STEWARTSVILLE :: BUCKSKIN :: GRIFFIN

This full page newspaper ad is one of the methods adopted by one institution to keep its office building full of permanent tenants

tisement which we publish annually. It appeared first a year ago and attracted more attention than any kind of building publicity of the Old State Bank building. All tenants and their employees now look forward to this annual feature with great interest and have be-

come '100 per cent. boosters' for the bank. "We cooperate liberally with our tenants and have always had a full building with many names on the waiting list, because the tenants are 'let in' occasionally on our unique publicity features."



Book Reviews

AMERICAN PROBLEMS OF RECONSTRUCTION. Edited by Elisha M. Friedman. E. P. Dutton and Company, New York. Price, \$4.00.

This book is a study of the economic and financial aspects of reconstruction after the war in this country. The collaborators are leaders in American economics and production and have written with these points in view:

1. What are the temporary effects of the war?
2. How may readjustment of peace conditions be facilitated?
3. What are the permanent effects of the war?
4. What changes in our national life must result therefrom?
5. What should be our national economic policy?

Franklin K. Lane has written a foreword of much interest. The index is very ample.



CLEARING HOUSE. By Jerome Thralls. American Bankers Association, N. Y. Price, \$1.00.

This book is based on practical experience and is designed chiefly for the purpose of giving full and definite information regarding the origin and development of clearing houses.

Explains the systems, plans and methods promulgated by the clearing house section of the American Bankers Association.



BUDGET-MAKING IN A DEMOCRACY. By E. A. Fitzpatrick. Macmillan Co., New York. Price, \$1.50.

This is a book of wide social appeal presenting a new view of budget-making.

It points out the direct relation of the budget to our fundamental democracy.

Students of political science and others concerned about reconstruction after the war will find this an illuminating discussion of an admittedly pressing political problem.



BANK WINDOW ADVERTISING. By W. R. Morehouse. Bankers Publishing Co., New York. 150 pages. \$2.50.

That versatile writer on bank advertising—W. R. Morehouse, assistant cashier of the Guaranty Trust and Savings Bank, Los Angeles, Cal.—has produced another practical guide to a new form of bank advertising, published under the above title by The Bankers Publishing Co. of New York.

Mr. Morehouse does not present the subject from the theoretical side. He has tried the methods he proposes and has found them productive. But he travels outside the range of his own personal experience and tells what other banks have done by the use of this new and effective form of bank advertising.

When you think of it, the problem is a simple one: there are perhaps thousands of people passing your bank every day, and if you wish to attract their attention to the services which your institution can offer them, the window space offers an excellent means of doing so. A bank in thus displaying its facilities does something more than make a bid for business; it offers a wider use of its services, to the benefit of the community as well as to the profit of the bank. Of course, to the bank that believes it wrong to ask for more business, Mr. Morehouse's book will carry no appeal; but to the bank

that believes its services should be as widely distributed as possible, he presents a striking message, telling them how to utilize their windows effectively, how to add to their business and good will, how to make the bank an attractive and friendly place—all without the sacrifice of that dignity so dear to the heart of the "conservative" bankers.



ADVERTISING AND SELLING PRACTICE.
By J. B. Opdycke. A. W. Shaw Co., Chicago. Price, \$1.25.

A book for training junior employees. Explains the origin of advertising and how modern advertising and selling developed.

It is not limited to history and theory, but gives specific plans and principles, the vocabulary necessary and style of copy that builds business.

An excellent bibliography on advertising and selling is appended.



BUSINESS LAW. By Thomas Conyngton. Ronald Press Co., N. Y. Price, \$4.00.

This manual combines general rules of conduct with the full weight of legal authority.

While designed primarily as a working manual, it is presented in the form of an interesting concise reading course.

It gives definite answers to the problems of every man concerning insurance, inheritances, real estate, bankruptcy, partnerships, notes and in many other particulars where the law should be known.



ORGANIZED BANKING. By E. E. Agger. H. Holt & Co., N. Y. Price, \$3.00.

This book gives the why and wherefores of the organization of modern commercial banking on a national scale.

It takes up the centralization of reserves, rediscounting, domestic and international clearings and the protection of national reserves.

On the basis of the principles developed in the discussion of these subjects, the attempt is made to work out the requirements of an economically organized banking system.

The last two chapters are given to an analysis of the principles of the new Federal Reserve System.



BUSINESS OF FINANCE. By Hartley Withers. E. P. Dutton & Co., N. Y. Price, \$1.50.

The object of this book is to show where the strength of finance lies and how it can best be utilized after the war in rebuilding civilization.

The author presents such subjects as currency, credit, capital, manufacture and marketing of securities, international currency, investment abroad, finance and government.



ACCOUNTING AND COSTS. By A. W. Shaw Co., Chicago. Price, \$3.00.

To explain the principles underlying the determination and control of cost in running a bank is the subject of this book.

In considering the problem of regulating expense, a collection of the exact systems used by progressive banks to meet rising costs and to check profit leaks is presented in detail. Indexed.



BUSINESS AND LAW. By E. T. Roe and E. G. Loomis. J. A. Hertel Co., Chicago. Price, \$2.75.

A complete legal and business compendium of facts, figures, tables,

weights, measures, statistics, short cuts in figures, etc.

Chapters devoted to commercial paper, wills, deeds, mortgages, transporta-

tion, government, taxes and other subjects of especial interest to bankers.

There is an accompanying set of test questions.



Trade Acceptances and Bank Acceptances

Better Business, Sounder Business, More Business, in 1919

THE TRADE ACCEPTANCE

What It Is

Trade Acceptance is a bill of exchange drawn by the seller of goods covering the purchase price and accepted by the buyer. (The buyer stamps or writes across the face of the instrument the word "Accepted" with the date, bank where payable, and his name, and returns it to the seller.)

It is a written acknowledgment of the correctness of the debt incurred and an agreement to pay it when due.

It thus reduced the uncertainty and fiction of disputes, cancelled orders, returned goods, etc.

It substitutes for the clumsy, wasteful, and unsound open bank account, a liquid, negotiable instrument discountable at the banks, and rediscountable at the Federal Reserve Banks.

It relieves the seller from having to perform the function of the bank in "carrying" the time buyer and places this function where it belongs—on the bank.

It makes it possible, therefore, for the seller to conduct his business with less capital or to do more and sounder business with the same capital.

It tends to reduce greatly the losses from bad debts, the evils of slow collections, discount "grabbing," and other abuses that attend the open account system.

It stabilizes and strengthens credits, and makes for better and sounder business.

For Booklet explaining the Acceptance Method and blank Trade Acceptance Forms, apply to The Bank of Pittsburgh N.A.

What It Is Not

Trade Acceptance is not a device to display a cash discount nor any other sound legitimate business practice. (It is not to be confused with a promissory note which in many instances is given for overdue debts or for purely financial transactions.)

It is not of the nature of a sight draft which not uncommonly is used as a club to compel delinquent debtors to pay their bills.

It is not a device to give the seller any undue advantage over the buyer, neither is it one to put the merchant at the mercy of the banker.

It is not designed nor does it operate to "soften" credit, it merely turns "frozen" credit into liquid, bankable instruments.

It is not an attempt to make good credit out of poor credit nor to turn a bad customer into a good one—though it does operate strongly for more careful buying and for prompt collection.

It is no reflection upon the credit of a business concern to give trade acceptances, instead it enhances his credit standing since it shows both willingness and ability to meet his obligations promptly.

It is not a panacea for all business ills, nor can it be used to advantage in every time transaction—but it surely tones up credits wherever used.

BANKERS' ACCEPTANCES

Banker's Acceptance is a bill of exchange drawn upon and accepted by a bank or banker. It is a device by which a customer can use the strong credit of the bank in financing either foreign or domestic business at relatively slight cost.

Prior to the creation of the Federal Reserve System, American banks were not permitted to make acceptances, but this new and economical method of financing has already had a marked development, and it is bound to grow.

The Bank of Pittsburgh N.A. has a special department for the handling of Acceptance Credits in both Foreign and Domestic Trade. Our facilities are at your command. We shall be glad to advise with you as to the best method of financing this business.

ESTABLISHED 1850
The
Bank of Pittsburgh
National Association

This is the way one bank dispenses information regarding Trade and Bank Acceptances.
It is printed on a card about 13 x 16, suitable for hanging in the office

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Shareholders' Meeting

At the Twenty-Third Annual Meeting of the Shareholders of the Fourth National Bank held Tuesday, January 14th, 1919, the following statement of the bank's condition, as of December 31, 1918, was submitted:

RESOURCES

Loans and discounts.....	\$11,803,247.40
Overdrafts	472.56
U. S. bonds and certificates	3,031,059.64
Other bonds to secure U. S. deposits	90,000.00
Stocks and bonds.....	237,163.62
Fourth National Bank Building	625,000.00
Other real estate owned.....	7,000.00
Customers' guarantees account letters of credit.....	33,083.66
Customers' liability account our acceptance	342,000.00
Cash—	
In vault	\$ 972,058.86
Due from banks.....	5,081,628.10
Due from U. S. Treasurer	30,000.00—
	6,083,686.96
	\$22,252,713.84

LIABILITIES

Capital stock	\$ 600,000.00
Surplus	\$1,000,000.00
Undivided profits.....	264,613.43—
Reserve for interest and taxes.....	55,104.81
Circulation	600,000.00
Contingent liability account letters of credit.....	33,083.66
Acceptances for customers.....	342,000.00
Due Federal Reserve Bank secured by U. S. Certificates of indebtedness	1,290,000.00
Dividend No. 45.....	36,000.00
Deposits	18,031,911.94
	\$22,252,713.84

After charging off all doubtful assets, marking down the value of real estate and setting aside the sum of \$19,232.31 as bonuses, the Net Earnings for the year were \$213,381.04, which sum has been distributed as follows:

Dividends	\$72,000.00
Added to Account of Undivided Profits	114,613.43
Added to Reserve for Interest, Taxes	26,767.61
	\$213,381.04

This represents an increase in earnings of 31%; represents an earning of 35% on Capital Stock, and an earning of 12% on Capital, Surplus and Undivided Profits, as of Dec. 31, 1917.

A comparison of the foregoing statement with that of 1917 indicates the following:

Loans	Increase	\$1,181,117.22
Deposits	Increase	2,118,961.29
Total assets	Increase	3,664,842.62
Earnings	Increase	50,556.55

Accounts

	—December 31,—		Inc.
	1917	1918	
Individual	11,901	12,255	354
Savings	13,020	14,781	1,761
Bank	231	246	15
Total	25,152	27,882	2,130

Other Items of Interest From the Report

During the past year we have purchased the sum of \$4,129,200.00 of Liberty Bonds and have distributed the same to 11,120 different purchasers. We have purchased during the year United States Certificates of Indebtedness in the sum of \$4,311,500.00, and on the last day of the year we owned United States Certificates of Indebtedness in the sum of \$1,290,000.00 payable at an early fixed date.

For your information will say that another financial institution serves as registrar for the stock of this bank and countersigns each certificate before its issuance and delivery, thus making an over-issue an impossibility.

This bank continues its contract with the American Audit Co., for the count of its cash monthly and two complete audits during the year at their pleasure and without notice to officers or employees, and to furnish in addition a minimum of 20 days' service as needed.

In accordance with authority granted by your Board of Directors on June 13th last, contracts were entered into in behalf of this bank to remodel and enlarge its quarters. The work is now progressing satisfactorily and we feel warranted in saying that when completed it will provide commodious quarters commensurate with the importance of your Bank, befitting its loyal patrons and satisfactory to you.

Officers

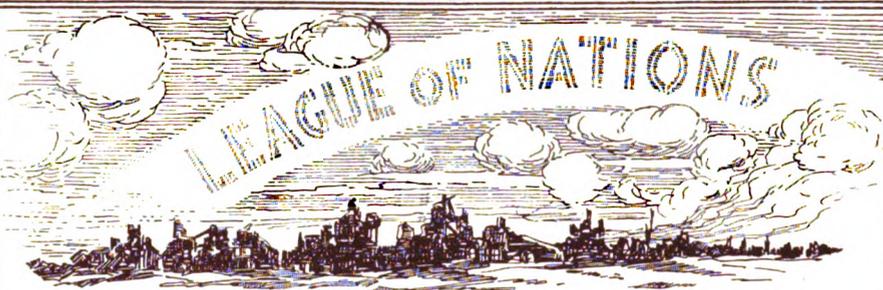
JAMES W. ENGLISH, Chairman of the Board

JOHN K. OTTLEY.....President
CHARLES I. RYAN.....Vice-President
JAMES D. ROBINSON.....Vice-President
WILLIAM T. PERKERSON.....Cashier
STEWART MCGINTY.....Assistant Cashier

FRANK M. BERRY.....Assistant Cashier
HATTON B. ROGERS.....Assistant Cashier
JULIAN CLAYTON.....Assistant Cashier
T. W. TOWNSEND.....Assistant Cashier
EDWARD H. DALY.....Auditor

Fourth National Bank

ATLANTA



UNDERWRITING VICTORY

In the golden bow of Hope that circles the bending sky of the great New World appear the magic words "LEAGUE OF NATIONS," and eloquently they declare that War shall be no more.

When the Peace Conference, without a dissenting vote, declared for a League of Nations, the world entered upon a new era marked by the triumph of Right and Justice and Humanity.

In the fulfillment of Peace, every individual and every institution has an obligation, just the same as every Nation and every People. Everywhere men of high ideals must henceforth devote themselves to the perpetuation of this supreme achievement of the great World War.

So far as this bank is concerned, it proposes to become at once an underwriter of Victory. It has resolved to interpret through its man-power and its organization the lessons of Democracy learned in the school of agony and tears.

It has resolved to further in every possible way the policy of mutual effort with its large number of customers and its growing clientele, to the end that the Ship of Trade may glide smoothly once more upon the great Sea of Commerce.

By a wholehearted participation in every sane effort at a better understanding of one another's problems, and a wholesome co-operation for the adjustment of business to the New Day this bank is resolved to underwrite Victory.

Let us go forward together.

NATIONAL BANK PROTECTION for SAVINGS

BROADWAY



AND OLIVE

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



UNION COMMERCE *National Bank* OF CLEVELAND

Capital, Surplus and Undivided
Profits \$7,500,000.00

SERVICE that has been tested for many years and proved efficient by banks and bankers in all parts of the country is what we place at the disposal of financial institutions having business to be attended to in this territory.

We cordially invite your Cleveland account.

OFFICERS

WARREN S. HAYDEN	Chairman	HARRY E. HILLS	Asst. Cashier
GEORGE A. COULTON	President	CARL R. LEE	Asst. Cashier
GEORGE B. RUSSELL	Vice Pres.	FRANK A. WHITE	Asst. Cashier
WILLIAM E. WARD	Vice Pres.	FRED W. COOK	Asst. Cashier
CHARLES L. BRADLEY	Vice Pres.	GEORGE O. HALL	Asst. Cashier
ELMER E. CRESWELL	Vice Pres.	EZRA W. BOURNE	Asst. Cashier
WALTER C. SAUNDERS	Cashier	JAMES DUNN, Jr.	Mgr. Income Tax Dept.

UNDER JOINT OWNERSHIP WITH
THE CITIZENS SAVINGS AND TRUST CO.
COMBINED RESOURCES OVER \$145,000,000.00

Banking and Financial Notes

MERCANTILE TRUST AND DEPOSIT MAKES ADDITION TO STAFF

The directors of the Mercantile Trust and Deposit Company of New York have elected to a vice-presidency P. S. Duryee, formerly assistant to the president, and appointed John H. Burns trust officer. Mr. Burns was formerly assistant secretary, and is succeeded in that office by R. F. Parkin.

NATIONAL CITY PAYS INTEREST ON RUSSIAN BONDS

On January 10 the National City Bank of New York paid the semi-annual interest on the outstanding issue

of \$50,000,000 Imperial Russian Government 6½ per cent. external bonds, involving a disbursement of \$1,625,000. There has been no default of interest on these bonds since the overthrow of the Russian Imperial régime, but the City Bank, as fiscal agent, has not made known the source from which it has received the money to meet the interest payments.

NEW MAN IN CREDIT DEPARTMENT OF NATIONAL BANK OF COMMERCE

Harold S. Schultz, formerly secretary of the New York Chapter, American Institute of Banking, has joined the Credit Department of the National Bank of Commerce in New York. He was recently discharged from the Air Service of the Army, in which he was a first lieutenant in command of a balloon company.

MR. FRANKLIN ON THE FIFTH LIBERTY LOAN

Lewis B. Franklin, formerly vice-president of the Guaranty Trust Company of New York, and now chairman of the War Loan organization of the United States Treasury, recently addressed the Bond Club of New York at a meeting held at the Waldorf-Astoria, and presided over by Edwin H. Barker of the National City Company. Mr. Franklin, in his address, asked for co-operation in floating the fifth Liberty Loan. This loan, Mr. Franklin said, would be launched between now and June, and would not be of small dimensions. He said:

The members of this club and every bond-seller in New York ought to be proud of himself and the city in which he lives. Of every Liberty Loan total, New York has been asked to raise 30 per cent., and every time New York has done more than was asked of it.

It is a good thing for the National Government that the people have acquired this



Mr. Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Good Methods

and the intelligent fostering of its customers' interests
. . . a policy that has stood the test of time.

The Chemical Bank is seeking new business on its record.

Capital paid in	-	-	-	-	\$ 300,000
Capital earned	-	-	-	-	2,700,000
Surplus earned	-	-	-	-	10,000,000
Deposits	-	-	-	-	80,000,000
Resources	-	-	-	-	105,000,000

The Chemical National Bank of New York

(Established 1824)

habit, for there is another Liberty bond drive coming, and the amount of money asked for will not be small. I don't know when the campaign for the Fifth Loan will begin, but it will be between now and June. I don't know what the amount will be, but I can tell you this: In the first week in December all the money obtained in the Fourth Loan had been spent, except the amount set aside for obligations not yet due. The expenses are averaging just a little below \$2,000,000,000 a month, and they have not yet reached the peak. When they do, of course, they will go down rapidly.

PORTRAIT OF DUMONT CLARKE

The American Exchange National Bank, at 128 Broadway, has unveiled in its directors' room a portrait of Dumont Clarke, a former president, as an appreciation of his contribution to the standing and growth of the bank. The picture is a life-size oil painting, done by C. Pizzella, and represents Mr. Clarke at his desk. Mr. Clarke was president of the American Exchange National Bank from 1894 until

his death in 1909. He entered the service of the bank in 1863.

MR. WARD PRESIDENT OF THE IRVING

At the recent meeting of the directors of the Irving National Bank, New York, Lewis E. Pierson was reelected chairman of the board, Rollin P. Grant, formerly president, was elected vice-chairman of the board and Harry E. Ward, formerly first vice-president, was elected president.

The banking history of these men exemplifies the spirit of democracy so strongly characteristic of American institutions and shows something of the bearing of personality, energy and perseverance upon business success.

All three started at the bottom of the ladder as bank messengers. Mr. Pierson and Mr. Grant entered the Irving in 1898 and Mr. Ward in 1901. At that time the bank's deposits were about two million dollars and operations were

confined to a comparatively small section of New York city. Now deposits are 135 millions and the bank's services



HARRY E. WARD

Newly elected President of the Irving National Bank, New York

are represented actively in all parts of the world.

At the same meeting William Grafe and H. A. Mathews were appointed assistant cashiers. These newly-elected officers have been connected with the Irving for several years and were both in active service during the war.

NEW ASSISTANT CASHIER OF THE HARRIMAN NATIONAL BANK

H. B. Fonda, at one time assistant cashier of the National Bank of Commerce, New York, and M. S. Billmire, now cashier of the Citizens' National Bank of Baltimore, have been appoint-

ed assistant cashiers of the Harriman National Bank, New York.

NEW PRESIDENT OF MERCHANTS NATIONAL BANK, NEW YORK

Raymond E. Jones has been elected president of the Merchants National Bank, New York, succeeding Senator Theodore E. Burton, who was made chairman of the board. Mr. Jones was formerly one of the resident agents of the Royal Bank of Canada and went to the Merchants National as vice-president when the bank changed hands in 1917. He is 34 years old and at the



RAYMOND E. JONES

President Merchants National Bank of New York

time of his election was the youngest national bank president in the city. J. E. Aldred was chosen chairman of the executive committee.

MR. PENNY ELECTED VICE-PRESIDENT OF BANK OF COMMERCE

It is announced that David H. G. Penny, assistant director of the Fed-

"The Bank That Service Built"

THE
SEABOARD NATIONAL BANK
OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,725,000
Deposits	55,917,000

S. G. BAYNE, President	O. M. JEFFERDS, Asst. Cashier
C. C. THOMPSON, Vice-President	C. C. FISHER, Asst. Cashier
B. L. GILL, Vice-President	J. D. SMITH, Asst. Cashier
W. K. CLEVERLEY, Vice-President	B. I. DADSON, Asst. Cashier
L. N. DeVAUSNEY, Vice-President	J. E. ORR, Asst. Cashier
H. W. DONOVAN, Cashier	

DIRECTORS		
SAMUEL G. BAYNE	HENRY C. FOLGER	JOSEPH SEEP
WILLIAM K. CLEVERLEY	BENNETT L. GILL	CHARLES C. THOMPSON
EDWARD J. CORNISH	EDW. H. R. GREEN	DAVID H. E. JONES
HENRY WHITON	PETER McDONNELL	ROBERT J. CALDWELL

The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

eral Reserve Board's foreign exchange division, has been elected a vice-president of the National Bank of Commerce in New York. The foreign exchange department of the Federal Reserve Board controls all foreign exchanges of this country with the view of preventing transactions beneficial to enemy countries, and Mr. Penney's experience will be highly beneficial to the National Bank of Commerce, where he becomes an official.

The Board's foreign exchange division was instrumental in stopping a great many transactions that would have been detrimental to this country's interests during the war. Under an executive order of the President, instructions were issued by the Board providing that all persons or organizations desiring to deal in foreign exchange or with foreign correspondents must do so in conformity with its regulations. These required registration and the filing of reports with the Board. In addition to preventing foreign business that would

directly or indirectly benefit America's enemies or their allies, the system was developed to facilitate the proper foreign business of this country so that the least possible friction would be caused to dealers here. A further purpose was to obtain information of value to the Federal Reserve Board in determining the advisability of gold shipments, or to the War Trade Board in issuing import and export licenses. The reports for these purposes were drawn so as to protect confidential business relations. Mr. Penny has worked with the director in charge of the division, Fred I. Kent, in carrying out these various measures.

MORRIS BECOMES VICE-PRESIDENT OF BANKERS TRUST

Richard L. Morris has been elected a vice-president of the Bankers Trust Company of New York, and will be connected with the bond department. He was formerly with the banking firms of Potter, Choate & Prentice and Kean

Taylor & Co., and the commercial paper house of Blake Brothers & Co. Mr. Morris lately served as chairman of the committee on legislation of the Investment Bankers Association.

NORTH MCLEAN APPOINTED VICE-PRESIDENT OF MECHANICS AND METALS NATIONAL BANK

North McLean, for a number of years manager of the foreign depart-



NORTH MCLEAN

Vice-President and Manager of Foreign Department
Mechanics and Metals National Bank, New York

ment of the Mechanics and Metals National Bank of New York, has been appointed a vice-president of that bank. He will continue to fulfill his duties as manager of this department.

APPOINTMENTS AT THE GUARANTY TRUST COMPANY

Richard P. Staigg, assistant secretary at the London office of the Guaranty Trust Company of New York, has been appointed assistant secretary at the main office in New York.

Mr. Staigg began his banking career in 1907 with the Canal Bank and Trust Company in New Orleans. He left there to enter the foreign department of Armour & Company in Chicago, where he was employed for two years. Returning to the Canal Bank and Trust Company he became secretary to Albert Breton, now a vice-president of the Guaranty. He continued as Mr. Breton's secretary when the latter came to the Guaranty in February, 1916, and was made an assistant secretary at the Paris office when it was established in May, 1917. Mr. Staigg was transferred to the London office last July to take charge of the new West End office of the Guaranty Trust Company.

Ellsworth C. Grey, former secretary to Vice-President Grayson M.-P. Mur-



HENRY W. CARLISLE

Assistant Manager Publicity Department Guaranty
Trust Company of New York

phy of the Guaranty Trust Company, has been appointed assistant treasurer at the Paris office of the Company.

Mr. Grey came to the Guaranty in November, 1915, from the Finance and

Atlantic National Bank

257 Broadway New York

Established 1829

Nationalized 1865

An Efficient Banking Service in
Close Touch with Present-day
Commercial Developments



<i>Capital, Surplus and Undivided Profits</i>	. . . . .	\$1,800,000
<i>Total Deposits</i>	. . . . .	\$18,000,000

Trading Corporation as secretary to Mr. Murphy. When the latter entered the United States Army upon the outbreak of war with Germany, Mr. Grey continued with the company, serving briefly in various departments and at the same time taking an active part in the work of the Liberty Loan Committee, of which he was for some time an assistant secretary. In August, 1918, he was sent to the Paris office of the Guaranty.

Henry W. Carlisle was appointed assistant manager of the publicity department of the Guaranty Trust Company of New York on January 20. Mr. Carlisle was born in Indianapolis thirty-five years ago and after graduation from high-school joined the staff of the Indianapolis "News" as a reporter. He was with the Cincinnati "Post" for a short time in 1904 and then came to New York to study art at the Art Students' League. He did considerable writing and illustrating for various periodicals until 1909, when he joined the staff of the Evening "Sun," where

he remained for seven years. During that time he reported many of the leading events of the day for his paper and became one of the best known of New York newspaper men. He entered the publicity department of the Guaranty Trust Company in July, 1917, and for more than a year has been the editor of the "Guaranty News."

NATIONAL CITY APPLIES FOR FIDUCIARY POWERS

The National City Bank has made application to the Federal Reserve Board for permission to exercise fiduciary powers under the recent amendment to the Federal Reserve Act.

MR. CRISCUOLO NOW WITH MERRILL, LYNCH & CO.

Luigi Criscuolo, formerly associated with Redmond & Co., is now connected in an advisory capacity with Merrill, Lynch & Co., 7 Wall street, New York.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN D. FAIRCHILD, <i>President</i>	
JULIAN P. FAIRCHILD, D. W. McWILLIAMS, WILLIAM J. WASON, JR.,	} <i>Vice-Presidents</i>
	THOMAS BLAKE, <i>Secretary</i> HOWARD D. JOOST, <i>Assistant Secretary</i> J. NORMAN CARPENTER, <i>Trust Officer</i> GEORGE V. BROWER, <i>Counsel</i>

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

Mr. Criscuolo has been connected with the United States Railroad Administration Division of Finance since last March, and is well known as a contributor to THE BANKERS MAGAZINE and other publications.

J. S. MAXWELL AND G. F. MURNANE
ELECTED VICE-PRESIDENTS OF THE
LIBERTY NATIONAL BANK

Directors of the Liberty National Bank of New York at a recent board meeting elected two new vice-presidents,



JOSEPH S. MAXWELL

Vice-President Liberty National Bank, New York

Joseph S. Maxwell and George F. Murnane. Mr. Maxwell comes to the Liberty from the First National Bank, with which institution he has been con-

nected for the past nineteen years, since 1915 as assistant cashier. In 1914 he was appointed a member of the sub-committee on emergency currency for



GEORGE F. MURNANE

Vice-President Liberty National Bank, New York

the National Currency Association of New York, in the work of which committee he was very active. He has also been secretary, treasurer and trustee of the Bankers Safe Deposit Company. Mr. Murnane is now Deputy Commissioner for France of the American Red Cross. He has been in France since last year with Harvey D. Gibson, president of the Liberty National and Red Cross Commissioner for France. Previous to going abroad last June, Mr. Murnane was closely associated for over

The First National Bank of Chicago

organized in 1863, was the eighth national bank to receive the approval of the Federal Government. During more than half a century its growth has been coincident with that of Chicago and the vast area of which this city is the commercial center. The bank's capital in 1863 was \$205,000; today the bank has capital and surplus of \$22,000,000. In 1863 the first published statement showed deposits of \$273,000; deposits at the end of 1918 were over \$200,000,000. The bank's business is international in scope and under its divisional organization customers come into close personal contact with officers familiar with financial requirements in their specific lines. The accounts of banks and bankers are under the supervision of John F. Hagey, Vice-President; R. Frank Newhall, Cashier; George H. Dunscomb and J. P. McManus, Assistant Cashiers.

a year with Mr. Gibson in organization work of the Red Cross at Washington. He is vice-president of the H. K. McCann Company, Advertising, at 61 Broadway, New York, with which company he has been connected since 1912. His organization and administrative experience, both in commercial life and in his Red Cross activities, has been very broad. He is expected to return from France in February along with Colonel Gibson, who is coming back to resume active work as president of the bank.

THE IRVING'S COMMERCIAL MAP

A pocket edition of its commercial map of Latin America has been prepared by the Irving National Bank for the convenience of commercial travelers.

PROMOTIONS AT NATIONAL CITY BANK

H. T. Johansen has been appointed an assistant vice-president of the Na-

tional City Bank and F. Omally has been made an assistant cashier.

FARMERS LOAN DIVIDEND

A dividend of five per cent, was declared by the Farmers Loan and Trust Company, payable February 1. This represents an increase of one-half of one per cent. from the previous quarterly payment.

BECOMES VICE-PRESIDENT OF THE SCOTT CORPORATION

G. B. Rickenbaugh, who has been connected with the Irving National Bank of New York for the past two years, was recently elected vice-president and general manager of the Scott Corporation. The company deals extensively in automobile accessories in both domestic and foreign fields. It has general offices in Paris and London, the main office being located in New York.



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN

President

FRANK J. HEANEY

Vice-President

WILLIAM H. STRAWN

Vice-President

NORBORNE P. GATLING

Vice-President

H. A. CLINKUNBROOMER

Vice-President

MAX MARKELL

Vice-President

WALLACE T. PERKINS

Vice-President

HENRY L. CADMUS

Asst. Cashier

HENRY C. HOOLEY

Asst. Cashier

JOSEPH BROWN

Asst. Cashier

RICHARD H. HIGGINS

Vice-President

BERT L. HASKINS

Vice-Pres. and Cashier

C. STANLEY MITCHELL

Vice-President

ROLFE E. BOLLING

Vice-President

GEORGE R. BAKER

Vice-President

JOHN B. FORSYTH

Vice-President

WALTER B. BOICE

Asst. Cashier

VINTON M. NORRIS

Asst. Cashier

HARVEY H. ROBERTSON

Asst. Cashier

GEORGE M. HARD

Chairman

ACCOUNTS INVITED

RESOURCES 100 MILLION DOLLARS

Before he came to the Irving, Mr. Rickenbaugh was identified with prominent banking interests in Pennsylvania. Because of his wide knowledge of general industrial conditions he is peculiarly qualified for his new position.

dent of the American Foreign Banking Corporation of New York. Until recently Mr. Fletcher has been engaged in war work, having assisted in the

CHASE NATIONAL ELECTS ADDITIONAL ASSISTANT CASHIERS

Otis Everett and George E. Schoepps have been elected additional assistant cashiers of the Chase National Bank of New York.

MR. HEPBURN ON FEDERAL RESERVE ADVISORY COUNCIL

A. Barton Hepburn, chairman of the advisory committee of the Chase National Bank, has been elected by the directors of the Federal Reserve Bank to represent the New York district on the Federal Advisory Council for the current year. J. P. Morgan has been the district member of the council for the last four years.

NEW VICE-PRESIDENT FOR AMERICAN FOREIGN BANKING CORPORATION

Alfred G. Fletcher, for many years connected with the Canadian Bank of Commerce, has been elected vice-presi-



ALFRED G. FLETCHER

Vice-President American Foreign Banking Corporation

organization of many large industries for war production.

In the administration of the American Foreign Banking Corporation, organized last year to extend American banking facilities abroad, Mr. Fletcher will be closely associated with Archibald C. Kains, the president and T. Fred Aspden, the vice-president.

VICE-PRESIDENT BANKERS TRUST COMPANY

Richard L. Morris was recently elected a vice-president of Bankers Trust Company of New York. Mr. Morris was born in New York in 1875, fitted for college at St. Mark's School, and after a year at Columbia became associated with the Norwich Union Insurance Company, where he remained for seven years. In 1901 he went with Blake Brothers & Company and later with Potter, Choate & Prentice. In 1910 Mr. Morris became associated with Kean, Taylor & Company and became a partner in the firm in January, 1912. He served as chairman of the committee on railroad bonds and chairman of the committee on legislation of the Investment Bankers association. President Seward Prosser announced that Mr. Morris would devote himself to the bond department of Bankers Trust Company, which since the war ceased has been expanding rapidly.

LIBERTY NATIONAL BANK OPENS INDUSTRIAL BUREAU

The Liberty National Bank of New York has announced the creation of an industrial department for the purpose of offering services in an advisory capacity on matters pertaining to manufacturing and industrial problems. The new department, it is expected, will bring about a closer relationship between the bank's customers who come under this general heading and the bank's officers.

MORE CAPITAL FOR CORN EXCHANGE BANK

At the annual meeting of stockholders of the Corn Exchange Bank of New

Resources

\$16,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



**Try our Service
and you will be entirely
satisfied**

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

Buffalo Correspondent

We are now serving a considerable number of banks throughout the Country—by handling their business in this district.

We place our facilities at your disposal.

Citizens Commercial Trust Company

Capital and Surplus . . .	\$2,500,000.00
Resources	25,000,000.00

MEMBER FEDERAL RESERVE SYSTEM

York, the proposed increase in the capital of the institution from \$3,500,000 to \$4,200,000, by the issue of 7,000 shares at \$100 each, was ratified. The increase is about twenty per cent. of the holdings of record January 31.

GROWTH OF PHILIPPINE NATIONAL

The extraordinary growth of the Philippine National Bank is shown by its statement of December 31, 1918, which exhibits deposits now totaling over \$93,000,000, capital \$4,605,160, reserve funds of \$1,780,000 and total resources of \$124,399,000. The New York agency of the Philippine National is now at 37 Broadway.

TO ENTER DISCOUNT FIELD

The banking firm of W. J. Wollman & Co., 120 Broadway, New York, are about to open a department to deal in bank and trade acceptances. The future possibilities of the discount market are rapidly gaining favor in this

country, and it is felt the recent organization of the American Acceptance Council will result in a broader market here for these credit instruments than exists at present. The department will be in charge of a competent trust company man of long experience in handling business of this class.

NEW BANKING AFFILIATION

Closer co-operation and extension of international financial interests are foreshadowed in the purchase by the Banca Commerciale Italiana, the largest commercial bank in Italy, of a substantial interest in the Lincoln Trust Company of New York.

The business of the Lincoln company will continue under the present management and a new board of directors will be chosen which will include prominent business men as representatives of the new foreign interests. The Banca Commerciale Italiana, located in Milan, has a capital of about \$40,000,000 and surplus of \$13,000,000, with

The DICTAPHONE— for Letter-Writing



As Simple as the Telephone

Why is The Dictaphone kept busy on every desk in such banks as The Fifth Avenue of New York, National City, National Park, Harris Trust & Savings, or National Bank of Commerce?

The scientifically simple and always dependable method of getting out more letters at less cost.

A lot of matters come up in the customers' room which call for dictation. A stenographer would not be allowed to intrude. But The Dictaphone is always ready for that letter, that inter-office memo, "tickler" or appointment reminder.

More and more, banking houses are finding The Dictaphone as indispensable as the adding-machine and the check perforator.

15-Minute Demonstration

It will take only fifteen minutes of your valuable time to prove absolutely that The Dictaphone will give you more letters at less cost and in a scientifically simple way. At your request, The Dictaphone Man will call with a machine and give you a demonstration in *your* office, on *your* work. Remember, it takes only 15 minutes. Phone or write branch office nearest to you.



THE DICTAPHONE

Registered in the U S and Foreign Countries

Dept. 126B, Woolworth Building, New York City
Branches Everywhere Write for booklet, "The Man at the Desk"

There is but one Dictaphone, trade-marked "The Dictaphone,"
made and merchandised by the Columbia Graphophone Company



"The Shortest Route to the Mail-Chute"

fifty branches in Italy, a branch in London and strong connections throughout South America. Its New York branch is at 165 Broadway.

The Lincoln Trust Company was established in 1902, and according to its latest report has capital, surplus and undivided profits of \$1,640,000, deposits of \$17,000,000 and total resources approximating \$25,000,000.

CITIZENS NATIONAL BANK OF NEW YORK

President Edwin S. Schenck of the Citizens National Bank of New York sends out the accompanying comparative statement of that institution, covering the period 1914-1918, taken from reports to the Comptroller of the Currency at the end of each year:

Date	Capital	Surplus and Undiv. Prof.	Deposits	Total Resources
Dec. 31, 1914.....	\$2,550,000	\$2,133,198	\$25,718,193	\$32,457,388
Dec. 31, 1915.....	2,550,000	2,250,280	29,907,656	36,931,721
Dec. 27, 1916.....	2,550,000	2,462,118	30,786,482	37,997,623
Dec. 31, 1917.....	2,550,000	2,667,212	36,215,179	46,379,510
Dec. 31, 1918.....	2,550,000	3,097,956	43,056,155	52,212,836

ACTIVITIES OF THE GUARANTY TRUST

Edouard de Billy, deputy high commissioner of the French government, has announced that the title of Chevalier of the Legion of Honor has been conferred by that government upon Charles H. Sabin, president of the Guaranty Trust Company of New York.

It is reported from the down-town office of the Guaranty Trust Company of New York that H. D. Bontlay, for some time an assistant manager of its bond department, has been appointed manager of its bond department at the Fifth avenue office.

HANOVER NATIONAL CAN DO A TRUST BUSINESS

The Federal Reserve Board has authorized the Hanover National Bank of New York to act as trustee, executor, administrator, guardian, and in other capacities under the amended provisions of the Federal Reserve Act. The Hanover National is the first national bank in New York to receive

such authority, although the Chemical National Bank recently received authority to act as registrar of stocks and bonds. An officer of the Federal Reserve Bank of New York states that a number of other important national banks of New York City propose to make application for trust powers. The Federal Reserve Board at Washington, through its counsel, interprets the recently enacted amendments to Section 11 (k) of the Federal Reserve Act as removing the objection to granting trust powers to national banks in this state. It is held that trust companies compete with national banks in the commercial banking field and that under the decision of the United States Supreme Court, the existing prohibitive statute notwithstanding, the board has

authority to grant such fiduciary powers to national banks.

EQUITABLE TRUST MAKES NEW APPOINTMENTS

The Equitable Trust Company of New York announces the following appointments to its official staff:

Vice-presidents, Richard R. Hunter, formerly secretary, and Herman J. Cook, formerly treasurer.

Secretary, William J. Eck, formerly assistant secretary.

Treasurer, Arthur A. Miller, formerly assistant treasurer.

Assistant Secretaries, George V. Drew, formerly assistant manager Colonial Branch; Frank H. Shipman, formerly assistant treasurer; Harry P. Nash, Jr., Joseph E. Smith, Virgil W. Miller and Russel Brittingham.

Manager publicity and new business, James Q. Newton.

Assistant manager real estate department, William J. McNicol.

Assistant managers, Colonial Branch, P. A. Scherer and W. P. Houghton.

INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

JOSHUA M. ADDEMAN	H. MARTIN BROWN, President	HENRY B. CONGDON Secretary
JAMES M. SCOTT Vice-President	J. CUNLIFFE BULLOCK Trust Officer	ELMER F. SEABURY Assistant Treasurer
SAMUEL M. NICHOLSON Vice-President	HARRY C. OWEN Assistant Secretary	HENRY C. JACKSON Assistant Secretary
FLOREIMON M. HOWE Vice-President	WARD E. SMITH Treasurer	ELERY HOLBROOK, Assistant Secretary

TRUST COMPANIES ANNUAL BANQUET

It is announced by President J. W. Platten of the Trust Company section of the American Bankers Association that the eighth annual dinner of the Trust Companies of the United States will be held at the Waldorf-Astoria, New York, Thursday evening, February 20, 1919. It is expected that this will be the most important of all the gatherings of this section of the American Bankers Association, and the invitation to the banks and bankers to meet with the trust companies is most cordial.

PROMOTIONS BY THE NATIONAL CITY COMPANY

The National City Company of New York has been making a large number of promotions among its employees. V. P. Davis, head of the railroad department, has been made a vice-president of the company; F. F. Winans, head of the Chicago office, a resident vice-president; and Edward F. Barrett, now chief clerk, assistant secretary. H. S. Boone of San Francisco, B. H. Collins of Atlanta and S. B. Terry of Chicago have been made assistant vice-presidents. The appointment of the following new district sales managers was announced at the same time: William Miller, Atlanta, Ga.; Chester H. Pease, Portland, Maine; R. W. Leith, Providence, R. I.; Dolson Quier, Kansas City; Harry Markoe, Jr., Seattle; T. A. Eakins, Philadelphia; R. W. Hynson, Washington, D. C.; and Norman

L. C. Mather, Montreal. W. K. Zer-ringer has been made assistant district manager at Philadelphia. Mr. Mather was formerly of the firm of Farrell, Mather & Co., Montreal, which has been dissolved. This is the first Canadian office of the National City Company. The National City Company opened on Jan. 2 another new office, located in Rochester, with John Day in charge.

GUARANTY TRUST'S WONDERFUL GROWTH

In January, 1915, when Charles H. Sabin became president of the Guaranty Trust Company of New York, the total resources of the company were slightly in excess of \$269,000,000 and its total deposits were a little more than \$211,000,000. On December 31, 1918, the resources had increased to \$775,493,531 and the deposits had grown to \$583,786,091. Aside from this remarkable showing of growth, the statement issued December 31, 1918, has numerous other items of great interest to the financial world. The cash on hand and in banks, together with other liquid assets, amounts to \$235,116,568.43, or nearly fifty per cent. of the company's total deposits. The capital, surplus and undivided profits foot up \$53,292,321.15.

GUARANTY TRUST TAKES 508 MEN BACK FROM THE RANKS

The Guaranty Trust Company of New York announces that in recognition and appreciation of their splendid

Resources over
\$180,000,000

Capital and Surplus
\$10,000,000

The
Philadelphia National Bank

Established 115 Years

A Bank of Character, Strength and Service

LEVI L. RUE, President

CHARLES P. BLINN, Vice-President

WILLIAM S. MADDOX, Vice-President

HOWARD W. LEWIS, Vice-President

HORACE FORTESCUE, Vice-Pres. & Cashier

patriotic service, it will gladly take back its 508 former employees—more than one-quarter of the personnel of the company's organization—who entered the various branches of the government service during the war. Some of the hardest fighting by the American forces in France was participated in by the Guaranty boys. Fourteen of them made the supreme sacrifice for their country, eleven were wounded and one is missing. The officers and directors of the Guaranty are justly proud of the war-record of the company's employees. They feel these men and women have richly earned the right to re-employment. The belief prevails, however, among the members of the executive staff that the United States is about to enter upon an era of great prosperity, and that the necessary readjustment of existing organizations to a basis which will be fair to the men who have fought our battles will not be a very serious problem.

MR. WOLF BECOMES VICE-PRESIDENT OF
THE UNION EXCHANGE NATIONAL
BANK OF NEW YORK

Arthur D. Wolf has been elected a vice-president of the Union Exchange National Bank of New York. Mr. Wolf is a member of the firm of Max M. Schwarcz & Co., and has been a member of the board of directors of the Union Exchange National Bank for several years.

NATIONAL CITY BANK HAS FORTY-FIVE
FOREIGN BRANCHES

With the opening of four new branches in Cuba on January 2, the National City Bank of New York has forty-five branches in its system of foreign banking houses. This includes the foreign branches of the International Banking Corporation, which is directly owned by the National City Bank, and whose foreign system is incorporated in organization with the National City Bank's own branches. It is stated that

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over \$19,500,000

other announcements of new branches may be expected soon, as a considerable further extension of foreign branches and foreign agencies is being organized. Mr. Vanderlip is quoted as saying that the foreign branches and agencies in the National City Bank system will reach the number of one hundred in the near future.

PRESIDENT ALEXANDER HONORED BY THE FRENCH GOVERNMENT

President James S. Alexander of the National Bank of Commerce in New York has been notified that the French Government has conferred upon him the title of Chevalier de la Legion de l'Honneur.

BANK DIVIDENDS PAID

The following banks and trust companies in New York paid the dividends recorded the first week in January:

Coal and Iron National Bank, regular quarterly dividend of two per cent., with an extra of one per cent.

Merchants National Bank, semi-annual dividend of four per cent.

Battery Park National Bank, one and a half per cent. quarterly dividend and an extra of one and a half per cent.

Columbia Trust Company, regular quarterly of four per cent. and an extra of two per cent.

Fulton Trust Company, semi-annual of five per cent. and an extra of two per cent.

Corn Exchange Bank, special of four per cent.

National Park Bank, regular quarterly of five per cent. and special of ten per cent.

Empire Trust Company, regular quarterly of three per cent. and an extra of four per cent.

Equitable Trust Company, regular quarterly of five per cent. and an extra of five per cent.

Bank of New York, N. B. A., semi-annual of ten per cent.

Metropolitan Trust Company, six per cent.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$15,778,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

New York Trust Company, quarterly of eight per cent.

Atlantic National Bank, quarterly of two and a half per cent.

Irving National Bank, quarterly of three per cent.

Bankers Trust Company, regular quarterly of five per cent.

Central Union Trust Company, quarterly of five and a half per cent.

Greenwich Bank, quarterly of three per cent. and an extra of three per cent.

Fifth Avenue Bank, quarterly of twelve and a half per cent.

Liberty National Bank, regular quarterly of four and a half per cent.

Title Guaranty and Trust Company, regular quarterly of five per cent.

Hudson Trust Company, regular quarterly of two per cent.

BIG BANKS AFTER ORIENTAL BUSINESS

Two banks which have had close business relations for many years—the National Park Bank of New York and

the Union Bank of Canada—have decided to enter the Oriental banking field together, and have incorporated a subsidiary corporation for that purpose. Branch offices will be opened in Yokohama, San Francisco and Seattle. Gilbert G. Thorne, vice-president of the National Park Bank, and an official of the Union Bank of Canada have just returned from an extensive visit to the Orient, where they investigated conditions quite thoroughly.

NEW YORK TRUST COMPANY'S NEW BOARD

The New York Trust Company, at its annual meeting, held January 8, elected the following trustees to serve for a term of three years:

Mortimer N. Buckner, Arthur J. Cumnock, Samuel H. Fisher, Benjamin S. Guinness, Walter Jennings, Darwin P. Kingsley, John C. McCall, Ogden L. Mills, Edmund D. Randolph and Dean Sage.

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$53,380,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

PROFIT-SHARING BY THE CHEMICAL
NATIONAL

In lieu of the bonus system which the Chemical National Bank of New York has had in effect for some time, the bank has announced that, beginning with January 1, 1919, the institution would be operated under a profit-sharing plan, whereby its employees, to a certain extent, will share in the bank's earnings.

R. S. HECHT A DIRECTOR OF THE MER-
CANTILE BANK OF THE AMERICAS

The board of directors of the Mercantile Bank of the Americas of New York has elected R. S. Hecht, recently elected president of the Hibernia Bank and Trust Company of New Orleans, a director. Mr. Hecht takes the place of John J. Gannon on the Mercantile board.

BIG INCREASE IN SURPLUS

The National Bank of Commerce in New York began the New Year by

transferring \$5,000,000 from its undivided profits account to its surplus fund, thereby making the latter \$20,000,000.

The bank now has a capital and surplus of \$45,000,000 and undivided profits of more than \$4,500,000.

A year ago the surplus fund was increased from \$10,000,000 to \$15,000,000.

This further increase in the surplus account of the National Bank of Commerce is in keeping with the continued progress the institution has made under President James S. Alexander, who was elected to office in 1911. At that time the bank's resources were over \$207,000,000. At the last call for statement of condition made by the Comptroller of the Currency, November 1, 1918, the total resources were over \$590,000,000.

CORRESPONDENT FOR GUARANTY TRUST

The Guaranty Trust Company of New York has appointed R. E. Hanson

as its correspondent in Baltimore, with offices at 211-212 Keyser building, Redwood and Calvert Streets.

MR. BUTTINGHAM BECOMES PRESIDENT

Russell Buttingham, vice-president of the Equitable Trust Company of New York, was elected president of the New York Safe Deposit Association at its annual meeting. Messrs. Samuel E. Martin, of the Peoples Trust Company of Brooklyn, and Walter J. Barrown, of the Standard Safe Deposit Company of New York, were elected vice-presidents. Henry F. Freund was made secretary and Frank J. Mooney treasurer. Messrs. William Giblin and Herbert T. Magender were elected to the executive committee to serve three years.

CHANGED TO MARINE TRUST COMPANY

The Marine National Bank of Buffalo, New York, has been converted into the Marine Trust Company of Buffalo, the formal transaction occurring January 6, 1919. The Marine National Bank was organized as the Marine Bank of Buffalo in 1850, and under state and national charters has issued two hundred and fifty-four statements, the last one, under the name of the Marine Trust Company, making the two hundred and fifty-fifth official statement. It has a capital of \$5,000,000, surplus and profits of \$4,577,815, deposits of \$54,863,707, and total resources amounting to \$70,382,479. The bank paid a quarterly dividend on December 31, 1918, of \$250,000 and is in every way in a flourishing condition. Its statement shows an important item in the shape of acceptances executed for customers amounting to \$2,200,000. George F. Rand is chairman of the board and John H. Lascelles is the president.

NEWARK BANKS OPEN TRUST DEPARTMENT

President Charles L. Farrell of the National Newark and Essex Banking Co., Newark, N. J., announced that this institution opened a trust department on February 1 under the provisions of

the Federal Reserve Act authorizing national banks to conduct a trust company business.

PROSPEROUS YEAR FOR MASSACHUSETTS BANKS

Commissioner of Banking Augustus L. Thorndike of Massachusetts, in his annual report, presents some interesting figures showing the prosperity of the banks and trust companies operating under the supervision of his department in that state.

The 196 savings banks had assets on October 31 amounting to \$1,132,563,108, an increase during the year of \$18,675,724.

Trust companies numbering 102 on the same date had assets as follows: Commercial departments \$703,064,247, increase \$111,942,128; savings \$77,975,995, increase \$17,655,716; trust \$148,680,770, increase \$24,337,036. Totals, \$929,721,012, increase \$153,934,880.

The 186 coöperative banks had assets of \$140,884,405, an increase of \$14,189,369.

The fifty-nine credit unions had assets of \$1,977,861, an increase of \$731,009.

The seventy-three steamship agents, the so-called "foreign bankers," who receive deposits of money for safe-keeping, had \$2,838,636, an increase of \$876,985.

This makes a grand total of \$2,205,146,386 belonging to about 3,357,000 accounts.

The above 616 institutions and agents have invested in approximately 115,000,000 Liberty Loan bonds.

MR. WOLCOTT GOES TO STATE STREET TRUST COMPANY

It is announced that the State Street Trust Company of Boston has elected G. Huntington Wolcott to a vice-presidency, with desk at the State Street office of the company. Mr. Wolcott was formerly connected with Brown Brothers & Company, and resigned some time ago to enter the officers' training camp of the United States Army at



Two Questions With a Single Answer:

*How can we improve our service?
How can we build our business?*

Banks are but sellers of service. The institution offering the best service must eventually be the winner in the race for business.

Such is our theory. And, acting on that theory, we are constantly seeking ways to make our service broader and more helpful to correspondent banks. We endeavor to give each bank service adapted to its own particular needs.

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, \$13,800,000.00

Louisville, Kentucky. On his return he immediately assumed the duties of his new office.

UNITED STATES TRUST COMPANY

The United States Trust Company of Boston, in addition to declaring a one per cent. extra dividend, at the close of the year 1918, declared a semi-annual dividend of six per cent., thereby placing the stock of the company on a twelve per cent. annual basis, instead of the heretofore ten per cent.

NEW PUBLICITY DEPARTMENT IN BOSTON

The Webster and Atlas National Bank of Boston is planning for a complete publicity and service department, and has appointed Frank A. Ruggles of Boston as manager. Mr. Ruggles will have charge of advertising, publicity, and new business, and later the bank is to develop some special forms of service.

HILL OF BOSTON BECOMES SECRETARY OF THE CLEARING HOUSE SECTION

Amos F. Hill, of Boston, was chosen by the executive committee of the Clearing House Section of the American Bankers Association as secretary of the section to succeed Jerome Thralls, who resigned.

J. G. BLAINE, JR., TO BE BANK OFFICIAL

James G. Blaine, Jr., of Providence, R. I., who was elected vice-president of the Liberty National Bank three months ago, has retired as director of the department of development of the American Red Cross, to assume his new duties at the Liberty National.

THE GIRARD'S MEMORIAL TABLET

President Effingham B. Morris of the Girard Trust Company of Philadelphia has presented to the company a bronze tablet, commemorating the names of

forty-six employees of the company who enlisted in the army and navy service of the United States during the recent war, and it has been placed in the company's building at Broad and Chestnut streets. The tablet is surmounted by the American eagle, and after one name—that of Captain Harry Ingersoll, a former vice-president, who lost his life in the service—is placed a gold star. The name of one woman appears on the roll of honor, she having enlisted with a hospital unit. At the base of the tablet are fittingly inscribed the immortal words of President Lincoln at Gettysburg:

That this nation under God shall have a new birth of freedom and that government of the people, by the people, for the people shall not perish from the earth.

**OFFICIAL CHANGE AT PENN NATIONAL,
PHILADELPHIA**

At a recent meeting of the board of directors of the Penn National Bank, Philadelphia, Samuel S. Sharp, after



M. G. BAKER
President Penn National Bank, Philadelphia

long and faithful service, was at his own request relieved of the duties of president and made chairman of the board. Melville G. Baker, formerly



W. B. WARD
Cashier Penn National Bank, Philadelphia

vice-president and cashier, was elected president, to succeed Mr. Sharp; W. B. Ward was promoted from the position of assistant cashier to that of cashier, and H. C. Beitzel, E. H. Deiss and H. G. Polhemus were elected assistant cashiers.

**FEDERAL RESERVE BANK OF PHILA-
DELPHIA**

The report of the Federal Reserve Bank of Philadelphia shows that it handled a total of 5,859,935 bonds, representing a par value of \$1,606,285,250, including interim certificates. Reserve bank note circulation reached a new high figure—\$233,480,615. Gold holdings have risen from \$120,179,545 on November 22 to over \$142,600,000.

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Ratio of total reserves to reserve note and net deposit liabilities has moved up from 39.5 to above 44.5 per cent. In consequence of recent Liberty Loan payments and the heavy withdrawal of government deposits, bills discounted secured by government war obligations were \$161,416,925 on December 27, as compared with \$153,084,750 one week earlier. Some state institutions which have not joined the Reserve System objected to the cost, but member banks have learned to utilize the bank so that membership may become profitable. Some of the Philadelphia banks keep on deposit with the Reserve Bank a large amount of commercial paper in excess of the sum required to secure funds. The Reserve Bank holds this in trust, thus enabling the depositing bank to increase its discounts as required.

PRAISES NEW SECRETARY OF THE TREASURY

William A. Law, president of the First National Bank of Philadelphia, paid a high tribute to the new secretary of the treasury, Carter H. Glass, a part of which is here given:

The selection brings to the high office of secretary a man of intelligent and sound judgment. Mr. Glass will be chiefly remembered for his constructive work in connection with the enactment of the Federal Reserve Law, which, in a certain sense, is a monument to his fidelity and straightforward way of doing things. Although not versed in the technical details of finance, Mr. Glass has been a close student of currency questions and is a man of undoubted

ability. He may be depended upon to give a good account of his stewardship at a time when a successful administration of the Treasury Department means harder work and more of it than ever before has been the case.

PRESIDENT CALWELL ON PEACE CONDI- TIONS

President Charles S. Calwell of the Corn Exchange National Bank of Philadelphia, in an article on the reconstruction methods of Great Britain, with special reference to foreign trade and the situation in this country, said:

Promote foreign trade through collective selling. Read what England is doing. Is American business alive to its opportunities under the Webb Act? The independent steel companies of the United States are answering that question by organizing a great export company. When will other industries fall in line?

CORN EXCHANGE NATIONAL INCREASE OF CAPITAL APPROVED

The increase of the capital stock of the Corn Exchange National Bank of Philadelphia from \$1,000,000 to \$2,000,000 has been approved by the Comptroller of the Currency. The new stock was offered to stockholders as of record December 17, 1918, at \$200 per share.

PROMOTION IN THE PEOPLES NATIONAL

The Peoples National Bank of Pittsburgh has promoted William H. Fawcett, heretofore a paying teller, to the position of assistant cashier. Mr. Faw-

Commercial Credits

Acceptances

The Mississippi Valley Trust Company is a Federal Reserve Member. It finances bank and trade acceptances, and has a modern well equipped Banking Department for the efficient handing of bank and commercial accounts.

Mississippi Valley Trust Co.

Capital, Surplus and Profits over \$8,000,000

ST. LOUIS

cett has been with the bank since 1901. At the same meeting of the directors \$1,000,000 was transferred from the undivided profits account and placed to the credit of the surplus fund, making the latter \$2,000,000. The capital of the Peoples National Bank is \$1,000,000, and its deposits aggregate \$27,000,000.

CLEARINGS SHOW PITTSBURGH'S PROSPERITY

The Pittsburgh Clearing House reached a new high record for bank exchanges for the year 1918, making the third year in succession that the record has been broken. The total exchanges for 1918 were \$5,761,511,499, which compares with \$4,021,732,888 in 1917 and \$3,402,246,643 in 1916, each year establishing a new record. Exchanges for the month of December, 1918, totaled \$563,686,855, which compares with \$327,560,798 in December, 1917. The December, 1918, exchanges did not establish a record for a month,

that honor being held by the month of October, 1918, when the exchanges were \$647,606,074.

CAPTAIN FLOOD RETURNS FROM THE WAR

Captain F. Flood, who resigned the post of vice-president of the Peoples National Bank of Pittsburgh to enter the Army, and went overseas, has arrived from France.

UNION COMMERCE NATIONAL OF CLEVELAND

Charles L. Bradley has been elected an active vice-president of the Union Commerce National Bank of Cleveland. Mr. Bradley is one of Cleveland's most energetic executives and has been associated with the bank as a director for the past eight years. Mr. Bradley is a director of the Citizens Savings and Trust Company, vice-president and director of the Nickel Plate Railroad Company, president of the Cleveland

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Material Company, and vice-president and director of the National Tool Company.

Mr. Bradley has been prominent in war activities, being vice-chairman and active head of the Cleveland Liberty Loan organization. He is also a mem-



C. L. BRADLEY

Vice-President Union Commerce National Bank,
Cleveland

ber of the Executive Committee of the Cleveland Chapter American Red Cross and prominently associated with Victory Chest, Y. M. C. A. and other campaigns.

Mr. William C. Caine, who for so

many years has been closely identified with the banking interests of Cleveland, has resigned as vice-president of the Union Commerce National Bank and will retire altogether from active business. Mr. Caine has taken this step much to the regret of the institution in order to devote his time to travel and recreation.

DETROIT BANKERS CLUB

The Bankers Club of Detroit, Michigan, at its annual meeting, elected the following officers: President, Ralph Stone, president of the Detroit Trust Company; vice-president, James T. Keena, president of the Peoples State Bank; secretary-treasurer, Charles H. Ayres, assistant cashier of the Peoples State Bank (re-elected). Several bankers from different parts of the state were among the guests, and the speaker of the evening was Arthur E. Bestor, president of the Chautauqua Institute and director of the National Speakers' Bureau of the Committee on Public Information.

A. D. WELTON GOES TO CHICAGO

Word comes from Chicago to the effect that A. D. Welton, formerly of the American Bankers Association office in New York, and manager of the public relations department, has arranged to join the staff of the Continental and Commercial National Bank at Chicago. Mr. Welton's experience as a writer on banking and financial topics extends through many years, and the matter which he has produced has been of a

very high quality. It appears that the plan is to establish in the Continental and Commercial Bank a literary and publicity department that will be a leader in that field of usefulness. Mr. Welton's supervision will insure its success beyond a doubt.

MR. KNEATH GOES TO NATIONAL BANK OF THE REPUBLIC

At a regular meeting of the board of directors of the National Bank of the Republic of Chicago a third vice-president was elected in the person of Watkin W. Kneath, for several years resident partner of Spencer Trask & Company. Mr. Kneath will be in charge of the bond department of the bank.

NEW ADVISORY DIRECTOR NATIONAL SURETY COMPANY

Edmund D. Hulbert, president of the Merchants Loan & Trust Company of Chicago, has been elected a member of the Illinois Advisory Board of the National Surety Company.

NATIONAL CITY OF CHICAGO STILL CLIMBS

The National City Bank of Chicago has declared an extra dividend of two per cent. in addition to its regular one and a half per cent. dividend, making a total of eight per cent. for the year 1918. The surplus of the bank has been increased to \$1,000,000, making it, with its capital of \$2,000,000, a \$3,000,000 institution.

BANKERS CLUB OF CHICAGO

Frederick H. Rawson, president of the Union Trust Company of Chicago, was elected president of the Bankers Club of Chicago at its annual meeting. Melvin A. Traylor, president of the First Trust and Savings Bank of Chicago, was elected vice-president at the same meeting. Two of Chicago's well known bankers were added to the executive committee, Joseph E. Otis, acting president of the Central Trust Company of Illinois, and Oscar G. Fore-

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man, head of the Foreman Banking Company. Thomas C. Stibbs was elected secretary and treasurer. The annual meeting and dinner of the Bankers Club was a notable one. Every member present felt that he was at peace with the world and was correspondingly happy. President Arthur Reynolds had closed a successful year and all the banks had prospered. Was it not enough to make them all chesty and full of rejoicing?

FIRST NATIONAL OF CHICAGO ESTABLISHES FOREIGN TRADE DEPARTMENT

A foreign trade department has been perfected and established by the First National Bank of Chicago. It is to work in conjunction with the bank's foreign exchange department, the two together to form the international banking division of the First National Bank.

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The foreign trade department is the first organization of its kind to be established by any bank in the Middle West. Its chief function is to encourage foreign trade in that part of the country, and in order to accomplish this it will seek to furnish information on all questions relating to foreign trade to the business men of that part of the United States. It is also ready to act as intermediary for concerns desiring to form sales organizations for the purpose of operating in foreign markets.

The entire division will be under the direction of John J. Arnold, vice-president of the First National Bank of Chicago, well known as a leader in all matters pertaining to foreign trade. The foreign exchange department will continue to be presided over by Charles P. Clifford, manager, and Harry Salinger, assistant manager. The new foreign trade department will have as foreign trade adviser Dr. Walter Lichten-

stein, whose services the bank has secured for this purpose. Dr. Lichtenstein received his training in the best American and European universities, and holds the degree of doctor of philosophy from Harvard university. Since leaving college Dr. Lichtenstein has occupied academic positions which involved to a large extent the settling of financial problems of an international character, and aside from that he was purchasing agent for the leading American libraries and universities in Europe and South America. He spent nearly two years in South America, an experience that will be of value to the department in view of the increasingly intimate relations between the United States and South America. While in that country he conducted investigations into the banking and commercial conditions there, and as a result was asked, during the summer of 1917, to conduct a course for the University of Chicago dealing with South American history and commerce. He also published an exhaustive report of his trip to South America, of which a second edition had to be printed in order to satisfy the demand.

On account of the increase in business, the original quarters of the bank have become too small to accommodate this new organization, and, accordingly, rooms have been secured on the eighth floor of the First National Bank building. These are to be fitted up in a very practical and artistic manner. Besides the usual offices, there is to be a library in which it is expected to place all material needed by the bank and its customers for the study of questions and

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problems relating to international trade. Furthermore, there will be kept on file the leading foreign papers of most of the countries of the globe. It is expected that this library will become a rendezvous for all business men, Americans, as well as those from other nations, who are desirous of establishing international trade connections. A committee room will be at the disposal of any such desiring to have conferences and meetings.

The library will be at the disposal of business men of Chicago and visitors to the city, and there will be an attendant well qualified to assist users of this reference library in finding the material of which they are in need. There will also be in attendance a secretary qualified to receive dictation in several languages.

The bank hopes that visitors to Chicago interested in foreign trade will avail themselves of the quarters of the Foreign Trade Department, Room 817, First National Bank building, 38 South Dearborn Street. The department will be glad also to look after any mail such visitors may desire to send in its care.

Banking Interests of America

Each succeeding Liberty Loan has impressed upon the public the helpfulness of the service rendered by the Banker. In him the people have a new confidence, a new interest.

Educational, timely service now and dependable counsel, extended upon the banker's own initiative, mean friendships cemented; new clients; a bigger, broader field of usefulness; and increased profits.

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Philadelphia, Penna.

FIFTIETH ANNUAL STATEMENT OF THE UNION TRUST COMPANY, CHICAGO

The fiftieth annual statement of the Union Trust Company of Chicago, made at the opening of business on December 31, 1918, marks so important a point in the history of that institution that it is deserving of presentation in full. It appears herewith:

RESOURCES

Loans and discounts.....	\$23,177,543.58
Overdrafts	6,074.33
Customers' liability under acceptances	1,597,993.22
Customers' liability under letters of credit	22,949.58
Stock in Federal Reserve Bank	99,000.00
Stocks and bonds.....	2,785,168.40
U. S. Liberty Bonds and certificates of indebtedness....	1,381,450.12
Paid for customers' subscriptions to U. S. Liberty Bonds	4,115,050.00
Cash on hand and due from banks and bankers.....	10,934,078.50
	<u>\$44,119,307.73</u>

LIABILITIES

Capital stock paid in \$125,000	
Capital stock earned 1,375,000	
Surplus all earned.. 1,800,000	
	<u>\$3,300,000.00</u>
Undivided earnings	186,673.86
Reserve for accruing interest and taxes	135,343.79
Liability under acceptances..	1,597,993.22
Liability under letters of credit	22,949.58
Rediscounts Federal Reserve bank secured by U. S. Liberty Bonds	799,395.00
Customers' payments for U. S. Liberty Bonds	3,641,632.62
Deposits, commercial	\$21,221,503.07
Deposits, due to banks	7,817,381.44
Deposits, savings	5,396,435.15
	<u>34,435,319.66</u>
	<u>\$44,119,307.73</u>

In a statement made to patrons and friends the Union Trust Company expresses pride in the record of its pa-

trons in purchasing Liberty Bonds. Subscriptions to the four loans were entered amounting to \$22,129,000, the subscriptions to the Fourth Loan of itself amounting to \$9,553,000, or 29.15 per cent. of total deposits.

HONORING A RETIRING OFFICER

Upon the retirement of F. L. Wilk as vice-president of the Union Trust Company of Chicago, after a service of forty-seven years with the institution, the bank issued an announcement, which said:

As the bank approaches its fiftieth anniversary, it faces each year the retirement of more of its most valued officers who have earned release from active service. Mr. Frederick L. Wilk, vice-president, having completed forty-seven years of active service with great credit to himself and the bank, and filling the many positions that lie between messenger and vice-president, will retire on Dec. 31. In recognition of his long service, Mr. Wilk will participate for life in the bank's pension fund, besides which the directors have voted him a substantial honorarium. Mr. Wilk will continue to have a desk in the office of the Union Trust Co., where he will be pleased to see his friends as of old.

ROY C. OSGOOD ELECTED VICE-PRESIDENT

At the meeting of the board of directors, following the annual meeting of the shareholders of the First National Bank of Chicago and the First Trust and Savings Bank, the one change made in the official staff was the election of Roy C. Osgood as vice-president of the latter bank, also retaining the title of trust officer. Mr. Osgood has been connected with the trust department of the bank since 1907 and in connection with trust department work has achieved a reputation which is national.

In discussing recently the fiscal programme of the Government, Mr. Osgood emphasized the need of adjusting the taxation methods from a war to a reconstruction basis and made particular reference to the danger to business development of continuing the principle embodied in the so-called excess profits taxes. He said we supported this method

as an emergency measure, but every sound business man and banker must be impressed with the danger of continuing it because of its impossibility of doing equity between various classes of business and its confiscatory results which



ROY C. OSGOOD

Vice-President First Trust and Savings Bank,
Chicago

even the best experts in Washington have been unable to obviate. As a member of the board of governors of the Investment Bankers Association and particularly as chairman of its taxation committee, Mr. Osgood has spent much time in Washington during the war in assisting to further the policy of constructive coöperation with the fiscal agencies of the Government adopted by that association.

CENTRAL MANUFACTURING DISTRICT BANK

At the recent annual meeting of shareholders of the Central Manufacturing District Bank, Chicago, it was

voted to increase the capital stock from \$250,000 to \$400,000, the new stock to be offered pro rata to stockholders at \$125 per share, \$100 of this amount to be added to capital and \$25 to surplus account. The old stock of the bank is quoted around \$212 bid, having had a steady advance in the last year, in which time the business of the bank, under the energetic direction of President Wm. N. Jarnagin, has grown rapidly. The bank has outgrown its present quarters, and extensive alterations are now under way.

CRITICISM OF THE FEDERAL RESERVE SYSTEM

The following comments on the Federal Reserve System were recently made by Edmund Hulbert, president of the Merchants Loan and Trust Company of Chicago:

The Federal Reserve System, invaluable as it has proved to be, has never carried out the plans of its founders. The plan was, that under normal conditions Federal Reserve banks should do very little discounting for member banks, but should employ their funds in the purchase of foreign bills, heretofore largely held in London. The effect of this would be to give the Federal Reserve banks a large amount of short time liquid paper, which would automatically transfer funds from Europe to this country when needed for any emergency.

THE ILLINOIS BANKERS ASSOCIATION

M. A. Graettinger, secretary of the Illinois Bankers Association, has inaugurated a campaign of "information service" through the medium of the association's "Service Bulletin." The issue of the Bulletin under date of January 6, 1919, contains an appeal to the secretaries of the various sections, as well as to the members individually, which is of special importance. The appeal, in part, is as follows:

Beginning with the new year, we are going to continue to harp on the subject of cooperation because the fact is, there has been a seeming lack of that spirit which is so essential to make these Bulletins of value to all. Your efforts are earnestly desired in assisting the section secretary to create an important information service through

THE NEW WAR REVENUE LAW

*As passed by Congress
February, 1919*

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this medium and we want to impress on you the necessity of forwarding all items that may be of any interest to the other secretaries. Let us have the advantage of the experiences and knowledge gained in your work and the benefit of the exchange will be reciprocal. Write frequently and briefly. All contributions are welcome. This service will be just as interesting as you make it.

SPRINGFIELD BANKS MERGE

Three financial institutions of Springfield, Illinois—the First National Bank, the Sangamon Loan and Trust Company, and the State Bank of Springfield—have been consolidated, and are now known as the First National Bank and the Sangamon Loan and Trust Company. The stock of the latter institution is owned by the stockholders of the First National Bank. The combination forms one of the largest banking organizations in Central Illinois, with a combined capital and surplus of \$1,300,000 and deposits aggregating \$9,000,000. The par value of both banks remains the same—\$130. The officers of the First National Bank are Howard K. Weber, president; E. A. Hall and C. C. Carroll, vice-presidents; and James A. Easley, vice-president and cashier; while those of the Sangamon Loan and Trust Co. are E. A. Hall, president; Howard K. Weber, T. E. Hatch and Latham T. Souther, vice-presidents, and A. H. Rankin, vice-president and cashier. The consolidation went into effect January 1.

BIG SUM TRANSFERRED TO SURPLUS

At a recent meeting of the board of directors of the State Bank of Chicago it was voted to transfer \$1,000,000 from the undivided profits account to the surplus account, making the bank's surplus account \$4,000,000. The capital stock is \$1,500,000.

ST. LOUIS BANK DEVELOPING ITS TRUST DEPARTMENT

The National Bank of Commerce in St. Louis, having recently organized a trust department, is pushing the affairs of the department in a way that insures its success. It has placed a man

of unusual talent in that line at the head of the department, Virgil M. Harris, and he is actively developing its functions. The National Bank of Commerce of St. Louis is the first important national bank west of New York to actively enter the trust company business, in accordance with the special grant of authority conferred by the Federal Reserve Board in consonance with the provisions of the Federal Reserve Act. Mr. Harris will be working along new lines, but his many years' experience in fiduciary banking as a trust officer will insure his success.

NEW VICE-PRESIDENTS OF ST. LOUIS BANK

Warren M. Chandler, formerly assistant cashier, was elected vice-president of the National Bank of Commerce in St. Louis at the annual elec-



W. M. CHANDLER
Vice-President National Bank of Commerce in
St. Louis

tion by the board of directors. Mr. Chandler has been with the bank for many years and is well known in both city and state banking circles. With his

promotion, the bank now has four vice-presidents, others being W. B. Cowen, W. L. Hemingway and Raymond F. McNally.

The following employees, who have



W. L. HEMINGWAY
Vice-President National Bank of Commerce in
St. Louis

been with the institution for a number of years, were made assistant cashiers: Frank E. Eaton, R. T. Williams, H. H. Reinhard and Fred J. Paro. John G. Lonsdale was re-elected president.

**CHARLES M. WALTERS MADE CASHIER OF
MERCANTILE TRUST CO., ST. LOUIS**

The Mercantile Trust Company of St. Louis has appointed Charles M. Walters cashier of the real estate department, to succeed Milton F. Reitz, who resigned recently to engage in other business. Mr. Walters has been connected with the real estate department for six years, beginning as repair inspector and collector. His appointment became effective January 1. He

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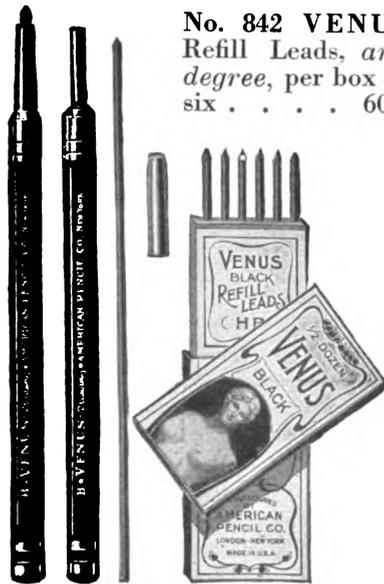
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is well known in realty circles, having been connected with George F. Bergfield Realty Company of St. Louis previous to his connection with the Mercantile Trust Company.

WIPES OUT STATE DEBT

Governor Gardner of Missouri has notified the St. Louis Clearing House Association that the fund commission of the state had ordered paid the remaining \$500,000 of the \$2,000,000 borrowed from St. Louis banks two years ago to take care of the state debt inherited by the administration.

THIRD NATIONAL BANK, ST. LOUIS

The past year was a good one for the Third National Bank of St. Louis. Owing to large deposits and favorable rates the earnings were unusually large, not only warranting the regular one per cent. monthly dividend, but extra dividends of two per cent. in June and three per cent. in December, the charging off of all known losses and doubtful assets, the opening of a new account covering unearned interest, and a substantial increase in the undivided profits. The bonus to officers was ten per cent. and to employees twenty-five per cent.

The net earnings of \$739,040.99 were much in excess of any previous year, showing a return of 36.9 per cent. on the capital stock and 17.8 per cent. on capital, surplus and profits.

The development of the savings department has been very satisfactory, this branch of business showing total deposits of \$4,842,180.68, with 16,000 depositors, a remarkable growth in less than five years, and during a period when this bank was urging depositors to purchase Liberty Bonds and refrained from any advertising campaigns which would in any way interfere with the widest possible distribution of Government obligations.

Capital of the Third National Bank is \$2,000,000, surplus and profits \$2,285,458.80 (December 31, 1918), and total net deposits \$45,239,405.

DETROIT BANK HONORS JOHN W. STALEY
AND AT SAME TIME NEARS
\$100,000,000 MARK

Probably the most important transaction among the banks of Detroit at the beginning of the New Year was the election of John W. Staley to the presi-



JOHN W. STALEY
President People's State Bank, Detroit

dency of the People's State Bank. Mr. Staley succeeds James T. Keena, who was elected chairman of the board. The People's State has almost reached the coveted hundred million mark in resources, the exact figures on December 31, 1918, being \$97,996,981.64. The increase for the year was \$21,580,434. Its rise places it in the ranks of the ten largest banks of the United States outside of New York. In the matter of deposits the People's State has made big strides, its total reaching \$84,945,153.19, which is twenty-five per cent. of the deposits of all the clearing-house banks of Detroit. All the banks show

an increase in deposits for the year of \$35,719,000, while the People's State gained \$17,102,163, practically one-half of the total increase.

Mr. Staley, the new president of the Peoples State Bank, began his banking career in Detroit about twenty-seven years ago with the First National Bank (later the First and Old Detroit National), in which institution he steadily rose to prominent official connection and where he remained until his resignation to become associated with the Peoples State Bank. He has been prominent in other activities besides banking, doing notably strong work in the various Liberty Loan drives. For nine years Mr. Staley was secretary of the Bankers Club of Detroit, during which period the club made its most rapid growth. He has served the Association of Reserve City Bankers as secretary and president; is a director in the American Foreign Banking Corporation of New York; is secretary and director of the Lobdell-Emery Manufacturing Company, and also of the American Wood Rim Company of Onaway. He is a member of the University Club, Detroit Club, Bloomfield Hills Club; member of the board of directors of the Country Club and Detroit Athletic Club.

Mr. Staley's steady rise to a position of eminence in banking has left him one of the most quiet and unassuming of men. His distinguishing quality, perhaps, is sound judgment. That he has attained banking prominence while yet a comparatively young man is no surprise to those who have long known him.

DETROIT BANKS TO CONSOLIDATE

A consolidation committee has been appointed for the purpose of bringing together the Commonwealth State and the Federal State Banks of Detroit.

BOSTON BANK INVADERS THE FAR EAST

For the purpose of establishing banking connections in Australia and the Far East, the First National Bank of Boston is sending two of its senior



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officers to China, Japan and Australia with that end in view. C. F. Weed, vice president of the bank, and D. A. Menocal, vice-president of the First National Corporation, left Boston in the latter part of January, and sailing direct from San Francisco to Australia. After spending a month or two in Australia, chiefly in Sydney and Melbourne, they will go to China and return by way of Japan. A strong interest is being manifested in the trip by Boston merchants, Mr. Weed and Mr. Menocal having had many inquiries submitted to them. They had planned to be absent four months, but if these inquiries multiply, as they bid fair to do, the trip may take longer.

BANK OF DETROIT INCREASES CAPITAL

The stockholders of the Bank of Detroit, at their annual meeting, voted to increase the capital from \$500,000 to

\$1,000,000 and the surplus from \$100,000 to \$350,000. With undivided profits of \$100,000, this makes a total of \$1,450,000. The increases were made to meet the rapid growth of the bank in the past year.

KANSAS CITY BANKER RETURNS FROM THE WAR

After several months' service in the army Captain James F. Meade, formerly cashier of the National City Bank of Kansas City, returned to Kansas City just before the holidays from Camp Joseph L. Johnson, Jacksonville, Florida. When Mr. Meade was called into service he went directly to Washington, and in August was requested to accept a commission as Captain in the army, and to assist as organizer in the Motor Transport Corps. After six months of that service he went to Camp Johnson for a short course of extensive training in active field service work, preparatory to going to France. He had completed this feature of his work and was ordered to France just a few days before the armistice was signed. He was discharged from service December 15. President Moore and the other officers of the bank were delighted with his return.

SOUTHWEST NATIONAL BANK OF COMMERCE, KANSAS CITY, MO.

Just pride is taken by F. M. Staker, manager of the publicity department of the Southwest National Bank of Commerce, Kansas City, Mo., in making the announcement that out of total banking resources in Kansas City of some \$301,000,000, this institution and the affiliated Commerce Trust Company have more than \$97,000,000, or nearly one-third.

HONORING A RICHMOND BANKER

A man who has passed the four-score mark in years and still in the service of a bank is so unusual that it is surprising to find one. Colonel William H. Palmer, president of the National State and City Bank of Richmond, Virginia,

was the recipient of honors recently on his eighty-third birthday. In appreciation of his twenty-nine years of service with the Virginia Fire and Marine Insurance Company (a position he holds "on the side"), he was presented with a silver salver. The presentation was made at the monthly meeting of the directors and presentation speech was made by H. L. Cabell. Colonel Palmer is a veteran of the war between the states, and is the oldest living member of the Richmond Chamber of Commerce. He is one of the most prominent bankers and business men of Richmond.

OLDEST IOWA BANK PRESIDENT RETIRES

The oldest bank president in Iowa, John T. Remy, president of the National State Bank of Burlington, has sold his bank to a group of Burlington business men and bankers, consisting of Charles E. Perkins, president of the Chicago, Burlington & Quincy railroad; John Blaul, wholesale grocer; William Carson, president of the First National Bank of Burlington; H. S. Rand, of the Rand Lumber Company, and A. J. Churchill, of the Churchill Drug Company. Mr. Remy, when he retired January 14, had been a banker for fifty-six years, and had been in the National State Bank forty-eight years. He is a brother of Admiral George C. Remy, United States Navy.

ST. PAUL'S PRIZE CALF

An interesting story of a prize calf comes from St. Paul, in which the First National of that city plays a prominent part. In making its donation to the "Good Fellows," a St. Paul organization formed to supervise the work of providing food, clothing and other necessities for the needy poor of that city, the First National Bank made a unique selection. "Prince Hoover," grand champion steer at the South St. Paul Baby Beef Show, was purchased by one of the bank's representatives and was offered in lieu of a cash donation. The steer was raised by Irvin

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M. McKay, a boy sixteen years of age, residing at Delhi, Minnesota. At the time of purchase, "Prince Hoover" was a yearling weighing 920 pounds. Young McKay derived \$322 from the sale of the animal to the bank, in addition to

the "Good Fellows" by the First National Bank of St. Paul.

NEW PRESIDENT OF PEOPLE'S BANK,
NEW BERN, N. C.

T. A. Uzzell, heretofore active vice-president of the People's Bank, New Bern, N. C., has been elected president of that institution following the retirement of William Dunn to become chairman of the board.

Mr. Uzzell is probably one of the best known and most able bankers in North Carolina and his ability has long been recognized and his work in the building up of the People's Bank has won for him high commendation. His first experience in the banking business was gained with the National Bank of Goldsboro. From that institution he went to Beaufort as cashier of the Bank of Beaufort.

In 1904 Mr. Uzzell went to New Bern and succeeded H. M. Groves as cashier of the Citizens Bank. For three years he was with that institution and when in 1907 it was merged with the New Bern Banking and Trust Company Mr. Uzzell saw the opportunity for another banking house and it was largely through his efforts that the People's Bank was organized and he was elected as cashier and served in that capacity until October, 1917, at which time he was elected active vice-president.

Not only was Mr. Uzzell the leading spirit in the organization of the People's Bank, but he was the prime mover in the bringing into existence of the



CYRUS P. BROWN

President of the First National Bank of St. Paul, at his desk conferring with "Prince Hoover," Grand Champion Steer at South St. Paul Baby Beef Show in December, 1918

prize money awarded, amounting to \$105. At the close of the Baby Beef Show the steer was taken to the home of its new owners and was formally introduced to Cyrus P. Brown, president of the institution, at his desk. After five days of ceaseless and untiring solicitation among the Christmas throngs in the business district of the city, "The Prince," accompanied by a corps of human assistants, succeeded in realizing \$900 on his flesh, hide, horns and hoofs. This amount was turned over to

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Citizens Savings Bank and Trust Company and he has served as the president of this since its organization and it has prospered under his regime.

The People's Bank, of which Mr. Uzzell has been elected president, has shown by its continual growth each year since its organization that it fills a niche in its community that could not otherwise be filled and the continual growth and increase in its strength demonstrate that the people of New Bern and the surrounding section have the greatest confidence in the ability of its exceptionally strong board of directors, which is composed of men engaged in the active business life of the community and in every line of business.

The bank now has \$100,000 capital, \$61,244 undivided profits and \$1,420,117 deposits.

The following is now the personnel of the bank's staff:

William Dunn, chairman of the board; T. A. Uzzell, president; C. D. Bradham, vice-president; E. C. Rea, cashier; W. C. Chadwick, assistant cashier.

PROPOSED NATIONAL BLUE SKY LAW

A national blue sky law has been drafted by the Capital Issues Committee, and is now awaiting the approval of Secretary of the Treasury Glass before being submitted to Congress. It is understood to provide for government su-

pervision of stock promotion prospectuses to insure accuracy and completeness of their statements, rather than any attempt to guarantee against fraud. The administration of the system is to be left to some treasury agency working through the Federal Reserve Board.

The proposed system will affect only stock issues, and then only when they are interstate transactions. Bonds will not be considered, as officials believe the danger of fraud in connection with bond issues is minimized by the necessity of basing bonds on actual property liens. Enforcement will be provided by a schedule of fines for every day in which promoters operate without having obtained government approval of the prospectus.

**WAR MADE AMERICA THE WORLD'S
CASHIER**

Adolph C. Miller, Vice-Governor of the Federal Reserve Board, recently addressed the American Economic Association, in which he declared that the war had made America the world's cashier, and that payments will always be made in gold. In support of this assertion Mr. Miller said that "among the greatest benefits that would come to America from the war is that the nation has been placed in a position to revise the world's banking practices. This can be accomplished because of our assured creditor position; because of our unprecedented gold supply; because of our great banking and financial strength. We are in a matchless position to assume the function which the world at this stage will sorely need. There must somewhere be a market in which claims can be cashed in gold with certainty that gold will be forthcoming for foreign shipment."

**MISSOULA (MONTANA) BANK IN NEW
HANDS**

Toward the close of December negotiations were closed whereby control and management of the Western National Bank of Missoula, Montana, passed from Messrs. G. A. Wolf and J. H. T. Ryman to Mr. John D. Ryan,

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C. F. Kelley, L. O. Evans and Charles J. Kelley with F. T. Sterling of Missoula.

The Western Montana National Bank was organized thirty years ago by Messrs. Wolf and Ryman, Ferdinand Kennett and L. J. Fisk. Since its doors opened the bank has continued under the control of Mr. Wolf and Mr. Ryman, who, now desiring to be relieved from the daily details of management, have turned over to Mr. Sterling and his associates a majority interest, each, however, retaining a substantial block of its stock.

Mr. Sterling, for the past thirty-five years active in the Missoula Mercantile Company development, and for ten of those years its vice-president, has been elected president of the bank, to succeed Mr. Wolf, and assumed the management December 26.

Under the management of Mr. Sterling, in coöperation with its board of directors, the Western Montana National bank will widen its field and increase the profitable and satisfactory business it has heretofore enjoyed.

BANK OF ITALY KEEPS GROWING

Under the energetic leadership of President A. P. Giannini the Bank of Italy, whose head office is at San Francisco, with branches at various points in California, keeps up its remarkable record of growth, total resources having shown an increase of about \$16,000,000 in the last year. The bank

has \$5,000,000 of fully paid capital, and \$2,000,000 surplus and undivided profits, while deposits on December 31, 1918, were \$85,937,839.04. Total resources grew from \$285,000 in 1904 to \$2,574,000 in 1908, to \$11,228,000 in 1912, to \$39,805,000 in 1916 and to \$93,546,161.50 on December 31 last.

SEATTLE'S GROWING COMMERCE

From the "Trade and Crop Bulletin," issued by the Seattle National Bank, is obtained the following information regarding the port business of Seattle:

Second in rank in the United States, that is Seattle's standing as a port, given to her by the United States Customs Department, second only to New York city.

Beyond all expectations, Seattle's waterborne commerce, domestic and foreign, has expanded to unhoped for dimensions. It is confidently expected, judging from the present available figures, that Seattle's total for the full year of 1918 will exceed 740 million dollars in value, or more than two million dollars a day, which represents a gain of more than 140 million, or over 23 per cent. over the port's total of \$599,590,000 for 1917.

This is a conservative estimate, as it merely doubles the figures obtained from Port Warden Paysee's commerce report on the first six months of the year. In previous years the last six months always have heavily exceeded the first six months. In fact, the figures available on the foreign commerce alone for July, August, September and October all exceed by a considerable margin the figures of any preceding month of this year.

The latest figures that are available of the combined foreign and domestic commerce are those covering the first six months of 1918 only. These figures aggregate the unprecedented total of \$370,405,362, a gain of \$119,644,070 over the total of \$250,761,282 for the first six months of 1917.

Only the figures for the foreign commerce alone are available for comparison of the volume of business of other Pacific Coast ports.

For the year ending October 31, 1918, the foreign trade figures from the U. S. Customs Department's report show Seattle's commerce overseas to be \$591,802,395. San Francisco's commerce overseas for the same period was \$490,233,465, giving Seattle a lead of \$101,568,930 over San Francisco, Cal. The figures for the corresponding period of the previous year, 1917, were \$444,000,000 for Seattle, and \$344,000,000 for San Francisco.

For the eleven-month period, October 31, 1917, to September 30, 1918, the Portland (Ore.) District handled a \$13,403,151 over-

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seas commerce, and the Los Angeles (Cal.) District a \$15,212,135 overseas commerce.

COMMITTEE ON COMMERCE AND MARINE

President Robert F. Maddox of the American Bankers Association has appointed a committee of fifteen prominent bankers to serve as a Committee on Commerce and Marine to further the interest of the merchant marine of the United States. The committee was appointed in accordance with the action of the Association at the Chicago convention, in which the Association pledged itself to "support by every means in its power the development of export trade, to encourage manufacturers to enter upon this field of distribution and to provide as rapidly as possible adequate facilities for financing export operations sufficient to meet every reasonable demand that may arise." Robert F. Maddox, president of the Atlanta National Bank, heads the committee; the other members are:

Lewis E. Pierson, chairman of board, Irving National Bank, New York, N. Y.

Charles H. Sabin, president Guaranty Trust Company, New York, N. Y.

John McHugh, vice-president Mechanics and Metals National Bank, New York, N. Y.

Fred I. Kent, vice-president Bankers Trust Company, New York, N. Y.

Daniel G. Wing, president First National Bank, Boston, Mass.

Arthur Reynolds, vice-president Continental and Commercial National Bank, Chicago, Ill.

William A. Law, president First National Bank, Philadelphia, Pa.

F. O. Watts, president Third National Bank, St. Louis, Mo.

Charles A. Hinsch, president Fifth-Third National Bank, Cincinnati, Ohio.

Thomas B. McAdams, vice-president Merchants National Bank, Richmond, Va.

John E. Bouden, Jr., president Whitney-Central National Bank, New Orleans, La.

James J. Fagan, vice-president Crocker National Bank, San Francisco, Cal.

Robert N. Harper, president District National Bank, Washington, D. C.

John L. Hamilton, president American Guaranty Company, Columbus, Ohio.

YELLOWSTONE NATIONAL OPENS IN NEW BUILDING

The Yellowstone National Bank of Billings, Montana, opened for business the first of January in its beautiful new building, which was equipped throughout by Hoggson Brothers, the New York and Chicago bank planning specialists. The exterior of the new structure, which is the latest example of bank construction, is a combination of Indiana limestone and brick, presenting an appearance of dignity and solidity, in perfect keeping with the business which it houses. The architectural treatment of the interior is distinctive, the principal feature being the spacious central public area, which is equipped with check desks and mahogany seats. A charming private room has been provided for women patrons,

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PORTLAND AS A BANKING CENTER

Portland, Oregon, made a good record of growth in banking in the year 1918. The capital of the banks of the city increased from \$13,075,000 to \$14,376,000. Deposits on December 31, 1917, were \$94,560,000. By November 1, 1918—ten months—they had grown to \$125,768,000, a gain of about 33 per cent. The clearings for 1918 reached the new high record of \$1,320,000,000.

BANK OF NOVA SCOTIA BUYS OTTAWA BANK ASSETS.

The Bank of Nova Scotia has bought the assets of the Bank of Ottawa, making the former the fourth largest bank in Canada, with total assets of \$234,000,000. Of this total the purchasing bank had \$161,229,703.

The paid in capital of the Bank of Nova Scotia is \$6,500,000 and its reserve fund \$12,000,000. Its deposits are about \$104,495,000. The paid-in capital of the Bank of Ottawa is \$4,000,000 and its reserve fund is \$4,750,000. Its deposits are about \$46,871,000.

ROYAL BANK OF CANADA

Another important purchase of real estate in the financial district by a banking institution, as a result of the recent expansion of banking activity in New York, was closed recently when the Royal Bank of Canada bought for its New York agency the fifteen-story office building on the northeast corner of William and Cedar streets. The price paid was more than \$1,000,000. This purchase is in line with the tendency of banks to buy property for permanent occupancy, because of the rapidly narrowing area in the financial section available for their use.

The property, which fronts 54.5 feet on William street and 124.2 feet on Cedar street, was bought from the 68 William Street Corporation. The Royal Bank's New York agency now occupies

Are You Informed on These Important Points of Banking Law?

If you have not read these and other court decisions in the December Banking Law Journal, you are not keeping up with the times.

Dividends Out of Capital

The directors of a bank declare a dividend, not knowing that it would have to be paid out of capital; the liability in such a case has recently been passed on by a court of last resort.

Notice Not to Pay Deposit

The wife of a depositor informed the bank that the deposit belonged to her; the bank nevertheless paid the money to the husband and was held liable in so doing.

Certificate of Deposit

If a bank pays a certificate of deposit to the wrong person it may have to pay the amount over again; such a case recently has been brought into court and is important to every banker.

Driving a Bargain in Bank Stock

A bank president sold his stock in the bank at less than half its value because the purchasers led him to believe that the bank's financial condition was unsound; the court wrote an interesting and instructive opinion in this case.

Presentment of Note

On the day the note matured it was locked in a safe and the only person who knew the combination was out of town; the indorser claimed that failure to present discharged him; this case explains the rule applied in such circumstances.

The above decisions and others of equal importance to the banker are published in the December issue of *The Banking Law Journal*. The Journal publishes each month all the important banking decisions from the courts of last resort in this country. The bank official who is familiar with the current decisions is enabled to avoid the costly mistakes of other bankers.

This same issue contains the Index-Digest of all decisions published during 1918—in itself a valuable book of current banking law.

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819 Postal Telegraph Building

New York

the ground floor, second floor, basement and other space in the building.

Purchase of the building was made necessary by recent growth in the business of the agency. The development of the agency is indicated by its growth since opening for business on July 5, 1899, in a small office not exceeding 800 square feet of space, at 16 Exchange Place, with a force consisting of the agent, three clerks, and a stenographer.

The expansion of the foreign business of the bank, which has been the outstanding feature of its history, was marked during the last year by an increase in the number of its branches from 432 in March, 1918, to 543 at present.

Organized October 18, 1869, as the Merchants' Bank of Halifax, it absorbed the Union Bank of Halifax in 1910, the Traders' Bank of Canada in 1912, the Quebec Bank in 1917, and the Northern Crown Bank in March last. The present name was adopted in 1901. Deposits have grown from \$288,000 at the end of the first year's business to \$332,591,717 November 30, 1918; assets from \$954,000 to \$427,512,982.



Equitable Trust Company Profit Sharing Plan Enters Fifth Year of Operation

THE board of trustees of the Equitable Trust Company of New York recently announced the details of the company's profit sharing plan for the year 1919. The current year marks a half decade of its operation.

The fund to be distributed is derived from a percentage of the net earnings of the company in excess of an annual rate of seven per cent. on the combined capital, surplus and undivided profits of the company for the year.

The distribution is based upon the respective salaries of the company's officers and employees and the period of service in the employ of the company, the percentage of profits increasing with length of service.

Officers and employees of the Equitable Trust Company of New York have enjoyed the benefit of this carefully devised and comprehensive profit-sharing plan since the year 1915, a resolution inaugurating the plan having first been adopted by the executive committee of the board of trustees of the company on November 24, 1915.

As the percentage of profits distributed is based upon net earnings of the company, as well as upon salaries and length of service, it enables employees to enjoy with officers and stockholders a share of profits in proportion to the earnings of the company.



With Bankers Magazine Advertisers

A GREAT many printer-stationers are using La Monte Safety Papers for notes, certificates of deposit, pay slips, coupons, etc., as well as for bank checks. They are not only making more money than ever before, but they are putting their customers under real obligation and binding them closer by rendering real service.

As checks on La Monte Safety Papers become more and more generally used, and people get used to the protection of alteration-proof checks, it is only reasonable that they should desire the same kind of protection for other obligations or agreements, when it is called to their attention.

La Monte Safety Papers are used for checks by 80 per cent of the banks and trust companies of New York City, by 70 per cent of the Chicago banks, by 75 per cent of the Philadelphia banks, by thousands of banks all over the country and by many large corporations. They are also used by all the big railways for their interline tickets.

La Monte Safety Papers are identified by the wavy lines that run all through the paper, and they are regularly made in six colors, pink, blue, green, stone, yellow, primrose.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-THIRD YEAR

MARCH 1919

VOLUME XCVIII, NO. 3

The Approaching Bond Issue

IN a recent letter to the chairman of the Ways and Means Committee of the House, the Secretary of the Treasury discusses in detail some of the immediate financial problems of the Government. Secretary Glass states that it is impracticable now to determine the exact terms of the next bond issue which will likely take place in April. He expresses the hope that artificial regulation of trading may soon be replaced by the operation of the law of supply and demand, and states that "buying will not begin and activity will not set in until the community at large is satisfied that prices have reached bedrock." The Secretary further expresses the belief that if the process of readjustment is accelerated the Victory Liberty Loan will be successful and that America will face "a new period of great and growing prosperity."

Secretary Glass concludes his letter as follows:

"In view of the early expiration of the life of the present Congress and the apparent impossibility of convening and organizing the new Congress in time to enact further bond legislation before the Victory Liberty Loan campaign begins, I reluctantly ask greater latitude in the exercise of a sound discretion as to the terms of the Victory Liberty Loan than has been conferred by the Congress in respect to previous loans. I should be only too glad to have the Congress share with me the responsibility of this extraordinarily difficult determination, but believing that it would be a grave mistake to reach a final determination at this time, I must ask authority to deal with the matter as the situation may develop.

"Holding these views, I have ventured to prepare, and I submit to you herewith a draft of a bill to amend the Liberty Bond Acts and for other purposes. This bill would:

"(1) Increase the authorized issue of bonds from \$20,000,000,-000 to \$25,000,000,000.

"(2) Remove the limitation as to interest rate, so far as regards bonds maturing not more than ten years from the date of issue.

"(3) Authorize the issue of not to exceed \$10,000,000,000 of

interest-bearing non-circulating notes having maturities from one to five years.

“(4) Authorize the issue of bonds and notes payable at a premium.

“(5) Exempt war savings certificates from income surtaxes.

“(6) Confer authority upon the Secretary of the Treasury to determine the exemptions from taxation in respect to future issues of bonds and notes and to enlarge the exemptions of existing Liberty Bonds in the hands of subscribers for new bonds and notes.

“(7) Exempt from income surtaxes and profits taxes all issues of Liberty Bonds and bonds of the War Finance Corporation held abroad.

“(8) Extend the period of conversion of four per cent. Liberty Bonds on the lines suggested in my letter of January 15 to you.

“(9) Create a 2½ per cent. cumulative sinking fund for the retirement of the war debt.

“(10) Continue the existing authority for the purchase of obligations of foreign governments after the termination of the war, in accordance with the views expressed by Secretary McAdoo by letter and in his testimony before the Ways and Means Committee.

“(11) Extend the authority of the War Finance Corporation so as to permit it to make loans in aid of our commerce, thus supplementing the aid which may be given by the Treasury on direct loans to foreign Governments and in a measure relieving the Treasury of demands for such loans.”

Congress has authorized the issue of \$7,000,000,000 of Treasury certificates of indebtedness preliminary to the Victory Loan, which will be offered late in April.



Federal Reserve Banks Profitable

FIGURES recently made public show that the net earnings of the twelve Federal Reserve Banks last year aggregated \$55,436,978, compared with \$11,202,992 in the preceding year, an increase of almost 400 per cent. The net earnings were at the rate of 68.7 per cent. of paid-in capital as it stood at the end of the year, against a rate of 18.9 per cent. during 1917.

These figures show that the Reserve Banks are highly profitable. Indeed, were it not for the fact that they are virtually under the control and operation of the Government, these institutions might be charged with profiteering. Of course, a charge of this kind lies

only against private enterprises, and not against those managed by the Government. In fairness, however, it should be stated that the capital of the Federal Reserve Banks is small compared to the volume of resources and of transactions. These institutions are performing a special function—that of acting as reserve and rediscount agents of the member banks. That their operations have been highly profitable, in view of the large volume of business transacted, is not surprising.



Business Dissatisfaction with the Government

FOR many years the Government has been investigating business of various kinds with the object of showing up practices that were immoral and illegal. If one may judge by expressions now frequently heard, there are thousands of business men who would like to have the Government investigated. The truth might as well be told. There is widespread, intense and bitter dissatisfaction with the Government in its policy of treating war contracts which were suddenly terminated by the armistice. Manufacturers and dealers claim that they are in some cases verging on bankruptcy because of what they regard as the unjust treatment of the Government. That this matter is of concern not only to business men but to the banks is shown by the following statement and resolutions issued by the administrative committee of the American Bankers Association, and signed by R. F. Maddox, president of the association:

“In view of the hardships created by the sudden termination of contracts for production and delivery, the bankers are of the opinion that it is essential to the welfare of the country that remedial legislation be passed immediately, so that it will be possible to make immediate and reasonable settlements of the Government’s obligations. Banks throughout the country, to a large extent, have loaned their money or credit to Government contractors under the spur of doing everything in their power to facilitate the execution of Government contracts. The money and credit of the country is so tied up in this way that the bankers’ ability to take care of the normal business of the country is very much curtailed, and from the standpoint of the contractor he is prevented from undertaking new work so long as his money is tied up, while at the same time the pressure from his creditors increases. The resolution follows:

“Resolved, That the American Bankers Association earnestly

urge the passage by the Senate of H. R. 13,274 as reported by Mr. Chamberlain on January 20 with an amendment subject, however, to the important modification that wherever the right of appeal therein is given to the Department of Justice such right be eliminated.

"A provision of this nature places upon the Department of Justice a duty to investigate all contracts or orders now pending validation, adjustment and final settlement, and will cause a serious and unnecessary delay to the great detriment of business, and will cause great financial loss to customers of banks and seriously interfere with the employment of labor.

"We believe that there are adequate laws existing to protect the Government in the payment on contracts when validated, and that section 2 of the bill in question protects the Government in the validation of informal contracts and the completion of contracts to replace informal orders and agreements."

It was no doubt impossible that we should be able to go through our recent war experiences without some such developments, but it should be the aim of the Government to act speedily in confining their ill-effects within the narrowest possible limits.



Some Economic and Other Aspects of Prohibition

NOW that the requisite number of states have ratified the constitutional amendment, we are to have nation-wide prohibition of the manufacture and sale of intoxicating liquors early in 1920. This result surprises nobody who has carefully observed the tendency of public sentiment on the question during recent years. The tide had unmistakably turned against the liquor traffic. For a long time nothing has been clearer than the determination of the people of the United States to make an end of the saloon. This purpose seemingly rested chiefly on economic grounds; business turned against the saloons. A contributory cause that helped the prohibition amendment was the defiant attitude the liquor interests have always assumed toward laws regulating their business. They set themselves up as superior to law, and thus brought about their downfall.

It is, however, at least open to question whether the action indicated may not prove more drastic than public sentiment will sustain,

thus resulting in a reaction, although it is hardly to be supposed that the prohibitory amendment will ever be discarded.

As to the loss of "revenue" derived from the liquor traffic, that may be viewed with composure. The traffic has put upon the country a much heavier tax than it ever produced, but there are some economic phases of the change which are not without interest. A large amount of money has been invested in the business, and whatever one's indignation may be against the liquor traffic itself, this hardly excuses action which strongly resembles confiscation of property, for it must be remembered that the liquor traffic has long existed under legal sanction. It may be said that the business was immoral, but that is rather a dangerous plea to admit in extenuation of what amounts to confiscation of private property, since the law itself sanctioned the business. Probably when Congress and the states come to enact legislation to enforce this amendment this phase of the matter will receive consideration. It may also become a matter of litigation. A report has been published that Great Britain will expect compensation to those of its citizens who have invested their capital in the liquor business in this country, but this report has been denied.

The adoption of prohibition, which at no distant time should result in an important reduction of waste and be of immense benefit to the country in other ways, will nevertheless for the time being introduce some vexing problems into an economic situation already sufficiently complicated.



“BANKING does not consist merely of
lending money to concerns which are
sure to pay it back”

—JAMES S. ALEXANDER

The War and the Price Level

By HENRY FLETCHER, A.M., LL. B.

CONSIDERING the world as a whole the war, within a short time from its commencement, withdrew from production many millions of men, and those who took their places were engaged in the production of war materials and not of ordinary goods. With this decrease of world production the quantity of ordinary available goods decreased. The exigencies of the war increased the demand for military necessities and many times increased the time factor in this demand. Goods deliverable at early dates were worth in some cases several times goods deliverable later. This decrease in available goods and the tremendous increase in the demand for war materials with which production could not keep step resulted in a tremendous increase in the general price level. The price level varied directly with the demand and inversely as the quantity of goods.

NO SUBSTANTIAL INCREASE IN THE WORLD'S GOLD SUPPLY

From 1914 until the signing of the armistice there was no substantial increase in the world's supply of gold. The world supply of this metal was nearly level, with little variation from the normal annual increase. The great rise in the world's price level of commodities since January, 1914, was not therefore caused by an increase in available gold. In the United States the increase in the gold supply was very large, aggregating about \$1,100,000,000, which was about equal to the decrease in gold holdings by the European banking interests. Whereas, the additional gold in this country certainly aided the great price inflation, still in view of the fact that prices in Europe were increasing with a decreasing of gold stock, it

must be that this change in the stocks of gold was not the most influential factor in the tremendous rise in the price level in the United States.

FACTORS AFFECTING THE PRICE LEVEL

Beginning with 1915 we have also seen the following conditions: A constant increase in the money value of our exports, a great increase in bank clearings, increases in bank deposits, bank loans and credit money accompanied by a continuing rise in the general price level of commodities up to the end of the war. If the price level is the resultant of the demand, divided by the amount of goods available to supply the demand, it is clear that the demand itself may be measured by the quantity of money, either standard or otherwise, that is used to purchase goods to fill the demand. The money may be either standard or credit money, whether the credit money be bank notes or other credit notes, or whether it consists of checks or pure credit evidenced by nothing except the obligation of individual business houses to pay in future. The fraction would then be represented by the amount of standard money plus the amount of credit money, plus the amount of checks, plus the amount of pure credit, divided by the amount of available goods.

The price level has been dependent in the first instance on the lack of available goods to satisfy the demand, and this condition tended to raise the general price level; this rise in the price level has itself been the direct cause of the creation of a great body of credit and increase again of these credits has reacted upon the price level to raise it still further, so that we have a condition where the price level would be ris-

ing notwithstanding the fact that the amount of available goods was increasing. This condition existed because of the fact that there never was a sufficient supply of goods to fill all demands. The great necessity for increase in ordinary goods and war materials, caused by the unproductive conditions in Europe, resulted in the necessity of increasing the means of production in this country. The funds to increase the means of production were provided in most cases by the use of credit. In other words, the body of credit was largely increased in the first place by the increasing prices, then by the increase in the amount of available goods, and thirdly by the necessity for capital expenditures with which to still further increase the amount of available goods. Return to our last equation for a moment. It is obvious that during normal times there is a normal margin between the amount of outstanding credits and the amount of goods with which to liquidate those credits. This might be called the normal margin of safety; that is, the margin would be the difference between the amount of goods and the amount of credits based on those goods. If the value of goods and the amount of outstanding credits were infinitely increased, they would tend to become the same; in other words, to wipe out this normal margin of safety. This margin of safety was not thus greatly endangered during the war because the Government stepped in, and through its control of purchases, for itself and for the countries abroad, was able to stem the rising tide of prices. In preparing the last equation showing the normal margin of safety, we have used only the elements of goods and credit, but the element of goods should itself be subdivided into two elements. The first element would be goods which were the subject of liquidation and the second goods (in this case capital goods) produced by the use of credit and which capital goods would not be easily liquidated. The increase in the amount of new construction for the production of goods, which was rendered possible by

credit, produced an effect similar to that which would have been produced by a still greater increase in the credits, in that it tended to bring the amount of goods subject to liquidation and the amount of credit outstanding closer and closer together, in this way tending to wipe out, or very much reduce, the normal margin of safety.

The proposition which has been advanced regarding the normal margin of safety might be described in the alternative as a ratio in which the numerator would be the normal amount of credit, and the denominator would be the normal value of the goods. This might be described as the normal ratio of safety. In any credit transaction, whether it be a loan from a bank, or whether it be a borrowing on real estate mortgage, there is a certain accepted relationship between the value of the security and the credit which is extended. The relationship may be as three to four, or four to five; but there is a normal ratio, and it is believed that there is in normal times a normal ratio between the total amount of credits and the total amount of outstanding goods subject to liquidation. In using the last equation, if the numerator is infinitely increased and the denominator subjected to the same treatment, the ratio gradually tends to become a unit, at which time the ratio of safety entirely disappears and the amount of credit and the value of the goods become identical.

OUR PRESENT SITUATION

If, therefore, at a period when the value of goods and the amount of outstanding credits tend to become identical there are changes in conditions by which the amount of goods is increased, the price level must tend to decrease and hasten the tendency toward identity of credits and goods. This is substantially the position in which this country finds itself at the present time. Suddenly the armistice is declared and the war, for business purposes, comes to an end. The industries which have been producing war materials are now potential producers of normal goods.

In other words, after a period of necessary readjustment and reconstruction, the normal and usual amount of goods will be produced. This will necessarily tend to decrease the price level, unless the numerator of our original fraction is also subject to substantial variance, that is the demand for those goods. It is true that stocks in this country are low in most lines, but it is also true that the demand is not so exigent that it can be said to be acute. It therefore seems at the present time that we cannot expect the demand in this country to increase with the same speed as the increase in the production of goods. Were this country therefore to be left to solve its own problems disassociated from the remainder of the world we would, I believe, find prices falling abruptly. It is certain that an abrupt fall in prices from the present levels, if continued, would tend to wipe out the margin of safety between the value of the goods subject to liquidation and the volume of outstanding credits based on those goods. The ratio of safety would tend to become a unit by reason of the decreasing value of the goods which are being liquidated. If the drop in prices were sufficiently abrupt and continued for a sufficient time, the country would become insolvent by reason of the fact that the value of the goods which could be liquidated would be less than the credits based on them. An over-expansion of credits, which renders such a condition possible, is such an over-expansion of credit that it could properly be called "inflation." The line which marks the relationship between the credits and goods, which might be called the ratio of danger, has been passed without pause. This ratio of danger might be produced either by the over-expansion of credits or by a decrease in the value of the goods already produced; or, as in the present instance, by a threatened increase in the amount of those goods. It has been argued that inflation exists only when specie payments have been stopped; but this, it seems to me, is a confusion of the cause with the result. When expansion of

credit is such that the danger ratio has not only been approached but passed, and the goods are not sufficient to liquidate the credits, then it must be that "inflation" has already arrived. In other words, the point of insolvency has been reached, whether this national insolvency should result in the suspension of specie payments or not.

WORLD'S DEMAND FOR CONSUMABLE GOODS

The statement has been made above that the change to an industrial peace basis indicates a larger increase in the possible goods than in the demand, and therefore indicates the possibility of an abrupt drop in prices, which might again result in a collapse of the credit structure, if the drop in prices were too abrupt or went too far. This viewpoint, however, leaves out of consideration the present world conditions, where the demand for consumable goods is practically limitless. Therefore, although it would appear that the potential productivity in this country was greater than the immediate demand in this country, nevertheless the destruction of means of production in Europe and the scarcity of commodities now in hand ought, after a reasonable pause, to more than offset the increased productivity of industry in this country. If the demand abroad offsets the increase in production in this country then we should see a comparatively slow recession of the general price level, instead of the abrupt drop which might be possible were it not for the European and world demand. Looking into the future it might seem that this view was induced by hope, rather than expectation, but it is believed that the actual world conditions indicate the probability of the conditions stated. It is, of course, absolutely essential that prices should recede before prosperity can come to the world; but, on the other hand, the recession of prices should be gradual and not extreme, because if the recession is sudden the credit structure will be greatly endangered by the inability to liquidate credits by the sale of the goods on which those credits are based.

GRADUAL RECESSION OF PRICES DESIRABLE

In conclusion it seems that a gradual recession of prices, a gradual liquidation of stocks, a gradual deflation of the credit structure, is essential for prosperity in the future. This necessity is so acute that it would justify the Government in failing to cancel contracts whose cancellation would tend to have too strong an influence in lowering prices or wages and would, if occasion arises, justify the Government in intervening and personally conducting prices gradually to a lower level than at present but not so low as before the war, because we must always remember that the dollars spent during the war had a

purchasing power far below the normal. If prices did return abruptly to pre-war levels we would have credit and financial crises at once and in the long run the Government would repay to those who loaned money dollars of a far greater purchasing power than those received by it. The general price level should not therefore decline greatly, and will not; but however great the decline in prices may be, the decline in the wage level should be less. The world will see that the wage-earner's return for his labor is increased; it is in the air, and it is just, and this will be brought about by a decline in goods prices and a lesser decline in the wage of labor.



Mr. Hepburn's Gift for Commercial Education

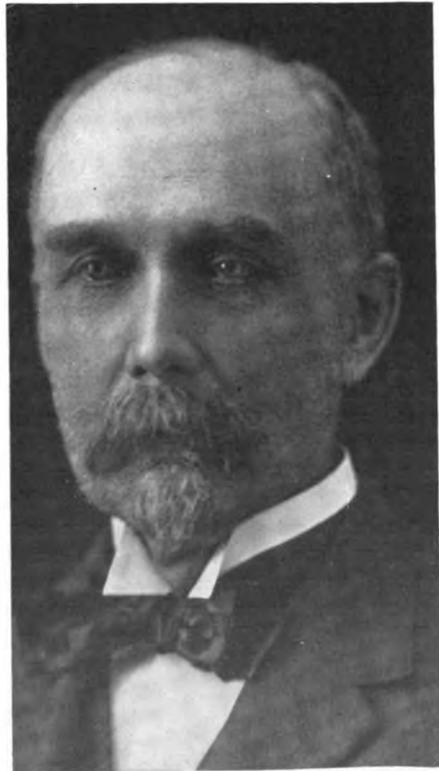
PRACTICAL interest in the cause of commercial education is shown by A. Barton Hepburn, chairman of the advisory board of the Chase National Bank of New York, who has made a gift of securities to the Chamber of Commerce of the State of New York, "for the purpose of creating a fund, the income of which shall be devoted to the promotion of commercial education, with special reference to modern languages."

The present annual income of the securities comprised in Mr. Hepburn's gift is \$8,600, which is expected to increase in the course of time.

In sending the donation to the Chamber of Commerce, Mr. Hepburn wrote:

If there should be a college of commerce, or its equivalent created, with the cooperation and approval of the Chamber, then this fund may be transferred to the support and maintenance of this college. Pending the happening of such an event, the income of this fund is to be used in furthering commercial education under the direction of the executive committee, as provided for in the resolution adopted by the Chamber of Commerce on January 2, 1919, reading:

Resolved, That the Chamber of Commerce of the State of New York approves a system of examinations and certificates of proficiency substantially as described in the report herewith submitted, and authorizes and instructs the executive committee to take active measures to put them into practical execution.



A. B. HEPBURN
Chairman Advisory Board, Chase National Bank,
New York

The War as a Stimulus to Financial Advertising

By W. R. MOREHOUSE, President Financial Advertisers' Association

AT no period in American history have so many potent forces supported a national movement, the object of which is the promotion of thrift, as we find behind Government financing to-day.

The most potent of these various forces is patriotism. With this compelling incentive for saving money aroused in the American people, it is not at all surprising that billions of dollars have been accumulated.

Add to this patriotic incentive to save the countless direct appeals that have gone up incessantly from thousands of consecrated war workers, as their earnest voices have been heard from every platform and almost every street corner in America, and the cause of thrift is given another push onward.

If you will then take into your calculations a still larger number of personal calls made upon individuals in their homes and places of business, and then throw in for good measure as much more, you will begin to gather some idea of what it has actually taken to put over the thrift idea in America.

Of other important factors which have lent themselves to the same cause we should not overlook the millions of lines of printed matter. Countless newspapers, magazines, circulars, pamphlets, posters and billboards have all proclaimed the need for greater conservation, and thus every reader in America has been reached not only once, but many times.

Our inventory would still be incomplete unless we took into our tabulations the numbers of days of time contributed by millions of zealous war

workers, and also include the volume of advertising space placed at the disposal of the Government.

Not only would it be well nigh impossible to count the number of days contributed, but the cost of the advertising computed at regular rates would run high into the millions of dollars.

THRIFT MOVEMENT UNIVERSAL

We ought not to lose sight of the fact that this movement was universal in its scope—that it made itself felt in every city, town and cross road in America at approximately the same time. So thoroughly did it permeate our national life, that even the hermit back in his lonely retreat did not escape its influence. No one was missed, and all were urged to help to the limit. The number of members in every American family was known to the war workers, while recorded at precinct headquarters was the amount subscribed by each member. It was also known how much each person could reasonably lend to the Government, and if the subscription did not measure up, all such persons were asked to lend more.

Besides patriotism, a spirit of redress for wrongs committed against civilization had something to do with the ready response made by many. In fact, who of us did not want to "get even" for German massacres in Belgium? Who did not want to repay the Kaiser and his pirate crews for the sinking of hospital and relief ships, and for ships laden with defenseless women and children, and for the brutal murder of men and women seeking to es-

cape in frail lifeboats? It took atrocities never before catalogued in the history of civilization to bring us to a realization that the time had come when we must either go across and destroy the Hun with cold steel, or if we couldn't go across, we must come across with our money, and bring ourselves in obedience to the requirements of our Government.

It took more than this to produce the number of war savers which we have today. It took the highest rate of interest ever paid for money by the United States Government, at least, in recent years. It took a rate larger than that paid by savings banks to get the money necessary to finance the war.

COMPARISONS BETWEEN THE EFFORTS OF BANKERS AND THE GOVERNMENT

Naturally, the results obtained were large in proportion to what had been accomplished by banks during the century previous. Nor is it at all surprising that as a result of war conditions, and the mighty organization behind the thrift movement, we have millions of Americans saving and lending to the Government, whom our bankers were unable to reach with their advertising and business-getting plans.

Already comparisons are being made between what the Government has accomplished since the war began, and the thrift work done by our bankers during the century preceding it. Because there is a very marked difference in the results, there are those who are advocating that the Government continue its thrift activities as a permanent thing. It is to be hoped that the Government will not be led astray by what it has accomplished in war times, thinking that it could duplicate the same achievement in times of peace, but will turn financing back to our bankers where it rightfully belongs.

There will be another class of men who will draw the same comparison, but with a different object in view. They will say that the principal reason why our bankers were unable to reach these millions of new war savers was because

they advertised to themselves and not to the people whom they hoped to reach—that their newspaper copy was meaningless to the man of ordinary circumstances, and that their business-getting plans lack the necessary punch in order to get results.

Toward all, such bankers must be charitable. Let us forgive and forget those who make the unfair comparison between war times and peace times, for as every man who thinks knows, the Government could never have raised the sum of money loaned it, under ordinary circumstances.

Like everything else under the sun, financial advertising is afflicted with a few weak points; at the same time, how about its many good features? Let us also not forget that up until the war, financial advertising did more to promote thrift in America than all other agencies combined. Look through the pages of American history and what do you find there concerning thrift? You find that while thrift societies have come and gone for lack of support, savings institutions have thrived as savings were added to savings. You will find that savings banks have always advocated greater thrift, through advertising, and have also made it easy for persons of small incomes to start accounts and thereafter accumulate, as the banks added interest to the sums brought in for deposit. As a result of their advertising, and the conveniences provided for customers, savings banks have prospered in the same proportion that their patrons were able to get ahead.

THE FUTURE OF FINANCIAL ADVERTISING

Beginning from the very hour that peace is officially declared and the American army is brought home and demobilized, the various forces that combined to make war financing a success will gradually separate, leaving the field to our banks. When that day comes, financial advertising, which has stood the test of decades, will again lead the way to greater thrift in America.

Regardless of what financial advertising achieved before the war, or what

our Government has accomplished since, the future is all that is before us for attention, and the one important question which every banker must answer for himself is, How can I make bank account savers out of some of these new war savers?

Just as surely as it took a bitter war to thoroughly convert America to thrift, it will take financial advertising to win over these new war savers. Why financial advertising? Because, like all good advertising, it is fundamentally educational. Tell these war savers how you can serve them, and you will be successful.

If there was ever a time in the history of our banks when they should ad-

vertise, it seems to me that the time is close at hand. The harvest is great and waiting to be gathered in. How much your bank will garner will largely depend upon your attitude toward advertising, and what use you make of it.

If you stand idly by letting matters take their course, you will doubtless get just a small sprinkling of new business; whereas, if you join the ranks of the banks that will use advertising wisely and liberally during the months to come, results will be correspondingly great.

Does it pay to advertise? Ask the banks that use advertising freely and they will tell you, Yes.



Proposed Change in Location of A. B. A. Headquarters

REGARDING the proposed change in the location of headquarters of the American Bankers Association from New York to Washington, which is favored by the administrative committee, the following letter has been addressed to the members of the Executive Council:

The undersigned, as members of the American Bankers Association and deeply interested in its welfare, desire to present the following considerations why the proposed removal of the Association offices to Washington should be deferred at least until the matter is fully considered at the spring meeting of the executive council, when opportunity for full discussion of this move may be had.

Inasmuch as the Chicago convention, in adopting the report of the committee on coordination of activities, went on record that the removal to Washington was neither advisable nor practicable at that time, we feel that any hurried decision to the contrary by mail vote, where only one side of the question has been presented, deprives the general membership of any voice in the matter, and would be extremely unwise.

We as individual members are opposed to this move (although we believe that the association should have suitable permanent representation at Washington, and we know that many others are likewise opposed, not only as indicated by the vote of the last convention, but by the expressions of opin-

ions of some who have already voted by mail in favor of this move, without having given full consideration to the arguments in opposition.

We therefore ask in all fairness that action be deferred until opportunity has been given, if not at the next convention, at least until the next meeting of the executive council, for the members of the executive council to get together and fully weigh the pros and cons of this important proposition. May we not appeal to you to wire to the general secretary of the association your willingness and recommendation that further action on this matter be postponed until the spring meeting of the executive council?

Yours very truly,

Frank W. Blair, president Union Trust Company, Detroit, Michigan; Joseph Chapman, vice-president Northwestern National Bank, Minneapolis, Minnesota; William J. Gray, vice-president First and Old Detroit National Bank, Detroit, Michigan; R. S. Hecht, president Hibernia Bank and Trust Company, New Orleans, Louisiana; E. D. Hulbert, president Merchants Loan & Trust Company, Chicago, Illinois; William A. Law, president First National Bank, Philadelphia, Pa.; James K. Lynch, governor Federal Reserve Bank, San Francisco, Cal.; E. C. McDougal, president Bank of Buffalo, Buffalo, New York; John H. Puelicher, vice-president Marshall & Ilsley Bank, Milwaukee, Wisconsin; Rome C. Stephenson, president St. Joseph Loan & Trust Company, South Bend, Indiana.

This is No Time for Gloom in the United States

By GEO. A. GASTON, President Gaston, Williams and Wigmore, Inc.

I WAS considerably surprised upon my return some weeks ago to note the spirit of uncertainty prevailing in commercial circles. I presume my surprise was intensified because I had just come out of an atmosphere of hope, if not optimism, in England and France.

Even now, after several weeks of personal contact with men who are in intimate touch with financial and commercial conditions in this country, I am unable to figure out just how we could have become so blinded to the good things in store for us that we are unable to see the multifold rewards awaiting our future endeavors.

Frankly, I started on my trip abroad nine days after the armistice was signed with the popular thought in mind that I was to find devastation and poverty to such an extent that it would hardly be honorable for the United States to do other than act in a charitable role. I imagined England almost bankrupt, France bled white, and Belgium a veritable beggar at the coffers of the world.

True, I did see on every hand the direful results of the great conflict; almost without exception every man I talked with in England and France had been stricken, either directly or indirectly, in some manner—some had lost relatives or fortune, and, in numerous instances, both. But there was little or no despondency apparent. The supreme sacrifice had been endured with remarkable fortitude, and every face was turned, figuratively, to the dawn of a better and richer era. Worth-while results had been achieved and virtually everyone seemed thankful for it.

NO DISSATISFACTION ABROAD

I found no dissatisfaction with the part the United States had played; quite to the contrary, Americans and American methods were acclaimed on



GEORGE A. GASTON
President Gaston, Williams & Wigmore, Inc., and
President Foreign Trade Banking Corporation

every hand. As a matter of fact, I was unaware of the so-called opposition to us until I landed here. At the moment I am rather of the opinion that those stories of the mistreatment of our soldiers by the French, and the cor-

dial welcome they received once they had crossed the Rhine, were a part of a cunningly conceived and carefully executed propaganda conducted by someone who had an ulterior motive.

Naturally, there is bound to be some dissension among those sitting at the Peace Conference. It is inconceivable that twenty nations, having been interlocked in partnership for a common purpose, could sever the arrangement without some difficulty.

But, mind you, civilization has gone on apace during this war. It is a pity that the dream of centuries could not have been achieved without this blighting bath of blood, but now, regardless of the frightful cost, the whole world is going to be better for the experience. I make no claim that human selfishness has been eradicated, nor that in remote instances greed will not raise its loathsome head, but I do firmly believe that the "League of Nations" will ultimately prove the greatest boon to mankind since the beginning of time. The various nations are going to be shown the way to consideration for the other fellow, and, if they resist, they will be forcibly guided in that direction.

RESULTS OF THE WAR

Economically, war destroys material wealth of various kinds, but it also creates monetary wealth. While the bursting of a single shell may cost one thousand dollars, the fact remains that someone was paid for its creation. Thus, in a material sense, someone was benefited. I say this with all respect to the sentimental cost of the great holocaust—but facts are facts. Millions of lives were lost, true enough, but from now on, I take it, we are to deal with the more or less sordid material side of things. We can not bring back those destroyed lives, but we can and must take cognizance of things as they are and strive with every means at hand to better the conditions of the living, therefore an analysis of the situation is not amiss at this time.

We, in this country, have derived considerable pleasure from the belief that we were, henceforth, to be masters of

both world banking and world shipping. This has been mere idle theorizing of course. Actual conditions, as they have existed for centuries, cannot be altogether revolutionized even by a four-year war.

Great though our natural advantages are we cannot supplant England's supremacy in either overseas shipping or international banking. This fact, however, should occasion us neither regret nor alarm. There is enough prosperity and contentment in view to appease our most zestful appetite for national affluence.

England must retain supremacy of banking and be mistress of the seas. Sheer necessity renders this imperative. In addition, she has the added advantages of geographical location and many generations of practical experience. It will require many years of similar practical experience for us to reach such a degree of international banking and commercial efficiency. She is not only thoroughly organized, but possesses those necessary material attributes which give her a commanding lead. The records prove that England is constructive rather than destructive. Her efforts have been directed toward building up instead of tearing down, therefore the world is better off for her having existed. There is nothing of blight in the conduct of her international affairs, so we have nothing to fear on this score.

POSSIBLE TARIFF EMBARGOES

England is naturally a free trader because the British are essentially converters of raw products into finished material. For this reason she has heretofore thrown her trade gates open to the nations of the earth. Now, however, she is suddenly confronted with the more or less perplexing situation of doing more buying than selling.

Under normal conditions England has led the world in exports of finished products, but exigencies of war forced her to forswear her leadership in order that her manufacturing strength might be applied wholly to the creation of war materials. For this rea-

son discussion is rife over there that she may cease to be a free trader for a limited time, and become a "protectionist" so that her more or less disorganized manufacturing facilities will have the opportunity to become rehabilitated. However, as to the ultimate result of this discussion, I would not even hazard a guess.

I talked with many prominent bankers and business men in England, and while they enthusiastically displayed appreciation for the help we rendered them in the war, not once did I note any disposition on their part to step into second place in world affairs. Understand, however, there was nothing of bigotry on their part. They are appreciative, without being humble, nor does there appear even an inclination to take advantage of anyone. In fact, in the parlance of sportsmanship, they are "good fellows." This leads me to believe that, in the English, we have foes worthy of our steel.

A GENERAL SUMMARY

All of France realizes that the nation must turn to manufactures and exports of manufactured goods to replace the loss of trade resulting from the passage of prohibition in the United States. Substitution of factory products for those of the vineyard already is begun in the erection of factories in the region of Paris and Bordeaux; thus she is turning from the manufacture of luxuries to more substantial lines.

One of the new staples of France is going to be cheap automobiles. There also is a plan to get the American design of sewing machines and typewriters and make them in France. The automobile manufacturers are trying to induce the French Government to declare an embargo for several years on the importation of pleasure cars and trucks, but I doubt if this will be done. The Peace Conference will have considerable to say on this point.

French banks have plenty of money to lend to manufacturers and the great plan of rebuilding and extending the steel mills of the north will be amply financed.

Belgium is very actively planning her commercial and industrial restoration, and has ample money to finance the tremendous job. In normal times savings banks in Belgium paid depositors three per cent. Today they are paying less because of so much idle money on hand.

In Italy development of manufactures since the war is extraordinary, and reconversion of factories from war to peace uses is proceeding very rapidly. They are largely making machines, notably pleasure automobiles and trucks. Italy will look to the Orient for business, and already has sent salesmen to Turkey, Asia Minor and the Balkan States.

The population of Prague, Bohemia, has increased 200,000 since peace came, hotels are crowded and people are camping out waiting for new homes to be built. Bohemia offers a large market for all sorts of merchandise, a special demand for printing presses being noted. There is also a call for laundry soap, clothing, shoes and automobiles.

Roumania is short of all kinds of agricultural equipment and the Government is now trying to place immense contracts for equipment of this kind. Here is another interesting fact: the oil wells of Roumania are not ruined; the Germans left them in fair condition.

On the whole, the chance for American trade is really better in the Balkan and Black Sea districts than in France or Great Britain, although an immense volume of business will come out of the latter two countries.

It is untrue that Germany has been able to pile up stocks of manufactures during the war and is now about ready to compete aggressively with the other nations. It will require years for Germany to again become a formidable factor in world trade.

OUR GREAT OPPORTUNITY

Despite whatever protective measures the European countries may adopt the United States has undoubted advantages over all the other nations of the earth. Our production of food-

stuffs is far greater than any other country and much beyond our own requirements. We have more than one-third of the world's gold reserve. Our banking resources are nearly equal to those of European countries combined. We have one-half of the world's iron ore and more than four times the coal deposits of all Europe. We lead not only in manufacturing facilities and raw products, but also in labor saving machinery. What then have we to be gloomy about? Nothing!

In the practical carrying on of business with Europe and other countries, we, in America, must not only recognize the spirit of coöperation which has so greatly developed during the war, but also respect the views of those with whom we are dealing. European business men place much more importance

upon the personality of the parties, the customary methods of carrying on business, and the semi-social conventions between the parties than we do here. Their habit of courtesy makes many of our methods seem somewhat crude and unpolished. They wish to carry on business in their own countries in their own way, and the man or company who expects to be successful in business there must recognize this and comply. The results are the same, but the outward methods differ.

All in all, we have much for which to be thankful. In reality we are, in material affairs, the leaders of the world. On all accounts it behooves us to get down to business, adjust our own little internal differences and become a great nation made up of happy and prosperous individuals.



The Union

By ALFRED NOYES

You that have gathered together the sons of
all races,

And welded them into one,
Lifting the torch of your Freedom on hun-
gering faces

That sailed to the setting sun;

You that have made of mankind in your own
proud regions

The music of man to be,
How should the old earth sing of you, now,
as your legions,

Rise to set all men free?

How should the singer that knew the proud
vision and loved it,

In the days when not all men knew,
Gaze, through his tears, on the light, now
the world has approved it;

Or dream, when the dream comes true?

How should he sing when the Spirit of Free-
dom in thunder

Speaks, and the wine-press is red;
And the sea-winds are loud with the chains
that are broken asunder

And nations that rise from the dead?

Flag of the sky, proud flag of that wide
communion,

Too mighty for thought to scan;
Flag of the many in one, and that last world-
union

That kingdom of God in man;

Ours was a dream, in the night, of that last
federation,

But yours is the glory unfurled,—
The marshalled nations and the stars that
shall make one nation

One singing star of the world.

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Banks and the Foreigners

By J. N. HIGLEY, Advertising Manager Dollar Savings and Trust Company, Youngstown, Ohio

WHEN the United States under the McKinley tariff law began to develop into a great manufacturing nation, the high rate of wages paid to American labor resulted in a great movement of unskilled labor from Europe to America. Most of this labor settled in towns and cities in the coal

the Mississippi and north of the Ohio rivers." This great influx of foreigners, unacquainted with American institutions, American ideals and American ethics, brought many new and troublesome problems to the towns and cities that found their population quickly transformed from native to alien. The prob-



Dollar Savings and Trust Company, Youngstown, Ohio, where the interests of Americans in the making are carefully looked after by a well organized Foreign Department

and iron and steel districts. Villages, towns and cities that had few foreigners before that time found themselves with a continually increasing foreign population that soon exceeded the native population. This condition prevailed in numberless towns and cities in that great industrial section of the country so often described in Federal mandates issued during the great war as that portion of the United States "lying east of

lem of safely and permanently assimilating this alien population without lowering American standards of living is one of the greatest that American cities have ever been called upon to solve.

WORK OF THE BANKS IN ASSIMILATING THE FOREIGNERS

Banks were slow to realize that they had a part, and a most important part,

too, in this work of assimilating the foreigner. For a number of years banks made no effort whatever to get the foreigner to deposit his money in a bank. They overlooked the great fact that these strangers from Europe needed no lessons in thrift. Centuries of hard struggles with poverty had taught them the habit of economy until saving money became an innate and almost universal trait among them. Not only did the banks fail to recognize this important

saloon or in the back room of a store. From selling steamship tickets and changing money these offices soon began to take deposits and called themselves "banks." Many hundreds of thousands of dollars were entrusted to them by confiding foreigners without a penny of security, because fellow countrymen who could talk their own language ran them. As a natural result of such an unbusinesslike and unscientific scheme many foreigners suffered



Manager, Assistant Manager and Employees, Foreign Department Dollar Savings and Trust Company. In this group are represented several different nationalities, some of the men speaking two or more languages. At the present time there are twelve languages spoken in the department

fact, but they sometimes showed an unmistakable dislike to the foreigner as a bank customer. This dislike was probably due to inability to make the foreigner understand and the latter's proneness to become alarmed and withdraw his money upon the slightest provocation.

The logical result of the bank's neglect or refusal to go after the foreigner's bank account was that innumerable steamship agencies and foreign exchange offices were opened by foreigners who had been in the country long enough to talk English. Often these offices were opened in the corner of a

the loss of all their savings and became suspicious of American banks in general.

This was the condition that prevailed generally throughout the country when the Dollar Savings and Trust Company of Youngstown, Ohio, conceived the idea of giving the foreigner the same banking facilities that Americans enjoy.

THE FOREIGN DEPARTMENT IN OPERATION

The foreign department of the Dollar Savings and Trust Company was established in 1906. At that time Youngstown was rapidly becoming a great iron

and steel center. Over half its population was foreign born. Most of its aliens came from Italy, Serbia, Roumania, Russia, Poland, Austria-Hungary, Germany, Greece, Bulgaria and Syria. A large building, with as much floor space as the average Ohio bank has, was erected especially for a foreign department. A man well versed in the complicated science of foreign exchange, and who could speak several European languages, was secured as manager and the department was formally opened for the transaction of business. For several years the department lost money. Difficulty was experienced in getting the agency of the best steamship lines, because local agents insisted they had an exclusive privilege in handling them. But as the department's business grew the steamship lines realized that it would sooner or later get the bulk of the foreign business in Youngstown and before long the department was able to sell tickets on all steamship lines. The bank not only sold steamship tickets, but personally looked after incoming and departing foreigners. Often the banking room was filled with customers about to return to the old country. The lobby was packed with bundles, baggage, women, children and dogs on these occasions, and frequently a brass band accompanied the returning Europeans from the bank to their train. The bank was also used as headquarters for immigrants coming from Europe to Youngstown. Often the department presented a weird, old-world scene when filled with peasants from Croatia, Roumania or Serbia, clad in their native costumes. The department assisted these newcomers in finding their friends, helped them get boarding-houses, and in many cases told them where to apply for work.

The department also opened a sort of semi-official post-office. They furnished their customers with post-cards and letter-heads and arranged to have customers' mail delivered at the bank in the bank's care. This proved to be a popular move. The post-cards had pictures of the bank upon them and were sent to all parts of Europe and

helped to advertise the institution abroad.

In order to acquire good banking connections across the water the bank sent the manager of its foreign department to Europe where he visited England, Germany, France, Italy, the Balkan States and Russia, and arranged for a splendid line of banking connections with reliable banks. As a result of this trip the foreign department was able to send money to all parts of Europe with the smallest expense and with the greatest assurance of its safe arrival.

WINNING THE FOREIGNERS' CONFIDENCE

But the hardest problem of all still remained to be solved, and that was to



A busy hour in the Foreign Department of the Dollar Savings and Trust Company

win the confidence of the foreigners. They seemed to be suspicious of American banks and were inclined to withdraw their money without warning upon the slightest provocation. Any sort of a wild rumor was enough to start a run upon the foreign department. A number of these runs occurred, some of them quite serious, but the same policy of stopping them was carried out in each case and resulted very satisfactorily. The plan was simple, but very effective. Depositors were paid off as fast as they could be waited on. It was found that it did no good to argue with the foreigners until after they had withdrawn their money. When they had their money back they were willing to listen to reason. After several big runs a plan was

finally adopted whereby customers who drew their money out because they were scared were told they should start a savings account that drew no interest. They were informed that they could then withdraw their money whenever they wanted to without imposing upon the bank. A large number of these non-interest bearing savings accounts were started, but after depositors saw that the bank met each run promptly and seemed to grow stronger after every run, these accounts were gradually converted into interest-bearing accounts.

SUCCESS OF THE DEPARTMENT

After over twelve years' experience the foreign department of the Dollar Savings and Trust Company is now one of the largest, most complete and most successful in the United States. It has over \$7,000,000 of deposits all owned by foreigners. It has ten thousand depositors who have an average of over \$700 per capita, which is a very high per capita deposit for this section of the country. The department has nine tellers who speak fourteen languages. These tellers not only attend to the financial wants of their customers, but act as so many bureaus of information and furnish most valuable aid in assisting their customers to understand and appreciate American ideas and ideals. Besides being a signal success as a department of the bank, the foreign division of the bank has performed a great civic duty in giving the foreigner the protection he so sadly needs in money and business matters.

The great war brought many new problems in the solution of which a foreign banking department can be made to play an important part. If a marked exodus of European aliens follows the war, it means a large increase in the sale of steamship tickets and foreign exchange. If there is a great movement of people from the devastated countries of Europe to America, a foreign bank

department can be of much assistance in getting in touch with the newcomers and helping them to secure work and lodging. There is no doubt that a vast amount of money owned by foreigners was hid when the great war started and is still in hiding. With the war ended a foreign banking department should be able to induce foreigners to deposit their hidden money and allow it to be put in circulation. This is being accomplished successfully by the foreign department of the Dollar Savings and Trust Company where thousands of dollars, bearing all evidences of having been buried or otherwise hidden, are being deposited.

The fame of the Dollar Savings and Trust Company's foreign department has reached far beyond the state and fully fifty bankers from much larger cities than Youngstown have found it paid them to come to Youngstown and study the methods used by this bank to care for and protect the European foreigners.

The Dollar Savings and Trust Company's foreign exchange business is understood to be the largest retail business of its kind in the country and though transacted on a uniformly narrow margin of profit, more than pays its way. Before it was established local dealers in foreign exchange often and perhaps generally charged "all the traffic would bear," and there were many instances of flagrant extortion. Now there is little of this anywhere in the district served, for the foreigners have learned that in this department of the "Dollar Bank" they can get the best rate the market affords without "trading" and will not patronize dealers who will not meet the Dollar Bank rate. From the beginning it has been the slogan of the department that "It pays to serve," and if ever in American business there has been a clear-cut demonstration of the ultimate value of "casting bread upon the waters," the experience of this department is that demonstration.



Banking and Commercial Law

The following decisions are selected from the most important of the current decisions, handed down by State and Federal Courts, passing upon questions of the law of banking or negotiable instruments. The word "opinion," where used, indicates that the matter following is the opinion written by the court, in whole or in part.

Commission to Bank President on Loan is Usury

McCarthy v. Liberty National Bank, Supreme Court of Oklahoma. 175 Pac. Rep. 940.

No end of schemes have been devised to get around the usury laws—to collect usurious interest and still escape the pains of the penal statutes. The borrower is required to leave on deposit in the bank a specified amount of the sum loaned to him, or an unearned commission is collected, or the transaction is disguised in some other equally ingenious manner. One plan is about as good as another; that is to say, none of them is any good, provided the borrower makes up his mind not to be imposed upon. The law usually provides a severe penalty for the taking of usurious interest. Generally, all the borrower has to do is to refuse to pay the interest, or, having paid it, bring suit to recover the penalty provided by law.

The above entitled case is a good example of the rigor with which the courts apply the statutes condemning usury. It may be mentioned that this case presents elements of roughness and brutality not often met with in financial transactions of this character, as a perusal of the opinion, printed below, will more fully disclose.

John McCarthy, the plaintiff, wanted to borrow some money and the defendant bank accommodated him. On the face of the transaction it was simply a loan of \$8,000 for one year. But immediately on the amount being placed to McCarthy's credit, he was required to pay \$2,000 to the president of the bank. Of this sum, so McCarthy was told,

\$800 was for interest and \$1,200 was a commission to the president for putting the deal through. When the note fell due McCarthy paid it in full and then coolly demanded \$4,000—double the amount of the usury paid, which is the penalty to which the law entitled him. The officials of the bank, however, were not so cool about it as McCarthy. They invited him into a private room in the bank and there offered him his choice between signing an instrument renouncing his claim, or being killed. Naturally McCarthy signed up. And then, by way of showing McCarthy that the talk about killing him was no idle threat, he was violently assaulted by one Lewis, who, as the court says, "honors the bank by being its president."

Once safely out of the bank McCarthy brought suit and he recovered the \$4,000, which he demanded and \$300 additional by way of counsel fees. Calling the \$1,200 a commission did not make it such; it was usury none the less.

The bank offered another defense to the effect that after the loan had been made it had been converted from a state bank into a national institution. On this point the court held that, where a state bank is reincorporated as a national bank under a new name, but with the same personnel, officers, management and business, the new bank is liable for usury charged and collected by the old bank.

Considered simply as a financial proposition, McCarthy received \$6,000 in cash from the bank, paid \$8,000 and recovered back \$4,000. So, in effect, he had the use of \$6,000 for a year and, after paying his obligation to the bank, was \$2,000 ahead. And, furthermore,

the bank paid \$300 towards his lawyer's bill. It all goes to show that usury does not lend itself readily to disguise and that it never pays.

OPINION

Commissioners' Opinion, Division No. 2.

Error from District Court, Tulsa County.

Action by John S. McCarthy against the Liberty National Bank. Judgment for defendant, and plaintiff brings error. Reversed and remanded, with instructions to enter judgment for plaintiff.

POPE, C. John S. McCarthy, plaintiff in this action in the court below, desiring a loan of \$6,000, went to the Tulsa State Bank and negotiated the loan through the medium of its president. The transaction assumed in outward form the guise of a loan of \$8,000 for one year. This amount was placed to the credit of McCarthy in said bank, who immediately, as a part of the agreed transaction, paid the president of the bank, from said sum, the sum of \$2,000, of which \$800 was to be the interest on the loan and \$1,200 commission to the president of the bank for making the loan—a consideration of twenty-five per cent. paid by McCarthy for the use of the money.

McCarthy paid the note in full, and thereafter demanded the payment to him of \$4,000; his claim being that the said sum was double the amount of the usury paid.

In the verified petition in the record, one of the allegations, which are nowhere denied under oath, is that, after the giving of the notice above mentioned, McCarthy was inveigled into the private room of the bank, which had by that time changed its name to the Liberty National Bank, was locked in said room, forced by threats of being killed to sign an instrument renouncing all claim for usury, and after the delivery of said instrument was violently assaulted by one A. E. Lewis, who honors the bank by acting as its president.

Thereafter McCarthy brought this action against the Liberty National

Bank to recover \$4,000 usury. On the trial it was shown by uncontradicted evidence that the Tulsa State Bank had reincorporated as the Liberty National Bank; the latter bank being organized by the officers and stockholders of the former, taking over its assets, continuing its business, and being conducted by the same officers. Judgment was rendered for the bank, and McCarthy brings error. The bank sought to avoid liability under two theories. The one was that the \$2,000 consideration received for the loan of \$6,000 for a year was not interest; the contention being that only \$800 was interest, and the remaining \$1,200 a commission charged by the president in his individual capacity and retained by him as a commission for making the loan. The other theory was that the Liberty National Bank, as distinguished from the Tulsa State Bank, was not liable by reason of the change of incorporation and name.

These contentions will be considered in their order.

We cannot agree with the contention of the bank that a part of the twenty-five per cent. charged the plaintiff for this loan was a commission going to the president of the bank and not interest. The man Lewis, president of both of the banks, or rather the one bank under both names and both corporations, had full charge of making loans for the bank. "I loan the bank's money to who I want to," he says, and that he kept the \$1,200 as his commission without the knowledge or consent of the stockholders or the directors. "Certainly, I make a commission on loans every now and then; I reserve that right."

The uncontroverted testimony shows that Lewis had and exercised the right of making loans for the bank; he was clearly a general agent for that purpose. The funds of the bank were in his possession to be loaned. His official position was such that his knowledge would be the knowledge of the corporation. The authorities amply sustain the position that compensation received for a loan under such conditions

cannot be called a commission, and the pains of usury thus avoided. *Bean v. Rumrill*, 172 Pac. 453; 46 L. R. A. (N. S.) 1157, note; 19 L. R. A. (N. S.) 391, note.

It may be that the man Lewis was guilty of a fraud on his bank, and was secretly appropriating part of the compensation which he received for loans without the knowledge of the stockholders and directors. If so, the bank has its remedy against Lewis; but it cannot deny that his knowledge was its knowledge, or escape liability to third persons for the acts of Lewis within the scope of his authority in doing that which it had put into his power to do. If the bank suffers a loss by reason of unauthorized charge of usury by Lewis, the bank may have a remedy against Lewis; but certainly this does not purge of the transaction of usury.

Nor can the bank escape liability because it changed its name from *Tulsa State Bank* to the *Liberty National Bank*, and abandoned its state charter and continued business under a federal charter. The uncontradicted evidence is that it was composed of the same individuals, same officers, the same management, and continuing the same business at the same place. The law seems to be well settled that, where a corporation is the mere incarnation of a prior corporation, the new corporation must answer for all of the obligations of the old. 11 L. R. A. (N. S.) 1119, note; *Montgomery-Web Co. v. Dienelt*, 133 Pa. 585, 19 Atl. 428, 19 L. R. A. 665; *Hibernia Ins. Co. v. St. L. & N. O. Transp. Co. (C. C.)* 13 Fed. 516; *Camden Interstate R. R. Co. v. Lee*, 84 S. W. 332, 27 Ky. Law Rep. 75.

There seems to be little or no controversy about the facts in this case. We are therefore of the opinion that the case should be reversed and remanded, with instructions to the trial court to enter judgment for the plaintiff below for the \$4,000 usury paid, \$300 attorney's fee, and for costs.

Verbal Instructions to Honor Checks Drawn by Agent

Pierson v. Union Bank & Trust Company,
Court of Appeals of Kentucky.
205 S. W. Rep. 906.

The Negotiable Instruments Law, as originally drafted, provides that:

"The signature of any party may be made by a duly authorized agent. No particular form of appointment is necessary for this purpose; and the authority may be established as in other cases of agency."

This means that if a bank depositor announces verbally that a certain person is authorized to draw checks against his deposit, checks drawn by that person in the name of the depositor are valid in all respects, just as though they had been signed by the depositor himself. This is the form in which the statute was adopted by practically all of the states.

But, for some reason, the Kentucky Legislature decided that verbal authority was not sufficiently formal for a matter of this kind and that nothing short of a written instrument would do. So, when the law was adopted in Kentucky, this section was changed to read: "The signature of any party may be made by an agent duly authorized in writing."

In the present case a question arose as to the liability of a bank which had paid checks drawn by the depositor's son, in accordance with her instructions.

The plaintiff, Mrs. Pierson, at the time of opening an account by a deposit of \$703 in the defendant bank, gave the bank instructions that checks drawn by her son Roy should be honored. Perhaps Mrs. Pierson never expected that her son would draw out the entire account. But that is exactly what he did and he worked so fast that Mrs. Pierson had only time to put through three small checks aggregating \$16.90, before the entire original deposit was exhausted.

When Mrs. Pierson discovered what had been done she brought suit against the bank on the theory that, under the Kentucky statute referred to, the pay-

ments made by the bank were unauthorized, because she had never authorized her son in writing to sign checks in her name. Of course, the bank had strictly and in good faith carried out her instructions and to have compelled it to refund the amount withdrawn by her son would have been a clear injustice. The court decided in favor of the bank, but not on this ground. The decision was placed on the ground that the checks were not the basis of the claim. It was not as though the checks were in the hands of some purchaser and he was attempting to enforce them. In that event the checks would necessarily have been declared invalid. The situation presented in the present instance was the same as though Mrs. Pierson had told the bank to pay the money to her son when he called for it and the bank had done that without any checks entering into the transaction at all. In other words the checks here involved were merely incidental to the transaction.

OPINION

Appeal from Circuit Court, Henderson County.

Action by Mollie Pierson against the Union Bank & Trust Company. From a judgment for partial relief, plaintiff appeals. Affirmed.

Woodward & Dixon, of Henderson, and Ernest Woodward and Moorman & Woodward, all of Louisville, for appellant. Dorsey & Dorsey, of Henderson, for appellee.

SAMPSON, J. Mollie Pierson and her son, Roy Pierson, went to the appellee bank for the purpose of and did open a checking account, with it in the name of Mollie Pierson, by depositing a check made to Mollie Pierson and Roy Pierson jointly for the sum of \$703. The Piersons instructed the bank to pay out the money on the check of Mollie Pierson or upon her check by her son, Roy Pierson. Some time thereafter Roy Pierson deposited another \$100 to the credit of Mollie Pierson, but this money appears to have belonged wholly to Mrs. Pierson. In the meantime he was issuing checks against

the account signed "Mollie Pierson by Roy Pierson," and these checks were paid. Mrs. Mollie Pierson also issued three small checks, amounting to \$16.90, against the account, which were paid. The fund was exhausted, and shortly thereafter Roy Pierson died. Mrs. Mollie Pierson then brought this action against the bank, alleging that she had deposited in the bank the sum of \$803 which was her individual funds, and that she had only checked out \$16.90, and that the bank wrongfully refused to honor her check for the balance of the \$803 which she averred was due her. The bank answered, setting up the fact that it had been instructed by Mrs. Mollie Pierson, in the presence of her son, Roy, to honor checks issued by Roy Pierson, signed Mollie Pierson by Roy Pierson, and that it had done so, and that the entire fund had been paid out on such checks, except the \$16.90 paid on the checks of Mrs. Pierson. By reply Mrs. Pierson denied that either of the deposits had been made by Roy Pierson, and also denied that when the account was opened by the deposit of the money in the bank she requested the bank to honor or pay any check that either she or her said son might draw against the funds in the bank, either in her name or in the name of her son. She further alleged that she had at no time given written or verbal authority to the bank, or to its agents, to honor checks drawn by her son, Roy Pierson, on the deposit; but she admitted she had drawn the three small checks amounting to \$16.90.

A trial was had before a jury, to which the question of fact as to whether Mrs. Pierson had authorized the agents of the bank to pay the money out upon checks signed, "Mollie Pierson, by Roy Pierson," was submitted, and the jury found that Mrs. Pierson had authorized the bank verbally to honor checks so signed. Upon motion and grounds for a new trial filed by Mrs. Pierson, the verdict and judgment were set aside and Mrs. Pierson granted a new trial. Upon a second trial before a special judge to whom both the law and facts were submitted, without the interven-

tion of a jury, a like conclusion upon the facts was reached and a judgment entered awarding Mrs. Pierson \$83.10, being the balance of the \$100, the second deposit made to her account at the bank at the time when no instructions were given by Mrs. Pierson to the officers of the bank to honor any check save her own. The bank was allowed credit for the \$703, which it had paid out on the checks signed Mollie Pierson by Roy Pierson. In other words, the court on the last trial held that, as Mrs. Pierson did not give the officers of the bank any instructions as to the payment of the money at the time of the second deposit, \$100, the bank had no authority to pay out this money except on her check, and, as she had issued only three small checks amounting to \$16.90, there remained of the \$100 the sum of \$83.10.

As a jury upon the first trial, and the court upon the second trial, found that the deposit of \$703 was made by Mrs. Pierson and her son Roy, both being present, to the credit of Mrs. Pierson with instructions to the officers of the bank to pay the money out on checks signed Mollie Pierson by Roy Pierson, we have only the legal question to consider: May one, when making a deposit in bank, verbally direct the bank to pay out the funds on checks signed by another, and thus relieve the bank, when payment is so made, of responsibility? In other words, if such a direction is given by the depositor to the bank at the time the deposit is made and accepted, and the bank in pursuance of such instruction pays out the money upon the check of the person designated, or upon the particular signature agreed upon, will the bank be protected? That is the question presented here. The bank in receiving the deposit agreed, on the request of the depositors, to pay out the money on checks signed, "Mollie Pierson, by Roy Pierson." All this entered into the contract by which the deposit was received by the bank, and the bank was bound to comply therewith, and it was fully within its rights when it paid checks so signed. There is no differ-

ence in principle between the state of case where A. hands money to B. and directs B. to pass it to C. The giving of the money to C. fully discharges the obligation of the second person who holds the money as trustee or agent for the first person. If Mrs. Pierson immediately, upon depositing the money at the bank and before the account was entered upon the books, had said to the cashier, "Give the money to my son, Roy," and the cashier had thereupon paid it out to him, and Roy had appropriated it to his own use and benefit, would it be contended that Mrs. Pierson could thereafter sue the bank and recover the money which she had thus directed to be given to her son?

There is yet another reason why the bank is not liable to Mrs. Pierson. The transaction was between Mrs. Pierson, the bank, and her son, and she directed the bank to honor checks upon the funds signed, "Mollie Pierson, by Roy Pierson," and the bank complied with this request and paid out the money. Upon her representation the bank parted with the money. It is not therefore liable to her again for the amount because she, by inducing the bank to pay out the money to her son or on his check, is estopped to now assert claim to the fund.

Mrs. Pierson insists that under Section 19 of the Negotiable Instruments Act, which is section 3720b, Kentucky Statutes, which reads, "The signature of any party may be made by an agent duly authorized in writing," the bank had no legal authority to pay the money out upon checks signed by Roy Pierson, because Roy Pierson had no written authority from Mrs. Pierson to act as her agent in signing her name to checks; that the only authority which the bank had, or that Roy Pierson had, for signing and issuing of the checks or payment of the money, was verbal. It has been held in the case of *Finley v. Smith*, 165 Ky. 445, 177 S. W. 262, L. R. A. 1915F, 777, and in the case of *Inter-Southern Life Insurance Co. v. First National Bank of Hazard*, 178 Ky. 95, 198 S. W. 563, that a signature placed upon a negotiable instrument by an

agent is without binding force upon the principal unless the agent be duly authorized in writing. The statute is so plain upon this point that it would be difficult to otherwise construe it. But in the case at bar we do not think the facts come within the rule. Mrs. Pierson instituted this action against the bank, not to enforce or defeat a liability which grew out of the attachment of her signature to a negotiable instrument by her agent, but to recover money from her debtor, the bank, which she had directed the bank to pay in a certain way. We may rely upon the facts as found by the jury and by the court to preclude her. All the authorities agree in holding that a bank is not the agent of a depositor, but that the depositor and bank stand in the relation of creditor and debtor. This being so, the rules of the common law apply in this case, and subsection 19 of section 3720b, Kentucky Statutes, relied on by Mrs. Pierson, has no application.

Aside from all this, the deposit of \$703 with which the account was opened was the joint property of Mrs. Pierson and her son Roy, and this was manifested by the fact that the check was made to them jointly. The bank in possession of these facts, and at the request of the two, placed the money to the credit of Mrs. Pierson alone, with the agreement and understanding that the fund was subject to check by Roy Pierson. In receiving and accepting the deposit it was agreed between all the parties, including the bank, that the same should be paid out upon checks signed, "Mollie Pierson, by Roy Pierson," or upon checks signed, "Mollie Pierson." This was a special agreement or contract between the depositors on the one side and the bank upon the other, which is inseparable from the deposit contract. The deposit was accepted and received by the bank and was offered by Mrs. Pierson and her son with the specific understanding and agreement that it should be paid out in the manner aforesaid, and the bank, having complied with its part of the agreement and parted with its money, cannot now be compelled to

again pay the amount at the suit of Mrs. Pierson.

No error appearing to the prejudice of the appellants, the judgment is affirmed.



Dividend Rights of Preferred and Common Stockholders

Englander v. Osborne, Supreme Court of Pennsylvania. 104 Atl. Rep. 614.

In this case the conflicting claims of the two classes of stockholders, common and preferred, were presented. The preferred stock was entitled to a cumulative six per cent. dividend and the following clause, securing that right to the holders of preferred stock, was printed upon the stock certificates:

"The holders of the preferred stock shall be entitled to receive when and as declared and the company shall be bound to pay a fixed yearly cumulative dividend of six per cent. (6%) payable quarterly, before any dividend shall be set apart on the common stock."

For a period of nine years no dividend was paid on either the common or the preferred stock. At the end of that period a dividend of fifty-four per cent. was declared on the preferred stock, covering the year in which the dividend was declared and all arrearages. And at the same time a dividend of like amount was granted to the holders of the common stock. The preferred stockholders objected to this and the executor of an estate, which owned some of the preferred shares, brought a bill in equity to restrain the payment of the fifty-four per cent. dividend to the common stockholders. His contention was that the owners of the common stock were not entitled to a dividend of more than six per cent., without sharing the excess over that amount with owners of preferred stock. The court held this contention to be correct.

OPINION

Appeal from the Court of Common Pleas, Philadelphia County. Bill in

equity by Samuel Englander, executor of the estate of Matilda DeWitt, deceased, against Charles Osborne, John G. Hoffman, and others to enjoin the declaration of a dividend on the common stock of a corporation. From a decree overruling a demurrer to the bill and awarding an injunction, defendant John G. Hoffman appeals. Affirmed.

FRAZER, J. We find nothing limiting the right of the preferred stockholders to the six per cent. dividend, regardless of the earnings of the company, and in absence of such limitation the general rule is that such stockholders are entitled to share with the holders of the common stock all profits distributed after the latter have received in any year an amount equal to the dividend on the preferred stock. *Fidelity Trust Co. v. Lehigh Valley R. R. Co.*, 215 Pa. 610, 64 Atl. 829, 7 Ann. Cas. 613; *Sternbergh v. Brock*, 225 Pa. 279, 74 Atl. 166, 24 L. R. A. (N. S.) 1078, 133 Am. St. Rep. 877; *Sterling v. Watson Co.*, 241 Pa. 105, 88 Atl. 297. The priority of the preferred stockholders rests upon the contract, and beyond the provisions of such contract they occupy no position toward the company different from that of the holders of common stock. When a dividend is declared the former are entitled to first claim to the extent of their preference for the current year, and if there remains a sum more than sufficient to pay a similar dividend on the common stock, both classes of stockholders are entitled to share equally in the excess. In absence of agreement, express or implied, that dividends shall be cumulative, unpaid dividends in the past cannot be claimed. 10 Cyc. 573.

Likewise there is no logical reason for holding that common stockholders are entitled to go back of the current year, and claim to be reimbursed for unearned dividends in past years. To do so would render such dividends cumulative in effect without agreement. Accordingly, when during previous years no dividends were earned this was conclusive as to the right of all stockholders, both preferred and common, except for the contractual right of the

former to payment out of future profits to the extent of their preference before the latter would be entitled to participate in the earnings. So far as the holders of the common stock were concerned their status was finally determined when, during any current year, there were no profits to be divided. The profits so lost are lost forever, and each new year marks the beginning of a new dividend paying period. *Dent v. London Tramways Co.*, 16 Ch. Div. 344, 353; *Morawetz on Corp.* (2d Ed.) section 459, cited in 10 Cyc. 573.

The foregoing principles were properly applied by the learned judge of the court below. No different rule was suggested by this court in *Sternbergh v. Brock*, supra, relied upon by appellant. The statement by this court that (225 Pa. 287, 74 Atl. 169, 24 L. R. A. (N. S.) 1078, 133 Am. St. Rep. 877) "it is to be assumed that before the holders of preferred stock could claim more than the five per cent. dividends that they received, the holders of the common stock were entitled to receive a dividend of the same percentage on the par value of their shares," cannot be construed as giving the holders of the common stock the right to reimbursement for dividends unpaid in past years before the preferred stockholders are entitled to participate in the excess profits of a given year. The question there before the court was whether preferred stockholders were limited to dividends to the amount of their preference, or whether they were entitled to participate in excess profits in any year after the common stockholders had received a dividend equal to that paid on the preferred stock. There was no claim made by the holders of the common stock for reimbursement for dividends unpaid in the past, though it appears from the opinion of this court (225 Pa. 286, 287, 74 Atl. 166, 24 L. R. A. [N. S.] 1078, 133 Am. St. Rep. 877) that past dividends on common stock did not equal dividends on preferred stock. Notwithstanding this fact the preferred stockholders were permitted to participate with the common stock in an excess of dividends

earned in a particular year. Aside from the fact that the question now before us was apparently not raised or discussed, the case, instead of supporting appellant's view, is authority in support of the conclusion reached by the court below.

The assignments of error are overruled and the decree of the court below affirmed.



Woman not Liable as Surety on Husband's Note

Robinson v. Farmers & Traders Bank of Mount Olivet, Court of Appeals of Kentucky. 206 S. W. Rep. 276

Many states have statutes which provide that a woman may not make herself liable as surety on a note signed by her husband. Kentucky has such a law and it was applied in this case.

OPINION

Appeal from Circuit Court, Robertson County.

Action by the Farmers' & Traders' Bank of Mt. Olivet against Sarah J. Robinson and others. Judgment for plaintiff, and defendant named appeals. Reversed, with directions.

THOMAS, J. On December 4, 1915, the appellant, defendant below, Sarah J. Robinson, with her husband, L. B. Robinson, and D. H. Hildreth, executed a note to the appellee, plaintiff below, agreeing to pay it four months thereafter the sum of \$287. This suit was brought to collect that note, and the defendant Sarah J. Robinson answered, stating that she was the wife of L. B. Robinson, and that she signed the note only as his surety, and not for any individual benefit of her own, nor did she in any wise receive any of the proceeds of it, and she asked that the petition be dismissed as to her.

Upon trial of the case the court submitted to the jury the issue as to whether she was a principal or surety in the note, and the jury by its verdict

found that she was a principal and liable thereon, and a judgment was rendered against her for the full amount, with interest and, complaining of it, she has filed in this court the transcript of the record with a motion for an appeal.

As ground for reversal she insists that the testimony showed conclusively that she signed the note only as surety for her husband, and that her motion for a peremptory instruction to find in her favor should have been sustained. She testified that she signed the note at her home, without having seen the cashier of the bank or any officer thereof, and without having conversed or in any manner communicated with any of them concerning the loan, and that the first she ever heard of the matter was when she was asked by her husband to sign the note. At that time her husband and one Taylor Brumagen were engaged in the mercantile business under the firm name of L. B. Robinson & Co.; but defendant testified that her husband did not tell her the purpose for which he wanted the proceeds of the note. Defendant further testified that she, individually, did not need any money, since prior to that time she had sold a piece of property, from the proceeds of which she had left, after investing in a small home, about \$250, and that she obtained the piece of property which she had sold from a business which she had some time in the past operated in the village where she lived, but just when that was does not appear. Her testimony is not contradicted by any witness who testified in the case upon either side, but, on the contrary, it is substantiated.

The cashier of the bank testified that the note was presented by the husband, and that he had no conversation with the wife concerning it, nor had she been in the bank with reference thereto. Hildreth, the third person who signed the note, swore that the note was presented to him by the husband with the signature of the latter and his wife upon it. Neither Hildreth nor the cashier pretended to claim that the wife received any part of the proceeds of the note, nor that

she or her husband claimed that she was a principal in it. There is neither any express testimony nor any circumstance appearing in the record to indicate that the wife was a principal, except, as is insisted, that she owns a small amount of property, while her husband appears to be insolvent. This condition, however, quite universally exists in all cases where the wife is sought to be held liable as principal, and clearly it can have no probative force upon the issue involved.

True it is that the cashier testified that the note sued on was a renewal of one or more notes held by his bank, some of which, at least, had been running for as much as eleven years; but none of them was shown to have been executed by the wife, either as principal or as surety, and none of their proceeds were shown to have ever been received by her, although the cashier was given an opportunity to show from his books to whom such proceeds were credited, but he failed to do so. With the evidence thus appearing, we are constrained to hold that there was a total failure of proof to overcome the uncontradicted testimony of the appellant, and her motion for a peremptory instruction in her favor should have been sustained.

Wherefore the motion for an appeal is sustained, and the appeal granted, and the judgment is reversed, with directions to proceed in accordance with this opinion.



Payment of Note to Payee after Transfer

Peoples Savings Bank v. Manes, Supreme Court of Arkansas. 206 S. W. Rep. 315.

This case applies the rule that the payment of a note by the maker to the payee, who is not at the time the holder, does not discharge the maker from his obligation, unless it appears that the payee was authorized to receive payment.

At the trial the maker showed that

he had made payment to the payee, but it appeared that in the meantime the note had been transferred to the plaintiff bank. The court, nevertheless, directed the jury to bring in a verdict in favor of the maker. On appeal it was held that, since the facts regarding the payee's authority to receive payment were in dispute, the jury should have been permitted to decide the question and a new trial was ordered.

OPINION

Appeal from Circuit Court, Lee County; J. M. Jackson, Judge.

Suit by People's Savings Bank against T. J. Manes. Judgment for defendant, and plaintiff appeals. Reversed and remanded.

HUMPHREYS, J. Appellant instituted suit against appellee on the 13th day of September, 1915, in the Lee circuit court, upon the following note:

"\$600.00 Oak Forrest, Jan. 30, 1914.

"November 1st after date, I promise to pay to the order of Lewis & Bunch, six hundred dollars, with interest at ten per cent. per annum until paid, with value received. This note is secured by deed in trust of even date.

"T. J. Manes."

It was alleged that the payee, Lewis & Bunch, assigned the note to appellant before maturity for a valuable consideration; that there had been paid on the note \$275, leaving a balance due of \$325, principal, and \$88.17 interest, for which judgment was asked.

Appellee answered that the note was given to cover the purchase price of two mules and to cover supplies to be furnished during the crop year of 1914 by Lewis & Bunch; that the note was fully paid in labor, in cotton, and by a return of the mules; that appellant had knowledge of the conditions surrounding the execution of the note and the payment thereof to Lewis & Bunch; and that it was not an innocent purchaser of the note for value, as alleged.

The cause was submitted to a jury upon the pleadings and evidence adduced, at the conclusion of which the

court directed a verdict in favor of appellee. Accordingly, it was adjudged that appellant take nothing by its suit. From that judgment, an appeal has been prosecuted to this court.

The undisputed evidence in this case disclosed that appellee executed a note on January 30, 1914, for \$600, \$275 of which was to cover the purchase price of a pair of mules, and the balance of which was to cover supplies to be furnished appellee by Lewis & Bunch; that Lewis & Bunch furnished appellee goods and supplies to the amount of \$937.19; that the note was in form as alleged; that prior to its maturity it was assigned as collateral, along with other notes by Lewis & Bunch to appellant; that Lewis & Bunch went into bankruptcy; that the two mules were returned to the trustee in bankruptcy and credited on the note; that appellee delivered one bale of cotton to Griffis-Newbern Company, of the value of \$36.40, which amount was also credited on the note; that the full amount of the note was paid to Lewis & Bunch, after it was transferred to appellant, in cotton and labor. The evidence, however, is conflicting as to whether appellant authorized either member of the firm of Lewis & Bunch to collect the note at the time, or after, the same was assigned to it as collateral.

It has been settled by this court that:

"The maker of a negotiable note who pays the same to the payee, who is not the holder, is not discharged from his obligation to the holder, unless it is shown that the payee was authorized to receive payment, or that the holder led him to believe that the payee was so authorized." *Block v. Kirtland*, 21 Ark. 393; *Jankins v. Shinn*, 55 Ark. 347, 18 S. W. 240; *State National Bank of St. Louis v. Hyatt*, 75 Ark. 170, 86 S. W. 1002, 112 Am. St. Rep. 50, 5 Ann. Cas. 296; *Miles v. Dobson*, 102 Ark. 422, 144 S. W. 908, 50 L. R. A. (N. S.) 83; *Koen v. Miller*, 105 Ark. 152, 150 S. W. 411; *Exchange National Bank v. Steele*, 109 Ark. 107, 158 S. W. 969; *Exchange National Bank v. Little*, 111 Ark. 263, 164 S. W. 731.

So, under the facts stated above and

the law applicable thereto, as formerly announced by this court, the only question in the case was whether appellant, the undisputed owner of the note, authorized either member of the firm of Lewis & Bunch to collect it. This was purely a question of fact for the jury to determine from all the facts and circumstances in the case, and it was therefore error in the court to direct a verdict.

For the error indicated, the judgment is reversed, and the cause remanded for a new trial.



Certificate of Deposit Payable to Either of Two Parties or the Survivor

Ludwig v. Brunner, Supreme Court of Michigan. 169 N. W. Rep. 890.

Where a certificate of deposit is made payable to either of two parties, or to the survivor, the survivor is entitled to the entire deposit upon the death of one of them, under a statute in force in the State of Michigan. But, where a note, secured by a mortgage, is payable to either a husband or wife, as joint tenants, the survivor does not take the entire title.

OPINION

Appeal from Circuit Court, Kalamazoo County, in Chancery; *George V. Weimer*, Judge.

Action by Samuel D. Ludwig against Henry W. Brunner, as executor, etc. Decree for defendant and plaintiff, appeals. Reversed in part, and affirmed in part.

On October 9, 1883, plaintiff purchased a farm in St. Joseph county, Mich., taking title thereto in his own name. On January 17, 1885, the title to said farm was placed in "Samuel Ludwig & Sarah E. Ludwig, husband and wife as joint tenants." At the time the title to the farm was placed in the names of plaintiff and his wife as tenants by the entireties, Mrs. Ludwig contributed a considerable portion, per-

haps more than one-half of the value thereof which was used to pay off the mortgage thereon. From January 17, 1885, until December 11, 1914, a period of almost thirty years, plaintiff and wife lived upon said farm. On the latter date they sold it for \$3,500. Of this sum there appears to have been paid \$1,800 in cash and a purchase-money mortgage was given by the vendee to the vendors for \$1,700. This mortgage runs to "Samuel Ludwig and Sarah E. Ludwig as joint tenants." The mortgage was made collateral to a promissory note for the same amount in which the payees are described as in the mortgage. Of the \$1,800 paid in cash, \$1,750 was at once deposited in the Kalamazoo County State Bank of Schoolcraft under a certificate made payable to "Samuel or Sarah E. Ludwig, either or the survivor."

On August 30th, 1915, Sarah E. Ludwig executed, with proper legal formalities, a last will and testament, by the terms of which she gave, devised, and bequeathed all her estate both real and personal to her husband, the plaintiff herein, so long as he should live, with remainder over to her brother Henry W. Brunner, defendant herein. On September 22, 1915, Sarah E. Ludwig died. Her will was admitted to probate without objection on the part of the plaintiff, and a contest immediately arose between plaintiff and defendant, as administrator of Sarah E. Ludwig's estate, as to the ownership of the certificate of deposit and the mortgage described. Plaintiff herein filed his bill in which the foregoing facts were set up and prayed that defendant be required to show by what right or title he claimed any of said securities or personal property. To this bill defendant filed an answer and cross-bill, in which he prayed that plaintiff be compelled to account to defendant, as executor of the will of Sarah E. Ludwig, for said securities. The learned circuit judge filed an opinion in the case by the terms of which the estate of Sarah E. Ludwig was held to be the owner of an undivided one-half of the proceeds of

the certificate of deposit and of the mortgage, and a decree was entered in conformity with such opinion. From this decree plaintiff appeals.

FELLOWS, J. (after stating the facts as above). So far as the certificate of deposit is concerned, we must hold that the court was in error, and that the property in the same rests solely in the plaintiff. There is not sufficient evidence in the case to lead us to conclude that the presumption created by the statute, Act 248, Public Acts 1909; section 8040, C. L. 1915) has been overcome. That act is applicable to the instant case. In re Rehfeld's Estate, 164 N. W. 372; People's State Bank v. Miller's Estate, 165 N. W. 608; Powell v. Pennock, 165 N. W. 799.

Touching the mortgage, I think a different situation is presented. There is no testimony establishing or tending to establish a gift inter vivos or one causa mortis. This court has repeatedly held that, in the absence of proof sufficient to establish either a gift inter vivos or causa mortis, the survivor in case of joint title in personal property does not take the entire title by such survivorship. *Wait v. Bovee*, 35 Mich. 425; *Luttermoser v. Zeuner*, 110 Mich. 186, 68 N. W. 117; *Burns v. Burns*, 132 Mich. 441, 93 N. W. 1077; *State Bank of Crosswell v. Johnson*, 151 Mich. 538, 115 N. W. 464. These cases, and others which might be cited, establish to my mind the doctrine in this state that joint tenancy in personal property with its right of survivorship does not exist. I fully discussed this question in the recent case of *Hart v. Hart*, 201 Mich. 207, 167 N. W. 337, and shall not here repeat what was there fully considered.

I am impressed that, under our decisions neither by force of the language here employed, nor by force of the law, did the defendant as survivor of his wife take title to her interest in this mortgage. The doctrine of *stare decisis*, in my judgment, prevents us from holding that the defendant here takes the entire mortgage.

Wait v. Bovee, supra, was written

over 40 years ago. It laid down a rule. It was a rule of property which has been followed by this court without deviation ever since. In the instant case, the mortgage runs to the husband and wife "as joint tenants"; in the case of State Bank of Crowell v. Johnson, supra, the certificate of deposit was indorsed with a direction to issue a new certificate to the husband and wife "or the survivor of them." Had the argument here advanced by my Brother Bird been there accepted by this court, there would have been no occasion to there consider the questions of fact involved. But this court there declined to deviate in the slightest degree from Wait v. Bovee, and expressly stated:

"Our decisions that the law of survivorship does not apply in the case of joint ownership of personal property does not affect the right of a donor to make a gift to his surviving wife"—and held that the transaction there involved partook of the nature both of a gift *inter vivos* and of a gift *causa mortis*.

In Burns v. Burns, supra, the deposit originally stood in the name of the husband; by his direction the wife's name was added, the husband saying, "That it was as much her money as it was his money." The money was held to belong to the husband's estate.

I doubt that it may be said to be a matter of common knowledge that many married people in every community are holding their personal property in supposedly joint tenancies. I think it may be a matter of common knowledge that many of them have their savings deposited in banks payable to them or either or the survivor of them or words of similar purport. The Legislature of the state has taken cognizance of this fact and has provided a rule of evidence in such cases. Section 8040, G. L. 1915. But it has gone no further. If, in legislative wisdom, it should go further and apply such rule of evidence to personal property generally, affirmative action by that co-ordinate branch of the government should be required. This court should not reverse a rule of property which has been unquestioned for over forty years, and under which rights

of creditors of decedents have been protected and no small amount of revenue by way of inheritance taxes has been contributed to the support of the state government.

I think the decree of the court below as to the certificate of deposit should be reversed, and as to the mortgage should be affirmed. Plaintiff should have his costs in this court, but neither party should recover costs of the hearing at the circuit.



The War's Influence

By HON. GEORGE SUTHERLAND
Ex-Senator from Utah

THIS war marks the end of an old order and the beginning of a new one as surely and in many ways as profoundly as did the birth and life of Christ two thousand years ago. This was realized only dimly and inadequately as the vast and hideous panorama unrolled before our vision. The spiritual meaning of it all will begin to penetrate our minds only after the final adjustments of peace shall have been completed and we are able to review it in retrospect. Of all those who lived in the time of Christ, how few suspected that the world would be swept as with a flame and cleansed by the events which to them registered only the passing of a cult! The social, political, and spiritual results of the great tragedy through which we have so painfully passed will affect the destinies of mankind to an incalculable degree to the end of time. It is, therefore, certain that our own institutions will be affected, our outlook upon life profoundly altered, and our duties radically enlarged; and that, necessarily, we shall be called upon to do and participate in the doing of many things hitherto unknown in our polity.

Business Maxims and Suggestions Worth While

By EDWARD H. DOYLE

These business maxims and suggestions were given to the editor of *THE BANKERS MAGAZINE* by Mr. Doyle. They were published some time ago in "Building Management." Mr. Doyle collected these maxims and wrote some of them himself. They are published here as an inspiration to others. Edward H. Doyle was, in the very best sense, a self-made man, who rose from obscurity to a position of prominence and wealth. He was for some years Bank Commissioner of the State of Michigan and was a fearless and capable officer. His recent death was due to a street car accident.—*Editor, BANKERS MAGAZINE.*

ANY legitimate business well managed will pay.

Anything that requires nerve to ask requires no nerve to refuse.

The only difference between a rut and grave is the length and depth. Don't get in a rut.

Anything you need and ought to have, you pay for whether you buy it or not.

There are more opportunities today than there are men.

Make few promises, but when made, keep them. Keep all engagements promptly. Don't be called a cow's tail, "always behind."

A smile is more contagious than a scowl and much better for those around you.

The true test of a man's success is that he can stand it without getting the "big head."

When looking for a position or a favor look the man you are talking to in the eye, telling him frankly what you want. You will win easier.

When you have something to say, say it and stop talking.

Agreeable advice is very seldom good advice.

To be famous is to be slandered by those who do not know you.

It's better not to know so much than to know so many things that ain't so.

Hard luck as a rule is composed of laziness and bad judgment.

Don't worry when you stumble. Remember a worm is about the only thing that can't fall down.

Some people will lie on credit where they could get cash for telling the truth.

If ignorance is bliss, why do we have so many free schools?

Let us not complain if we lose our temper. We are probably better off without it.

Forgery is a crooked path with a steel pen at both ends.

Never make excuses, make good.

The world is full of failures. Are you one?

The successful man rarely, if ever, acknowledges defeat.

The ladder of life is full of splinters, but they always prick the hardest when we are sliding down hill.

Ask nothing you would not grant. Demand nothing you would not concede. Play fair always; it pays.

How easy it is to get a bad reputation and how hard it is to lose it.

Courtesy is a good business investment.

There is a vast difference between working for a department store and working in one.

If you do anything worth while talking about, you don't have to tell it. The other fellows will do the talking.

A man with all the physical strength in the world and no moral courage hasn't a chance in this game of life.

Colleges and high schools are all right. Fine—but by no means necessary to win success, in business life. The very best is the university or colleges of hard knocks.

When wealth is lost nothing is lost.

When health is lost something is lost.

When character is lost, all is lost.

If you are attending a meeting or a convention and you want to kill a motion or a resolution, refer it to a committee.

The main trouble with the grand stand player is that the world sits in the bleachers.

The young man who watches the clock will never amount to a hill of beans.

The young man or boy who does his full duty to his employer is never looking for a job.

Don't worry—it either kills or causes freckles.

It is slow work climbing to the top of the ladder of success, but one serious mistake drops you to the bottom quickly.

But one thing can positively be worse than a "quitter" and that's the fellow who is afraid to begin.

There is plenty of room at the top for "top notchers," but the boy or man with the ever-ready excuse will never find the top.

Do the work you like and like the work you do. Never say "It can't be done," because when you wake up some one has already done it.

Put a rotten apple in a barrel of good apples and all the good ones will become bad, but one good apple in a barrel of bad ones will not make the bad ones good.

It is easier to do right than wrong and the dividends are better. Honesty is a business asset.

It is never too late to develop ambition.

There are occasions where strong language is as necessary as strong medicine.

I class crime as follows—liars, ingrate, murder. The first two are interchangeable terms. The last named is least harmful.

Never let it get into your head you are indispensable to the success of any business, because then there are thousands who can do it as well or better than you can. Business progress waits for no man or body of men.

Men who can earn 25 to 50 thousand or a 100 thousand a year are being constantly sought after. These men rarely fail because they are always on the job.

Always beginning things and never finishing them is like pumping water out of a well and letting it run back again.

Standing still is only death in another form. Trying to save funeral expenses is about the only excuse some people have for living.

There is a Japanese proverb which says, "No man will ever find the best way to do a thing unless he loves to do that thing."

The man who can conquer the worst in himself has met and solved the biggest problem he will ever face.

Shun the drunkard and cigarette fiend. Many a young man wonders why he didn't land the job he was after—his yellow finger nails did the deadly work.

Be a booster—who is one who does all the good he can as long as he can and leaves the balance to God. A knocker is a thing that hangs on the outside of a door.

An optimist sees the faint light in the dark places. The pessimist comes along and blows it out.

Do your own thinking, work out your own problems, even though you fail at times. It will make you stronger.

Everything worth having is worth fighting for. The one exception is when an Irishman was asked who gave him the black eyes he said he had to fight for them.

Give a lie an hour's start and you can never overtake it, is an old saying.

It is easier to do a great wrong the second time trying than a petty wrong the first time.

It is not what you hear that counts, it is what you remember. Take this home to yourself.

This world is just what we make it. You can be just what you want to be—a man well regarded by his fellows, or a loafer shunned by everybody and the only person that can ruin your reputation is yourself, and the biggest fool in the world is the man who fools himself.

The man or boy who has lost courage has nothing else to lose, but no one is down and out if they have one friend left.

If you know your employer is cheating some one quit him before he gets a chance at you.

Never loan money to your friend, because as a rule you lose money and friend.

Don't turn your back on the poor young fellow who is trying to get on his feet or because he is little; he may be bigger than you some day.

A large insurance company finds that out of 100 average healthy men at 25—

At 60, 54 will be dependent on relatives, friends or charity.

36 will be dead.

5 will be earning their living.

4 will be wealthy.

1 will be rich.

It was the famous Josh Billings who said, "Did you ever think how the postage stamp sticks to one thing until it gets there?"

Ask a friend for advice if you must ask anybody.

Ask a stranger for charity. Ask a relative for nothing.

A man who has mastered the ability to get along with other people has won the greatest essential for success.

Have little to do with the man who while talking to you is constantly looking around fearing some one will hear him.

Men, young and old, frequently give names of prominent men as references without asking permission. This is a big mistake. Some will consider it impertinent, others can't recall who the party inquired about is.

Opportunity knocks once at every man's door, but generally he is down street telling some one about the good chances he has missed.

Investigate your garbage barrels and it will soon convince you of the high cost of living.

Andrew Jackson told James Madison that he once knew a man who got rich minding his own business.

Never get discouraged; it is often the last key in the bunch that opens the lock.

I know of no work that means more to the struggling young man than to get him a good position or help him get a start in life.

Lincoln said, "Stand with anybody that stands right. Stand with him while he is right, and part with him when he goes wrong."

The bull dog wins because he hangs on. Every black sheep was somebody's pet lamb once.

HOW TO KILL AN ASSOCIATION

Don't come.

If you do come, come late.

If too wet or too dry, too hot or too cold, don't think of coming.

Kick if you are not appointed on a committee, and if you are appointed, never attend a meeting.

Don't have anything to say when you are called upon.

If you attend a meeting, find fault with the proceedings and work done by other members.

Hold back your dues or don't pay them at all.

Never bring a friend whom you think might join the association.

Don't do anything more than you can possibly help to further the association's interests; then, when a few take off their coats and do things, howl that the association is run by a clique.

Dinner to the Governor-General of the Philippines

SOME 200 former and present residents of the Philippine Islands and a number of those interested in their welfare held a dinner in honor of Governor-General Francis Burton Harrison of the Philippine Islands at the Ritz-Carlton, New York, on Saturday evening, February 15.

Hon. Manuel L. Quezon, President of the Philippine Senate, acted as toastmaster, and the speakers included George H. Fairchild, William H. Taylor, Camilo Osias, Assistant Director of the Philippine Bureau of Education; Dr. H. Parker Willis, Director of the Division of Research and Analysis of the Federal Reserve Board, and Governor-General Harrison. In the course of his introductory address, Senator Quezon said: "The United States has no better friends on the face of the earth than the Filipinos. They are better friends of the United States than are a great many Americans themselves."

In the course of his address Governor-General Harrison said:

One striking evidence of the improved and completely harmonious relation between Americans and Filipinos is the existing prosperity in the Islands to-day. Filipinos themselves are now investing in their own country instead of sending their money to France and Spain as formerly. Americans are largely increasing their holdings in Philippine interests, and I look for an even greater increase after a world peace is declared. This is eloquent testimony of satisfaction on both sides with the existing political conditions. Conservative Americans and Filipinos alike are convinced that the Filipino people are capable of conducting their affairs under the present form of self-government. Capital is everywhere notoriously timid, and now it is increasing by leaps and bounds under a government chiefly conducted by Filipinos. Investors are impressed with the moderation, sagacity and justice of the Filipino statesmen.

The circulation of money in the Islands has more than doubled in the past three

years; so has the foreign trade. The figures for 1918 are, imports ninety-eight and a half million dollars, and exports one hundred and thirty-five and a half million dollars, a balance in favor of the Islands of thirty-seven million dollars. Sixty-three per cent. of this trade was with the United States, viz, fifty-nine million dollars of imports from, and eighty-nine and a half million dollars of exports to the United States. No better barometer could be found of the satisfaction felt by business interests with the present political situation.

The personal side of present race harmony brings also very progressive results. Following the example of the Government, American and foreign business houses in the Philippines have Filipinized their staffs, thus affording Filipinos an opportunity for entrance into modern business life, and greatly increasing the good-will of the people towards the business interests. We can all remember how a few years ago, Filipinization was in some quarters pronounced hazardous, dangerous and destructive. It is now conceded in both business and governmental circles to be wise, sane and advantageous from every point of view. The Filipinos have made good in business as well as in public life.

The policy of our country towards the Philippines has always been just as well as generous—founded on the highest moral principles of altruism. This policy has been justified by the results.

Dr. H. Parker Willis, who was a founder of the Philippine National Bank, was thanked by the toastmaster on behalf of the Filipino people for what he has done in the creation of this banking institution. In replying Dr. Willis said:

We all know of Governor-General Harrison's long public service at home and abroad, and we know, too, of his adherence to ideals of democracy, in the broadest sense of that much used word. I am not here to speak of the greater aspects of his service as the chief officer of a country possessing ten millions of inhabitants, but to tell you very briefly of one of the specific accomplishments of his administration—the Philippine National Bank. Most of you here are business men and it would be wholly unnecessary for me to enlarge upon the necessity

of sound finance and banking as a prerequisite to successful trade. You know the essential necessity of stable currency, of ready and non-partisan banking accommodation, of reasonable foreign exchange service, and of effective aid to industry and commerce. Although much had been done to improve the industrial and financial condition of the Philippine Islands when Mr. Harrison became their Governor-General, they still lacked the effective coördination of their financial affairs and that sympathetic assistance to business which could come only from the effort of a great institution conducted primarily in the interest of the people as a whole. It was Governor Harrison's foresight and broad recognition of what might be accomplished by such an institution that rendered possible the organization of a bank genuinely popular in its ownership and management, combining both Government participation through the control of a majority of the stock, and popular interest by the wide distribution of the remainder of the shares, that led to the creation of the Philippine National Bank.

It is an institution which to-day stands possessed of more than \$125,000,000 of assets, although it has not yet reached its third

anniversary. To secure the adoption of the legislation, to steer it past the threatening dangers of various kinds which surrounded its organization, and to insure the actual establishment of the institution and the initiation of its business, was by no means a financial pastime. The institution, however, has not only lived, but it has prospered. Its earnings have averaged more than thirty per cent from the time of its foundation, it has given to its stockholders twelve per cent. per annum, and it has increased year by year in the scope of its activities and in its financial power. It has not only lived but it has greatly aided in the advancement of insular prosperity and in the economizing of insular resources. Those who at first were inclined to regard it as either a piece of political camouflage or as an institution designed merely for the making of loans to specially favored individuals, found themselves in error, and I believe it may fairly be stated as the general opinion, not only of the residents of the Philippines, but of those engaged in trade with the islands, that the institution has rendered a service of the first order in the wonderful period of development and prosperity through which the islands have lately passed.

Federal Legislation Affecting State Chartered Financial Institutions

THE United States Council of State Banking Associations, through its Washington office in the Union Trust Building, has just mailed to all banks operating under state charters, a bulletin setting forth proposed legislation affecting those banks, which is now under consideration by the Federal Reserve Board.

The proposed legislation is divided under three heads:

(1) To admit to membership in the Federal Reserve System mutual savings banks (which have no capital stock) and stock savings banks with insufficient capital stock to entitle them to become members under the existing law, provided the surplus of mutual savings banks and the combined capital

and surplus of such stock savings banks are equal to the capital stock required of national banks in the places where such savings banks are located.

(2) Authorizing the board by regulation to prescribe the conditions under which time deposits may be classed as savings deposits and providing that two-thirds of the three per cent. reserve against savings deposits may consist of United States bonds issued since April 24, 1917, or United States certificates of indebtedness deposited with the Federal Reserve Bank.

(3) Authorizing savings banks which convert into national banks to maintain separate savings departments and authorizing national banks to establish separate savings departments to be op-

erated in substantial conformity with state laws.

While two of these proposals relate especially to the membership of savings banks in the Federal Reserve System, the outstanding feature is the third proposal which in effect creates a departmental bank under national charter—national banks being now authorized to conduct both a commercial and a trust business under certain conditions.

Under the third proposal it would also be possible to organize a national bank solely for the purpose of conducting a savings business against which two-thirds of the required reserve could be carried in Government bonds. In such event it is more than probable that the use of the word "savings," both in corporate title and advertising, would

be upheld by a Federal court, whether or not in contravention of state law.

The Federal Reserve Board has taken no action or expressed any opinion in regard to these proposals, but has consented to their circulation in order that the state bankers of the country might have an opportunity to express their views on the subject. In this action the board has evidenced a desire to cooperate with the state institutions, which should be greatly appreciated by all state bankers.

Those who have not received a copy of the bulletin referred to above may obtain it from E. G. McWilliam, assistant to the President, United States Council of State Banking Associations, Union Trust Building, Washington, D. C.

Increase in the Per Capita Savings

AN interesting compilation is published in the "Bulletin of the American Institute of Banking," showing, by states, the per capita savings in 1914, 1918, percentage of increase, and the per capita of war savings. The compilation is furnished by Milton W. Harrison, secretary of the Savings Bank Section of the American Bankers Association, and is given herewith.

It may be observed that the per capita increase in the Eastern States during the past four years, where the volume of total savings is the greatest in the country, the increase per cent. is the lowest, or 10.7 per cent. The Southern States, which have often been derided for the improvidence of their people, have increased in savings more than four times that of the Eastern States, or 44.9 per cent., and more than twice as much as the New England States which have by far a much larger percentage of savers to population. The

Middle Western States have increased 39.3 per cent., while the Western States have reached the highest percentage of any, or 101.1 per cent. The South, the Middle West and West have saved vastly more proportionately in the last four years than during any other four-year period. The establishment of savings departments in commercial banks and trust companies seems to be accountable for such result.

For the purpose of comparison we also include the per capita war savings. Here the West and Middle West have also increased greater than the New England and Eastern States. The New England and Eastern States are retrogressing in savings while the other states of the Union seem to be progressing by leaps and bounds. The former named states have increased in amount less than the interest compounded semi-annually added on the books of the banks.

	Per Capita 1914	Per Capita 1918	Percentage Increase	Per Capita War Savings
New England States:				
Maine	\$201.81	\$244.16	20.9	\$8.15
New Hampshire	245.39	297.63	21.3	9.60
Vermont	244.07	338.43	38.7	10.98
Massachusetts	240.91	291.99	21.6	5.10
Rhode Island	258.31	285.12	10.3	7.62
Connecticut	288.80	377.59	30.7	8.59
Total	\$245.78	\$295.93	20.3	\$8.34
Eastern States:				
New York	\$226.32	\$245.88	8.6	\$6.77
New Jersey	111.84	150.77	34.8	5.02
Pennsylvania	101.85	106.65	4.7	6.72
Delaware	77.89	117.71	51.1	8.28
Maryland	113.76	145.25	27.7	5.27
Washington, D. C.	31.13	75.74	143.3	13.38
Total	\$157.25	\$174.14	10.7	\$7.57
Southern States:				
Virginia	\$31.89	\$44.89	41.1	\$5.18
West Virginia	52.08	68.92	32.3	10.25
North Carolina	17.20	24.24	40.9	6.61
South Carolina	21.24	33.49	57.7	3.78
Georgia	17.53	28.14	60.5	3.60
Florida	19.50	39.20	101.1	5.49
Alabama	13.02	13.73	5.4	3.67
Mississippi	9.20	19.29	108.5	5.56
Louisiana	23.12	30.04	25.6	6.03
Texas	5.11	10.10	97.6	8.47
Arkansas	7.20	11.06	53.6	5.56
Kentucky	21.08	28.11	33.3	7.88
Tennessee	17.37	28.64	64.2	7.68
Total	\$18.45	\$26.73	44.9	\$6.14
Middle West States:				
Ohio	\$85.68	\$128.70	50.2	\$14.54
Indiana	44.57	62.61	40.2	12.40
Illinois	82.30	103.52	25.7	8.03
Michigan	96.18	150.47	65.4	5.75
Wisconsin	74.88	108.91	45.4	10.42
Minnesota	92.51	147.14	59	9.66
Iowa	114.83	169.46	47.5	12.32
Missouri	44.77	53.92	20.4	11.50
Total	\$72.48	\$100.97	39.3	\$10.58
Western States:				
North Dakota	\$34.64	\$131.55	279.1	\$6.51
South Dakota	77.02	137.15	77.8	13.81
Nebraska	63.82	101.61	59.3	20.62
Kansas	29.43	49.01	66.1	12.84
Montana	62.05	146.09	135.4	11.23
Wyoming	80.61	101.38	25.7	8.20
Colorado	62.33	96.06	54.1	10.20
New Mexico	20.66	33.29	61.1	4.64
Oklahoma	10.57	26.88	154.3	7.81
Total	\$38.21	76.78	101.1	\$10.65
Pacific States:				
Washington	\$60.01	\$87.52	45.8	\$12.04
Oregon	46.03	69.08	50	13.15
California	198.74	244.22	22.8	10.65
Idaho	28.22	61.22	116.9	7.62
Utah	75.06	108.54	44.6	9.28
Nevada	68.44	116.50	70.2	11.42
Arizona	33.85	171.84	407.6	8.91
Total	\$122.66	\$170.05	46.9	\$10.44
United States	\$89.11	\$113.45	27.3	\$8.95

Equality of Opportunity and Good Citizenship

Opinions of WILLIAM HOWARD TAFT and Leading Educators
at Anniversary Dinner of La Salle Extension University

OPPORTUNITY is the watchword of America, which has been indeed the land of opportunity to so many millions.

Equality of opportunity is the very foundation of democracy. In America there are no fixed or arbitrary barriers of rank or caste to bar the ambitious from the loftiest places in the gift of commerce or of the state. The chief barriers to ambition are self-built by the terrible twin forces of ignorance and inertia. There can be no true equality of opportunity without equality of opportunity in education.

And a man's convictions as to equality of opportunity influence in no small degree his quality of citizenship.

Those were the conclusions arrived at by the notable speakers at the tenth anniversary dinner of the LaSalle Extension University at the Blackstone Hotel in Chicago. Ex-President Taft gave a very high estimate of the value to democracy of the work done by this institution, which he summarized in these words: "You in this school are facilitating that which we cherish as the great boon of democracy, that is, the equality of opportunity."

Dr. Glen Levin Swiggett, of the United States Bureau of Education, in a masterful and scholarly address on the "New Education," emphasized this same idea and reinforced his points with impressive statistics establishing the cash value of higher education.

Professor Arnold B. Hall, of the University of Wisconsin, made a very pertinent point that higher education and better business training invariably produce better citizens through enlarg-

ing their contacts with their environment, since no individual can ever be bigger than his grasp upon his environment.

He quoted the examples of a man called Trotzky who came to New York and settled in the slums on the East Side, while another man named Benito came from Italy and was sufficiently fortunate to be able to see American life from all its angles. When the call came to these two men to return to their countries, Trotzky took back with him the vision of the poor, miserable environs on the East Side of New York, and he went back to Russia to organize a Bolshevik movement, to organize a party dictatorship contrary to the principles of law and order. He received no vision of law and order in America because he did not understand America. Benito went back to Italy and when it looked for a time as if Italy might suffer a revolution because of the sufferings from the war, Benito, who had learned American ideals, because he saw the other aspect of American life as well, Benito went around among the common people of Italy and preached to them the American ideas of justice, freedom, and righteousness, and that kept the radical element in Italy behind the great war until it was pushed to a victorious conclusion.

With this striking contrast Dr. Hall drove home the responsibility that rests upon democracy to train and develop the character of its citizens, a work in which LaSalle Extension University has been devotedly engaged through the entire period of its existence.

The Hon. J. Adam Bede, former

Congressman and an active student in the LaSalle Extension University, furnished a living practical demonstration of the fact that the people of America are coming to the point where they never get through school. In the ten-year decade of service to democracy there have been over 145,000 such demonstrations of men and women who have availed themselves of the opportunity of LaSalle training.

This notable event in the life of this institution emphasizes a very real and fundamental work of business efficiency and good citizenship to which the banking leaders of this country are giving their constructive thought. The work of this institution shows how the inequalities in the road of life may be turned into real opportunities by establishing a greater equality of mind of the people of this country.

Prize Essay Contest in Industrial Economics

A PRIZE of one thousand dollars is offered by the National Industrial Conference Board for the best monograph on any of the following subjects:

- 1 A practicable plan for representation of workers in determining conditions of work and for prevention of industrial disputes.
- 2 The major causes of unemployment and how to minimize them.
- 3 How can efficiency of workers be so increased as to make high wage rates economically practicable?
- 4 Should the State interfere in the determination of wage rates?
- 5 Should rates of wages be definitely based on the cost of living?
- 6 How can present systems of wage payments be so perfected and supplemented as to be most conducive to individual efficiency and to the contentment of workers?
- 7 The closed union shop *versus* the open shop: their social and economic value compared.
- 8 Should trade unions and employers' associations be made legally responsible?

The committee of award is composed of: Frederick P. Fish, of Fish, Richardson & Neave, Boston, Mass., chairman of the National Industrial Conference Board.

Dr. Jacob Gould Schurman, president Cornell University, Ithaca, N. Y.

Henry R. Towne, chairman Yale & Towne Manufacturing Co., New York city.

The contest is open without restriction to all persons except those who are members of or identified with the National Industrial Conference Board.

Contestants are not limited to papers of any length, but they should not be unduly expanded. Especial weight will be given to English and to skill in exposition.

The copyright of the prize manuscript, with all publication rights, will be vested in the National Industrial Conference Board.

Each competitor should sign his manuscript with an assumed name, sending his true name and address in a sealed envelope superscribed with his assumed name. No manuscript will be accepted the real authorship of which is disclosed when the manuscript is received by the board, nor any which has been previously published in any way.

Manuscripts, to be considered in the contest, must be mailed on or before July 1, 1919, to the National Industrial Conference Board, 15 Beacon street, Boston, Mass., marked "For Prize Essay Contest in Industrial Economics."

The right to reject any and all manu-

scripts is reserved. The board may, however, award honorable mention to several manuscripts and arrange for their publication in full or in part, at compensation to be agreed upon between the board and the authors.

NATIONAL INDUSTRIAL
CONFERENCE BOARD,
By **MAGNUS W. ALEXANDER**,
Managing Director.
15 Beacon Street, Boston.



New General Manager for Collins Publicity Service

ANNOUNCEMENT is made by H. H. Collins, Jr., President of the Collins Publicity Service, Philadelphia, that Charles H. Norton has succeeded to the position of General Manager. For more than three years Mr. Norton has been with this well known organization of specialists in financial advertising, as director of the service department. His previous experience, covering nine years as advertising manager for one of the largest mercantile concerns in this country, five years on the editorial staff of a prominent magazine and three years as a free lance advertising counsellor with important business and financial houses as clients, gives Mr. Norton an unusually broad perspective in analyzing and solving the



CHAS. H. NORTON
General Manager Collins Publicity Service
Philadelphia

business extension problems of the banker. His purpose, and that of those associated with him, will be, as in the past, to maintain the established policy of the Collins Publicity Service of supplying banks with a complete and distinctive advertising service. It is planned also that this service shall be from time to time still further extended, in keeping with the greater opportunity which the trend of conditions presents.



Photo by Capt. Frederick Place, A. S. U. S. A.

Pay day in France—American Aviation Officers collecting from Uncle Sam through a traveling bank in the Camp at Tours

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

Over-Seas Market Problems

TO keep up effective production and provide work for returning workers as well as earnings for invested capital, American business men are seeking earnestly to develop new outlets for their war-expanded industries.

Such outlets they see in foreign markets—in a consumer demand long denied and still unsatisfied. But this field, they recognize, is beset with dangers unless both plan and action are based on knowledge. And they have learned to look to their banks for advice and specific help in developing and safeguarding their export undertakings.

Banks having need of increased foreign trade facilities will find in the Irving's Over-Seas departments an effective specialized service always ready to co-operate with them. Here they can secure counsel on market conditions and requirements, dependable trade, shipping and credit information, and expert aid in carrying out the banking and commercial operations essential to buying or selling over-seas.

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Are you prepared to give your clients the best means of carrying funds?

The Dollar Letter of Credit issued by the Equitable Trust Company of New York possesses advantages which the American traveler will thoroughly appreciate.

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Total Resources over - \$290,000,000

Outline of Plans of the Asia Banking Corporation

THE recognition of the need for coöperation in conducting American foreign trade after the peace terms are definitely established is gradually becoming clearer. The Sherman Law prohibited combination on the part of our manufacturers, but since the enactment of the Webb Bill, many groups of major mercantile and manufacturing interests have been formed, or are in the process of formation.

Prior to the existence of the Federal Reserve Act, our bankers, likewise, were restricted in the promotion of American financial facilities abroad, but now the approval of the Federal Reserve Board permits the organizing of foreign branches by national banks; and with the permission of the State Banking Department, New York State banks or trust companies may also establish branch institutions in foreign countries.

Banking institutions are, as a result, effecting combinations of capital for the purpose of providing adequate banking facilities abroad for American merchants and manufacturers. This activity is not, moreover, confined to any one section of the country. The East and the West are getting together in a way that presages a situation fraught with healthy possibilities for our financial growth abroad.

A recent example of this combining of Eastern and Western banking capital is found in the formation of the Asia Banking Corporation, a New York institution with a capital of \$2,000,000 and a surplus of \$500,000, organized by the Guaranty Trust Company of New York, with the object of financing and expanding American commerce with China, Siberia and other sections of the Far East. The corporation does a general foreign banking business, specializing in the development of American inter-

ests in imports and exports, issuing travelers' and commercial letters of credit, making payments and transfers of money by mail and cable, negotiating and collecting bills of exchange—in short, performing the functions of a completely equipped foreign trade bank.

Through its branches and corre-



CHARLES H. SABIN
President Guaranty Trust Company, New York ;
President Asia Banking Corporation

spondents, the Corporation is enabled to place American products in all parts of the world. In this connection, it was recently announced that the Asia Banking Corporation was appointed to act as correspondent in the Far East for the Tata Industrial Bank of Asia.

The shareholders of the Asia Bank-

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DON L. MOORE
A. J. OXENHAM
R. H. PASSMORE
EVERETT E. RISLEY
WILLIAM M. ST. JOHN
H. W. SCHRADER
E. A. SCHROEDER
R. E. STACK
H. C. STEVENS

CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$50,000,000

ing Corporation are made up of some of the best-known banking interests on the Pacific Coast together with a group of several of the most influential Eastern financial institutions. Besides the Guaranty Trust Company of New York, the stockholding banks of the Asia Banking Corporation are: Anglo & London Paris National Bank of San Francisco; First National Bank of Portland, Oregon; National Bank of Commerce of Seattle; Bankers Trust Company of New York, and Mercantile Bank of the Americas, New York City.

The directorate of the corporation consists of the following nationally known bankers: C. F. Adams, vice-president, First National Bank, of Portland, Oregon; M. F. Backus, president, National Bank of Commerce, of Seattle; Albert Breton, vice-president, Guaranty Trust Company of New York; Captain Robert Dollar, of San Francisco; Thatcher M. Brown, of Brown Brothers and Company, New York, who represents the interests of the Mercantile Bank of the Americas; Herbert Fleishhacker, president, Anglo & London Paris National Bank of San Francisco; Fred I. Kent, vice-president, Bankers Trust Company, New York; W. C. Lane, vice-president, Guaranty Trust Company of New York; Seward Prosser, president, Bankers Trust Company, New York; Charles H. Sabin, president, Guaranty Trust Company of

New York; George E. Smith, president, Royal Typewriter Company, New York City; Eugene W. Stetson, vice-president, Guaranty Trust Company of New York.

Charles H. Sabin, president of the Guaranty Trust Company of New York, is president of the Asia Banking Corporation. The vice-presidents are Albert Breton and Ralph Dawson, vice-president and assistant secretary, respectively, of the Guaranty Trust Company of New York. Robert A. Shaw is secretary; F. R. Sandford, Jr., is treasurer, and the assistant treasurers are E. C. Brownell and Robert Buchan.

The Asia Banking Corporation's central office in the Far East was opened for business at Shanghai on February 7th; and other branches will be established shortly at Hankow, Peking, Tientsin, Changsha, Harbin and Vladivostok.

The initial plans contemplate active participation in the development of the northern part of China and southeastern Siberia, particularly, but the service of the corporation will be expanded, as the situation warrants it, by the opening of branch offices in the more important industrial and commercial centers throughout the Far East.

The organization of the foreign branches is being conducted under the direction of W. C. Lane, vice-president of the Guaranty Trust Company of

BROWN BROTHERS & CO.

PHILADELPHIA

NEW YORK

BOSTON

Members of New York, Philadelphia and Boston Stock Exchanges

Investment Securities
Foreign Exchange
Deposit Accounts
Commercial Credits
Travelers' Credits

BROWN, SHIPLEY & CO. LONDON

HEAD OFFICE
FOUNDERS COURT, E. C.

OFFICE FOR TRAVELERS
123 PALL MALL, S. W.

New York, who is also one of the directors of the corporation, and Ralph Dawson, vice-president of the corporation, both of whom are now abroad for an extended stay, engaged in studying present-day economic conditions in China and southeastern Siberia.

Basic social and political changes are transforming China into a land of attractive business and investment opportunities. It is quite interesting to note, in this connection, that eighty per cent. of the foreign trade of the entire Chinese nation is transacted through the seaports in the territory selected by the Asia Banking Corporation for its operations.



New Banking Capital in Great Britain

COMMENTING on recent addition to the capital of British banks, "The Statist" of London says:

Within the last few months issues of new

capital have been announced by fifteen banks in which we are interested here, nine of the banks operating in this country and the remaining six conducting business in our overseas possessions. We have referred in these columns to each of these announcements as they have been made, but hitherto no summary of the various issues has been presented. About £6,480,000 of new capital has been, or is on the point of being, issued by purely British banks, and from the premiums received from the sale of the new shares about £6,375,000 will have been added to the reserve funds of the various undertakings. At the end of 1917 the capital of the banks of the United Kingdom, exclusive of the Bank of England, amounted to £72,002,000, and the reserve funds to £46,764,000. The total of capital and reserve, amounting to £118,766,000, represented about 6.8 per cent. of the deposits, which just over a year ago stood at £1,743,000,000. Leaving out of account the changes in capital and in reserve funds due to amalgamations, it would appear that the existing paid-up capital of the banks is £78,480,000 and the reserve funds about £53,140,000, a total of, roughly, £131,620,000. If deposits, etc., at the present time stand at about £2,000,000,000, the existing proportion of capital and reserve to deposits is approximately 6.6 per cent. At the end of 1913 the deposits of £1,071,000,000

Your Bank in Italy

WITH great opportunities for American business expansion in Italy and other parts of Europe, nothing is of greater importance than banking connections which are both ample and direct. Through its sixty-two branches in Italy, others in England, France and Switzerland and affiliations throughout the world, the Banca Commerciale Italiana offers a commercial banking service which is exceptionally broad and complete. Our Italian branches are located in the following cities:

Acireale	Lecco	Salerno
Alessandria	Livorno	Saluzzo
Ancona	Lucca	San Pier d'Arena
Bari	Messina	Sassari
Barletta	Milan	Savona
Bergamo	Modena	Schio
Biella	Monza	Sestri-Ponente
Bologna	Naples	Siena
Brescia	Novara	Siracusa
Busto Arcizio	Oneglia	Spezia
Cagliari	Padova	Taranto
Caltanissetta	Palermo	Termini Imerese
Canelli	Parma	Trapani
Carrara	Perugia	Trento
Catania	Pescara	Trieste
Como	Piacenza	Turin
Ferrara	Pisa	Udine
Florence	Prato	Venice
Genoa	Reggio Calabria	Verona
Ivrea	Reggio Emilia	Vicenza
Lecce	Rome	

Our New York Agents will be glad to confer with bankers regarding the extension of their activities abroad.

Banca Commerciale Italiana

New York Office, 165 Broadway

Agents { G. Pedrazzini
 { John S. Durland
 { S. Fusi

Resources over - Lires 2,800,000,000

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

(\$0.50=1 Yen)

Capital Subscribed . . .		Yen 48,000,000
Capital paid up . . .		Yen 42,000,000
Reserve Fund		Yen 23,100,000

(9th March, 1918)

DIRECTORS

JUNNOSUKE INOUE, Esq., President
NAGATANE SOMA, Esq.
RIYEMON KIMURA, Esq.
MASNOSKE ODAGIRI, Esq.
BAEON KOYATA IWASAKI

CHUJI KAJIWARA, Vice-President
KOKICHI SONODA, Esq.
BOKURO HARA, Esq.
SHIMAKICHI SUZUKI, Esq.
KONOJO TATSUMI, Esq.

YUKI YAMAKAWA, Esq.

Branches and Agencies

Tokyo	Sydney	Peking	Kobe	Calcutta	Tientsin	Manila
Osaka	Hongkong	Dairen	Nagasaki	Singapore	Newchwang	Rangoon
London	Hankow	Fengtien	Lyons	Shanghai	Harbin	Soerabaya
Bombay	Chi-Nan	Changchun	Honolulu	Tsingtau	Shimonoseki	Buenos Aires

Agencies in United States

New York San Francisco Los Angeles Seattle

The Bank buys and receives for collection Bills of Exchange, Issues Drafts and Telegraphic Transfers and Letters of Credit on its various branches and elsewhere, and transacts a general Banking Business

NEW YORK OFFICE - - - 120 BROADWAY
R. ICHINOMIYA, Agent

bore a proportion of 11 per cent. to combined capital and reserve of £117,823,000.



Gold Subsidy Not Favored

LORD INCHCAPE'S Treasury Committee, appointed to consider the status of the gold mining industry, has made a report in which it is stated:

A subsidy for the production of gold appeared to us to be fundamentally unsound. Gold has been adopted as the standard of value because, by reason of the operation of natural causes, it is available in such quantities and at such a cost of production in terms of other commodities as to give it a more or less stable value. Its value in terms of commodities is directly influenced by the laws of supply and demand. Periods of increased gold production following on the discovery of further deposits of gold capable of extraction at a low cost have been marked by an increase in the price of commodities. The exhaustion of those sources of supply has been accompanied by a decline in the price of commodities.

The intention of the subsidy suggested by the gold producers is to enable gold to be

produced which otherwise would not conformably with the economic laws of supply and demand be produced at all. Other things being equal, the result would be that the purchasing power of the whole of the world's gold would be diminished; pro tanto the value in terms of gold of the commodities for which it is exchanged would rise. It is undoubtedly desirable that considerable gold reserves should be held in this country, but in our view the most important function of a gold reserve is that it should be available for export at the standard price when required to meet foreign indebtedness. We think it essential to preserve a free market in gold, but clearly it would not be a business proposition to do so if we had to pay £4 10s. 3d. for an ounce of gold in order to export it at £3 17s. 10½d.

We can only maintain our gold reserves if the value of our exports, visible and invisible, exceeds on the balance the value of our imports. If we want gold and cannot produce it at a profit we must depend on our capacity to render services and to produce at a profit the commodities wanted elsewhere by the holders of gold, and to do so we must adjust our prices to world prices. We shall not be able to keep gold which we acquire by means of a subsidy if the balance of trade is against us; and apart from the shareholders in gold mining concerns, whose gain would be merely tempo-

Foreign Exchange Department

Letters of Credit Negotiated

Arrangements can be made for the importation of merchandise through the use of dollar acceptances

Capital and Surplus \$2,250,000

OFFICES

Market and Fulton

81-83 Fulton St.
New York

Eighth Street

Broadway & 8th St.
New York

Aetna

92 West Broadway
New York

Flatbush

830 Flatbush Ave.
Brooklyn

New Utrecht

New Utrecht Ave. & 54th St.
Brooklyn

Long Island City

Bridge Plaza
Long Island City

Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

rary, the only people who would benefit by the subsidy would be the foreign purchasers of the gold.

The London Chamber of Commerce apprehend that prices may fall rapidly at peace, with disastrous results to industry, and contend that it might be in the public interest to take steps to prevent the rapid fall in the prices of commodities by stimulating the production of gold at the expense of the taxpayer. We neither share their apprehension nor accept their contention.

We have no reason to believe that there will not be forthcoming from the British Empire on a parity basis as much gold as we shall need for the purpose of strengthening our reserves; but in any case the additional amount of gold which at best we could hope to secure by a subsidy would, in the opinion of our witnesses, be of no advantage to this country for building up reserves unless we can afford to keep it.



Lloyd's Bank, Limited

THE directors of Lloyd's Bank, Limited, announce that after payment of salaries to the staff (including men

on naval and military service), pensions, staff bonuses and allowances, other charges and expenses, and the annual contribution to the provident and insurance fund, and making full provision for rebate, income tax, bad debts, contingencies, etc., the available profit for the past year is £2,358,000, to which has to be added £289,000 brought forward from the previous year, making a total of £2,647,000.

These figures include the profit of the Capital and Counties Bank for the half-year commencing on July 1, 1918, as from which date the undertaking of that bank was taken over by Lloyds Bank. The net profit of Lloyds Bank alone for 1917 was £1,463,000.

Out of the total of £2,647,000 an interim dividend of 14s 6d per share, being at the rate of 18 $\frac{1}{8}$ per cent. per annum and amounting (less income tax) to £329,000, was paid for the half year ended June 30 last; £200,000 has been written off the bank premises account; £100,000 has been set aside to estab-

lish a fund for the benefit of widows and children of deceased members of the staff; £200,000 has been placed to a special contingency account; and approximately £660,000 will be added to the reserve fund, bringing the same up to £9,000,000.

After making these appropriations, there is a balance of £1,158,000 to be dealt with, out of which the directors recommend the payment of a dividend for the past half-year at the same rate, viz.: $18\frac{1}{8}$ per cent. per annum, amounting, less tax, to £568,000, and a bonus of 3s per share for the same period, also less tax, amounting to £117,000, leaving a balance of about £473,000 to be carried forward, as against £289,000 brought forward from the previous year. The dividends and bonus together represent a total return on the shares for the whole year of twenty per cent. less tax.

During the year the bank, besides taking over the Capital and Counties Bank, has acquired 96.4 per cent. of the issued stock of the National Bank of Scotland, Ltd., and ninety-six per cent. of the issued shares of the London and River Plate Bank, Ltd.; and, in part consideration for the two last-mentioned purchases, has issued 318,173 new shares at the rate of £25 each, representing a premium of £17 per share. Out of this premium the stock and shares of the National Bank of Scotland and of the London and River Plate Bank have been written down to the level of the market prices ruling before their purchase; and the balance has been carried to the reserve fund, increasing it, with the appropriation of £660,000 out of profit as above mentioned, from £4,800,000 to £9,000,000.

It is also announced that Lloyd's Bank is purchasing 50,000 of 100,000 shares of the National Bank of New Zealand, to be £2, 10s., paid at a price of £5, 10s., the balance being offered at the same price to the New Zealand Bank's shareholders. This strengthens Lloyd's Bank's overseas connections.



Direct Connections

with a very large number of banks in the South enable us to collect Cash Items and Bill of Lading Drafts quickly and economically.

Our Foreign Department

is closely affiliated with American and Native Banks in Cuba, Porto Rico, Mexico, South and Central America, and offers unequalled service for handling collections on those countries.

**Hibernia
Bank & Trust Co.**
New Orleans

The Capital Market in Switzerland

REVIEWING economic conditions in Switzerland at the close of 1918, Leu & Co.'s Bank, Ltd., Zurich, says:

The capital market has during the year 1918 responded to demands which far surpassed all conception of its capacity. This fact is all the more remarkable, since these demands were met in the fourth year of the war, without any outside help, by Swiss national economy. In this connection it is worthy of mention that the total issue of bonds and shares from the outbreak of war to the end of 1917 amounted to 1880 million francs, an amount far exceeding the normal requirements of the four previous years of peace, and that at the same time the savings deposits at the Swiss Cantonal Banks were not only not reduced, but on the contrary, with an increase of 84 million francs during the first nine months of the present year, they have exceeded the increase during the same period of 1917 (50 million francs) and the increase in 1916 (38.6 million francs). Further, the increase

An American Bank for Foreign Trade



The aim of the Mercantile Bank of the Americas is to serve in an auxiliary capacity the Foreign departments of American banks, and as it does not accept domestic deposits, security and protection to their interests is assured.

Its many branches and affiliated institutions abroad form a dependable and efficient chain of correspondents, conversant with foreign commercial and financial affairs and at the same time appreciative of the American point of view.

The managers of our foreign affiliations desire closer relations with American banks.

**BRANCHES
and
AFFILIATIONS
in**
France
Spain
Cuba
Colombia
Peru
Venezuela
Brazil
Nicaragua
Honduras

**AGENCIES
in**
Ecuador
Costa Rica
Salvador
Guatemala
China
Japan
Philippines
Italy
England

MERCANTILE BANK of the AMERICAS

Capital and Surplus, \$4,900,000

Paris

NEW YORK
44 Pine Street

Barcelona

Detailed statement showing names of branches and affiliated institutions sent upon request.

U. S. Trade With Canada

The progress of commercial relations between Canada and the United States is one of the impressive developments of America's foreign trade. The rapid growth of Canadian-American business is illustrated by the following statistics:

Calendar Year	U. S. Exports To Canada	U. S. Imports From Canada	Total Canadian-American Trade.
1914	\$310,600,000	\$164,100,000	\$474,700,000
1915	345,000,000	177,600,000	522,600,000
1916	604,900,000	237,200,000	842,100,000
1917	829,900,000	413,600,000	1,243,500,000
1918	886,800,000	451,900,000	1,338,700,000

The New York Agency of the Union Bank of Canada, through its 315 branches, offers a complete and direct banking service to American manufacturers and others doing business in the Dominion.

Union Bank of Canada

Head Office
Winnipeg

New York Agency, 49 Wall St.
W. J. Dawson, F. L. Appleby, W. M. Forrest,
Agents

Capital & Surplus
\$8,600,000

of bonds issued by these banks, and doubtless also by other banks, has undergone no reduction, whereas the loans made to agriculturists have also been reduced during this year, thanks to the growing prosperity of the peasant classes.

If the continuous subscription of shares of the Swiss Central Coal Company be calculated at 20 million francs, and if the premium on issues of shares, which represents at least 12 million francs be considered, the amount of money invested in the capital market during the year would represent a total of 848 million francs.

Loans contracted by industrial companies, which amounted in 1917 to 110 million francs and which were applied to the replenishing of the greatly reduced stocks of goods and raw materials, receded to 35 million francs. On the other hand, their share capital by the issue of new shares to the amount of 147 million francs showed a more considerable increase than in the previous year. This was especially noticeable in the case of banks as the end of the war drew near; a fact which is doubtless to be traced to the intention of preparing for the work in connection with the economic transition period. The private railways and hotel-keepers have almost entirely disappeared as borrowers in the open market, while the demands of the

cantonal and municipal governments have increased by upwards of 200 million francs. If the cantonal and municipal loans include demands mainly for credit for participation in industrial and commercial enterprises, it is clearly due, as in the case of the Federal Government and Federal railways, to the direct consequences of the war as well as to their requirements for social welfare purposes.

In view of these quite extraordinary demands, which have been made on the investing power of the country, it was unavoidable that the rates of interest were in excess of the former rate. The two latest mobilization loans were selected from the five per cent. type, but the last loan had to be issued at ninety-nine and a half per cent. The Federal railways offered their five per cent. bonds (running for ten years) at ninety-nine per cent. The price of issue of the five per cent. Cantonal Loans varied between ninety-nine and one hundred per cent., while the Municipal Loans were placed on the market at as much as two per cent. below par. The banks issued their five per cent loans at ninety-nine per cent., whilst the rate for industrial loans varied from ninety-six to one hundred per cent., according as the bonds were bearing from five to six per cent. interest.

The Union Bank of Manchester, Limited

Head Office
17 York St., Manchester, Eng.

Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	(\$5=£) \$12,500,000
Paid-up Capital	3,750,000
Reserve Capital	3,750,000
Subscribed Capital	7,500,000
Reserves	2,718,350
Surplus over Liabilities	10,218,350

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

Sir Edward Holden's Review of War Finance

IN his address as chairman of the recent general meeting of the London Joint City and Midland Bank, Sir Edward Holden gave some remarkable figures in reference to the probable indebtedness of the United Kingdom, Germany and America, as the result of the war. His calculations as regards Great Britain were as follows:

Pre-war national debt.....	£650,000,000
Loans to end 1918.....	6,750,000,000
Demobilization cost, etc.....	700,000,000
Gross total	8,100,000,000
Net debt, after deductions....	6,418,000,000

The difference between the gross and the net sums in this table Sir Edward accounted for by allowing a deduction of £672,000,000, the Chancellor of the Exchequer's estimate of the value of surplus assets, £260,000,000 in respect of loans to Dominion and India's obligation, and £750,000,000, one-half of

the loans to Allies, which the Chancellor expects will be recovered. "Unless means are found to relieve us," he said, "we shall have to pay interest on £6,418,000,000, all of which except £650,000,000 is war debt."

Sir Edward gave Germany's figures as:

Pre-war National debt.....	£240,000,000
War borrowings to end 1918,	
about	7,320,000,000
Deduct surplus assets (nothing	
from allies), about.....	260,000,000
Demobilization cost, etc., about	1,000,000,000
Net total debt, about.....	8,300,000,000

In addition there are the debts incurred by the different states.

America's position Sir Edward set out as follows:

Pre-war debt	£200,000,000
Total war debt, about.....	4,800,000,000
Gross total	5,000,000,000
Loans to Allies, about.....	2,000,000,000
Surplus assets may be.....	400,000,000
Net debt about.....	2,600,000,000

Commenting on some of these facts, Sir Edward Holden said:

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Antwerp Branch: Temporarily in London.

	(\$5-£1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
ROBERT A. THURBURN, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

Sir RICHARD V. VASSAR-SMITH, Bart.
J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
DAVID SIMSON, Esq.

BANKERS; BANK OF ENGLAND;
LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

BRANCHES IN SOUTH AMERICA :

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

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

Since the beginning of the war the loans granted to the Allies by the United States Government amount to £1,717,000,000 up to December 31 last, being distributed as follows:

To—	
Great Britain	£835,196,000
France	487,285,000
Italy	262,000,000
Russia	65,000,000
Belgium	50,579,000
Greece	7,911,000
Cuba	3,000,000
Servia	2,400,000
Czecho-Slovaks	1,400,000
Roumania	1,333,000
Liberia	1,000,000

It is hoped that the United States Government will continue to make loans to the Allies during the period of reconstruction, and in the aggregate these loans may eventually amount to £2,000,000,000.

The national debt of the United States before the war amounted to £204,000,000. When demobilization has been completed and all other war charges have been met we estimate that the war debt will be £4,800,000,000, thus making the gross debt £5,000,000,000. Loans to the Allies will probably amount to £2,000,000,000, thus reducing the debt to £3,000,000,000 if these loans are

all repaid. Surplus assets may amount to £400,000,000, leaving the net debt at about £2,600,000,000, as against ours of £6,418,000,000, and £8,300,000,000 in the case of Germany.

This amount of £2,600,000,000 will represent in round figures the debt on which the American people will have to pay interest and sinking fund charges if the whole of the loans to the Allies are reproductive, and I think you will agree with me that in view of the wealth of the people, their banking system and the productive capacity of the country, the burden should be a light one.



High Figures for London Bank Clearings

THE annual statement of the amount of bills, checks, etc., paid into the London Bankers' Clearing House during 1918 shows that the total amounted to the record figure of £21,197,512,000, an increase of £2,076,316,000 compared with 1917 the previous record year, and double the total of 1902, the first year



The National Bank of the REPUBLIC OF CHICAGO

OFFERS exceptional service in exceptional times,
and invites the accounts of responsible people
requiring Chicago facilities.

**Capital
and
Surplus
\$3,000,000**

OFFICERS

John A. Lynch - - - President	Wm. B. Lavinia - - - Asst. Cashier
Wm. T. Fenton, 1st Vice-Pres. & Mgr.	Thomas D. Allin - - - Asst. Cashier
Robt. M. McKinney - 2nd Vice-Pres.	Louis J. Meahl - - - Asst. Cashier
Watkin W. Kneath, - 3rd Vice-Pres.	Wm. C. Freeman - - - Asst. Cashier
Oscar H. Swan - - - - Cashier	Chas. S. Macferran - - Asst. Cashier
Walter L. Johnson - - - - Asst. Cashier	

that £10,000,000,000 was recorded.
The statement shows:

		Increase.
Town clearing total	£17,031,628,000	£1,332,100,000
Met. clearing total	1,429,611,000	252,133,000
Country check clearing total	2,736,273,000	492,083,000
Grand total.	£21,197,512,000	£2,076,316,000

Reviewing the position, the Clearing-House says:

A careful study of the figures of the Bankers' Clearing House since the outbreak of the war reveals that after a short period of decreases, synchronizing with the early period of war dislocation, a steady advance has latterly been consistently maintained, with the result that the year 1918 shows an increase in the total of £4,761,108,000, as over the total of £16,436,404,000 on the pre-war time record year 1913.

The influences mainly responsible for the increases, namely, heavy Government borrowing and disbursements, together with the increased prices of commodities, have in 1918 been even more pronounced. The constant purchases of National War bonds, Treasury bills and War Savings Certificates by the public, on the one hand, and the rapid disbursements by the Government on the

other, have caused large sums of money to be constantly circulating; hence it will be found that the total on ordinary days has increased in greater proportion than the total on special days such as Stock Exchange settling and consols settling days.

No fresh record in either the weekly or daily totals has been reached in 1918, the method of continuous borrowing adopted by the Government having had the effect of distributing the money loaned much more evenly throughout the year, and has prevented any great dislocation of the money market within any restricted period. The highest weekly total in 1918 was for the week ended March 27, £474,006,000, the smallest weekly total was for the week ended May 22 (Whitsun week), £293,599,000, the smallest weekly total for a full week was the week ended April 17, £358,580,000. The largest amount paid on one day in 1918 was Tuesday, July 2, £122,819,000, and the smallest Saturday, February 9, £49,138,000.



Clydesdale Bank, Limited

SHAREHOLDERS of the Clydesdale Bank, Ltd., held their eighty-first general meeting at the bank's head office

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President
 RAFAEL MORENO, Secretary
 D. GARCIA, Cashier
 O. M. SHUMAN, Chief Foreign Dept.

Authorized Capital	. . . . .	(pesos) 10,000,000.00
Capital fully paid-up	. . . . .	4,500,000.00
Reserve Funds	. . . . .	2,250,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
 Spain: Banco Hispano Americano
 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank and The Guaranty Trust Company

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

in Glasgow February 5. The directors' report showed that net profits for the year ending December 31, 1918, were £315,682, which with the amount brought forward afforded a total of £343,750, which was applied as follows: dividend at rate of eighteen per cent. per annum, £180,000; in reduction of bank buildings, £10,000; to superannuation and allowance fund, £10,000; to reserve surplus fund (making the total of that account £1,170,000), £100,000, leaving £43,750 to be carried forward to 1919.



Manchester and Liverpool District Banking Company, Limited

NET earnings of this bank for the year ending December 31, 1918, were £468,834, and together with the amount brought forward constituted the sum of £566,089; out of this two dividends were paid, which absorbed £339,-

700, leaving a balance of £226,389, of which £100,000 was carried to investments accounts and £126,389 carried to next account. The sum of £100,000 just mentioned, together with other sums previously provided for, enabled the directors to retransfer £300,000 from the reserve for depreciation of investments to the reserve fund, which then amounted to £1,550,000.



West Yorkshire Bank, Ltd.

SHAREHOLDERS of the West Yorkshire Bank, Ltd., held their eighty-ninth annual ordinary general meeting at Halifax, England, January 29. Net profits for the year ending December 31, 1918, were £96,400, which with the amount brought forward gave a total of £115,153. Of this amount £20,000 was added to reserve fund, £10,000 applied to reduction of bank premises account, and enough was

NORWEGIAN AMERICAN SECURITIES CORPORATION

74 Broadway, New York City

Capital - - - \$1,000,000.00

TRYGVE BARTH, President
LEIF H. STROM, Vice-President **GEORGE REITH, Vice-President**
B. KROEPELIEN, Secretary and Treasurer **LE ROY JONES, Assistant Secretary**

DIRECTORS

T. BARTH, President	L. H. STROM, Vice-President New York Oversea Company
T. LANGLAND THOMPSON, Attorney	GUNNAR HARTMANN, President Hart Trading Company
W. K. TRIMANN, Shipowner	GEORGE REITH, Vice-President
B. KROEPELIEN, Treasurer	C. STEENDAL, President Jefferson Insurance Company
WILHELM ALME, Managing Director Bergen Agent A/S	WM. SCHENETROM, President Electric Welding Company of America
TH. JULLUM, General Agent Norwegian Marine Insurance Companies	KARL KROGSTAD, President S. O. Stray & Company
F. HARSEM, Merchant	

The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

Correspondence Invited

allotted to dividends to make an aggregate at the rate of fifteen per cent. per annum, less income tax, leaving £25,153 to be carried forward.



Barclay's Bank, Limited

REPORT of the directors of Barclay's Bank, Ltd., presented to the shareholders at the ordinary general meeting, January 27, stated that the amalgamation with the London Provincial and South Western Bank, Ltd., has been completed. Net profits for the year ending December 31, 1918, were £1,788,697, which added to the amount brought forward gave a total of £2,082,809. Of this £800,000 was added to the reserve fund, £100,000 to reduction of premises and payment for buildings, £50,000 to reserve for staff pensions, £110,601 to interim dividend and £443,780 to final dividend, leaving £278,427 to be carried forward.

Skandinaviska Kreditaktiebolaget

THE statement of this institution on December 31, 1918, showed as herewith:

ASSETS	
	Kr.
Cash	44,884,430.23
Loans on Securities.....	258,760,296.53
Bills Discounted	231,808,242.94
Securities	44,144,849.56
Current Accounts	285,433,464.60
Due from other Banks.....	152,667,569.25
Sundry Accounts	60,853,926.27
Bank Premises	10,308,000.00
Total	1,088,860,779.38
LIABILITIES	
	Kr.
Paid up Capital.. 73,840,000	Kr.
Reserve Fund ... 81,660,000	155,500,000.00
Deposits	382,464,512.75
Current Accounts	256,567,003.81
Due to other Banks.....	181,165,619.63
Sundry Accounts	82,502,285.53
Bills in Circulation	30,661,357.66
Total	1,088,860,779.38

Through our well organized and equipped

Foreign Department

in connection with the Buenos Aires Branch and numerous correspondents throughout the World, we offer all facilities for transacting foreign business promptly, intelligently, and efficiently.

THE FIRST NATIONAL BANK of Boston

Capital and Surplus - - \$27,000,000

Resources - - - 250,000,000

Branch at Buenos Aires, Argentina

Hibernia Bank, Limited

THE ordinary general meeting of shareholders of the Hibernia Bank, Ltd., was held at the head office, College Green, Dublin, January 27, at which time the report of the directors showed that for the half-year ending December 31, 1918, net earnings were £32,033, which added to the amount brought forward gave a total of £37,191. Out of this the sum of £10,000 was transferred to the reserve fund, £17,500 applied to dividend at the rate of seven per cent. per annum, and £9,691 carried forward to next account.



Beckett's Bank, Leeds

THE balance-sheet of this bank as of December 31, 1918, showed: partners' capital, £600,000; deposits and credit balances, £10,194,882; total assets, £11,227,415.

Trading with the Orient

SPEAKING in New York at a luncheon given by the American Manufacturers' Export Association, Chao Hsin Chu, Chinese Consul-General at San Francisco, made the following statement:

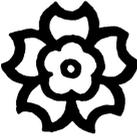
By way of information and for the purpose of encouraging American business men and manufacturers in particular, I offer eight essential factors for your consideration in carrying out trade in the Orient:

1. Sole agencies should be given to the Chinese firms. Local conditions and different dialects would discourage and curtail foreign salesmen in the attempt to develop trade in the interior of China, while native agents could under all circumstances carry on your trade extensively and successfully.

2. Direct trade should be facilitated. The compradore system has long been considered as the only solution and convenience for foreign merchants in China. Yet we are not entirely satisfied with that system because of its indirectness and inefficiency in commercial dealings. To remedy this, permit the Chinese merchants to become your partners instead of your compradores. Some sort of American-Chinese mercantile

The Bank of Chosen

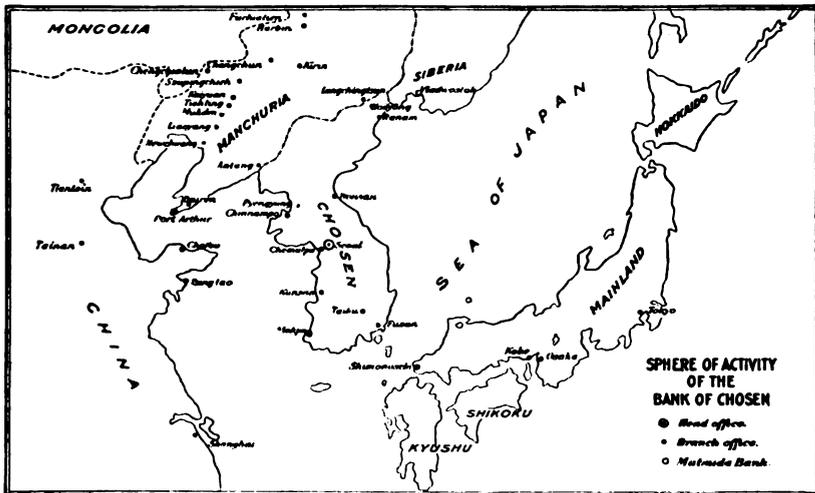
Incorporated by Special Charter of



Imperial Japanese Government, 1909

Subscribed Capital - - Yen 40,000,000

Total Resources - - Yen 300,000,000



Head Office, Seoul, Korea

Principal Branches:

KOREA: Chemulpo, Pyengyang, Wonsan, Fusan

MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

JAPAN: Tokyo, Osaka, Kobe, Shimonoseki

CHINA: Shanghai, Tsingtao, Tientsin, Tsinan

Affiliated Bank—VLADIVOSTOK: Matsuda Bank

LONDON BANKERS: Guaranty Trust Company of New York
London Joint City and Midland Bank, Ltd.

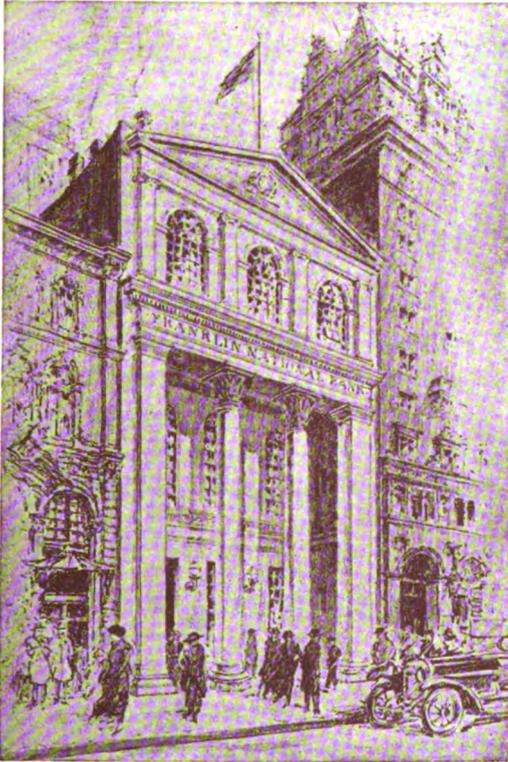
Principal American Correspondents:

Guaranty Trust Company of New York
F. J. F. Trust Company of New York
Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo - Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco,
Seattle and Vancouver

T. MUKAI, New York Representative, 120 Broadway



Chestnut Street west of Broad

ORGANIZED in 1900,
The Franklin National
Bank of Philadelphia has
capital of one million dollars,
surplus and profits of four
and a half million dollars,
and total resources of over
seventy million dollars,—
a record of growth, sub-
stantial and unequalled.

On Both Sides of the Atlantic

The most important aid to a firm seeking to extend its business abroad is a direct banking connection in the markets it is desired to reach. Experiments are costly. With twenty-two branches in South America and offices in Central and South America operated by affiliated companies, the Anglo-South American Bank, Limited, is in a strategic position to help you solve your export and import problems in that territory.

Our Service in Europe

England, France and Spain are completely covered by seven of our own offices. Correspondents are located in all other parts of the world. Thus we are enabled to offer the broadest kind of foreign banking service. Our facilities are at your disposal through the medium of your own bank, if you so desire.

Write for Booklet "Collection Tariff."

Anglo-South American Bank

Head Office
London

Limited

Capital and Reserves
Over \$32,000,000

New York Agency, 60 Wall Street

John Cone, Agent
F. C. Harding, Sub-Agent
W. M. Dawkin, Sub-Agent

The
National Shawmut Bank
of Boston
Foreign Banking



Capital . . \$10,000,000
Surplus . . 7,000,000
Undivided Profits 2,100,000

Complete service to banks throughout the country in all branches of Domestic and Foreign business.

Commercial and Travelers' Letters of Credit; Collection of Foreign Drafts. Foreign Exchange and Cable Transfers purchased and sold.

CORRESPONDENCE INVITED

company should be formed in order to secure better means of cooperation on the part of Chinese merchants.

3. Advertisements should be frequently and universally inserted in the Chinese newspapers and periodicals. Advertising is not new, but its application to the present situation, when your exports are still being restricted by war conditions, would perhaps be a new thought to some American manufacturers.

4. Labels and brands, or "chops," should be kept on in a permanent manner. Owing to the conservatism of the Chinese people they always look for the goods they are accustomed to buy, and wherever they find a label somewhat changed or different from the one they are familiar with, even though the goods be of the same quality or even better and turned out by the same manufacturer, it would be beyond the reach of their understanding and would lead to a loss of the good will of your trade.

5. Exhibit rooms should be established in Chinese trade ports. Many kinds of products which I find everywhere in this country are not shown in the Chinese markets. It will be impossible to expand your trade unless you first submit sample products to distant buyers.

6. A merchant marine should be built up on the Pacific. Our trade and commerce has been hindered a great deal during the war owing to shortage of ocean carrying tonnage. The freight rate advanced at one time to as high as \$60 per ton across the Pacific. This made it impossible for your products, bearing abnormally expensive transportation, to be marketable in China.

7. Banking connections should be made better for the facilitation of mercantile purposes. As China is using silver, which is subject to a fluctuation in exchange of gold, American merchants sometimes hesitate to do business with China on a large scale. If some banking method can be adopted in order to avoid the danger of speculation in exchange and also to facilitate in rediscounting bills on the other side, trade and commerce between America and China will

be developed to a greater extent than ever before.

8. American commercial commissions should pay frequent visits to China, not only to the trade ports, but also to the interior. To interest as well as to encourage the Chinese people, such commissions could, through their personal influence and initiative, bring about a closer relationship financially and economically between the business men of both countries.



British Overseas Bank

IN order to be in a position to compete for foreign business, several English banks have formed the British Overseas Bank, the capital to be £2,000,000 in preferred and ordinary shares. A public offering of the former will be made, while the latter will be held by the Anglo-South American Bank, Glyn, Mills, Currie & Co., Northern Banking Co. of Belfast, Union Bank of Scotland, the Williams Deacons Bank, and perhaps other institutions.



National Discount Company, Limited

AT the ordinary general meeting of shareholders of the National Discount Company, held in London January 22, the directors reported gross earnings of £175,681 for the year ending December 31, 1918, to which was to be added £15,735 brought forward.

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized	\$7,500,000
Paid-up	3,250,000
Reserve Fund	3,000,000

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

After providing for all charges, and reserving £323,783 for rebate and interest, there remained £166,640. The interim dividend and income tax absorbed £33,760, leaving £132,880 for appropriation. From this the directors transferred £50,000 to the reserve fund, making the total of that account £500,000. After applying £35,559 to the final dividend of 6 shillings per share, there remained £47,320 to be carried forward.



Union Bank of Manchester, Limited

NET profits of this institution for the half-year ending December 31, 1918, were £117,566, to which was to be added the amount brought forward from last account, giving a total of £128,669. Dividends, less income tax, absorbed £52,500; £8,000 was written off bank premises, a like amount allocated to the pension fund, £32,500 to income tax, and £15,000 paid to shareholders of the East Morley and Bradford Deposit Bank on the acquisition of their business, leaving £18,669 to be carried forward.



Australian Banker Honored

COMMENTING on the bestowal of the Order of Knighthood (Knight Commander of the British Empire) upon Sir John Russell French, "The Review" of Sydney, N. S. W., says:

Of Sir John's service to the Empire of which he has been made a Knight Commander, it is hardly necessary for us to speak. It is well known that he was selected for the high position of general man-



SIR JOHN RUSSELL FRENCH, K. B. E.
In his twenty-fifth year as General Manager of the Bank of New South Wales

ager of the Bank of New South Wales because of the tower of strength he had proved himself at the time of the great crisis, though then in a secondary position only. During a quarter of a century, therefore, he has wielded an influence that has been

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 60 other
Places in Sweden

(\$0.26 = 1 Kr.)
Capital Paid Up Kr. 30,000,000
Surplus Kr. 15,200,000
Resources About Kr. 319,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

beneficially felt in every state of the Commonwealth, in every city, and almost every town and district in New Zealand, in Fiji and in Papua, no fewer than 337 branches or agencies of his bank being located in these countries. Yet even more powerful has been Sir John's influence in the domain of Government finance, his advice having been continually sought and freely and ably given. He has been faithful to a great trust. Though, necessarily, from his official position, aloof from party politics, Sir John has adorned many positions of civic and colonial importance, such as president of the United Chambers of Commerce of the Commonwealth, president of the Sydney Chamber of Commerce, continuous president of the Institute of Bankers of New South Wales, treasurer of almost every patriotic movement, and general adviser and assister of every good cause.



Bankers Will Send Representative to China

ANNOUNCEMENT is made by J. P. Morgan & Co. that Mr. John Jay Abbott has been selected to investigate the financial situation in China and report on conditions there in the interests of the bankers concerned some months ago in the proposed \$50,000,000 loan to China. Mr. Abbott, who is vice-president of the Continental and Commercial Trust and Savings Bank of Chicago, is familiar with the financial situation in China, having visited China before and had dealings with the government in 1916, when the Chicago bank and Chandler Brothers of New York were associated in a \$5,000,000 loan to China.

Annual Report of the Java Bank

THERE has just come to hand a copy of the Annual Report of the President of the Java Bank for the year 1917-18, presented at the general meeting of the voting shareholders held at the head office of the bank, Batavia, Island of Java, July 30, 1918. Not only does it give a full report of the operations of this institution (now in its ninetieth year) but also presents a very complete and interesting review of world-wide economic conditions.



National Bank of India Increases Capital

AN extraordinary meeting of the shareholders of the National Bank of India, Ltd., was held recently for the purpose of authorizing an increase of capital. The present authorized capital was £2,000,000 fully subscribed—namely, 80,000 shares of £25 each, on which £12 10s per share would be called up. The shareholders were now asked for power to create a further 80,000 shares of £25 each, but it was only proposed to issue 40,000 of these new shares, on which £12 10s per share would be called up, raising the subscribed capital to £3,000,000 and the paid-up capital to £1,500,000. The Treasury had signified assent to these proposals. The issue of these 40,000 shares to existing shareholders at a premium of £7 10s per

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

	£	s.	d.
Dividend at the rate of 8 per cent. per annum for the year ended 30th September, 1918 (subject to deduction of income tax).....	48,000	0	0
Reserve fund	40,000	0	0
Staff guarantee and savings fund	5,000	0	0
Depreciation of furniture...	1,734	6	10
Premises account	10,000	0	0
Pension fund	20,000	0	0
Balance carried forward....	36,013	4	3
Total	160,747	11	0

On Sept. 30, 1918, the capital called up stood at £600,000, the reserve at £290,000, current accounts and deposits £7,888,686, and total assets £9,688,615.

share would make an addition of £500,000 to the paid-up capital and £300,000 to the reserve fund.

*
**Union Bank of Australia,
[Limited**

*
**American Foreign Banking
Corporation**

A NEW branch of the American Foreign Banking Corporation (head office 56 Wall street, New York), has been opened at Rio de Janeiro, Brazil, under the direction of Mr. O. H. Wilmot.

*
**African Banking Corporation,
Limited**

THROUGH the courtesy of William Logan, Esq., New York Agent of the African Banking Corporation, Limited, the forty-ninth statement of accounts and balance-sheet of that institution has been received. This report was laid before the adjourned annual meeting of shareholders held at Winchester House, 50 Old Broad street, London, February 20. It showed the following profit and loss account for the year ending Sept. 30, 1918:

The profit and loss account shows a gross profit of £378,988 6s. 10 d., including £28,740 8s. brought forward from last account. After deducting current charges and rebate there remains the sum of £160,747 11s., which has been appropriated as follows:

THE half-yearly general meeting of the proprietors of the Union Bank of Australia, Ltd., was held at the head office, 71 Cornhill, London, January 27. Inclusive of the amount brought forward the net profit for the half year was £243,273. Out of this there was added to the reserve fund £25,000, increasing this account to £2,050,000; a dividend at the rate of ten per cent. per annum was provided for and a bonus of two per cent., leaving £78,273 as the amount to be carried forward.

Resolutions were offered at this meeting increasing the bank's capital to £7,500,000 by the creation of 20,000 additional ordinary shares of £75 each.

NOYES & COMPANY

Established 1879

Foreign Bills

Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

Banking and Financial Industry

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

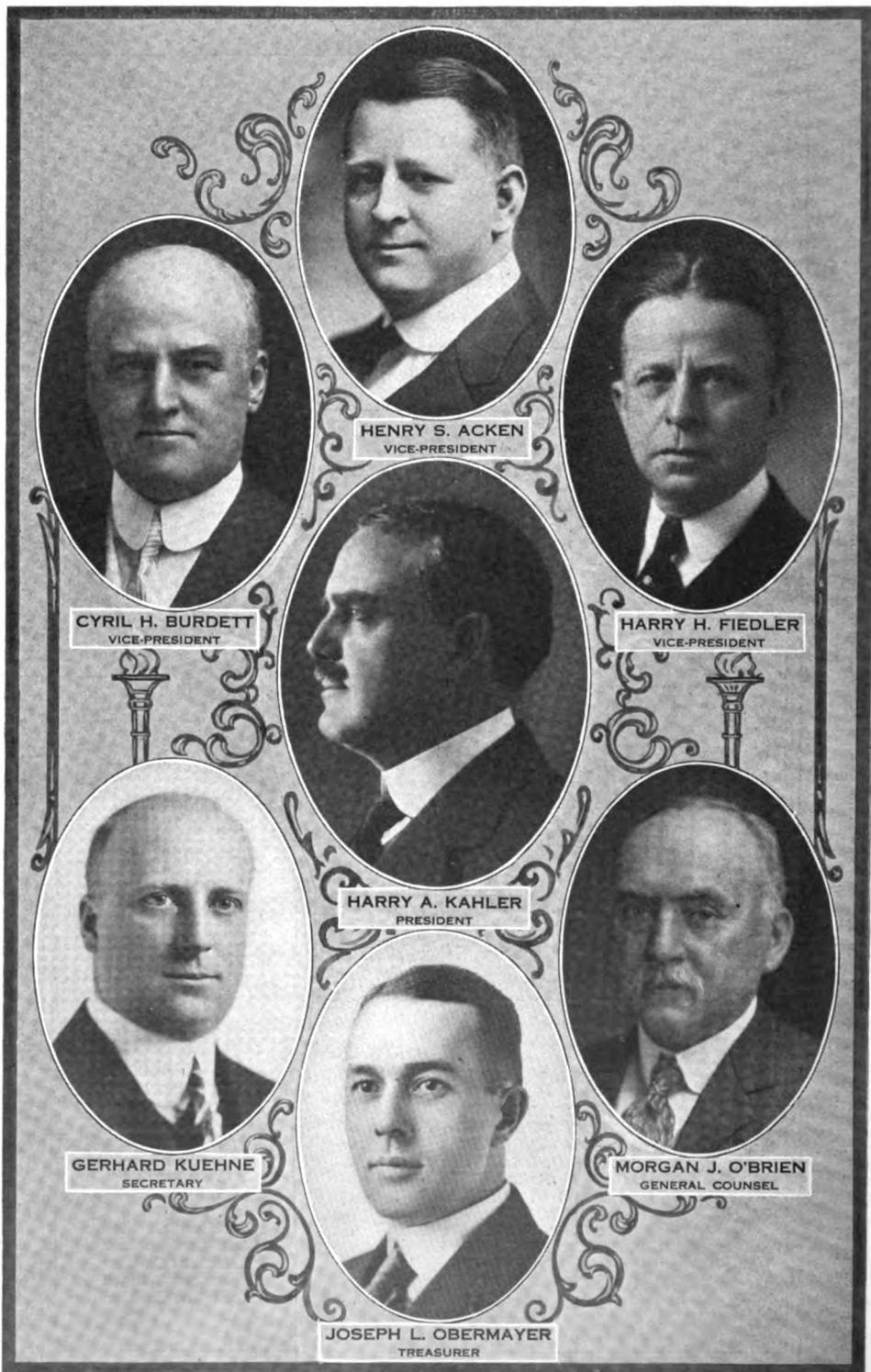
CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
CHAS. W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE F. MURNANE	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier



CYRIL H. BURDETT
VICE-PRESIDENT

HENRY S. ACKEN
VICE-PRESIDENT

HARRY H. FIEDLER
VICE-PRESIDENT

HARRY A. KAHLER
PRESIDENT

GERHARD KUEHNE
SECRETARY

MORGAN J. O'BRIEN
GENERAL COUNSEL

JOSEPH L. OBERMAYER
TREASURER



American Trust Company of New York, 135 Broadway

American Trust Company of New York

EARLY in the present year the American Trust Company opened for business in a convenient location at 135 Broadway, corner of Cedar street, New York. Its start in business was exceedingly auspicious, the capital being at the outset \$1,000,000, with \$200,000 paid-in surplus. A statement issued four days after the date of opening showed deposits of \$1,278,984.35. The American Trust Company had at its inception the advantage of affiliation and cooperation with the various departments of the New York Title and Mortgage Company, and is furthermore exceptionally well officered. Its board of directors likewise includes men of established reputation and success in the

financial and business world. The officers are: President, Harry A. Kahler; vice-presidents, Cyril H. Burdett, Henry S. Acken, Harry H. Fiedler; secretary, Gerhard Kuehne; treasurer, Joseph L. Obermayer; general counsel, Morgan J. O'Brien.

SKETCH OF THE COMPANY'S PERSONNEL

Harry A. Kahler, president of the American Trust Company, has long been identified with investment banking and the bond and mortgage business and has successfully developed several important corporations engaged in that line. He is a native of Ohio and was educated at the Ohio State University



Main Banking Room, American Trust Company of New York

at Columbus. His first business experience was at Council Bluffs, Iowa, in the office of J. D. Edmundson and Ernest E. Hart, bankers and dealers in bonds and mortgages, and since that time he has been continuously engaged in the business of mortgage banking and investment securities.

In 1897 Mr. Kahler began business on his own account under the name of H. A. Kahler, bonds and mortgages, at Dallas, Texas. The business gradually expanded and, through branch offices, covered other Southwestern States. To broaden the service of the growing business it was decided to put it in corporate form and, with other associates, the Dallas Trust and Savings Bank and the United States Bond and Mortgage Company of Dallas, were organized, Mr. Kahler being the first president of each institution. Primarily, as an aid to his mortgage business, Mr. Kahler was also instrumental in organizing the Title and Guaranty Company of Dallas, the first title insurance company formed

in Texas and which is now in successful operation.

In 1899 Mr. Kahler opened an office in New York City in order to broaden the market for the securities in which he was dealing and under the firm name of O'Connor and Kahler engaged also in a general investment securities business. The firm name was changed in 1913 to H. A. Kahler and Company.

With the formation of the American Trust Company, the firm of Kahler & Co. was dissolved.

Cyril H. Burdett, vice-president, was born in Charlestown, Massachusetts, in 1865; was educated at Quincy Academy and graduated from Harvard University in the class of 1888. He is a member of the Bar of New York State, as well as of Massachusetts. He began his business career in New York with the Title Guarantee and Trust Company. After nine years of service with that institution he was selected as the first secretary of The Title Insurance Company of New York (now New York



Officers Quarters, American Trust Company of New York

Title and Mortgage Company), upon its organization in 1901.

In January, 1911, Mr. Burdett was elected general manager and counsel to the company, and in March, 1914, became vice-president, a position which he now holds.

Mr. Burdett is widely known in the community, having been a resident of New York for over twenty-five years and identified with many of the city's social and civic organizations. His selection as vice-president of the new trust company is a recognition of efficient service at earlier posts of responsibility.

Henry S. Acken, vice-president, was born January 14, 1874.

He received early training at the Englewood, New Jersey, High school, from which he graduated in 1890. He later attended Columbia University as special student and received the degree of LL.B. from its Law School. He was admitted to the bar in 1897, and has specialized in real estate law.

Mr. Acken became connected with the legal department of The Title Insurance Company of New York, January 14, 1902, and was appointed solicitor of the legal department in 1905. In 1914 he was elected vice-president of the title company and assistant secretary of the New York Mortgage and Security Company and placed in charge of the Brooklyn organizations of both companies. He is now vice-president of New York Title and Mortgage Company, their successor.

Mr. Acken lives in Brooklyn and is a member of the Brooklyn Club, Crescent Athletic Club, Chamber of Commerce and Brooklyn Bar Association.

Harry H. Fiedler, vice-president, was for many years associated with the United States Trust Company of New York city and for the last fifteen years as cashier for that institution.

Gerhard Kuhne, secretary of the American Trust Company, was born in New York city in 1883. After having completed his public school course, he

was graduated from a commercial school and became a stenographer and bookkeeper in a real estate office. In 1902 he entered the employment of the New York Title and Mortgage Company—then The Title Insurance Company of New York—at the same time continuing his education by attending evening schools. After working his way up, through various departments of the company, he was, on January 10, 1911, made assistant treasurer, from which he was advanced to the treasurership on October 8, 1912. On September 12, 1916, he was elected secretary of the New York Title and Mortgage Company, in which capacity he was serving when, on January 21, 1919, he was elected secretary of the American Trust Company.

Mr. Kuehne is a member of the New York Chapter, Inc., American Institute of Banking.

Joseph L. Obermayer, treasurer of the American Trust Company, was born in Brooklyn in 1885. He attended the public schools and completed his high school course in 1903, after which he entered the public accounting business, attending an accountancy institute in the evenings. In the practice of public accounting, making investigations and installing systems for efficient operating, he acquired a broad knowledge of the mercantile, manufacturing and banking business. In January, 1914, he entered the employment of the New York Title Insurance Company as auditor, advancing to the treasurership in January, 1917, which position he occupied when on January 21, 1919, he was selected as treasurer of the American Trust Company.

Hon. Morgan J. O'Brien, general counsel of the American Trust Company, is well known as a jurist, not only in New York, but throughout the country and abroad. He is a graduate of St. John's College, New York, and has master's or doctor's degrees from St. Francis Xavier College, New York, Columbia University and Villanova College. He served for many years as Judge of the Supreme Court of New

York in both Trial and Appellate Divisions. He is now senior member of the law firm of O'Brien, Boardman, Parker, Harper and Fox, at 120 Broadway. He is president of the New York State Bar Association, chairman of the voting trustees of the Equitable Life Assurance Society of the United States, president of the Atlantic Coast Realty Company, director in the Brady Brass Company, Garfield National Bank, Metropolitan Bank and Metropolitan Life Insurance Company, and director and general counsel of the New York Title and Mortgage Company.

The names of the directors of the company, with their respective affiliations, follow: Walter H. Bennett, vice-president American Exchange National Bank; Edward M. Burghard, attorney; Orion H. Cheney, president Pacific Bank; Bayard Dominick, Dominick & Dominick; Stephen B. Fleming, president International Agricultural Corporation; Frederick B. Francis, New York agent Canadian Bank of Commerce; William E. Harmon, Wood, Harmon & Co., real estate; Stanley P. Jadwin, O. H. Jadwin & Sons; Harry A. Kahler, president; Frederick D. Mackay, vice-president E. W. Bliss Co.; George T. Mortimer, president Equitable Office Building Corporation; Charles J. Obermayer, president Greater New York Savings Bank; Morgan J. O'Brien, O'Brien, Boardman, Parker, Harper & Fox; James A. O'Gorman, O'Gorman, Battle & Vandiver; William R. Rose, Rose & Paskus; Louis F. Rothschild, L. F. Rothschild & Co.; Elbridge Gerry Snow, president, The Home Insurance Co.; Daniel G. Tenney, C. H. Tenney & Co.; George Zabriskie, Zabriskie, Sage, Kerr & Gray.

With an organization of such marked strength it is no wonder that at its very outset the American Trust Company should make a splendid showing. These important elements in the company's management afford a strong guaranty for the institution's future.

A striking evidence of the progress made by the company in a single month is shown by a comparison of its state-

ments as of Jan. 31, 1919, and Feb. 28, 1919:

	Jan. 31, 1919	Feb. 28, 1919
Capital	\$1,000,000	\$1,000,000
Surplus and profits	200,093	202,756
Deposits	1,278,984	2,103,705
Total resources...	2,491,161	3,310,011

The American Trust Company invites accounts of individuals, firms, corporations, estates, and those acting in any trust capacity. It acts as executor, administrator, trustee, guardian, commit-

tee, depository, transfer agent and registrar, doing both a general banking and trust business.

Under the New York State Banking Law the trust company form of organization affords a wide scope for financial service while at the same time offering a very high standard of security. There is every reason to believe that the American Trust Company will add another to the list of eminently successful institutions of this particular type.



Rhode Island Hospital Trust Company Dedicates New Building

THE abstract of the annual report of the president of the Rhode Island Hospital Trust Co. of Providence contains also the proceedings at the ded-

ication of the company's new building. These latter exercises were dignified by an address by President W. H. P. Faunce of Brown University. In his



BUILDING FOR THE
RHODE ISLAND HOSPITAL TRUST COMPANY
PROVIDENCE, RHODE ISLAND
TUCKER & SAWYER, ARCHTS., NEW YORK

The new building of the Rhode Island Hospital Trust Co., Providence, as it will appear when completed

dedicatory address President Faunce said:

No great idea prevails among men until it gets itself expressed in a building. Until the material structure arrives the idea itself is disembodied, uncertain, nebulous. When clothed in stone it acquires solidity and dominating power.

Every building is a confession of faith; is a creed made visible. What we in our hearts believe gets itself uttered in the structures we erect. What then is the utterance of this building? What does it say to the passer-by?

It says clearly and unmistakably that the greatest asset in modern business is character.

Furthermore this building means that all of us who are called to lead in modern enterprise must constantly reach out not only for new equipment, but for new points of view, if we would retain our leadership. We need not only new methods, as the years pass, new technique in detail, but we need fresh insight into human nature, into the social order of which we are a part, into the soul of the Nation that we are called to serve. "Time makes ancient good uncouth." We are moving now into a new era, and the gigantic tasks of reconstruction will tax the minds and hearts of all of us. Ideas and methods which were quite valid thirty years ago are out of date to-day. A man has to compete not only with his rivals, but with himself. He has to improve upon his own past, he has to advance constantly

in his conceptions or drop out of the procession.

This building is not merely a place for the deposit of securities. It is a home under whose ample roof the savings of the poor, the bequests of parents to their children, the funds of corporations and educational and religious societies, may be cared for by men who want to be something more than successful; who want to be serviceable to their generation. Such men have gathered in your directors' room for more than a half century. Such men will not fail us in the centuries that are to come.

For the purpose of acquiring the necessary property and constructing the new building a fund of \$3,400,000 has been provided. The banking room proper will rank as one of the largest in the country, being eighty feet wide by 180 feet long and forty-nine feet high. War restrictions have prevented the completion of the building at as early a date as expected, but as these restrictions are now removed the construction of the new home of the institution will go rapidly forward.

The Rhode Island Hospital Trust Co., which began business January 1, 1868, now has \$3,000,000 capital, \$3,500,000 surplus, \$240,000 guaranty account, and \$565,084.22 profit and loss, making a total of \$7,305,084.22.



The New Revenue Law

AN annotated edition of the new Federal Revenue Act is being issued by the National Bank of Commerce in New York. The text of the book is provided with side notes and a complete index, and also with tables to aid in the interpretation of the law and the computation of taxes. In a foreword James S. Alexander, president of the bank, says:

"Federal taxes for both 1918 and 1919 are levied in the new Federal Revenue Act, thus making it possible for business men to know in advance what share of earnings the Government will require in taxes for the coming year.

"The new law contains distinct im-

provements over the Acts of 1916 and 1917, which it replaces. It consolidates scattered provisions relating to taxes on individual incomes and relieves individuals and partnerships from the excess-profits tax. It also permits deduction of losses in transactions not directly connected with trade or business and removes the limitation upon the deduction of interest upon indebtedness.

"In this book the National Bank of Commerce in New York presents the full text of the greatest revenue bill in history."

This new Commerce book is attractively bound and contains 240 pages.

Citizens National Bank of New York Celebrates an Important Anniversary

TO celebrate the fifteenth anniversary of the consolidation of the Citizens and Central National Banks of New York the officers and directors invited the employees and their wives to a dinner and dance on the evening of March 15. At the dinner Major Garrard Comly, vice-president, made an address in the absence of President Schenck. Among other things, he said:

In the absence of our president the duty devolves upon me of addressing this gathering on the occasion of the fifteenth anniversary of the consolidation of the Citizens and Central Banks. I should hardly call it a duty, however,—rather is it a great pleasure to welcome our guests and those of you who belong to the bank. I like the word belong. It implies loyalty. We belong to the bank and the bank belongs to us,—not perhaps in the Bolshevik sense, but upon all of us and upon our best efforts the continued growth and welfare of the bank depends, and in turn the welfare of each of us depends upon the prosperity of the bank.

Each one of you has it in your power in your day's work in a large or small way to retard or help the bank's progress. Do you realize the great number of employees who have worked for the bank for three generations? Hundreds of them have come and gone; our officers change, our directors change. In fact, since the consolidation of only fifteen years ago there remain but three on our present board who were directors at that time.

The bank, however, we must regard as perpetual. It is an institution and must go on and on. As you doubtless all know, we operate under the charter of the old Citizens Bank. The bank dates back to 1851. Since the date of its establishment, sixty-eight years ago, the bank has never failed to pay regular dividends to its stockholders. It has successfully weathered five panics and three wars, taking care of its customers and meeting all its obligations through each of those crises. We have had only six presidents in the bank's history, viz., Jay Jarvis, David Burnett, S. R. Comstock, W. H. Oakley, Ewald Fleitmann, E. S. Schenck.

So much for the bank of the past. I have outlined its history in order to present to you a picture of what the institution means to the community, with its traditions and its standards. Now a word as to the bank of to-day: In the past five years we have practically doubled in size. Our part in the great war has been a very honorable one.

Our total allotment of Liberty Bonds of all issues was \$16,200,000. We actually subscribed for and distributed \$43,000,000, in addition to \$27,000,000 Government certificates. The immense amount of detail involved and night work was cheerfully assumed by those of you whose services were needed.

Major Comly then read a report of the part played by the bank's employees in active war services, with a list of the casualties in action, and closed with these words:

In closing I am sure I voice your sentiments in proposing a toast to the long life and continued prosperity of the old bank in the years to come. May its high standards be maintained by those who follow us.



Canadian and American Trade

COMMENTING on our trade with Canada, the New York "Sun" says:

In January last year our exports to Canada went beyond \$50,300,000; but in January this year they topped \$55,700,000.

Consider our exports to Canada for the seven months of the fiscal year ending with January. In the corresponding seven months preceding—all war months—we sold to Canada goods amounting to \$428,700,000. That was huge. Yet in the corresponding seven months ended with last January—some four and a third of them war months and some two and two-thirds of them peace months—we sold to Canada goods amounting to no less than \$542,500,000!

To all Africa our exports for the seven months were \$38,000,000; all Oceania, \$123,000,000; all South America, \$337,300,000; all Asia, \$475,400,000. Canada was sixty-seven millions of dollars higher than Asia and eighty-two millions of dollars higher than all Oceania and all South America put together.

In the seven months Canada bought from us a quarter of a billion of dollars more than Canada sold us. All Asia bought from us \$195,000,000 more than all Asia sold us. All South America bought from us \$121,000,000 more than all South America sold us.

Book Reviews

JAPAN YEAR BOOK FOR 1918. Edited by Y. Takenob. American Agents, Dixie Book Shop, New York. 13th Year Edition. Price, \$5.00.

To discuss Japan and Far Eastern problems without reliable data would be like venturing on the high seas without a compass. The Japan Year Book supplies such data and statistics, giving up-to-date information that precludes errors and ridiculous blunders.

It is an encyclopedia of general information and will prove most valuable to all desirous of an accurate knowledge of Japan.



WORLD'S WAR DEBT. By The Mechanics and Metals National Bank, New York City.

The figures of the finances of the war, the greatest and costliest of all history, are so big that they are utterly incomprehensible. For the present the balance sheet is an obscure one, with the losses in lives, property and material progress tangible, but with the gains yet to be determined.

This volume deals with an item on the tangible side, that of the indebtedness of the nations. Material for this information has been brought together in a statistical summary that will prove of real and lasting value.



ECONOMIC RECONSTRUCTION. By J. Taylor Peddie. Longmans Green & Co., N. Y. Price, \$2.25.

In view of the near approach of peace the subjects developed in this volume should prove of interest to statesmen, politicians, business men and organized labor.

The author considers that the recon-

struction proposals can achieve no permanent result until the national economic system be reconstructed.

In the preparation of material every care has been taken to use terms and expressions readily understood by men of business.



OFFICE MANAGEMENT. By Lee Galloway. Ronald Press Co., N. Y. Price, \$6.00.

A thorough manual of business organization and administration, presenting the best modern methods and equipment for handling the routine of the business department.

Wages and bonus systems are covered at length; several chapters, comprehensive and practical, are devoted to the hiring and developing of office help.

Managers and heads of departments will find this book a working guide of unusual value in the planning and control of office systems. Indexed.



READINGS IN THE ECONOMICS OF WAR. Edited by J. Maurice Clark, Walton H. Hamilton and Harold G. Moulton. University of Chicago Press, Chicago. Price, \$3.00, plus postage.

Comprised of many carefully edited selections by well-known writers, this volume aims to throw light upon the various economic questions arising from the war.

It is not designed for the specialist, but for the general reader that he may review in proper perspective the social and economic aspects that are almost as remarkable as the military events.

The three divisions of the work are: (1) economic background of the war in general; (2) economic organization of the industrial system for war; (3) eco-

conomic reorganization at the end of the war. Indexed.



WORLD ALMANAC FOR 1919. By the New York World, New York City. Price, \$.50, postpaid.

This edition contains a complete and handy summary of war facts and situations, including the chronology, general history, the cost, inventions, President

Wilson's speeches, his trip to Europe, together with the terms of the armistice and the fourteen points suggested for settlement.

It is an up-to-date encyclopedia presenting all the customary tables of statistics for trade, industry, finance, education, religion, politics, etc. Much that is of individual, local and national interest is covered in the wide range of subjects. Indexed.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Balley, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baughner, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Blise, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Brancham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Conhalm, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.

Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. B., director, Department of New Business, St. Joseph Valley Bank, Elkhart, Indiana.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.

Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
 Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
 Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
 Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
 Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
 Johnson, E. W., Warren National Bank, Warren, Pa.

K

Kaha, A. T., vice-president, Commercial National Bank, Shreveport, La.
 Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
 Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., 237 East Ashley Street, Jacksonville, Fla.
 Lann, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
 McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.

Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
 Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
 Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shissler, William K., manager publicity department, Union Trust Co., Spokane, Wash.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
 Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
 Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Massachusetts.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Reid, Carol S., publicity manager, The People's Bank, Ltd., Hilo, T. H.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



UNION COMMERCE *National Bank* OF CLEVELAND

Capital, Surplus and Undivided
▼ Profits \$7,500,000.00 ▼

THE personal attention rendered by the officers of this Bank to the individual requirements of each customer is the foundation of the efficient service which we render to our correspondents.

Unquestioned safety and judicious conservatism characterize our methods.

OFFICERS

WARREN S. HAYDEN	Chairman	HARRY E. HILLS	Asst. Cashier
GEORGE A. COULTON	President	CARL R. LEE	Asst. Cashier
GEORGE S. RUSSELL	Vice Pres.	FRANK A. WHITE	Asst. Cashier
WILLIAM E. WARD	Vice Pres.	FRED W. COOK	Asst. Cashier
CHARLES L. BRADLEY	Vice Pres.	GEORGE Q. HALL	Asst. Cashier
ELMER E. CRESWELL	Vice Pres.	EZRA W. BOURNE	Asst. Cashier
WALTER C. SAUNDERS	Cashier	JAMES DUNN, Jr.	Mgr. Income Tax Dept.

UNDER JOINT OWNERSHIP WITH
THE CITIZENS SAVINGS AND TRUST CO.
COMBINED RESOURCES OVER \$145,000,000.00

Banking and Financial Notes

RE-ELECTED TRUSTEE OF THE EQUITABLE TRUST COMPANY OF NEW YORK

Carl R. Gray, president of the Western Maryland Railway Company, formerly a trustee of the Equitable Trust Company of New York, who resigned to become a member of the railroad administration, has been re-elected a trustee of the Equitable Trust Company of New York.

DEATH OF CHARLES D. DICKEY

The banking house of Brown Bros. & Co. of New York lost its senior partner on February 3 by the death of Charles D. Dickey. Mr. Dickey was

in his fifty-ninth year, and was born in Mobile, Ala. He became a member of the firm of Brown Bros. in 1889, and since 1909 has been its senior member. He was a director of the United States Mortgage and Trust Co.; the Bank of the Manhattan Co.; the Commercial Trust Co. of New Jersey; the Newport News and Hampton Ry. Gas & Electric Co.; and the Niagara Falls Power Co.; trustee of the Ocean Accident & Guarantee Corp.; Northern Assurance Co.; the Greenwich Savings Bank, and the London Assurance Co.

PUBLIC NATIONAL AGAIN INCREASES CAPITAL

Plans of the Public National Bank of New York have been approved by the Comptroller of the Currency for increasing its capital from \$1,000,000 to \$1,250,000. The issue of the new capital was authorized by the stockholders at their annual meeting on January 14. In September, 1918, a similar addition to the capital was approved by the stockholders, the amount then being raised from \$750,000 to \$1,000,000. The enlarged capital became effective February 6, 1919. In addition, the bank has surplus and profits amounting to over \$1,100,000, and deposits aggregating \$37,000,000. Its resources reach a total of \$43,000,000.

FRANK J. PARSONS HONORED

Frank J. Parsons, vice-president of the United States Mortgage and Trust Company of New York, has been appointed chairman of the committee on real estate securities of the Investment Bankers Association of America.

NATIONAL CITY COMPANY OCCUPIES NEW QUARTERS

The opening of the new quarters of the National City Company of New



Mr. Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

This Bank Invites New Accounts

on the basis of efficient service, absolute safety, and an unbroken record of ninety-five years of conservative and successful management.

Capital paid in	-	-	-	-	\$	300,000
Capital earned	-	-	-	-		2,700,000
Surplus earned	-	-	-	-		10,000,000
Deposits	-	-	-	-		80,000,000
Resources	-	-	-	-		105,000,000

The Chemical National Bank of New York

(Established 1824)

York, at No. 50 Wall street, occurred early in February. The building was formerly occupied by the Mechanics and Metals National Bank, but had been more recently used by the Federal Reserve Bank of New York. The executive offices of the National City Company will remain in the National City Bank building at 55 Wall street, the building across the street being used exclusively by the treasurer's department for receipts and deliveries of securities and also the city sales department. This arrangement makes it plain that the National City Company's business had increased so enormously that it was simply obliged to enlarge its facilities beyond the capacity of the old National Bank building.

SYNDICATE TO LEND BELGIUM
\$50,000,000 ON ACCEPTANCES

The first new foreign acceptance credit agreement negotiated in the United States since the nation entered the Eu-

ropean war is about completed between a syndicate of New York bankers and Belgian interests. The arrangement gives bankers in Belgium credits here approximating \$50,000,000. The project is a purely private enterprise, and neither the government of the United States nor that of Belgium has any interest or part in it. The credits will be used for the purchase of goods in the United States by Belgians. There will be no offerings of securities connected with the plan, because all of the financing will be done through acceptance.

The first move in the plan was made early in December, but was followed by much unavoidable delay, as officials of the United States had to be consulted. Then the Federal Reserve Board had to give its sanction to the scheme. It is expected confidently by members of the syndicate which is back of the plan that the credit arrangements will soon be in working order.

Through the courtesy of John S. Dur-

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN P. FAIRCHILD, D. W. McWILLIAMS, WILLIAM J. WASON, JR.,	} Vice-Presidents	JULIAN D. FAIRCHILD, <i>President</i> THOMAS BLAKE, <i>Secretary</i> HOWARD D. JOOST, <i>Assistant Secretary</i> J. NORMAN CARPENTEE, <i>Trust Officer</i> GEORGE V. BROWER, <i>Counsel</i>
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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

land, New York agent of the Banca Commerciale Italiana, information has been received that this institution recently declared a dividend of ten per cent. after carrying to reserve 12,000,000 lire and 1,000,000 lire to provident fund. A meeting will be held March 25 to vote on an increase of capital to 260,000,000 lire, the new shares to be offered to the shareholders at a price of 750 lire.

This bank has opened branches recently at Trento in "Italian Redenta," at Trieste and Marseilles, France.

A RAILROAD PLAN BY PAUL M. WARBURG

Paul M. Warburg has presented to the New York State Chamber of Commerce a plan for the solution of the railway problem which, in a general way, carries some weight. He urges legislation providing for the following basic principles:

That practically plenary powers of regulation must be given to the Government's regulating agencies, but that a clear and definite basis must be established upon which regulating boards will base rates.

That this basis must have an unqualified assurance to private capital of a minimum return.

That there must be honest and substantial chance for private capital to earn more than minimum, to preserve a spirit of enterprise which should permeate the staff from top to bottom.

That the Government should be a partner of railroads in sharing profits to a limit. Beyond that limit all profits should go to the Government.

That consolidation should be encouraged to bring about a smaller number of railway systems, of which the strongest existing

roads would form the natural backbone, but that this unification should not go far enough to destroy health, and reasonable competition in efficiency, service and opening of new fields of enterprise. That preference should be given to a plan which at this time would disturb as little as possible outstanding well established and well protected railroad securities and avoid to the largest possible degree direct use of Government credit.

Mr. Warburg opposes unrestricted private operation on the ground that it is incompatible with public interest, and he also condemns Government operation and extension of Federal control for five years. He said Government operation must be avoided because it is bound to pollute our political and social life.

MR. VAN DYKE WITH KNAUTH, NACHOD & KUHNE

On February 10 Ernest C. Van Dyke became associated with the banking house of Knauth, Nacod & Kuhne of New York, beginning work on that date by assisting in the development of its security and general banking business. Mr. Van Dyke was associated for many years with the Wall Street Journal and its allied ticker and bulletin services, where as statistician, railroad editor and associate editor of that financial news organization he acquired a wide knowledge of security values and corporation affairs.

MONTCLAIR BANK CELEBRATES ITS TENTH ANNIVERSARY

On February 10 the First National Bank of Montclair, New Jersey, cele-

“The Bank That Service Built”

THE

SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

Capital		\$1,000,000
Surplus and Profits (Earned)		3,725,000
Deposits		55,917,000

S. G. BAYNE, President

<p>C. C. THOMPSON, Vice-President</p> <p>B. L. GILL, Vice-President</p> <p>W. K. CLEVERLEY, Vice-President</p> <p>L. N. DeVAUSNEY, Vice-President</p> <p>C. H. MARFIELD, Cashier</p>	<p>O. M. JEFFERDS, Asst. Cashier</p> <p>C. C. FISHER, Asst. Cashier</p> <p>J. D. SMITH, Asst. Cashier</p> <p>B. I. DADSON, Asst. Cashier</p> <p>J. E. ORE, Asst. Cashier</p>
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DIRECTORS

<p>SAMUEL G. BAYNE</p> <p>WILLIAM K. CLEVERLEY</p> <p>EDWARD J. CORNISH</p> <p>HENRY WHITON</p>	<p>HENRY C. FOLGER</p> <p>BENNETT L. GILL</p> <p>EDW. H. R. GREEN</p> <p>PETER McDONNELL</p>	<p>JOSEPH SEEP</p> <p>CHARLES C. THOMPSON</p> <p>DAVID H. E. JONES</p> <p>ROBERT J. CALDWELL</p>
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The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

brated its tenth anniversary with a reception at the bank. In the ten years of its existence the First National has accumulated a line of deposits of nearly two million dollars, and created a surplus and undivided profit account of over \$100,000 besides paying semi-annual dividends of five per cent.

NEW OFFICERS APPOINTED AT THE IRVING

The names of the following gentlemen have been added to the list of appointments recently made by the board of directors of the Irving National Bank of New York: Eugene D. Junior, cashier; Hayward S. Kirby, assistant cashier; Claude E. Allnutt, assistant cashier.

Mr. Junior was formerly in the auditing department and has been connected with the Irving for a great many years. He has an intimate knowledge of the workings of its numerous departments.

Mr. Kirby of the securities depart-

ment had experience in making investigations before coming to the Irving; Mr. Allnutt's work has been principally accounting as practiced in domestic and foreign commercial banking institutions.

In each case these newly appointed officers were found by the board to be especially qualified for the positions to which they have been appointed.

NEW OFFICIALS OF GUARANTY TRUST COMPANY

William G. Wendell was appointed an assistant secretary of the Guaranty Trust Company of New York on February 19.

Mr. Wendell was born in Boston on November 11, 1888, and was graduated from Harvard in 1909. He then went to the National Commercial Bank of Albany, leaving there in October, 1910, to enter the employ of the Guaranty Trust Company of New York as a clerk in the foreign department. He was also for a time in the credit department and then for a year and a half had



100 YEARS OF COMMERCIAL BANKING

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President

FRANK J. HEANEY
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HENRY L. CADMUS
Asst. Cashier

HENRY C. HOOLEY
Asst. Cashier

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Asst. Cashier

RICHARD H. HIGGINS
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Vice-President

JOHN B. FORSYTH
Vice-President

WALTER B. BOICE
Asst. Cashier

VINTON M. NORRIS
Asst. Cashier

HARVEY H. ROBERTSON
Asst. Cashier

GEORGE M. HARD
Chairman

ACCOUNTS INVITED

RESOURCES 100 MILLION DOLLARS

charge of the custody division of the trust department. Thereafter he left the company to become an assistant secretary of the Paul Revere Trust Company in Boston, but rejoined the Guaranty in May, 1916. In August of that year he established an office in Boston and became the company's representative there.

In March, 1917, Mr. Wendell was sent to Paris and was secretary of the Paris office from its opening on July 2, 1917, until August, 1918, when he entered the United States Army and was assigned to the intelligence section. After the signing of the armistice Mr. Wendell served for six weeks as assistant to J. C. Grew, secretary of the American Peace Commission. He then obtained his discharge from the army in France and recently returned to the United States.

Robert L. Livingston was appointed an assistant manager of the foreign department of the Guaranty Trust Company of New York on February 19.

Mr. Livingston began his business career with the banking firm of Kountze Brothers of New York, entering their employ as a messenger. He served in all departments of the firm's business and organized its credit department. He became a partner on January 1, 1904, and thereafter devoted himself especial-

ly to the development of the firm's foreign business, retiring in 1912 to become a partner of the firm of Adams, Livingston and Davis, stock brokers and members of the New York Stock Exchange. A year and a half later Mr. Livingston retired and made an extended trip abroad, giving special attention to the American foreign trade situation. In January, 1915, he formed the firm of Gillespie, Livingston & Company, which participated in many of the larger syndicate undertakings, which firm was dissolved in December, 1918. He entered the overseas service of the foreign department of the Guaranty Trust Company of New York in January, 1919.

STATE BANK OF NEW YORK

This institution announces the retirement from active management of Oscar L. Richard, who has been president since its incorporation in 1890, and of Arnold Kohn, who has been connected with the bank since 1891 and vice-president since 1895.

At a meeting of the board of directors Harold C. Richard was elected president, Albert I. Voorhis, vice-president; Walter L. Burckett was appointed vice-president; John Kneisel, cashier, and Charles A. Smith and Frank Pappi, assistant cashiers.

Atlantic National Bank

257 Broadway New York

Established 1829

Nationalized 1865

An Efficient Banking Service in
Close Touch with Present-day
Commercial Developments



<i>Capital, Surplus and Undivided Profits</i>	.	.	.	.	.	\$1,800,000
<i>Total Deposits</i>	.	.	.	.	.	\$18,000,000

**NEW PARTNERS OF MARWICK, MITCHELL,
PEAT & CO.**

This firm announce that they have admitted into partnership Mr. Thomas Ritchie, Mr. James B. Campbell, C.A., C.P.A., and Mr. Andrew Stewart, M.A., B.L., C.A.

Mr. Ritchie has been with the New York bank audit department of the firm for twelve years and for many years has acted as manager of that department, of which he will now be partner in charge. Mr. Campbell has been with the firm for eleven years and has acted as manager of the St. Louis office since 1911. Mr. Stewart has served with the firm from 1910 and in 1911 he became manager at Vancouver and latterly acted as liquidator of the Dominion Trust Co. He will now be resident in New York.

CONTINENTAL GUARANTY CORPORATION

At the annual meeting of the Continental Guaranty Corporation in New

York on January 27 four new directors were elected and J. Gibson Jarvie was made an additional vice-president, all the other officers being re-elected. An additional one million dollars of capital stock was authorized for issue and sale by the board of directors, being offered for subscription to stockholders of record on January 28, 1919, who are entitled to subscribe for the new issue of stock at par within an amount equal to their holdings on January 28, 1919. This privilege terminated February 28, 1919. The board of directors also authorized the opening of a branch office in London, which will be under the immediate direction of Vice-President J. Gibson Jarvie. At this meeting a quarterly dividend of two per cent. upon the outstanding capital stock was declared by the directors.

ITALIAN DISCOUNT COMPANY

The Italian Discount and Trust Company, 399 Broadway, New York, announces the appointment of Hugh F.

Donnelly as credit-manager. Mr. Donnelly was formerly connected with the Guaranty Trust Company of New York.

SON SUCCEEDS FATHER AS PRESIDENT

The late Charles W. Bogart has been succeeded by his son, Charles P. Bogart, as president of the Twenty-Third Ward Bank of New York. The bank has deposits of \$4,500,000, and is known as one of the leading commercial banks of northern New York. It was organized in 1889, and for twenty-five years its affairs were under the personal direction of the late Charles W. Bogart as president of the institution; Charles P. Bogart has been vice-president and director since 1911.

MR. JUDD MADE ASSISTANT CASHIER

Howard M. Judd has been elected assistant cashier of the Nassau National Bank of Brooklyn by the board of directors of the institution. Mr. Judd has only been in the service of the National Bank for about ten months. Prior to that time he was cashier of the Bethel National Bank, Bethel, Conn.

LINCOLN NATIONAL BANK TO OPEN WALL STREET BRANCH

Plans have been made by the Lincoln Trust Company of New York to open a branch office at No. 7 Wall street on May 1. The institution recently voted to increase its directorate from twenty-one to thirty members. With the proposed branch, the company will have four branches. It already operates one at 204 Fifth avenue, another 72d street and Broadway, and a third at 346 Broadway.

MR. TWITCHELL HONORED BY HIS ASSOCIATES

In recognition of his personal interest and devotion to the welfare of his subordinates, Herbert K. Twitchell, president of the Chemical National Bank of New York, was presented with a silver loving cup by the officers and

employees of the institution, on Tuesday, February 11. The affair reflected the spirit of genuine coöperation that governs the management and operation of the Chemical National, which in turn makes possible the present substantial progress of the bank.

NEWARK BANK CREATES TRUST DEPARTMENT

The National Newark and Essex Banking Company of Newark, N. J., has opened a trust department, in accordance with the Federal Reserve Act, which permits national banks to operate



A. C. LIVINGSTON

New Vice-President and Trust Officer National Newark and Essex Banking Company

trust departments. The department is under the supervision of A. C. Livingston, formerly trust officer of the Bankers Trust Company of New York. This action on the part of the National Newark and Essex is a long step forward in the banking practice of New Jersey

The First National Bank of Chicago

organized in 1863, was the eighth national bank to receive the approval of the Federal Government. During more than half a century its growth has been coincident with that of Chicago and the vast area of which this city is the commercial center. The bank's capital in 1863 was \$205,000; today the bank has capital and surplus of \$22,000,000. In 1863 the first published statement showed deposits of \$273,000; deposits at the end of 1918 were over \$200,000,000. The bank's business is international in scope and under its divisional organization customers come into close personal contact with officers familiar with financial requirements in their specific lines. The accounts of banks and bankers are under the supervision of John F. Hagey, Vice-President; R. Frank Newhall, Cashier; George H. Dunscomb and J. P. McManus, Assistant Cashiers.

institutions in welding the two great divisions of banking service.

Charles L. Farrell, the president of the National Newark and Essex, explains that this action prepares the institution to undertake in its trust department all functions which may be performed by a trust company.

INTER-GOVERNMENT MORATORIUM PROPOSED BY MR. KRECH

The president of the Equitable Trust Company of New York, Alvin W. Krech, who has spent considerable time in France studying financial conditions, and has learned somewhat accurately the necessities for the reconstruction period, is quoted by the Associated Press as saying:

The temporary suspension of liquidation by the Governments to one another ought to be one of the first expedients of inter-Government finance. I mean that for the present we should have an international moratorium between the Governments in order to give the Nations breathing time.

France owes England and America; Bel-

gium owes France, England and America; Italy owes America, England and France. The small nations owe the big ones. No one of them, large or small, can conveniently pay at the moment. Hence they all need an international moratorium, to afford time for reconstruction. Even Germany must have time to make payments.

It seems to me that this is the time that America, with infinite advantage to herself, may supplement her military support, now that the occasion for such support has practically disappeared, by becoming a genuine factor in the establishment of an intimate union with France for the promotion of the material interests of both countries.

THE GUARANTY TRUST ISSUES WAR TAX BOOK

A booklet on the War Revenue Law has been issued by the Guaranty Trust Company of New York, which contains the full text of the law and also a digest in which the various sections are explained in such a manner as to assist the taxpayers in making out their returns to the Government. The reader is enabled to refer readily to the text by means of citations of the sections.

Department of Banks and Bankers

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Citizens Commercial Trust Company

Buffalo, N. Y.

Capital and Surplus . . . \$2,500,000.00
Resources . . . 25,000,000.00

MEMBER FEDERAL RESERVE SYSTEM

Under separate headings are taken up the income taxes upon individuals and corporations, the war profits and excess profits taxes and numerous other revenue features of the law. The important matter of deductions and credits is treated fully, with numerous examples given in each case.

ACQUIRES CONTROL OF CANADIAN INVESTMENT FIRM

Agreement has been reached between the Guaranty Trust Company of New York and interests which control the firm of C. Meredith & Co., Limited, of Montreal, under the terms of which a new company is to be formed for the sale of Canadian securities. Offices operated by the Meredith firm in Montreal and in Toronto will be taken over by the new organization.

According to announcement made by the Guaranty Trust Company, the new company, the name of which has not yet been decided upon, is a logical outgrowth of the changed financial situa-

tion growing out of the war. Canadian financing has heretofore been done largely in England. American capital invested there has been in a few lines not largely representative of the Dominion's chief industries. The present financial strength of the United States, together with the promise of great expansion both in transportation and in industry which is generally looked for in Canada, provides an opportunity for a closer relationship than has heretofore existed. The proportion of American capital invested in Canadian enterprises is expected to increase from this time forth.

Details of the arrangement have not been completed, but agreement has been reached on all essential points, and the transaction is assured. The firm of C. Meredith & Co. is one of the oldest and best established in Canada, with broad interests and influence.

MR. STEVENS AN ASSISTANT CASHIER

H. C. Stevens has received the appointment of assistant cashier of the

National Bank of Commerce in New York. Mr. Stevens comes from the Standard Trust and Savings Bank of Chicago, where he was cashier. He is a native of Monticello, Ill., and began his banking career when he entered the employ of the Merchants Loan and Trust Company of Chicago, Ill., in 1897. Mr. Stevens joined the Standard Trust and Savings Bank when it was organized in 1910, serving as paying teller, assistant cashier and cashier, having held the office of cashier since 1914.

**SOUTH AMERICAN BANK LOCATES ON
BROADWAY**

The unexpired lease of the basement, ground floor and second floor at 49 Broadway, held by the American Express Company, has been secured for the Anglo-South American Bank, through George R. Read & Co. A lease of the entire building has been arranged for with the owners of the property for a long term of years. The bank has been at 60 Wall street for ten years, but finds its increasing business, through the establishment of additional branches in Argentina and Spain, necessitates the removal to larger quarters. Extensive alterations will be made, resulting in a thorough, up-to-date banking office. The bank expects to occupy its new quarters by May 1. The aggregate rent is about \$250,000. The Metropolitan Trust Company, at the same address, has leased the property now occupied by the Anglo-South American Bank.

**PROMOTIONS IN CONNECTICUT RIVER
BANK**

At a meeting of the board of directors of the Connecticut River Banking Company, of Hartford, held February 4, Henry W. Erving, cashier, was elected vice-president and Frederick F. Fisher, assistant cashier, was elected cashier.

**ROGER PIERCE JOINS NEW ENGLAND
TRUST COMPANY**

The New England Trust Company of Boston has evidently added a valuable

Resources

\$16,000,000.00

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satisfied**

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C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

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to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$16,104,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

member to its staff in the person of Roger Pierce, who has resigned the position of secretary of the Harvard Corporation of Boston to accept a vice-presidency in the trust company. Mr. Pierce is also business director of the Harvard Medical School, trustee for the Boston Home for Incurables, member of the board of managers of the Farm and Trades School and treasurer and trustee of the Fulton Academy.

NATIONAL SHAWMUT ACTS AS HOST

The entire staff of the National Shawmut Bank of Boston, consisting of more than 450 members, was entertained at a dinner dance at the Hotel Somerset, Tuesday evening, January 21. In this function the National Shawmut Bank put into practice an idea that is somewhat new in banking circles. The affair, which was wholly informal, was planned to allow all the members of the bank's staff to become better acquainted with each other. A delightful feature of the program was the enter-

tainment provided by the members of the Shawmut Club. The possibilities of informal social gatherings of this character for developing esprit de corps among the members of an organization have long been recognized in commercial circles. It is a pleasing sign of the new theory of business management that development of the "get-together" idea is being extended to the financial and banking field.

YORK COUNTY IN THE PROSPEROUS CLASS

More than three and a third million dollars, or \$3,362,000, to be exact, are shown to have been the gain in deposits by the forty-two banks of York city and county, Pennsylvania, in the year 1918, which indicates better than words the state of prosperity enjoyed by the people of that section. The gain in deposits was made despite large contributions to war charities, the investment of big sums in Liberty Bonds and War Savings Certificates and other war expenditures. The compilation which

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Resources over
\$180,000,000

Capital and Surplus
\$10,000,000

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Established 115 Years

A Bank of Character, Strength and Service

LEVI L. RUE, President

CHARLES P. BLINN, Vice-President

WILLIAM S. MADDOX, Vice-President

HOWARD W. LEWIS, Vice-President

HORACE FORTESCUE, Vice-Pres. & Cashier

is made by G. K. Schenberger, is the best showing ever made by the banks of York county.

The total of deposits for city and county banks in 1918 was \$35,034,530.75, as against \$31,671,531.54 deposited the previous year. Of the 1918 total \$12,736,882.76 was deposited in state banks, representing a gain in deposits for those institutions of \$1,045,857.97.

The aggregate deposits in the national banks of the city amount to \$11,037,165.86, which is \$1,355,160.29 more than was deposited in the same institutions in 1917.

At the close of 1917 the bank statistics showed that year to have been the greatest in the history of banking in this district with a gain over 1916 of \$4,935,104 in bank deposits.

**BUFFALO GETS FEDERAL RESERVE
BRANCH**

A branch of the Federal Reserve Bank of New York will be established

at Buffalo, the necessary authority having been granted by the Federal Reserve Board. It is stated that the request for the establishment of the branch was made by three Buffalo member banks and concurred in by several non-member banks.

**CHARLES W. WHITEHAIR JOINS
UNION COMMERCE**

Charles W. Whitehair has become a member of the staff of the Union Commerce National Bank and the Citizens Trust Company, an allied institution, of Cleveland. He was engaged for four or five years past on special missions to the war zone—England, France, Italy, Egypt and Palestine. Mr. Whitehair's Cleveland connection began a year ago in April, when he opened the Third Liberty Loan campaign there. Later he toured the country at the instance of W. G. McAdoo, then Secretary of the Treasury. He has recently returned from Palestine, whither he went by invitation of General Allenby,

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Union National Bank

PHILADELPHIA

Resources over \$19,500,000



CHARLES W. WHITEHAIR
Union Commerce National Bank and the Citizens
Savings and Trust Company, Cleveland, Ohio

commander of the victorious British army there. During the Fifth Liberty Loan campaign—Victory Loan as it has been designated in Washington—Mr. Whitehair will have charge of securing the coöperation of returned soldiers for the Cleveland loan organization.

RETURNS TO STATE BANK EXAMINATION

William E. Walter, of Rutherford, N. J., who has been for some time acting as a special examiner of Federal Reserve Banks, has resumed his duties as New Jersey State Bank Examiner—a position he left to enter the service of the Federal Reserve Board. His selection as a Federal Reserve Bank examiner was a recognition of his ability in that line of work. Mr. Walter returns to his former position with a broad experience which will be of great value in the discharge of his duties.

CHICAGO EXPERT GOES TO NEW ORLEANS

Bruce Baird, foreign exchange expert of the First National Bank of Chi-

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$53,380,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

ago, has resigned his position in that bank to occupy a similar one in the Hibernia Bank and Trust Company of New Orleans. He will be associated with Vice-President Paul Villers, and will specialize on the Latin American business of the institution. Mr. Baird assumed his new duties February 1. Mr. Baird has to his credit fifteen years of practical experience in the foreign department of the First National Bank of Chicago, under such masters as Max May, Fred I. Kent, J. J. Arnold and Charles P. Clifford, and this will add to the Hibernia's foreign exchange department a very definite element of strength.

President Hecht of the Hibernia Bank and Trust Company in commenting upon the appointment of Mr. Baird stated:

The larger development of foreign business which already is beginning will mean a tremendous increase in foreign banking activities, and for this reason the Hibernia Bank and Trust Company proposes, in line with the recent appointment of Mr. Baird,

to keep its equipment constantly in advance of requirements.

LIVE STOCK EXCHANGE NATIONAL'S
OFFICERS

The board of directors of the Live Stock Exchange National Bank, Union Stock Yards, Chicago, announce the appointment of the following officers: President, S. T. Kiddoo; vice-president, G. F. Emery; cashier, D. R. Kendall; assistant cashiers, A. W. Axtell, L. L. Hobbs and H. E. Herrick.

W. R. DAWES' RAILROAD PLAN

A plan for controlling and operating the railroads has been devised by W. R. Dawes, vice-president of the Central Trust Company of Chicago, which appears to be both sensible and practicable. The plan involves the adaptation of the Federal Reserve System to railroad administration. Mr. Dawes suggests a Federal railroad board corresponding to the Federal Reserve Bank



Two Questions With a Single Answer:

*How can we improve our service?
How can we build our business?*

Banks are but sellers of service. The institution offering the best service must eventually be the winner in the race for business.

Such is our theory. And, acting on that theory, we are constantly seeking ways to make our service broader and more helpful to correspondent banks. We endeavor to give each bank service adapted to its own particular needs.

The National Bank of Commerce

IN ST. LOUIS

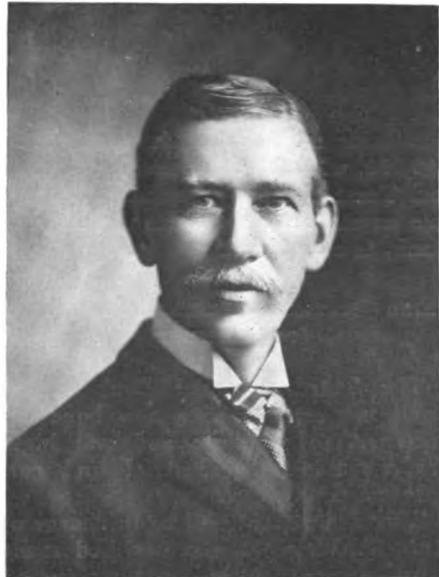
Capital, Surplus and Profits, \$13,800,000.00

Board, and Federal railroad corporations corresponding to the reserve banks. The reserve board, he thinks, should be appointed by the president, having a proper cabinet officer as a member ex-officio. The board, he believes should be comprised of able men, representatives of the railroad, commercial and labor interests of the country, and should be granted by law broad regulatory powers, the latter to include transportation rates and wages.

WAUKESHA (WIS.) NATIONAL BANK CHANGES

At the annual meeting of the Waukesha National Bank on January 14 material changes were made in the official personnel. Andrew J. Frame was elected as chairman of the board of directors, after thirty-nine years of continuous service as president of the bank. Edward R. Estberg was elected president to succeed Mr. Frame. Henry M. Frame was reelected vice-president and

Walter R. Frame was elected a vice-president to succeed Edward R. Est-



A. J. FRAME

Chairman of Board, Waukesha National Bank

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Twin Cities AND THE Northwest

TO THE

**CAPITAL AND SURPLUS
TEN MILLION DOLLARS**



We are prepared to meet your most exacting requirements and cordially invite you to write to us

berg. Charles H. Jacob was elected cashier to succeed Walter R. Frame and Elmer E. Juneman was reelected assistant cashier. The roster of employees remains otherwise unchanged. Three of the former employees, Mr. Hine, Mr. Bancroft and Mr. Billings, who were called to the colors, have resumed their former positions.

Another important step was also taken at the annual meeting of the stockholders, who voted to increase the capital stock of the bank from \$150,000 to \$250,000 and to increase the surplus so that the capital will hereafter stand at \$250,000 and the surplus at approximately \$250,000, thus making the capital and surplus funds at this time \$500,000.

BANK CONSOLIDATION IN CLEVELAND

A bank consolidation involving \$70,000,000, whereby the Guardian Savings and Trust Company purchases the entire assets of the Cleveland National Bank, is announced.

THIRD NATIONAL ESTABLISHES BOND DEPARTMENT

The Third National Bank of St. Louis has established a new bond department to purchase and sell high-grade municipal, industrial and corporation bonds.

This department will be in charge of **Natt T. Wagner**, who has had many years' experience in handling investment securities.

Mr. Wagner was born in Asheville, N. C., educated at Davidson College in the same state. He was in the service



NATT T. WAGNER

Manager of Bond Department, Third National Bank of Saint Louis

of the United States Government, and it was here he became interested in municipal bonds, in which business he was later engaged for a few years in the State of Oklahoma. He later became

Charles M. Schwab says—

“Nothing is so plentiful in America as opportunity. There are more jobs for forceful men than there are forceful men to fill them.”



WHAT are *you* doing to get into the ranks of forceful men? Are you getting ready for the job ahead by completely fulfilling the duties of your present job and at the same time fitting yourself by training and study for the responsibilities of a higher and better position?

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associated with Sweet, Causey, Foster & Company of Denver, Colo., as the manager of their municipal bond department.

The bank has drawn plans for enlarged quarters and construction will begin at an early date. In these larger plans adequate provision has been made for the development of an extensive bond department, the bank being of the opinion that St. Louis is one of the best long-time investment markets in the world.

MISSISSIPPI VALLEY PROMOTES SEVEN OFFICERS

The election is announced of Hord Hardin and John R. Longmire as vice-president and vice-president and bond officer, respectively, of the Mississippi Valley Trust Company of St. Louis, at a regular meeting of the board of directors on February 12. Mr. Hardin and Mr. Longmire both entered the service of the Mississippi Valley Trust Company as office boys—Hardin in 1903 and Longmire in 1908. Both are graduates of the St. Louis University, and Mr. Hardin is known to bankers and attorneys all over the state as the author of Hardin's Banking Law of Missouri, annotated.

This is not the first time that the Mississippi Valley Trust Company has given high executive positions to men who entered its service in humble capacities. Frederick Vierling, vice-president and trust officer, started out with the company as stenographer, and so did William McChesney Martin, for-

merly a vice-president, and now chairman of the board of directors of the Federal Reserve Bank of St. Louis. Mr. Martin is the author of a series of articles covering the issues of seven years of the Banking Law Journal under the title, "Modern Banking and Trust Company Methods."

Mr. Thomas J. Kavanaugh was re-elected manager of the company's credit department and also appointed manager of the new business department.

The safe deposit officer, Frank C. Ball, was made safe deposit officer and assistant secretary.

The chief clerk of the real estate department, Orville Grove, was made assistant real estate officer. The chief clerk of the safe deposit department, O. G. Hanson, was made assistant safe deposit officer.

Paul Bakewell, Jr., who entered the company last year as assistant counsel, was made assistant trust officer and assistant counsel.

O. A. Rowland, of the credit department, was elected assistant manager of that department.

The company's official roster as now constituted is as follows: Julius S. Walsh, chairman of the board; Breckinridge Jones, president; William G. Lackey, vice-president; Frederick Vierling, vice-president and trust officer; J. Sheppard Smith, vice-president; William M. Fitch, vice-president and farm loan officer; Hord Hardin, vice-president; John R. Longmire, vice-president and bond officer; James E. Brock, secretary; Henry C. Ibbotson, assistant sec-

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Every banker should have the facts at his fingers' ends.

Send for this booklet, which tells you what you ought to know of Acceptances in their various forms, and gives regulations and rulings of the Federal Reserve Board.

In the interests of sound banking practice, we shall be glad to mail you a copy of this practical booklet at once, upon request.



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retary; C. Hunt Turner, Jr., assistant secretary; Edwin J. Kropp, assistant secretary; Robert W. Fisher, assistant secretary; Edward A. Haight, assistant secretary; James A. Weaver, assistant secretary; Frank C. Ball, assistant secretary and safe deposit officer; A. H. Roudebush, assistant trust officer and counsel; Paul Bakewell, Jr., assistant trust officer and assistant counsel; Jesse H. Keebaugh, assistant trust officer; Fred A. Gissler, assistant trust officer; Cecil A. Tolin, assistant trust officer; Walton W. Steele, assistant farm loan officer; Charles G. Cobb, assistant farm loan officer; John P. Sweeney, assistant bond officer; George Kingsland, real estate officer; Orville Grove, assistant real estate officer; Oliver G. Hanson, assistant safe deposit officer; Thomas J. Kavanaugh, manager credit department; G. Prather Knapp, publicity manager.

ST. LOUIS UNION BANK, ST. LOUIS, MO.

The St. Louis Union Bank has announced the appointment of Bruce Ramsey as a special representative.

Mr. Ramsey was born at Cohoma county, Mississippi, near Helena, Arkansas, and lived in Arkansas until after the Spanish-American War, in



BRUCE RAMSEY

Special Representative of the St. Louis Union Bank

which he served with Company G, First Arkansas Regiment. Mr. Ramsey is forty years old. He formerly travelled for various manufacturers establishing branches in several parts of the United States.

About a year ago Mr. Ramsey became connected with the Arkansas War Savings organization, and did effective work in enlisting the co-operation of the Arkansas banks and bankers.

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advises THE BANKERS MAGAZINE that the annual convention of the association will be held at the Hotel Grunewald, New Orleans, La., March 31 to April 2.

FIRST NATIONAL, HATTIESBURG, MISS., EXTENDS CHARTER

The First National Bank of Hattiesburg, Miss., recently completed its first twenty years as a national bank, and renewed its charter for a like period. This period of twenty years does not, however, measure the full life of the bank. It began business in 1895 as the Bank of Commerce. In 1908 the National Bank of Commerce and the First National Bank were merged under the title of First National Bank of Commerce, which name was retained until January, 1918, when the shorter title of First National Bank was substituted.

The capital stock and profits of the bank are \$426,673; deposits, \$1,445,781, and total resources, \$5,102,614.

Much of the bank's success has been

due to the ability and energy of its active vice-president, F. W. Foote, who has been with the institution since its organization. He has been president of the Mississippi Bankers Association, a member of the executive council of the American Bankers Association, and is now the Mississippi vice-president of the American Bankers Association. He is also a member of the American Bankers Association's committee on taxation of national banks. He is now filling his second term as a director of the Federal Reserve Bank.

NEW SECRETARY OF VIRGINIA BANKERS ASSOCIATION

At a meeting of the Executive Council of the Virginia Bankers Association, held in Lynchburg, Va., January 25, W. F. Augustine of Richmond, vice-president of the Merchants National Bank of that city, was elected to fill the unexpired term of V. Vaiden, secretary of the Virginia Bankers association, who has resigned his position to

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accept the presidency of the Federal Land Bank of Baltimore, at Baltimore, Maryland.

Fred D. Maphis of Strasburg, Virginia, was elected to fill the unexpired term of Mr. Augustine as treasurer.

It was decided at the meeting to hold the next annual convention of the association at the Hotel Chamberlin, Old Point Comfort, Virginia, on June 19, 20 and 21, 1919.

FIRST NATIONAL BANK, BERKELEY, CAL.

At the twenty-seventh annual meeting of the stockholders of the First National Bank of Berkeley, Cal., and the Berkeley Bank of Savings and Trust Company, A. W. Naylor, who has been president of both banks since 1898, and who has been the chief factor in the growth and development of these institutions since their organization in 1892,

asked to be relieved of certain of his arduous duties, in order that he might better care for his private interests.

F. L. Naylor, for the past ten years active vice-president of these institutions, was elected to fill the office made vacant by the resignation of his father.

W. F. Morrish, cashier of the First National Bank, was elevated to the position of vice-president of that organization; and F. H. Thatcher, formerly assistant cashier, was appointed cashier.

G. L. Pape was reappointed assistant cashier. Ward Sorrick, who has been in charge of the collection and exchange department for the past few years, was added to the officery of the bank, with the title of assistant cashier.

**MERCANTILE NATIONAL BANK OF
 SAN FRANCISCO**

Regular quarterly dividends, aggregating \$200,000, were paid by the Mercantile National Bank of San Francisco during the year 1918. Reports were presented to the ninth annual meeting of stockholders which indicated that the bank enjoyed a prosperous year. The capital and surplus of the Mercantile National Bank is \$3,000,000. The capital of the Mercantile Trust Company of San Francisco, owned by the stockholders of the Mercantile National Bank, is \$1,000,000 additional.

**BANK OF CALIFORNIA BUYS FIDELITY
 TRUST COMPANY, TACOMA**

The Tacoma branch of the Bank of California (head office San Francisco) has bought and absorbed the Fidelity Trust Company of Tacoma. This latter institution was one of Tacoma's oldest and largest banks, with nearly \$1,000,000 of capital, surplus and profits and over \$7,000,000 deposits. This change involves the removal of the Bank of California to the quarters heretofore occupied by the Fidelity Trust Co. in the Fidelity building, and these quarters will be enlarged.

As the Bank of California in Tacoma has deposits of \$7,713,458.34, the combining of the businesses of the two in-

stitutions will give it deposits of \$15,000,000. The Bank of California, National Association, has combined capital, surplus and undivided profits of \$17,075,675.29.

Samuel M. Jackson, manager of the Bank of California since its establishment as a branch in Tacoma and previous to that time manager from its inception of the London and San Francisco Bank of Tacoma, purchased by the Bank of California, will continue at the head of the consolidated institutions. He will have for his assistant managers G. H. Raleigh, assistant manager of the Bank of California, and H. V. Alward, vice-president and cashier of the Fidelity Trust Company.

NORTHWESTERN NATIONAL, PORTLAND,
OREGON

Edgar H. Sensenich, heretofore cashier of the Northwestern National Bank, Portland, Oregon, has been elected a director and vice-president of that institution. Roy H. B. Nelson, formerly assistant cashier, was elected cashier.

Edgar H. Sensenich is one of the most widely and favorably known of the comparatively newcomers into the Portland banking field. He went there from Philadelphia in December, 1911, and entered the employ of the Portland Trust Company and in the following month was elected cashier. On the organization of the Northwestern National Bank, in 1913, he was elected cashier of the institution, holding the place until his promotion to a vice-presidency. In Philadelphia from 1899 to 1908 Mr. Sensenich was with the Merchants National Bank, since consolidated with the First National, and at the time of leaving was manager of the credit department under the direction of William A. Law, now the president. From 1908 until going to Portland he was in the business of dealing in commercial paper and securities in Philadelphia. Since he took up his residence in Portland Mr. Sensenich has been actively interested in the work of civic welfare clubs and in that and also his banking capacity has frequently addressed public



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meetings in Portland and in other cities in the Pacific Northwest.

A native Oregonian, Roy H. B. Nelson was a student in his youth at McMinnville college. His entry into the banking business was with the National Bank of Commerce, Seattle, coming from that city to take a position with the Portland Trust Company in February, 1911. He was made assistant cashier of the Northwestern National Bank in April, 1914, and the record he made at that post, where he demonstrated his capacity to make friends and pull business to the bank to a degree, earned his promotion to cashier.

The Northwestern National Bank has \$1,000,000 capital, \$270,568 surplus and profits and total resources (Dec. 31, 1918) of \$20,943,049.

MR. GIBBS MADE CASHIER

W. W. Gibbs, Jr., formerly assistant cashier of the Guaranty Trust and Sav-



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W. W. GIBBS, JR.

Recently elected Cashier, Guaranty Trust and Savings Bank, Los Angeles

ings Bank, Los Angeles, Cal., has been elected cashier of that institution to succeed the late R. P. Hillman. Mr. Gibbs was born at Peterboro, N. H., in 1873. After completing a high school course and three years at college, he entered the service of the First National Bank, St. James, Minn., and later became connected with the Northwestern National Bank of Minneapolis, working his way up to the position of exchange teller. From the Northwestern National he went to the First National Bank of Los Angeles, with which institution he remained for nine years. In 1910 he became assistant cashier of the Guaranty Trust and Savings Bank, and was recently elected cashier, as stated above.

Mr. Gibbs adds to his wide experience in banking personal qualities which have markedly enhanced his popularity.

DEATH OF PROMINENT WESTERN BANKER

The death of Henry Lewis Pittock at Portland, Oregon, January 28, caused



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a loss to the Pacific Coast country of a man who had achieved success in both banking and publishing. At the time of his death he was the owner and publisher of the Portland "Oregonian," the foremost daily paper of the coast, and the Northwestern National Bank of Portland, an institution with resources reaching a total of over \$20,000,000. He was in the 84th year of his age, and had been identified with the city of Portland for sixty-five years. Although quiet and unostentatious, and always aiming to keep his name and personality in the background, it was his destiny to lead public thought, anticipate public needs and foster every development of Portland during the entire period of its growth from a backwoods village to a metropolis.

MR. OLMSTEAD SUCCEEDS MR. PITTOCK

The Northwestern National Bank of Portland, Oregon, has elected Emery Olmstead president, to succeed the late

Henry L. Pittock. Although a comparatively young man, Mr. Olmstead has achieved great success since he went to the Pacific Coast a few years ago. In 1907 he went to Seattle and took an official position in the National Bank of Commerce, and in 1911 he went to Portland and became vice-president and general manager of the Portland Trust Company of Oregon. This company's resources grew under his management in two years from \$1,500,000 to \$4,000,000. When the Northwestern National Bank of Portland was organized, in 1913, and took over the commercial business of the Portland Trust Company, Mr. Olmstead became vice-president and general manager. The remarkable growth that has characterized the history of the bank is a testimonial to the fine discernment and acumen of the man who has directed its management. On January 2, 1913, the total resources were \$2,473,926.82 and had increased to \$20,943,049.67 on December 31, 1918.

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JOHN K. OTTLEY ELECTED PRESIDENT
FOURTH NATIONAL BANK OF ATLANTA

At the annual meeting of the shareholders and directors of the Fourth National Bank, Atlanta, Ga., John K. Ottley was elected president to succeed



JOHN K. OTTLEY

Newly elected President Fourth National Bank,
Atlanta, Ga.

James W. English, who becomes chairman of the board. Mr. Ottley's connection with the bank covers a period of about thirty years, and at the time of his election to the presidency he was senior vice-president. He is also an ex-president of the Atlanta Clearing-House Association, has served on the

executive council of the American Bankers Association and as president of the clearing-house section of that organization.

At the close of business December 31, 1918, the Fourth National Bank of Atlanta showed: Capital, \$600,000; surplus and profits, \$1,264,613; deposits, \$18,031,911; total resources, \$22,252,713. Compared with the statement at the end of 1917 there were these increases: Loans, \$1,181,117; deposits, \$2,118,961; total resources, \$3,664,842; earnings, \$50,556; number of accounts, 2,130.

During the last year the bank purchased Liberty Bonds to a total of \$4,129,200, distributing them among 11,120 different purchasers. It also bought U. S. certificates of indebtedness to the amount of \$4,311,500, and on the last day of the year held such certificates to the amount of \$1,290,000.

As indicating the carefulness of the bank's management, it may be stated that the cash is counted monthly by the American Audit Co. and two complete audits made without previous notice to officers or employees.

Work is now progressing on the enlargement and improvement of the bank's quarters, and when these alterations are completed the Fourth National Bank will be still better equipped to plete audits made annually without previous notice to officers or employees.

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nounces that the Executive Council has unanimously selected New Orleans as the convention city in 1919. The delegates of New Orleans chapter made themselves so popular and agreeable at previous conventions that the council could not resist their invitation to meet at the metropolis of the south.

MISSISSIPPI BANKERS ASSOCIATION

Group meetings of the Mississippi Bankers Association will be held as follows:

Group 1, Greenwood, March 18; Group 2, Tupelo, March 19; Group 3, New Orleans, La., March 21; Group 4, Meridian, March 20.

The thirty-first annual convention of the association will be held at Clarksdale May 13 and 14. Geo. B. Power of Jackson, Miss., is the secretary.

IMPORTANT NATIONAL BANK MERGER

A national bank merger of importance in the South was formally accomplished at Louisville, Ky., February 3, when the National Bank of Commerce, the American Southern National Bank, and the National Bank of Kentucky were consolidated into one institution and their respective former presidents, James B. Brown, Earl S. Gwin, and Oscar Finley, were elected respectively president, vice-president and chairman of the board of directors. The deposits of the combination make a total of \$42,000,000, with resources of \$52,000,000.

The name of the new institution is the National Bank of Kentucky, the bank which has been in existence since 1834.

ELLSWORTH AND HERB HONORED

The Hibernia Bank and Trust Company of New Orleans, through the action of its board of directors, has elected Fred W. Ellsworth first active vice-president, succeeding R. S. Hecht, who was recently elected president, and also Charles F. Herb to the second active vice-presidency, succeeding Mr. Ellsworth.

Other changes in the official staff included the promotion of Paul Villere from cashier to vice-president; James H. Kepper from assistant to cashier, and W. B. Machado to senior assistant cashier.

The election of Messrs. Ellsworth and Herb as senior vice-presidents of the Hibernia Bank is particularly interesting in view of the fact that it was only a few months ago that they became associated with that institution, Mr. Ellsworth having formerly been secretary of the Guaranty Trust Company of New York, and Mr. Herb a vice-president of the Mississippi Valley Trust Company of St. Louis.

These important changes in the Hibernia Bank's official family, as announced by President Hecht, are for the purpose of still further strengthening the executive and administrative organization of the institution so as to adequately handle the Hibernia's share



F. W. ELLSWORTH CHAS. F. HERB
 Vice-Presidents Hibernia Bank and Trust Company, New Orleans, La.

of the banking business of New Orleans which is enjoying very substantial growth.

500,000, a reserve fund of \$12,000,000 and total assets of \$161,776,259.52.

THE BANK OF NOVA SCOTIA

The eighty-seventh annual report of the Bank of Nova Scotia, giving the volume of business for the year ending December 31, 1918, and supplementing it with a general statement of liabilities and assets as of that date, has been issued from the Toronto office, of which H. H. Richardson is the general manager.

The net profits for the year 1918 reached a total of \$1,411,925.04, of which \$910,000 was expended in four dividends of 14 per cent. each; \$65,000 in war tax on circulation; \$47,500 in war contributions; \$50,000 in contributions to officers' pension fund; \$150,000 written off bank premises account, \$749,694 carried forward December 31, 1918. The bank has a capital of \$6,-

UNION BANK OF CANADA

Consequent upon the recent appointment of Geo. Wilson, senior agent of the Union Bank of Canada, in New

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York, as an assistant general manager at Toronto, important changes are announced for the New York agency. W. J. Dawson, F. L. Appleby and W. M. Forrest have been appointed agents.

Mr. Dawson was manager of the Hamilton, Ont., branch for some six years immediately prior to his transfer to New York. Mr. Appleby was a member of the original staff of the New York agency, which was established in



GEO. WILSON
Assistant General Manager Union Bank
of Canada

1917, he being given the appointment as manager of the foreign exchange department, a position he held at one time in both Montreal and Toronto. Mr. Appleby was superintendent of foreign agencies, at Winnipeg, prior to going to New York. Mr. Forrest was on the staff of the Union Bank, at Toronto, Ottawa and Montreal.

Mr. Wilson, who is now in the Orient on a banking mission in connection with the establishment at Yokohama, Japan, of the Union Bank's new formed foreign trade subsidiary is not expected to return to Canada until the late spring.

PROGRESS OF NATIONAL BANKS

The Comptroller of Currency reports that for the first time in their history the resources of our national banks, at the last call, December 31, 1918, passed the twenty billion dollar mark, and amounted to \$20,042,224,000. This is an increase of \$220,820,000 over the preceding call of November 1, 1918, and an advance as compared with December 31, 1917, of \$1,968,916,000.

These extraordinary figures show that the total resources of the national banks of the United States have more than doubled since January 7, 1911, when they amounted to only \$9,820,483,000—the increase in eight years having been \$10,221,741,000.



Country Never So Prosperous as Now

By JUDGE ELBERT H. GARY

Chairman United States Steel Corporation

THE country never was more in need of its workers than it is now; and it will use all the workers it can get. I don't think there is going to be any permanent or menacing unemployment problem.

Our country never has been so prosperous as it is now. We have resources of fifteen billions of dollars annually coming out of the ground—more than we ever had before; we have more than sixteen billions of cash in our banks; we are a creditor nation to the extent of fifteen billions or more, and our per capita wealth has jumped up to \$56, as compared to \$35 before the war. We are in an era of prosperity hitherto undreamed of.

What we need is simply to get to work and not talk about unemployment. Psychology has a good deal to do with it. Pessimistic talk will do more to bring about unemployment than it will do to prevent it.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-THIRD YEAR

APRIL 1919

VOLUME XCVIII, NO. 4

The League of Nations

OVERSHADOWING all else at present except the actual attainment of peace is the proposal to commit the United States to the League of Nations as put forth by the Paris Peace Conference.

In discussing this momentous issue it may be said at the outset that in view of the tremendous cost of the recent war in life and property every right-thinking person must wish to do everything practicable to prevent war. On this point all are agreed. The only matter about which there is any dispute is whether the proposed League will contribute to this result or whether it will have the opposite effect. Distinguished statesmen on both sides of the Atlantic are engaged in the discussion of this subject and in the light of the facts brought out in this debate the decision will be made. It will be an event of the utmost importance in the history of the United States, comparable to the Declaration of Independence, the adoption of the Constitution and the Emancipation Proclamation.

Without entering into the details of the proposed covenant, it may be stated in a general way that it commits this country to new and untried policies. This is done in the first instance by making the United States a permanent partner with other nations, obligating us to share in police duty throughout the world. This is the exact opposite of the policy which Washington laid down as the safe rule for our guidance with respect to international affairs. Apparently, the power to declare war is taken from the American Congress and placed in the hands of the League, this provision superseding the Constitution of the United States, which gives to Congress the sole power to declare war.

The military equipment and armament which the United States

may have is also to be prescribed for us, as the following from Article VIII of the proposed Constitution of the League shows:

The Executive Council shall also determine for the consideration and action of the several governments what military equipment and armament is fair and reasonable in proportion to the scale of forces laid down in the programme of disarmament; and these limits, when adopted, shall not be exceeded without the permission of the Executive Council.

In effect this implies that the means of self-defense are transferred from the United States to a League of Nations wherein this country will have but one vote out of a probable nine. We thus pass on to others the right to defend our national existence, placing the perpetuity of the Republic in the hands of a foreign council where we shall be in a hopeless minority.

Other provisions of vital concern are these:

Article XII. The high contracting parties agree that should disputes arise between them which can not be adjusted by the ordinary processes of diplomacy they will in no case resort to war without previously submitting the questions and matters involved either to arbitration or inquiry by the Executive Council and until three months after the award by the arbitrators or a recommendation by the Executive Council, and that they will not even then resort to war as against a member of the League which complies with the award of the arbitrators or the recommendation of the Executive Council.

Article XVI. Should any of the high contracting parties break or disregard its covenants under Article XII it shall thereby ipso facto be deemed to have committed an act of war against all the other members of the League, which hereby undertakes immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nations and the nationals of the covenant-breaking state and the nationals of any other state, whether a member of the League or not.

It shall be the duty of the Executive Council in such case to recommend what effective military or naval force the members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League.

By making the League of Nations plan a part of the peace treaty the actual conclusion of peace has been much delayed. Thirty-seven members of the United States Senate have put their names to a resolution against the League Constitution in its present form. Unless amendments are made which will remove these objections,

the League plan will fail, since a treaty to become effective must have the votes of two-thirds of the Senate.

It will be most regrettable if by making the League an integral part of the peace treaty the adoption of a peace agreement shall be defeated or even seriously delayed. Now that the war is ended, the world wants peace. Trade, industry and finance are badly shattered throughout the world, and a marked resumption of production and exchange can not take place until the terms of peace are settled.

One deplorable effect of the discussion of the League Constitution in its present form has been to create a less friendly feeling between Great Britain and the United States. One of the most important results of the war was the bringing of these two countries closer together; but this accord is threatened by some of the statements made in regard to the League plan. These statements characterize the League as a scheme to compel the United States to go to war if necessary for the purpose of holding the British Empire together. That is, if Canada, Australia or India should revolt against Great Britain, the United States would have to fight to keep these countries from achieving their independence.

No such contingency may ever occur, and this construction of the League Constitution may be unwarranted, but these statements are being made and they are doing great harm.

The fact is that no formal alliance or treaty is necessary between like-minded nations. We did not need any compact to enable us to make common cause with Great Britain, France and Italy against Germany. As Shakespeare said, "Unto bad causes swear such creatures as men doubt," but we did not stain the even virtue of our enterprise nor the insuppressive mettle of our spirits by thinking that our cause or our performance was in need of any oath when we set out to help in putting the quietus on Germany.

Those nations that were most instrumental in defeating the foe are together now and are not likely soon to be drawn apart. Why this haste in trying to formulate this agreement in the shape of a written compact?

Let us have peace, and some kind of a League of Nations after a full and free discussion of the entire plan.

An International Congress, called for no other purpose than to deliberate on the adoption of a plan for a League of this character, would no doubt find as one of its first duties a declaration making

aggressive war an international crime and punishable by the nations as such.

In a Congress of this sort the United States should have a larger and more representative delegation than that at the Paris Conference. This delegation to be selected in a manner calculated to inspire public confidence in its composition. It should be a primary purpose of such a Congress to define international law and to provide for its enforcement.

We must not delude ourselves into believing that there is any magical power in a League of Nations to put a stop to war. There will be war so long as one nation in the world practices injustice and other nations resist it.

The best antidote to war is heavy punishment of those who bring it about. If the late rulers and military authorities of Germany are held personally accountable for their misdeeds and Germany itself made to pay a heavy indemnity for assaulting civilization, war as a business enterprise will receive a severe check.

Taking this wholly practical view of the matter—and no other is possible in the light of history—we need not despair of a time when nations will realize that their individual welfare may be better advanced through coöperation than by attempts to despoil their neighbors.

Senator Lodge of Massachusetts, who will be chairman of the Foreign Relations Committee of the Senate when Congress convenes again, has justly characterized this measure as one of the greatest importance and worthy of the most careful and deliberate consideration. In addition to making the radical departures in our international policies as above outlined, it is believed by many to supersede or abrogate the Monroe Doctrine—a principle established less for the protection of Latin America against European aggression than for our own self-defense.

LEAGUE OF NATIONS OF CHINESE ORIGIN

Of course, Mr. Wilson did not originate the League plan, for in substance it has been continuously advocated by Mr. Taft and the League to Enforce Peace since the year 1915, and in 1910 Theodore Roosevelt, speaking at Christiania, Norway, said:

It would be a master stroke if those great powers honestly bent on peace would form a League of Peace, not only to keep the peace

among themselves, but to prevent, by force if necessary, its being broken by others.

But Wilson, Taft and Roosevelt are belated followers of the great Chinese philosopher Confucius, who was born some twenty-four hundred years ago. For an account of the modernization of his proposals we are indebted to "Millard's Review," published at Shanghai, China. In the issue of this publication for February 8, 1919, Hollington K. Tong has an article on "Kang Yu-wei as Chinese Advocate of a League of Nations." Mr. Tong says:

Over thirty years ago Kang Yu-wei, popularly known as China's modern sage, wrote a book entitled "Ta Tung Shih" or "Utopia," in which he advocated the formation of a League of Nations as a preliminary to the organization of an international government and the abolition of national boundaries.

It is true that Kang-Yu-wei's League of Nations idea was not his own, and that he learned it from the teaching of Confucius; but it shows that the Chinese throughout all ages, who had sufficient breadth of vision to enable them to see far ahead, have arrived at the same conclusion and elaborated the same idea. In spite of the advocacy by thinkers of other nations during the last thousand years of the same theory, China, in the opinion of Dr. Ariga, Legal Adviser to the Chinese Government, can proclaim with pride before the whole world that the principle of the coming reform of international relationship as proposed by President Wilson and endorsed by all the powerful European statesmen has been hers for two thousand years. On this account she will endorse such reform with heart and soul and do everything possible to facilitate its realization.

Mr. Tong, in reviewing Kang Yu-wei's book, states that "three stages will have to be passed before the unification of all the nations in the world into one big confederation is possible." They are as follows:

- 1.—The League of Nations of equal standing.
- 2.—The formation of a League of all nations to settle important international affairs, but not to concern itself with internal affairs of the different nations.
- 3.—The removal of national boundaries and the creation of an international government.

Detailed suggestions are made for carrying these objects into effect, some of which are quoted below:

Art. 2.—All international disputes shall be settled according to international law. The countries concerned must abide by the majority decision of the League.

Art. 5.—All the languages of the different nations shall be uni-

fied in order to facilitate communications. As a first step a universal language should be adopted.

Art. 6.—The League has the power to force any nation to amend unjust, unfair and uncivilized measures.

Art. 7.—The League can send force against any nation which has violated international law, and invade its territory and change its government if necessary. At the beginning of its existence it can make use of the troops of the nations in the League.

Art. 9.—The League shall have its own territory. Persons who live in its territory are considered citizens of the League, and can renounce their nationalities.

Art. 11.—The League shall send delegates to administer that territory the ownership of which is in dispute.

Art. 15.—The League shall maintain a navy and dispatch it to any country which violates international law.

Art. 16.—The object of the League is to maintain the peace of the world. All the countries will therefore have to report to the League the number of troops they maintain and the amount of arms and ammunition they have. The League can interfere if any nation tries to increase the number of its soldiers.

Art. 18.—The people of the League, irrespective of race, nationality and color, are equal.

Mr. Tong then says that “KangYu-wei’s brief outlines for an international government are thus:”

1.—The armies of the different nations which are members of the League of Nations must be reduced by a certain percentage every year. A programme to be made for the total abolition of them.

2.—The troops of the League can be reduced as those of the different nations are reduced until there are no troops in the world.

3.—Empty titles to be given the once powerful rulers in order to prevent them from being dissatisfied in consequence of the loss of their real power.

4.—The word “country” should be abolished and substituted by the word “continent,” so that the people can forget their own countries and racial prejudices.

Fortunately, one does not have to be an Oriental scholar in order to prove the Confucian source of this utopian project. In “The Economic Principles of Confucius and His School,” by Chen-Huan Chang, Ph.D., former secretary of the Grand Secretariat, Peking, China, we get this clear statement of it:

In the third, the Extreme Peace Stage, there is no distinction at all. The barbarians become civilized countries and obtain the

same title in the diplomatic circle. Whether the nations are remote or near, small or great, the whole world is as one unit, and the character of mankind is on the highest plane.

In the Great Similarity the whole world is the only social organization and the individual is the independent unit; both socialistic and individualistic characters reach the highest point. There is no national state, so there is no war, no need of defense, nor of men of military ability and cunning.

By the application of "great uniformity" to the real world, the whole world will be equalized into a single economic unit, and industrialism instead of militarism will dominate the globe.

Not even Mr. Wilson himself could give a more concise statement of the principle of internationalism as opposed to nationalism than this from the pen of Dr. Chen-Huang-Chang, who is interpreting the views of the great Chinese sage, Confucius.

Those who have watched the progress of Mr. Wilson's thoughts recognize their tendency away from nationalism toward internationalism. He is impatient with those concerned chiefly for American rights. He would help humanity, serve mankind, and represents our soldiers fighting in Europe for the good of the world rather than for the special welfare of the United States. He declared in his speech at the Metropolitan Opera House in New York, just prior to leaving for Europe, that our boys crossed three thousand miles of sea "in order to show to Europe that the United States, when it became necessary, would go anywhere where the rights of mankind were threatened."

Our Chinese proponent of internationalism would ultimately abolish all national boundaries, depriving us of citizenship of any particular country but making us citizens of the world. What a pity that the genial Doctor Oliver Goldsmith could not have lived until now! In some "Reflections on National Prejudices," he says:

Among all the famous sayings of antiquity there is none that does greater honor to the author, or affords greater pleasure to the reader (at least, if he be a person of a generous and benevolent heart) than that of the philosopher who, being asked what countryman he was, replied that he was a citizen of the world.

Doctor Goldsmith goes on to say that he believes this broader citizenship is entirely compatible with nationalism, but says that even if it were not, that would not change his views, for he would prefer the title of "citizen of the world to that of an Englishman, a Frenchman, a European or to any appellation whatever."

Happily, there are some millions of us here in the United States who are quite satisfied to be Americans—a title which we should not exchange even for one so high-sounding as that of “citizen of the world.”

This exalted vision of things far away recalls Mrs. Jellyby’s absorption in the affairs at the Settlement of Borriboola-Gha to the utter exclusion of her own neglected household.

It is exceedingly doubtful whether a nation gains either for itself or becomes better able to help others by submerging its national spirit in a sea of international sentiment. Was it not because America had preserved its own nationalism that it was strong enough to help in putting down the German menace? Did not the very soul of France flame forth at Verdun and on the bloody fields of the Marne? How shall we be strengthened by dissipating our power and resources in settling the broils of Europe, Asia and Africa?

THE LEAGUE CAMPAIGN

Unless the Paris Peace Conference amends the League Constitution so as to meet the objections raised against it, we are liable to have a bitter political campaign in this country over its adoption—a campaign resembling the slavery contest in its intensity and bitterness.

Not all Democrats are lined up in support of the President nor all Republicans on the other side, though the tendency is toward Democratic support of the League as proposed by the President and Republican opposition to it unless amended.

Presumably the Paris Conference, and particularly the American delegates, did not possess that supreme degree of wisdom which would make possible the promulgation at the first stroke of a charter for governing the world. President Wilson has been careful to tell us that the Conference is representative of the peoples rather than of governments. As the people of the United States had no voice in the selection of their representatives at Paris, they wish to have the opportunity of examining and studying this League Constitution with unusual care. Surely this is a test to which the friends of the League ought cheerfully to submit. If they believe that the covenants represent the purposes of the peoples of the world, they will readily grant to the people the right of passing on them.

We do not want in this country to become a party to a Constitution of a League of Nations which may become another "scrap of paper." If we enter the League of Nations it must be as a partner for life, with no intention to withdraw when its obligations shall become burdensome. The covenants upon which we enter must be kept.

The entrance into the proposed League of Nations on the part of the United States will be one of the most fateful steps the country has taken in its entire history. Let us consider the step well before it is taken. Mr. Wilson, Henry White and Col. House are not the sole repositories of American liberties. What they have done at Paris so far as relates to peace with Germany must first receive the approval of the Senate before it becomes binding. As to the League of Nations, the Senate and the President as well must be guided by the people's will, for in a matter so vital as this the popular voice must be heard and respected.

For nearly one hundred and fifty years America has stood alone, developing its strength through the freedom of opportunity which liberty confers. When our opportunity came to help save the world from the onrushing tide of barbarism we were able to render effective aid because of our strength. That strength we shall preserve to be used again if need be in a righteous cause. We shall not stand aloof from other nations that mean to practice justice and to respect the rights of others. With them we are willing to make common cause. But not even for this purpose, nor for any purpose, shall we surrender that independence won by Washington and preserved by Lincoln.

The citizens of this Republic, mindful of their history, are not yet ready to exchange the proud title of "American" for that of "citizen of the world."



Branch Banking Defeated

THE bill (H. R. 13,560) providing for branch banking in cities failed of enactment at the session of Congress which recently expired by Constitutional limitation.

Few subjects relating to banking have been discussed more than the relative merits of the branch and independent banking

systems. With the developments of recent years, however, a new phase of the matter has arisen. This is the multiplication of branches of state banks in some of the larger cities where the state laws permit branch banking. For example, there are several state banks in New York that have numerous city branches; the same is true in Detroit and a few other cities. In such cases the national bank, without branches, is placed at some disadvantage in competing with the state institution, especially in securing local business. Very likely it was this consideration which led to the introduction of the bill mentioned above. The national bank naturally feels that it ought to have the same chance of getting local business as its rival organized under state law. Some bankers believe that the best way to bring about this equality would be to repeal the state laws permitting branches rather than to extend the branch privilege to national banks.

One argument in favor of the branch system is in the supposed greater safety which it offers. This contention finds sharp refutation in a pamphlet recently published by A. J. Frame, chairman of the board of the Waukesha (Wis.) National Bank. Mr. Frame says:

The calamitous failures of monopolistic banking in Europe, Australia, Canada, etc., are so astounding when compared to our National banking system, as outlined in several of my addresses delivered before state and national bankers' associations of the United States (copy on request), that the great American Bankers' Association, after open discussions of the subject, went on record, with but two dissenting voices, "against branch banking in any form."

To illustrate: The City of Glasgow Bank with 131 branches and The West of England Bank with some 50 branches, failed in 1878. Their shortage of assets about equalled the total losses to all the depositors in all the national banks of the United States from 1863 to 1919.

In 1893, the American Encyclopædia says, in Australia 17 or 18 central banks with 800 or 900 branches failed for £90,000,000 sterling. A moratorium of five years was granted them. The liabilities exceeded the total liabilities of all the independent banks of the United States which failed from 1863 to 1902.

Canadian bank statistics show comparatively three times the losses to depositors as against our national system.

Granting the accuracy of these statements, the branch system would seem to have less advantage on the score of safety than has been commonly supposed.

With respect to branch and independent banks the situation in the larger cities is hardly the same as in the country. The neighborhood interests of the independent bank in the city are hardly so intense as they are in the country. But, on the other hand, the branch bank tends to get still farther away from its local clientele and to reflect the spirit of the head office. That spirit in many ways not infrequently fails to represent the best interests of the neighborhood where the city branch of the big bank is located. In the case of the independent bank the interests of the bank and the neighborhood are identical and are incapable of separation. This is less so in the case of the branch, which must be conducted primarily with the interests of the head office in view, and where these conflict in any degree with those of the neighborhood of the branch the latter must give way.

In quoting Mr. Frame's statement there is no intention of reflecting on the safety of the banking systems of the countries mentioned, for undoubtedly the banks of Great Britain, Australia and Canada are of noted strength. It will be seen that even the most recent of the failures mentioned took place more than a quarter of a century ago. Since then their banking systems have been strengthened as has that of the United States.

Our independent banking system, though not without marked defects, has proved an important factor in the country's development and prosperity. Why should we abandon it in favor of a system of great banks with a network of branches, tending inevitably in the direction of banking monopoly?



An Inspiring Slogan

MOST of us have all our lives longed for some justifiable excuse for quitting work. Labor is the primal curse from which all mankind pines to be free. But while human beings continue to wear clothes, to eat, and to live in houses, the chains that bind mankind to this form of slavery can not be broken; at least not until a benevolent government shall furnish these necessities without effort on the part of him who receives them. Happily, however, deliverance is in sight. The embezzler, the thief, the cheat, the man of shady business methods, has always pleaded that he must live. It

is the specious excuse for many forms of rascality. Editors, lawyers, clergymen, statesmen have betrayed sacred causes with no better excuse than that they must live. Now we are to have the inspiring example of men who will give up work for a principle, and if existence be dependent upon industry—which is still the case while we await the coming of the time when we shall all be fed by legislation—even life itself. What noble cause is it which leads men to lay down their tools, and their lives if need be, in its defense? The inscriptions upon the banners of the coming hosts of leisure must give the answer: "No beer, no work!" Surely, it is a slogan calculated to thrill the most sluggish soul, to rouse the slumbering spirit of liberty in every breast, and to give every man who wants to quit work and go fishing the excuse he has long sought.

This threat to stop work is less serious than appears at first sight. It includes only the most vocal part of labor. The soldiers do not propose to join in it. They are not of the striking kind, except to strike against tyranny and oppression. To work long hours, day and night, to take what food they can get, to sleep in the mud, without shelter, to brave the danger of the trenches, to work for a dollar a day—this is a part of their daily round; but, beer or no beer, they keep on without complaining, writing their names immortally in Belleau Wood, at Chateau Thierry, in the bloody Argonne Forest. And the farmer, too, keeps on his job, winter and summer, amid cold and heat, working from daylight to dark for small reward; but everlastingly he keeps at it, beer or no beer, and feeds us all. So with the soldier to defend us and the farmer to supply our food, we need not worry. Furthermore, the threat of several hundred thousand workers in some of the large cities where there are great brewing interests to strike in case beer was denied them does not now appear likely to materialize. If people do not like prohibition, they can get rid of it through the same methods by which it was adopted—the channels of legislation. All that is necessary is to convince a majority of the voters that beer and whiskey are blessings to the human race.

It is inconceivable that any large body of workingmen in this country would strike for so trivial an excuse as being deprived of beer. If they should do so they would in that way damage the cause of labor irreparably, for public opinion would condemn their course.

The State of North Dakota Goes into the Banking Business

AS a part of a rather comprehensive industrial programme, the State of North Dakota has authorized the creation of the Bank of North Dakota, with a proposed capital of \$2,000,000, to be procured by the sale of bonds. Besides acting as a depository for state and local funds, and as reserve agent for state banks, it is to engage in rural credit operations for which there is to be another bond issue of \$10,000,000, and there is also an issue of \$5,000,000 more of bonds authorized to finance a Mill and Elevator Association. Up to the first of January of the present year North Dakota's constitutional debt was closely limited, but this limitation has been removed, and as one enthusiastic advocate of the new order put it, the sky is now the limit. Besides from a biennial expenditure of \$4,000,000, the recent session of the Legislature appropriated and levied for the next two years about \$8,000,000, and made possible an increase in taxes levied for all purposes from \$19,000,000 to \$29,000,000.

One of the reasons for the establishment of the new bank is the alleged fact that there is some \$29,000,000 of North Dakota money in the banks of Minneapolis, and it is asserted that these banks get this money from North Dakota at 2½ per cent. interest and then lend it in that state for from seven to eight per cent.

This was a part of the justification for the Federal Reserve Act, only in this instance it was alleged that the money of the country was being absorbed by the New York banks and lent out in Wall Street. The wickedness of that locality was such as to render the transaction odious, and hence the Federal Reserve Act, which virtually places the bank reserves of the national banks under political control. This same result will happen in North Dakota if the reserves of the state banks are all required to be kept in the Bank of North Dakota. Newspaper dispatches say that it is estimated that within three months of its opening the new bank may have aggregate deposits of \$150,000,000, making it one of the biggest banks in the Northwest.

The fact that under the national banking system, prior to the enactment of the Federal Reserve Law, a large part of the banking reserves and much of the money of the country that would otherwise have been idle drifted to New York and other money centres

lacked much of the significance that was attached to it. Money goes where it can be most safely and skilfully used, and the benefits of such use tend to distribute themselves. A great deal of the country money that came to New York, Chicago, etc., was used in extending credits to trade and industry of nation-wide ramifications, and in financing railway and other great enterprises. That the bank reserves are now kept in the twelve Federal Reserve Banks by no means spells increased usefulness on the part of these reserves. Their location before the enactment of the Federal Reserve Law was determined by the natural course of trade; now it is determined by Act of Congress; then those who handled these reserves were men skilled in banking of the highest type; now they are men appointed by the President.

A state undoubtedly has the legal right to require that the reserves of its banks be deposited within the state, and this principle has long prevailed to a certain extent in the banking legislation of the country, although the laws generally permit the deposit of reserves in banks outside the state. It would seem also that if the Federal Government can compel the national banks to keep all their legal reserves in the Federal Reserve Banks, a state may require the banks to keep all their legal reserves in a bank chartered for that purpose.

No doubt the banks of Minneapolis which have held North Dakota deposits have rendered a fair equivalent for them. One banker of that city has been quoted as saying that while his institution had \$1,400,000 of North Dakota money, it had \$4,000,000 loaned in that state.

The early financial history of the United States consists largely of a record of the disasters which followed the attempts of the states to go into the banking business. While the mistakes made by these institutions, as a rule, originated in schemes for issuing circulating notes based on land values, their downfall was in many instances hastened by the improper management which seems almost invariably to attend the mingling of politics and banking. It was an unfortunate day in the history of American banking when this lesson was disregarded and a law enacted which may open the door to a repetition of these early mistakes so far as they were due to the cause just named. The Bank of North Dakota will make it pos-

sible for the bank reserves of the state to be under political control, copying a bad precedent set by the Federal Reserve Act.



Proposed Removal of the A. B. A. Headquarters

ALTHOUGH it was voted at the last convention of the American Bankers Association at Chicago not to remove the general headquarters of that organization from New York to Washington or Chicago, the administrative committee of the association nevertheless proceeded to take steps to have the offices removed to Washington upon the sanction of the executive council. Positive action was, however, deferred until the spring meeting of the council, and a sentiment has developed in favor of postponing the removal until authorized by the next annual convention, which is the supreme body of the association. Strong resolutions against the proposed removal have been adopted by the Executive Committee of the Trust Company Section of the American Bankers Association. It is pointed out that the organization is financial rather than political, and that New York, on account of being the financial centre of the country, is the proper place for the location of an organization of this character. It is suggested that all necessary contact with legislative matters could be had through a branch office in Washington, and that if the general headquarters were removed to that city it might have a tendency towards "nationalization of all state institutions and the gradual extinction of state banks by the subtle influence of the national atmosphere upon the association itself."

On the score of convenience New York has the advantage, because bankers from all parts of the country visit the city to confer with their banking correspondents. But New York is not so well situated for holding the general conventions, which more frequently go to the Middle West. Why not, therefore, allow the general headquarters to remain where they are, thus somewhat distributing the honors while at the same time best serving the convenience of a majority of the members?

Washington already has too much of a hold on business and

banking—a grip that would be tightened by removing the headquarters of the American Bankers Association to the country's political centre.

War Debts Complicate Deflation and Trade Problems

By ALFRED L. AIKEN, President National Shawmut Bank, Boston

A SURVEY of the foreign trade field would seem to indicate that the whole world is ready and willing to buy, but that consideration of the question of adequate credit terms, among other things, causes hesitation. The situation may be summarized in the query, "How can Europe pay for her huge war debt and have anything left with which to buy goods abroad, which will mean more debt?"

It is estimated that Great Britain, France, Italy and Germany have accumulated debts ranging from thirty to more than forty per cent. of their national wealth. Russia's debt is estimated as being sixty per cent. of the national wealth, while Austria-Hungary and Turkey are practically bankrupt. Notwithstanding our vast expenditures during the past two years, our national debt represents but eight per cent. of the nation's wealth.

That the immense debts of European nations not only complicate the problem of extending credits for foreign trade, but render more difficult the more important problem of credit deflation, is generally admitted. It is equally certain that these debts and the ability of the various nations to liquidate them must necessarily exert an influence in the shaping of our own future foreign trade plans.

It is not so much a question of whether the different nations are solvent as what we can do to assist them now and of how much time we can give them on future business. We may be quite sure in any case that many of our former ideas and methods of foreign trade financing must be re-adjusted to meet the extraordinary situation with which we are confronted. We have been heretofore accustomed to regard banking credits as a matter of days, extended in some cases to a term of a few months. Europe to-day needs credits that will run for a year, or for two, three or even five years, to enable her to accomplish her task of reconstruction thoroughly and efficiently.

WAR DEBTS INCURRED ON INFLATED BASIS

When considering this matter of credit it must be borne in mind that a large proportion of the world's war debts were incurred on a basis of greatly expanded values. The interest burden upon those debts will remain fixed regardless of changes in commodity prices. It is beyond question that the only means of payment of debts and interest is from the savings of the people. The proportion of the people's earnings available for debt reduction

may be expected to remain unchanged whether prices decline materially or not. That being so, it is hardly unreasonable to assume that a serious reduction in earning power from present levels will result in a corresponding increase in the proportion of earnings required to care for interest payment and debt reduction. Thus the possibility of a considerable shrinkage on all commodity and labor prices may not, from the point of view of the nations of Europe at least, be wholly desirable.

That there should be a measure of shrinkage from the abnormal level attained by prices and wages in the past three years was to be expected. Such decline as has already taken place does not, however, suggest a serious general shrinkage in values. At present there does not appear to be any indication of a much greater future decline either in labor or commodity prices. Taking into consideration the fixed character of the world debts, and their relation to the earning power of the various nations, the situation appears to call for deliberate efforts on the part of governments to maintain prices, or perhaps an international agreement providing for a recasting of debt totals on a scale which would approximate the degree of deflation resulting from all price reductions. That a readjustment of debt figures leading to the writing off of any considerable portion of them will be necessary, does not now seem likely.

LABOR COST AND COMMODITY PRICES

The general attitude of labor throughout the world does not warrant belief in a lowering of wages to anything like pre-war levels. Emphasis is added to this point by the amount of consideration being given to labor in the Peace Conference. Such a development seems to mark the end of low wages as a factor in national competition. As labor costs represent one of the most important elements in all commodity prices, this changed position of labor, and the likelihood that all government financing for the next few years will continue to

be far above normal, should be reflected in new and reasonably permanent price levels on a considerably higher basis than those of four years ago.

All of these factors, deflation of credit, shrinkage in prices, government financing, etc., have a direct bearing on our improving and maintaining our position in the markets of the world. The point of most importance, perhaps, is that the nations of the world look to us as the great creditor nation, endowed with vast resources, to aid them with their problems. Unless we do our full duty in financing and otherwise aiding reconstruction throughout Europe, we may be faced by a period of serious depression. At the moment we are in the position of a merchant who holds all of the goods and all of the credit. No matter how willing the most important among our customers may be to buy from us, they are without means of payment on anything like such terms as we have been accustomed to demand.

EXTENSION OF LONG TIME CREDITS

The principal feature of our foreign trade problem, insofar as it is concerned with Europe at least, is the question of extending the long time credits asked for. Several methods of surmounting this difficulty have already been suggested, apart from the United States Government continuing to make further large loans to the Allies; that most frequently urged being the acceptance of foreign securities in exchange for our goods. There appears to be some question, however, as to the amount of such securities which our investors could be expected to absorb. At the present time syndicates of banking institutions are assisting in handling this situation by loans similar to those recently granted to France and Belgium. A British plan recently announced by Sir Auckland C. Geddes provides for credits to European nations based upon their prospects in the way of indemnities from the Central Powers. The entire question of indemnities, however, appears to be still far from settlement.

MUST BECOME LARGE BUYERS OF FOREIGN SECURITIES

Viewing the situation from various angles the impression seems clear that we must prepare to supply Europe with food and raw materials required to assist her through the reconstruction period, accepting in payment such securities as we can readily absorb. Not only does it appear certain that we must for the future be large buyers of foreign securities, but we may also be compelled to invest considerable amounts in the purchase and development of industrial plants abroad.

The recent action of Great Britain and France in forming pools to buy necessities in this country and the embargoes laid on imports, indicate the stiffening of their defenses demanded by their position, and is not to be wondered at. This restriction of European markets may ultimately prove a blessing in disguise, as it will compel a more intensive development of such markets as are available and a broadening of our field generally.

Previous to the war our manufacturers as a whole devoted little more than passing interest to the matter of investment in the vast undeveloped resources of South America, Asia and Africa. That both Great Britain and Germany built up their rich foreign commerce by such investments was either forgotten or overlooked. In the period of intensified competition into which we are entering we can afford to overlook no opportunities.

OPPORTUNITIES FOR INVESTMENT IN LATIN-AMERICA

It will be our own fault if we do not secure an increasing share of the trade of upwards of 100,000,000 Spanish-speaking people throughout the world. Unlike the nations of Europe, the people of Latin-America are able to pay for what they want. Our dominant position in the rubber industry suggests opportunity for extension of our interest to the equally important field of production. German business men long ago recognized the splendid opportunities presented by the unscratched riches

of Brazil. The war has lost that field to Germany for the present at least. Already Japan is moving to secure the advantage now open to us. Mexico, once free from selfish exploiters, and its Government stabilized, should provide an admirable field for development enterprise. The awakening of China awaits American capital and American industrial organization. The trade of the United States with the Far East in 1918 represented eighteen per cent. of a total trade of more than \$1,600,000,000. Previous to the war we were securing but eight per cent. of the trade represented by China's four hundred million consumers. The unmeasured resources of the great African continent will continue to provide opportunities for development for many generations.

UNITED STATES MUST ASSUME LARGER PART IN WORLD'S DEVELOPMENT

There is a vast amount of work to be done in the world apart from that portion most frequently referred to; the reconstruction of Europe. We must for the future plan to assume a larger part in the work of world development which we have heretofore left to Great Britain and Germany and which was the foundation of their commercial greatness. That we will be permitted to secure the fruits of the rich advantages which are now open to us without a contest is unlikely. Great Britain, France and Germany may just now be in straitened circumstances as a result of their huge war expenditures, but their recovery may be more rapid than anyone could predict.

To-day we have the advantage of markets already won, the strength represented in our national wealth, and the benefit of the broadening experience of the past four years. Our need is that we make secure our present hold on the trade of neutral countries, and make full use of our advantages of wealth and experience. The world demands must continue to increase with the growing demand of all people for better living conditions, better food, better housing, better things of every kind. Our opportunity lies in supplying those demands.

The Growing Industrial Unrest

By POMEROY BURTON

BOLSHEVISM is a term which covers a multitude of sins.

Among other things it has come to embrace, in peoples' minds generally, the whole of that great world-wide movement which is known to-day as industrial unrest.

No greater mistake than that could be made. Bolshevism is simply the extreme or anarchistic element of the prevailing social unrest, and really a very small part of it, which has not now, and never can have, the support of the great bulk of working people the world over.

There is need for a clear understanding of just what Bolshevism stands for; what elements there are in it that should be dealt with summarily by means of a heavy governmental fist, and what, contrariwise, should have careful study and intelligent corrective treatment.

Throughout this and other countries Bolshevik propaganda circulates freely and unopposed, or practically so. I have had many samples of it put before me, secured by employers from workmen in their large factories where systematic distribution had been effected by agents of local Bolshevik "soviets," of which there are believed to be some 200 in this country—well printed material, arguments not unskillfully presented, and, of course, all calculated to fan smouldering unrest into flame.

Here is a characteristic Bolshevik appeal, typical of leaflets and pamphlets that are being widely circulated among the workpeople of many lands to-day:

Millions of you are now armed, trained and disciplined. You have the power, if you have the will, to sweep away your enslavers forever. Then take final control of your country and all it contains. Wealth may be made as plentiful as water if you will

but seize the enormous engines for making goods now at your disposal.

Now, you may think that sort of extremism cannot make any substantial progress in such an enlightened country as the United States. But do not be too sure of that.

Bolshevism is thriving, and to some extent progressing, here and elsewhere, simply because, on the one hand, it is being feebly dealt with by the constituted authorities and, on the other hand,



POMEROY BURTON

Mr. Burton was prominent in war work in the United States when this country first entered the great conflict. He was for many years identified with journalism in Brooklyn and New York, and for the past ten years has been in London as manager of the London "Daily Mail" and other associated publications. His views on the present industrial situation are characterized by remarkable soundness of conception and clearness of statement.—Editor, Bankers Magazine.

because there is a distinct failure to recognize that underneath even extreme Bolshevism there is a real basis of grievance and discontent, in too many cases approaching despair, which intelligent and sympathetic treatment that has not yet been forthcoming could do much to alleviate or cure.

LABOR DETERMINED TO READJUST ITS POSITION

Make no mistake about labor's determination, the world over, to readjust its position. This movement is not merely a show of strength by labor against capital; neither is it merely a matter of hours and wages.

The real underlying spirit is a determination on the part of labor to better human conditions, and to create for the workers of the world a larger and altogether more satisfactory life than has been possible for them under the conditions which have prevailed in the past.

As Mr. J. H. Clynes most forcibly put it in a recent address before the American Luncheon Club in London:

The active, intelligent workman to-day is profoundly dissatisfied with his position and prospects; and that his life should be an endless round of drudging labor; and that his children should be worn into the bondage which has been his lot.

Mr. J. H. Thomas, M.P., a level-headed and clear-minded labor leader, whose views command respect everywhere, thus stated labor's case, in the course of an address before the House of Commons:

The organized workers of Great Britain have made up their minds to obtain for themselves an increasing share of the wealth which their labor has produced and produces. The workers are determined to shorten materially the hours of labor in their respective industries. They are dissatisfied with a system of society which treats their labor as a mere commodity to be bought, sold and used as though they were machine-like units in the process of wealth production and distribution, and they therefore demand that they shall become real partners in industry, jointly sharing in determining the working conditions and management.

Now that is a tall order, but it accurately reflects the vision of some of

the soundest and best minds in the labor leadership of to-day.

It does not require any great stretch of the imagination to realize that a crisis is approaching which will require the serious application of the best brains on both sides, if a sound solution is to be reached.

LACK OF INFORMATION ON BOTH SIDES

The most alarming feature of the situation is the lack of basic information which exists in both camps to-day.

On the side of the workers there is a lamentable and general ignorance of the fundamental economic laws which must ever govern their destiny. By going the wrong way about it they threaten to bring disaster upon themselves. They are too prone just now to follow false teachings and adopt unsound methods of procedure.

There is unfortunately a determined feeling among the newer extremist leaders of many of the present workmen's movements that the whole force of trade unionism should be exerted now to gain for the workers, without delay and without further parley or discussion, shorter hours, higher pay, more leisure, greater freedom of opportunity and a larger share in the profits of capital than they have enjoyed in the past, quite ignoring the vital fact that only upon an economically sound basis of production can the workers hope to prosper and progress toward the ends they have in view.

THE RIGHT REMEDY

Only increased production, or a radical reduction of our standard of living, can prevent the spread of actual want and the continuation of high prices.

We must not forget that for the past four years the labor of whole nations has been wasted—hurled into the war-furnace and utterly consumed. This apart from the wholesale destruction of property and goods which has taken place.

At the same time the war has taken from industry millions of workers who will never return, and has disorganized

a large proportion of the world's most productive industrial machinery.

There has been unparalleled industrial waste on the one hand and a decided weakening of industrial equipment for production on the other, both operating to create and prolong this shortage of the necessities of life.

That simply means that the world is actually much poorer to-day than when the war began. It follows, therefore, that industrial delay—that is, delay in production—is perilous. Every day wasted means a world already short of life commodities poorer still, with the brunt of the suffering caused by this shortage falling directly upon the working classes; for it must ever be borne in mind that the workers constitute almost ninety-five per cent. of the world's consumers.

Higher wages and shorter hours can only be secured on the sound basis of cost-reduction and increased volume of production. To strike under prevailing conditions, in order to enforce demands for these things on any basis which would mean still further increased cost of production and still greater shortage of those goods which the world generally is in need of, is simply to defeat the very purpose which the workers have in view, and to accentuate the spirit of discontent which now prevails on all sides.

PUBLIC NEEDS ENLIGHTENMENT

Thorough public enlightenment, so that all men may understand these things, is clearly one of the urgent needs of the hour.

By intelligent publicity the workers should be made to understand that just now a little restraint, seasoned with common sense and a reasonable knowledge of the laws that operate in all industrial affairs, coupled with an honest attempt to join in serious discussions with representative employers who are also seeking a new and better relationship between themselves and the workers, would be calculated, most surely and in the shortest possible space of time, to bring about the changed conditions which they so ardently desire.

Above all, they should be brought to a full realization of the paramount fact that:

INDUSTRIAL WARFARE ON ANY LARGE SCALE NOW WOULD PARALYZE TRADE AND ABRUPTLY STOP THE PROCESS OF RESTORATION ON WHICH THE WELFARE OF ALL ALIKE DEPENDS.

So much for the general misapprehension which prevails on the labor side of the situation, and hence the need for intelligent national guidance in that direction.

MISAPPREHENSION OF EMPLOYERS

Now for the other side—the general misapprehension of certain basic facts which unfortunately seems to prevail on the side of employers.

Labor to-day is distrustful of capital. It feels that it has long been fed on promises which have not been fulfilled. Generally speaking, it contends that the workers' life-conditions to-day are little, if any, better on the whole than they were before the war. Or, as a correspondent put it to me:

The spirit and attitude of mind of many workers to-day are a direct reflex of their experience in industry and the treatment and conditions of work which they have encountered.

This spirit has been well described as a "need to which both reason and prudence make but an imperfect appeal—the inevitable nemesis of evils too long neglected."

Out of this spirit, to some extent, grows Bolshevism. The extreme of this spirit of unrest and dissatisfaction with the workers' present scheme of existence is thus described by Dr. William L. Leiserson of the United States Department of Labor:

The Bolshevik is a man who has given up hope of ever making any headway under the present system of industry. He does not see any chance to acquire a home, maintain a family on a rising standard of living, to educate his children, and to feel sure that they will be better off than he was. In short, his is a philosophy of despair. Not seeing any chance to get these good things of life for himself, naturally he wants to tear down the whole industrial arrangement. He has a naive faith that somehow any new arrangement that will come after a revolution will be a sort of heaven, or at least an improve-

ment on the conditions that have existed in the past. The reason that Bolshevism in one form or another has spread among working people so generally is not because of the arguments of the extremist leaders, but rather because there are so many working people who have given up hope of improving their conditions under the present industrial arrangement. Mere arguments will not check these movements. It will be necessary to actually improve conditions so that the worker will feel that he is acquiring a stake in the country, that he can have a real home, maintain a family according to the best modern standards, and see that his children are getting ahead in the world. If conditions are improved so as to make this possible for a larger proportion of the wage earners of the country, and then the facts of this improvement are spread by publicity, then you will have a real antidote for Bolshevism.

There is no general understanding on the part of capital to-day of the strength and extent of this extreme form of unrest. There is, on the other hand, abundant evidence that employers generally are only beginning to understand the full import of this movement.

There are countless employers who honestly desire to improve conditions, but they are by no means clear as to how to go about it. Makeshift agreements, compromises, expedients of various kinds, will no longer suffice. There should be evolved a systematic policy calculated to meet the immediate and pressing demands of labor, to raise the workers' standard of life, and generally to bring about improved relations between employers and employed; that is generally agreed to-day, but as yet no one seems to have given the lead as to just how this is to be accomplished.

The two great factors which are now preventing the forces of capital and labor from getting together and adopting a mutually beneficial programme are: First, labor's ignorance of and sublime indifference to certain fundamental economic laws which can no more be violated with impunity than can the law of gravitation; and, second, capital's failure fully to comprehend the new-born spirit which is impelling the work-

ing forces of the world to-day toward some new state of things, whether it be a better state of things or not.

INTELLIGENT NATIONAL GUIDANCE NEEDED

Now, clearly, never before was there such need for intelligent national guidance of the whole people—meaning employers and employed—by the great governments of the civilized world.

It has been suggested that there might be organized, both here and in Great Britain, a National Publicity Bureau designed to act as a conciliator between these two great forces, and at the same time to put forth clearly and concisely all the facts and arguments so that everybody concerned might quickly gain a complete understanding of the whole situation. At this stage, employers would turn eagerly to such a government agency for leadership and information as to the best method of improving their relations with their workers; particularly as to what practical steps can and should be taken in the direction of effecting an actual improvement of working conditions; on the other side, the workers themselves would have provided for them a supply of healthy mental food, such as they have not had up to date; calculated to dispel false ideas which have largely prevailed until now, and to clear their minds for a full understanding of the basic facts which must be understood before any safe and lasting settlement of the problems affecting their welfare can be achieved.

This proposed National Industrial Publicity Bureau, rightly organized, and supplemented by the harmonious coöperation of non-political, public-spirited bodies throughout the land, would seem to be a pressing necessity to-day; it would provide the lead which the situation so urgently requires; for after all the most effective antidote to Bolshevism is intelligent, widely applied, persistent, unceasing publicity of the right kind.



Statistical Cost Analysis in a Bank

By CHARLES C. GROVE, PH.D.

COST accounting in a bank or analysis of depositors' accounts may serve better than the given title to bring to the mind of some readers the two-fold object of the work to be outlined in this article, namely:

1. To study the actual conditions of the business and what a particular account yields under those conditions.

2. To ascertain a true "factory cost" of the accounts carried with the bank, due to the nature of the business transacted and of the uses made of the bank by the respective customers.

The first is the subjective purpose. It reflects the efficiency and wisdom of the management of the bank. It will furnish month by month what may be called co-efficients or indices of efficiency. These may be compared month with month, year by year.

The second is the objective purpose. It reflects the customer's ability to use the bank to his own interests.

It is difficult to separate completely these two purposes in the measures obtained, due to the universal fact that, in judging another, one judges himself. And it is not easy to determine how much of a judgment reflects the judge and what belongs solely to the adjudged. In the matter before us, this distinction of purpose involves the question of the reserve that shall be considered in the calculations—the actual reserve and un-employed funds that the bank chooses to carry, or simply the legal reserve.

Herein the subject is to be considered from the point of view of mathematical statistics as distinguished from that of accountancy. Whatever is novel in this paper arises solely from this change of view.

Viewed thus, cost accounting is not "a highly specialized development of

double-entry bookkeeping," but is essentially a statistical problem, because:

First, It uses other units than the dollar and has other desiderata than the balance of the "profit and loss" account, which is the ultimate aim of accountancy.

Second, It treats of change, the rates of changes, of causal relationships within the business itself and also between phases of the business and the economic flux without, but related to the business.

The accountant is concerned with recording transactions of trade and finance in such a way as readily to show the state of any account and easily to verify its correctness. He records the history of business in the making. To this end he devises forms and systems of accounts that facilitate and expedite the work. He deals with *faits accomplis*, the accurate record and presentation of the same. And further, all his history reduces to the monetary unit, to dollars and cents for us.

The statistician may consider the same facts, but not simply as representing distinct and independent transactions. He is concerned with relationships, variations, the causes of these, with generalizations and algebraic equations which can replace statistical tables and can even project them in either direction to times for which no data exists. Through systematic collection, compilation and treatment of data, he connects the factors concerned in the form of an equation, which the physicist would call a law. He can with ease use that instead of confusing masses of statistical tables, testing it constantly with the observed facts. Sometimes it is well to graph the curve of this equation and, on the same sheet, keep plotting the successive observed

Analysis Department

Account of First Exemplar National Bank.

From the 26th of January 1919 Somewhere, Ohio.

DATE	ITEMS NOT AVAILABLE				LEDGER BALANCE				NET CASH BALANCE					
	DETAIL				TOTAL		DR.		CR.		DR.		CR.	
					Thousands	Hds.	Thousands	Hds.	Thousands	Hds.	Thousands	Hds.	Thousands	Hds.
Sunday 26	1 50	1 75	1 88		4 88			3 68		1 20				
27	2 57	1 75	1 88		5 95			9 75				3 80		
28	2 57	5 00			7 57			9 60				2 08		
29		5 00	1 47		6 47			13 86				7 39		
30	1 25		1 47		2 72			8 5 15				3 2 48		
31	1 25	3 88			5 13			3 97		1 16				
1	1 25	3 88			5 13			3 97		1 16				
SUN. 2	1 25	3 88			5 13			3 97		1 16				
3		3 88	2 15		6 03			1 27 5				6 7 2		
4		1 7 4	2 1 5		3 8 9			1 27 5				8 3 6		
5	1 6 6	2 1 6	1 7 4	7 5	6 8 8			2 1 5 0				1 5 1 7		
6	1 6 6	2 1 6	1 7 0	7 5	6 2 8			1 2 8 5				6 5 9		
7		1 2 5	1 7 0	1 6 7	4 5 2			1 7 3 5				1 2 3 3		
8		1 2 5	1 7 0	1 6 7	4 5 2			1 9 7 4				1 5 2 2		
SUN. 9		1 2 5	1 7 0	1 6 7	4 5 2			1 9 7 4				1 5 2 2		
10		1 2 5	2 9 5	8 6	4 9 6			2 2 2 5				1 7 2 8		
11	8 1 7	1 2 2	2 9 5	8 6	8 1 9			2 3 7 8				1 5 5 8		
Legal Hol. 12	8 1 7	1 2 2	2 9 5	8 6	8 1 9			2 3 7 8				1 5 5 8		
13		1 2 2	9 0	8 6	2 9 7			6 0 4 5				5 7 4 6		
14		1 2 2	9 0		2 1 1	10 8 0				1 2 9 1				
15			9 0	2 7 8	3 8 8	10 8 0				1 4 4 8				
Sun. 16			9 0	2 7 4	3 8 2			4 9 2 7				4 5 6 4		
17				2 7 4	2 7 8			8 4 5 5				8 1 9 2		
18		1 4 5		2 7 4	4 1 9			8 6 6 4				3 2 4 6		
19	8 0	1 4 5	1 0 0		3 2 5			1 7 9 2				1 4 6 7		
20	8 0		1 0 0		1 3 0	13 3 1				1 5 1 1				
21					2 7 6	8 0 0				1 0 7 6				
Legal Hol. 22					2 7 6	8 0 0				1 0 7 6				
Sun. 23					2 7 6	8 0 0				1 0 7 6				
24	2 8 0		1 5 5		4 0 5			3 0 5 8				2 6 5 4		
25	2 8 0		1 5 5		4 0 5			4 0 0 0				3 5 9 5		
TOTALS					1 4 1 1 0	5 8 9 1	5 8 9 9	6	7 9 4 1 1 6	4 6 9 2 8				
DAILY AVERAGE and INTEREST					4 5 5	1 9 0	1 9 0 3		1 3 2 4	2 9 8 4				

Note: By accident the figures in the Ledger Balance column for 14th and 16th became interchanged. This changes the Net Cash Balance column for 14th to Cr. 47.16 and for 16th to Dr. 14.43.

Form I

data to see how close a fit has been secured. Thus it becomes possible to forecast, within known limits of accuracy, what will be under similar conditions at some near future time.

Cost accounting is still treated as a purely accounting problem, as shown by that excellent comprehensive manual just off the Ronald Press by Nicholson and Rohrbach. With that viewpoint, there always comes a place where the distribution of costs rests upon judg-

ment—"they must, of course, be distributed on some arbitrary basis" that "seems to fit the needs of the case." Although a considerable amount of statistical data is got together, the work is usually unsystematic and "but a meager amount of the possible statistical value is obtained," because the accountant is not also trained in the statistical method and the scientific treatment of data. He is led to replace these by unscientific short cuts and rough approximations.

Incidentally, mention should be made of graphic charts, as illustrating how some exalt a mere by-product of the real worker's labors to a position above his chief work and are ready to build on the shifting foundation of enthusiasm. The desire is, not in the least to detract

coming events for which the officers may prepare and save untold losses at times. *Not the immediate, but the cumulative future value of this work is its chief value.* And finally, the scientific method to be outlined furnishes a distribution of the overhead, not according to judgment, but according to the actual variations month by month in activity, available cash balances, number of accounts, and expenses: i. e., *on the basis of the business of the bank itself.*

First Exemplar National Bank,
Somewhere, OHIO.

From 26th of January 1910.

P. M.	ACT'L INC. OR CH.	ITEMS NOT AVAILABLE										TOTAL Thous. Hds.
		DETAIL.										
26												
27												
28												
29												
30												
31												
1												
2												
3												

Form II

from the suggestive value of that work, but to plead not to put the cart before the horse.

In concluding this introduction, it may be said that some large commercial houses are employing statisticians to study the business itself apart from economic conditions related to it. Banks will soon come to feel the same need. The facts are that the auditor or chief accountant and the analyst or statistician should collaborate on the matter of costs and of the data required for the trade reports and tax returns demanded by Federal and state governments. For smaller institutions, not requiring the services of two such officials, men must be trained who can be both auditor and analyst. Further, there has seemed to be sometimes a bit of ground for the criticism that cost accounting, as it is practiced, has meant an expenditure of twenty-five thousand dollars to find a loss of ten thousand. By establishing the work on a systematic statistical basis the statistics compiled are *useful beyond the distribution of certain expenses* in studying and locating the causes of various fluctuations. In course of time, as the facts of the business, the profits and losses and their respective causes, accumulate, the data will be of increasing value to reveal symptoms of

ANALYSIS OF ACCOUNTS

The period of analysis must first be agreed upon, the choice depending upon which is the most generally convenient, the calendar month or the business month which begins with the 26th of the previous month and continues through the 25th of the month named. Then all data must be secured on the same basis. The subjective purpose of analysis shall first claim our attention.

The value of an account to the bank in this analysis depends upon:

1. The Daily Available Cash Balance.
2. The Rate of Interest obtainable on this Cash Balance.
3. The Actual Cost of the account to the bank and of all services rendered the depositor.

These three items will be considered in order.

First Exemplar National Bank,
Somewhere, OHIO.

From 26th of January 1910.

P. M.	ACTIVITY DEBIT	LEDGER BALANCE				NET CASH BALANCE			
		DR.		CR.		DR.		CR.	
		Thous.	Hds.	Thous.	Hds.	Thous.	Hds.	Thous.	Hds.
26									
27									
28									
29									
30									
31									
1									
2									
3									

Form III

Item 1. The accompanying forms, I., II., and III., furnish a simple and efficient way of knowing both the aggregate daily available cash balance and

The amount \$56,629,750.00 is the sum of the row and also of the column of value totals. It is divided by 365 and the quotient is written below it. This in turn is divided into the sum of the interest totals, \$8,455.68, which comes on the same line and in the next column. That quotient is written in as indicated,

<u>JANUARY 1919.</u>					
DEPARTMENTS	ACTIVITY	SERVICE	FOREIGN	STOCKHOLDERS	DOMESTIC OVERHEAD
ASSEMBLY RACK					
ADDRESSO-MULTI-GRAPH					
CERTIFICATION					
CHECK DESK					
CHECK and RECORD FILES					
CITY COLLECTION					
CODE					
COUNTRY COLLECTION					
MAIL DESK					
TELLERS - NOTE RECEIV-					
TRANSIT					
Average BONUS for above					
COUPON COLLECTION					
CREDIT ^{Investig} Supervision					
CUSTOMER SECURITIES					
INDUSTRIAL SERVICE					
MONEY CAGE					
TRANSFER					
Av. BONUS for above					
BOND ^{DEV.}					
BRANCH DEVELOP.					
COUPON PAYING					
DISCOUNT					
LOAN					
Av. BONUS					
FOREIGN DIVISION					
FOREIGN TRADE					
FOREIGN TRAINING CLASS					
Average BONUS for above					
OVERHEAD-Genl. Admini- ^{stration}					
TOTALS					
GRAND TOTAL EXPENSES for the MONTH, (Less Total SPECIAL DIRECT COSTS)					
ALL EXPENSES not in first four columns					
AMOUNTING TO -----					
is distributed on basis					
AVERAGE LOANABLE FUNDS					
From FOREIGN DEPOSITORS		Less \$	Reserve equals		
STOCKHOLDERS					
DOMESTIC DEPOSITORS		Less \$	Reserve equals		
Total Number ACTIVITIES for the MONTH -----					
NUMBER of ACCOUNTS On last day of previous month					
On last day of present month					
Average DIRECT COST per ITEM -----					
Aggregate of SPECIAL DIRECT COSTS allocable to Depositors' Accounts this MONTH					

giving the average earnings rate for the day. By examining carefully the column and line of interest totals, the cashier can determine what purchases and sales he can or should make and at least maintain the same average earnings rate.

Second, the rate of interest that may profitably be paid the individual customer will appear after his account has been analyzed.

The statistical work thus far may seem not to be very apparent, yet it must be remembered that it consists also in the view taken of the figures demanded and compiled, in the co-ordination of the several classes of figures obtained, and in the fact that the figures become a part of a continuous compilation, to be examined and compared and for which laws of changes and relationships are sought. Further, these very uses enable detections of errors and of careless, indifferent work by clerks, in indirect ways, which surprisingly acts as a spur to accuracy. This feature is in sharp contradistinction to the work upon certain of the accounting records, as for example the balance books and average balance books. Since the balances are only roughly given and their accuracy is not likely to be checked, there is every temptation to do careless and indifferent work on these records.

In the third division of this paper under the discussion of

Item III. The Actual Cost of the account and services rendered thereto, there will be found the greatest amount of the mathematical treatment of statistical data and also the point where collaboration with the auditor or the comptroller is most desirable. This is the division involving cost accounting in a bank, and we may say, on competent authority, that some banks are, even to-day, working along lines as crude as those of the village shopkeeper who, having set down the cash receipts of each sale and opposite each the cost of the article sold, used to chuckle at night that he had made five dollars and twenty-three cents that fine day.

Various stages of the development (or, more generally, lack of develop-

ment) of cost accounting for a bank are to be found exemplified in the practice of as many banks in this city. The history of the development here is likely to follow that in the field of manufacturing, only it will progress more rapidly owing to the new position we hold in the finances of the world. The manufacturer came to the point where he simply *had* to know costs to compete intelligently and successfully. Soon such a time will come in banking. To illustrate the customary lack of precision we need only to cite that memorandum of the Comptroller of the Currency, issued in December, 1917, which tells of "the custom of many national banks to credit discounts as collected directly to profits, and to credit profits with accruing interest only after collection." This memorandum related to the request for accurate report on "Interest Earned but not Collected" and "Interest and Discount Collected in advance of maturity and not Earned."

Another distinction that must be made is that between "expenditures" and "expenses" of a day or month. The actual total cost of conducting the business of a month, which is the amount of the expenditures of that and of other months really allocable to the month as an expense of that month, is very difficult of precise determination, especially if we wish to separate that portion which is correlated with the volume of business of the month. No forms or suggestions for accomplishing this are included because the writer feels that greater refinement and simplicity is possible. This is the point where collaboration with an accountant is particularly desirable.

THE DISTRIBUTION OF EXPENSES

The following distribution is recognized:

	due to Activity,
Direct	“ “ Administration of funds, “ “ each Account opened and carried.
Indirect	due to Activity,
or	“ “ Available Cash to be Administered,
Overhead	“ “ Number of Accounts.

Accordingly, classify the departments of the bank as activity departments, foreign departments, and those to which one of the names investment, productive or development may apply, which are grouped for convenience under the caption stockholders, because profits and losses finally come back to them. Form V. is used for this purpose. The direct expenses of all these departments are then tabulated on this form.

The departments to be classified thus will be as varied as the banks that use the system, so far as details are concerned; yet there will be certain items common to all. Further, there will be differences in the departments that should be classed under more than one heading and in the proportionate amount of their work that belongs under each heading. Consequently, Form V. is filled in simply by way of suggestion,

to be adapted to and not adopted by a particular bank.

In the next number of *THE BANKERS MAGAZINE* this paper will be concluded by presenting in detail the statistical method of distributing the overhead expense to the domestic accounts, and by considering in turn:

(1) The relationship of the analysis of depositors' accounts to the broader subject of the statistical study of the business of the bank;

(2) A report on the experiences of a number of banks that have made a study, though crude or approximate, of the analysis of their accounts;

(3) Statistical cost analysis as scientific cost accounting to be adapted to any line of manufacturing, commercial, or banking business,

(4) Conclusions.



America's Mission as John Galsworthy Sees It

(From a Recent Address in New York)

I LOOK very eagerly and watchfully to America in many ways. She will now be more emphatically than ever, in material things, the most important and powerful nation of the earth. We British have a legitimate and somewhat breathless interest in the use she will make of her strength.

"Britain is an old country, though still in her prime, I hope; America is yet on the threshold. Is she to step out into the sight of the world as a great leader? That is for America the long decision, to be worked out, not so much in her Senate and her Congress, as in her homes and schools. On America, now that the war is over, the destiny of civilization may hang for the next century. If she mislays, indeed if she does not improve, her powers of self-criticism, she might soon develop the intolerant provincialism which has time and again been the bane of the earth and the undoing of nations.

"If she gets swelled head the world will get cold feet. Above all, if she

does not solve the problems of town life, of capital and labor, of the distribution of wealth, of national wealth, and attain to a mastery over inventions and machinery—she is in for a cycle of mere anarchy, disruption, and dictatorship, into which we shall all follow. The motto 'noblesse oblige' applies as much to democracy as ever it did to the old-time aristocrat. It applies with terrific vividness to America. Ancestry and nature have bestowed on her great gifts. Behind her stand conscience, enterprise, independence, and ability—such were the companions of the first Americans, and are the comrades of American citizens to this day.

"When the present great task in which we have joined hands is ended; when once more from the shuttered madhouse the figure of peace steps forth and stands in the risen sun, and we may go our ways again in the beauty and wonder of a new morning, let it be with this vow in our hearts, 'No more of madness—in war or in peace.'"

Banking and Commercial Law

The following decisions are selected from the most important of the current decisions, handed down by State and Federal Courts, passing upon questions of the law of banking or negotiable instruments. The word "opinion," where used, indicates that the matter following is the opinion written by the court, in whole or in part.

Liability Imposed on Bank for Delay in Handling Collection of Draft

Feeders Supply Co. v. First National Bank,
Supreme Court of Kansas, 176 Pac.
Rep. 129.

THE burden of care which the law imposes upon banks, undertaking the collection of drafts and other items, is well brought out in the above decision. This decision also brings out that the courts are not inclined to listen, even to what appears to be a good excuse, in a case where the bank is charged with having been careless in handling a collection transaction.

The plaintiff in this case was a dealer in grain. He shipped a carload of meal to a customer and drew a draft upon him for \$491. This draft was marked to be collected through the defendant bank. The draft was forwarded to the defendant and was received by it on October 30th, 1914. Upon receipt of the draft the defendant sent notice to the drawee, who lived at a distance of twelve miles from the place where the defendant was located. Later the defendant was notified that the drawee was ill and that, as soon as it was possible for him to do so, he would come to town and arrange for the payment of the draft. The defendant did nothing further in the matter until December 14th, when it learned that the drawee had died some two weeks before, and that prior to his death the car of meal had been unloaded and fed to the drawee's cattle. This information the defendant promptly conveyed to the bank which had forwarded the draft.

The draft recited that a bill of lading was attached to it and that the bill was to remain with the draft until paid. And it was mostly in reliance upon the circumstance that the defendant held the draft as long as it did. But it appeared that while there was a document resembling a bill of lading attached to the draft, it was not in fact a bill of lading but a memorandum "for use in connection with the standard form of straight bill of lading." The defendant bank did not examine this document carefully, and believed all the while that the shipment would not be delivered while the same was in its possession. The case does not bring out clearly in what manner the drawee obtained delivery of the meal. It may have been because the original bill of lading in some manner got into his hands, or because the shipment was made in such manner that the presentment of the original bill of lading was not a requisite to delivery by the carrier. In any event a reading of the opinion which follows will indicate that the defendant had reasonable justification for believing that its inaction would not work injury to any of the parties interested. Nevertheless the court held that the bank had not lived up to its legal obligation of using due care and diligence and that it was liable to the plaintiff as a matter of law.

OPINION

Appeal from District Court, Chautauqua County.

Action by the Feeders' Supply Company against the First National Bank of Sedan, Kan. Judgment for defendant, and plaintiff appeals. Reversed, with directions.

WEST, J. The plaintiff sued the defendant bank for damages for negligence in failing properly to look after a collection, and, failing to recover, appeals, assigning various errors, but urging the one point that the defendant's explanation is not sufficient to excuse its negligence.

October 27, 1914, the plaintiff shipped from Stroud, Okl., to W. H. Leniton at Lowe, Kan., a carload of cotton seed meal, the accepted order reciting:

"Price is made f. o. b. cars, Lowe, Kans. Prepay Freight. Banking instructions. 1st Natl. Bk. Sedan, Kansas. Terms, sight draft with Bill of Lading attached."

On the following day the company, through the First National Bank of Sedan, Kan., drew on Leniton for the contract price, \$491, the draft being in the following words:

"Feeders' Supply Co. No. 7156.

"Kansas City, Mo., Oct. 28, '14.

"At sight pay to the order of Interstate National bank, four hundred ninety one no/100 dollars.

"Bill lading attached for car 12460 S. F. C.—S and to remain with draft until paid.

"Value received and charge to account of

To W. H. Leniton, Sedan, Kan.

"Collect through First National Bank.

"Feeders' Supply Co.,

"By C. S. Nathan, Cashier."

The Interstate National Bank of Kansas City forwarded the draft with a letter containing the following:

"Hold no item, unless we so instruct; but protest and return at once all not promptly honored. Deliver documents only on payment of drafts attached."

The draft was held by the defendant bank without presentation or demand for payment until December 14, 1914, when it was returned to the forwarding bank with the following indorsement:

"Our information is that this shipment has been received by Leniton.

Car been fed to his cattle. Mr. Leniton died two weeks ago. First Nat'l Bank."

The answer pleaded, among other things, that Leniton lived twelve miles from Sedan, his post office address being Wauneta, Route 1, and that it ordinarily took from 4 to 6 days, and sometimes longer, to send a letter from Sedan and get a reply thereto; that during the latter part of October and all of November, Leniton was sick; that he died on the 30th of November, having been taken to a hospital at Winfield on the 4th of that month; that upon receipt of the draft the officers notified Leniton thereof, and were advised that he was ill, and as soon as he was able to would come to Sedan and pay it or arrange for its payment; that the officers of the bank soon after this learned that Leniton had gone to the hospital, "and for that reason held said draft for some days pending the recovery of Mr. Leniton, or his directions from some one to look after the matter of taking up and paying the draft."

It was further alleged that the shipment was made in such manner that the consignee could and did take said cotton seed meal as soon as it arrived at its destination, regardless of the acceptance or the payment of the draft; that it arrived at Lowe on the 31st of October, and was received and unloaded by Leniton prior to the day on which the defendant should have presented the draft, and that defendant could not have presented the draft in the regular course of business and make reply in time for the plaintiff to prevent the consignee from taking the meal and using it.

Although the meal was consigned to the seller and not to the buyer, it appears that by some person not disclosed and in some manner not explained the meal was unloaded and fed to the consignee's cattle. The railroad agent did not even know whether the meal was left long enough for a demurrage to arise, but he testified that if the car had stood there any length of time, there should have been a demurrage charge to arise, and from his testimony

it appears that the car was set out October 31st.

One peculiar feature of the case is that no bill of lading was attached to the draft, and, if one was ever issued, it does not appear what became of it. There was attached a document, referred to often in the testimony as a bill of lading, which on its face appears to be a memorandum "for use in connection with the standard form of straight bill of lading," approved by the Interstate Commerce Commission, and it is an acknowledgment that a bill of lading had been issued, and that it is not the original bill of lading nor a copy or duplicate, but is intended solely for filing or record. This instrument, however, recites that there was received, subject to classifications and tariffs in effect on the day of the receipt by the carrier of the property described in the original bill of lading, a carload of cotton seed meal, consigned to the Feeders' Supply Company, Lowe, Kan., and that \$68 to apply on prepayment of the charges had been received. This document accompanied the draft when it was sent to the defendant bank. There was also testimony fairly tending to show that the forwarding bank had sent out a number of tracers before the draft was returned. It also appeared that it was the custom of the defendant bank to notify the company to whom drafts were sent for collection; that a printed form was used, giving a description, and that it was usually either mailed out or word sent by telephone; that Mr. Leniton had a telephone at his house with Sedan connections.

It is argued that the defendant was not negligent, and, even if it were, such negligence did not cause any damage to the plaintiff. It is contended that as the plaintiff and the bank undertook to send a sight draft against the shipment protected by the usual bill of lading, and so instructed the defendant in the draft itself, and sent along a piece of paper purporting to be the bill of lading, it was not negligence to assume without careful investigating that it was such, and that it would have to be ob-

tained by Leniton or by any one in order to get possession of a shipment, "and the defendant had the further right to assume that, being protected in this manner, there was no special hurry required on its part in the matter of presenting the draft for collection or in reporting to the sender."

There was evidence that other shipments were not remitted for until the lapse of some forty days or that the delay in this instance was only reasonable. It is further urged that the direct cause of the plaintiff's damage was the fact that the shipment was made on such terms and under such instructions that Leniton could and did unload the meal, and without first accounting to any one for the purchase price; in other words, that the plaintiff did not attach the original bill of lading, as it represented to the defendant that it had done, and that this failure was contributory negligence on its part, rendering it possible for Leniton to get the shipment as soon as it reached its destination without power on the part of defendant to prevent it; that it was even possible for Leniton to get the meal before the draft was received by the defendant bank, and the fact that the instructions accompanying the draft contained a notation that it was to be handled without protest was "an additional slackening of the responsibility ordinarily imposed in sending a draft to a bank for collection."

It was admitted that from the 30th day of October until the 14th day of December, 1914, the defendant bank held a chattel mortgage on six head of native cows and other property described in a mortgage from Leniton to the bank. The plaintiff offered to show that the meal was fed to this stock, but the offer was refused.

Whatever the effect of attaching to the draft another instrument than the original bill of lading, the bank could not help understanding that the draft was sent to it for collection, that the feed had been shipped, and that the collection would be due on its delivery, which would naturally be prompt upon its arrival. It certainly owed the plain-

tiff the duty of using reasonable diligence to carry out the agency it had been called upon to exercise, and it is difficult to see on what theory the practical inaction during all those weeks until some time after the death of Leniton can be justified.

"The collecting bank must act in good faith, exercise reasonable skill in performing its duties, and use due care and diligence in making prompt presentment, demand, and protest, in giving notice of dishonor and in taking whatever steps are necessary to protect the customers' rights or it will be liable for loss. It must forward the check for presentment by a direct route and not indirectly by circulation through branch banks or otherwise." 7 C. J. § 268, p. 610.

"When commercial paper is delivered to a banker for collection, the banker becomes the customer's agent to make collection, and he undertakes the duty of an agent for all purposes of making the collection. As in the case of other collecting agents, the bank is required to use ordinary or reasonable diligence and care in making the collection; and if from its failure to do so, loss results to its customer, it is liable to him in damages therefor." 3 R. C. L. § 239, p. 610.

It is claimed that, even if negligent, the defendant bank did not cause the plaintiff any loss which it would not otherwise have incurred. It appears, however, that Leniton was a man who handled cattle, having mortgaged a number of head to the bank; that the consignment of the meal in question was somewhat promptly taken from the railroad station and fed to Leniton's stock; that after an illness of some weeks and stay in the hospital at Winfield, Leniton passed away, and afterwards there was collected upon this claim from his estate only \$127.82, leaving a balance at the time of the trial of \$433 unpaid. It is hardly possible that had the plaintiff been handling this collection for itself it would have permitted all these things to happen before requiring payment, and it is unreasonable to believe that the delay of the defendant bank

did not occasion the loss or a considerable portion thereof.

The undisputed facts render the defendant liable as a matter of law.

The judgment is reversed, with directions to grant a new trial for the one purpose of ascertaining the extent of such liability.



Bank Liable where Guardianship Funds Deposited to Guardian's Individual Account

Blanton v. First National Bank of Forest City, Supreme Court of Arkansas, 206 S. W. Rep. 745.

There are many cases which hold that a bank assumes no responsibility in permitting a fiduciary, such as an administrator, guardian or trustee, to deposit in his individual account, checks payable to him in his representative capacity. These cases hold that if the guardian or other fiduciary wrongfully applies the money to his own individual purpose, no liability therefor can be fastened on the bank, provided the bank had no knowledge of the misappropriation and did not participate therein. The theory of these decisions is that to insist that the deposit be made in an account indicating its trust character, would be no real protection to the beneficiary of the trust. The trustee could promptly withdraw the funds on properly signed checks and redeposit the cash to the credit of his individual account.

There are decisions, however, which take the opposite view and hold the bank liable, where it permits the deposit to be made in the trustee's individual name, for any misappropriation on the part of the trustee, even though the bank acted entirely in good faith and had no knowledge of the trustee's wrongdoing. The law on this point is uncertain, but one thing can be depended upon, and that is that the bank which consistently refuses to permit fi-

duciary funds to be deposited in individual accounts is well advised.

The case above entitled is an illustration of bank liability as a result of permitting a guardian to deposit, to her individual credit, a check payable to her as guardian. It appeared that the check in question was drawn by an attorney, and by him delivered to the cashier of the defendant bank "to be placed to the credit of Mary E. Evans as guardian." In spite of these instructions the proceeds of the check were wrongfully placed to the credit of Mary E. Evans individually, and in the opinion it is said that the cashier "allowed her to check it out for her personal use." It does not clearly appear whether or not the cashier knew that the guardian was using the fund for her own purposes. But it does appear that the court deemed the facts recited sufficient to render the bank liable for the guardian's misappropriation.

In this connection it is well for bankers in New York to keep in mind the fact that in 1916 a section was added to the Code of Civil Procedure, making it a misdemeanor to mix the funds of estates with those of individual accounts. This is Section 2664-a of the code, and reads as follows:

"Every executor, administrator, guardian or testamentary trustee shall keep the funds and property received from the estate of any deceased person separate and distinct from his own personal fund and property. He shall not invest the same or deposit the same with any person, association or corporation doing business under the banking law or other person or institution in his own name, but all transactions had and done by him shall be in his name as such executor, administrator, guardian or testamentary trustee.

"Any person violating any of the provision of this section shall be guilty of a misdemeanor."

OPINION

Appeal from Circuit Court, St. Francis County; J. M. Jackson, Judge.
Action by Annie Mabel Blanton

against the First National Bank of Forrest City and another. From a judgment sustaining a demurrer to the complaint and dismissing the action, plaintiff appeals. Reversed with directions.

C. W. Norton, of Forrest City, for appellant.

R. J. Williams and Mann, Bussey & Mann, all of Forrest City, for appellees.

McCULLOCH, C. J. The circuit court sustained a demurrer to appellant's complaint and dismissed the action on the ground that the complaint failed to state a cause of action.

It is alleged that on March 24, 1913, appellant was a minor under guardianship in the probate court of St. Francis county, and that her mother, Mary E. Evans, was guardian of herself and also of her infant brother, John C. Blanton; that on that day W. W. Hughes, an attorney of Forrest City, having in his hands the sum of \$1,070.67, which he had collected for appellant and her brother, drew a check on the Bank of Eastern Arkansas for said sum payable to the order of Mary E. Evans as such guardian, and delivered said check to Eugene Williams, cashier of the Bank of Forrest City, a corporation, to be placed to the credit of Mary E. Evans as guardian of appellant and her brother; but that said Williams as cashier aforesaid, after receiving the proceeds of the check, wrongfully placed the sum to the credit of the said Mary E. Evans individually and allowed her to check it out for her personal use. It is further alleged that the said fund belonged equally to the appellant and her said infant brother, and that appellant has never received any portion thereof. It is alleged that the Bank of Forrest City was converted into a national bank and became the First National Bank of Forrest City, in succession to the assets, rights, and liabilities of the Bank of Forrest City. There was an amendment to the complaint alleging that E. A. Rolfe was president of the Bank of Forrest City, but had failed and neglected to file with the county clerk a statement of the affairs of said corporation as required

by section 848 of Kirby's Digest. The action is against the First National Bank of Rolfe.

It is conceded that the court sustained the demurrer on the ground that, as a prerequisite to a maintenance of this action, there must have been first an adjustment of appellant's guardianship account in the probate court of St. Francis county, and that the complaint was defective in failing to allege that there had been such adjustment. Counsel for appellees defend the ruling of the court on this ground, but we are of the opinion that the position is untenable. This is not an action on the bond of the guardian, nor is it an action involving in any sense a failure on the part of the guardian to pay over the funds to the ward pursuant to an order of the probate court. Therefore an adjustment of the accounts in the probate court and an order to pay over is not prerequisite to maintenance of the action. Appellees are not parties to the proceedings in the probate court, and could not be made parties to any adjustment of the guardian's accounts there. If there is any liability at all on the part of appellees through their connection with the bank which received the money for deposit, it is enforceable in an original proceeding without the necessity for the prior adjustment of the accounts in the probate court as a basis for the action.

The Bank of Forrest City received money, according to the allegations of the complaint, as a trust fund for the benefit of appellant and the other ward and participated in the wrongful conversion of the fund to the individual use of the guardian. So the liability of that bank arose, not as a surety for the conduct of the guardian, but as a trustee for or agent of the wards who were entitled to the funds. The rule seems to be correctly stated in 12 R. C. L. 1172, as follows:

"On the same principle, the ward can follow any other property wrongfully disposed of by the guardian into the hands of third parties, if they had knowledge of such facts as should have put them on inquiry; if, for instance,

they had received in payment of a debt of the guardian funds standing in the name of the ward. * * * The pursuing of a claim against the estate of the guardian is not inconsistent with following the assets into the hands of one who received them from the guardian, and the ward will not be compelled to elect between the two modes of redress. It is beyond the power of a guardian or other trustee to bind the estate he represents to any use of its funds by contract with third persons who have knowledge of the character of the property transferred, except in the ordinary and usual course of administration of the trust, and in furtherance of its object. This particularly applies to banks in which funds have been deposited, which by the form of the deposit or otherwise they know to be trust funds, but permit to be transferred to the guardian's personal account or applied to his individual debt."

If the funds so received were, notwithstanding the conversion to the individual account of the guardian, used by the latter for the benefit of the respective wards, or if the funds so misappropriated were subsequently accounted for by the guardian and reapropriated and held to the use of the wards, that would be a matter of defense which can be shown in this action by the appellees; but the parties are not bound to go first to the probate court for the adjustment of the accounts, inasmuch as all of the defenses can be heard in the present action.

The effort being to hold the bank and its successor responsible as trustee, a court of equity is the appropriate forum for the adjustment of the rights of the parties; the law court not being provided with machinery to adjust such rights and equities. *Hall v. Brewer*, 40 Ark. 433.

The complaint alleged that Williams, the cashier, received the check which was payable to the order of the guardian, and that Hughes delivered the check to Williams for credit to the account of Mrs. Evans as guardian for appellant and her infant brother. The complaint further contains a distinct al-

legation that the cashier knew that the money belonged to said wards, and that, contrary to express directions, he credited the amount to the individual account of Mrs. Evans and allowed her to check out the money for her own use. This was sufficient to constitute liability of the bank to the true owner of the funds. *American Surety Co. v. Vann*, 205 S. W. 646.

It is not alleged in the complaint that the guardian and the sureties on her bond are insolvent, nor is it essential that there should be such an allegation in order to state a cause of action against appellees for recovery of the funds. If the bank through its cashier misappropriated the funds, a cause of action arose in favor of appellant even if the guardian is solvent and responsible on her bond, and nothing short of restitution or payment by the guardian constitutes a defense to the action. Appellees cannot escape liability on the ground that the guardian and her sureties are solvent, nor can they postpone the assertion of the remedy until all remedies against the guardian are exhausted. Indeed, if the sureties on the bond of the guardian should first be compelled to make good the shortage, they would be subrogated to appellant's right of action against appellees. *American Surety Co. v. Vann*, *supra*.

The allegations concerning the relations of appellee First National Bank of Forrest City to the Bank of Forrest City, as successor to the assets, rights, and liabilities of the latter, were sufficient on demurrer. The point that the allegations in that respect are too indefinite should be, if deemed advisable, met by a motion to make more definite and certain.

Appellee Rolfe is liable, under the allegations of the complaint, for failing to file a certificate of the affairs of the Bank of Forrest City. This, under the statute which requires the president and secretary of every corporation to make and file with the county clerk a certificate annually showing the affairs of the corporation on the 1st day of January next preceding, and imposing liability on the part of those officers "for all debts of such corporation con-

tracted during the period of any such neglect or refusal." Kirby's Digest, sections 848 and 859.

We have held that "debts" within the meaning of the statute must be those arising out of contract and not liability for torts. *Taylor v. Dexter*, 126 Ark. 122, 189 S. W. 1060. The complaint in this case, however, states a cause of action against the Bank of Forrest City arising out of its contract in receiving the money for the account of appellant. It is therefore a debt within the meaning of the statute.

The judgment of the circuit court is reversed, with directions to overrule the demurrer.



Action by Bank for Libel

First National Bank of Waverly v. Winters, New York Supreme Court of Appeals, 121 N. E. Rep. 459.

Some statements which are libelous in character are considered as being libelous per se, that is to say, they are libelous in themselves, and the injured party is entitled to recover damages without showing an actual damage suffered by him as a result of the libel. A statement to the effect that a bank had been guilty of larceny would be libelous per se. A statement to the effect that a bank had been guilty of a mistake, or of carelessness, would not be libelous per se.

In this case the defendant, a newspaper publisher, printed in his paper a statement to the effect that he had deposited a check for \$100 in the plaintiff bank, for which credit had not been given, and as a result, when other checks were afterwards presented he was informed that his account had been overdrawn. In the course of his article the defendant inquired how the books of the bank could balance without giving him proper credit for the deposit and "where was this hundred dollars during all this time?"

The court decided that this statement was susceptible of two interpretations. It might amount to a charge of larceny

on the part of the bank, and it might merely be an imputation of mistake or carelessness on the part of the bank. It was therefore a question for the jury to determine in which sense the words were used. And inasmuch as the trial court had instructed the jury that the article charged the bank with larceny, and so was libelous per se, a judgment in favor of the bank was reversed and a new trial ordered.

OPINION

Appeal from Supreme Court, Appellate Division, Third Department.

Action by the First National Bank of Waverly against Byram L. Winters. From a judgment of the Appellate Division (174 App. Div. 898, 159 N. Y. Supp. 923) affirming judgment of the Trial Term, entered on verdict for plaintiff, defendant appeals. Reversed, and new trial ordered.

ANDREWS, J. The plaintiff is a banking corporation doing business in the village of Waverly. On December 30, 1910, the defendant published in a newspaper controlled by him an article in which he stated that while he kept his newspaper account with the plaintiff he deposited a check for \$100. This check was not properly credited to the account, and, as a result, when later checks were drawn, he was informed that the account was overdrawn. The plaintiff insisted for some time that no mistake had been made, and finally the defendant wrote to Mr. Lyford, its president, asking why the proper credit had not been given. In reply Mr. Lyford wrote that they had made a mistake and were not infallible. The article then proceeded:

"During this transaction some ten days had elapsed, and the question would naturally arise, How could the books of the First National Bank balance without giving this credit to the Free Press and where was this \$100 during all this time? Thereafter Mr. Winters changed the Free Press account as well as his own account from the First National to the Citizens Bank."

The trial court said to the jury that

this was a charge that the plaintiff was guilty of larceny, and so was libelous per se. It further said that the libel applied to the plaintiff. We think this was error. As we have said:

"In an action for defamation, if the application or meaning of the words is ambiguous, or the sense in which they were used is uncertain, and they are capable of a construction which would make them actionable, although at the same time an innocent sense can be attributed to them, it is for the jury to determine upon all the circumstances, whether they were applied to the plaintiff, and in what sense they were used." *Sanderson v. Caldwell*, 45 N. Y. 398, 401, 6 Am. Rep. 105.

The words used are capable of the construction given them by the trial court. Of this there can be no doubt. They may well apply to the plaintiff. But may there also be fairly given to them an innocent sense? Could it fairly be said that they do not refer to the plaintiff? Might hearers of common and reasonable understanding differ in their interpretation of them?

We think this is quite possible. The words do not necessarily imply, and would not necessarily be understood to imply, that the plaintiff had been guilty of more than a mistake or of carelessness. It does not necessarily charge the bank with larceny, and would not necessarily be understood to make such a charge. It might well be that the deposit had been credited to some different account. Neither if a crime was in fact committed was the bank or one of its officers necessarily guilty. That being so, the meaning of the words used and their application should have been submitted to the jury.

A question of evidence bearing upon this cause of action has also been argued before us. The trial court excluded a somewhat long introduction to the article. In this we think it erred. The general rule is that in actions for libel the entire publication may be shown for the purpose of determining the meaning and application of that portion of the utterance of the defendant for which the action is brought if it leads up to

the words said to be actionable. Those words often may be modified or explained by the introduction.

In this case the introduction criticizes Mr. Lyford, the president of the bank, for various acts alleged to have been committed by him. It then asks why Mr. Lyford is opposed to the Free Press and gives some reasons. It then continues that there are other reasons, to one of which it will briefly refer, and then follows the portion of the article complained of. This introduction was competent, at least as bearing upon the question as to whether the words used might be fairly construed to import a crime or mistake.

The plaintiff also claims that certain other articles published by the defendant were libelous. As to each of these the court told the jury that the words used referred to the plaintiff, and that it accused it of having participated in the sale of intoxicating liquors contrary to law, and of arson. The articles are long, and need not be recited in this opinion. In view of what has already been said, it is sufficient to hold that the interpretation of the words used in the article complained of in the third cause of action and their application should have been left to the jury. As to the words used in the first cause of action the majority of the court is of the opinion that the trial judge was right in his ruling that they were libelous per se and that they did refer to the plaintiff.

Under neither the first nor the third cause of action was there testimony as to special damages. It is said by the appellant that, as the plaintiff is a corporation, there can be no recovery, because of this fact. In this he is mistaken. An action for libel may be maintained by an injured corporation without proof of special damage where an individual may recover. Does the publication tend to blacken its reputation and to bring upon it hatred, ridicule, or contempt? It is true that many statements that might harm an individual would not harm a corporation. A corporation has no personal reputation. But other charges would affect it equally with an individual; a charge of insolvency, for instance, or that its busi-

ness was carried on dishonestly. And so it may be stated as a general rule that a corporation may maintain an action for libel without proof of special damage if the charge is defamatory and injuriously and directly affects its credit or the management of its business and necessarily causes pecuniary loss. *New York Bureau of Information v. Ridgway-Thayer Co.*, 119 App. Div. 339, 342, 104 N. Y. Supp. 202, reversed on dissenting opinion, 193 N. Y. 666, 87 N. E. 1124; *Reporters' Association of America v. Sun Printing & Publishing Association*, 186 N. Y. 437, 79 N. E. 710.

Such is clearly the effect of the charge of violating the excise law if understood as the court holds it should be, and the charge of arson if the jury find that to be the meaning of the third article. To say of a bank that it violates the excise law to protect its securities, or burns a building upon which it holds insurance, is a direct attack on its business methods. If believed, such charges necessarily destroy public confidence in its integrity and injure its credit. It affects the corporation as directly as would charges of dishonorable conduct in business affect an individual. *South Hedden Coal Co. v. North Eastern News Association* [1893] 1 Q. B. 133. Here the plaintiff, the proprietor of a colliery, owned a number of cottages used in connection with it. The alleged libel was an article with regard to the condition of these cottages. Such an article, the court held, was calculated to injure the plaintiff's reputation in the way of its business, and no special damage need be proved.

The judgment appealed from should be reversed, and a new trial ordered, with costs to abide the event.



Bank Liable for Trustee's Misappropriation of Deposit

Pratt v. Commercial Trust Company of New York, New York Supreme Court. 174 N. Y. Supp. 88.

The plaintiff in this case was a trustee under a will. In an action against the

defendant bank he set forth that a former trustee had opened an account in his name as trustee in the defendant bank, and also a similar account in another bank. In both of these accounts he deposited funds which came to his possession as trustee and belonged to the estate. This former trustee also had an account in the defendant bank standing in his individual name. From time to time he drew checks against the two trust accounts payable to his personal order and deposited them in his personal account in the defendant bank. He then proceeded to draw out this money on checks and apply it to his own individual purposes. He was at the time indebted to the defendant bank, and he paid this indebtedness with checks drawn against his individual account. In the same manner he paid individual obligations owing to parties other than the defendant bank.

On this statement of facts the plaintiff claimed that the bank was liable to the estate. The bank demurred to the complaint, which in effect is a contention that, admitting the facts set forth in the complaint to be true, no cause of action is stated and no liability on the part of the bank is established. The court decided that, if the facts set forth in the complaint could be established by proper evidence, the defendant bank would be liable, and accordingly overruled the demurrer.

OPINION

Action by Addison S. Pratt, as trustee under the will of Lillian F. Dechert, deceased, against the Commercial Trust Company of New York and Addison S. Pratt, as administrator with the will annexed under the will of Lillian F. Dechert, deceased. Demurrer to complaint overruled.

LEHMAN, J. The plaintiff herein alleges that a former trustee of the estate of Lillian F. Dechert, deceased, opened an account in the name of the estate in the Garfield National Bank and deposited therein moneys which came in its possession as said trustee, and drew sundry checks upon the account in the Garfield National Bank to

his personal order, and indorsed and deposited the same with the defendant in the account which he had opened with it in his own name, and the defendant received the proceeds thereof and credited the said proceeds to the account which the defendant had opened in his own name. The former trustee also opened an account with the defendant in the name of the estate, and from time to time deposited therein moneys which came into his possession as trustee and belonged to the said trust estate. The trustee also drew checks upon this account to his personal order, deposited them with the defendant to his personal account, and the defendant credited his personal account with the moneys represented by these checks. The defendant had notice and knowledge that the moneys in the accounts with the Garfield National Bank and with itself standing in the name of the estate were the property of the trust estate, and credited the proceeds thereof to the personal account of the trustee with such notice and knowledge. Thereafter the trustee, in violation of the trust, used a large part of the moneys belonging to the estate, which he deposited to his own account with the defendant in the payment of his own personal indebtedness, and the defendant received and accepted such moneys in payment of the indebtedness of the trustee, with full knowledge that the trustee was using the money belonging to the trust estate for his own individual uses, advantages, and purposes. It further alleges that the trustee used large portions of these moneys in payment of his own personal indebtedness to persons, firms, and corporations other than the defendant, and in the payment of the indebtedness of various corporations in which he was personally interested, and the defendant permitted the said trustee to use such moneys with full notice and knowledge on its part, and with full notice and knowledge of such facts that should have put it upon notice that the trustee was using the said money belonging to the estate for his own uses, advantages, and purposes. The complaint in my opinion clearly

sets forth a good cause of action against the bank under the rule clearly stated by the Court of Appeals in the case of *Bischoff v. Yorkville Bank*, 218 N. Y. 106, 112 N. E. 759, L. R. A. 1916 F, 1059.

The defendant, however, urges not only that the complaint sets forth no cause of action, but that in any event it sets forth no cause of action in equity for an accounting. While undoubtedly actions against banks or depositaries for participation in the misappropriation of trust funds by a trustee are ordinarily brought at law, I cannot see that there is any reason why such actions cannot be brought in equity as well. It is true that in the case of *Bischoff v. Yorkville Bank*, supra, Mr. Justice Scott, writing in the Appellate Division (170 App. Div. 679, 156 N. Y. Supp. 563) stated as a dictum that the defendant was entitled to a jury trial, yet none of the other judges either in the Appellate Division or Court of Appeals has con-

sidered this point, although urged in the briefs in both courts. A trustee who misappropriates trust funds can undoubtedly be sued either at law for conversion or in equity for an accounting. The defendant is liable, if at all, only for participation in the wrong of the trustee, and, in my opinion, it is chargeable as trustee de son tort, and the plaintiff has the same remedies against it which it would have had against the original trustee. In fact, as to the moneys originally deposited in the Garfield National Bank the relations of debtor and creditor never existed between the defendant and the estate, and an action for an accounting would seem to be the most appropriate remedy against the defendant.

The demurrer is therefore overruled, with costs, and with leave to the defendant to withdraw demurrer and serve an answer within twenty days.

Demurrer overruled, with costs.



Changes in Federal Reserve Personnel

THE Federal Reserve "Bulletin" for March announced the following changes in the personnel of the Federal Reserve Board: J. P. Morgan has been succeeded by A. B. Hepburn, chairman of the Advisory Board, Chase National Bank of New York, for the second district; J. W. Norwood has been succeeded by J. G. Brown, president of the Citizens' National Bank of Raleigh, N. C., for the fifth district; J. R. Mitchell has been succeeded by C. T. Jaffray of the First and Security National Bank of Minneapolis, Minn., for the ninth district; and Herbert Fleishhacker has been succeeded by A. L. Mills, president of the First National Bank of Portland, Oregon, for the twelfth district. Governor Rolla Wells, of the Federal Reserve Bank of St. Louis, has

been succeeded by D. C. Biggs. In the Atlanta district, Federal Reserve Agent M. B. Wellborn has succeeded J. A. McCord as governor of the Federal Reserve Bank of Atlanta, while J. A. McCord has become Federal Reserve agent in place of M. B. Wellborn. Louis C. Adelson, formerly assistant secretary of the Federal Reserve Board, has become deputy governor of the Federal Reserve Bank of Atlanta. In the New York district R. M. Gidney, formerly assistant counsel of the Federal Reserve Board, has been appointed general counsel of the Board in place of General Counsel M. C. Elliott, who has resigned to enter private practice. Mr. Elliott continues as consulting counsel to the Federal Reserve Board.

International Banking and Finance

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Economic Conditions in France

ECONOMIC PROBLEMS IN ALSACE- LORRAINE

ONE of the first problems which must be solved in the redeemed provinces is, according to an article in "L'Economiste Européen," the adaptation of Alsace-Lorraine to the French fiscal régime. The franc must replace the German mark in all financial transactions.

The agricultural resources of the two provinces surpassed before the war the needs of their population. In fact, the harvest of 1913 was the following: 12,665,000 quintals of potatoes, 2,380,000 quintals of wheat, 1,087,000 quintals of barley, 929,000 quintals of rye, 2,100,000 quintals of oats, etc. The overproduction will thus be exported.

The industry pertaining to the fabrication of manufactures of cotton had reached a high degree of development in Alsace-Lorraine before the war. This industry has, however, been completely ruined during the four years of hostilities through lack of importation of cotton. The peace will reconstruct it quickly, for, since the country is now within the allied nations, it will have the privilege of importing as much cotton as it will need.

But one of the most difficult problems is that of the mining production. In 1913 the Germans extracted from the annexed territory four million tons of pit-coal, representing a tenth part of the total French production, and 20,536,000 tons of iron ore, while the total exploitation of the other German mines of iron had yielded only seven millions of tons.

In 1913 the mineral deposits of Briey and Longwy have furnished 17,601,000 tons of iron ore. From November, 1914, the Germans have exploited the two deposits in an extensive manner, which fact had largely contributed to the augmentation of their war products.

This hasty exploitation, made without system, will require an expensive work of clearing away its insufficient galleries.

The same holds true with respect to the deposits of potash discovered in Alsace (district of Mulhouse) in 1904. Before this discovery the whole world was, as regards the potash salts, dependent upon the German mines of Strassfurt (Saxony). But the deposits of Alsace will eliminate this monopoly, especially if the French Government should control the exploitation.

DEMobilIZATION AND AGRICULTURE

It is a widely diffused opinion in France that the demobilization of the army should take place at the benefit of the agriculture. During the war the man labor of agriculture, in spite of the employment of prisoners, has been depleted. It is the belief that the return of the soldiers to the country should be encouraged by all means. For France could retrieve her economic and financial prosperity only after a systematic exploitation of her greatest natural resources. Institution of credits and prizes would greatly induce the soldiers to return to their former occupation as farmers.

FINANCES OF THE CITY OF PARIS

Mr. Autrand, the prefect of Seine, has set forth in a memorandum the financial situation of the city of Paris. The total amount of the debt has reached the figure of 1,258,798,000 of francs. He has asked the municipal council the authorization for the issue of municipal bonds to the amount of 250 millions of francs, in order to liquidate the floating debt contracted during the war.

RESTITUTION OF TITLES STOLEN BY GERMANS

According to a protocol signed at Spa some time ago, the Germans have made restitution of the values that they had

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taken by force from the banks and credit institutions of Lille, Roubaix, Tourcoing, Valenciennes, Douai, Cambrai, Cauchy and Saint Quentin. These restitutions comprise titles deposited against receipt, values resulting from safe boxes destroyed by the German authorities, and from precious objects deposited by various persons in the vaults of the banks.

The total figure of the titles deposited against receipt amounts to about three billions of francs, and that of the other deposits to at least as much.

LIQUIDATION OF WAR STOCKS

An office devoted to the liquidation of war stocks has been established at the French Ministry of Finances. Its function consists in paying off the victualings of any sort (commodities, raw material, etc.), as well as the animals that the military and civil services of the country have employed during the existence of hostilities. It is planned that the intricate difficulties which such an operation implies will be met in a spirit of justice and fair play.

THE CLEARING HOUSE OF PARIS

The total of effects represented at the Clearing House of Paris has been in 1918 francs 38,544,396,936. The total of effects cleared, comprising the transfer operations of the Banque de France, reached the amount of 266,927 millions

of francs as compared with 195,816 millions of francs in 1917. The increase is due to the extensive financial operations which have taken place during the last months of the war.

THE QUESTION OF CHANGE AND THE INDEMNITIES

The following points are from an article in "L'Économiste Européen," signed by Mr. Edmond Théry. The question of change will play an important role in the payment of indemnities on the part of Germany. France paid to Germany after the war of 1870-71 the amount of 5,315,758,853.29 francs, of which 315,758,853 francs represented the interest and the cost of change for the five billions imposed by the treaty of Frankfurt. The amount had not only to be paid, but also transformed in cash or in German values. Here is the table of payment:

Compensation for the railway lines of the Company of East situated in the annexed territory	325,098,400.00
Bank bills, German or French gold and silver coin	742,334,079.03
Letters of change in German values	3,248,326,374.26
Total	francs 5,315,758,853.29

It should be remembered that in May, 1871, Germany was still under the monometallic régime of silver. She thus consented to accept French coin of gold

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and silver and bills of the Banque de France. But the real reason of this was also the fact that, thanks to French bi-metallism, gold and silver still had their real parity of 15.5.

It follows from the preceding considerations that the question of change will play a decisive rôle in the settlement of the amount which Germany will have to pay to the Allies, and that, if this point were not elucidated at the right time, the settlement itself would run the risk of becoming practically impossible.



Economic Conditions in Italy

ECONOMIC PROBLEMS AFTER THE WAR

THE Italian Senator Tittoni formulated some time ago the economic programme which Italy should follow after the war. In the first place, the reconstruction of the merchant marine is imperative, in order to enable Italy

to become independent of foreign means of transportation. Then comes the employment of all hydraulic forces of the country. This is regarded as the only way to obtain a relative independence as respects the fuel necessary for the life of national industry. Italy, in this view, should even insist at the Peace Conference on having in Asia territories possessing coal and oil. Moreover, the question of extending the agricultural and industrial production should be constantly kept in mind.

It is necessary for Italy to protect emigration by signing treaties regarding labor with all the countries, such as that with France, which is in progress of realization. It is the purpose of such treaties to protect the Italian emigrant and not to leave him to the mercy of foreign legislation.

Another important point for Italy is the proclamation of the principle of the open door for the great markets of Africa, Asia and the Far East in order that the national economic activity could expand itself like that of other great

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powers. Finally, Senator Tittoni thinks that the Government should remove the customs barriers between Italy and her own possessions. Since the German colonies will not be restored, Italy should obtain in Africa adequate concessions which would insure to her colonies a free economic development.

NATIONAL RESOURCES IGNORED

The war has revealed many natural resources in Italy. Only two countries in Europe produce mercury, Italy and Spain. Each furnished to the world production, which is about four thousand tons, a thousand tons yearly. But before the war all the Italian mercury went to Germany as raw material, because that country had taken possession of the mineral wealth which lies in the deposits of Monte Amiata. Germany worked out the mineral and then exported it to every country, Italy included. The same thing may be said of the production of zinc. The entire output of this metal in Italy used to go to Belgium, where it was transformed

into metallic zinc, which Italian industry imported at the rate of fifteen thousand tons per year. Such paradoxical conditions were due to indifference of Italian industry. The war has changed these conditions. It is to be hoped that the exploitation of the two named minerals will remain a part of the national industry of Italy.

ITALIAN LABOR IN FRANCE

The Association Italo-Française D'Expansion Economique has issued a petition asking that the French and Italian Governments should take into consideration as soon as possible the completion of international agreements with regard to the employment of Italian labor in France, by insuring an equality of protection with the labor of France.

Mr. Colliard, the French Minister of Labor, has replied that a commission has been appointed to study the labor conditions which should govern the international agreements between the Allies in general and between Italy and

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France in particular. The result will be made known as soon as the Treaty of Peace is signed. The commission has already considered a project of convention between France and Italy regarding the immigration of Italian laborers.

THE ITALIAN INCOME TAX

The new bill on income tax hits fortunes represented by immovables and rural funds with a tax of one per cent. for the incomes from 10 to 15 thousand lire and then progressively till eight per cent. is reached for incomes of 75,000 lire and more. The new bill is regarded as marking a just system of proportionate taxation.



Changes Urged in English Banking System

IN reviewing the condition of the banks of the United Kingdom at the close of 1918, "The Statist" of London makes some general observations on banking,

and closes with a strong appeal for a revision of the British Banking Act. Part of what is said follows:

The banks receive what are called deposits, which, in plain English, are loans from the general public, which is either very doubtful of its own capacity safely to invest its savings, or else is waiting for an opportunity to invest in some particular thing that is fancied, and in the meantime desires to earn an interest upon the money by trusting it to their bank. To all intents and purposes, then, the banks trade in borrowed money. The fact is fruitful, for it shows that all the talk about capital, and thrift, and savings, and all the other nonsense which is preached ad nauseam, is talk and very little more. Business, trade, commerce, whichever word you like, is carried on upon credit. The capitalist who either manufactures, or exports, or imports, or, for that matter, even sells over the counter, goes to his banker whenever he is short of the means of buying, and gets what he requires. The banker, in turn, offers interest to thrifty people who doubt their own capacity to invest safely, and by offering a moderate interest gets deposits. Having obtained the deposits he lends to Tom, Dick, and Harry, always, of course, taking care to receive ample security. Thus the ship, or the cannon, or the cloth, or whatever it

may be, is manufactured. Then it is sold to merchants of various kinds, who sell it either at home or abroad. And ultimately it is bought by the consumer. In real literal truth the consumer is the only actual capitalist. It is he that pays for everything that is sold in this country, whether it is made at home or made aboard. Hands will be held up in horror at this statement. But then, we are used to that kind of treatment, and we attach to it just as little importance as it deserves. The capitalist may, or may not, have capital. There are, of course, many really rich capitalists. But there are very large numbers also who have exceedingly little capital they can honestly call their own. But they have credit. Therefore, on their credit they are able either to manufacture, or to import, or to buy. And, if luck favors them, and they are careful, enterprising, and intelligent, they make a capital in the course of time, and may be able ultimately to retire as really rich men. Meanwhile the whole world is trading upon credit—sheerly upon credit. We sell abroad usually for some time. But we were not ready to give the long credit which Germany did before the war, and therefore Germany got an ascendancy in the trade of the really poor countries. For instance, what was it that enabled Germany to get control of the trade of Russia? Simply that Germany gave immensely long credit, which suited those in Russia with whom Germany dealt. Our short credit practically drove us out of the market. Everywhere, if people will but use their own eyes and their own ears, and will not listen to ingenious inventions of designing persons, they will find that the whole business of the world is carried on upon credit. The British Government used to be considered the richest in the world. Before the war we all used to brag that the English sovereign was respected the world over and that English credit would enable us to borrow any sums we liked. We found when the war broke out that we could not borrow in New York a petty 50 millions sterling without lodging American or South American securities, so absolutely low had our credit fallen. And in the course of time we had to borrow hundreds of millions for the very purpose of lending it again to our Allies. The public, then, should give attention to what is going on all around it and should not listen to the nonsense of ingenious self-advancers. All trade is carried on upon credit, and the only bona-fide payment that is made is made by the consumers, who have to reward with a profit every man who helps to bring it to his door, whether he be the grower, or the manufacturer, or the middleman, or the shipmaster who carries it across the sea, or the railway which brings it to the neighboring town. Every one of these middlemen has to be paid, and has to be paid by the consumer. The cost of consumption consists only to a small extent of the real value of the commodities consumed. Mainly



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it consists of the various operations that go on and of the locomotion by land and sea necessary to bring it within the reach of the consumer.

In conclusion, we will only add that new banking legislation ought to be undertaken without delay. The existing laws were passed, for the most part, by Sir Robert Peel in the middle of the forties of last century. That is three-quarters of a century ago. Sir Robert was a great public servant, and was earnestly patriotic. But he was narrow-minded and wonderfully ignorant. He had been brought up more or less under the patronage of Lord Eldon and he had been taught to believe that a reactionary policy must be supported. But he was a thoroughly honest man. * * * It is a curious illustration of the conscious ignorance of the idle rich, who since the days of Sir Robert Peel have been allowed to mismanage our national affairs, that the banking laws introduced by him have never been seriously revised. It is essential that they should be altogether remodelled without a moment's delay. Even the ex-Governor of the Bank of England, who presided over that institution during the greater part of the war, admits that a complete reform is



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essential in the interests of the country; and a complete revision of the laws affecting the other banks is still more necessary, for they are now possessed of such enormous financial resources that in the interest of the depositors as well as of the shareholders, and of the commercial community, it is urgently requisite that there should be a thorough overhauling of our banking system and a bold introduction of the changes requisite. We have already reminded our readers of the refusal of the banks to accumulate gold reserves even while Germany was openly proclaiming that she was preparing for war. Is any further proof necessary that the constitution of our banks should be thoroughly overhauled?



Death of a Distinguished English Author and Banker

MENTION is made in the last number of the London "Journal of the Institute of Bankers" of the recent death of Sir R. H. Inglis Palgrave. He was born as long ago as 1827, nine years before the first of the London joint-stock banks was established. Sir Inglis came of a family many of whose representatives have made their mark. His father, Sir Francis Palgrave, born a year before the outbreak of the French Revolution, was Deputy Keeper of the Public Records. His mother was the daughter of Mr. Dawson Turner, F.R.S., banker of Yarmouth, the son of Mr. James Turner, who founded the Yarmouth Bank in 1791. Sir Inglis was the third of four brothers, of whom the eldest, Francis Turner Palgrave, at one time Professor of Poetry at Oxford, is well known as the compiler of "The Golden Treasury of Songs and Lyrics"; the second son, William, was a Jesuit missionary and eastern traveller, and the youngest, Sir Reginald Palgrave, was Clerk to the House of Commons and an authority on Parliamentary procedure.

Sir Inglis entered the firm of Gurney & Co., of Great Yarmouth, in 1845. and afterwards, on the amalgamation of the two banks, became in 1896 a local director of Barclays Bank. From 1877

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to 1883 he was the editor of the "Economist," and throughout his life his connection with banking literature has been intimate, especially as editor of and contributor to the London "Bankers' Magazine." His best known book is "Bank Rate and the Money Market in England, France, Germany, Holland and Belgium, 1844-1900," and the "Bankers Almanac." In addition he edited the "Dictionary of Political Economy." In 1875 he was one of the three representatives of the English Issuing Country Bankers who gave evidence before the House of Commons Committee on Banks of Issue. Sir Inglis was one of the original members of the Institute Council when the London Institute of Bankers was founded in 1879. He was elected a vice-president in 1903. In former years he took an active part in the discussions at the Institute meetings, and on several occasions read papers before the members, notably on "The Three Great Banks of Europe" in 1879, and on "The Position of the Gold Coinage"

in 1884. He was elected a Fellow of the Royal Society in 1882.



Financial and Economical Situation of Belgium

AS a result of an examination into the general financial situation in Belgium, the Guaranty Trust Company of New York has made an interesting analysis of the present fiscal status of that country which reveals facts of great importance to American financial and business interests. In a statement issued by Albert Breton, vice-president in charge of the Foreign Department of the Guaranty Trust Company of New York, it was said:

Belgium is full of resources and vitality, and ought to be able to rehabilitate itself rapidly if it can be supplied with the means to do so.

What Belgium most urgently needs now are commercial and industrial credits with

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and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	\$12,500,000
Paid-up Capital	3,750,000
Reserve Capital	3,750,000
Subscribed Capital	7,500,000
Reserves	2,718,350
Surplus over Liabilities	<u>10,218,350</u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

which manufacturers could restore their devastated plants, buy new machinery and purchase raw materials. When these credits are obtained the working population of the country will be able to return to their occupations and to resume their former activities.

But until such money is available the Belgians may be seriously handicapped and forced to endure further hardships, after fighting democracy's battle for four and a half long years and suffering every form of sacrifice. They cannot wait until the Germans are actually made to indemnify them in full for the wanton destruction and damage inflicted upon them during the war, which competent authorities have conservatively estimated at not less than \$6,000,000,000. This sum represents the monetary value of the damage done to state and private property, to agriculture, to industry, to commerce, and of enforced expenses.

But, despite the terrific strain which the war imposed on Belgium's finances, they have sustained the shock with somewhat the same hardihood as the people of the country.

On December 31, 1913, the paper currency of Belgium aggregated 1,067,000,000 francs, or \$206,000,000—valuing the American dollar at 5.18 francs. Five months after the declaration of war against Germany, that is, on December 1, 1914, the

paper currency totaled 1,614,000,000 francs, or \$312,000,000. On November 11, when the Armistice was signed, Belgian paper currency amounted to 2,600,000,000 francs, or \$502,000,000. On February 4 last this currency aggregated 4,000,000,000 francs, or \$772,000,000.

These notes are secured, first, by gold currency and bullion to the value of 300,000,000 francs, or \$57,000,000; and, second, by German banknotes (Reichbank) aggregating 5,000,000,000 marks, or \$1,317,000,000.

While the ratio between the gold reserve and the total amount of notes in circulation is only 7.5 per cent., if, in conjunction with the gold reserve, the notes of the Reichbank are taken into account, the ratio is much above 100 per cent.

The amount of marks (5,000,000,000) originated as follows:

The subscription to three-year five per cent. Treasury notes, in francs, issued since the Armistice, seventy-five per cent. of which the buyer had the option to pay in marks, and the exchange of mark currency against Belgian Bank notes have brought into the coffers of the Banque Nationale de Belgique 3,400,000,000 marks or \$820,000,000. In addition, Germany has already been obliged to reimburse Belgium for the sums of money which it confiscated from Belgian banks and private firms. This re-

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E. C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halévy.

Lisbon Branch: Rua Aurea

Antwerp Branch: 22 Place de Meir

	(\$5--£1.)
CAPITAL (Authorized) - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - -	15,000,000
PAID-UP CAPITAL - - - -	9,000,000
RESERVE FUND - - - -	10,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
 RICHARD FOSTER, Esq.
 FOLETT HOLT, Esq., M. Inst. C.E.
 KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
 HERMAN B. SIM, Esq.
 Sir RICHARD V. VASSAR-SMITH, Bart.
 ROBERT A. THURBURN, Esq.

BANKERS; BANK OF ENGLAND:

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARB'S BANK, LTD.

BRANCHES IN SOUTH AMERICA :

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
 Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

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

imbursement has amounted to 1,600,000,000 marks, or \$386,000,000.

The National Bank has credited all marks so received on the basis of 1.25 francs per 1 mark. Therefore, the National Bank has now a credit against Germany amounting to 5,000,000,000 marks. This credit is guaranteed to the National Bank by the Belgian Government, which has, in turn, the pledge of the German Government to redeem the marks on the same basis of 1.25 francs for 1 mark.

The Belgian national debt before the war, that is, on December 31, 1913, amounted to 3,743,027,438 francs, or \$728,000,000, to which should be added Treasury bonds aggregating 534,272,400 francs, or \$103,000,000; so that the total debt was then 4,277,299,838 francs, or \$826,000,000. Expenses during the war amounted to 5,000,000,000 francs, or \$965,000,000, which sum was advanced to the Belgian Government by England, to the extent of 2,000,000,000 francs, or \$386,000,000; by France, 2,000,000,000 francs, or \$386,000,000, and by the United States 1,000,000,000 francs, or \$193,000,000.

The Belgian Government ought to receive full reparation for the destruction and damage inflicted to its railways, railway materials, harbors, roads, canals, forests and public buildings.

The Belgian railways, the greater part of which belong to the State and formerly

provided an income in excess of the interest charges of the public debt, and represented an outlay of nearly 3,000 million francs, extended over 4,719 kilometres at the end of 1912. There were, besides, secondary railways of local interest generally called "chemins de fer vicinaux" (rural railways), which covered a distance of 4,745 kilometres. No country in the world possesses such a network in proportion to the size of the country. In Belgium there are .16 kilometre of railways per square kilometre of territory, while in France there are only .07 kilometre, and in Great Britain .12 kilometre.

With regard to population, at the end of 1910 Belgium had 7,423,784 inhabitants spread over a territory of only 29,451 square kilometres—which means that in 1910 there were 257 Belgians for every square kilometre of land. This is significant when compared with the ratio of population to area of the great powers. For instance, France has seventy-four inhabitants to each square kilometre, and the United Kingdom and Ireland have 144.

In order to live on such a restricted territory the Belgians must devote themselves with great intensity to commerce and industry. In fact, before the war, Belgium occupied fifth place among the great powers in the commerce of the world. She sur-



The National Bank of the REPUBLIC OF CHICAGO

OFFERS exceptional service in exceptional times,
and invites the accounts of responsible people
requiring Chicago facilities.

Capital

and

Surplus

\$3,000,000

OFFICERS

John A. Lynch - - -	President	Wm. B. Lavinia - - -	Asst. Cashier
Wm. T. Fenton, 1st	Vice-Pres. & Mgr.	Thomas D. Allin - - -	Asst. Cashier
Robt. M. McKinney -	2nd Vice-Pres.	Louis J. Meahl - - -	Asst. Cashier
Watkin W. Kneath, -	3rd Vice-Pres.	Wm. C. Freeman - - -	Asst. Cashier
Oscar H. Swan - - -	Cashier	Chas. S. Macferran -	Asst. Cashier
	Walter L. Johnson -	Asst. Cashier	

passed countries greater and more populated, such as Russia and Italy.

Living in Belgium before the war was 50 per cent. cheaper than in the neighboring countries, France, Germany and England. And Belgian workers received lower wages than those in the countries bordering, which made it possible to procure very skillful, high-class workmen in Belgium at a very low figure. Cost prices, therefore, were low, and Belgium could compete advantageously in the markets of the world.

The income tax and the personal property tax do not exist in Belgium. Before the war there was a tax upon land, which was calculated upon the renting value of the property, but this renting value was instituted more than fifty years ago and was much lower, of course, than the present renting value. The taxes in Belgium, consequently, are very light, which is conducive to cheap living and a low rate of military expenses. The direct taxation in Belgium amounts only to fifty francs per inhabitant; in England and in France the rate is more than double that.

The past should be a guarantee for the future. Belgium has showed herself to be chivalrous, industrious, and energetic in the past; these same qualities will undoubtedly help her to build a new economic structure, which may be greater and better than the old.

British Linen Bank

THE general court of proprietors of the British Linen Bank was held at the head office in Edinburgh March 3, at which time the directors submitted to the proprietors a report for the year ending January 15 showing that the net profits had been £297,872, to which was added the balance from the previous year, making a total of £379,484. Out of this, two semi-annual dividends were declared at the rate of sixteen per cent. per annum, and £100,000 was transferred to reserve fund, leaving after the payment of income tax £67,251 to be carried forward. Including the reserve fund and the pension reserve fund the undivided profits amount to £1,417,251.

The British Linen Bank was incorporated by royal charter in 1746. Its balance-sheet on January 15, 1918, showed: deposit receipts and current accounts, £26,425,025; notes in circula-

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

O. M. SHUMAN, Chief Foreign Dept.



Authorized Capital	. . . . .	(pesos)	10,000,000.00
Capital fully paid-up	. . . . .		4,500,000.00
Reserve Funds	. . . . .		2,250,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
 Spain: Banco Hispano Americano
 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank and The Guaranty Trust Company

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

tion, £3,182,911; total assets, £33,612,401.



Colonial Bank Increases Capital

THE paid-up capital of the Colonial Bank, whose head office is now at 29 Gracechurch street, London, has been increased from £700,000 to £850,000, and in addition the bank has a reserve fund of £325,000.

This institution has an agency in New York under the charge of G. R. Macintyre. In Canada the agent is the Canadian Bank of Commerce.



Skandinaviska Kreditaktiebolaget

THE net earnings of the Skandinaviska Kreditaktiebolaget for the year 1918 amounted after reduction of

the value of shares and bonds in the possession of the bank, to Kr. 20,494,189.63. To this has to be added the balance of Kr. 218,278.98 brought forward from 1917.

Having provided for taxes by setting apart Kr. 4,800,000, the board of directors recommended a dividend of Kr. 25 per share (17.61 per cent.), requiring Kr. 13,000,000, and to increase the employees' pension fund by Kr. 300,000, leaving a balance of Kr. 2,612,468.61 to be carried forward to new account.



Commercial Bank of Australia, Limited

NET profits of the Commercial Bank of Australia, Limited (head office, Melbourne), for the half-year ended Dec. 31, were £83,765, to which was to be added the amount brought forward from previous report, making a total of £94,251. Out of this divi-

NORWEGIAN AMERICAN SECURITIES CORPORATION

74 Broadway, New York City

Capital - - - \$1,000,000.00

TRYGVE BARTH, President
LEIF H. STROM, Vice-President **GEORGE REITH, Vice-President**
B. KROEPELIEN, Secretary and Treasurer **LE ROY JONES, Assistant Secretary**

DIRECTORS

T. BARTH, President	L. H. STROM, Vice-President New York Oversea Company
T. LANGLAND THOMPSON, Attorney	GUNNAR HARTMANN, President Hart Trading Company
W. K. TRIMANN, Shipowner	GEORGE REITH, Vice-President
B. KROEPELIEN, Treasurer	C. STEENDAL, President Jefferson Insurance Company
WILHELM ALME, Managing Director Bergen Agent A/S	WM. SCHENETROM, President Electric Welding Company of America
TH. JULLUM, General Agent Norwegian Marine Insurance Companies	KARL KROGSTAD, President S. O. Stray & Company
P. HARSEM, Merchant	

The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

Correspondence Invited

dends on the preference shares were paid at the rate of four per cent. per annum, absorbing £42,347, leaving £13,904 to be carried forward.



Standard Bank of South Africa to Increase Capital

THE Standard Bank of South Africa purposes to increase its authorized capital £10,000,000 (\$50,000,000). The vote will be taken at a special meeting of the stockholders on April 30.

W. H. MacIntyre, New York agent of the bank, gave out a cable from its London office to the effect that the directors had recommended to the stockholders at a meeting to be held April 30 the declaration of a dividend for the last half year of fourteen per cent. and a bonus of 2 shillings 6 pence a share, making the total distribution for 1918 16½ per cent.

The directors recommended the writ-

ing off of \$250,000 on the bank's premises, the adding of \$200,000 to the officers' pension fund and \$1,000,000 to the reserve fund, making the latter item \$11,000,000, and carrying forward \$1,000,000.

On December 31, 1918, the bank's investments were carried on the books at less than market value. The annual stockholders' meeting will be followed by a special meeting to consider proposals for increasing the authorized capital to \$50,000,000, which will be issued as required.



Bank of New South Wales

THE report of this bank for the half-year ending November 29, 1918, shows net earnings of £273,560, and together with the amount brought forward totaled £303,667. Out of this was paid a dividend absorbing £97,621. The reserve fund was augmented by £75,-

Through our well organized and equipped

Foreign Department

in connection with the Buenos Aires Branch and numerous correspondents throughout the World, we offer all facilities for transacting foreign business promptly, intelligently, and efficiently.

THE FIRST NATIONAL BANK of Boston

Capital and Surplus . . . \$27,000,000
Resources 250,000,000

Branch at Buenos Aires, Argentina

000, leaving a balance of £131,046 to be carried forward. Paid-up capital is now £3,904,860, and the reserve fund £2,950,000.

During the half-year a branch of the bank has been opened at Port Kembla in New South Wales, bringing the number of branches and agencies up to 336.



Japanese Exports for 1918

JAPAN did a two-billion yen business in her export trade for 1918. The export returns show goods shipped abroad to the value of yen 1,962,700,258. This put the balance of trade in Japan's favor by a large margin, nearly 150,000,000 gold dollars. The total imports amounted to yen 1,668,138,135.

War finance and this favorable balance of trade have affected the exchange situation in Japan, presenting a prob-

lem for the Government during the year.



Phanor J. Eder Leaves for Colombia to Inspect Banks

AMONG the passengers on board the steamship Abangarez, which sailed for Barranquilla, Colombia, on March 19, via Havana and Kingston, was Phanor J. Eder, secretary of the Mercantile Bank of New York.

Mr. Eder is an expert on Colombian affairs and is the author of the standard work on that country. He is making an extended tour of Colombia covering a period of four or five months for the purpose of inspecting the eight branches of the Banco Mercantil Americano de Colombia, a subsidiary of the Mercantile Bank of the Americas. Mr. Eder was born and brought up in Colombia, though of English extraction. He was educated in the University of Liege, Belgium, in the College of the City of

The Bank of Chosen

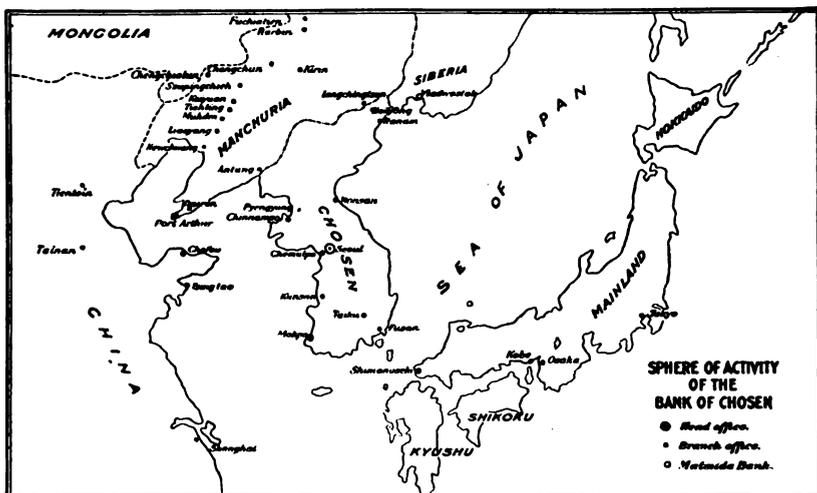
Incorporated by Special Charter of



Imperial Japanese Government, 1909

Subscribed Capital - - Yen 40,000,000

Total Resources - - Yen 300,000,000



Head Office, Seoul, Korea

Principal Branches:

KOREA: Chemulpo, Pyengyang, Wonsan, Fusan

MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

JAPAN: Tokyo, Osaka, Kobe, Shimonoseki

CHINA: Shanghai, Tsingtao, Tientsin, Tsinan

Affiliated Bank—VLADIVOSTOK: Matsuda Bank

LONDON BANKERS: Guaranty Trust Company of New York
London Joint City and Midland Bank, Ltd.

Principal American Correspondents:

Guaranty Trust Company of New York
Equitable Trust Company of New York
Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo - Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco,
Seattle and Vancouver

T. MUKAI, New York Representative, 120 Broadway



In the Service of Commerce

American business men are reaching out into world-wide markets. Their efforts are being supported and facilitated by the co-operation of foremost banks of the country. In this movement for the expansion of trade, the National Shawmut Bank of Boston is taking a leading part. Its various departments are directed by men trained by years of broad business and financial experience. With first-hand knowledge of trade conditions at home and abroad, they have made Shawmut Service equal to every demand for financing shipments, arranging credits and making collections anywhere in the world. Far-visioned, alert to new opportunities, they are helping to smooth the ways of international commerce.

THE NATIONAL SHAWMUT BANK OF BOSTON

Resources over \$200,000,000

New York and at Harvard Law School. He is also recognized as an expert on legal affairs throughout Latin America. His personal interests are mainly on the western coast of Colombia in the region known as the Cauca Valley, being president of the Cauca Valley Agricultural Company and director and treasurer of the Cali Electric Light and Power Company.

Mr. Eder is accompanied on his trip by Mrs. Eder and their two children.

The Banco Mercantil Americano de Colombia, the branches of which are located at Bogota, Barranquilla, Cartagena, Medellin, Manizales, Girardot, Cali and Honda, constitutes the only complete chain of banks which reach all of the important commercial centers of Colombia. Though having been in existence but a little over a year, these banks have proven of great importance not only to the native of Colombia, who for the first time has been able to avail himself of modern banking methods, but to American exporters and importers

for whom these banks have performed many valuable services.



Dai-Ichi Ginko, Limited

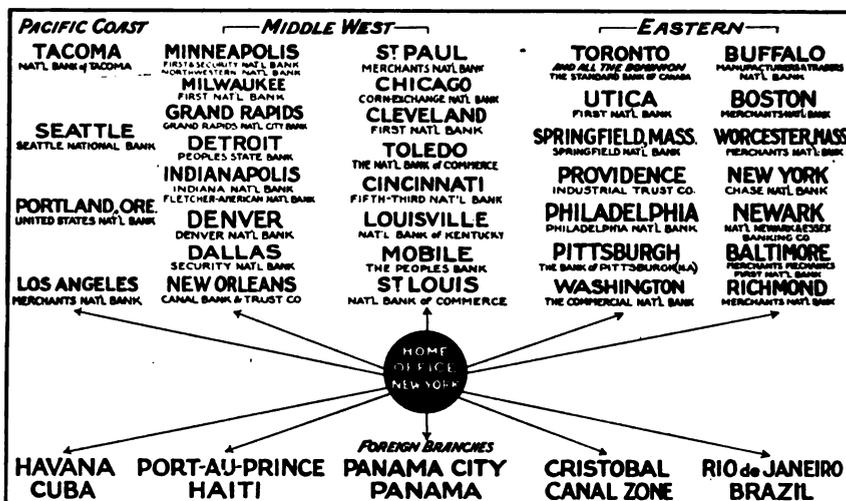
THIS institution, formerly the First National Bank, and whose head office is at Tokyo, Japan, reports net profits for the half-year ending Dec. 31 at yen 2,748,744, which added to the balance brought forward from last account gave a total of yen 3,765,247, employed as follows:

	Yen.
Bonus for directors, auditors and chief officers	137,430
Officers' pension fund	54,970
Added to reserve fund (raising that item to yen 14,600,000)	1,300,000
Dividends at the rate of twelve per cent. per annum on 239,000 old shares at yen 3.00 per share and 215,000 new shares at yen 2.10 per share	1,168,500
Leaving balance to be carried forward	1,104,376

Besides the reserve fund of yen

37 Banks in 34 Cities At Your Service For Foreign Trade

IF YOUR BUSINESS or branch office is located in any of the thirty-four cities of the United States and Canada shown below, and you desire to extend your market to the export field, you will find the officers of one of our stockholding banks ready to render you personal service. This close association is of the utmost advantage in promoting your trade relations abroad.



Imports and exports financed, drafts and letters of credit issued, bills of exchange negotiated and collected, acceptances given against shipments of merchandise, or any other foreign banking business transacted.

American Foreign Banking Corporation

56 Wall Street, New York

ALBERT H. WIGGIN, Chairman of the Board
ARCHIBALD KAINS, President

HAYDEN B. HARRIS, Vice-President
A. G. FLETCHER, Vice-President

T. FRED ASPDEN, Vice-President
C. A. MACKENZIE, Secy.-Treas.

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized . . . \$7,500,000
Paid-up 3,250,000
Reserve Fund 3,000,000

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)
Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

14,600,000 the bank has a capital of yen 22,700,000; its deposits and current account on Dec. 31, 1918, were yen 330,719,863, and total assets yen 391,416,457.

New Foreign Trade Bank

FORMATION of the Park-Union Foreign Banking Corporation, with a capital of \$2,000,000 and a surplus of \$250,000, which has for its object the promotion of commercial relations between the United States and Canada with the Far East, has been formally announced.

Principal stockholders of the institution are the National Park Bank of New York and the Union Bank of Canada, which are responsible for the organization of the corporation. The corporation was organized under the laws of the State of New York.

Main offices of the institution will be in New York, and for the present the offices will be in those of the Union Bank of Canada's New York branch, at 49 Wall street.

Branches will be opened in San Francisco, Seattle and points in the Far East. Agencies may later be established in the Orient. It is the intention of the institution to promote business relations with all sections of the Far East, which will include Japan, China and India.

Establishment of the organization is the result of a visit to the Orient during the last year by Gilbert G. Thorne,

vice-president of the National Park Bank of New York, and George Wilson, who at that time was the first agent of the Union Bank of Canada stationed in New York.

Mr. Thorne and Mr. Wilson spent several months in that part of the world investigating the commercial and banking possibilities. The corporation thus establishes an alliance between the business and banking interests of the United States, Canada and the Orient.

The corporation is backed by banks in the United States and Canada. The National Park Bank of New York is the New York correspondent of the Union Bank of Canada, which has its main office in Winnipeg, Manitoba.

Dr. C. A. Holder has been elected president. He was formerly vice-president of G. Amsinck & Co., Inc. W. J. Dawson, first agent in New York of the Union Bank of Canada, has been elect-

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS . FRANCE

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 60 other
Places in Sweden

Capital Paid Up Kr. 30,000,000
Surplus Kr. 15,200,000
Resources About Kr. 319,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms
Inquiries and applications for terms are cordially invited and will find prompt attention
Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

ed vice-president, and F. T. Short, of the Union Bank of Canada, has been named secretary and treasurer.

The provisional directors elected are Stuyvesant Fish, Edward C. Hoyt, Dr. Charles A. Holder, F. L. Appleby, Edwin T. Bechtel, Walter H. Merritt, Hober Smith, Gilbert G. Thorne, Richard A. Williams, W. J. Dawson, Walter F. Taylor, J. M. Richardson Lyeth and Rush Taggart, Jr.

rate in London and 4½ per cent in this country. Here is the comparison:

	Per Cent.
Sterling credit discount rate.....	3.50
Commission ½ per cent quarterly, equal to 2 per cent. per annum.	2.00
Premium on sterling exchange bought for future delivery to meet acceptances about.....	1.00
Total cost	6.50
Dollar credit discount rate.....	4.50
Commission ¼ per cent. quarterly	1.00
	5.50



Retaining Our Financial Supremacy

By JOHN BOLINGER,
Vice-President National Shawmut Bank, Boston

THE question before us is: Will we be able to keep our financial supremacy, or will London take it away from us? My opinion is that neither New York nor London will be supreme. No single market will be able to finance the world's commerce for many years to come. Countries such as Japan, China, and Central and South America will continue to use dollar credits, which they have become used to. The English Colonies, including Egypt, South Africa, Australia and New Zealand, will always use sterling credits.

Importers who are at present using dollar credits cannot understand that the sterling credit would result in higher cost to them than the dollar credit in spite of the 3½ per cent. discount

The difference is one per cent. in favor of dollar credits, based on the assumption that the importer covers his commitments immediately by purchasing sterling exchange, instead of speculating on the rate.

A discount rate of 3½ per cent. in London works, of course, to the advantage of English importers using bankers' credit on London, who probably do not pay more than 1½ per cent. per annum for same.

A country like Spain, which imports a large quantity of our cotton, cannot make use of our dollar credits with a 4½ per cent. discount rate, but chooses the London market, which is a full 1 per cent. cheaper for them.



Enemy Territory Under Allied Control

IN a circular letter issued under date of March 13, the foreign department of the Irving National Bank of New

with a capital of \$63,000,000 and a reserve of \$3,860,000, is the correspondent of the Italian Discount and Trust Company, New York city, of which latter institution it is joint proprietor with the Guaranty Trust Company of New York. The manner in which the large financial institutions are blazing the trails for manufacturers, exporters, and importers is regarded in the best-informed circles as a positive indication of Italy's coming greatness in the field of foreign trading. Through the coordination of the individual activities of four of Italy's greatest banks—Banca Commerciale, Banca Italiana di Sconto, Credito Italiano and Banco di Roma—the customers of these financial institutions are assured of more favorable conditions in the matter of credit advances, commissions, current accounts and all the other banking facilities which make for more successful operation in foreign commerce. All these efforts on the part of Italy's leading financial interests cannot help but react favorably upon the interests of the large army of American importers and exporters now engaged in, or contemplating, trade with Italy.



Western Banker's Experience Furnishes Inspiration to Those Crippled by the War

DEPRIVED of his hands and feet at the early age of fourteen through freezing in a Minnesota blizzard, M. J. Dowling, now president of the Olivia State Bank, Olivia, Minn., did not lose any time in bemoaning his loss, but got an education, painted fences, ran a roller-skating rink, sold books by subscription—in fact “did everything and anything that would bring in an honest dollar.” He gradually rose in the world, became a teacher, an editor and publisher, went into politics and became speaker of the House of Repre-

sentatives in the State Legislature, and is now a banker.

Mr. Dowling is married and has three daughters, having lost a son. He says he has enjoyed every minute of his life after the doctors got through with him after the freezing. He drives an automobile and wagers that he can ride any horse now on a large Wyoming ranch where he worked when a boy.

Mr. Dowling is inclined to think that education is made too easy for the boy or girl, and fears that the ardent desire



M. J. DOWLING

President Olivia State Bank, Olivia, Minnesota

to help those maimed in the war may also tend to diminish effort on the part of those to whom the assistance is given. On this point he says:

Now, for a suggestion in this work—and if you do not watch out you are going to do so many things for the crippled soldier that when he gets back home he will not feel the need of exercising his own muscles or his own faculties. You must put him in a position where he has to do the work. I know it is good for

a man in that condition, because I have gone through the mill. There was no one to help me in any way, shape or form; and while I have said that a man is worth \$100,000 a year—if he can make it honestly—above his neck, and, perhaps may not be worth over \$1.50 per week below, I have not been able to earn that much money in one year, I must confess, but I am looking forward to reaching that point before I pass on; and in the meantime when anybody tells you that

because a man loses a leg or two of them or an arm or both of them he is a cripple, just refer him to me and I will take care of him.

His own career shows what grit can do in overcoming very serious obstacles, for he has succeeded in business, won prominence in politics, and best of all has been happy in his life and work.

Developing an Acceptance Market Through the Savings Banks

By SAMUEL H. BEACH, Chairman Committee on Liquid Investments, Savings Bank Section, American Bankers Association

GRANTING the investments of savings banks are in accordance with the restrictions of state laws and therefore safe, there are two elements which determine the soundness of the institution, namely, proportion of surplus funds, including guaranty fund and profits, and cash availability for every case of depositors' demands.

The primary consideration of the savings bank is the depositor. The mechanism of the institution, its management, its investments, all converge into the depositors. The line of cleavage which separates the savings bank from an investment institution is the knowledge on the part of depositors that the money deposited in the bank by them may at all times be available in emergencies. It is an insurance fund which is intended to establish independence on the part of the depositor. It is upon the theory that an individual knows not at what day or hour adversity may come. Thus, a protective fund against adversity is thereby created.

Reasoning, therefore, from such premises the elements of safety and

availability are imperatively necessary to the correct management of a savings institution. The construction of this purpose by savings bankers has differed in the various states. For example, Massachusetts has for a long time maintained in the investments of its savings banks a proportion of liquid securities which adequately cares for every need. In that state "the individuals or corporations who make it a practice to carry large loans with savings banks, if they are conservatively and wisely managed, often in easy times use their commercial banks little or none for borrowing purposes. They will, however, have previously established a line of credit with such banks which they may call for at any time and when the stringent period arrives perhaps several of the savings banks feel the need of funds and ask to have loans paid that are ordinarily renewed at each maturity. Then the borrower goes to his regular commercial bank knowing that he may obtain the credits previously promised and so satisfy the call of the savings banks. It is the practice of several

large Boston savings banks to write this clause in their personal security notes; 'should a savings bank require the sum loaned for the purpose of paying its depositors this note shall thereupon become due and payable on demand.'"

In New York, however, the savings banks have had to depend almost solely on their commercial bank depositories for available funds, although some of them have maintained an inflow of funds from maturing obligations, which has left them independent of the commercial banks. This was all in the past. Since 1914, however, the savings banks have come to the realization of the essential importance of maintaining a certain proportion of their funds in readily liquidable securities. The introduction of the bankers' acceptance has placed in the hands of the savings banker an appropriate security, with the elements of safety and liquidity thoroughly established.

LEGISLATION PERMITTING INVESTMENT IN ACCEPTANCES

A few weeks before the sessions of state legislatures opened a form of amendment to investment laws of several states was submitted to representatives of the Savings Bank Section in those states. To date, as a consequence of the work of the committee on liquid investments, every state in the Union, except Pennsylvania and Wisconsin, will permit savings banks to invest in bankers' acceptances. There are but relatively few states that provide in their laws restrictions on investment of savings funds. As a result it was only necessary for the committee to urge the amendment of the laws of those states that have such restrictions.

Maine, New Jersey, Minnesota, Iowa and Washington amended the laws to permit investment by savings banks in acceptances. The amendment suggested by the committee as drawn by general counsel Paton was in form an amendment to Section 27, Chapter 52 of the Revised Statutes of Maine by adding at the end thereof the following:

Eighth. In acceptances of the kind and character following:

- a. Bankers' acceptances and bills of exchange of the kind and maturities made eligible by law for rediscount with Federal reserve banks, provided the same are accepted by a bank or trust and banking company incorporated under the laws of this state, or under the laws of the United States and doing business in this state, or a member of the Federal Reserve System wherever located.
- b. Bills of exchange drawn by the seller on the purchaser of goods sold and accepted by such purchaser of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks, provided the same are indorsed by a trust and banking company incorporated under the laws of this state (which is a member of the Federal Reserve System) or by a national bank doing business in this state.

Not more than twenty per centum of the assets of any savings bank shall be invested in such acceptances. The aggregate amount of the liability of any trust and banking company or of any national bank to any savings bank, whether as principal or indorser, for acceptance held by such savings banks and deposits made with it shall not exceed twenty-five per centum of the paid-up capital and surplus of such trust and banking company or national bank and not more than five per centum of the aggregate amount credited to the depositors of any savings bank shall be invested in the acceptances of or deposited with a trust and banking company or with a national bank of which a trustee of such savings bank is a director.

The bill as proposed by the Governor of the State of Maine on March 12, 1919, is entirely in accordance with the above except that the limitation of the amount to be invested is ten per cent. instead of twenty per cent.

New Jersey amended its laws so as to permit one-half of the available fund of savings banks, such available fund not to exceed ten per cent. of the whole amount of deposits with such bank to be "temporarily employed in the purchase of notes, drafts, bills of exchange or acceptances, which have a maturity at the time of purchase of not more than three months, exclusive of days of grace, and which are of the kind made eligible by law for rediscount with Federal Reserve Banks * * * and that the aggregate amount of the liabil-

ity of any such bank or trust company to any such savings bank as indorser and acceptor shall not exceed ten per centum of the paid-up capital and surplus of such bank or trust company."

The statement made at the time the bill was presented to the New Jersey Legislature sums up in a particularly terse way the purpose of the amendment in that it is to enable savings banks to employ temporarily a limited portion of their uninvested funds in the purchase of commercial paper of the nature eligible for rediscount by Federal Reserve Banks, when secured by the liability as indorser or acceptor of a bank or trust company in which the savings banks are authorized to deposit funds, to the end that a limited amount of the funds of such savings bank, in addition to the cash on hand or in deposit, may be kept in liquid and readily available form without sacrificing proper interest return upon such funds, and also that the savings banks of this state may not suffer in competition with the savings banks of the State of New York, which are so authorized.

Notes, drafts, bills of exchange and acceptances which are at present eligible by law for rediscount by Federal Reserve Banks are:

1. Notes, drafts and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, or the proceeds of which have been used, or are to be used for such purposes, including notes, drafts and bills of exchange secured by staple agricultural products, or other goods, wares or merchandise, but not including notes, drafts or bills covering merely investments, or issued or drawn for the purpose of carrying or trading in stocks, bonds or other investment securities, except bonds and notes of the Government of the United States.
2. Acceptances growing out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached; or which are secured by a warehouse receipt, or other such document conveying or securing title, covering readily marketable staples.

The Washington State Legislature amended the law in conformity with the

form suggested by the committee on liquid investments.

Iowa and Minnesota both amended their laws to permit investment in acceptances designating no limit.

The New Hampshire savings banks are permitted to invest in acceptances of member banks of the Federal Reserve System "of the kind and maturities made eligible for rediscount for purchase by Federal Reserve Banks or in notes of makers whose net assets are not less than \$250,000, and whose total indebtedness does not exceed fifty per cent of their quick assets; but not exceeding five per cent. of the deposits shall be loaned to any one borrower on this class of security; and not exceeding thirty per cent. of the deposits shall be invested under the provisions of this paragraph."

Vermont law permits investment by savings banks in acceptances "based on exports, imports or domestic commercial transactions when the accepting bank is one that the law permits an account with and when such acceptances are drawn for not longer than ninety days."

Massachusetts law permits "not more than ten per cent. of the deposits and of the income derived therefrom to be invested by any savings bank in bankers' acceptances or bills of exchange, nor shall any savings banks invest in the acceptances and bills of exchange eligible by law for rediscount with Federal Reserve Banks of any one accepting bank or trust company to an amount in excess of five per cent. of its deposits, and of the income derived therefrom. The aggregate amount of bankers' acceptances and bills of exchange of any bank, banking association, or trust company held by any savings bank shall not exceed twenty-five per cent. of the paid-up capital and surplus of such banking, etc."

Connecticut has amended its laws to permit three per cent. of deposits being invested in bank acceptances and three per cent. of its deposits to be invested in trade acceptances indorsed by a bank.

The existing law in Rhode Island is

more liberal in the matter of investment and bills of exchange and acceptances. The law of that state relating to loans contains the words: "and other personal securities," which is a fairly wide "blanket." The limit in this class is one-third of their deposits and the limit to any one credit is two per cent. of the deposit account, which is further than any large bank would go. By a process of reference to several sections of the law a bank in Rhode Island could invest in such class of securities more than the one-third; in fact, nearly three-fourths, which with the liberty of taking short term notes of railroad and public utility corporations makes it possible to confine their investments to liquid or nearly liquid securities. However, such a situation is not taken advantage of, for mortgages and corporation bonds comprise a large part of the investments of Rhode Island savings banks.

W. P. Goodwin, treasurer of the Peoples Savings Bank of Providence, R. I., in this connection stated in a letter to the writer: "One must not become obsessed with the idea of liquidity of savings banks, but the intractability of an undue proportion of not readily liquidable securities should always be guarded against. From my own investigations of the subject I am clear in my judgment that a 'run' will spend itself by the time twelve per cent. of the deposit line is drawn, and usually ten per cent. is the limit. In our own experience, the runs which we have met

and taken care of have stopped before the ten per cent. proportion has been reached. While we go largely beyond the requirements to meet a ten per cent. run, I do not think there is any real need of it, but feel that it is wise to have fully one-third of the assets (instead of the deposits) in closely liquidable form so as to easily take care of any extraordinary calls for cash simply by refraining from discounting paper for a few days."

The New York law is in the form suggested by the State of Maine as quoted above.

California law permits a savings bank's investment in bankers' acceptances to five per cent. of deposits.

Michigan, Indiana, Ohio, Iowa and Maryland by their general laws may be construed to permit savings funds to be invested in bankers' acceptances.

Thus Pennsylvania is the only state that will not permit savings funds to be invested in acceptances. There are a few mutual savings banks in the State of Wisconsin which are not allowed to invest in bankers' acceptances, but all stock institutions are so permitted.

After the period for supplying temporary funds to the Government, the savings banks undoubtedly will enter the field of investment in bankers' acceptances to a large degree. The appreciation on the part of savings bankers is quite general of the value of the bankers' acceptances as a liquid security and as an adequate income producer.



Banking and Financial Industry

SPECIAL

**BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
CHAS. W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE F. MURNANE	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier



JESSE M. SMITH
ASSISTANT CASHIER



ALBION K. CHAPMAN
CASHIER



JAMES McALLISTER
ASSISTANT CASHIER



EDWIN S. SCHENCK
PRESIDENT



GARRARD COMLY
VICE-PRESIDENT



WILLIAM M. HAINES
ASSISTANT CASHIER



CLIFFORD R. DUNHAM
ASSISTANT CASHIER



ROBERT B. RAYMOND
MGR. FOREIGN DEPT.



The Citizens National Bank of New York, 320 Broadway

The Citizens National Bank of New York

THE recent growth of the Citizens National Bank of New York is shown by the following tabulation taken from reports at the end of each year to the Comptroller of the Currency covering the period 1914 to 1918. The table also shows the amount paid annually in dividends:

Date	Capital	Surplus and Undivided Profits	Annual Dividends Paid	Deposits	Total Resources
Dec. 31, 1914	\$2,550,000	\$2,133,198	\$204,000	\$25,718,193	\$32,457,388
Dec. 31, 1915	2,550,000	2,250,280	204,000	29,907,656	36,931,721
Dec. 27, 1916	2,550,000	2,462,118	204,000	30,786,482	37,997,623
Dec. 31, 1917	2,550,000	2,667,212	293,250	36,215,179	46,379,510
Dec. 31, 1918	2,550,000	3,097,956	306,000	43,056,155	52,212,886



Office of the President



Main Banking Room and partial view of Officers' Quarters



Office of the Vice-President

This growth indicates the progressive character of the bank's management and its adaptability to meet the constantly growing demands of business.

Edwin S. Schenck, president, has been officially connected with banking since 1892, at which time he became assistant cashier of the Hamilton Bank of New York, advancing later to the presidency, which office he was holding in 1901 when he was elected vice-president of the National Citizens Bank, of which he became president a year later. Mr. Schenck has proved himself a capable executive, as is most effectually shown by the steady rise of the bank to its present size and position among the financial institutions of the country.

Garrard Comly, vice-president, came to the bank in 1913, following the consolidation of the National Shawmut Bank with the Eliot National Bank of Boston—he having been vice-president of the latter prior to coming to New York. He is a graduate of Yale University, class of 1893. During the past

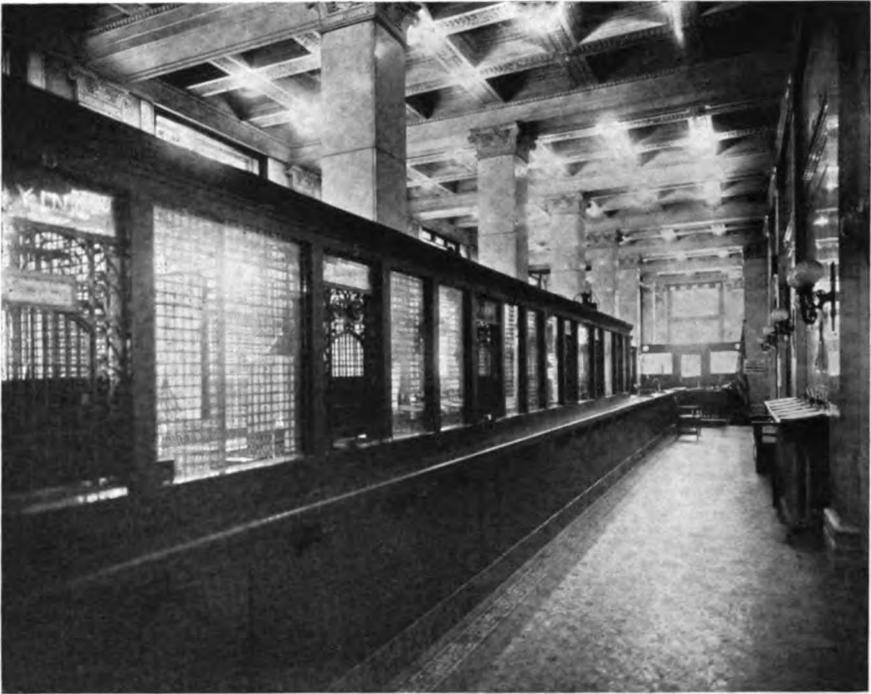
year Major Comly has been in the military service and served in France as a member of the General Staff. He returned to his bank duties in December.

The Citizens Bank was originally established in 1851 and has had but six presidents in the sixty-eight years of its existence. Their names and terms of office follow:

Jay Jarvis.....	1851-1862
David Burtnett.....	1862-1865
S. R. Comstock.....	1865-1882
W. H. Oakley.....	1882-1899
Ewald Fleitmann.....	1899-1902
Edwin S. Schenck.....	1902-

The bank has a clear record in the continuous payment of dividends since its organization nearly seventy years ago, and has always confined its operations to commercial banking, being particularly identified with merchants and manufacturers in textile lines.

A complete list of the officers and directors of the bank follows:



Main Lobby



Officers' Quarters



Credit and Foreign Exchange Departments

President, Edwin S. Schenck; vice-president, Garrard Comly; cashier, Albion K. Chapman; assistant cashiers, Jesse M. Smith, James McAllister, William M. Haines, Clifford R. Dunham; manager Foreign Department, Robert B. Raymond.

Directors: Charles L. Bernheimer, president Bear Mill Mfg. Co., converters of cotton goods; Henry A. Caesar,

H. A. Caesar & Co., commission merchants and mercantile bankers; Howard F. Clark, Burton Brothers & Co., converters of cotton goods; Garrard Comly, vice-president; Ralph L. Cutter, Smith, Hogg & Co., commission cotton goods; Otto L. Dommerich, L. F. Dommerich & Co.; Frederic W. Elliott, New York City; John A. Garver, Shearman & Sterling, attorneys; William S. Gray,



Conference Room



Securities and Trust Department



Directors' Room

president William S. Gray & Co., chemicals; Robert B. Hirsch, William Openhym & Sons, commission merchants; Darwin P. Kingsley, president New York Life Insurance Co.; Walton P. Kingsley, New York Life Insurance Co.; William Fellowes Morgan, chairman board of directors, Merchants' Refrigerating Co.; Charles Allen Munn, president Munn & Co., publishers *Sci-*

entific American; Frank Presbrey, president Frank Presbrey Co., advertising; Edwin S. Schenck, president.

Together they constitute a management which has kept the Citizens National Bank well abreast of the demands of the times, maintaining a high reputation for strength, and establishing a record as one of the notably successful commercial banks of New York.



Main Banking Room, looking toward offices of President and Vice-President



Another section of main banking room showing Tellers' Cages

Tacoma Branch of the Bank of California, N. A.

BY its recent absorption of the business of the Fidelity Trust Company, the Tacoma branch of the Bank of California, N. A., greatly adds to its ability to render banking service in that part of the Pacific Northwest. It gets the use of banking premises in the Fidelity Building, which will afford much-needed space for growing business.

This consolidation is in line with the recent tendency to unite banking resources for the purpose of conferring greater power in the handling of large loans, such as the increased dimensions of modern industry and trade demand. It is also true, as a rule, that a bank's strength gains through the absorption of the accounts of other banks.

SKETCH OF THE ABSORBED INSTITUTION

The Fidelity Trust Company was one of Tacoma's oldest and largest financial institutions, with capital, surplus and profits of nearly \$1,000,000, and deposits of more than \$7,000,000. It was organized in 1889 by John S. Baker and associates and for thirty years was an important factor in the upbuilding of the city. It has numbered on its board of trustees many of Tacoma's most distinguished and influential citizens.

Its first president was Thomas B. Wallace, who was succeeded by the late Col. C. W. Griggs, who remained as president of the bank up to January, 1901, when John S. Baker purchased the control and was elected president. Mr. Baker was a stockholder and trustee, and either vice-president or president continuously since the company's organization.

In March, 1902, Arthur G. Prichard, then assistant cashier of the Pacific National Bank of Tacoma city, was elected cashier of the Fidelity Trust Com-

pany and the management remained as then constituted up to the time of the recent merger. The bank has had a steady and continuous growth, its deposits keeping pace with the growth of the city. By a coincidence the deposits of the Fidelity Trust Company were



New Location of the Bank of California, N. A.,
Tacoma, Washington

the largest in its history at the time of the consolidation.

The Fidelity Trust Company was one of five among a total of twenty-two banks in Tacoma which weathered the storms of the panic of 1892-1893. It is the proud record of the bank and its retiring officers that not a depositor then or at any subsequent time ever lost a dollar through his connections with the institution. They feel equal satis-



Photo by James & Merreheis

S. M. JACKSON
Manager

faction that the business is passing to an institution which can claim a similar record.

THE BANK OF CALIFORNIA

On account of its size, long existence, and the unique service it has rendered in the development of the Pacific Coast, the Bank of California National Association, whose head office is at San Francisco, ranks among the leading banks of the United States. It was established in 1864. In Sacramento were several bankers, the most successful being Darius Ogden Mills, a merchant from Buffalo, N. Y., who had added banking to his general business. In 1850 he opened a private bank in San Francisco. In the early part of 1864, realizing the need of greater facilities for commercial banking in San Francisco, he undertook the organization of an institution that would fill this need. In June of that year he and his associates founded the Bank of California,

absorbing the banking firms of Donohue, Ralston & Co. of San Francisco, and Eugene Kelley & Co. of New York. D. O. Mills, whose name is interwoven with the history of the great development of the City of San Francisco and the State of California, who later became a world-renowned financier and philanthropist, was the first president. The Bank of California commenced active operation with a capital of \$2,000,000 fully paid up in gold coin. That such a sum should have been subscribed to finance a bank when the country was torn asunder by the Civil War is a tribute to the confidence the leading men of California had in the judgment and foresight of D. O. Mills. The growth and financial strength attained by the bank stand as a monument to the indomitable spirit of the founder and the men associated with him.

In February, 1905, the Bank of California purchased the business of the London and San Francisco Bank, Ltd., and thus acquired branches at Portland, Ore., and Tacoma and Seattle. In 1912 it organized as a national association and has today the largest capital and surplus of any financial institution west of Chicago.

BRANCH AT TACOMA

The Tacoma Branch of the Bank of California was purchased from the London and San Francisco Bank in 1911. The London and San Francisco Bank had been established at Tacoma in 1890 by Samuel M. Jackson, who continued as manager of the bank under its new ownership and who now again passes to wider financial control in the city.

As the Bank of California in Tacoma had deposits of \$7,713,458.34, the combining of the businesses of the two institutions gives it deposits of \$15,000,000. The Bank of California National Association has combined capital, surplus and undivided profits of \$17,075,675.29, all of which stands as a guarantee for the depositors of each branch, besides placing the institution in a very favorable position when called on to



G. H. RALEIGH
Assistant Manager



H. V. HOWARD
Assistant Manager

make loans of greater magnitude than a bank of smaller size could handle.

THE MANAGEMENT

It is the opinion of those officially associated heretofore with the Fidelity Trust Company that in merging their institution with the Bank of California they have assured the wisest and safest management possible while at the same time providing for better banking service to the community. This opinion is strongly reinforced by the character and experience of the manager of the Tacoma Branch of the Bank of California, Samuel M. Jackson.

Mr. Jackson located at Tacoma in 1890, having come from San Francisco to establish a branch of the London and San Francisco Bank. The bank had a modest beginning in a storeroom of the Mason Block on A street. It grew as Tacoma grew until in 1911 the Bank of California, with a vision of the future of the Northwest, bought the bank.

The bank under its new name and same management continued its progress until on December 31, 1918, it had deposits of \$7,713,458.34. Mr. Jackson has won the confidence of the officers of the huge banking associations he represents by steadily building up in Tacoma during twenty-nine years of management a banking business which includes among its clients some of the largest and most progressive businesses of the city. In addition hundreds of lesser concerns and citizens in private capacity know him as a banker whose judgment, fairness and desire to assist can always be counted upon.

Of activities outside of strict banking lines, the largest undertaking of Mr. Jackson has been in connection with the Tacoma General Hospital, which he was largely instrumental in constructing.

G. H. Raleigh, assistant manager of the Bank of California, N. A., Tacoma, has been with the bank since 1893, starting in as a messenger for the old



Part of the flowers sent in by customers on the first day of business in the new location, after merger of banks was completed

London and San Francisco Bank, Limited, working his way step by step through all of the various departments, and he was elected assistant manager of the Tacoma branch in March, 1916. Mr. Raleigh has lived in Tacoma since 1891, and has seen the city grow from a western village to the thriving city it is to-day; he has been prominent for many years in civic affairs, having been treasurer and trustee of the Tacoma Commercial Club and Chamber of Commerce for four years and an active member in the works of that organization. He has always taken a keen interest in athletics, is an ardent devotee of golf, and captain of Company F, 3d Washington Federalized National Guard.

H. V. Alward, assistant manager, was born in New Brunswick, Canada, in 1880. After graduating from the Provincial Normal School, and serving as a public school teacher for more than a year, he entered the Sussex branch of the Bank of Nova Scotia as mesesnger.

Two years were spent in this office, during which time the various clerical positions were filled in succession. In 1901 he removed to Missoula, Mont., taking a position in the First National Bank of that place. He remained with this institution over five years, advancing by various stages to the position of paying-teller. In July, 1906, he resigned and removed to New York for the purpose of attending the School of Commerce, Accounts and Finance of New York University. He spent nearly two years in New York with the Seaboard National Bank, at the same time attending the evening sessions of the University. In January, 1908, he was offered and accepted the position of cashier of the First National Bank, Kalispell, Mont. He remained in this position for seven years, during the greater part of the time being the active executive of the institution. In January, 1915, he removed to Great Falls, Mont., taking the position of cashier of the Commercial National

Bank of Great Falls. After a year spent in this place he came to Tacoma as vice-president and cashier of the Fidelity Trust Company, which position he occupied at the time of the consolidation. He is a graduate of the American Institute of Banking, and has also taken a post-graduate course, receiving the associate certificate. He is a past Master of Masons, Montana Jurisdiction, and a member of the Union, Tacoma Country and Golf, University and Elk Clubs.

The Bank of California will retain in its employ the forty-six employees of

the Fidelity Trust Company in addition to its own force of twenty-nine. It will besides save their old places for five men of the Bank of California still in service and still being carried on the payroll, and take back the men of the Fidelity Trust Company similarly situated.

With the management as above outlined, a larger staff, more commodious banking quarters, and the greater resources now under control, the Bank of California is better than ever prepared to afford adequate banking service.

Book Reviews

PATENTING AND PROMOTING INVENTIONS. By M. H. Avram. R. M. McBride & Co., N. Y. Price, \$1.50, plus postage

A complete, practical discussion of the entire question of commercial patents.

Shows how to find out whether or not an invention is patentable, how to secure patents, how to protect and promote them.

The subject of foreign patents is analyzed briefly but accurately.



INDIVIDUAL AND CORPORATION MORTGAGES. By William Lilly. Investment Bankers Association of America. Price, \$1.00.

Here is given to laymen a brief, clear statement of the law of mortgages, including corporation mortgages for bond issues.

Though not complex in form the material is not superficial, but presents fundamental matters and the substance of the law.

The book will be useful to all classes

of laymen interested in mortgages, whether as borrowers or lenders or as students of business.



EVERYDAY LAW. By F. H. Bacon. R. M. McBride & Co., New York. Price, \$1.00.

A brief and convenient handbook on legal procedure explaining the elementary principles of law.

Defines many legal terms, discusses laws governing ordinary business transactions and those regarding inheritance, wills, dowries, etc.

The alphabetical arrangement of the subjects and extensive index of sub-topics make it an invaluable ready reference.



LITTLE CLEWS. By William E. Hingston. Howlett Company, Boston. Price, \$1.00.

Bankers will find this collection of short detective stories particularly instructive and informing.

Each case cited is founded on fact

and cleverly sets forth the importance of the handwriting expert.

As a mine of unusual information, it makes interesting reading in showing how crime may be rectified by detecting small discrepancies.



THE INSTRUCTOR: THE MAN AND THE JOB. By Charles R. Allen. J. B. Lippincott Co., Philadelphia. Price, \$1.50.

Training unskilled labor is a process

going on in every industry, but its importance has not been sufficiently recognized.

Here is a book to remedy this: a practical guide to efficient handling of new men by managers and instructors, interested in cutting overhead costs and labor turnover.

The methods are a demonstrated success and the results can be duplicated in any shop—lessened cost production, increased output, and good feeling between management and men.

A Foreign Banker's Views of the Present Situation

By J. W. BEAUMONT PEASE, Deputy Chairman Lloyds Bank, Limited, London

THE year 1918 will ever be memorable in the history of the world. It saw the conclusion of hostilities in the greatest war of all time. This triumphant result of the unparalleled efforts of the Allies is the one outstanding feature beyond all others. We are too close to it all to see it in detail or in any true perspective, but this much I think we can say, that the clearer-visioned historian of the future will never find a time when this country was so single-hearted in any enterprise, or when it was so determined to throw everything into the scale, counting nothing as lost, and regretting no sacrifice if, by so doing, the desired end could be attained. Never was there a unanimity so apparent or a strength of purpose so determined. Men, women and children, in the spirit almost of a crusade, worked together for a common cause, content to sacrifice their own life and health, pleasure and comfort, wealth and labor, if these blessings might be thereby preserved to the state. I believe that with few exceptions, re-

markable only for their scarcity, this was the prevailing impulse throughout the country, and I feel confident the verdict of the future will be that never was England greater or her people more deserving of their heritage.

DISTURBING QUESTIONS AT HOME

How is the curtain ringing down on this proud spectacle? Men are beginning to ask themselves whether, having finished hostilities abroad, we are going to commence them at home. Whether, after rising to certain heights of patriotism, we are going to relax into the lower levels of ancient sectional selfishness. Whether the high inspiration and common purpose of the past are to be forgotten in a period of lower ideals and selfish strife.

These are disturbing questions, but I am not a pessimist in these matters. Doubtless there are disquieting signs, feverish symptoms, and appearances of unhealthy sores in our body corporate, but I fancy they will be amenable to

treatment. As in other diseases, more light and more air are what we want. I hold the proud opinion that we are not going to be spoilt by success. We are the same people that we were four years ago. Give us as clear an issue as we had in 1914, and we will follow as one man in like manner as we did then. Show us as indisputably where right lies, and we will defend the right as we defended it when called upon before. If we in every class fought for justice in 1914, victory shall not prevent us from continuing the same fight in other fields in 1919. If liberty was so dear a name to us four years ago, we shall not cast it away now, having spent so great a wealth to attain it. I do not believe that the old spirit is dead or that the capacity for sacrifice has gone, but we want to know the rights and wrongs of the case.

MORE LIGHT AND AIR WANTED

Demands amongst the workers, accompanied by strikes and some violence, are springing up in every direction. I do not altogether wonder at it. It is partly due to a natural reaction after the tension of the last four years has been removed. It is partly due to a belief that men have only to ask with sufficient determination to get whatever they demand—a belief largely justified by what has taken place in the past. It may be due to real grievances and a legitimate desire to have them remedied. Perhaps to a certain extent it may be due to an ignorant belief that the resources of the State or of commerce are inexhaustible, or there may be some sinister element in the fermentation that is manifest at present. But my point is that, whatever is the cause of the trouble, light and air will go a long way to cure it. I believe, on the whole, we are a reasonable people, taken as individuals. I am certain that we are. If the workmen are asking for something that is reasonable, and something that it is possible to give, the people of this country will support them in their demands. If, on the other hand, it can be shown that they are asking, ignorantly may be, for something

more than there actually is to give, or still more, if they are consciously making impossible demands with no expectation of obtaining them, but in the hope of creating a situation of confusion, anarchy, and bloodshed, as exists, for instance, in unhappy Russia, then the country will be ever more emphatic in its verdict. After all, the country consists of the general community, and it is the general community which chiefly suffers from these disturbances, and which has the final decision in regard to them. In any country which professes to aim at a government of the people, for the people, by the people, it is the welfare of the people as a whole which must be considered, and not that of any one section; but it is equally in the interests of the people as a whole that no section should be treated unjustly. My contention is that, to enable the people to form a right judgment, and to see that both they and the different classes of which they are themselves composed obtain justice, full knowledge of the facts is necessary. This is essential in the case of any individual dispute. But something more general is required, some knowledge of the principles of political economy and of the laws by which it is governed. No progress is gained, for instance, by proposing the nationalization of an industry as a cure for its difficulties if the transgression of fundamental economic laws is to be continued under the new regime. As the chairman has already pointed out, a State, a company, and an individual are all governed by similar economic laws, and it is highly important that we should be able to apply our own personal knowledge and experience in these matters to the larger economics affecting the State. If we do so, we will see how essential it is at the present time that the production of the country should be increased in order that it may pay for its requirements and for all that it has borrowed.

CO-OPERATION OF EMPLOYERS AND EMPLOYED

For all these reasons, in order to cure our ills, I ask for more light and air

from every quarter. The press is helpful in giving publicity to grievances and weighing arguments. There are societies in existence whose object it is to bring employers and employed together for the round-table discussion of matters concerning them both. The practice is adopted in many companies. There are arrangements for lectures and public discussion on economic subjects, and associations for the better education of the people in these questions, but I feel that more could be done in all these directions, and that authoritative statements might in addition often be made most helpfully by the Treasury or the Board of Trade on eco-

nomie and commercial questions appropriate to the needs of the hour. As I have stated, I still hold most of the high hopes raised by the inspiration and emotions of the war, and I believe there is a genuine desire on all sides and in all classes that the fruits of victory, gathered at so immense a cost, shall not be wasted, but it will require all our sanity, all our forbearance, much of the old sacrifice, and an earnest endeavor all round if our hopes are to be fulfilled. I would beg of one and all that, wherever and in whatever class these qualities are found to be absent, there your support should be withheld.

Equitable Trust Company's Digest of Railroad Plans

THE Equitable Trust Company of New York has prepared an interesting digest of the salient points of seven of the most important of the numberless plans proposed for the ownership and operation of railroads, of which the following is the summary:

In the first place, we find that government ownership is almost altogether without support, except from the railroad brotherhoods as represented by their counsel, Mr. Glenn E. Plumb. The predominance of opinion is for private control under restrictions, designed to promote better, more efficient service than was possible under the old system. The extension of government control to the five-year period proposed by ex-Director-General McAdoo likewise meets with little favor. In opposition thereto, it is argued that it would merely postpone the date of determining a problem which must come up for solution sooner or later; that it would tend to make the return of the roads to their owners more difficult; that it would place them in such heavy debt to the government that liquidation or refunding would be practically impossible, and that there is nothing in the railway problem which cannot be solved in twenty-one months as well as in sixty.

There is substantial unanimity that mergers should be permitted when in the interest of the public, and that the issuance of securities should be subject to Federal control. The latter subject is closely related to the question of government guarantee of capital, for if the government is to undertake the assuring to the roads of a specified minimum return, it is only logical that it should have something to say as to the creation of new securities, and accompanying new capital investment. The plans of the Association of Railway Security Owners, of Paul Warburg, and of Director-General Hines, all contain provisions for such guarantee. The railway executives do not suggest anything quite so specific, but insist that rates shall be adequate as well as reasonable.

The rate question, which is perhaps the most difficult of all to determine, is variously approached. There is a tendency to concentrate the rate-making power in Federal authority without, however, entirely destroying the power of the state commissions. This is in line with the sensible policy of eliminating, so far as possible, the conflicts which are inevitable where there is dual authority, or where the Federal authority may be hampered and its orders nullified, by state action. There is, moreover, a sentiment in favor of an attempt to arrive at some precise figure which will represent

equitable compensation to the security holders. Several of the plans contain suggestions for profit sharing with labor, with the government, or with both, in case profits shall exceed this figure. Here we have the community of interest idea, which has received widespread application in industry, proposed for a new field—transportation. The justice and economic soundness of its adoption will scarcely be questioned, though there will doubtless be conflicting ideas to be reconciled in working out precise details. From the standpoint of the security holders, the important features of a guaranteed minimum return, together with a division of profits above a maximum, means at the same time the elimination of uncertainty as the possibility of reduction of one's income below a certain feature, and the loss of opportunity for very marked appreciation.

In other words, it would greatly stabilize railway securities and minimize their speculative features.

The views in connection with methods of financing the roads are not at all in agreement. Particularly interesting is the novel proposal of Mr. Morawetz, who advocates the refunding of all existing securities by means of a fixed and continuing proportion

of debentures and bonds. This would apparently give the debentures a high investment standing, and would still leave the stock sufficient equity, together with the minimum guarantee of \$2.50 per share by the government, to assure it of an investment character only moderately tinged with speculation.

The successful features of government operation are not to be lost with the return of the roads to private control, if the ideas of several of the authors of the various railway plans are carried out. The joint use of terminals, the elimination of competitive features which yield no additional public service, such as separate ticket offices, almost identical passenger train schedules, etc., may be eliminated in the interest of economy.

Some thought has also been given to methods of settling wage disputes. Three of the plans quoted aim to set up permanent organizations for the handling of these questions. Presumably a regular line of procedure for obtaining hearings and appeals would be instituted. If found workable, this would provide the machinery for proper consideration of, and decisions upon, this very vital matter.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
 American National Bank, Pendleton, Oregon.
 American Savings Bank, Springfield, Mo.
 Ansley, D., c/o Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
 Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
 Bankers Magazine, The, New York.
 Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
 Baugher, E. M., president, The Home Building Association Co., Newark, O.
 Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
 Bitze, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
 Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
 Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
 Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
 Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
 Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
 Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Conhalm, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
 Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
 Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
 Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
 Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
 Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
 Eklirch, A. A., secretary, North Side Savings Bank, New York City.
 Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.

Grimm, H. F. director, Department of New Business, Joseph Valley Bank, Elkhart, Indiana.

Groves, J. W. advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.

Hamsher, C. F., president First National Bank, Los Gatos, Cal.

Haskell, E. G., Barnett National Bank, Jacksonville, Fla.

Hatton, E. A., cashier, First National Bank, Del Rio, Tex.

Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.

Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.

Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.

Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.

Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.

Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.

Johnson, E. W., Warren National Bank, Warren, Pa.

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.

Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.

Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

Lanier, B. W., 237 East Ashley Street, Jacksonville, Fla.

Lann, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.

Logan, John, cashier, Columbus State Bank, Columbus, Mont.

Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.

McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.

Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.

Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.

Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.

Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.

Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.

Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.

Pool, John, president, Federal National Bank, Washington, D. C.

Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.

Reid, Carol S., publicity manager, The People's Bank, Ltd., Hilo, T. H.

Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.

Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Schlenker, Almot, cashier, First National Bank, Breham, Tex.

Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.

Shepherd, George W., c/o International Trust Co., Boston, Mass.

Shissler, William K., manager publicity department, Union Trust Co., Spokane, Wash.

Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.

Smith, A. C., vice-president, City National Bank, Clinton, Iowa.

Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.

Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.

Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.

Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.

Stewart, F. E., 1509 Jefferson St., Toledo, O.

Stoner, T. E., cashier, The Peoples National Bank, Waynesboro, Pa.

Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.

Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

Wadden, John W., president Lake County Bank, Madison, S. D.

Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.

Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.

Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Massachusetts.

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.

Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Hunter, Harold G., Secretary and Treasurer Kansas City Terminal Trust Company, Kansas City, Mo.

Jones, Marshall H., Asst. Cashier First and Citizens National Bank, Elizabeth City, N. C.

Peede, Loring G., Publicity Manager Mercantile Bank of the Americas, 44 Pine street, New York.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



UNION COMMERCE *National Bank* OF CLEVELAND

Capital, Surplus and Undivided
Profits \$7,500,000.00

WE cordially place our complete facilities at the disposal of financial institutions in all parts of the country.

Collection as well as reserve accounts are invited and each correspondent receives individual attention, exactly adapted to his requirements.

OFFICERS

WARREN S. HAYDEN	Chairman	HARRY E. HILLS	Asst. Cashier
GEORGE A. COULTON	President	CARL R. LEE	Asst. Cashier
GEORGE S. RUSSELL	Vice Pres.	FRANK A. WHITE	Asst. Cashier
WILLIAM E. WARD	Vice Pres.	FRED W. COOK	Asst. Cashier
CHARLES L. BRADLEY	Vice Pres.	GEORGE Q. HALL	Asst. Cashier
ELMER E. CRESWELL	Vice Pres.	EZRA W. BOURNE	Asst. Cashier
WALTER C. SAUNDERS	Cashier	JAMES DUNN, Jr.	Mgr. Income Tax Dept.

UNDER JOINT OWNERSHIP WITH
THE CITIZENS SAVINGS AND TRUST CO.
COMBINED RESOURCES OVER \$145,000,000.00

Banking and Financial Notes

THE BANK OF THE PHILIPPINE ISLANDS

The Bank of the Philippine Islands, now in its sixty-sixth year, under the direction of Eliseo Sendres, president, has just sent out its latest report. This report shows that on December 31, 1918, the capital was pesos 4,500,000, the reserve funds, pesos 2,250,000 and the total assets pesos 36,191,065.

PRESIDENT OF METROPOLITAN TRUST COMPANY HONORED

In a recent letter from Roy S. Baker, Director of the Mint, George C. Van Tuyl, president of the Metropolitan Trust Company, New York, was awarded the annual Assay Medal of the

United States Assay Commission. Mr. Van Tuyl had previously been invited by Secretary Glass of the Treasury to be a member of the Annual Assay Commission, but because of the death of his father at about the same time he was unable to serve.

NEW VICE-PRESIDENT OF ATLANTIC NATIONAL

C. F. Junod, recently elected a vice-president of the Atlantic National Bank of New York, is a native of Indiana



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"



CHARLES F. JUNOD
Vice-President Atlantic National Bank of
New York City

and a graduate of Knox College at Galesburg, Ill. After leaving college in 1901 he became connected with the Northwestern Mutual Life Insurance Co., and after seven years in the Chi-

Did It Ever Occur To You

that an account with a strong, time honored bank gives
you a prestige in the business world ?

Capital paid in	-	-	-	-	\$ 300,000
Capital earned	-	-	-	-	2,700,000
Surplus earned	-	-	-	-	10,000,000
Deposits	-	-	-	-	80,000,000
Resources	-	-	-	-	105,000,000

The Chemical National Bank of New York

(Established 1824)

ago office was appointed general agent for Nebraska, with headquarters at Omaha. He remained in this position till 1915, at which time he came to New York with Kountze Brothers, and was identified with them till he assumed his duties at the Atlantic National.

Mr. Junod's election is in line with the policy of the Atlantic National Bank in strengthening its personnel to meet the extra demands of its rapid growth. The latest statement of the bank shows deposits totalling over \$19,000,000 and aggregate resources of more than \$23,000,000.

FOREIGN EXPANSION OF FIFTH AVENUE BANK

The foreign department of the Fifth Avenue Bank of New York is now being expanded under the direction of George Acheson, and will specialize largely in travelers' letters of credit. Mr. Acheson has been for thirty years associated with Brown Brothers & Co.,

and during the early part of the war was their Paris representative. He will have entire charge of the expanded foreign department.

SON OF J. P. MORGAN ELECTED DIRECTOR OF LIBERTY NATIONAL

Junius Spencer Morgan, eldest son of J. P. Morgan, was recently elected to the board of directors of the Liberty National Bank. Mr. Morgan is a member of his father's firm, in the credit department, and this is his first directorship.

Mr. Morgan graduated from Harvard in the class of 1914. In September of the same year he entered the Boston offices of Brown Brothers & Co., remaining with them until the following September, when he entered his father's offices in New York.

He enlisted in the Navy in April, 1917, and was sent to an officers' training camp at Annapolis, where he was graduated and commissioned. From

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN F. FAIRCHILD, D. W. McWILLIAMS, WILLIAM J. WASON, JR.,	} <i>Vice-Presidents</i>	JULIAN D. FAIRCHILD, <i>President</i> THOMAS BLAKE, <i>Secretary</i> HOWARD D. JOOST, <i>Assistant Secretary</i> J. NORMAN CARPENTER, <i>Trust Officer</i> GEORGE V. BROWER, <i>Counsel</i>
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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

September 22, 1917, to August 28, 1918, he was in active foreign service. He left the Navy on December 13, 1918.

The Liberty National Bank is known as a "Morgan" institution. Two of the partners of J. P. Morgan, Henry P. Davison and Thomas Cochran, have been presidents of the Liberty National.

NATIONAL PARK BANK INCREASES DIVIDEND

Directors of the National Park Bank of New York have increased the quarterly dividend from five per cent. to six per cent., placing the stock on a twenty-four per cent. annual basis.

C. HOWARD MARFIELD NOW CASHIER OF SEABOARD NATIONAL

S. G. Bayne, president of the Seaboard National Bank of New York, has made public announcement of the election of C. Howard Marfield as cashier of the bank to succeed H. W. Donovan, who resigned to become a member of the firm of Chas. E. Quincy & Co.

Mr. Marfield was assistant treasurer of the Equitable Trust Company up to the date of the election to his new position on February 27, and has been well and favorably known in banking and business circles since 1900, when he entered the service of the Union National Bank of Baltimore. He remained at the Union National until 1902, when he became connected with the National Bank of Commerce in New York. In December, 1902, he entered the North American Trust Company, which was

absorbed by the Trust Company of America, which was itself later absorbed by the Equitable Trust Company.

Mr. Marfield served throughout the



C. H. MARFIELD

Cashier Seaboard National Bank, New York

mergers and consolidations in various departments, and was paying teller in 1914, when he became connected with the new business department. As assistant treasurer of the Equitable he handled the out-of-town collection and an-

"The Bank That Service Built"

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

Capital	\$1,000,000
Surplus and Profits (Earned)	3,782,000
Deposits	56,530,000

S. G. BAYNE, President
C. C. THOMPSON, Vice-President
B. L. GILL, Vice-President
W. K. CLEVERLEY, Vice-President
L. N. DeVAUSNEY, Vice-President
C. H. MARFIELD, Cashier
O. M. JEFFERDS, Asst. Cashier
C. C. FISHER, Asst. Cashier
J. D. SMITH, Asst. Cashier
B. I. DADSON, Asst. Cashier
J. E. ORR, Asst. Cashier

DIRECTORS
SAMUEL G. BAYNE
WILLIAM K. CLEVERLEY
EDWARD J. CORNISH
HENRY WHITON
HENRY C. FOLGER
BENNETT L. GILL
EDW. H. R. GREEN
PETER McDONNELL
JOSEPH SEEP
CHARLES C. THOMPSON
DAVID H. E. JONES
ROBERT J. CALDWELL

The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

alysis departments. His experience and wide acquaintance will serve him well in his position as cashier of the Seaboard National Bank, and his friends feel that both Mr. Marfield and the Seaboard are to be congratulated.

SYNDICATE BUYS INTERNATIONAL BANK

Control of the International Bank, capitalized at \$500,000, and operating under a state charter at 17 Battery place, New York, has passed from the International Banking Corporation to a syndicate headed by J. C. Colgate and E. W. Harden, of the firm of James C. Colgate & Co., through the sale of the entire capital stock of the institution.

An official announcement of the transfer of control said that Sumner Ballard, president of the International Insurance Company; David Rumsey, of the law firm of Rumsey & Morgan; F. T. Fisher, secretary and treasurer of the Corn Products Refining Company, and J. A. Forster, president of the North River Insurance Company, have

taken over a substantial amount of the stock.

The International Bank was organized several years ago to care for the local banking needs of the International Banking Corporation. The latter is controlled by the National City Bank of New York. In addition to capital of \$500,000 the International Bank has undivided profits of \$225,000 and its deposits are approximately \$7,000,000. It is the plan of the new interests to expand the operations of the bank, and the capital will probably be increased.

ASIA BANKING CORPORATION HAS NEW BRANCHES

The Asia Banking Corporation, now quartered in the Guaranty Trust Company Building, New York, has, because of recent and proposed expansions, leased the store floor at 39 Broadway, half of the adjoining store at 37, and basement space, in all aggregating over 10,000 square feet, in the Gaston, Williams & Wigmore property. Their



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN
President

FRANK J. HEANEY

Vice-President

WILLIAM H. STRAWN

Vice-President

NORBORNE P. GATLING

Vice-President

H. A. CLINKUNBROOMER

Vice-President

MAX MARKELL

Vice-President

WILLIAM MILNE

Vice-President

HENRY L. CADMUS

Asst. Cashier

HENRY C. HOOLEY

Asst. Cashier

JOSEPH BROWN

Asst. Cashier

RICHARD H. HIGGINS

Vice-President

BERT L. HASKINS

Vice-Pres. and Cashier

C. STANLEY MITCHELL

Vice-President

ROLFE E. BOLLING

Vice-President

GEORGE R. BAKER

Vice-President

JOHN B. FORSYTH

Vice-President

WALTER B. BOICE

Asst. Cashier

VINTON M. NORRIS

Asst. Cashier

HARVEY H. ROBERTSON

Asst. Cashier

GEORGE M. HARD

Chairman

ACCOUNTS INVITED

RESOURCES 100 MILLION DOLLARS

lease is a long term one negotiated by Joseph P. Day, alterations to equip being in the hands of Alfred C. Bossom.

The Asia Banking Corporation, of which Charles H. Sabin is president, has announced that the Hankow branch is now open. This branch is located on the Poyang Road in Hankow and is in charge of J. H. Wichers. The Shanghai branch of the corporation was opened in February, and the offices in Peking and Tientsin are scheduled for opening early in May, with Changsa, Hongkong and Canton shortly following.

NEW APPOINTMENTS OF GUARANTY TRUST

The executive committee of the Guaranty Trust Company of New York has announced the following appointments at the Paris office: J. B. Avogno, treasurer; John Watts, acting secretary; P. C. Pasteur, assistant secretary; J. W. Conn, assistant comptroller.

NEW ASSISTANT CASHIER OF NATIONAL BANK OF COMMERCE

E. F. Higgins, lately chief national bank examiner for the Sixth Federal Reserve District, with headquarters at Atlanta, Ga., has been appointed an assistant cashier of the National Bank of Commerce in New York.

J. L. WILLIAMS NOW OF EAST RIVER NATIONAL

J. L. Williams, vice-president of the Bank of Italy, San Francisco, Cal., in conjunction with his duties with that bank, has been elected assistant to the president of the East River National Bank of New York. The two institutions are closely affiliated.

DIVIDEND OF THE EQUITABLE TRUST COMPANY

The board of trustees of the Equitable Trust Company of New York declared the regular quarterly dividend of five per cent., payable March 31st, to stockholders of record March 26.

CHANGES OF PERSONNEL IN EAST RIVER NATIONAL

Announcement comes from the East River National Bank of New York to the effect that Oscar Stiner has retired from the presidency to assume the presidency and active management of the Cosmopolitan Bank of New York, which is to be reorganized with a substantial enlargement of capitalization and the transference of its principal place of business to the Borough of Manhattan.

Mr. Stiner is succeeded by A. H. Giannini in the presidency of the East

Atlantic National Bank

257 Broadway New York

Established 1829

Nationalized 1865

An Efficient Banking Service in
Close Touch with Present-day
Commercial Developments



<i>Capital, Surplus and Undivided Profits</i>	\$1,800,000
<i>Total Deposits</i>	\$18,000,000

River National. G. E. Hoyer has been elected vice-president, being promoted from the cashiership. A. H. Gibson, promoted from the assistant cashiership, has been elected cashier in his place.

INCREASE OF CAPITAL BY THE MERCHANTS NATIONAL

The Merchants National Bank of New York called a special meeting of its stockholders March 31 for the purpose of acting upon propositions to alter the par value of the capital stock of the bank from \$50 per share to \$100 per share; to increase the capital stock from \$2,000,000, represented by 40,000 shares, each of the par value of \$50, to \$3,000,000, to be represented by 30,000 shares, each of the par value of \$100, and to elect three directors to fill vacancies in the board.

NEW YORK BANKER IN ITALY FOR RED CROSS

S. L. Fuller, of the firm of Kissel, Kinnicut & Co., New York, has been

appointed to succeed Robert Perkins of New York, who has resigned, as American Red Cross Commissioner to Italy. Mr. Perkins, who recently returned to New York, was commissioner to Italy for a year during the most momentous days of the war. Mr. Fuller was his deputy. Mr. Perkins was a full-time volunteer, as is Mr. Fuller. Before being commissioned for foreign service, Mr. Fuller did much constructive work for the Red Cross as chairman of the Westchester County Chapter.

SEABOARD PREPARING FOR HOME OF ITS OWN

An option has been secured on the property at the corner of Broad and Marketfield streets by the Seaboard National Bank of New York, with the view of erecting a building for its own use. The option is for a period of three and a half years from February 1, 1919, and the refusal may be terminated upon three months' notice. The present lease of the bank at 18 Broad-

Why We Can Give You Good Service

The close "personal" contact which we endeavor to maintain with every one of our correspondent banks enables us to give each the most intelligent service possible.

If you are contemplating opening or changing your Chicago account we would be pleased to have you write us.

The National City Bank of Chicago

DAVID R. FORGAN, President

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, - - - Vice-President
SCHUYLER P. JOHNSON, Assistant Cashier
R. V. KELLEY, - - - Assistant Cashier

Resources Over - - \$40,000,000

way does not expire until three years hence.

NEW OFFICIALS AT THE EQUITABLE

On the 5th of March the executive committee of the board of directors of the Equitable Trust Company of New York appointed Myles M. Bourke an assistant secretary and Archibald M. Osturn an assistant treasurer of the company.

MR. GREER RETURNS TO BANKERS TRUST

Samuel M. Greer, who has elected a vice-president of the Bankers Trust Company of New York in January, 1918, and has been director of the Bureau of Development of the Red Cross in Washington for the past year, has returned to active duties at the Bankers Trust Company. Mr. Greer began work as a boy in the Brooklyn office of the old New York and New Jersey Telephone Co. and rose rapidly in the telephone business. He became metropolitan manager of the New York

Telephone Co. and resigned on January 1, 1913, to become the head of the Chesapeake and Potomac Telephone Co., from which place Henry P. Davison drafted him for Red Cross work.

GUARANTY TRUST PROMOTES MR. WENDELL ON HIS RETURN

William G. Wendell was appointed assistant secretary of the Guaranty Trust Company upon his return from the Army, after being in the service since August, 1918. It is evidently a well-deserved promotion, judging from Mr. Wendell's activities. He was born in Boston on November 11, 1888, and was graduated from Harvard in 1909. He then went to the National Commercial Bank of Albany, leaving there in October, 1910, to enter the employ of the Guaranty Trust Company of New York as a clerk in the foreign department. He was also for a time in the credit department and then for a year and a half had charge of the custody division of the trust department. There-

after he left the company to become an assistant secretary of the Paul Revere Trust Company in Boston, but rejoined the Guaranty in May, 1916. In August of that year he established an office in Boston and became the company's representative there. In March, 1917, Mr. Wendell was sent to Paris and was secretary of the Paris office from its opening on July 2, 1917, until August, 1918, when he entered the United States Army and was assigned to the Intelligence section. After the signing of the armistice Mr. Wendell served for six weeks as assistant to J. C. Grew, secretary of the American Peace Commission. He then obtained his discharge from the army in France and returned to the United States.

IRVING TRUST COMPANY INCREASES CAPITAL

The proposition to increase the capital stock of the Irving Trust Company of New York has been approved by the State Banking Department. The stockholders ratified the plan looking to the enlargement of the capital from \$1,500,000 to \$2,250,000 on February 28.

MR. VANDERLIP AND RECONSTRUCTION

F. H. Vanderlip, president of the National City Bank of New York, in a recent pamphlet discusses the various problems of reconstruction at considerable length and with a display of good common sense, taking the ground that while the problems are difficult—probably the most difficult this country ever encountered—they are not beyond solution. The closing paragraph of the article says:

But the problems of peace are, in their way, going to be as great as have been the problems of war. I am not sure but that they will be more difficult. We shall need the wisdom of the whole people to solve them. It is no time for heated partisanship. We should have the deepest consideration and the calmest judgment applied to these problems. On that wisdom and on that judgment will depend the welfare of countless millions, both inside and outside of this country.



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Taylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$300,000,000**

Nation-Wide Business

We have on our books accounts of banks as far west as the Pacific coast, and in the south as far as Florida. These institutions are sending their items on this section to us.

We will be glad to serve you.

Citizens Commercial Trust Company

Buffalo, N. Y.

Capital and Surplus	\$2,500,000.00
Resources	27,000,000.00

MEMBER FEDERAL RESERVE SYSTEM

J. P. MORGAN HONORED BY ENGLAND

For his services to the Allies J. P. Morgan of New York has been signally honored by being granted the "honorary freedom and livery" of the Goldsmith Guards. He is the first American and the first banker to be so honored. King George and Foreign Secretary Balfour are the other honorary freemen at present.

NATIONAL PARK TAKES ON TRUST FUNCTIONS

The National Park Bank of New York, under authority recently granted by amendment of the Federal Reserve Act, has announced the establishment of a trust department. This institution has for over sixty-five years been closely affiliated with the commercial and financial development of the country. One of the characteristics of the service rendered by the bank has been the intimate and personal attention given to the affairs of its customers and

friends. The bank's past record, therefore, establishes the fact that it is prepared to conduct its trust department in a manner that will be keenly appreciated by the clientele of the institution and offer an added attraction as a basis for new affiliations.

Ralph L. Cerero, formerly in charge of the trust department of the United States Mortgage and Trust Company of New York, has been appointed trust officer and manager of this department.

SCANDINAVIAN REPRESENTATIVE FOR THE IRVING NATIONAL BANK

The Irving National Bank of New York has secured the services of A. E. Lindhjem, assistant cashier of the Midland National Bank of Minneapolis, Minn., as its Scandinavian representative. A statement issued by the bank says:

During the past few years the growth of the Irving's foreign department has been particularly rapid and has been developed until in volume of business and representa-

tion in other countries it is one of the most important in the United States. In touch with every principal commercial centre of the world, its activities in these centres are maintained through intimate connections with well established and carefully chosen banking correspondents. These relationships are supplemented and strengthened by the presence of Irving representatives in the more important commercial centres, such as London and Paris. Personal representation in the Scandinavian countries, therefore, is in line with the Irving's definitely established policy of close and friendly coöperation with its foreign correspondents.

MR. CLARK ENTERTAINS THE JAPANESE

The president of the American Exchange National Bank of New York, Lewis L. Clarke, entertained recently at dinner at his home, and subsequently at the opera, a party consisting of Baron Rempei Kondo, president, Nippon Yusen Kaisha; members of his party—Hon. T. Ohkubo, Consul General, and Mrs. C. Yada and Mr. and Mrs. K. H. Kamei. Baron Kondo was en route to the Peace Conference, where he will represent the Japanese Government.

MR. MITCHELL RETURNS FROM AN EXTENDED TRIP

After touring the Atlantic Coast, Pacific Coast and Central West, Charles E. Mitchell, vice-president of the National City Company of New York, has returned filled with optimism regarding conditions in the sections he visited. While on his trip Mr. Mitchell had the opportunity of meeting many prominent bankers and leaders of important industries, and stated that these men are very buoyant over the prospects of future business. His observations bore out the testimony of the men interviewed, and he feels that the great work of reconstruction is already begun under the most favorable conditions.

A GOOD WORK ON THE FEDERAL REVENUE ACT

The National Bank of Commerce in New York has published a book on the Federal Revenue Act of 1918 that is unusually serviceable as a reference

Resources

\$16,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



**Try our Service
and you will be entirely
satisfied**

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$16,104,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

work and a guide to taxpayers. It contains 236 pages and is printed in large type with copious side notes, making it easy to read and comprehend, and its computation tables are very plain and easy to understand. The book is rendered more serviceable with exhaustive index and tables to aid in the interpretation of the statute and the computation of taxes. The book is substantially bound, and, all in all, is a valuable work. President Alexander, in a foreword, says:

Federal taxes for both 1918 and 1919 are levied in the new Federal Revenue Act, thus making it possible for business men to know in advance what share of earnings the Government will require in taxes for the coming year.

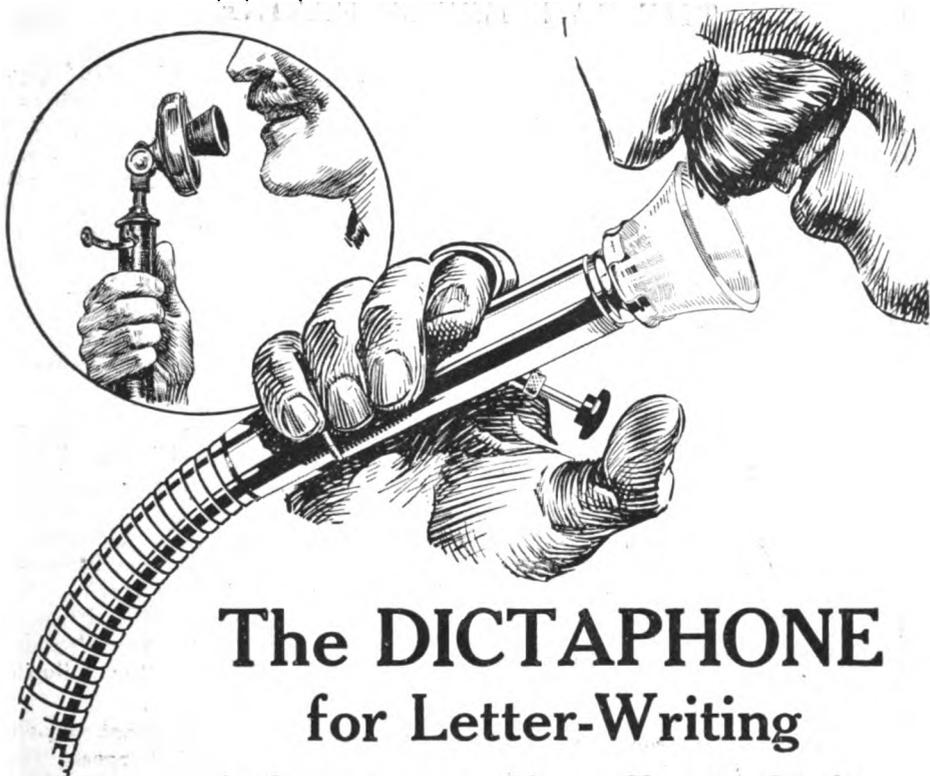
The new law contains distinct improvements over the acts of 1916 and 1917, which it replaces. It consolidates scattered provisions relating to taxes on individual incomes and relieves individuals and partnerships from the excess-profits tax. It also permits deduction of losses in transactions not directly connected with trade or business and removes the limitation upon the deduction of interest upon indebtedness.

In this book the National Bank of Commerce in New York presents the full text of the greatest revenue bill in history.

BANKS APPEAL FOR INCREASED STREET CAR RATES

A petition has been signed by all the banks and trust companies of New York, addressed to the Mayor and Board of Aldermen, appealing for the allowance of an increase in the rate of fare charged by the Interborough Rapid Transit Company to an amount equal to the cost of carrying passengers. The argument is made that if the increase is not granted the road will become bankrupt, the securities will be dumped on the market and the city will suffer. The street railway system is one of the most important adjuncts to the business of the city, and the evils which will ensue if it is necessary to curtail the service in any way are manifold. The petition goes on to say:

The city is the real owner of the roads, and if the roads are bankrupt, the city



The DICTAPHONE for Letter-Writing

As Convenient as a Money-Changing Machine

As handy as the money-changing machine in a busy bank is The Dictaphone for promptly reaching your clients or outside banking connections by mail.

It's at your elbow—always ready. If you're caught with a lot of "sudden emergency" dictation after hours, you can use The Dictaphone in the quiet of your office after everybody else has gone, or in the comfort of your home.

A continually increasing volume of bank correspondence is dictated to The Dictaphone every day.



15-Minute Demonstration

Phone or write The Dictaphone Branch Office nearest you for a 15-minute demonstration in *your* office, on *your* work.

THE DICTAPHONE



Registered in the U. S. and Foreign Countries
Dept. 126-D, Woolworth Building, New York City
Branches Everywhere Write for booklet, "The Man at the Desk"

There is but one Dictaphone, trade-marked "The Dictaphone," made and merchandised by the Columbia Graphophone Company

"The Shortest Route to the Mail-Chute"

"An Infinite Capacity for Taking Pains"

THAT is somebody's definition of genius. We lay no claims to genius, but we have the infinite capacity for taking pains, for the benefit of our depositors and clients. If the idea of personal service in trust and banking matters appeals to you, consult us because that has been our speciality for nearly thirty years.



FULTON TRUST COMPANY OF NEW YORK

Singer Building

Member Federal Reserve System

149 Broadway

Established 1890

will have trouble in placing its own bonds, for the reason that banks will not purchase or loan on them. Real estate values will be affected, causing more trouble, and taxes on real estate will have to be increased to make up the difference between the cost of operating the roads and the receipts.

If it be true that conditions have made it necessary to increase the wages of the employees of the railway system sixty-seven per cent., or something over \$6,000,000 per annum, it would seem to be common sense that an increase in the rate of fare should be allowed. And it must be remembered that wages is only one of the items of increase. All supplies necessary to maintain the roads in fair operating condition have increased in price.

The question of an increase is a serious one and deserves the serious consideration of the Board of Aldermen and of all the people of the city, whether they are patrons of the roads or real estate owners or both.

THE SCANDINAVIAN TRUST COMPANY

The Scandinavian Trust Company of New York is keeping up its record of advancement, as will be seen by its statement of February 21, 1919. De-

posits aggregating \$30,110,770; capital, \$1,000,000; surplus and undivided profits, \$1,884,318, and bills payable and rediscounts, \$3,761,500 are provided for with resources totaling \$37,852,677. These resources are made up of loans and discounts, \$25,156,854; stock and bond investments, \$6,041,639; cash and due from banks, \$5,810,523, and other liabilities, \$843,508.

RECEPTION AND UNVEILING OF TABLET AT THE CHEMICAL

On February 24 the officers and employees of the Chemical National Bank of New York, with their relatives and friends, gathered in the bank for the purpose of unveiling a bronze tablet in honor of the men from the bank who had entered the Federal service. The tablet was unveiled by Mrs. Percy H. Johnston, niece of Vice-President Johnston, and contains the following names:

Sergeant Eiche, Sergeant Griffith, Sergeant Van Noddall, Sergeant Hatter, Sergeant Yates, Corporal Marsh, Acting Corporal Peer, Private Baker, Private McGlynn, Private Williams.

The welcoming speech was delivered by President Twitchell, in which he said that the gathering in the bank was the first in the history of the institution, which is nearly 100 years old. He introduced Internal Revenue Collector Edwards, who paid a glowing tribute to the young veterans, the bank and the president of the bank who, he said, had come from a farm in Vermont and made such rapid strides in the banking business here.

A thirty-six page pamphlet was distributed which contained photogravures of the men who served, as well as a record of their war experiences.

THE TRUST COMPANY BANQUET

The eighth annual banquet of the Trust Companies of the United States, held February 20, at the Waldorf-Astoria, was the most successful of all the functions of that kind under the auspices of the Trust Company Section of the American Bankers Association. Bank and trust company executives

were there from every state in the Union. This was the first gathering since 1917, the banquet having been omitted in 1918 on account of the war. The appearance of the American baritone, Reinald Werrenrath, who made his debut at the Metropolitan Opera the previous evening in "Pagliacci," was an innovation that was appreciated. The presiding officer, John W. Platten, president of the United States Mortgage and Trust Company of New York, made a hit when he read the telegraphic response of Ole Hansen, Mayor of Seattle, who could not attend, but sent a strong message denouncing anarchy and Bolshevism. Dwight W. Morrow, of J. P. Morgan & Co., and George Wharton Pepper of Philadelphia, discussed the war, League of Nations and reconstruction.

W. J. WOLLMAN & COMPANY

A new department has been established by W. J. Wollman & Company of New York for the purpose of dealing in bank and trade acceptances. It is under the management of H. P. Rudinger, formerly of the Equitable Trust Company of New York.

"NEW BUSINESS DEPARTMENT" A DELIGHT

T. D. MacGregor, of the financial advertising house of Edwin Bird Wilson, of New York, is in receipt of the following flattering testimonial of the worth of his book, "New Business Department," published by the Bankers Publishing Company of New York. It is from Guy C. Phillips, Arkansas representative of the Mississippi Valley Trust Company of St. Louis:

"The New Business Department" is a delightful little book and will be worth a great deal to me. I want to get hold of a book telling of the experiences of a solicitor of country bank accounts; one that tells what he did, how he did it, what he said and how he said it.

Do you know of such a publication, and if so, where can same be obtained?

GUARANTY TRUST ACTIVITIES

The board of directors of the Guaranty Trust Company of New York

Are You Ready ?

WE are now actually passing through the World's greatest reconstruction period! ! ! Many Bankers are facing this opportunity with self-imposed handicaps. Lack of space and out of date equipment.

A well designed Banking House signifies forethought and enterprise. It builds up the community and invariably results in increased Business.

When to Build

The time to build is when you begin to need more room; otherwise, worse congestion, inconvenience to customers and loss of accounts may result, which will far outweigh the cost of Building.

I am acting NOW for several of New York's largest Banks and Trust Companies in addition to very many others throughout the Country.

Can I Help You ?

My organization includes recognized experts upon architectural design, engineering, construction, banking equipment and security vault work—in fact provides within itself for all the specialized requirements of a Modern Bank.

I am equipped to give complete expert advice and service regarding the most advantageous type of Building, its arrangement and equipment to insure the Banker getting the best possible returns from the money expended.

Alfred C. Bossom

*Architect
Bank and Office Building
Specialist*

366 Fifth Avenue

New York

Resources over

\$180,000,000

Capital and Surplus

\$10,000,000

The
Philadelphia National Bank

Established 115 Years

A Bank of Character, Strength and Service

LEVI L. RUE, President

CHARLES P. BLINN, Vice-President

WILLIAM S. MADDOX, Vice-President

HOWARD W. LEWIS, Vice-President

HORACE FORTESCUE, Vice-Pres. & Cashier

declared a quarterly dividend of five per cent. on the capital stock of the company for the quarter ending March 31, 1919, payable on that date to stockholders of record March 20, 1919.

The Guaranty Trust Company makes following announcement that the managers of the syndicate of banks, formed to make available the \$50,000,000 acceptable credit to industrial concerns in Belgium, through a group of Belgian banks, has closed its application list, and letters of allotment have been forwarded to all syndicate members.

THE PHILIPPINE NATIONAL BANK

It is announced through the New York Agency of the Philippine National Bank, 37 Broadway, that the opening of branch offices of the institution at Shanghai, China, has been completed. The new branch is equipped for the negotiation or collection of bills of exchange, the issuing of import or export

letters of credit, and other facilities. There are now more than fifty branches of the bank in operation.

The Philippine National Bank has developed an enormous amount of trade with the Philippine Islands in the course of the last three years. Its total resources are now \$124,000,000 and its deposits are \$93,000,000.

The officers of the bank are: V. Concepcion, president; J. E. Delaney, vice-president; Chas. C. Robinson, vice-president; D. Pekson, secretary; Adolph Kopp, assistant manager; Miguel Concepcion, assistant secretary; Antonio Cimenez, cashier.

Vice-president Robinson is in charge of the New York agency.

**MR. LOREE BECOMES ASSISTANT
SECRETARY**

One of the latest official appointments by the Guaranty Trust Company of New York is that of Robert F. Loree, son of L. F. Loree, president of the

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over . . . \$19,500,000

Delaware & Hudson Company, who has been chosen as assistant secretary of the Guaranty Trust Company, and assigned to the foreign department of the main office. Mr. Loree entered the employ of the Guaranty Trust Company on March 1, 1914. In December, 1915, he was transferred to London, and was made assistant secretary of the office there in January, 1917. In August of the same year he took the same position in the Paris office. A year ago he was appointed assistant to Oscar T. Crosby, special United States Commissioner of Finance in Europe, and president of the Inter-Allied Council on War Purchases and Finance. He served later as assistant to Norman H. Davis, Albert Strauss and Thomas W. Lamont, financial advisers to the United States delegates to the Peace Conference at Versailles.

Before coming to the Guaranty Trust Company of New York Mr. Loree, who is a Yale graduate, Class of 1912, was connected with the Farmers Loan and

Trust Company of New York. He is married, his wife being a daughter of Baron Moncheur, Belgian Minister at London.

BIG CONCERN ORGANIZED FOR FOREIGN BUSINESS

A new \$6,000,000 corporation has been organized and incorporated under the laws of Connecticut by the American Express Company for the purpose of specializing in the foreign banking field. It has an authorized capital of \$6,000,000, divided into 60,000 shares of the par value of \$100 each. The corporation is subsidiary to the American Express Company, and the entire capital stock is to be held by the parent concern, and no public offering is contemplated at this time. The incorporators are Frederick P. Small, of Ridgefield, New Jersey, first vice-president of the American Express Company; Edwin de T. Bechtel, of Plainfield, New Jersey, and William H.

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$53,380,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. OHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

Cushing of New York. The statement was made that since the express business was taken over by the American Railway Express, the American Express Company had directed its efforts toward expanding its domestic and foreign banking business and the latest step was in accordance with this endeavor.

Under the arrangement with the Government when Federal control of the express business was inaugurated, the transportation business of the American Express Company passed to the new central corporation. The outlook for the return of this business to the company is said to be dubious; in fact, it is suggested that the company has no desire to re-enter the transportation field again. The interpretation placed upon the company's plans in the financial district is that, having been forced out of the express business by the Government, the company is developing its organization to provide a substitute for the business thus lost.

MR. WAGNER COMES TO NEW YORK

Ernest C. Wagner, who for some time has been manager of the Seattle branch of the Bank of California, National Association, and who was recently elected president of the Seattle Clearing-House Association, has been elected first vice-president of the Discount Corporation of New York, a \$6,000,000 financial institution organized by a group of New York bankers for the purpose of providing a discount market for foreign exchange. Mr. Wagner will evidently make a valuable addition to the Discount Corporation.

TAKING ADVANTAGE OF A GOOD THING

Secretary Gallien of the New York State Bankers Association recalls the statement made by an enterprising banker on Long Island that his bank was not sending people to the Post Office to purchase Thrift and War Savings Stamps as some of his competitors



Two Questions With a Single Answer:

*How can we improve our service?
How can we build our business?*

Banks are but sellers of service. The institution offering the best service must eventually be the winner in the race for business.

Such is our theory. And, acting on that theory, we are constantly seeking ways to make our service broader and more helpful to correspondent banks. We endeavor to give each bank service adapted to its own particular needs.

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, \$13,800,000.00

were doing, adding that, as a result of this personal friendly contact with people who never before realized banks were willing to accommodate them in small matters, and who are not going to forget the kindly consideration shown them, his bank is opening many new accounts and he believes that in the next two or three years it will result in his securing half a million additional deposits.

TRANS-ATLANTIC TRUST TO BE LIQUIDATED

An application of the directors of the Trans-Atlantic Trust Company of New York for the dissolution of that company has been approved by Supreme Court Justice Bijur; its affairs are ordered liquidated and notice of dissolution has been ordered published in Hungarian and English newspapers.

The company, which passed into the hands of the Alien Property Custodian, A. Mitchell Palmer, on account of its

Austro-Hungarian connections, has more than enough assets to liquidate all indebtedness as well as its capital stock of \$700,000 outstanding. Its surplus and undivided profits amount to \$773,071.59.

SUPPRESSING STOCK SWINDLING

President H. G. S. Noble of the New York Stock Exchange called a meeting recently of representatives of various business associations and institutions to consider the question of the stock swindling evil and what measures, if any, were necessary to lessen it. Mr. Noble, in calling the meeting, made use of the following pointed remarks:

Evidences accumulate that the knavish promoter has thrown away his lists for new ones made up of some 20,000,000 small Liberty bondholders, practically all of whom are financially ignorant and fall easy victims. Federal blue sky legislation is in the making, but the danger will not accommodatingly hold off until a competent law is found and enacted. Other and immediate

SEND YOUR BUSINESS

ON THE

Twin Cities AND THE **Northwest**

TO THE

**CAPITAL AND SURPLUS
TEN MILLION DOLLARS**



We are prepared to meet your most exacting requirements and cordially invite you to write to us

measures are called for and must be instituted and continued as a necessary adjunct to eventual legislation.

FOREIGN EXCHANGE MADE COMPREHENSIVE

The American Exchange National Bank of New York has issued a neatly printed booklet on "Foreign Exchange," which is to be commended for interesting reading as well as instructive information. The booklet deals with the usages and purposes of foreign exchange during all disturbances to trade and finance that have occurred in two centuries, and concludes with the declaration that the League of Nations, if it comes into being, can very profitably deal with the unification of monetary standards throughout the world.

FIRST NATIONAL OF BROOKLYN

The First National Bank of Brooklyn has been granted permission to exercise the functions of a trust company under the amendment to the Federal Reserve Act. As has been previously announced, the First National recently raised its capital from \$300,000 to \$500,000.

BANKING NOW DONE BY AIR ROUTE

The first aerial banking transaction known was recently consummated by the president of the Park Trust Company, of Worcester, Mass., R. H. Mann, when he flew from Worcester to New York in a Curtiss biplane, piloted by

Lieutenant Charles S. Jones. Stops were made at Springfield and New Haven for the transaction of business. Mr. Mann at the Aeronautical Exposition made his claim to be the first financier to carry on his banking business by aeroplane.

GREGORY NOW VICE-PRESIDENT OF FIRST NATIONAL CORPORATION

Ernest T. Gregory has been elected vice-president of the First National Corporation of Boston. Mr. Gregory was at one time connected with Lee, Higginson & Co., and later with Hambleton & Co. He is also a former representative of the American International Corporation and manager of the International Banking Corporation branch at Peking, China.

GIVING STATE BANKS MORE POWER

A movement has been started looking to greater power for state banks in Pennsylvania. Governor Sprout strongly favors a revision that will accomplish this end, and the new banking commissioner, John S. Fisher, has conferred with institutions throughout the state with the idea of making the laws more flexible, effective and self-supporting. One feature of the new law will be the empowering of the Banking Commissioner with direct control of institutions in liquidation under his supervision with a view of economy of time and money. Two additional deputies will be provided in the bill and the Com-



Put Yourself in a Better Job

The call for specialized brains in business is more insistent than ever. Salaries from thirty-five hundred to ten thousand dollars and even larger are ready now for proficient Business Managers, Expert Accountants, Auditors, Comptrollers, Banking Experts, Cost Accountants, Sales Managers and Correspondence Managers.

This is *your* big opportunity. Train in any of these departments of business and get out of the small place—be above the job-hunting class—draw a bigger salary check,

Train by Mail—Now

Stay where you are while you are getting this knowledge which makes promotion certain. Only your spare time is required to secure precisely the training for which Business pays the large salaries. Get in months under the direction of the LaSalle experts, information you cannot obtain in years from your own experience. Every subject completely covered—made clear.

You will also have the privileges of our Consulting Service—which entitle you to the free advice of our experts on any special business problem at any time you need it.

The tuition is small and you can pay on our easy terms—a little each month if you wish.

More than 20,000 new members enroll annually, and are reaping big rewards from LaSalle training.

Send the Coupon for Full Information

Find out about this LaSalle training for advancement. Mail the coupon and we will send full information about any of the courses, the moderate fee and the easy terms. We will also send free our valuable book "Ten Years' Promotion In One." Mail the coupon to-day.

LASALLE EXTENSION UNIVERSITY

"The World's Greatest Extension University"

Dept. 4312-R Chicago, Illinois

Send me free "Ten Years' Promotion In One," also catalog and particulars regarding course and service in the department I have marked with an X.

- Business Administration:**
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missioner will be allowed to engage additional employees as needed. Instead of winding up insolvent concerns by receivership, the Commissioner may act in the capacity of receiver without previous application to the courts. These changes are based on a report of Representative James A. Walker, secretary of a commission appointed to codify the banking laws.

RE-ELECTED CASHIER UPON RETURNING FROM THE WAR

The Philadelphia National Bank's old cashier, O. Howard Wolfe, was honored with a re-election to his position upon his return from the war campaign with the Y. M. C. A. in foreign service during 1918. Horace Fortescue relinquished the office of cashier, remaining as vice-president.

CHANGE IN CAMDEN TRUST COMPANY

Irving A. Collins of Philadelphia has been appointed a director of the Central Trust Company of Camden, N. J., succeeding Kellam E. Bennett, resigned.

ANNUAL BANQUET OF BOSTON A. I. B.

Boston Chapter, American Institute of Banking, gave its eighth annual banquet at the Copley-Plaza Hotel, Boston, in February, and it was the largest and most successful in the history of the chapter. More than 600 bankers and guests were present. Among those at the speakers' table were R. S. Hecht, president of the Hibernia Bank and

Trust Company of New Orleans, who is an ex-president of the American Institute of Banking; J. C. Thomson, at present president of the American Institute of Banking; James D. Brennan and Olaf Olsen, vice-presidents of the First National Bank of Boston; Henry S. Greer, president National Union Bank, Boston; James P. Hooper, president New England Trust Company, Boston; C. G. Bancroft, president International Trust Company, Boston; W. A. Burnham, Jr., vice-president National Shawmut Bank, Boston; Charles B. Wiggin, vice-president, and F. C. Waite, cashier Merchants National Bank, Boston; George W. Grant, vice-president Old Colony Trust Company; B. B. Perkins, president Commercial National Bank, Boston, and Guy Ham, president of the newly organized Citizens National Bank of Boston.

MR. MILLS BECOMES ASSISTANT CASHIER

The board of directors of the First National Bank of Boston recently elected Charles F. Mills, formerly assistant secretary of the Savings Union Bank and Trust Company of San Francisco, assistant cashier.

OLD COLONY TRUST INCREASES CAPITAL

The banking, foreign, bond and trust departments of the Old Colony Trust Company of Boston have grown to such an extent that the institution, at a recent meeting of the directors, decided to issue \$1,000,000 additional stock

The Finale

The war bills must be paid in full.

During the Victory Liberty Loan, the National City Company, through local committees, again gives to the Government the services of a large part of its bond distributing organization.

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which had been authorized by the stockholders in 1911, and thereby increase the capital of the institution from \$6,000,000 to \$7,000,000. The new stock was offered to stockholders of record as of February 21 at par, \$100. The time for filing subscriptions to the new stock expired March 7. The authorized capital, voted by the stockholders in 1911, is \$7,500,000.

A WAY TO GET GERMAN MONEY

The question is raised by Richard P. Joy, president of the National Bank of Commerce of Detroit, as to how Germany will pay an indemnity, if an indemnity is exacted from her, unless she is permitted to trade with the world, and thereby earn it. Mr. Joy points out in the bank's monthly letter that the indemnity cannot be paid in gold, as Germany holds but approximately

\$541,296,000 of the yellow metal and produces no gold within her borders. Mr. Joy goes on to say:

If Germany cannot pay tribute in gold she must be allowed to earn it by trading with the world or be permitted to pay the indemnity by the shipment of goods to allied nations. But England, for instance, does not propose to have her industries slowed down by allowing Germany to export manufactured goods in volume to Britain, where already there are many idle men.

MERGED BANKS OPEN

The Commonwealth and Federal State Banks of Detroit, recently consolidated, opened for business under the merger March 1, as the Commonwealth-Federal Savings Bank. The institution has resources of over \$7,000,000 and has six branches located in different parts of the city.

RECORD FOR PEOPLES STATE BANK OF DETROIT

According to the last statement of the Peoples State Bank of Detroit, this bank, reporting assets of \$105,053,528, gains the distinction of being the first banking institution in Michigan to pass the \$100,000,000 mark. Only ten other banks west of the Atlantic seaboard cities showed totals above \$100,000,000 in their statements of December 31, 1918, and of these, six are in Chicago.

The first bank in the United States to attain assets of that magnitude was the National City Bank of New York, which, in the statement of December 15, 1897, twenty-one years ago, for the first time reported totals of more than \$100,000,000.

Of the total investments. March 4, this year, of the Peoples State Bank of Detroit, \$20,000,000 consists of United States Treasury certificates purchased and owned by the bank in anticipation of the Federal Victory Loan Campaign that will open in April. The bank also has purchased \$9,000,000 United States Treasury certificates issued in anticipation of Federal internal revenue and income taxes now being collected.

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BUILT OF INDIANA LIMESTONE

The beautiful new building of the Fayette Bank & Trust Co., Connersville, Ind., illustrated and described in the February issue of *THE BANKERS MAGAZINE*, was constructed of Indiana limestone, a material now much favored for the exterior of monumental buildings such as many banking houses now are.

GOOD PLAN FOR MERGED BANKS

The merging of banking institutions in Louisville, Kentucky, the Fidelity and Columbia Trust Company and the Citizens Union National Bank, has developed a plan for the operation of merged banks that will command pretty wide attention at the hand of bankers throughout the country. The plan provides for a board of six trustees, three elected by each institution. It is proposed that the capitalization of the two institutions shall be represented by \$3,000,000 of capital and \$2,500,000

of surplus, and that each institution shall contribute \$2,750,000 towards the capital and surplus mentioned. Although each of the institutions contributes exactly the same amount of funds, \$2,750,000, it was determined that the shareholders of the Fidelity and Columbia Trust Company should receive \$1,500,000 of the \$3,000,000 of participation certificates, and that the shareholders of the Citizens Union National Bank should receive \$1,400,000 of the participation certificates.

In view of the fact that the present capital stock of the Fidelity and Columbia Trust Co. is \$2,000,000, whereas the amount of Participation Certificates to be received in exchange is \$1,560,000, it follows that each shareholder of the Fidelity and Columbia Trust Co. stock will receive seventy-eight per cent. of his present holdings, that is, for each 100 shares of Fidelity and Columbia Trust Co. stock the shareholder will receive seventy-eight shares in the form of a Trustees' Participa-

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tion Certificate, which will be equivalent to seventy-eight shares of the par value of \$100 each of the indivisible trust estate, consisting of shares of the capital stock of the Citizens Union National Bank and the Fidelity and Columbia Trust Co.

The stockholders of the Citizens National Bank will receive 144 participation shares for each 100 shares now held.

The board of trustees comprises: Henning Chambers, Andrew Cowan, H. C. Rodes, J. H. Scales, J. Ross Todd and L. H. Wymond.

J. G. MILLER DIES AT 101

In the issue of May, 1918, THE BANKERS MAGAZINE printed an article commenting on the remarkable age and the interesting career of J. G. Miller, for many years a director of the Farm-

ers and Mechanics National Bank of Frederick, Maryland, and holder of other positions of importance in the community.

Several weeks ago Mr. Miller accidentally received an abrasion on the back of his hand, from which septic poisoning developed, and on March 11 he died. Mr. Miller was 101 on February 20, and had long been known as Frederick County's Grand Old Man. He was an advocate of the simple life, a pioneer farmer and business man, and was regarded as a remarkable person, holding his own exceptionally well in spite of his advanced years. He was unconscious for twenty-four hours before his death, but prior to his illness he retained all his faculties and conversed freely and knowingly about the topics of the present day as well as the events of the past.

**REPORT OF FARMERS AND MECHANICS
NATIONAL**

The statement of the Farmers and Mechanics National Bank of Frederick, Md., for the period ending March 4, 1919, shows total assets of \$2,746,835, capital stock of \$125,000, a surplus fund of \$115,000, and net profits of \$53,469.

**GEORGE B. SMITH HEADS RESERVE CITY
BANKERS**

The seventh annual convention of the Association of Reserve City Bankers, held in New Orleans March 31 and April 1 and 2, was one of the most successful meetings ever held by the Association. The attendance was unusually large, and the addresses delivered at the various sessions were of a high order.

George B. Smith, assistant cashier of the Continental and Commercial National Bank of Chicago, was elected president for the coming year. Edwin R. Rooney, assistant cashier of the First National Bank of Boston, is the new vice-president; C. L. Corcoran, assistant cashier of the Central National Bank of Cleveland, Ohio, was chosen as secretary; and Paul J. Leeman, vice-

president of the First and Security National Bank of Minneapolis, was made treasurer. The directors are: Robert S. Polk, vice-president Union and Planters Bank and Trust Company, Memphis, Tennessee; G. Jarvis Geer, Jr., assistant treasurer Guaranty Trust Company, New York city; Oscar Wells, president First National Bank, Birmingham, Alabama; Clyde C. Taylor, cashier First National Bank, Pittsburgh, Pennsylvania; and F. W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, Louisiana.

Cleveland, Ohio, was chosen as the 1920 convention city.

**AMERICAN NATIONAL OF NASHVILLE HAS
NEW DIRECTORS**

It was announced that on March 18 the American National Bank of Nashville, Tennessee, acquired five new directors of considerable note in southern business and banking circles. They are Messrs. W. R. Cole, Robert Orr, Jr., and J. J. Gray, all formerly of the Fourth and First National Bank, and G. E. Bennie and B. E. McCarthy, Jr. The severance of connection with the Fourth and First National Bank follows upon similar action by V. E. Schwab, who is now also a director of the American National.

The bank announces that the addition of these five men to the directorate is in keeping with the recently inaugurated policy of expansion under the new regime. The figures given out in the bank's statement for the period ending March 4 show total resources of \$15,053,504, deposits of \$11,780,120, and a reserve of \$3,083,611, a record for the bank and one of which it is justly proud.

In the new directors the American National also has a subject for pride. Mr. Cole is president of the Nashville, Chattanooga & St. Paul Railway, president of the Napier Iron Works, and president of the Vanderbilt Board of Trust, besides being prominently connected with other industries and business enterprises throughout the South.



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Mr. Gray is a leading iron manufacturer of Tennessee, and one of the foremost capitalists in the state.

Mr. Orr is the head of the wholesale grocery firm of Orr, Mizell & Murray.

Mr. Bennie is president of the Carlsbad Manufacturing Co., and was recently state director of Red Cross activities.

Mr. McCarthy is president of the Phillips & Buttorff Manufacturing Co., and a former president of the Commercial Club of Nashville. He is now identified with a number of other business institutions in Nashville.

**COMMONWEALTH OF VIRGINIA, INCORPORATED
STATE BANKS**

The report of the State Corporation Commission for the Commonwealth of Virginia, for the period ending December 31, 1918, gives some interesting comparisons as to the condition of the incorporated state banks at the present

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FIRST NATIONAL BANK OF CHICAGO

The statement of this bank under date of March 4, 1919, shows the total assets to be \$261,420,080, and the total deposits \$206,351,628. The statement of the First Trust and Savings Bank shows total assets of \$87,804,046, and total deposits, \$73,197,489. The stock of the First Trust and Savings Bank is owned by the stockholders of the First National Bank of Chicago.

REPORT OF CHICAGO BANKS CONDITIONS

time. On November 1, 1918, the figures were: Total resources (294 banks), \$163,024,964; December 1, 1918 (293 banks), \$169,020,240, an increase of \$5,995,275; also, on December 1, 1918, total resources (290 banks), \$134,950,083, and December 31, 1918 (293 banks), \$169,020,240, an increase of \$34,070,156.

LUNCHEON OF THE BLUEFIELD NATIONAL

On March 2 a luncheon was given to the shareholders of the Bluefield (West Va.) National Bank, with 125 shareholders and guests present. The luncheon was the first occasion of the kind given at Bluefield, and was set to mark the second anniversary of the bank. The menus were printed on copies of the statement of the Bluefield National. R. B. Parrish, the cashier, presided, and the principal speaker was T. D. MacGregor, vice-president of Edwin Bird Wilson, Inc., of New York.

HIBERNIA BANK AND TRUST COMPANY DECLARES SIX PER CENT. DIVIDEND

The board of directors of the Hibernia Bank and Trust Company of New Orleans have declared a quarterly dividend of six per cent., payable to stockholders of record March 31, 1919. This is the fourth consecutive six per cent. quarterly dividend that the Hibernia Bank has paid. Prior to July 1 of

Reports of the national and state banks of Chicago, giving their conditions as of March 4 and showing large increases in deposits and, by the national, or commercial banks, decreases in loans, indicate the changes in business that have taken place since the last previous report, made on December 31, 1918.

The deposits of all the Chicago banks have increased \$65,528,341, or 4.2 per cent., since the beginning of the year.

Their loans, taken as a whole, have expanded a fraction of one per cent. because of the inclusion of state bank figures. The state institutions buy commercial paper in a small way only, while their bond departments engage in special operations in which they extend a large amount of credit.

Among the national banks, the Continental and Commercial shows a gain in deposits of about \$8,700,000, while its loans have been reduced by about \$31,400,000. The First National shows a decrease in loans of but \$1,600,000. The Corn Exchange, for some special reason, proved an exception, with an expansion of \$3,400,000 in loans.

DEATH OF W. D. DICKEY

On March 14 W. D. Dickey, for the past twelve years assistant cashier of the National City Bank of Chicago, died

suddenly at his home, 5316 Kimbark Avenue, of heart failure.

Mr. Dickey was sixty years old and was born at Columbus, Indiana. He received his early banking experience with the Cumberland County National Bank of Neoga, Illinois, of which institution he became cashier.

Leaving Neoga he went to a Sioux City, Iowa, bank as cashier, and later went to the American National Bank of Indianapolis. He resigned his position to go to the Columbia National Bank of Indianapolis, and in 1907 accepted an invitation to join the staff of the National City Bank of Chicago.

Surviving Mr. Dickey, besides his wife, are two sons, W. P. Dickey, president of the Live Stock State Bank of Portland, Oregon; Will M. Dickey, of Merrill, Cox & Co., Chicago; and two daughters.

During his connection with the National City Bank of Chicago Mr. Dickey made numerous friends among the bankers of the country, who will regret to learn of the death of a good friend.

NATIONAL CITY BANK OF CHICAGO

Captain Robert R. Forgan, vice-president, is again at his desk, having received his honorable discharge from the army. Out of forty-two men who entered the service of their country from the bank, seventeen have so far returned to their duties. The bank patriotically pledged itself to re-employ every man who entered the service. It is commended for this act, although it is evident that a surplus of help will be the result for a period.

President David R. Forgan has returned from a month's vacation spent at Palm Beach. On his return, Vice-President H. E. Otte, surprised evidently by Mr. Forgan's favorable reports of Florida weather, left for a short vacation at Sea Breeze.

Vice-President F. A. Crandall is one of the original and best known A. I. B. men in the country. He recently attended the New York chapter's annual banquet, and on his way back to Chicago he stopped off at Pittsburgh, where he was a guest at the annual din-



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BELGIUM AIDED BY CHICAGO BANKS

Chicago banks very quickly seized the opportunity offered by the New York syndicate to participate in the \$50,000,000 commercial export credit which is to be extended by United States bankers to a group of seventy or more Belgian banks. The New York syndicate is managed by the Guaranty Trust Company, the National Bank of Commerce and J. P. Morgan & Co., who report that Chicago's readiness to join the movement indicates that the \$50,000,000 will be largely oversubscribed. All of the Chicago banks addressed have already sent in their participations, which range from \$100,000 minimum up to \$500,000. Their subscriptions will total approximately \$3,500,000. The Chicago banks invited to participate include the Continental and Commercial National, the First National, the Merchants Loan and Trust Co., the Illinois Trust and Savings, the Northern Trust, the Corn Exchange, the Standard Trust and Savings, Foreman Bros., State Bank of Chicago, the National City Bank of Chicago, the National Bank of the Republic, the Union Trust Co., the Central Trust Co. of Illinois, the Harris Trust and Savings, the Fort Dearborn National and the Live Stock Exchange National.

NEW HOME FOR ST. LOUIS UNION TRUST COMPANY

It was learned recently that notices were being served by the St. Louis Union Trust Company on tenants occupying the building at the northwest corner of Seventh and Locust streets that they were to vacate by September 15, when the work of wrecking this building will be started for the purpose of erecting the new home of the St. Louis Union Trust Company and the St. Louis Union Bank on that corner.

Announcement was also made that Mauran, Russell and Crowell, of St. Louis, and Cass Gilbert of New York had been selected as associate architects for the new building and that they were starting to work at once to complete their plans.

Mr. Gilbert is the architect who designed the St. Louis Public Library building, his design on this building having been submitted in open competition. He is one of the most noted architects in the United States.

The new building will be of steel, fire-proof construction with stone exterior. While definite plans have not been worked out as to how high the building will be, it is certain that it will be at least four or five stories high, in which case the entire building will be occupied by the St. Louis Union Trust Company and the St. Louis Union Bank. The architects and officers of the trust company are now going into the situation as to whether they will wish to build additional floors above the space used by the trust company for office building purposes. In the event that the building is built with the upper stories devoted to offices, it will be built to the limit of the height under the ordinance of 150 feet, which would make it about a twelve-story building.

The present quarters of the St. Louis Union Trust Co. and the St. Louis Union Bank at Fourth and Locust streets have been sold to the Federal Reserve Bank of St. Louis, and will be occupied by the Federal Reserve Bank as soon as the trust company and bank are able to vacate. It is expected that the bank will be in its new home

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FEDERAL RESERVE BANK OF ST. LOUIS

During the year 1918 the Federal Reserve Bank of St. Louis made good progress. Out of the net earnings the bank paid dividends for the years 1917 and 1918 amounting to \$404,837.60, set aside a reserve of \$172,997 for depreciation in securities and also a reserve of \$801,655.61 for the franchise tax.

The principal source of revenue during 1918 was bills discounted for member banks. Of the \$2,676,828.35 of gross earnings, \$2,191,795.40 was derived from this source. During 1917 the earnings from bills discounted amounted to only \$347,871.10.

The total resources of the bank increased from \$159,619,896.96 on December 31, 1917, to \$229,496,229.05 on December 31, 1918, and its earning assets increased from \$45,066,896.64 to \$85,717,141.81. The largest item of the earning assets was paper discounted for member banks, amounting to \$70,702,653.85 on December 31, 1918, compared with \$28,584,397.60 on December 31, 1917.

GOOD SHOWING BY MR. HOLDERNESS

For the past four years the position of assistant cashier and manager of the savings deposits in the Third National Bank of St. Louis has been held by M. E. Holderness, and his recent statement shows 17,000 open accounts on

the books, with a total of \$5,000,000 in savings deposits. Although in St. Louis only four years, Mr. Holderness has succeeded in establishing himself on a firm basis with the bankers and business men, and it is therefore not difficult to understand why his department has borne such good results.

A NEW VICE-PRESIDENT ELECTED

The National Bank of Commerce in St. Louis has elected W. L. Hemingway, of Little Rock, Ark., a vice-president, and he has assumed his duties in the bank. While only 38 years old, Mr. Hemingway was one of the best-known bank officers in Arkansas. Prior to January 1 last he was president of the Mercantile Trust Company, which later merged with the Union Trust Company, and is now known as the Union and Mercantile Trust Company of Little Rock.

PRESIDENT LONSDALE ON RAILROAD BOARD

John G. Lonsdale, president of the National Bank of Commerce in St. Louis, was elected recently to the board of directors of the Missouri Pacific Railroad Company.

BANK ROBBERS FARE BADLY IN MISSOURI

Bank robbers operating in Missouri are running up against some bad snags, the biggest one being the invincible secretary of the Missouri Bankers Association, W. E. Keyser. In a poster cir-

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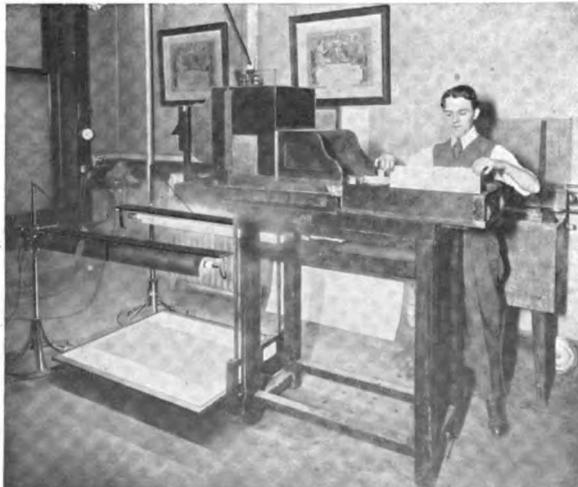
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Societa Anonima Italiana Alfred Herbert, Milan, Italy,
Graham Brothers, Stockholm, Sweden.

cular containing the name, picture and a recital of the crimes for which they were convicted and sentenced, it is announced that six bank burglars and robbers have been added to the splendid record of the Missouri Bankers Association, making the total thirty-eight for the ten-year period ended December 31, 1918, for whose arrest, trial and conviction the association paid \$17,800 in rewards. The poster is issued by Mr. Keyser, with the request that it be posted conspicuously for the benefit of prospective bank robbers. They will find that the gentleman on watch in Missouri has a hair trigger device with the use of which he is quite proficient.

AXE USED BY ABRAHAM LINCOLN

The Third National Bank of St. Louis has on exhibition in its lobby the axe with which Abraham Lincoln split rails. It is in a glass case and is guarded with the same care as would be its weight in gold bullion. It is the property of Mrs. Savala Vandaveer, 93 years old, of Montgomery City, Mo. Lincoln used the axe when working in the woods with Mrs. Vandaveer's uncle, in Gentry county, Indiana.

M. E. Holderness, publicity manager of the Third National Bank, had a difficult time in borrowing the axe. He finally obtained it by sending an escort to Mrs. Vandaveer to bring it to St. Louis, and by promising that it would have a personal escort back to her. She refused the request of the Governor of Illinois when he asked her to let the axe be exhibited at the World's Fair in Chicago. In connection with the Third National's exhibit are several interesting and timely articles on the subject of "Savings" by Lincoln.

STATE GUARANTY LAW CONSIDERED SATISFACTORY

The letter of transmittal of the biennial report of the State Banking Department of South Dakota closes with an incidental reference to the fact that the state guaranty law is working out satisfactorily. The first part of the letter gives some interesting and valu-

able statistics of banking in South Dakota, showing, among other things, that there are 502 state banks in the state, seven private banks, eight trust companies and fourteen building and loan associations doing business in the state under the jurisdiction of the state department. During the time covered by the report there were thirty-six state banks organized in the state; two banks reorganized as national banks, and nine banks voluntarily liquidated and quit business after paying their creditors in full. In the same time seventy-two banks have increased their capital.

THE BANK OF ITALY'S RECONSTRUCTION PLANS

President A. H. Giannini of the Bank of Italy of San Francisco, in a holiday greeting to his co-workers, stated that in the more important part America was destined to play in the world's affairs as a result of the new order of things, the Bank of Italy was already perfecting plans to take full advantage of the favorable opportunities that would ensue. That those favorable opportunities are near at hand is evidenced by the election of Vice-President Dr. A. H. Giannini as chairman of the board of directors of the bank and chairman of the executive committee of the East River National Bank of New York, a member of the Federal Reserve System and the New York Clearing-House. This New York bank, established in 1852, has been purchased and is already endowed with capital, surplus and undivided profits of \$1,635,000.00. It is to be the nucleus of a vast banking enterprise, which, with its new capitalization, will take a leading part in the financial affairs of New York, the bank's name, however, to be changed later to one more appropriate.

Despite the fact that Italy's sons in New York number about 750,000, there has never been a truly representative Italian bank there and the East River National Bank will be very closely affiliated with the Bank of Italy. Dr. Giannini's prominent position in the New York financial world indicates again in a most striking way the respect

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which the great banks of the "far East" have for Pacific Coast trained bankers, for it is not long since Vice-President Parker of the Anglo and London Paris National Bank went to the Guaranty Trust Company of New York as vice-president, being followed shortly by John Clausen, vice-president of the Crocker National, who is now with the Chemical National of New York as vice-president and manager of its foreign department.

RAPID GROWTH OF UNION BANK OF CANADA

The fifty-fourth annual report of the Union Bank of Canada, dated November 30, 1918, shows that the progress of this institution has been remarkable.



W. J. DAWSON
New York Agent Union Bank of Canada

As against total assets of \$7,802,099 on May 30, 1895, the total assets are now \$153,181,451. The capital paid-up is \$5,000,000, reserve fund \$3,600,000, undivided profits \$126,298 and total de-

posits amount to \$127,242,698, and the total assets, as stated above, come to \$153,181,451.

The New York agents of this bank



FOREST L. APPLEBY
New York Agent Union Bank of Canada

are W. J. Dawson, F. L. Appleby and W. M. Forrest.

Mr. Dawson entered the service of the Union Bank of Canada twenty-three years ago, and his whole banking career has been spent with that institution. He has had wide Canadian experience, having held important positions at several of the bank's leading branches throughout Canada. He came to New York as first agent from Hamilton, where he was manager for five years.

Mr. Appleby began his banking career with the London City and Midland Bank, London, at the age of sixteen, leaving there in 1905 to take up the position of teller in the London office of the American Express Company. In this service he interviewed both importers and exporters of almost every

known article of produce, and many manufacturers, obtaining an insight into the methods by which each trade was financed. In 1913 he entered the service of the Union Bank of Canada in London to take up the managership of their foreign exchange department in Toronto, where he arrived in April of that year. In October, 1916, he was



W. M. FORREST
New York Agent Union Bank of Canada

transferred to the head office in Winnipeg as superintendent of foreign agencies, and on the opening of the New York agency in April, 1917, was again transferred to New York as manager of the foreign exchange department.

Mr. Forrest began his service with the Union Bank at the Toronto branch twenty-one years ago, and after a wide experience in different Canadian offices of the bank, including Ottawa and the Montreal Exchange Department, received his present appointment the first of the year.

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GREAT GROWTH OF CANADIAN BANKS

Great expansion was witnessed in most branches of the banking business in Canada in 1918, but the increased expenses of management and the service which the banks provided for the government at less than cost prevented a corresponding increase of profits. As compared with 1917, however, eleven of the banks which have so far reported make an excellent showing. Eight of the banks have not yet reported, but those reporting make the following showing:

	NET PROFITS	
	1917.	1918.
Bank of Montreal..	\$2,477,969	\$2,562,790
Bk. of Nova Scotia..	1,295,315	1,411,925
Bank of Toronto...	802,920	844,402
Molsons Bank	615,514	712,485
Union Bk. of Canada	763,463	824,174
Canadian Bank of Commerce	2,637,555	2,850,318
Royal Bk. of Canada	2,327,979	2,800,846
Dominion Bank	1,005,062	1,086,498
Standard Bk. Canada	649,546	697,443
Banque d'Hochelega	565,433	595,187
Bank of Ottawa....	616,238	645,437
Totals	\$13,756,994	\$15,040,435

It will be noted that every bank shows an increase. The profits of the Bank of Montreal were about four per cent. higher; those of the Bank of Nova Scotia increased about nine per cent., and in the case of the other banks the increases were approximately as follows:

Bank of Toronto, five per cent.; Mol-

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sons, sixteen per cent.; Union, eight per cent.; Commerce, eight per cent.; Royal, twenty per cent.; Dominion, eight per cent.; Standard, eight per cent.; Hochelaga, six per cent.; Ottawa, six per cent.

The business, however, as indicated by the total assets as at December 31, compared with December 31, 1917, increased by \$472,000,000 or over twenty per cent. The year 1917 saw an increase of \$381,000,000 or somewhat less than twenty per cent.

The following are the present dividend rates of all the Canadian banks:

DIVIDENDS

Bank of Montreal	10+	2
Bank of Nova Scotia.....		16
Bank of Toronto.....		12
Molsons Bank		12
Banque Nationale		9
Merchants Bank of Canada.....		10
Banque Provinciale du Canada....		7
Union Bank of Canada.....	8+	1
Canadian Bank of Commerce.....		12
Royal Bank of Canada.....		12
Dominion Bank		12
Bank of Hamilton.....		12
Standard Bank of Canada.....		13
Banque d'Hochelaga		9
Bank of Ottawa		12
Imperial Bank of Canada.....		12
Home Bank of Canada.....		5
Sterling Bank of Canada.....		6
Weyburn Security Bank		5

CANADIAN SECURITIES

The Guaranty Trust Company of New York has made an agreement with interests which control the firm of C.

Meredith & Company, Limited, of Montreal, whereby a new company is to be formed for the sale of Canadian securities. Offices operated by the Meredith firm in Montreal and Toronto will be taken over by the new organization. The new company's name has not been decided upon, but it is a logical outgrowth of the changed financial condition growing out of the war. Canadian financing has heretofore been done largely in England. American capital invested has been in a few lines not largely representative of the Dominion's chief industries. The present financial strength of the United States, together with the promise of great expansion, both in transportation and in industry, which is looked for in Canada, provides an opportunity for a closer relationship than heretofore existed. The investment of American capital there is expected to increase from this time on. The firm of Meredith & Co., Limited, is one of the oldest and best established in Canada, with broad interests and influence.

UNION BANK OF CANADA OPENS NEW TORONTO DEPARTMENT

The Union Bank of Canada is opening in Toronto a statistical department similar to that already maintained by the bank in New York, which will care for its 315 Canadian branches, as well as the foreign ones under the direction of the Park-Union Foreign Banking Corporation. J. H. Hodgins, a Canadian financial journalist of fifteen years' experience, is being transferred from the New York department, which he organized, to be in charge at Toronto. His place in New York is being taken by A. G. Slater.

UNIFORM STATE BANKING LAWS

The State Bank Section of the American Bankers Association has had under consideration for some time the subject of uniform state banking laws. Different conditions exist in different states, and the fact that state statutes can be varied to suit state requirements gives state banking institutions certain

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advantages over their national bank neighbors. The prevailing sentiment, therefore, is that absolute uniformity is neither possible nor desirable. Nevertheless, certain general principles of law are adaptable to every section of the country and would simplify and systematize interstate business. The State Bank Section, in cooperation with the committee on state legislation of the American Bankers Association, is endeavoring to secure legislation on the following subjects:

1. The Uniform Negotiable Instruments Act.
2. The Uniform Bills of Lading Act.
3. The Uniform Warehouse Receipts Act.
4. The Uniform Stock Transfer Act.
5. False statements for credit.
6. Derogatory statements affecting banks.
7. Liability for payment of forged or raised checks.
8. Checks or drafts without funds.
9. Burglary with explosives.
10. Payment of deposits in two names.
11. Payment of deposits in trust.
12. Competency of notaries of banks and other corporations.
13. Limit of liability of a bank for non-payment of check through error.
14. Bank transactions after 12 o'clock on Saturdays.
15. Legalizing the sending of checks direct to the drawee.
16. Enabling legislation to authorize state banks and trust companies to join Federal Reserve System.
17. Prevention of fraud in the transfer of accounts receivable by secret transfers.

All State Superintendents of Banks have been made honorary members of the State Bank Section, and have been invited to participate in the discussion

of state banking legislation at the convention of the American Bankers Association next fall.

GOOD CONSTRUCTIVE WORK

A commendable piece of work was outlined by the joint conference of the agricultural commission of the American Bankers Association, the agricultural committees of the bankers state associations, the Department of Agriculture, the Bureau of Education, and the Federal Farm Loan Board, held in Washington early in March. The attendance was remarkable, including as it did agricultural chairmen from thirty-seven states, thirteen state secretaries and a number of association presidents.

The plan suggested by Chairman Joseph Hirsch and agreed to by the conference is to appoint a banker in each of the 2,800 agricultural counties in the United States, whose business would be to interest the tenant in the purchase of the farm and create public sentiment favoring such a movement. The duties of the banker representative would also include the elimination as far as he is able to bring it about of the "land shark," the agricultural "grafter" and the artificial price booster. Mr. Hirsch said educational facilities should be provided for the children of the farmer equal to those available for the children who live in the city.

C. E. Lobdell of the Federal Farm Loan Board said the plan was laudable and practical. It would stimulate production and would elevate the calling of

Bank Libraries

NO modern and up-to-date bank is complete in its equipment without a library for the use of its officers and employees. Such a library should include not only the current periodicals giving information of banking, economic and financial affairs, but a selection of the best books on these subjects.

The slight expense of such a library is amply compensated for in the increased interest and greater efficiency of the employees and indeed, too, in the prevention of costly errors by the knowledge thus acquired.

Many banks are availing themselves of our suggestions and selections for complete libraries and for the nucleus of such a collection to be added to from time to time.

Our "Bank Library of One Hundred Books" is undoubtedly the best collection for this purpose. If the bank does not want to purchase the entire collection at once it is a good thing to make a start and gradually acquire the complete library.

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the tiller of the soil. But to make it effective it would be necessary to make farming and farm environment more attractive.

SIGNS WAR CONTRACT RELIEF BILL

A very important bill that the President did not fail to sign when he was home from Europe was the war contract relief bill, which carries appropriations of \$1,600,000,000 of contracts with American concerns where there is an informal and uncompleted agreement, and \$1,200,000,000 of similar contracts made in Europe. The bill validates all such contracts and provides for prompt payment. The only delays likely to occur will be in deciding claims in the nature of amortization and for investments in lines of work required by the Government as war measures where no actual returns were made and the Government stands to lose entirely. These claims will be made with the usual legal scrutiny that characterizes such transactions. The bill passed by Congress received the hearty support of the administrative committee of the American Bankers Association, which wired each member of the Senate the following resolution:

Resolved, That the American Bankers Association earnestly urge the passage by the Senate of H. R. 13,274 as reported by Mr. Chamberlain on January 20 with an amendment, subject, however, to the important modification that wherever the right of appeal therein is given to the Department of Justice, such right be eliminated.

A provision of this nature places upon the Department of Justice a duty to investigate all contracts or orders now pending validation, adjustment and final settlement and will cause a serious and unnecessary delay to the great detriment of business and will cause great financial loss to customers of banks and seriously interfere with the employment of labor.

We believe that there are adequate laws existing to protect the Government in the payment on contracts when validated, and that Section 2 of the bill in question protects the Government in the validation of informal contracts and the completion of contracts to replace informal orders and agreements.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-THIRD YEAR

MAY 1919

VOLUME XCVIII, NO. 5

The Victory Loan

VICTORY came to the American arms through the bravery of our sons. It now remains for us to carry forward and complete the work they did on the field of battle by providing the means to pay them, to transport the returning troops to their homes, and to sustain the large numbers who must still keep watch in Europe until the terms of the peace are acquiesced in by the vanquished nations. For these and other financial expenditures incident to the war the Government has again called upon the people of the United States to come forward and contribute to another loan — the Victory Liberty Loan — subscriptions for which were opened on April 21 to a total of \$4,500,000,000, and on terms set forth in the following statement issued by the Secretary of the Treasury on April 13:

“The Victory Liberty Loan, which will be offered for popular subscription on April 21, will take the form of four and three-quarter per cent. three-four-year convertible gold notes of the United States, exempt from state and local taxes, except estate and inheritance taxes, and from normal Federal income taxes. The notes will be convertible, at the option of the holder, throughout their life into three and three-quarter per cent. three-four-year convertible gold notes of the United States, exempt from all Federal, state and local taxes, except estate and inheritance taxes. In like manner the three and three-quarter per cent. notes will be convertible into the four and three-quarter per cent. notes.

“The amount of the issue will be \$4,500,000,000, which, with the deferred installments of income and profits taxes payable, in respect to last year’s income and profits, during the period covered by the maturity dates of this year’s certificates of indebtedness now outstanding, will fully provide for the retirement of such certificates.

“The issue will be limited to \$4,500,000,000, except as it may be necessary to increase or decrease the amount to facilitate allotment. Oversubscriptions will be rejected and allotments made on a grad-

uated scale similar in its general plan to that adopted in connection with the first Liberty Loan. Allotment will be made in full on subscriptions up to and including \$10,000.

"The notes of both series will be dated and bear interest from May 20, 1919, and will mature on May 20, 1923. Interest will be payable December 15, 1919, and thereafter semi-annually on June 15 and December 15, and at maturity. All or any of the notes may be redeemed before maturity at the option of the United States on June 15 or December 15, 1922, at par and accrued interest.

"In fixing the terms of the issue, the Treasury has been guided largely by the desire to devise a security which will not only prove attractive to the people of the country in the first instance, but the terms of which should insure a good market for the notes after the campaign and identical prices for the two series and should not affect injuriously the market for the existing bonds of the Liberty Loans.

"This will be the last Liberty Loan. Although as the remaining war bills are presented further borrowing must be done, I anticipate that the requirements of the Government, in excess of the amount of taxes and other income, can, in view of the decreasing scale of expenditure, be readily financed by the issue of Treasury certificates from time to time as heretofore, which may be ultimately refunded by the issue of notes or bonds without the aid of another great popular campaign such as has characterized the Liberty Loans.

"I am sure that the people of America will subscribe to this Victory Loan in the same spirit of patriotism which they have shown in the past, to the end that the notes may be as widely distributed as possible and that our banking institutions may be left free to supply the credit necessary for the purpose of industry and commerce and the full employment of labor. Let the world see that the patriots of America, out of their boundless resources and with the same enthusiasm and devotion to the country with which they prosecuted the war to a victorious conclusion, are determined to finish the job."

On account of the interest rate which they bear, the tax exemption features, and the unimpeachable character of the security, the Victory Liberty Bonds are an excellent investment, and our people are under patriotic obligations to invest in them to the greatest extent possible. The issue should be promptly subscribed to the full amount asked by the Government, and there is every reason to believe that it will be.

Senator Owen Warns Against Currency Inflation

WARNINGS against the dangers of currency inflation were recently promulgated by Senator Robert L. Owen, the retiring chairman of the Senate Committee on Banking and Currency. These warnings, as reported in the daily press, were addressed exclusively to the old-world statesmen regarded by Senator Owen as unmindful of the lessons which history has taught regarding the dangers inherent in an undue expansion of the currency. The Senator did not seem to think it necessary to direct his monitions toward his own country.

Senator Owen should be a well-qualified expert on the subject of inflation, for as one of the sponsors of the Federal Reserve Act he is responsible for what is perhaps the greatest inflationary measure of modern financial history. If Senator Owen could have had his way, the Federal Reserve notes would have been made a legal tender. One of the longest steps toward inflation taken by the Federal Reserve Act was the amendment which in effect abolished the requirement for a bank to hold actual money in its own vaults as a part or all of its legal reserves, and required that these reserves should consist of credits at the Federal Reserve Banks. In other words, the legal reserve of a bank, instead of being cash, could be a loan.

The present may not be the appropriate time to trace in detail the various elements of inflation at work in recent years, and other factors besides the Federal Reserve Act have been at work unquestionably. And it must also be said that under war conditions great expansion of credit and currency was essential, and the Federal Reserve Act, whatever its failings, provided that expansion.

It may not be without some instruction to study the figures relating to the growth of the monetary stock in recent years. Let us take the metallic stock first. In 1909 the stock of gold was \$1,615,000,000; in 1919 it had risen to \$3,092,000,000, thus nearly doubling in ten years. The silver in 1909 amounted to \$733,000,000; and in 1919 it had fallen to \$328,000,000. (This decline being due to a recent law whereby the silver was sold for export to India.) Circulating notes of national banks have increased from \$703,819,000 on October 31, 1909, to \$724,487,000 on April 1, 1919. In 1909 there were no Federal Reserve notes or Federal Reserve Bank notes in existence, while now the circulation embraced in these two items aggregates \$2,851,842,540. According to the Report of the Comptroller of the Currency, the coin

and money in the United States at about June 30, 1909, was \$3,406,300,000, and the circulation statement issued by the Secretary of the Treasury on April 1, 1919, placed the general stock of money in the United States at a total of \$7,587,249,005. In this period the per capita circulation has risen from \$34.93 to \$54.56.

It is not the purpose of THE BANKERS MAGAZINE to attempt to show to what extent the currency has been inflated, although it is difficult to see why with the increased production of gold, the large gold balance we gained in the first year or so of the war, it was deemed necessary to so largely reduce the bank reserves, and to require that a large percentage of the legal reserves should be in the form of loans instead of cash.

Senator Owen has performed a useful service in calling attention to the dangers of inflation. That he should postpone this utterance until the time of his retirement as chairman of the Banking and Currency Committee of the Senate instead of taking positive action looking toward checking inflation, as he might have done while still having the power which his position gave him over banking legislation, bears the semblance of a death-bed repentance.



Development of a Uniform Banking System for the United States

THIS subject was discussed in a complete and interesting way by Melvin A. Traylor, president of the First Trust and Savings Bank, Chicago, in an address before the recent annual convention of Reserve City Bankers at New Orleans. Mr. Traylor in closing his address thus summarized his arguments:

“The reasons for the need of one uniform system are: (1) to secure coöperation between the Federal Reserve Banks and all classes of banking institutions; (2) to assure greater safety to all banks and consequently to their depositors; (3) to give to the Federal Reserve Board supervision over all credit institutions of the United States, so that the Board’s regulation of discount and foreign exchange may prove effective; (4) to prevent political antagonism to the present system.

“It must be clear that if there is need of one big system of banks that this end can only be attained and maintained by having the direction of all the banks in the system vested in one place. If we are to have forty-nine different legislatures tinkering with

the banking laws, regulating, changing, and meddling with them as often as politicians may find it profitable to do so, it is evident that then it will be impossible to have one big, harmonious system. We do not need in this country a type of bank such as the Second United States Bank, which resembled the great central banking institutions of Europe, nor is it necessary to have, like our neighbors in Canada, merely a comparatively few chartered banks working together as one group and having branches scattered throughout the country, but we do need coöperation—entered into by all of our institutions of credit—to the end that we may avoid selfish isolation and create a federation in the interest of all the banks, small as well as great.”

From a statement in an earlier part of his address it will be seen that in discussing the possibility of a uniform system of banking for the United States, Mr. Traylor had in mind the great desirability of assuring, so far as that may be possible, safety in banking. He said:

“It is, however, undoubtedly of the greatest importance to all banks that every bank in the country be managed in a sound and reasonably conservative manner. Our banks are so interrelated that the possibility of failure of any group of them, whether they be Federal or state banks, will bring about a condition creating panic, a condition which the Federal Reserve System was intended to obviate. Governor Harding in a recent address made the remark that as the result of the establishment of the Federal Reserve System ‘financial panic’ is an expression which has ceased to have any meaning in our commercial vocabulary. Perhaps it is a little early to make claims of this kind, especially if it be remembered that according to the latest figures available there are in the country 21,175 banking institutions, not chartered by the Federal Government, and of these on June 29, 1918, only 523 were members of the Federal Reserve System. To be sure the largest and strongest of the state banks became members of the Federal Reserve System, chiefly as the result of an appeal issued by President Wilson on October 13, 1917, and the latest report of the Federal Reserve Board states that seventy-five per cent. of the total commercial banking assets of the country are now a part of the Federal Reserve System. At the same time, the danger is always present as long as we have the possibility of different laws for every state in the Union, that many of the state banks, which under the pressure of the war and from patriotic motives joined the Federal Reserve System, will leave it again when the stricter regulations of this system place them at a disadvantage in competition with state banks not members of the Federal

Reserve System and operating under the more or less lax laws in force in some of our states.”

Mr. Traylor presented the objections on the part of state banks to entering the Federal Reserve System as stated by Elliott C. McDougal, president of the Bank of Buffalo, and from which the following quotation is taken:

“The Federal Reserve System is big enough as it is, and that until it has perfected its own machinery and proven to the country at large that it should be allowed to monopolize the entire banking system of the country operating under both state and national laws, no further extraordinary attempt should be made to enlarge it.

“The public will be much better served providing every state has its own system, competing with the Federal Reserve System. Within reasonable limits such competition will improve both systems. Monopoly under the Federal Reserve System would be harmful.

“By reason of the widely different requirements of the different localities, our state systems, each operating under laws peculiarly applicable to the state in which it operates, can be adjusted to meet local conditions. If there be any principle that is clear it is the principle that the banks simply furnish the necessary machinery for facilitating the business of this country, and that machinery should be adjusted to suit business, and not business adjusted to suit machinery. In elasticity of adjustment to business needs our state systems are distinctly superior to the Federal Reserve System.”

These contentions were thus answered by Mr. Traylor:

“In answer to Mr. McDougal I wish to emphasize again that banks are not isolated business institutions whose respective failures and successes have no influence on the banking and commercial life as a whole. In order to continue to develop our domestic trade our credit resources must be mobilized more and more, and this is impossible if each bank or the banks of each state are independent units. There is no question that without the Federal Reserve System and the resulting unification of banking resources we could not have gone through the present war without serious financial disturbances. The abnormal conditions which caused the panic of 1907 are not to be compared with those brought about by the Great War and yet there was little financial difficulty in the latter instance.

“I earnestly hope that this war, just happily ended, may be the last international strife in the history of mankind, but the Government which built its banking system with a belief in the certainty of the realization of this dream would indeed be foolish. In fact,

we see everywhere new elements of commercial strife appearing out of which wars may again develop. Furthermore, for the international commercial rivalry which seems to be upon us we can only be prepared by having a banking system which will enable us to control the situation for the good of all. For this purpose it is absolutely essential that there be some power in the country that can regulate foreign exchange and fix discount rates.

"I do not believe that this will lead to monopoly, but on the contrary it will obviate the necessity of a greater centralization of our banking power. In the leading nations of the world the tendency is toward consolidation of banking institutions and banking resources. This is above all true of Great Britain where a belief prevails that only by such means can Great Britain regain her position as the leading power in international finance. Unless the Federal Reserve System can be developed in such fashion as to include practically all our banking institutions we may be forced to follow European nations in their methods of banking control in order to maintain our ground in the field of international commerce and finance. This I should consider a misfortune, for in a country as large as ours with its diversity of climate and products, local banking institutions owned by local stockholders who know the conditions of their immediate region and have its interests at heart are most desirable and perhaps an absolute necessity.

"This does not mean, in my judgment, that different localities require different banking systems, as Mr. McDougal seems to think. Rather do I believe that the elements of good, sound banking are everywhere the same, and that the duty of bankers to serve the interests of their community, thereby discharging their responsibility to their Government, is not restricted to any particular character of bank or to any special locality. It is very questionable if it is good banking to have two systems exist side by side. As a result of our present dual system the notes issued by the Federal Reserve Banks are not available as part of the legal reserves of the national banks or state banks, members of the system, but can be thus used by the state banks not members of the Federal Reserve System. This simply means that one reserve may be used as the basis for credit furnished by two different banking institutions. As has been frequently pointed out, the strength of the English banking system has been due in no small degree to the fact that since 1844 banking credits of the country have substantially rested upon gold, and that as a matter of fact it has been of no particular consequence (prior to the war at least) whether a British bank held its reserves in gold or Bank of England notes, the two being practically identical.

"Furthermore, while as I have sought to point out that many

states have excellent banking laws, there should be a uniform system of examination and supervision of banks so that depositors anywhere and everywhere would have some assurance that any bank in the country is reasonably sound and solvent. I do not see how this aim can be attained, unless all banks belong to one uniform system."

Notwithstanding the fact that state banks occasionally convert into national institutions, the general tendency is that banks continue to operate under the laws of the states where they were organized. Judging by the large number of existing state banks remaining outside the Federal Reserve System, it would seem that the great majority of state banks will neither change their form of organization to national banks nor voluntarily enter the Federal Reserve System, though they might take the latter course under stress of some great emergency.

There is one phase of this question which it may be well to remember, and it is this: the state banking systems themselves successfully developed a number of functions utterly foreign to the national banks for many years, but which the latter institutions now enjoy as a result of incorporating these functions into the Federal Reserve Act. Does this not tend to show that the National Banking System was tardy in adapting itself to the needs of the public for complete banking facilities and waited upon the state systems to point the way. And does it not savor just a little of presumption for the national banks, in the face of this tardiness, now to come forward and to invite the state banks to enter the National Banking System?

May not the forty-eight state legislatures have a keener eye to local conditions and banking needs than Congress has or can have?

We can not suppose that banking development has stopped. On the contrary, great changes are now going on, and unless Congress is more heedful in the future of the need for the expansion of banking functions than it has been in the past, or at least prior to 1913, we must conclude that the preservation of the state banking systems is desirable.

Nevertheless, as Mr. Traylor points out, there are many sound reasons for closer banking coöperation. To attain the advantages of this coöperation without sacrificing the real benefits which have grown out of the diverse state systems is the real problem.

Bettering the Relations Between Capital and Labor

THAT labor and capital should quarrel with one another seems about as unreasonable as for the left hand and the right hand of the same individual to be always working at cross purposes. Capital and labor are each elements of production, and to try to dispense with either of them would greatly impair if it would not completely destroy efficiency. In primitive times there was plenty of labor—largely consisting of slaves—but there was little capital, and the advancement the world has made away from the early stages of civilization has been due in very great measure to the accumulation of capital and to its employment in increasing the output of labor. Of almost equal importance has been the gain in the means of distribution whereby the scarcity in one locality may be quickly relieved from the plenty in another. Machines for spinning cotton and wool and weaving cloth, agricultural implements adding to the productivity of the farm, ships and railways for more quickly and cheaply distributing products—these are among the more familiar examples of how production and exchange have been increased by the use of capital. They could be multiplied almost indefinitely, and to them at least one other should be added—the building of better homes.

The utility of capital need not be argued with any one who has the commonest degree of observation, and its necessity as a means of the most efficient production is well understood by anybody who has had even a limited business experience.

There are few whose opposition to capital goes so far as to propose its destruction, for that would imply a loss to mankind from which labor would suffer along with the rest, since the use of capital enlarges production and thus confers a benefit upon all. It is in the distribution of the products, however, that the point of cleavage arises. Labor thinks it ought to have more—some of the extremists claim that it should have all, resting this claim upon the assertion that all capital is but the product of labor. But even granting this contention (and it is actually subject to some important modifications), however much men may produce by labor they will never have any capital until somebody saves it. Capital is not merely the product of labor and the result of saving, but it grows out of skill in its own use, tending to reproduce itself. Labor believes that this very skill or cunning in the employment of capital is too highly compensated, taking an undue toll of the products of industry. That is a fair subject of difference; and if labor's contention can be established, the appropriate remedy should be applied.

The return which capital receives from employment in enterprise must be adequate to justify the risk; otherwise investment will be made only in fixed securities to which little or no risk attaches, though the interest yield may be considerably below the profits afforded by productive enterprise.

That by far the largest share of production goes to labor already is a matter too well known to require argument; but this by no means settles the matter of the justice of the relative distribution now existing.

The commonest remedy which labor invokes to increase its share is by demanding higher wages and shorter hours. Through organization and political support these demands are usually successful, though in granting them precisely that result often follows which it is to the interest of labor and of all others to avoid—an increase in cost and decrease in the output of goods. The general tendency of an increase in wages is to add to the cost of production, especially if such an increase be not the result of greater efficiency. And the general tendency of shorter hours is to reduce output and to increase prices. Thus both the higher wages and the shorter hours operate to cause higher prices, and thus tend to defeat their object.

But it is not alone over the distribution of the product that labor and capital are disposed to quarrel. Labor contends that it has no voice in the management, and thus no opportunity for development of its highest qualities. Yet there is hardly a station of life so lowly that it may not be used as a vantage-ground from which to rise to something higher. Many of our great captains of industry rose from the humblest circumstances. Perhaps as boys they were so intent on their jobs that they never even stopped to think of their lack of opportunity. Nevertheless it is a wise provision of industrial management which arranges for a series of gradual promotions reaching up to leading executive position.

There are also suggestions abroad that the workers in manufacturing establishments be given a direct voice in the management; that they be admitted to the deliberations of boards of directors and executive officers, and especially that they be consulted respecting their conditions of labor, wages, hours, etc. This principle, known as "representation in industry," has been put in practice by the Standard Oil Company and a few other large corporations.

Certainly it is a reasonable aspiration in any human being not to wish to labor every day to the point of physical and mental weariness and exhaustion; to be well housed, clothed and fed; to live in attractive and healthful surroundings, and to have an opportunity of cultivating his mental and spiritual gifts. We have probably all been neglectful of the conditions under which many

people work and live. Those conditions are susceptible of very marked improvement, and every humane person, and everyone alive to his own self-interest, should address himself to this problem with all the wisdom and energy he possesses.

To work in light, cheerful factories that are sanitary and safe is something to which all workers are reasonably entitled, and they ought to be able to live comfortably and well, with the ability to improve their general situation in life.



The Remarkable Career of an American Merchant

LIVES of successful men constitute a fascinating subject of study. Not that they enable us to gain an actual understanding of the real secret of success, but because they show by example what can be done under our free institutions by a boy who has health and grit, coupled with a proper quantity of the Yankee shrewdness which perhaps represents as nearly as does anything else the philosopher's stone as applied to business.

The most recent exemplification of this character is brought to mind by the death of F. W. Woolworth, whose five and ten cent stores have become of national importance, and whose fame will long be perpetuated by the Woolworth Building in New York, the loftiest commercial structure in the world.

Like most boys who ever amount to anything, Mr. Woolworth was born and raised on a farm. There he got that ruggedness of physical health and its attendant mental and bodily energy which the boy born and brought up in the city rarely has. And he also learned the lesson of hard work.

In reading his modest biography one is struck most by this statement:

“Mr. Woolworth lived with his parents and worked on the farm until he was twenty-one years old. For two winters before he was twenty-one he got his first commercial experience helping in a grocery store at Great Bend. There was no salary attached to the work, and all Mr. Woolworth asked was the experience. After much effort, he finally obtained a job with Augsbury & Moore, merchants, of Watertown, N. Y., who took him on a six months' trial. The first three months he worked for nothing and the second three months he received \$3.50 a week, which was the amount he

paid for board. At the end of the six months he received an increase of fifty cents a week. In time he was getting \$10 a week."

Contrast this readiness to work for the experience with the attitude of the boy to-day who is starting out in the world, and one will realize the changes which modern industry and commerce have undergone.

But if Mr. Woolworth did not accumulate much money on his salary as clerk in a country store, he did get some valuable experience. He learned something about buying and selling goods as well as about the ways of the people who are the merchant's customers. He also got an idea, which was something bigger and more fundamental than selling articles of merchandise for prices no higher than five or ten cents; that was the advertising or psychological phase of the idea, but the idea itself was essentially this: to sell all the goods possible at the lowest possible price. It is the principle which underlies all great business success.

That Mr. Woolworth, from his exceedingly modest beginnings as a merchant, should become head of a chain of over one thousand stores, whose annual business exceeds one hundred millions of dollars, and that he himself, starting in life with nothing, should acquire a fortune estimated at \$65,000,000, illustrates most strikingly the wonderful aggregated power of nickels and dimes, and above all better than any life in the recent history of the country exemplifies the astonishing possibilities of American institutions.

Does anybody suppose that the opportunities to-day are so limited as they were when Mr. Woolworth was born on a New York State farm sixty-six years ago? All indications point to the contrary, and yet there are people who think the times are out of joint and that everything must be turned upside down, made over again, or completely destroyed.

It is not meant to imply that every boy in the United States may become a Woolworth, any more than that every boy may become President. But every boy who has health, character, grit and a fair degree of mother wit, who will work hard, not whine about conditions, and who saves and wisely uses his earnings, can win a competence, and that is to succeed in life.

Mr. Woolworth was more than a great merchant and successful business man. He was a real benefactor of mankind, for he brought goods of dependable quality within the reach of the masses of the people. His career is worthy of study, and its lesson may well be laid to heart. His example proves the possibility of becoming the greatest of all by becoming the servant of all.

Federal Farm Loan Bonds and Liberty Bonds

IN exempting the Federal Farm Loan Bonds from taxation of all kinds a distinct advantage was given them over Liberty Bonds, all of which are taxable in one way or another. It is not easy to see the justice in this discrimination of the Government against its own securities. The distinction is intentionally made notwithstanding the opinion of ex-Justice Hughes that "the Farm Loan Bonds are the obligations not merely of the issuing banks, but of the United States Government itself, being for money borrowed on the credit of the United States." There would seem to be force, however, in the statement of William Marshall Bullitt, former Solicitor-General of the United States. In an address dealing with the validity of the Federal Farm Loan Act, delivered before the convention of the Farm Mortgage Bankers Association in 1918, Mr. Bullitt said on this point:

"What seems to me is conclusive evidence that the bonds were not issued on the credit of the United States, and are not supported by its good faith, is found in the action of Congress in January, 1918.

"At that time Mr. Cannon referred to Mr. Hughes' opinion that the Government had practically guaranteed the bonds, but that there was doubt on the subject; and he offered an amendment specifically providing that the Farm Loan Bonds should be guaranteed by the Government of the United States. The amendment was voted down. As Congress specifically refused to pledge the faith of the United States to support the bonds, it would seem that such action was better evidence of the intention of Congress in that respect than the rather strained argument of Mr. Hughes."

Section 26 of the Federal Farm Loan Act declares that the Farm Loan Bonds "shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, state, municipal and local taxation."

Although the Commission investigating the subject of rural credits had reported in favor of working out a system without Government aid, and this view had been concurred in by President Wilson and by the Senate Committee on Banking and Currency and the Joint House and Senate Committee on Rural Credits, an amendment to the act was passed in 1918 authorizing the Secretary of the Treasury to use \$200,000,000 of Government funds with

which to buy Farm Loan Bonds from the Land Banks, and at the recent session of Congress \$50,000,000 more was asked for.

Partly on account of their higher interest rate, but chiefly because of their tax-exemption features, the Federal Farm Loan Bonds have sold above par while the Liberty Bonds have generally ruled below par in the markets. Thus in effect the Government is discriminating against a security admittedly its own (Liberty Bonds) and in favor of a bond which Congress refused to recognize as a valid obligation of the United States. This discrimination tends to depress the price of Liberty Bonds, not only making it more difficult to float new issues, but in the case of those who are forced to sell their Liberty Bonds it works an injustice since they must sell considerably below par, or less than the price they paid. This virtually puts a burden upon the great body of the people, who are not subject to income taxes, and in favor of a comparatively few wealthy persons who buy the Federal Farm Loan Bonds for the purpose of escaping the payment of taxes on their investments.

It is estimated that there are outstanding in the United States farm mortgages to the amount of \$4,000,000,000, the income from which is taxable. As these mortgages are taken up as collateral for the Farm Loan Bonds issued by the Federal Land Banks, which bonds will be sold to wealthy investors so long as they remain tax free, the income tax heretofore derived from this source will be lost.

Of course, the farmers of the United States constitute an important and worthy class in the community, although they are not alone in that respect. One can not refrain from asking why they should be voted out of the public purse \$200,000,000 while other worthy classes are not so favored, and the further question arises, Why should the small investor, compelled to sell his Liberty Bonds to obtain needed money, have to take a price less than he paid for a bond bought through a patriotic impulse, while the multimillionaire remains secure in the possession of his Federal Farm Loan Bond which he bought in order to dodge taxes, and which remains above par in the market?



Our Social and Industrial System Blamed for the I. W. W.

ENTHUSIASTIC social reformers in their zeal to overturn the existing order of things and to refashion the world in their own image often go to extreme lengths, but few persons who are accustomed to speak under any sense of responsibility

whatever have outdistanced Professor Irving Fisher of Yale University in the following statement, taken from a paper on "Humanizing Industry," published in the "Annals of the American Academy of Political and Social Science:"

"The fault of the I. W. W. is not primarily with its members, but with our existing social and industrial system."

Since the organization in question has been charged with sabotage, dynamiting and murder, apparently Professor Fisher thinks such things are excusable because of our existing social and industrial system. He goes on to attribute the origin of these crimes to a miscarriage of legitimate instincts—"like the small boys of a large city without playgrounds who break windows for excitement." On this point Professor Fisher says:

"The workman should have not only physical health, but also mental health. Mental health depends on the satisfaction of certain fundamental instincts. If these major instincts are not fairly well satisfied, our lives will be failures, ending in the insane asylum or penitentiary. A human being whose instincts are balked becomes an enemy of society. This is the real reason for the I. W. W., as was emphasized by Prof. Carlton H. Parker, of the University of Washington, who, by personal contact and deep insight, probably knew more about that much-discussed organization than any one else. The members of the I. W. W. were, he saw, not innately anti-social, but became so because they had individual initiative and a will of their own, and refused to conform, like the ordinary workman, to the Procrustean bed of industry today. They rebelled, like the small boys of a large city without playgrounds who break windows for excitement. When boys become so destructive, we give them, not a jail sentence, but a place to play; or at any rate the Juvenile Court recognizes that the delinquency is simply a miscarriage of the boys' legitimate instincts.

"The I. W. W. workman is the naughty boy of industry. We have not given him the outlet which he must have. The very energy which breaks through and makes him destructive would, if enlisted for constructive work, have made him a more useful workman than his more docile and less energetic brother. It may be too late to reclaim him now, but we can at least prevent the making of more of his kind."

In a typical frontier town, many years ago, was a local "bad man" (Professor Fisher's "naughty boy" grown up, perhaps), who was in the habit of exercising his playful instincts by trying to see how near he could come to shooting an individual without actually hitting him. He once amused himself by shooting at two tin pails filled with water and carried down the main street by a

modest citizen. On a later occasion he tried to shoot holes through a hat worn by another citizen, and succeeded in doing so, but also shot a hole through the said citizen's head. Doubtless had the town possessed a shooting gallery with ducks and various animals passing in endless procession to invite skill in marksmanship, the "bad man" might there have found an opportunity for exercising his playful instincts to the greater longevity of some of the inhabitants of the town.

Professor Fisher, in view of the shortcomings which he attributes to society as now made up, is harsh in calling the I. W. W. workman the naughty boy of industry, and should substitute a milder epithet.

What a tribute it is to the well-behaved workman to be told that "the very energy which breaks through and makes him (the I. W. W. workman) destructive would, if enlisted for constructive work, have made him a more useful workman than his more docile and less energetic brother!"

Professor Fisher's views on this subject are quite as sound as his arguments in favor of substantially making a standard dollar out of onions, cabbages, carrots and turnips.



The Present Lavish Scale of National Expenditure

WHILE a Victory Liberty Loan campaign is in full swing may seem an inopportune time to call attention to the present exceedingly lavish scale of public expenditures; and yet it is only by arousing the people to the need of economy in the conduct of Governmental affairs that the success of the loan campaign can best be assured. For unless the present reckless tendency in the expenditure of public funds is stopped, a distrust of the solvency of the Government will be engendered which will be fatal to the success of the loan and which will operate to depress still further in price the already large outstanding volume of United States obligations.

Hon. James W. Good, who will be chairman of the Appropriations Committee of the next House, estimates that the appropriations necessary for the various Government activities in the fiscal year ending June 30, 1921, will reach a grand total of more than \$3,800,000,000. He places the net Congressional appropriations available during the war and to June 30, 1920, as approx-

imately \$47,110,935,161. The revenue to meet these appropriations he estimates at \$16,657,823,503 derived through customs receipts and income and other taxes, with \$25,888,954,467 raised from the sale of bonds, notes and war savings stamps. On July 1 Mr. Good says the national debt will be about \$24,000,000,000, compared with a national debt before the war of less than \$1,000,000,000.

In reviewing the appropriations which the next Congress will be called on to make, Mr. Good says:

“It will require the exercise of strict economy to hold the expenditures down to approximately these figures. No committee having jurisdiction of appropriations can bring about practice of the economies that are necessary unless Congress is in sympathy with the programme for economy. Congress cannot be expected to be in favor of any greater degree of economy than the public will demand, and unless an intelligent public sentiment is aroused throughout the entire country for the inauguration of a business-like administration in Government affairs and for strict economy in Government expenditures, these estimates of expenditures will be found to be too low.”

It is the necessity on the part of the public to insist on this economy if we are to get any reduction of expenditures that renders the discussion of this matter pertinent at the present time.

The moment has now arrived when the United States can no longer spend money with a prodigal hand. Protection of the country's credit demands the strictest economy.



Big Wheat Crop Coming

IF the present estimates of the Department of Agriculture are verified by results, the United States will this year harvest an enormous wheat crop, amounting possibly to 1,057,000,000 bushels, valued approximately at \$2,500,000,000. As the Government has fixed the price of the season's crop at \$2.26 a bushel, it is known in advance of the harvest what the crop will be worth. The purpose in establishing this price was to assure a larger production, and also to guarantee the farmer against loss.

A wheat crop of the dimensions which the present forecasts of the Department of Agriculture indicate will spell great prosperity for the people of the United States, even though a considerable portion of the profit which the farmer makes on his crop is taken

out of the pockets of others. With plenty of wheat our people will have an abundance of bread and they will also be able to help very materially in feeding the hungry peoples of Europe. And though this large crop of wheat was obtained to some extent at public expense, it was, under all the circumstances, a wise expenditure of public money, for it has helped to assure an abundance of an important food product for our own people and for those of other lands.

Agricultural prosperity in the United States has always been an important factor in reviving business. When the farmer begins to buy liberally, the result of his enlarged purchasing spreads ultimately to all lines of industry and trade. So that if the rosy predictions of the Department of Agriculture are borne out, the wheat crop of the present season will be of such proportions as to help materially in dispelling the hunger fears which now hang over Europe and likewise bring to all sections of the United States a high degree of prosperity.

As July first has not yet arrived, it may not be inadmissible to propose, "A health to the farmers of America!"



THE deadliest foe of democracy is not autocracy, but liberty frenzied. Liberty is not fool-proof. For its beneficent working it demands self-restraint, a sane and clear recognition of the practical and attainable and of the fact that there are laws of nature which are beyond our power to change.

—OTTO H. KAHN

Exemption of Federal Farm Loans from Taxation

By LOUIS T. McFADDEN, of Pennsylvania, Member of Committee
on Banking and Currency, House of Representatives

THREE years ago when the Farm Loan Act was under consideration, I stated in debate that unless several important amendments were made that the overhead expense would be about half a million dollars a year and that great risks would be incurred by the Government. My estimate was declared to be unreasonably high.

Recently an appropriation of \$241,-820 was made for part of the expenses of the system for the year beginning July 1, 1919. That does not include numerous general expenses otherwise provided for. The twelve Federal Land Banks started out with the free use of nearly \$9,000,000 of Government money as capital. At the low rate of three per cent. that has cost over a quarter of a million dollars a year. My estimate made in 1916 of \$500,000 a year for overhead expenses was too low. But this expense of half a million dollars a year is nothing, a mere bagatelle compared with the loss the country sustained and will continue to sustain through tax exemption of farm loan bonds. Within a few years that may exceed a hundred million dollars a year through loss of taxes.

Even that loss is small compared with the impairment of the national credit and reduction of the price of Liberty Bonds through competition with farm loan bonds.

Figure out for yourself the loss sustained by owners of \$17,000,000,000 of Liberty Bonds through their market depreciation from par to an average of about 95. It is over \$800,000,000. Farm loan bonds drawing 5 per cent. interest have the complete tax exemp-

tion the same as Liberty 3½ per cent. Bonds, while no other Liberty Bonds are entirely tax exempt.

Many people think that farm loan bonds are Government obligations or guaranteed by the Government. There is not a line, word or syllable in the law to make the Government responsible. Many misleading statements have been made by people drawing salaries from the Government to make the public think the Government is responsible.

The principal benefit of tax exemption goes to rich people and millionaires who buy the tax exempt bonds. There are over 200 who receive incomes of over a million dollars a year. The income tax on the excess above a million dollars is seventy-seven per cent. on taxable securities. One of these millionaire individuals or corporations would evade paying \$38,500 a year on \$50,000 received from Federal Land Bank bonds. According to observations of business men and the opinions of scientific economists like the National Tax Association and also the American Economic Association, only a very small part of the tax exemption benefit goes to the borrower. Various reliable authorities estimate that the bond holder makes about six dollars to one derived by the borrower. In some localities the ratio is seven to one and in others it might be five to one.

Exemption from taxation was not so important a matter when the law was enacted before we thought seriously of entering the war. The Farm Loan Act was not passed for the purpose of enabling wealthy individuals to evade war

taxes, but that is now one of its important functions.

The repeal of the tax exemption section would enable the Farm Loan Act to be used for all of the purposes intended when it was proposed, formulated and enacted.

Tax exemption of future issues of Federal Land Bank bonds and joint stock land bank bonds impairs our national credit and depreciates the price

of Liberty Bonds; enables wealthy corporations and individuals to evade war taxes; causes a direct loss to the national treasury; increases taxes on persons and property that cannot escape taxation; causes severe losses to over 20,000,000 patriotic buyers of Liberty Bonds and increases the cost of living to all consumers, because high taxes make high prices for the necessities of life.

Experience vs. Training in the Banking Field

SO much is being written and said these days in support of the value of study as a means of training for the great opportunities which present-day banking undoubtedly affords, that it is refreshing to find in the "Financial Post" (Toronto) an article contributed by a Vancouver bank manager who pins his faith to experience and doesn't think very highly of the new-fangled ideas about training gained through intensive study. The "Conservative"—or the moss-back, whichever you choose to regard him—will find his position reinforced by what the Canadian manager has to say, while the banker who regards himself as progressive can readily pick out flaws in his argument. Here is the article, together with some introductory remarks:

That the training of men for bank managements should be practical rather than technical is the view contributed to the discussion which has been conducted on this page recently by the inspector of one of the most progressive of the big Canadian banking organizations. He mentions the old saying about the steed and the water trough to emphasize the point and emphasizes that "bank officers already have certain facilities for study placed at their disposal and are surrounded by many opportunities for learning their own and other people's business

if they want to take advantage of them"; also he states that in many instances too much study means too little time devoted to those "personal contacts which are so essential to business success in a country such as this."

In somewhat similar vein is the breezy Western contribution from P. G. which follows; he takes the attitude that the bank manager should be more interested in the size and color of the products of Strawberry Valley—if located there—for instance than the rate of exchange between Borneo and the Fiji Islands (if any).

The point of these contributions, however, does not appear to me to discount the importance of the training of bank men but rather to emphasize the necessity for practical instruction and advice.—J. W. T.

Your invitation to discuss specialized training for bank men strikes in me an interesting, also an inspiring, note—but not a new one. I speak not as one having any authority, but some experience. In the old days—twenty years ago—when the Canadian Bankers Association offered annual prizes for essay writing I competed for and won one of them. Later I was "amongst those present" at more than one abortive attempt to institute plans of technical education for bankers and bank clerks; when Queen's University offered its Fellows Course I enrolled and added F.C.B.A. to my name. (It has taken me about a minute to recall these correct letters; so important is the degree to me!)

In the course of my studies I have become conversant with laws governing the starting of a bank in France and Germany, the ar-

bitrating of exchange between Calcutta and Buenos Aires as carried on from New York, and many other intricacies, which, in the normal course of human expectation, I shall never be called upon to take part in. That sort of "educational campaign" is really of quite doubtful value; you see the powers that be divide all the budding bankers, just instinctively, into classes (more classes than the two you mention). First there is the youth of average ability but no personality, some day he'll be a pretty reliable assistant accountant in a large office, being hated by the juniors for his testiness. In fact, he'd be manager of a small branch except that the customers will not be as long-suffering as the juniors. Second, there is the man of extraordinary industry and foresight who still is lacking in personality, whose bearing to the public will get the bank "in wrong"; that's the man for audit officer, inspector or even general manager. Third, the chap the bank is looking for, who has much common sense, clean and loyal record, and who is, above all, a fellow you like and like to agree with. Here is the "successful banker," the average branch manager who holds his staff by the same affection and loyalty he feels for them, and wins the public for the bank.

PRACTICAL EXPERIENCE WINS

Now, Mr. Editor, if you are general manager and know these important elements in your men, is it of any great importance to you whether the bad-tempered assistant accountant has attended a winter course of lectures, or whether the manager at Lonleyhurst who has doubled the deposits in eight months has become an F.C.B.A.?

The steel expert, the pulp mill manager, etc., would be all right as lecturers, and many of us would without doubt attend, but their advice would apply practically to only a few bankers in each city. Medical specialists are comparatively rare, and there is really less room for specializing in the banking business.

KNOWLEDGE OF LOCALITIES NEEDED

Just as the study of mankind is man, what our bankers need in Canada to-day is a greater sympathy with the knowledge of their localities. A Vancouver banker recently attended a convention of the bankers in a certain county of Washington State, and was amused and amazed at the plans discussed by different presidents and cashiers for the development of—not their bank but—their district. If a new creamery started in the Ukulele Valley, or an iron foundry, or a college, it is about four to one that the energetic president of the Ukulele State Bank was responsible. It is education along this line which is wanted, and it must begin at head office. Our banking system places us at a distinct disadvantage in this particular, as of course the

branch manager cannot be given leeway to develop the community with the bank's prestige and money. Still, education as between H. O. and the young branch manager may well commence, has in fact commenced, in the way of offering prizes for pig-raising, etc. But it might well go along for a great way yet until that emotionless, concealed entity vaguely known and misunderstood by the community public as head office, shall have entered into being, shall I say, with the aims and views of the man with the hoe, the man in the shop, etc. The unpopularity of the Canadian banks which you have been discussing is of course a lack of understanding, and the education necessary is along the lines of establishing a parity of exchange as between H. O. and the customer, and which will result in the disappearance of head office (so far as the public is concerned) as a critic of local aspirations and a scapegoat.—P. G.

THE REAL POINTS AT ISSUE

Are not the real points at issue in this really important matter these? First, is the young banker content to remain always at Strawberry Valley; and, second, does he at the very outset of his banking career neglect the study of that delectable vale for the far-away but more enticing region of Fiji?

In the first case, if the young banker confines his mental excursions within the Strawberry Valley limits, he will hardly be likely to gather much banking fruit outside his original domain; for banking between Calcutta and Buenos Aires as carried on from New York does present a few problems which differ somewhat from those of the Bank of Strawberry Valley.

But, just the same, the place where the berries grow should first have the young banker's undivided attention. Probably it was Schwab who said that the best way to qualify for the job ahead was to work a little harder than anybody else on the job you have. That would imply for the young banker a thorough knowledge of local conditions.

And yet there are good reasons, when the proper time comes, why banking between New York, Calcutta and Buenos Aires should be studied, for all banking can not be carried on at Strawberry Valley. The young banker will be needed in the cities, even in foreign lands. It is said, even now, that one of the greatest obstacles to the extension

of American banking into foreign lands is the lack of properly trained young men who could be utilized as clerks and managers in these foreign banks or branches.

One of the largest of the New York banks conducts a school, part of whose course consists in the training of young men for foreign banking service. The great Standard Oil Company is training young men for duty in its offices, and works in other lands. Evidently, for these great corporations the Strawberry Valley experience is considered insufficient.

A TRIBUTE TO THE AMERICAN BANKING SYSTEM

The reference to Ukulele above is significant. It will bear repeating:

If a new creamery started in the Ukulele Valley, or an iron foundry, or a college, it is about four to one that the president of the Ukulele State Bank was responsible. Our banking system places us at a distinct disadvantage in this particular, as, of course, the branch manager cannot be given leeway to develop the community with the bank's prestige and money.

But the Canadian branch manager is getting close to his locality, even to the extent of offering prizes for pig-raising, etc. Perhaps, in time, the knowledge of the existence of the head office may be removed from the minds of the local customer—thus preserving the Strawberry Valley region in its virgin simplicity, where the bank manager may pursue the noiseless tenor of his way, undisturbed by thoughts of how they run the banks in Fiji (if there are any).



Another Patriotic Service for American Banks

By A. J. HEMPHILL,

Chairman Board of Directors, Guaranty Trust Company of New York,
and Member Inter-racial Council

IMMIGRANTS are being solicited to sell their Liberty Bonds at a discount, or to exchange them for uncertain stocks or foreign currency. In fact many cunning devices are being used to undo the good work of the thrift campaigns that floated the four war loans.

At the same time preparations are going on to float the Fifth, or Victory Liberty Loan, and there is a general feeling that it will be a difficult task to interest the small investor, especially the foreign born.

The banks, which contributed so materially to the success of the previous loans, will show the same patriotic interest in the Fifth, no doubt, and they are urged to make a practical contribution, which will also eventually pay for itself in new business.

Why should not all banks offer to take care of Liberty Bonds free of charge?

Some banks are doing this, with certain restrictions, for their depositors; but that is not enough. The present

depositor is not the man you are looking for, but the non-depositor (the person who carries his money in a belt or stuffs it into a mattress or some other hiding place) is the one you must convince. The man who knows enough to keep his earnings in a savings bank is already converted to the gospel of thrift; but the hoarder, who has the frugal habits, but is ignorant or suspicious of the American savings banks, is worth cultivating.

If every bank in the country would give free care to the Liberty Bonds of small holders, whether depositors or not, such action would help float the loan to an appreciable degree, and would lessen the traffic in bonds that is tending to hold them below par.

Furthermore it would draw to the bank many people who would otherwise never enter its doors, and once the shyness of the foreign non-depositor is overcome, the way is paved for future accounts.

Banking and Commercial Law

The following decisions are selected from the most important of the current decisions, handed down by State and Federal Courts, passing upon questions of the law of banking or negotiable instruments. The word "opinion," where used, indicates that the matter following is the opinion written by the court, in whole or in part.

Note Given for Purpose of Exhibition to Bank Examiner

Niblack v. Farley, Supreme Court of Illinois, 122 N. E. Rep. 160.

THERE have been many cases where a party has generously assisted a bank by enabling it to make a false appearance of assets to the bank examiner. It is usually understood that the party is to assume no liability whatever. The plan may work all right provided the bank continues in business, but where, as sometimes happens, the bank fails, the courts have consistently held that the party assisting the bank is liable as a real debtor and cannot claim, in an action by the receiver, that he was only making believe.

Niblack v. Farley, a recent Illinois decision, is such a case. Briefly, these were the facts: The defendant was a member of a firm which went into bankruptcy in 1911. At that time the firm owed the sum of \$11,500 on two notes to a bank. The bank filed proof of claim but never collected anything out of the bankruptcy proceedings. After the firm and its individual members received their discharges in bankruptcy, the defendant gave the bank his promissory note for \$11,500. According to the defendant's own story, the vice-president of the bank asked him for the note so that he might show it to the bank examiner when he came around. It was understood that the bank would not enforce the note. The defendant testified that there was no significance in the fact that the note which he gave was for the aggregate amount of the

two firm notes formerly held by the bank; if the vice-president had asked him to sign a note for a larger amount he would have done so. Later the bank failed, and this action was brought by the receiver to enforce the note. The court held that the receiver was entitled to collect, on the theory that it would be contrary to public policy to permit the defendant to take advantage of the fraudulent agreement with the bank, as against the rights of creditors.

OPINION

Error to Second Branch, Appellate Court, First District, on Error to Circuit Court, Cook County; Charles M. Walker, Judge.

Action by William C. Niblack, receiver, against John W. Farley. Judgment for plaintiff was reversed on appeal to the Appellate Court, and plaintiff brings certiorari. Reversed, and judgment of circuit court affirmed.

FARMER, J. William C. Niblack, as receiver of the La Salle Street Trust & Savings Bank (hereafter referred to as plaintiff), sued John W. Farley (hereafter referred to as defendant) in the circuit court of Cook county in an action of assumpsit. A trial was had without a jury, and a judgment rendered in favor of plaintiff for \$13,845.44 and costs of suit. From that judgment defendant appealed to the Appellate Court for the First District. That court reversed the judgment with a purported finding of fact, and the record is brought to this court on a petition for a writ of certiorari.

The declaration consisted of the common counts and a special count on a promissory note for \$11,500 given by

defendant May 24, 1913, payable on demand to the La Salle Street Trust & Savings Bank. The facts, about which there is no dispute, are, that defendant was in 1911 a partner in the firm of John W. Farley & Co. That firm borrowed from the La Salle Street National Bank on October 16, 1911, \$10,000, for which the partnership gave a note payable in 90 days, signed with the firm name and guaranteed by defendant. November 28, 1911, the same firm borrowed from the same bank an additional \$1,500 and gave another note, which was also guaranteed by defendant. Nothing was ever paid on either of these notes. On October 21, 1912, the La Salle Street National Bank was reorganized and converted into a state bank, which reorganization and conversion are fully described in *Golden v. Cervenka*, 278 Ill. 409, 116 N. E. 273. The national bank turned over and assigned all its effects and assets to the La Salle Street Trust & Savings Bank, and that bank adopted a resolution that, in consideration of the assignment to it by the national bank of its cash, accounts receivable, bills receivable, bonds, stock, and all other assets and credits, the La Salle Street Trust & Savings Bank agreed to assume all the indebtedness of the national bank of whatever kind or nature. The state bank had substantially the same stockholders and was controlled by the same officers as the national bank. In December, 1911, the defendant and his partner, John A. Murphy, individually and as partners, filed their petition in bankruptcy in the District Court of the United States and were adjudged bankrupt. The two notes mentioned were scheduled and filed, and proven on December 27, 1911, and nothing has ever been paid on them. These notes were in the possession of the national bank at the time it was succeeded by the state bank, when they passed into the possession of the last-named bank. They were carried on the books of the national bank as live assets, and after they passed to the state bank were so carried on its books until its failure, June 12, 1914. On May 24, 1913, defendant executed and delivered

to the La Salle Street Trust and Savings Bank a demand promissory note for \$11,500, which is the note specially declared on in the declaration. The defendant pleaded the general issue, want of consideration, and discharge in bankruptcy. To the plea of a discharge in bankruptcy plaintiff replied, averring a new promise made by defendant May 24, 1913, which was subsequent to the bankruptcy proceeding.

Plaintiff contended (1) that the note for \$11,500, dated May 24, 1913, was given by reason of defendant's moral obligation to pay the two old notes aggregating the same amount; and (2) that, if this was not so, but the last note was given for the purpose of making an appearance of assets, so as to deceive the bank examiner and to enable the bank to continue business, defendant is estopped to allege want of consideration and deny liability on the note.

The Appellate Court held, and recited in its finding of facts that there was no consideration for the \$11,500 note; that there was no indebtedness of Farley, as claimed by the plaintiff; and that the creditors of the bank were not injured by the giving of the note.

Defendant testified that the vice-president of the state bank asked him to give the bank an accommodation note, so that he might show it to the bank examiner when he came around; that there was no conversation about or any connection between the \$11,500 note and the amount defendant previously owed; that he signed the note, and if he had been asked for more would have done the same thing; that he expected the note to be used to show the bank examiner as an asset of the bank. The proof showed it was so used and treated as an asset of the bank. If this be accepted as true, the question then arises whether, after the note had passed with the other assets of the bank to the receiver, who is winding up its affairs for the benefit of its creditors, defendant is estopped to deny liability on the ground that there was no consideration for the note.

The trial court, on motion of plaintiff, at the conclusion of all the evidence

found the issues for plaintiff, assessed his damages at \$13,845.44, and rendered judgment accordingly. The judgment was the result of the court's conclusion of law rather than the result of its finding from controverted facts. We do not consider this record shows a proper case for a finding of facts by the Appellate Court, and its finding of facts is mainly, if not wholly, a conclusion of law. This is clearly true of the finding that the creditors of the bank were not injured by the giving of the note. That is a mere legal conclusion, not based on any evidence heard upon that particular question, but based upon supposed principles of law applicable from a consideration of the entire case. Even if there was no consideration for the note, and if the previous indebtedness of defendant no longer existed when the \$11,500 note was given, and defendant's version of the purpose for which the note was given is correct, still, under the decisions of this and other courts, as a matter of law plaintiff was entitled to recover. Although defendant has attempted to distinguish *Golden v. Cervenka*, supra, and some of the cases there cited, we regard them as conclusive of this case, if defendant's statement of the purpose of giving the note is true. The note was given, according to defendant's own statement, for the purpose of enabling the bank to continue in business by perpetrating a fraud upon the bank examiner to the injury of the creditors of the bank. It was placed among the bank's assets as an obligation of defendant, and was so considered by the bank examiner, who examined the assets of the bank. The suit is brought on the note by the receiver, who is collecting the bank's assets and winding up its affairs for the benefit of its creditors. It would be contrary to public policy and good morals to permit defendant to take advantage of the fraudulent agreement with the bank as against the rights of creditors. This was clearly true of the finding that the creditors were, among other things, it was said:

"Where notes or other securities have been executed to a bank for the purpose

of making an appearance of assets, so as to deceive the examiner and enable the bank to continue business, although the circumstances may have been such that the bank itself could not have collected the securities, it has been held that the receiver, representing the creditors, could maintain the action, and the makers were estopped, upon the insolvency of the bank, to allege want of consideration."

Numerous authorities are cited which support that statement of the law, and we deem it unnecessary to analyze or quote from the decisions, most of which are directly in point.

The judgment of the Appellate Court is reversed, and the judgment of the circuit court is affirmed.



Negotiability of Certificates of Deposits

White v. Wadhams, Supreme Court of Michigan. 170 N. W. Rep. 60.

The negotiability of a certificate of deposit is regulated by the same law which prescribes the requirements of negotiability for notes, checks and other commercial instruments, viz., the Negotiable Instruments Law.

In general, any instrument to be negotiable must be unconditional, must be certain as to the amount to be paid, must be payable on demand, or at a fixed or determinable future time, must be payable to order or bearer, and must not be payable out of a particular fund. In a recent Michigan case, *White v. Wadhams*, the negotiability of a certificate of deposit was attacked on several grounds.

The certificate recited that F. M. Wadhams had deposited "the sum of \$950 payable to the order of self, upon the return of this certificate, properly indorsed, with interest at two per cent. per annum if left six months."

It also contained provisions to the effect that it was subject to the rules of the savings department, that no inter-

est should be paid for the fractional part of one month, and that interest should cease one year from date unless renewed.

It was held that, notwithstanding these various provisions, the certificate conformed to all the statutory requirements of negotiability.

OPINION

Appeal from Circuit Court, Kent county, in Chancery; William B. Brown, Judge.

Action by Marl S. White against Frederick M. Wadhams and another, in which the State Savings Bank of Ann Arbor intervened. From the decree rendered, intervener appeals. Reversed, with directions.

Swarthout & Master, of Grand Rapids, for appellee.

KUHN, J. Plaintiff filed his bill to secure an accounting of a farm partnership existing between himself and the defendant Frederick N. Wadhams. The plaintiff prevailed, and the decree provides that the defendant Wadhams owes the plaintiff \$492.24 and interest, and, in addition, plaintiff was given an attorney fee of \$75, payable out of the partnership funds. The findings and the decree both state that a certificate of deposit was issued to the order of the defendant Wadhams December 18, 1916, by the defendant Hastings City Bank for \$950, and that this fund was the sole avails of the partnership after the debts had been paid. On December 23, 1916, an injunction was issued and served on the Hastings City Bank and on the defendant Wadhams, inhibiting the latter from transferring the certificate or drawing the money, and the bank from paying out the money. This injunction has been respected by the Hastings City Bank, but Wadhams transferred the certificate to his sister, Ida E. Wadhams, who, on December 3, 1917, presented it for payment at the State Savings Bank of Ann Arbor, then known as the State and German-American Savings Bank, which bank cashed it, paying therefor its full face value, partly in credit on a Liberty Bond, partly in cash, and partly in a

certificate of deposit for \$700, issued by the State Savings Bank, payable to the order of Clara E. Straiht, the sister of Ida E. Wadhams. On December 15, 1917, while the hearing was in progress, the Ann Arbor bank filed its petition, asking that it be allowed to intervene, on the ground that it was a good-faith purchaser of the \$950 certificate, and an order was made permitting it to intervene, and it filed its answer. The \$700 certificate issued by the State Savings Bank was presented on December 7, 1917, to the First National Bank of Ypsilanti, which bank paid it in currency, and then mailed it to the Ann Arbor bank for credit to its account at the Ann Arbor bank. According to the testimony of the cashier of the Ann Arbor bank, the certificate was received by the Ann Arbor bank on the morning of December 8th, and was credited up to the account of the Ypsilanti bank, and about an hour after this was done Walz, the cashier, was called up by the assistant cashier of the Peninsular State Bank of Detroit, which bank is the correspondent of the Ann Arbor bank, and through which bank the Ann Arbor bank had sought to clear the Hastings bank certificate, and was informed that the \$950 certificate had been protested by the Hastings bank on December 5th. It appears that the Ypsilanti bank, however, did not check out the money—that is, the \$700—until after Mr. Walz had received this information from the Detroit bank. This certificate of deposit in question reads as follows:

“Hastings City Bank

“Hastings, Mich., Dec. 18, 1916.

“F. N. Wadhams has deposited in this bank nine hundred and fifty dollars, \$950.00, payable to the order of self, upon the return of this certificate, properly indorsed, with interest at 2 per cent. per annum if left six months.

“Subject to the rules of the savings department.

“No interest for fractional part of one month.

“Interest to cease one year from date, unless renewed.

“A. A. Anderson, Cashier. C.”

It will be noticed that it was presented for payment at the Ann Arbor bank on December 3, 1917, more than eleven and one-half months after its date. The decree provides that the Ann Arbor bank was not a good-faith purchaser, and did not get the Hastings certificate in due course, not having taken it within a reasonably short time of its issue, and directs the Hastings bank to pay to the plaintiff the amount of the decree and costs. It further directs the bank to turn over the balance of the \$950 certificate to the court, same to be subject to the further order of the court, after the rights of the parties in interest shall have been determined. The intervening defendant, the State Savings Bank of Ann Arbor, appeals.

As stated by counsel for appellant in their brief, there are two questions presented on this appeal:

I. Was the certificate of deposit for \$950 a negotiable instrument?

II. Was the State Savings Bank a holder in due course?

I. The Negotiable Instruments Law provides that an instrument is negotiable which conforms to the following requirements (Com. Laws 1915, § 6042):

"First. It must be in writing and signed by the maker or drawer.

"Second. It must contain an unconditional promise or order to pay a certain sum of money.

"Third. It must be payable on demand or at a fixed or determinable future time.

"Fourth. It must be payable to order or to bearer; and

"Fifth. Where the instrument is addressed to a drawee, he must be named or otherwise indicated therein with reasonable certainty."

The first requisite is present, and no question is raised in regard to it, and likewise the fourth and fifth requisites are not involved or questioned in this appeal. The second requirement, however, is questioned by the plaintiff, who claims that the certificate of deposit is

conditional in three respects, viz.: that it was payable out of a particular fund; that it is conditional, because subject to the rules of the savings department; and that the amount is uncertain, because of the provision as to interest.

With reference to the claim that the certificate of deposit was payable out of a particular fund, and therefore conditional, it is argued that, because the certificate of deposit is carried in the savings department of the bank and subject to its rules, it is merely a charge on a particular fund, and therefore conditional. We are not impressed that there is any merit to this contention. While it is true that under our law the banks divide their business into savings and commercial departments, nevertheless the certificate of deposit was issued by the bank, and thus became the obligation of the bank, and not of its savings department. The Negotiable Instruments Law provides (section 6044, Comp. Laws 1915):

"An unqualified order or promise to pay is unconditional within the meaning of this act, though coupled with:

"First. An indication of a particular fund out of which reimbursement is to be made, or a particular account to be debited with the amount."

The rule applicable to this situation is thus stated in 8 Corpus Juris, 123:

"The true test in every case is: Does the instrument carry the general personal credit of the drawer or the maker, or only the credit of a particular fund?"

In the situation here presented we are clearly of the opinion that the certificate of deposit, as we have said, carried the credit of the Hastings City Bank, and not merely that of its savings department.

Regarding the claim that the certificate of deposit is nonnegotiable, as it lacks the certainty required of commercial paper, because it appears on its face that it is "subject to the rules of the savings department," we think it is sufficient to say that the rules and regulations of the savings department are

provided for by the banking law, and act as a protection to the bank against sudden demands to be met out of its rather unliquid assets. In our opinion, this protection, given by the banking law to the bank, should not be construed to operate to put it out of the power of a savings bank to issue negotiable certificates from its savings department, in which department, under the banking practice, they are generally carried.

The certificate of deposit provides for interest at two per cent. if left for six months, and further provides that interest is to cease one year after date, unless renewed. We do not think there is anything uncertain about this, as it can readily and easily be ascertained, on examination of the certificate itself, the amount due thereon at any time. *Cate v. Patterson*, 25 Mich. 191.

Is the certificate payable at an uncertain time? The rule of the bank with reference to time of payment was as follows:

"Thirty days' notice must, in all cases, be given in writing to the cashier at his banking office, during banking hours, before a depositor will be entitled to withdraw his deposit or any part thereof."

There does not seem to be anything uncertain about this rule. By virtue of its terms the certificate becomes due 30 days after notice in writing given to the cashier. The time is clearly therein fixed, which must inevitably happen, and therefore it complies with the rule laid down in *Wilson v. Campbell*, 110 Mich. 580, 68 N. W. 278, 35 L. R. A. 544, where it is said, as to the certainty of time required:

"I think it is sufficient if a time be fixed which must inevitably happen."

We are of the opinion that the certificate of deposit herein under consideration meets all the requirements of the statute, and must therefore be said to be a negotiable instrument.

II. The Negotiable Instruments Law provides (section 6093, Comp. Laws 1915) as follows:

"A holder in due course is a holder who has taken the instrument under the following conditions:

"First. That it is complete and regular upon its face.

"Second. That he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact.

"Third. That he took it in good faith and for value.

"Fourth. That at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it."

It is urged that the certificate is not complete and regular upon its face, because it carries two per cent. interest, when it appeared usual and customary to pay three per cent. We see no merit in this contention, as the parties thereto could agree upon any interest which is not contrary to law. In an adjudicated case (*Tripp v. Curtenius*, 36 Mich. 494, 24 Am. Rep. 610) the certificate carried no interest at all. In *Beardsley v. Webber*, 104 Mich. 88, 62 N. W. 173, the certificate carried six per cent. interest.

This court has held that a certificate of deposit is a promissory note payable on demand. *Cate v. Patterson*, supra; *Tripp v. Curtenius*, supra; *Birch v. Fisher*, 51 Mich. 36, 16 N. W. 220; *Beardsley v. Webber*, supra. This certificate was payable on demand, or 30 days thereafter, according to the rules of the bank. Section 73 of the Negotiable Instruments Law (section 6112, Comp. Laws of 1915) provides:

"Where it is payable on demand, presentment must be made within a reasonable time after its issue."

Counsel for the plaintiff strenuously urge that the certificate was not presented within a reasonable time—that is, holding it for eleven months should be construed by the court as an unreasonable length of time, as a matter of law—and many cases with reference to promissory notes involving this question are called to our attention. In determining what is a reasonable time, we can again refer to Negotiable Instru-

ment Law, § 2 (section 6041, Comp. Laws, 1915), where it is said:

"* * * In determining what is a 'reasonable time' or an 'unreasonable time,' regard is to be had to the nature of the instrument, the usage of trade or business, if any, with respect to such instruments, and the facts of the particular case."

We are of the opinion that a study of the instrument itself before us for consideration shows that a reasonable time within which it should be presented is one year after date, at which time the interest stops running. It provides that it shall carry two per cent. interest if left six months, and that interest shall cease one year from date, so that, if the payee is to enjoy the interest provision, he must let the certificate run not less than six months and not more than one year. The limitation of the interest period operates as a direct inducement to the holder of the certificate to present the certificate at the end of a year, as he is penalized if he does not present it at that time. The certificate was presented within the year, on December 5, 1917, or thirteen days less than a year for which it was to run as an interest-bearing security. We do not think that it was the intention of the parties that the certificate of deposit was to be immediately presented for payment, and the rule which seems applicable is thus stated by Daniel on Negotiable Instruments (6th Ed.) § 610, quoting Byles on Bills:

"Sometimes the note is expressly made payable with interest, which clearly indicates the intention of the parties to be that though the holder may demand payment immediately, yet he is not bound to do so."

See *Kirkwood v. First National Bank*, 40 Neb. 484, 58 N. W. 1016, 24 L. R. A. 444, 42 Am. St. Rep. 683; *Pierce v. State Nat. Bank*, 215 Mass. 18, 101 N. E. 1060, 46 L. R. A. (N. S.) 693; *Murray v. Third Nat. Bank*, 234 Fed. 481, 148 C. C. A. 247.

These cases are sufficient to show that the courts have generally recognized a different rule applicable to these cer-

tificates of deposit which provide for an interest rate from those that do not and thus are payable on demand. It will be noticed, on an examination of the case of *Tripp v. Curtenius*, supra, upon which counsel for the plaintiff relies in his argument as to what was a reasonable time for presentation of the certificate, that there was no interest provided in the certificate there under discussion.

Did the State Savings Bank take this certificate in good faith and for value? It is urged that the Ann Arbor bank showed a disregard for plaintiff's right, and it is accused of bad faith; but we are not impressed that there is much force to this argument. The Ann Arbor bank knew nothing about the plaintiff, who was not a party to the certificate and lived a considerable distance away. It dealt with Ida E. Wadhams as a stranger who had a certificate of deposit to sell. It believed that the certificate was genuine, which was true, and that the woman who indorsed it was the real indorsee and had a right to indorse it, which was true, and it had nothing to gain by taking the certificate, for it paid the full value for it. Some claim is made that the Ann Arbor bank knew, from the statements made by Ida Wadhams at the time she negotiated the certificate, that she received it by gift. While a reading of the testimony upon this point does not satisfactorily show that she gave the officer of the bank information which would lead him to believe that it was a gift, and the statement relied upon might well be construed to mean that she simply received a certificate from her brother, not necessarily meaning that she received it as a gift; nevertheless, even if it should be construed to mean a gift, we are of the opinion that it would not make the bank any less a bona fide holder in due course. One who acquires a certificate by a valid, complete gift with proper delivery has perfect title to it.

There is also a contention made that the Ann Arbor bank did not pay full value for the certificate, because it gave Miss Wadhams its own certificate of deposit for \$700, instead of cash. This

\$700 certificate, however, was purchased by the Ypsilanti bank, and that bank thereupon became a bona fide holder for value, and the Ann Arbor bank became absolutely liable to it upon the certificate, and it is not material that the Ann Arbor bank did not actually pay out money on the \$700 certificate until after it knew of the dishonor of the \$950 certificate of the Hastings bank, for it was clearly bound to pay it. Upon this record it appears that the Ann Arbor bank became legally bound to the Ypsilanti bank on the \$700 certificate before it knew of any claim by plaintiff on the \$950 certificate issued by the Hastings bank, and in our opinion that it was therefore a purchaser of the certificate for its full face value. We are of the opinion that the learned circuit judge should have held that the certificate of deposit was a negotiable instrument, and that the State Savings Bank of Ann Arbor was a holder thereof in due course. It follows, therefore, that the decree should have provided that the Hastings City Bank pay to the State Savings Bank the amount due thereon at the time it was presented to the Hastings bank for payment.

The decree will therefore be reversed, and one here entered in accordance with this opinion, with costs in favor of the appealing intervening defendant against the plaintiff and appellee.



Accommodation Makers Released by Action of Bank

Bank of Neelyville v. Lee, Missouri Court of Appeals. 208 S. W. Rep. 143.

In this case the plaintiff bank held a note, which had been signed by four makers, three of whom had signed for the accommodation of the fourth maker. Prior to the maturity of the note the accommodation makers were about to take security in the form of a chattel mortgage from the principal maker, when the bank, through its officials, rep-

resented that it had taken a chattel mortgage from the principal maker, sufficient to cover the note in suit and all of his other indebtedness to the bank. The bank told the accommodation makers that there would be no liability on their part, and requested them not to take any steps towards obtaining security. Subsequently the principal maker became insolvent, and the bank began action on the note against the accommodation makers. It was brought out in the evidence that, at the time of the transaction referred to above, the bank did have a chattel mortgage from the principal maker to secure another note which he owed to the bank, and that the mortgage security was sufficient to cover that note and all his other indebtedness to the bank, including the note here involved. This mortgage, however, was not foreclosed until a year later, and at that time the principal maker had in some way disposed of most of the property described in the chattel mortgage and was wholly insolvent.

It was held that the bank had, by its course of action in the matter, estopped itself from claiming that the security which it held was insufficient, and that it was not entitled to have judgment on the note against the accommodation makers.

OPINION

Appeal from Circuit Court, Butler County; John A. Gloriod, Special Judge.

Action by the Bank of Neelyville against Albert Lee and others. Judgment for defendants, and plaintiff appeals. Affirmed.

See, also, 196 Mo. App. 496, 196 S. W. 43.

Almon Ing, N. C. Whaley, and Sheppard & Sheppard, all of Poplar Bluff, for appellants.

Abington & Abington, of Poplar Bluff, for respondents.

STURGIS, P. J. This suit is on a promissory note payable to plaintiff and signed by Albert Lee, Charles Smith, G. C. Stout, and W. L. Biggs. The case was before this court once before, and our decision is reported in 182 Mo.

App. 185, 168 S. W. 796, to which reference is made for a statement of the facts and issues then presented and the questions of law decided. After the case was reversed and remanded to be proceeded with against defendants Lee, Smith, and Stout, the defendant Stout died, and the case was dismissed as to him and a retrial had, resulting in a judgment against Lee and in favor of Smith and Biggs. Since this court affirmed the finding discharging Biggs on the former appeal, the only question presented by this appeal is as to the liability of defendant Smith.

The defendant Smith, as well as Biggs and Stout, signed this note as maker. The suit is between the original parties to the note, and defendant Smith was allowed to testify that he was only a "surety" for the defendant Lee. The truth is as shown by the evidence that Smith and the parties other than Lee signed the note as accommodation makers, and as between the original parties, and so far as the issues here presented are concerned, it was proper to show this fact. The defense is that some time after this note became due and was not paid by Lee, the principal maker, the other makers of the note were about to take security from Lee, who was then solvent, by taking a mortgage on his personal property in order to protect themselves in case they had to pay the note or any part of same; that Lee was indebted to the plaintiff bank on other notes besides this one, having accommodation makers thereon; that the plaintiff bank represented to such accommodation makers that it had just taken from Lee a chattel mortgage on all his property, securing all his indebtedness to the bank, and that such security was ample in value to cover all such indebtedness to the bank, and that there would be no liability on the part of such accommodation makers, as the plaintiff could and would collect the debt from Lee or make it out of his property; that plaintiff told such accommodation makers that it would be useless for them to get or try to get a mortgage or security from Lee, and requested them to take no steps in that

direction; that this was in the winter, and the plaintiff said that the property on which it had taken the mortgage would be more valuable in the spring or summer, and for the accommodation makers not to embarrass Lee by attempting to force payment sooner; that this defendant and the other accommodation makers were thereby lulled into security, and induced and prevented by plaintiff from taking security from Lee or for forcing payment of said note while Lee was solvent and amply able to pay same.

The evidence on behalf of defendant Smith sustained this defense and the jury found for him on this question of estoppel. The evidence shows that Lee was solvent at this time, and that plaintiff did take a mortgage on his personal property to secure one note which he owed the plaintiff, which property was worth many times the value of that note, and sufficient to have secured the other notes owed by Lee, inclusive of this one, but such mortgage was not foreclosed till a year thereafter, and then most of the property had been disposed of in some way and Lee was then wholly insolvent.

This court held on a former appeal that estoppel, such as is pleaded and proven in this case, is available to one who occupies the position of being secondarily liable as between the parties to the note and suit, and it makes no difference that defendant is an accommodation maker rather than a surety. *Bank v. Lee*, 193 Mo. App. 537, 543, 182 S. W. 1016; *Long v. Mason*, 273 Mo. 266, 278, 200 S. W. 1062.

That defendant can avail himself of this defense was again held by this court in *Bank v. Lee*, 196 Mo. App. 496, 196 S. W. 43.

The facts were more fully developed on the last trial, and are sufficient, we think, to make the defense of estoppel available to this defendant Smith. The chief contention now is as to admission of certain evidence: (1) Statements of the cashier of the bank made when defendant was not present; and (2) statements of one Vaden, vice-president of the plaintiff bank. The evidence

shows that the cashier of the bank first made the representations constituting the estoppel to the other accommodation makers of this note; the defendant Smith not being present. It is shown, however, that the representation was that the security taken by the bank was to secure all of Lee's indebtedness to the bank, and that all the accommodation makers, whether on this note or other notes owed by Lee, were fully protected. If the evidence on behalf of plaintiff is to be believed, it is clearly shown that the representations were not made merely for the benefit of the particular accommodation makers to whom same were made, but were intended for all, and that all should act thereon. It is also shown that the accommodation maker to whom these representations were made was acting for the other accommodation makers as well as himself in seeking to get security from Lee, and that his being induced to refrain from so doing occasioned loss to defendant Smith as well as to himself. It was not error therefore to admit this evidence, though defendant Smith was not present when the representations were made, provided Smith learned of such representations, and he, or those acting for him, were influenced to his loss in consequence thereof.

It is also shown that on one occasion at least the cashier of the bank was present and joined with Vaden (who was an active stockholder and director of the bank and represented himself to be vice-president, and who soon became such if he was not then) in making these representations to the accommodation makers on these notes. It is clear, therefore, that plaintiff bank was making these representations for the benefit of all the accommodation makers on Lee's notes, and intending that all of them should act thereon, and in fact requested certain accommodation makers to see others and prevent such others from taking any active steps to compel Lee to pay at once or further secure such notes.

It is shown that a short time later Mr. Vaden, vice-president of the bank, saw defendant Smith and one Fisher,

who was on another of Lee's notes, and that Vaden told these parties that the bank had taken security from Lee on all his property to secure all his indebtedness, and that the security was ample, and for them and others on such notes to refrain from taking any steps against Lee or his property. This evidence was objected to on the ground that one holding the position of vice-president would have no authority to bind the bank by representations even by way of estoppel. We may grant that this would be true if the representations constituting the estoppel had no foundation other than the vice-president. It is shown, however, that the vice-president was merely repeating or confirming what the bank had said through the cashier for the benefit of these and other like parties, and what the cashier and vice-president had jointly said on a previous occasion. The defendant Smith and Mr. Fisher had learned of the statements and representations of the bank by its cashier as to all these notes being amply secured, and that the accommodation makers should not act in the matter, and, being interested, they asked Vaden, as vice-president, as to the truth of this information. Vaden confirmed the correctness of their information, and repeated, in substance, what the bank had previously stated through its cashier. To make the defense of estoppel available to Smith, it was only necessary for him to show that the bank made the representations for his benefit, and with the intention of having him act thereon, and that he was reliably informed of such representations and acted thereon to his loss. The admissibility of this evidence is not therefore dependent on any inherent or express authority of the vice-president to bind the bank by his statements and representations. Finding no error, the judgment should be affirmed.

We have given the plaintiff the full benefit of the bill of exceptions in this case, though signed by the special judge trying the case after the close of the term of court for which he was elected special judge, in accordance with our

ruling in *Lambert v. Lambert*, 208 S. W. —, decided at this term of court. Should we reject the bill of exceptions as not being properly authenticated, it would lead to the same result, and we therefore affirm the judgment.



Purchaser of Note Must Take it without Notice of Defect to be Holder in Due Course

Security State Bank of Wichita v. Seaunier,
Supreme Court of Kansas. 178 Pac.
Rep. 239.

If there is fraud in the transaction which gives rise to a negotiable instrument, a purchaser may nevertheless enforce it provided he is what the law refers to as a holder in due course. The mere fact that the purchaser of a note was not a party to the fraud does not in itself entitle him to enforce the note against the maker. In order to be a holder in due course the purchaser must, among other things, take the instrument without notice of any infirmity, and the law provides that the purchaser has notice where he has actual knowledge of the infirmity, or knowledge of such facts that his act in taking the instrument amounted to bad faith. The case of *Security State Bank v. Seaunier*, a Kansas decision, sets forth circumstances which might be construed as notice to a bank purchasing a promissory note from the payee. The court does not hold that the bank actually did have notice, but it reverses a judgment in favor of the bank, on the ground that the question should have been submitted to the jury for determination.

The bank in this case purchased the note from an itinerant physician, to whom it was payable, and whose professional ability and reputation for integrity was not all that they might have been. Among other things, it appeared that the doctor traveled around the country advertising himself through the medium of a dog and pony show, that he claimed the ability to detect and cure

cancer, and that the bank at the time of taking the note held mortgages on the doctor's show outfit. The note involved was given by the defendant to the doctor for services to be rendered by the doctor in curing the defendant's wife. The trial court gave judgment for the bank without giving the jury an opportunity to pass on the question whether the note had been obtained by fraud. Because of this a new trial was granted.

OPINION

Appeal from District Court, Wilson County.

Action by the Security State Bank of Wichita against J. N. Seaunier. Judgment for plaintiff, and defendant appeals. Reversed, and a new trial directed.

MARSHALL, J. The defendant appeals from a judgment rendered against him on a promissory note given to M. G. Slocum, an itinerant doctor, who advertised his business by a dog, pony, and medicine show. The note was given for medical services which Slocum promised to render to the defendant's wife. Slocum transferred the note to the plaintiff. The defense was that the note had been obtained by fraud and was without consideration, and that the plaintiff had purchased the note in bad faith with knowledge of the fraud.

The defendant's first assignment of error is that the court erred in refusing to permit the defendant to introduce in evidence certain chattel mortgages on Slocum's show outfit to secure the payment of certain debts then owing by Slocum to the plaintiff, and to secure any other indebtedness that might be incurred to the bank by Slocum. There were four of those mortgages. They were signed by Slocum and by his wife, who claimed to be the owner of the property. The chattel mortgages should have been received in evidence to establish links in a chain of circumstances which would tend to show that Slocum had committed a fraud on the defendant, and that the bank had knowledge of that fraud and was not a holder of the note in good faith.

It may be argued by the plaintiff that the chattel mortgages were not produced on the hearing of the motion for a new trial. When the court refused to admit the chattel mortgages in evidence, they must have been examined, and the conclusion must have been reached that they were inadmissible. The documents were before the court, and the necessity for their production on the hearing of the motion for a new trial comes within the rule declared in *Treiber v. McCormack*, 90 Kan. 675, 136 Pac. 268, Ann. Cas. 1915B, 943, where this court said:

"Section 307 of the Civil Code, providing that where the ground of a motion for a new trial is the exclusion of evidence, such evidence shall be produced at the hearing, is held not to apply where it appears from the testimony of the witnesses themselves given at the trial what the evidence would have been had it not been excluded."

The defendant's second assignment of error is that the court erred in rejecting the depositions of four doctors of Wichita. The testimony disclosed in those depositions concerned the honesty and integrity of Slocum, and his reputation and ability as a physician. That evidence tended to establish another link in a chain of circumstances which might prove that Slocum was guilty of fraud in procuring the note, and should have been admitted for that purpose. What has been said concerning the necessity for producing the chattel mortgages on the hearing of the motion for a new trial applies to the depositions.

The trial court placed the burden of proof on the defendant, and, after his evidence had been introduced, sustained a demurrer thereto, and instructed the jury to return a verdict in favor of the plaintiff. Such a verdict was returned, and judgment was accordingly rendered for the amount of the note and interest. On the day on which the note was given, Slocum told the defendant that his wife had catarrh, and that a cancer was forming in her stomach; that if the defendant did not do something for her within 30 days, she would be past doing anything with

at all; that, if she was not treated in the right way, she would die within 30 days; and that she ought to go to a hospital. Slocum said that he had an institute and hospital at Wichita, but that he could treat the defendant's wife at her home. He asked the defendant if he was little enough to let his wife lay and die for \$120. He promised the defendant to keep the note for six months, and said to him that his wife would be well; that the medicine he would give would cure her; and that he could cure her in 60 days. Slocum, immediately after obtaining the note, tried to sell it in Neodesha, and soon thereafter transferred it to the plaintiff. Slocum had neither institute nor hospital in Wichita. The evidence of what occurred when the note was given, together with the chattel mortgages and the testimony contained in the depositions, if the chattel mortgages and the depositions had been admitted, would have been sufficient to compel the trial court to submit the cause to the jury for the purpose of determining whether Slocum had been guilty of fraud in obtaining the note, and a finding of the existence of fraud would have been sufficient to place on the plaintiff the burden of showing that it acquired the note in due course. Gen. Stat. 1915, § 6586; *Ireland v. Shore*, 91 Kan. 326, 137 Pac. 926.

The judgment is reversed and a new trial is directed.

All the Justices concurring.



Failure to File Chattel Mortgage

Auto Brokerage Company, Inc., v. Morris & Smith Auto Company, Inc., Supreme Court of New York. 174 N. Y. Supp. 188.

The effect of neglecting to file a chattel mortgage is brought out in the decision above entitled. It appeared that the payee of the note secured by a chattel mortgage, assigned the mortgage and indorsed the note to the plaintiff. The plaintiff, although he knew that the mortgage had not been filed, failed to

place it on record. Subsequently the maker of the note became bankrupt. It was held that the receiver in bankruptcy took title to the mortgaged chattels free of the mortgage lien, and that the indorser was relieved from liability by plaintiff's negligence in failing to record the mortgage.

OPINION

Appeal from Municipal Court, Borough of Manhattan, Third District.

Action by the Auto Brokerage Company, Incorporated, against the Morris & Smith Auto Company, Incorporated. Judgment, after trial without jury, for plaintiff, and defendant appeals. Reversed, and judgment directed.

MULLAN, J. The action is on a note against the indorser, who was the payee. The plaintiff's prima facie case is admitted, but the defendant pleads the following facts—which are conceded—as a defense and counterclaim: When the maker made the note to the defendant, he executed and delivered to it a chattel mortgage as collateral security. Defendant, on the same day, indorsed the note for value to plaintiff, and assigned to it the chattel mortgage. The plaintiff, knowing that the chattel mortgage had not been filed, did not file it. The maker subsequently became a bankrupt, and, because the mortgage was not filed, the receiver took the chattel free of the mortgage lien. The chattel, when sold, realized more than the amount of the note.

We think that, in giving judgment for the plaintiff, the learned trial court fell into error. It is said in *Corpus Juris* (volume 8, p. 620) that—

“The surrender or release by the holder of a bill or note of any security which he has received from the acceptor or maker, for the payment of the instrument, operates as a discharge of the indorsers to the amount of the security so surrendered. * * * Indorsers are released if the security is impaired by the act or negligence of the holder to the injury of the surety or indorser. * * * So it has been held that an indorser or surety on a note may be discharged by the holder's failure to record

a mortgage given to secure the note, whereby the benefit of the mortgage security is lost.”

In *Atlanta National Bank v. Douglas*, 51 Ga. 205, 21 Am. Rep. 234, the precise situation we are here dealing with arose, and it was held that the indorser was relieved because of his indorsee's failure to record a mortgage executed by the maker as collateral security, the failure so to record causing the loss of the lien, and the holding there was approved by our Court of Appeals in *Shutts v. Fingar*, 100 N. Y. 539, 544, at 546, 3 N. E. 588, 592 (53 Am. Rep. 231), where Ruger, C. J., quoted from *Reese v. Barrington*, 2 Lead. Cas. in Eq. pt. 2, p. 373, as follows:

“The creditor * * * is not entitled to relinquish any hold which he has actually acquired on the property or estate of the principal and which might have been made effectual for the payment of the debt. This is the necessary result of the rule that a creditor shall not arbitrarily shift the burden of a debt from the party primarily liable for its payment and impose it on another whose liability is secondary.”

In *Spring v. George*, 50 Hun, 227, 3 N. Y. Supp. 43 (Gen. Term, 1st Dept.), the doctrine of the *Shutts* Case was relied upon to the extent of holding that where, after the note was dishonored, the indorsee attached property to the maker sufficient to pay the note, and later released the levy, and the maker became insolvent, the indorser was released.

Judgment reversed, with \$30 costs, and judgment directed for the defendant, with appropriate costs in the court below. All concur.



Provision for Attorneys' Fees

Easley v. Deer, Appellate Court of Indiana. 121 N. E. Rep. 542.

It was formerly held in a number of states that a provision in a note for attorneys' fees rendered the note non-negotiable. This was on the theory that

such a clause rendered the note uncertain in amount. Under the Negotiable Instruments Law, which is now generally in force throughout the country, a provision for attorneys' fees does not have any effect upon negotiability. The Negotiable Instruments Law, however, says nothing about the validity of the attorneys' fee clause, and it is held in some jurisdictions that a clause of this character is void and unenforceable. In Illinois there is a statute which provides that an agreement to pay attorneys' fees depending upon any condition set forth in an instrument, is illegal and void. In the present case the court holds that a provision in a note for attorneys' fees "if not paid promptly," is not dependent upon any condition. The clause merely means that the holder shall have attorneys' fees if the note is not paid at maturity; hence, such a clause is valid in Illinois.

OPINION

Appeal from Circuit Court, Boone County; Willett H. Parr, Judge.

Action by Joel T. Deer against Benjamin Easley and another, in which George W. Deer, as executor, was substituted for the original plaintiff, who died before trial. From a judgment for plaintiff, defendant Easley appeals. Affirmed.

NICHOLS, J. This was an action upon a promissory note, commenced originally by Joel T. Deer, who afterwards, and before trial, died, and his executor, the appellee, was substituted as plaintiff.

In his motion for a new trial, the appellant says that the court erred in permitting evidence as to what was reasonable attorney's fees for the plaintiff's attorneys, and that the court erred in giving instruction number eight, tendered by the plaintiff, which instruction is to the effect, that if the verdict should be for the plaintiff, that then the plaintiff was entitled to recover attorney's fees, and that the jury should add, to whatever sum in principal and interest that it should find due on said note, the sum of \$200 as plaintiff's attorney's fees, this amount having been agreed upon between the parties as the rea-

sonable fee in the event that the plaintiff was entitled to recover such fee at all. The note provided for attorney's fees, "if not paid promptly." The appellant contends that such a provision as to attorney's fees was conditional and that upon that account it was void. Section 9089, R. S. 1914, provides that—

"Any and all agreements to pay attorney's fees, depending upon any condition therein set forth, and made part of any bill of exchange, * * * draft, promissory note, or other written evidence of indebtedness, are hereby declared illegal and void."

Is the provision, "if not paid promptly," a condition within the meaning of section 9089, quoted above? We think not. The word "promptly" can have but one meaning in the connection in which it is here used—at maturity; on time. It is clearly implied by law that the maker of a note shall not be liable for attorney's fees if the note is paid on or before maturity, and that such fees can only be collected if the note is not paid at maturity, in other words, "if not paid promptly," and the provision objected to does nothing more than to provide for the payment of attorney's fees if the note is not paid at maturity. There was no error in admitting evidence as to the attorney's fees or in giving the instruction pertaining thereto.

All other errors complained of by the appellant pertain to the giving of instructions tendered by the appellee, and refusing to give certain instructions tendered by the appellant. For the purpose of this decision we do not need to say as to whether it was error to give any of the other instructions tendered by the plaintiff, or to refuse to give any of the instructions tendered by the defendant.

The jury's answers to interrogatories are to the effect that the appellant stated to Milligan, before the purchase of the note by Milligan and Deer, that said note was all right and would be paid on or before maturity, and that said Mulligan and Deer relied upon said statement, and believed it to be true, when they purchased said note.

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Economic Conditions in France

THE BANQUE DE FRANCE

THE report read at the general assembly of the stockholders of the Banque de France (January 30) has just been issued. It gives the data regarding the operations of the bank during the year 1918. The great financial services rendered to the French state during the last year of war are especially of interest. The total of operations effected on account of the treasury attained the figure of 268,861 million francs against 180,247 million francs in 1917.

The subscriptions of the Liberty Loan (*Emprunt de la Liberation*) collected by the bank have represented a capital of 13,400 million francs. The value of bonds and obligations of the National Defense issued by its intermediary has been in 1918, 18,183 million francs.

The temporary advances of the state amounted (in 1918) to 17,150 million francs. There have been discounted 3,526 million francs of Bonds of the French Treasury for the various foreign governments of allied and friendly countries. The total circulation attained 30,250 million francs against 22,336 millions during 1917.

According to previous bills and to the bill of December 20, 1918, regarding the renewal of its privilege, the Banque de France has paid to the Treasury 33,138,000 francs by right of general taxes, and 237,415,000 francs by right of the tax on war benefits.

Thanks to the policy of intervention of the Banque de France, the rate of exchange abroad has been kept down, especially in London and New York, on account of the large payments that France had to make in England and the United States. At present the premium of exchange is less than three per cent. for the pound and five per cent. for the dollar. In April, 1916, it

had reached thirteen and a half per cent. for the pound and sixteen per cent. for the dollar.

The total gold reserves of the bank reached on December 24, 1918, the figure of 5,795,900,000 francs against 5,597,400,000 francs on December 22, 1917; that is, an augmentation of 198,500,000 francs.

The Banque de France has 585 branches. Among the new branches open are those in the redeemed provinces, Alsace and Lorraine, namely, at Strassbourg, Metz, Colmar and Mulhouse.

THE FOREIGN COMMERCE OF FRANCE

The custom administration of the ministry of finances has resumed the publication of statistical documents regarding the foreign commerce of France. During the first eleven months of 1918 the value of merchandise imported reached the figure of 17,591,436,000 francs against 25,767,074,000 francs during the corresponding period of 1917. The value of merchandise exported reached the figure of 3,823,634,000 francs against 5,565,410,000 francs in 1917.

THE FINANCIAL SITUATION OF FRANCE

The financial situation of France has been greatly affected by the war. We extract the following data from an article in "*L'Economiste Européen.*" The war expenses of France from August, 1914, till March 31, 1919, have reached the huge amount of one hundred and eighty-two billion francs. During this period the resources of the country have amounted to one hundred fifty-eight billions, so that the difference between revenue and expenses amounts to twenty-four billion francs.

The 158 billions of resources comprise about eighteen billions obtained from taxes, fifty-four billions obtained

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$50,000,000

from the four consolidated loans contracted during the war. They comprise besides twenty billions advanced by the Banque de France, the product of the various issues of bonds and obligations of national defense, the advances consented by the Allies, and finally the credits opened by several neutral countries.

Other extraordinary expenses will be necessary during the present year. Thus the amount to be paid for the reparation of war damages will amount to at least ten billions of francs. The reconstruction of the devastated regions, the reimbursement of the bonds issued in the freed regions, the premium paid to the demobilized and other expenses will require a considerable amount of money. The total figure of all extraordinary expenses, the twenty-four billions of deficit included, will reach fifty billions of francs.

Mr. Klotz, the Minister of Finances, has thus summed up before the Chamber of Deputies the measures necessary to meet the situation:

1. To claim from the enemy the payment of all his debts and to ask the guaranty of such payment; to form a financial section of the League of Nations; to practice an interallied policy of finances as closely as possible.

2. To ask from the French taxpayer only that which is absolutely indispensable to the equilibrium of the na-

tional budget; to institute a tax on capital during a certain number of years.

3. To oppose all unproductive expenses.

4. To continue the appeal to credits.

It goes without saying that the most effective measure of these will be that of an allied financial understanding in the League of Nations. France would benefit as much as Italy, Belgium and other countries that have financially suffered during the war.

PARIS SEAPORT

The work for the construction of the navigable canal Paris-Dieppe has begun lately. Such a canal will connect Paris with the sea by another route than that of the river Seine. The present route of the Seine is insufficient for the traffic of foodstuffs and raw material.

The new canal will enable Paris to receive quickly and regularly cargoes landed at the ports of the Atlantic Ocean and directed by the economical way of water. It will have a length of 165 km. against the 350 km. of length of the Seine, and it will be accessible to ships of 1,400 tons.

The plan of construction of a canal between Antwerp and Marseilles is also under consideration. Such a canal, which would connect the North Sea with the Mediterranean Sea, would develop the trade possibilities of France and Belgium.

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FOR THE EXPANSION OF FOREIGN TRADE

A Franco-Balkan committee has been created under the presidency of Mr. Gerald and under the patronage of high personalities of the allied Balkan countries with the purpose of developing commercial and financial relations.

With the same purpose in view a Franco-Brazilian committee has been formed in Paris. The economic relations between France and Brazil will be fostered more adequately than in the past. The German influence upon the business relations of the latter country will thus be checked.

These organizations have also the intention of developing a French influence upon the cultural and political life of those countries.

Another mark of French economic influence abroad is the establishment of the "Banque de Syrie" with a capital of ten millions of francs. The main business of this bank will be to encourage the expansion of French commerce

in Syria and other parts of the Levant. The new bank will thus complete the field of operations of the "Banque d'Orient" and the "Banque de l'Indo-Chine."

THE REORGANIZATION OF FRENCH TRADE IN ITALY

The French commercial houses established in Italy have taken the initiative of reorganizing their business methods in view of a possible German competition. With this purpose in view the French Chamber of Commerce in Milan has asked the French Minister of War to demobilize all French soldiers who were in business in Italy before the war. This measure should be taken as soon as possible, since German and Austrian commercial houses in Italy have already undertaken a furtive propaganda on their behalf. It is known that almost fifty per cent. of the commerce of northern Italy was controlled by Germans before the war.

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Tokyo	Sydney	Peking	Kobe	Calcutta	Tientsin	Manila
Osaka	Hongkong	Dairen	Nagasaki	Singapore	Newchwang	Rangoon
London	Hankow	Fengtien	Lyons	Shanghai	Harbin	Soerabaya
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The Bank buys and receives for collection Bills of Exchange, Issues Drafts and Telegraphic Transfers and Letters of Credit on its various branches and elsewhere, and transacts a general Banking Business

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Economic Conditions in Italy

ITALIAN SAVINGS DURING THE WAR

THE deposits of the postal savings banks in Italy diminished during the first year of war. The figure of accounts, which was on June 30, 1914, 6,330,283 lire, reached only the figure of 6,295,797 lire on June 30, 1915, and the amount of deposits during the same period has fallen back from 2,181,280,945 lire to 1,861,737,720 lire. After the entrance of Italy into the war, a certain amelioration has taken place. On June 30, 1918, the amount of accounts reached the figure of 6,750,472 lire and that of deposits 2,919,370,390 lire.

The amount of deposits in all the banks, private and popular banks and banks of emission, exclusive of those of postal savings banks, reached on June 30, 1918, the figure of 12,231,800,000 lire.

The augmentation has been gradual

and correlated to the growing confidence of the public in the allied victory.

A UNIQUE FINANCIAL FRONT

The question of a unique financial front implies the problem of war indemnities that the Germans and Austrians will have to pay to the Allies. If the Allies succeed in building a financial system based upon coöperation, the repartition of war indemnities exacted from the enemy will be easier determined.

A criterion of such a repartition may be found in the proportion between the war debt and the national wealth of a country. The larger the difference between the one and the other, the greater the financial sacrifice of a country. This fact, it is believed, should be specially taken into account with respect to Italy, whose debt of eighty billion lire is large

Foreign Exchange Department

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Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

in proportion to the country's total wealth.

FOR AN ECONOMIC PENETRATION INTO CHINA

Mr. Bena, the president of the Italian Chamber of Commerce in China, publishes in the "Revue Financière and Economique d'Italie" an interesting article on the promotion of Italian economic interests in China.

Italy has more need of raw material than any other country, yet her economic interests in foreign lands with a surplus of such material has been insignificant in the past. This is especially true with regard to China, where even a small country like Belgium has surpassed her.

In order to remedy this state of affairs it is necessary to establish an Italian Bank in China, which would facilitate the commercial and financial transactions between the two countries. The function of such an institution would be also to promote the develop-

ment of industrial and agricultural conditions in China; the building of railways, of waterways, irrigation and navigation. The capital necessary to an Italian bank would be at least forty million lire. This amount should be subscribed by the four great financial institutions of the country, like the Banca Commerciale Italiana, the Credito Italiano, the Banca Italiano di Sconto and the Banco di Roma. The Italian Bank in China should have its central seat in Shanghai, but it should have branches at Hankow, Tientsin, Hong-kong, Canton and Peking.

The difficulty arising from the distance which separates the two countries could be easily surmounted. The institution of a direct Italian line of navigation would facilitate commercial intercourse between Italy and China.

NEW MARKETS FOR ITALIAN COMMERCE

The elimination of German commerce in South America has opened new markets for Italian commerce. Guatemala

is, for instance, a country where Italian business men could easily take the place of the German business men. The following articles, exported by Germany before the war, may be exported by Italy:

Natural and artificial essences for the fabrication of perfumes and other articles of the toilette; pharmaceutical supplies; glasses and crystals; silk and its derivative fabrications; shoes and gloves, as well as other leather articles; hats, jewels, musical instruments, furnitures and other articles necessary for domestic uses.

Almost the same articles may be sold in Costa Rica and other small countries of South America.

Mexico is another country where Italy could develop intensive commerce on the ruin of the German commerce. But the first condition necessary to such a development is the establishment of a direct route between the two countries. Italy could sell to Mexico industrial products in exchange for raw material, especially petroleum, iron, copper and zinc.

ECONOMIC AND FINANCIAL ACCORD BETWEEN ITALY AND SWITZERLAND

An economic and financial accord has been signed at Berne between Italy and Switzerland. The Italian Government allows thereby the export of a certain number of articles of merchandise to Switzerland from November 1, 1918, till August 31, 1919. On the other hand, the Swiss Government will export to Italy a certain quantity of celluloid, wood and coloring stuffs.

Moreover, Switzerland accepts the formation of a Swiss group of financiers that will advance monthly amounts to an Italian consortium of banks. There advances will be put at the disposal of the Italian banks as an opening of credits.

BANCA ITALIANA DI SCONTO AT TRIESTE

With the purpose in view of encouraging the development of Italian commercial interests in the redeemed territory, the Banca Italiana di Sconto has



Direct Connections

with a very large number of banks in the South enable us to collect Cash Items and Bill of Lading Drafts quickly and economically.

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is closely affiliated with American and Native Banks in Cuba, Porto Rico, Mexico, South and Central America, and offers unequalled service for handling collections on those countries.

**Hibernia
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New Orleans

opened a branch at Trieste. This is the first Italian bank to be opened in the territory acquired by Italy by right of nationality. It is known that before the war the Austrians have always opposed any Italian business influence in Trieste, although the Austrian business men enjoyed an absolute freedom of action in Italy.

ITALIAN INDUSTRIAL PRODUCTS IN ROUMANIA

Before the war Roumania imported ninety per cent. of industrial products from Germany and Austria for her agricultural needs. The war has closed this market to the Central Powers. Italy could furnish a great quantity of agricultural machinery, especially tractors, in exchange for cereals and petroleum.

The movement for an economic intercourse between the two Latin countries is gaining ground in Italy. Several im-

Foreign Trade Bank
for the
Mississippi Valley

THE MERCANTILE BANK OF THE AMERICAS announces its intention of opening a branch at New Orleans in the immediate future.

THE purpose of this institution and the policy pursued both by its domestic and foreign organizations, is to co-operate with all who engage in the common enterprise of foreign commerce.

IT supplements the services rendered by the foreign departments of domestic banks and without seeking local deposits, offers the American Exporter, Importer and Banker the entire facilities of its chain of banking institutions abroad.

May we send you a folder describing our facilities and containing names of our foreign branches and affiliations?

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of the Americas**

An American Bank for Foreign Trade

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Canada a Trade Jewel

A recent editorial in the N. Y. Sun says:

In the crown of our foreign trade Canada is the bright particular jewel. Not many years will pass before, in our firmament of international commerce, Canada will be, among all, the shining star.

With 323 branches throughout the Dominion, the Union Bank of Canada, through its New York Agency, offers to American business men a banking service which will assist them fully to develop opportunities in the Canadian market.

A copy of our 54th Annual Report with statistics as to the progress of Canada sent upon request.

Union Bank of Canada

Head Office
Winnipeg

New York Agency, 49 Wall St.
W. J. Dawson, F. L. Appleby, W. M. Forrest,
Agents

Capital & Surplus
\$8,600,000

portant houses of export and import have sent representatives to Roumania in order to investigate the conditions under which such an intercourse could be developed. The new railway route through Jugoslavia will greatly facilitate the economic relations between the two countries.

THE BANCO DI SAN MARCO

The stockholders of the Banco di San Marco at Venice have held their annual assembly. The bank has withstood the vicissitudes of the war without any danger to its reputation. During the Austrian invasion in September, 1917, which menaced the city, the bank had paid out within a week more than four millions of lire to its depositors. In spite of this fact, the bank had still sixteen millions of lire of deposits by the end of that year.

The Banco di San Marco intends to take an active hand in the reconstruction of the devastated territory, justifying thereby its glorious tradition.

BANCA COMMERCIALE ITALIANA AT MARSEILLES

The Banca Commerciale Italiana has opened a branch at Marseilles (France). The new branch is directed by M. Ferdinando Pugno and Mr. Eugenio Mieli, two eminent bankers.

The bank has in view of the development of economic relations between France and Italy as well as the financial protection of Italian business men in France. Taking into consideration the success of other foreign branches of the Banca Commerciale Italiana, the new branch will certainly prove an excellent means of promoting Italian interests abroad.

A NEW BANK

A new bank, the Credito Veneto, has been established at Padua under the auspices of the Banco di Roma, Credito Nazionale and the federal banks of Venice. The bank has an initial capital of five million lire. Its purpose is to effect all operations of banking as well

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and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

(\$5=£)

Nominal Capital	\$12,500,000
Paid-up Capital	3,750,000
Reserve Capital	3,750,000
Subscribed Capital	7,500,000
Reserves	2,718,350
Surplus over Liabilities	<u>10,218,350</u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

as to encourage the agricultural, commercial, industrial and financial development of the province of Venetia. The president of the institution is Mr. Marco Tattara, the president of the provincial council of Venice.



Proposed Export Associations' Financial Syndicate

AT a recent meeting of the Council of Foreign Relations in New York, the desirability of investing American capital abroad was fully discussed. John G. Lonsdale, president of the National Bank of Commerce in St. Louis, proposed the formation of a central financial organization as a means of furthering such investments. Mr. Lonsdale prefaced his proposal with the following remarks on the war and on the obligations of the United States to continue to lend to its Allies:

Suppose we had announced as our policy that we would spend billions upon billions to win the war; would lend to our Allies untold amounts to further the cause; but that as soon as peace was declared we would leave our Allies, who had borne the brunt of the fighting, to take care of themselves and do the best they could to rehabilitate their war-shattered districts. Such a policy would have been denounced as false and unjust, for the cruel effects of war do not end when the last gun has been fired.

If sympathetic and humanitarian sentiments were a factor to any extent in our entering the war, then the same sentiments should influence us to help the stricken European peoples to get on their feet again. But that is not all. If our attitude toward European countries be simply that of interest which the creditor, however hard-hearted he be, feels for the general welfare of the debtor, then should we do all that is necessary to aid our debtor nations in Europe to recover from war's destructiveness and put their industries in a fully productive state again. There are many times in every banker's career when he must advance more money to an involved debtor in order to enable that borrower to put his affairs in such shape that he can repay what he already owes. Such is our situation, as Europe's banker to-day.

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	(\$5--£1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,500,000

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But there is another reason—in fact, we may call it the governing reason—why we should be willing to sell goods on credit to foreign countries. That reason lies in the fact that on account of the greatly increased productiveness of our industries, new outlets must be found for our goods; or else, production must be decreased, which will in turn entail greatly reduced wages and profits. With such an array of arguments, it admits of no dispute that we must offer credit to foreign purchasers, which means, correlatively, that we must sell foreign securities to investors in the United States. How shall we proceed? That is the crux of the matter before us to-night.

Mr. Lonsdale then spoke of the necessity of educating the public in regard to foreign investments, and offered the following suggestions for an organization to aid in marketing foreign securities in the United States:

I propose a central financial organization to be called the Export Associations' Financial Syndicate, which shall undertake by national campaigns the flotation of long-time securities, growing out of transactions originating with the export associations. The capital stock of this organization should be at least \$50,000,000 to begin with.

I leave out of consideration how this stock is to be subscribed, for it will be easily procured if the big business and financial institutions of the country get behind the organization. I would have the syndicate make a rigid credit investigation of all foreign securities proposed to be offered to the public through the export associations. If the investigation is wholly favorable, the syndicate would underwrite the issue, pending general public distribution of the securities. But I would not have the syndicate permanently pledge its credit on any issue whatsoever. The capital stock of the syndicate would be employed in margining loans from banks which might be necessary in underwriting the various issues of securities.

The syndicate would charge a fee for investigating any foreign securities regardless of what the findings might be, and would charge an additional fee for underwriting those issues which come into its possession to be sold. The process of distribution to the public would entail a continuous advertising and selling campaign and to this end the active co-operation of banks throughout the country would be engaged.

The original fee charged by the syndicate would be such as to permit of satisfactory remuneration to the distributing banks. I would have these securities so offered for



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requiring Chicago facilities.

Capital
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\$3,000,000

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sale made payable at any bank in the United States which might become affiliated with the syndicate as selling agent. The syndicate would not engage in any operations which might be construed as competitive with commercial banks organized especially to promote foreign trade.

There are many other details, of course, which would have to be worked out, but the basic ideas are these: The syndicate by the rigidity of its credit investigations and by the strict impartiality of its judgment would establish a reputation that would give any securities approved by it a standing which they could not otherwise acquire; by the plan of underwriting approved offerings from the Export Associations, the process of foreign selling would be much facilitated and by the wide ramifications of the syndicate, a constant selling pressure would be exerted upon all classes of investors, I would have the syndicate handle only those transactions which originated with a seller in the United States, who must offer credit in order to make his sale.

This plan, to a certain extent, employs the German banking idea, whereby banks became virtually partners in industrial enterprises. For, whatever might be the source of the capital used by the syndicate, it is essential that the control of the syndicate and the granting of credits be vested in bankers. I say this is essential, for the rea-

son that the banks of the country are to give their unqualified O. K. to these securities by acting as continuous selling agents and hence they must know that the securities are sound investments.



Foreign Trade Bank for New Orleans

A FOREIGN trade bank to serve the Mississippi Valley is to be established shortly in New Orleans, according to a statement made by an official of the Mercantile Bank of the Americas of New York.

The fast-growing foreign commerce of this section of the country supplies ample movement of merchandise to warrant the opening of such a bank, which will be known as the Mercantile Bank of the Americas, a direct branch of the parent institution in New York.

New Orleans as the southern gateway to the great Mississippi valley has been selected as the location in which such

The Bank of the Philippine Islands

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MANILA, P. I.

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(\$0.50 = 1 peso)

Authorized Capital	(pesos) 10,000,000.00
Capital fully paid-up	4,500,000.00
Reserve Funds	2,250,000.00

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AGENTS

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New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

a bank can render the greatest service to middle western exporters and importers, particularly in connection with South American trade.

The Mercantile Bank of the Americas engages only in such forms of banking as facilitate overseas business and does not compete with local banks for local deposit business. The aim of the bank is to supplement the facilities already offered by local financial institutions and to assist them in developing the foreign business of their clients. The Mercantile Bank of the Americas prefers to have business come to it through the exporter's own local bank.

The Mercantile Bank of the Americas was organized in 1915 by Brown Bros. and J. & W. Seligman & Co. of New York. Since then numerous other important banks in various parts of the country have been added as stockholders. Its capital is \$3,500,000 and its statement shows surplus and undivided profits of \$1,400,000.

Many offices and affiliated institutions

have already been established by this bank throughout South and Central America and the Far East. Direct branches are located in Paris, France and Barcelona, Spain. It has established its own banks in Cuba, Colombia, Peru, Venezuela, Brazil and Nicaragua. It also has close affiliations in Ecuador, Honduras, Costa Rica, Salvador, Guatemala, China, Japan and the Philippines.

Through its own direct offices and by means of its affiliations it is able to render a service of great value to the American firms interested in foreign trade. For instance, if an American firm desires to build up an export business in a country where the Mercantile Bank of the Americas is represented, its local organization can give complete information in connection with such proposed business. It aids the manufacturer in the selection of proper agents and other outlets for his goods, collects his drafts for merchandise shipped and, in fact, coöperates with him in every

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Capital - - - \$1,000,000.00

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The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

Correspondence Invited

way in the financing and safeguarding of his foreign business.



Swiss Banking Association

AT the close of December, 1918, the balance-sheet of the Swiss Banking Association (head office, Zurich), showed a total of 387,685,897 francs, compared with 330,934,718 francs at the close of 1917. In this period the paid-up capital was increased from 40,000,000 to 50,000,000 francs, and the reserves from 11,300,000 to 12,400,000 francs. The dividends paid in 1918 were at the rate of 7½ per cent., against seven per cent. in 1917, six per cent., 1914-1916, and seven per cent. 1912-1913.

Announcement is made of the absorption by the Swiss Banking Association of the Crédit Argovien, an old-established and well-known Swiss bank.

Pan-American Finance Commission

PROPOSALS for a Pan-American Finance Commission, made some time ago, are repeated in a pamphlet on "After War Credit," by E. D. Fisher, president of the Bank of Detroit. Mr. Fisher says:

Following the first Pan-American conference, there have been numerous trade organizations who have been for some time talking about export trade, South American credits, and shipping facilities. The real basic factor, however, in the successful development of such trade, would be the stabilizing of South American credit and currency. This country has loaned so much money to the nations of the world during the war period, that a moderate amount for the basis of financial reform in the Pan-American countries would be hardly missed.

At the first Pan-American Conference, the writer suggested a plan for the establishment of a Pan-American Finance Commission, which, he still believes, in one form or another, to be a necessary base to successful commercial relations. It was sug-

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is vitally interested in the development of foreign trade. Our Buenos Aires Branch and extensive banking connection throughout the world furnish exceptional facilities for handling foreign financial transactions intelligently and efficiently and make this bank a most desirable correspondent.

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Resources - - - over 222,500,000

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gested that the specific duties of such a Commission should be:

(a) To advise and assist in the fiscal development of the various countries in the Pan-American Union, securing data necessary, and making suggestions in relation to the stabilization of national credit, particularly in the redemption or reduction of currency debt.

(b) To provide to the extent that may be found practicable a standard plan for the development of banking and monetary systems for the various countries in the Pan-American system, and the establishment of uniform currency, which would follow the requirements of domestic trade. Such currency to be supported by gold reserve, or an equivalent of available credit in American Reserve cities, in conjunction with a subsidiary coinage based upon an appropriate relation to the requirements of the people.

(c) The Commission shall also devote itself to the investigation and collection of information which would justify the American Government, syndicates, corporations or individuals in granting loans from time to time, for the purpose of making effective the general plan outlined, as well as for other purposes.

Rebuilding Italian Shipping

FOR the requirements of her maritime trade, the Monthly Review issued by Barclay's Bank, Limited, of London, estimates that Italy should be able to dispose of a mercantile fleet of her own of a gross capacity of about 2,760,000 tons, whereas the present tonnage of the mercantile fleet is only a little over 700,000.

Although the navigation companies control a considerable volume of ready money, they could not, at least for the present, sustain by themselves the financial effort which is necessary to supplement and complete the mercantile fleet of the country. Assuming the cost to be 1,000 lire per ton, the amount required to purchase the two million tons needed by Italy would be about two milliards of lire. The shipowners and constructors in Italy could not collect such a sum, even within several years, without the help of the great banks of the country. Fortunately the banks appear

The Bank of Chosen

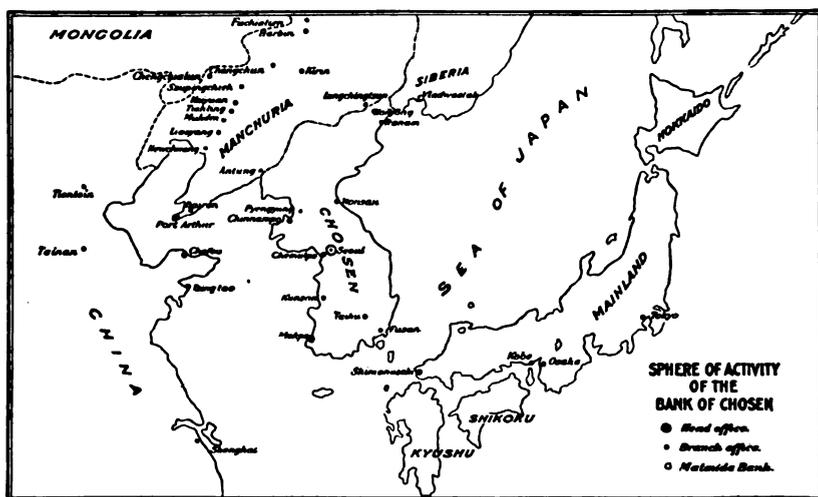
Incorporated by Special Charter of



Imperial Japanese Government, 1909

Subscribed Capital - - Yen 40,000,000

Total Resources - - Yen 300,000,000



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MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

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Affiliated Bank—VLADIVOSTOK: Matsuda Bank

LONDON BANKERS: Guaranty Trust Company of New York
London Joint City and Midland Bank, Ltd.

Principal American Correspondents:

Guaranty Trust Company of New York
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Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo - Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco, Seattle and Vancouver

T. MUKAI, New York Representative, 120 Broadway

The
National Shawmut Bank
of Boston



Capital . . \$10,000,000

Surplus . . 10,000,000

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Complete service to banks throughout the country in all branches of Domestic and Foreign business.

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CORRESPONDENCE INVITED

to be very disposed to lend their valuable coöperation towards the formation of a powerful mercantile fleet, and of this an event which happened recently provides convincing proof.

A short time ago, on the initiative of the Banca Italiana di Sconto, to which the Banca Commerciale Italiana, the Credito Italiano and the Banco Di Roma immediately adhered, an important meeting was held in Roma. Besides the Directors of these institutions a great number of Italian shipowners and naval constructors were present. The object of the meeting was "to discuss, with a view to immediate and practical execution, a programme intended to promote the reconstruction of lost tonnage and the construction of tonnage necessary for new trade."

It is noteworthy that the meeting was called in consequence of a wish expressed by the Ministry of Transport, and that a delegate of that Ministry was invited to the meeting. This proves that in Government circles the supreme importance of the problem is realized, and that there is a desire to expedite its solution by promulgating adequate legislative and administrative measures.



Spanish Banking and Finances

FROM a statement written by Antonio B. Curagol, and published in the New York "Journal of Commerce and Commercial Bulletin," is learned the

following in reference to banking in Spain:

The official Spanish Bank is the Banco de Espana, which was founded in the year 1772 under the name of Banco de San Carlos and reorganized in the year 1829 under the name of Banco Espanol de San Fernando. In 1847 this Bank absorbed the Banco de Isabel II and in the year 1856 the name of the institution was changed to Banco de Espana. This bank has the exclusive privilege of issuing Bank Notes. It has a paid in capital of \$30,000,000, a reserve of \$6,000,000 and in January, 1919, had gold on hand to the value of \$445,699,660 and silver to the value of \$127,940,740. Outstanding Bank Notes amounted to \$675,062,545. As will be seen, the Bank had on hand to offset these Notes \$573,640,400. In accounts current and exclusive of Government deposits they had \$226,098,487.

The Banco Hispano Americano has a paid in capital of \$20,000,000 and a reserve of \$1,379,475. In August, 1918, accounts current amounted to \$65,175,650.

In August, 1918, there were 55 private Spanish Banks with a total nominal capital of \$112,758,400 and a paid in capital of \$66,259,400.

The French Bank Credit Lyonnais has branches in all the principal cities doing a regular banking business.

Some important groups or syndicates of Spanish banks have been founded, such as: The Asociacion de Banqueros de Barcelona, Asociacion de Bancos y Banqueros del Norte de Bilbao, Asociacion de la Banca Espanola in Madrid. As the combined capital of the banks forming these groups runs into many millions of dollars, the part they take in the financing of local operations is very important.

Several of the most important British banks have established branches in Spain, and American banks are beginning to follow suit. The Spanish banks alone are fully equipped to handle all classes of business through their foreign branches, and with the additional facilities afforded by the

foreign banks, Spanish exporters have no difficulty in transacting business in any part of the world.



Bank of British West Africa Growing

ROBERT R. APPLEBY, Esq., New York agent of the Bank of British West Africa, has announced the closing of negotiations for moving to the ground floor of 100 Beaver street, removal to take place about June first. This step is necessitated by the increased business of the agency. The office has been at 6 Wall street.



League of Nations and Foreign Trade

ONE of the serious uncertainties of our future, says "The Americas," published by the National City Bank of New York, lies in the effect of the administration of the proposed international government of the League of Nations, in case this country adheres to it, on business. We are going to be under continued economic pressure from Europe, with the machinery of international finance working toward having us take payment in the manufactures of Europe for the interest and principal of the war debt we raised for our Allies. If the men who have the shaping of the proposed international "superstate" for us and who will be upon the international councils as our representatives are men who think that foreign trade does not contribute to American prosperity; or that for us to go out and compete with nations supposedly more in need of foreign business than we is some reprehensible kind of national greed; or that any governmental discrimination in favor of American trade is "spurious" economically, there may be hard sledding ahead not only for American manufacturers of practical intelligence who want to sell abroad, but even for our industries in the mainte-

nance of their home market. The councils established by the constitution of the proposed League have very far-reaching power to force individual countries into the adoption of common international laws toward labor, and toward economic legislation such as is involved in national policies regarding Free Trade or Protection. A strong, virile national policy for the building up of our commerce and the protection of our economic interests could help co-ordinate our campaign for world-wide expansion of trade; and we could do it upon a high plane of international fair-dealing with our competitors and of beneficial business relationships with developing nations such as England has maintained in her commercial and financial policies. But a policy of internationalism based on the theory that America must sacrifice its business interests and hold back from vigorous cultivation of foreign markets can bring a serious situation for our whole industrial organization, at home and abroad. America is entering a new era of international relationships. But there are several brands of internationalism.



Banque Belge Pour L'Etranger

THE Belgian Bank for Foreign Trade, whose head office is at 66 Rue des Colonies, Brussels, in their report state that for five years they have been unable to issue a statement on the general situation of the bank, says the London "Statist." The first care of the head office, now that free communications have been reestablished, is to renew contact with its shareholders. "Our gratitude," says the report, "is also due to the officials who throughout our organization have contributed to the successful working of its branches. The Belgian directors wish to express their sense of special indebtedness to the prudent management of the London Board, who, when communications with the head office were broken off, took the

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office : 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized	\$7,500,000
Paid-up	3,250,000
Reserve Fund	3,000,000

BANKERS : Bank of England ; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

management of the bank's affairs into their own hands." "Thanks to them," says the report, "we find to-day the bank in a stronger position than before the war, and are looking forwards to a brighter future." The profit and loss account, as shown in the balance sheet made up on June 30 last year, shows a balance of net profit available at that date of £200,640. The current accounts amount to very nearly sixteen millions sterling.



Statement of the Skandinaviska Kreditaktiebolaget

THE statement of condition of this bank for February 28 shows total assets of Kr. 1,099,810,538.04. The paid-up capital was Kr. 73,840,000, the reserve fund, Kr. 81,660,000, and deposits, Kr. 332,646,099.98.



Growth of London's Large Clearing Banks

IN a recent issue of the "Monthly Review," published by the London Joint City and Midland Bank, appears a table showing the changes made in the leading items of the large clearing banks of London between June 30, 1914, and December 31, 1918—the period including the war. Commenting on the increase, it is said to have been

due in the main to the creation of banking credit during the war, only a small amount being traced to the amalgamation of provincial institutions with London Banks. The deposits of the five big banks now amount to 1,307 millions sterling against 634 millions before the war, or just a little more than twice the amount in 1914. The combined increase of 672 millions in deposits is reflected on the other side of the balance-sheet in an increase of 139 millions in cash, 80 millions in money at call and notice, 163 millions in investments, and 290 millions in bills and advances.



Trade and Banking in China

OPPORTUNITIES for American trade in China are practically boundless, if sufficient shipping can be supplied so that American merchants can get their goods carried at a rate that will compete with other ocean rates to the Far East, declared W. C. Lane, vice-president of the Guaranty Trust Company of New York, who has returned from a six months' stay in China, where he has been organizing branches for the Asia Banking Corporation, of which also he is a vice-president.

Ralph Dawson, assistant secretary of the Guaranty Trust Company, and vice-president of the Asia Banking Corporation, remained in China to complete the organization of the branches in Peking,

Tientsin, Changsha, Canton and Hong Kong. The head office of the corporation in Shanghai and the branch in Hankow are already in operation.

Tonnage is seventy-five per cent. of the problem confronting American merchants in Chinese markets according to Mr. Lane, and if the present difficulties in transportation are overcome, it will be very easy for the United States to secure the greater share of the vast Chinese trade formerly held by Germany. American banking facilities have already been established; everything now waits upon the shipping situation. Mr. Lane had the following to say regarding conditions in China:

America is a word to conjure with in China. The Chinese think that there is no other country like ours. China still stands amazed at the fact that we returned the Boxer indemnity. This proved that we were distinterestedly concerned with the welfare of China. The Chinese look upon us not as "dollar chasers," but as the fairest-minded people in the world. Nothing stands higher in China and with the Chinese than an American's word, or his pledge.

American banking methods are also a surprise to the Chinese. There are many foreign banks in China, and most of them have been very successful, but the Chinese merchant prefers to do business with Americans and American institutions. This is largely because he can sit down and talk over his affairs with the manager of an American bank. The managers of some of the other banks will not see him, even should he be a merchant prince. The Americans give the Chinese an opportunity to do business on an equality with everyone else, and naturally the Chinese are appreciative. That is only one of the many reasons why they are desirous to do business with Americans.

I have no hesitancy in saying, therefore, that, on the whole, the opportunities for American trade in China are very good indeed. The Germans used to do a vast business in China, but they are out of the running now, and will be for some time at least. A large share of their former business should now come to us—if we can get the ships to carry the goods in competition with the ships of other countries.

The most immediate problem now is tonnage. During the war Japan was the only country which had ships to spare for its Chinese trade, and of course those ships worked almost exclusively for Japan. What space remained was open to anyone, but all during the war the ships that came in to Chinese harbors were almost entirely Japanese, and naturally they carried Japanese goods, and there seldom was any space left

after Japan's requirements were met. This situation has changed somewhat, since the Armistice was signed. When I left a few British and American ships were beginning to make their appearance. But tonnage is still seventy-five per cent. of the problem. If our Government will supply ships that will carry goods at rates which will make competition possible, the present opportunities for American trade are almost boundless.

The other twenty-five per cent. of the problem is one of finance, and that really isn't a problem any more, for concerns like the Asia Banking Corporation stand ready to finance the merchant, whether he import or export.

The opportunities for American business in China have been facilitated by the opening there of American banks which have studied conditions and learned how to operate under the existing handicaps. The currency system of China is unbelievably crude. The only thing that bears any semblance to currency as we know it is the Mexican silver dollar. The remainder of the currency consists of bank notes. These notes, however, are good only in the province in which they are issued; notes of Shanghai are not good in Peking, for example, and even branches there of the issuing bank in Shanghai will not take the notes of their own head office except at a discount.

There is still another crudity. All values are estimated in taels, not in dollars, but the tael is not a coin, it does not pass as currency. It is a lump of silver stamped by the mint of the province in which it is issued. The taels of different provinces have different values. The Hong Kong tael has not the same value as the Shanghai tael. So that when a Shanghai man buys goods in Hong Kong, he has to figure out his expenditures first in Shanghai taels, then in their equivalent in Hong Kong taels, and before he gets through with his business he has figured a lot and paid a good deal.

China must have a national system of currency, but I am afraid she cannot devise one for herself. The great question is, who is going to do it for her? All we can hope is that it will fall into the right hands.

Another thing which it is important to remember is that the silver dollar is not a medium of exchange between banks; that is, if one bank owes another bank \$100,000, it cannot pay 100,000 silver dollars. It must pay in taels. That is the only means of settlement. When a trade is made, the balance due—in lumps of silver contained in boxes—is wheeled through the streets in barrows. If you owe ten banks you have to send one or more wheelbarrow loads of silver to each of them. It is a pre-Adamite system.

The coolie class, which includes millions, is made up of the hardest working people in the world. They are beasts of burden. You seldom see horses in Shanghai. All the carts are hauled by men, and goods are

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 62 other
Places in Sweden

Capital Paid Up . . . Kr. 30,000,000

Surplus About . . . Kr. 17,200,000

Resources About . . . Kr. 373,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

usually sent around in wheelbarrows. Most of the individual passenger transportation is by rickshaws drawn by coolies who trot at an average rate of about six miles per hour, and earn only a few cents a day for their labor.

The native Chinese banks, while very good, operate at a disadvantage, because they have no direct communication with the great markets of the world.

All the business they do ultimately has to find its outlet through exchange. Because the native banks have no connections which will enable them to handle exchange, they have to cooperate with the foreign banks. The business of the foreign banks thus becomes largely a matter of exchange. An export transaction and an import transaction both mean exchange, and there is no mercantile business in which it is not a necessary factor.

There is a great opportunity in China for the young man who is willing to work his way up. Whether he ever amounts to anything as a banker or as a merchant, or whatever else he may engage in, will depend, of course, upon his own ability. But the way to learn is by experience, and being on the ground to acquire experience gives one a decided advantage. There are many openings right now for young men with the necessary qualifications.

The young man who is willing to try to learn the Chinese language has a decided advantage. A few of the Europeans in China are able to read and write the native tongue, but the majority do not even make the effort to learn. When you realize that there are no fewer than nine thousand characters in the alphabet, you can see why many persons hesitate to begin. It takes a lifetime to learn the language. Some of the characters which you see are really not letters at all. They represent words or ideas, and some of them represent whole sentences.

Mr. Lane laid no great stress on the spasmodic civil war which has been intermittently raging in China for some

time. He explained that it was in no sense an attempt to restore the Empire, but a fight for the control of the country between the two factions, the Northern, which centers at Peking, and the Southern, with headquarters at Canton.

"So far this war has not affected business," said Mr. Lane, "except perhaps in the interior regions where the actual fighting has taken place."



Industrial Bank of Japan, Limited

THROUGH the courtesy of President H. Hijikata THE BANKERS MAGAZINE has received the thirty-fourth report of the Industrial Bank of Japan, Limited, showing the operations for the half-year ending December 31, 1918. The return from the gross earnings of the bank during the half-year under review exhibits some increase owing to the growth of transactions. After continuing the projected readjustments of certain loan accounts of a doubtful nature, and the depreciation in property account, the bank's earnings still show satisfactory results. In figures the gross earnings of the head office and the branches for the half-year under review stood at 9,403,068 yen. This, added to the balance of 80,199 yen brought forward from the previous half-year, makes a total of 9,483,267 yen. On deducting the gross expenses, 8,404,322 yen, the net profits amount to

1,078,945 yen, of which seven per cent. on the paid-up capital was designated as the dividend, an increase of one per cent. as compared with the previous half-year. The balance to be distributed among the reserves and other funds.

The Industrial Bank of Japan, whose head office is at Tokyo, was established in 1902, and has a capital of yen 30,000,000, of which yen 26,871,938 is paid up.

During the half-year under review, one new branch office was established, while twenty-one correspondents, six special agencies empowered to furnish loans on behalf of the bank on their own guarantee, and sixty-four agencies dealing in the bank's debentures and coupons were arranged. The bank maintains three branches, an office in Peking, ninety-four special agencies, 254 agencies and 289 correspondents—266 in Japan, four in China, nine in Europe, and ten in America.



Bank of Chosen

UNUSUAL prosperity for the Bank of Chosen and for the country was reported at the nineteenth ordinary general meeting of shareholders held in Tokyo February 20. As regards the country, the report showed that for the half-year covered every phase of activity had shown for the most part satisfactory development. The crop of rice, the main staple of the Peninsula, was estimated at 67,840,000 bushels, the largest ever raised in the country and an increase of thirteen per cent. over the previous year. Other staples, such as wheat, millet, beans and cocoons were no less satisfactory, their increase over the previous year ranging from ten to twenty per cent. The high prices received for the crops also further added to the gains of the agrarian classes.

The same prosperity was shared by the trade of the Peninsula, the amount of which was brought to figures un-

precedented in the trade annals of the country. During the half-year under review, the country exported yen 97,974,000 and imported yen 92,664,000, making the total amount of trade yen 190,638,000, which figures, as compared with those for the corresponding half of the preceding year, exhibit an increase of yen 49,259,000 in export, yen 33,891,000 in import, and yen 83,150,000 in the total amount of trade. The ratio of increase was seventy per cent. The increase in export was chiefly due to the larger amount of rice, iron, fish, cocoons, tobacco, and cattle exported, while that in imports was largely accounted for by an increased amount of cotton fabrics, Manchurian millet, wheat flour, coal, and machinery imported. Of the principal exports, rice occupied the foremost place, its export amounting to yen 39,220,000 or double the amount for the preceding year. The high price prevailing was one of the causes for the increase, but its export to Japan, as a measure to keep down the price of rice there, and to North Manchuria and Siberia for military use, was no less responsible. Of the principal imports, cotton fabrics formed the largest item, being 17,610,000, or an increase of thirty per cent., as compared with the figures for the corresponding period of the preceding year.

The result of this exceptionally prosperous trade condition was especially welcome in view of the chronic unfavorableness of the trade balance of Chosen. The excess of import amounted to only yen 4,390,000 for the year, and even if the export of bullion be taken into account an export excess of yen 1,150,000 is shown.

The profits of the Bank of Chosen for the half-year ending December 31, 1918, after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amounted to yen 1,660,674.89, to which has to be added the balance from the previous half-year, yen 353,653.20, and the premium on new shares, yen 1,347,810.00, making a total of yen 3,362,138.09, appropriated as follows:

	Yen.
Dividend at six per cent. per annum on old shares.....	600,000.00
Dividend at six per cent. per annum on new shares	52,602.74
Additional dividend at three per cent. per annum on old shares.	300,000.00
Additional dividend at three per cent. per annum on new shares.	26,301.36
Reserve fund to provide for losses	1,850,000.00
Reserve fund to equalize dividend.	35,000.00
Bonus and allowances.....	85,000.00
Payment to Government.....	52,200.96
Balance carried forward to next half-year	361,033.03
Total	3,362,138.09

The present capital of the bank is yen 40,000,000 divided into 400,000 shares of 100 yen each, of which yen 25,000,000 is paid up, the full amount being paid up on the 200,000 old shares, of which 30,000 are held by the Government, while on the new shares, also 200,000 in number, three-fourths, i. e., yen 15,000,000, is still unpaid.

On December 31, 1918, the Bank of Chosen reported: bank notes issued, yen 115,523,670.90; secured by yen 47,921,841.96 specie and yen 67,602,328.94 securities; deposits, yen 218,960,149.28; loans, advances and current accounts, yen 135,537,120.23; total resources, yen 413,061,135.97.

The head office of the Bank of Chosen is at Seoul, Chosen, Japanese branches being maintained at Tokyo, Osaka, Kobe and Shimonoseki. There are also a number of branches in Manchuria and several in China.



The Mitsui Bank, Limited, Tokyo

THE statement of this bank for the period ending December 31, 1918, shows the paid-up capital to be yen 20,000,000, and the reserve fund yen 16,000,000. This is an increase in the reserve fund of yen 2,050,000. The net profit for the half-year totaled yen 3,483,494, which with balance brought forward made yen 3,959,946. A dividend of yen 600,000 was declared.

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

National Bank of India, Limited

NET profits of this institution for the year ending December 31, 1918, were £403,635, and with the amount brought forward gave a total of £543,464. An ad interim dividend was paid for the half-year ending June 30, 1918, at the rate of twenty per cent. per annum, free of income tax, and a further dividend at the same rate on December 31, 1918. There was added to the reserve fund £200,000, making the total £1,550,000. The sum of £10,000 was applied to writing off of the house property account, £10,000 was added to the officers' pension fund, leaving £123,464 as the amount to be carried forward.



Queensland National Bank

AS shown by the ninety-third half-yearly report, the net profit of the Queensland National Bank (head office, Brisbane) for the half-year ending December 31, 1918, was £53,951, to which was to be added the amount brought forward from previous report, making a total of £55,515. Out of this an interim dividend at the rate of ten per cent. per annum was paid, for the quarter ended September 30, and a final

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PARIS - FRANCE**

dividend at the like rate for the quarter ended December 31, and after adding £25,000 to the reserve fund, the amount left to be carried forward was £43,515.



New Agency for Standard Bank of South Africa, Limited

NOTICE has been given of the establishment of a new agency in Amsterdam, Holland, by the Standard Bank of South Africa, Limited.



Report of the Bank of Taiwan, Limited

FROM S. Mutoh, New York agent at 165 Broadway, of the Bank of Taiwan, Limited, we have received the report of that bank's condition as per statement of December 31, 1918. The head office of the Bank is at Taipeh, Taiwan. Two of the thirty-six branches are newly established, that at Moji, Japan, and that at Bangkok. The New York correspondents of the Bank of Taiwan, Limited, are: the Chase National Bank, the National City Bank, the National Bank of Commerce in New York, the Irving National Bank, the Hanover National Bank, the Guaranty Trust Company, the Bankers Trust

Company, and the Equitable Trust Company.

Following is the bank's thirty-ninth statement, that for the half-year ending December 31:

LIABILITIES	
	Yen.
Capital subscribed	30,000,000
Reserve funds	6,030,000
Notes in circulation	42,108,109
Current accounts, fixed deposits, etc.	389,201,331
Deposits in trust	38,871,796
Bills payable, acceptances and other sums due by the bank....	168,780,965
Balance brought forward from last account	462,365
Net profit for the past half-year.	1,873,968
Total	677,328,537

ASSETS	
Cash account—	
In hand	25,866,134
At bankers	36,651,315
Loans to Government.....	3,105,700
Bills discounted, loans, advances and other sums due to the bank.	529,988,517
Government bonds, etc.	62,456,248
Bullion and foreign money.....	7,537,996
Capital uncalled	5,000,000
Bank's premises, properties, furni- ture, etc.	6,722,623
Total	677,328,537

PROFIT AND LOSS ACCOUNT	
Dr.	
Current expenses, interest, etc. ..	37,701,732
Reserve funds	500,000
Bonus	75,000
Dividend (10 per cent per an- num)	1,186,000
Balance carried forward to next account	575,334
Total	40,038,066
Cr.	
Balance brought forward from last account	462,365
Amount of gross profit for the half-year ending 31st December, 1918	39,575,701
Total	40,038,066



New Branch of National Bank of South Africa

THE local office of the National Bank of South Africa has received notice from headquarters that a branch has been opened at Fort Johnson in Nyasaland.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Anslcy, D., c/o Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Blise, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Brancham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. C. director, Department of New Business, Joseph Valley Bank, Elkhart, Indiana.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Hunter, Harold G., Sec'y and Treas., Kansas City Terminal Trust Company, Kansas City, Mo.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jesup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., Asst. Cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kaha, A. T., vice-president, Commercial National Bank, Shreveport, La.
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
Keller, C. B. Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., vice-president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., 227 East Ashley Street, Jacksonville, Fla.
Lanng, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.

Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Peede, Loring G., Publicity Mgr., Mercantile Bank of the Americas, 44 Pine street, New York
 Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
 Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
 Reid, Carol S., publicity manager, The People's Bank, Ltd., Hilo, T. H.
 Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
 Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luserne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.

Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. L., 615 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
 Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Massachusetts.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Bernhelm, E. Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Boston, Mass.
 Fisher, C. J. (Miss), Hoggson Bros., 485 Fifth Avenue, N. Y. C.
 Mead, Harold O., Asst. Cashier, The Bkg. Corporation of Montana, Helena, Mont.
 Montieur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.

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Sobriety Essential to Freedom

BYOND question, if a country would be free or happy, it must first free itself from the bondage of alcohol. In wishing the world a happy year, therefore, we wish it, first of all,

freedom from the bondage of alcohol. To nations free from that enemy all things are possible, except drunkenness and other vices. Therefore, we say to the people, "Be sober, and you must be free."—*The Review, Sydney, N.S.W.*

Banking and Financial Industry

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS: 1,010,300.00

OFFICERS

HARVEY D. GIBSON	President.
DANIEL G. REID	Vice President
CHAS. W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE F. MURNANE	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier



ARCHITECT: ALFRED C. BOSSOM, NEW YORK

The new building in course of erection of the Virginia Trust Company, Richmond, Va.

The Virginia Trust Company, Richmond, Va.

THE Virginia Trust Company of Richmond, Va., has just purchased the lot about 60 feet by 110 feet adjoining the twenty-story First National Bank Building on Main Street, and it is about to erect a monumental home for itself.

The Virginia Trust Company is blazing the way in Virginia in the handling of estates and is fittingly living up to its motto, "The Safe Executor," for it is rapidly building up a reputation that will soon make the institution one of the strongest in that part of the country, and in the new building the officers are looking ahead to that time and providing for it.

The entire basement is being given up to vault equipment. The present plans contemplate three individual vaults, each sixty feet long by about sixteen feet wide, exclusive of other and smaller vaults in the basement and on the first floor.

Special provision is being made for the officers; every officer having his own private consultation room in addition to space behind the public counter rail facing the lobby. In fact, the spirit of enterprise demonstrated by President Herbert W. Jackson and Vice-President Walker Scott, assisted by Secretary L. D. Aylett and a very active board of directors, is being exemplified in the proposed building.

The Virginia Trust Company moved into its present quarters in 1911, retaining at that time Alfred C. Bossom, the bank architect and equipment engineer, to lay out the offices, banking rooms, etc., and now they have again retained him to lay out the new premises. The entire building is to be used for the bank's own purpose and will consist of a basement, main banking floor, larger and higher than any other

banking room in the city, and two floors above.

Richmond is one of the enterprising banking cities of the country. The First National, the American National, the Richmond Savings, the Planters National, the Virginia Trust Company, etc., all have either comparatively recently rearranged their quarters, or have already made arrangements to do so, and the new Federal Reserve Bank for the Fifth District is already under way.



Opening of First National Bank of Ardmore, Oklahoma

ON April 12 the First National Bank of Ardmore, Oklahoma, opened the doors of its new banking home.

The structure, which was erected, decorated and equipped by Hoggson



First National Bank, Ardmore, Okla.

Brothers, the Chicago and New York bank-planning specialists, is of a distinctive type, Ionic architecture, and is constructed of Indiana limestone and gray granite. The symmetrical disposition of the eight windows and vari-

ous other architectural elements has contributed toward the impressive and interesting appearance of the building. The interior reflects the dignity and modernity of the outside. The banking room is fitted out with marble, bronze and tile and has an aspect of both beauty and utility. The public area is sixty by forty-five feet, with marble floor and mosaic border. Three double marble check desks and two seats have been installed for the convenience of customers. The counterscreen is constructed of San Russell florid marble with bronze wickets, and black Carrara

glass for deal plates at the openings. Modern equipment has been provided throughout. The new quarters should afford ample accommodation for the bank's increasing activities for many years.

The First National Bank is known as the oldest National bank in Oklahoma. It was organized in 1890. The present officers are: Don Lacy, president; C. L. Anderson, G. W. Stuart and P. D. Maxwell, vice-presidents; Ed. Sandlin, cashier; and H. D. McCollom and Arthur Kyle, assistant cashiers.

A Thanksgiving Loan

By HON. CARTER GLASS, Secretary of the Treasury

WE call this last the Victory Liberty Loan. It is that and more; it is a Thanksgiving Loan. I stood upon the battleship "New York" with Admiral Rodman when the wireless news came that Germany had capitulated; and from the Grand Fleet I went down to Edinburgh to accept an invitation from the Lord Provost to a service of thanksgiving in the Cathedral of St. Giles. There, under the nave, I heard the great organ peal forth its sweet, thanksgiving strains and heard the great choir sing a psalm of praise to God for the victory over a common foe. It was the 124th Psalm that was rendered, and it sounded like a six-thousand-year-old prophecy, so well adapted was it to the moment, acclaiming the goodness of God for sustaining the spirit and stirring the valor of the Allied troops until they had overcome the enemy when the hour seemed darkest. And when I come home and hear gentlemen say that we must suppress all sentiment and approach this last Lib-

erty Loan on a cold-blooded business basis, I wonder if I was too easily moved by the thanksgiving strains that went up from the Cathedral in Edinburgh on the 12th day of last November.

Men in this great exigency of war have been transformed. We think today of the Transfiguration as if it were altogether and finally supernatural. We speak of it as if it were two thousand years away in time and twelve thousand miles away in space, among the hills of Palestine; but it is my belief that in every great trial of humanity the Transfiguration is ever present, and that men and women with spirit to sacrifice and with courage to conquer, mount to its highest peaks and bring heaven down upon earth. It is my belief that Edith Cavell among women, and Albert among kings, and Mercier among churchmen, and Burgomaster Max among the lesser councillors, have their type in every nation of this earth; have their type among the humble and

private citizens of this land. While the best among us may presently witness in our minds and hearts a singular contest between avarice and that better element of human nature which makes us willing to believe that man was created in the image of God, that right eventually will prevail. We are not going to approach the last Liberty Loan strictly in a commercial spirit. We are not going to float it strictly on a commercial basis. It is impossible to do it. A little thought will teach the wisest among the financiers of this country that it is impossible now to float, purely for investment purposes, a loan of five or six billions of dollars. We have got to appeal to the patriotism of the American people, and it will not be done in vain. There are yet two million American boys in France and Germany who must be maintained in comfort and brought home in safety and provided with employment on their return. While Congress is writing off the books \$15,000,000,000 of authorizations, for which public funds would have been expended had not the war suddenly terminated, the Government is still expending two billion dollars per month to meet the honorable commitments of the country. The honor of the Government is involved. Being your Government, it is your honor that is involved; and I know that the appeal of the American Government to the American people will meet a response of which the nation will be proud.



Proposed International Bankers Association

AN international bankers association with headquarters in New York was proposed recently in an address by Richard S. Hawes delivered before the meeting of the Central States Bankers Association at Chicago. Mr. Hawes is vice-president of the American Bankers Association and also vice-president of the Third National Bank of St. Louis. His suggestion was based upon the



RICHARD S. HAWES

Vice-President Third National Bank, St. Louis; Vice-President American Bankers Association

ground that the indebtedness of Europe to the United States rendered an association of this kind desirable, and that New York's present and future financial importance made it the proper location for it.



Reducing Maturity Days to Fifty-two a Year

IN the big towns, where the bank is just around the corner, transacting the day's banking is an easy matter, but in the country, where farming is the chief business occupation, it is quite another matter. One Iowa bank has hit upon the expedient of making all notes mature on Saturday, in spite of the Negotiable Instruments Law, this being the day the farmer comes to town and therefore making it easier for him to call at the bank and settle. This is the

way the plan is described in "The Live Wireless," the bank's own publication:

When a customer's note falls due, at the First National Bank of Northboro, it will usually light on a Saturday. This custom or practice was initiated at the beginning of the year 1919, and was discussed at the regular meeting of the active officers of the bank, William H. Longman, assistant cashier, Mrs. Clara L. Nye, assistant cashier, and Frank T. Nye, cashier. Heretofore, our customers' notes have been made, according to the old custom, of 30, 60 or 90 days, or possibly 180 days, with no reference as to when the maturity would come. By bringing the maturity day on Saturday, it falls due on the day the farmer is most in town, and it is therefore an advantage to the farmer to have the note due on that day, for not unlikely it makes unnecessary a second trip to town. Economy of time is what we are all striving to attain, and this

is one method of obtaining it. At this meeting of the active officers of the bank, it was also pointed out that the bank would have only 52 maturity days in the year, whereas now it has perhaps 300. This reduction of the number of maturity days brings the notifying and caring for the notes under system, and lessens the time necessary to attend to this department of the work, and also, as we have said, fits into the farmer's routine better than the old way. If any of our banker friends will indicate where there is any material disadvantage in this method, as compared with the old one, we will be pleased to be informed what it is. We think as far as any bank is concerned, it would be a distinct advantage to lessen the number of maturity days, as above set forth. We will not at present enter into the various angles of advantage presented by a study of the merits of the proposition, but will be glad to discuss this with bankers at the proper time.



Another plan to circumvent the bank robber—From the New York Tribune

Book Reviews

VEST POCKET LAWYER. By the American Standard Law Co. Flynn Publishing Co., Chicago. Price, \$1.00.

This is a remarkable little book containing a fund of general law information.

It is complete, simplified and easily consulted. Tells not only the law—what to do and what to avoid—but how to draw up 112 legal forms covering legal papers of all kinds. Indexed.



RETAIL CREDITS AND COLLECTIONS. By Dwight E. Beebe. Harper and Brothers, New York. Price, \$1.50.

This book in Harper's Retail Business Series is devoted to one of the most important factors of modern business, and its use will be found suggestive and helpful to all engaged in merchandizing whether their business be large or small.

The writer treats first the place of credits in retail business and shows that the extension of credit costs money. Other chapters are determination of credit and collection policies, credit office organization, handling credit applications and complaints, and many more of helpful interest to the business man.



THE FOOD CRISIS AND AMERICANISM. By William Stull. Macmillan Company, N. Y. Price, \$1.25.

The author of this book has had a long experience in dealing in farm mortgages and writes with an intimate and extensive knowledge of agricultural conditions.

It is his conviction that because of misinformation and ignorance on the part of the general public concerning the present conditions and fundamental facts pertaining to agriculture, legislation has been badly directed toward that great basic industry.

His discussion is well pointed and comes with considerable force at this time.



CREDITS AND COLLECTIONS. By A. W. Shaw Co., Chicago. Price, \$3.00.

An answer as to what are the most practical methods for handling credits and collections is found in this volume.

In establishing the right credit basis and in fortifying credit policies the methods suggested have been thoroughly tested and proven successful by many banking houses.

The plans which 137 bankers are using for handling collections are shown which insure profit and security. Illustrated and indexed.



WAR FINANCE. By Clarence W. Baron. Houghton, Mifflin Co., Boston. Price, \$1.50.

A popular and illuminating discussion of war and reconstruction finance based on a first-hand investigation in Europe.

Among the topics discussed are international exchange, the dangers of peace, the weapons of Germany, cost and indemnifications.

The keystone of reconstruction is finance and nowhere is there a more understandable analysis of the subject than in this volume.



MANAGEMENT AND EXECUTIVE CONTROL. By the A. W. Shaw Co., Chicago. Price, \$3.00.

Many bankers have contributed to this volume and have made possible a veritable clearing house of profitable ideas for conducting the internal managements of banks.

The suggestions are in many cases

amplified by charts and drawings, and bankers generally will find them applicable without changes.

Indexed.



OFFICE ADMINISTRATION. By J. William Schulze. McGraw-Hill Book Co., New York. Price, \$3.00.

A book for executives in dealing with the organizing of business detail.

It is a thorough discussion of principles and methods which underlie efficient and economical office management. The needs of the small office and the large are met alike, showing how to eliminate loose ends.

Tells how an office may be organized so that matters of routine may be attended to automatically, work completed on schedule time, employees loyal and coordinating to make a smoothly running machine.



EARNING POWER OF RAILROADS. Compiled by Floyd W. Mundy. J. H. Oliphant & Co., New York. Price, \$3.00.

In this volume is a complete summing up of the statistical condition of America's transportation companies.

The method of presenting the facts is based on the principle that no investor can form an intelligent opinion as to a security unless he considers not only the results of operation over a series of years, but also the manner in which the railroad company finances its capital requirements and other matters affecting the integrity of the company itself.



LIBRARY OF LAW, BANKING AND BUSINESS. 6 vols. Edited by W. D. Eaton. John A. Hertel Co., Chicago. Price, \$9.00.

Every man should know enough about law to keep himself clear of complications in the ordinary management of his affairs. This set of books supplies that knowledge in compact form and plain language.

Volumes 1 and 2 cover those essen-

tials of common law which concern the business man in his daily work. Volumes 3 and 4, essence of the laws of Banking Volumes, 5 and 6 contain inspirational information on business.

These books are practical, they stick to law and facts of business, and aim to save error, time, trouble and money for those into whose hands they come.



New Bank Legislation in California

THE California Bankers Association through its legislative committee, recently held a conference in San Francisco with the State Banking Department, the principal subject of the discussion being the character of legislation necessary to enable state banks to enter the Federal Reserve System. President J. F. Sartori of the Security Trust and Savings Bank of Los Angeles, and Judge W. R. Hervey, vice-president of the Los Angeles Trust and Savings Bank, attended the conference as members of the committee, and upon their return Mr. Sartori issued the following statement:

Bills have been, or will be introduced into the legislatures of the seven states of the Twelfth Federal Reserve District, which, if passed, will make it possible for state banks and trust companies to enter the Federal Reserve system on terms as nearly equal as possible with national banks. These bills do not require state banks to join the system, but only give them the opportunity to do so if they so desire.

The splendid service rendered by the Federal Reserve banks in aiding the financing of the war has shown the merit of the system better than a dozen years of peace might have done, and the advantages of membership are being sought by state banks all over the country.

Of the states in this district, Oregon, Washington and Utah have already enacted legislation under which state banks may enter on most favorable terms. In Idaho, California and Arizona similar legislatures of these states will be quite as keen to give their state banks an opportunity to enjoy the advantages of membership as have been those of the other states.

French American Bank Formed

STRONG French and American banking interests, represented by the Comptoir National d'Escompte de Paris and the National Bank of Commerce in New York and the First National Bank of Boston, have joined in the organization of the French American Banking Corporation, incorporated at Albany with \$2,000,000 capital and \$500,000 surplus, for the promotion of trade between France and the United States. Half of the stock will be held by the French banking interests, while the two American banks will hold one-quarter each. The banking groups represented in the international combination have total resources between them of more than \$1,500,000,000.

The incorporators are James S. Alexander, president of the National Bank of Commerce in New York; Daniel G. Wing, president of the First National Bank of Boston; Maurice Silvester, American representative of the Comptoir National d'Escompte de Paris, and others. Mr. Silvester will be president of the new company, which will have twelve directors, six to represent the American group and six the French group.

"This alliance of great French and American banks represents, we believe," said President Alexander of the National Bank of Commerce, "an efficient instrumentality to facilitate and foster the trade relations between the United States and France which the new era demands. We consider it a most practical way to realize the necessary coöperation between French and American banking, and to give America's business men the benefit of the experience and connections of native French bankers that could be given to them in no other way.

"The French American Banking Corporation is an organization which has

behind it the good will of the three great established institutions which hold its stock. It is primarily a commercial bank, as are all the institutions which control it. It is expected that it will engage in the acceptance business, and, in general, assist in financing trade between the United States and France, including the French colonies in all parts of the world."

The directors representing the American interests will be James S. Alexander, president of the National Bank of Commerce in New York; Daniel G. Wing, president of the First National Bank of Boston; John E. Rovensky, vice-president of the National Bank of Commerce in New York; F. Abbot Goodhue, vice-president of the First National Bank of Boston; Harry B. Thayer, president of the Western Electric Company, New York; and Owen D. Young, vice-president of the General Electric Company, New York.

The French interests in the corporation will be represented by the following directors: Paul Boyer, president of the Comptoir National d'Escompte de Paris; Maurice Silvester, American representative of the Comptoir National d'Escompte de Paris; Paul Fuller, Jr., of New York, a member of the firm of Coudert Brothers, attorneys; Edgar Llewellyn, manager of the Comptoir National d'Escompte de Paris; Maurice Lewandowski, manager of the Comptoir National d'Escompte de Paris; and Stanislas Simon, managing director of the Banque de l'Indo-Chine, Paris, and director of the Comptoir National d'Escompte de Paris. The Banque de l'Indo-Chine, of which Mr. Simon is managing director, is the most powerful and important of the French colonial banks.

The Railroad Problem

[From an address by FRANCIS H. SISSON, Vice-President
Guaranty Trust Company, New York

ANOTHER very vital post-war problem is that presented by the precarious financial condition of the railroads. Its multiple ramifications affect every phase of our business life. And the situation grows more desperate every day. During 1918 the deficit piled up under Government operation, and which is to be met out of taxation, was in excess of \$200,000,000; to which has been added more than \$70,000,000 during the first two months of the present calendar year. Yet rates are twenty-five per cent. higher and the service poorer than ever before.

It is true that in February the gross earnings of the railroads increased \$61,000,000 over the corresponding month in 1918, a gain of twenty-one per cent.; but operating expenses, which a year ago had run close to gross revenue, increased \$62,600,000, or twenty-four per cent. And the net operating income of the railways for February was nearly \$37,000,000 less than the compensation guaranteed by the Government. In January the deficiency was \$55,000,000.

Under the sympathetic management of the Railroad Administration, which has just granted a further wage advance of \$65,000,000, wage increases of \$910,000,000 have been allowed. During the last three years wages have increased \$1,260,000,000, and have absorbed all additional revenues obtained from higher rates charged for freights and passenger traffic. A revolving fund of \$500,000,000, which was voted to meet capital requirements, has become a dissolving fund in the face of railroad necessities. To meet the losses in operation and capital requirements of the roads, a sum aggregating more than \$1,000,000,000 for the period cov-

ering Government control has already been required in Government funds to be raised from tax resources.

The country was promised, by those responsible for this debt, that vast economy in operation would be effected, which would show convincingly the wisdom of their plan. Experience has proved that the economies effected have been negligible in comparison with the expense added; and that, on the whole, less efficient service—less satisfactory to the public and less promising for future needs—has been rendered at a largely increased cost to the shipper and the taxpayer.

The failure of Congress to make provisions for the railroad needs only serves to intensify this difficult problem. By July first over \$500,000,000 must be provided to meet maturing railway obligations and Congress must appropriate at least \$1,250,000,000 to maintain these essential properties.



Statement of the Banco Internacional of Havana

THE Banco Internacional of Havana reports total deposits of \$6,624,281, at the end of its first year of operation. A dividend of eight per cent. was paid during the year. The New York correspondents of this bank are the Equitable Trust Company and the Mechanics and Metals National Bank.

Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION



UNION COMMERCE *National Bank* OF CLEVELAND

Capital, Surplus and Undivided
Profits \$7,500,000.00

THIS bank is fully equipped for service to patron banks, bankers and depositors and every one of its correspondents is assured of personal attention and co-operation.

Let us analyze for you the requirements of your particular situation and explain the advantages of carrying your Cleveland account with us.

OFFICERS

WARREN S. HAYDEN	Chairman	HARRY E. HILLS	Asst. Cashier
GEORGE A. COULTON	President	CARL R. LEE	Asst. Cashier
GEORGE S. RUSSELL	Vice Pres.	FRANK A. WHITE	Asst. Cashier
WILLIAM E. WARD	Vice Pres.	FRED W. COOK	Asst. Cashier
CHARLES L. BRADLEY	Vice Pres.	GEORGE O. HALL	Asst. Cashier
ELMER E. CRESWELL	Vice Pres.	EZRA W. BOURNE	Asst. Cashier
WALTER C. SAUNDERS	Cashier	JAMES DUNN, Jr.	Mgr. Income Tax Dept.

UNDER JOINT OWNERSHIP WITH
THE CITIZENS SAVINGS AND TRUST CO.
COMBINED RESOURCES OVER \$145,000,000.00

Banking and Financial Notes

APPOINTMENTS OF THE MERCANTILE BANK OF THE AMERICAS, INC.

At a recent meeting of the board of directors of the Mercantile Bank of the Americas, Inc., New York, the following appointments were made: Assistant treasurers—C. A. Hergrueter, Jr., and F. W. Lang; assistant secretaries—Philip R. Rodriguez and Washington A. Hillis; auditor—W. R. Galbraith.

FOREIGN BOND AND SHARE CORPORATION

The purpose of the Foreign Bond and Share Corporation, which has just been

formed under the laws of Delaware, is to finance public and private enterprises in Central and South America, the Far East, Europe, and other parts of the world. It will also sell to American investors either the debentures of the corporation, which will be covered by the deposit of the securities of these foreign companies, or the foreign securities themselves. It is the intention of this corporation to reach all classes of investors in the United States.

The Foreign Bond and Share Corporation has an authorized capital stock consisting of 100,000 shares of common stock, of the par value of \$100 each, and 3,000 shares, with no par value, known as "participating certificates," and a subscribed capital and surplus of \$3,000,000.

It is understood that the State Department is particularly interested in the development of trade in the manner proposed by the Foreign Bond and Share Corporation.

The organizers of this corporation include private banking firms and some of the strongest financial institutions throughout the United States. Among them are Brown Brothers & Co., J. & W. Seligman Co., Guaranty Trust Company, Chase Securities Corporation, Central Union Trust Company, Columbia Trust Company, Hayden, Stone & Co.—all of New York; First National Corporation of Boston; Hibernia Bank and Trust Company, New Orleans; First Trust & Savings Company, Cleveland; Anglo & London Paris National Bank, San Francisco; Mercantile Trust Company, Mississippi Valley Trust Company, and interests associated with National Bank of Commerce—all of St. Louis; and the Central Trust Company of Chicago. Other institutions which have expressed their desire to take part



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

A Strong Dependable Banking Connection

is a large factor in the success and prosperity of any business enterprise.

THIS bank has exceptional facilities and is seeking new business on its record.

The Chemical National Bank of New York

(Established 1824)

in the enterprise will be announced later.

The directors of the corporation are:

John Henry Hammond and Thatcher M. Brown, Brown Brothers & Co.; Frederick Strauss and William P. Philips, J. & W. Seligman & Co.; Albert Breton and Harold Stanley, Guaranty Trust Company of New York; E. V. R. Thayer and R. I. Barr, Chase Securities Corporation; James N. Wallace, Central Union Trust Company of New York; Howard Bayne, Columbia Trust Company; Charles Hayden, Hayden, Stone & Company; John Sherwin, First Trust & Savings Company; R. S. Hecht, Hibernia Bank & Trust Company; Herbert Fleishhacker, Anglo & London Paris National Bank; Adolfo Stahl of New York and Guatemala; J. Hugh Powers, Mercantile Trust Company; Breckinridge Jones, Mississippi Valley Trust Company; J. G. Lonsdale, National Bank of Commerce; Joseph E. Otis, Central Trust Company of Illi-

nois; and Ernest Gregory, First National Corporation of Boston, and Maurice Hely Hutchinson.

A number of the subscribers of the Foreign Bond and Share Corporation are now actively identified with the Asia Banking Corporation, Mercantile Bank of the Americas, the American Foreign Banking Corporation, Banco Mercantile Americano del Cuba, the China & Japan Trading Company, and other American financial institutions which have branches in many parts of the world. For this reason, the new corporation is particularly well qualified to develop American trade, to pass upon the value, and to oversee the management of enterprises which it finances.

Due to the war, the export trade of the United States has enormously expanded. Due to the same cause, America will soon have the greatest merchant fleet in the world. Neither, however, will avail the American people unless

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN P. FAIRCHILD, D. W. McWILLIAMS, WILLIAM J. WASON, JR.	} Vice-Presidents	JULIAN D. FAIRCHILD, <i>President</i> THOMAS BLAKE, <i>Secretary</i> HOWARD D. JOOST, <i>Assistant Secretary</i> J. NORMAN CARPENTER, <i>Trust Officer</i> GEORGE V. BROWER, <i>Counsel</i>
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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

they are willing to invest some of their capital in the foreign countries to which the American merchant fleet sails, and to which American merchandise is carried.

Latin-American, Asiatic, and other countries undeveloped economically, will buy merchandise from the nation which places capital at their disposal. This has been the history of undeveloped countries. It is in large part the secret of the success of British, German and French trade in such countries in the past.

As regards the European countries, they now owe the United States such enormous sums that the mere problem of exchange necessitates the taking of foreign securities by the American public in payment of our exports of merchandise to Europe, if such exports are to continue in anything like their present volume.

In the past London has been the great international market for the securities of every government of the earth and of the industries that were among the principal sources of national wealth. British investors always have been large buyers of such securities. The new-found financial position of the United States should result in a similar appreciation on the part of American investors of this factor, which is vital to the future of our foreign commerce.

Rates of investment return in Latin-American, Asiatic, and other countries needing development, are higher than in the United States. There is no reason why, under careful supervision, the American investor should not be given

the benefit of such attractive rates of investment return, and at the same time have the protection of good security.

England, France, and Germany in the past have done most of the financing necessary for the development of foreign countries and have reaped the benefits; but, as they are no longer in a position to supply the amount of capital needed for this purpose, Americans must furnish the larger part of it from now on.

DIRECTORATE OF INTERNATIONAL BANK INCREASED

The stockholders of the International Bank of New York, at a special meeting April 1, voted to increase the number of directors from seven to twelve. James C. Colgate, of Colgate & Company, was elected temporary president, succeeding L. M. Jacobs. F. T. Fisher, secretary and treasurer of the Corn Products Refining Company, was elected temporary vice-president, succeeding H. T. S. Green. The following directors were elected: J. C. Colgate, E. W. Harden, of Colgate & Company; also J. A. Forster, F. T. Fisher, G. M. Moffett, David Rumsey, Sumner Ballard, I. E. Chapman, W. S. Kies, Albert Waycott, W. T. Jerome, Jr., and William Reed.

NATIONAL BANK OF SOUTH AFRICA, LIMITED

R. E. Saunders, Esq., New York agent of the National Bank of South Africa, Limited, reports that the bank

“The Bank That Service Built”

THE

SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,782,000
Deposits	56,530,000

S. G. BAYNE, President

C. C. THOMPSON, Vice-President

O. M. JEFFERDS, Asst. Cashier

B. L. GILL, Vice-President

C. C. FISHER, Asst. Cashier

W. K. CLEVERLEY, Vice-President

J. D. SMITH, Asst. Cashier

L. N. DeVAUSNEY, Vice-President

B. I. DADSON, Asst. Cashier

C. H. MARFIELD, Cashier

J. E. ORR, Asst. Cashier

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DAVID H. E. JONES

HENRY WHITON

PETER McDONNELL

ROBERT J. CALDWELL

The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

will add \$1,000,000 to its reserve fund, making it \$5,250,000, and will declare a dividend of six per cent., plus a bonus of one per cent. Besides the allocation to the reserve fund, \$250,000 will be added to the staff pension fund.

The splendid showing of the bank is proved by the statement that after all bad and doubtful debts have been provided for, and all investments have been evaluated at marks below present market prices, the net profits for the year stand at \$2,365,000.

Mr. Saunders also announces the opening of a branch at Fort Johnson in Nyasaland.

**AMERICAN TRUST COMPANY, NEW YORK,
OPENS NEW OFFICE**

The American Trust Company, main office at 135 Broadway, has announced a new office at 203 Montague Street, Brooklyn, for the transaction of a general trust and banking business. The new office is especially for the conven-

ience of Brooklyn people, and accounts are invited from individuals, firms, corporations, estates, and those acting in any trust capacity. The clients of the American Trust Company will have the advantage of affiliation and cooperation with the various departments of the New York Title and Mortgage Company.

**EARNINGS OF FEDERAL RESERVE BANK OF
NEW YORK**

An extraordinary fact is revealed in the Annual Report of the Federal Reserve Bank of New York, showing that the net earnings of the institution during the year 1918 were considerably in excess of 100 per cent. of the capital stock. The net income, after all deductions except dividends to the member banks which are shareholders, amounted to \$21,662,917, compared with \$3,241,545 in 1917, while the par value of the stock outstanding in 1918 was \$20,820,100. The gross earnings of the bank for the year were \$25,314,-

THE
**CHATHAM
 AND
 PHENIX**

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

100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN

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Asst. Cashier

HENRY C. HOOLEY

Asst. Cashier

JOSEPH BROWN

Asst. Cashier

RICHARD H. HIGGINS

Vice-President

BERT L. HASKINS

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C. STANLEY MITCHELL

Vice-President

ROLFE E. BOLLING

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JOHN B. FORSYTH

Vice-President

WALTER B. BOICE

Asst. Cashier

VINTON M. NORRIS

Asst. Cashier

HARVEY H. ROBERTSON

Asst. Cashier

GEORGE M. HARD

Chairman

ACCOUNTS INVITED

RESOURCES 100 MILLION DOLLARS

735, compared with \$3,241,545 in 1917. After providing for dividends to member banks in the sum of approximately \$1,250,000, the institution transferred \$7,672,676 to its surplus, bringing the surplus up to the limit of forty per cent. of the bank's capital, as provided under the Federal Reserve Act; and it turned the balance of its earnings, \$12,795,214, over to the Treasury Department, as is required by law.

NEW BRANCH OF THE NATIONAL CITY
 BANK

The National City Bank of New York is opening a new branch at Camaguey, Cuba. With the branches newly established at Manzanillo and Guantanamo, this makes the forty-ninth foreign branch, including those of the International Banking Corporation. It is also reported that the bank plans a branch at Madrid.

The branch opened March 10 at Rosario de Santa Fé is in charge of Lloyd W. Berry, Henry Wollenweber and Franklin H. Baker, all formerly connected with the Buenos Aires branch. William S. Kies, vice-president; F. W. Longfellow, Arthur H. Titus, vice-presidents in charge of the South American branches, and Robert C. Love, manager of the Buenos Aires branch, were present.

GUARANTY TRUST TAKES SHERRY'S
 BUILDING

By an agreement between the Guaranty Trust Company of New York and Louis Sherry, the former has taken over the leases held by Mr. Sherry on the property at the southwest corner of Fifth avenue and Forty-fourth street, and following necessary alterations will move the office at present located at the southeast corner of Fifth avenue and Forty-third street to this new site. Mr. Sherry takes over the present site of the Fifth avenue offices of the company. Only a little over two years ago the Guaranty Trust Company moved into the space it now occupies on Fifth avenue. A large vault was constructed in the basement, the first floor was given over to general banking, and the other offices were housed on the second floor. Growth of the business soon made it evident, however, that larger quarters must be had and this change is the result.

By September, 1920, the Sherry building will have an entirely different atmosphere. It is to be enlarged at two ends. Eleven-story annexes are to be built on the new Guaranty Trust building, a base area of 18,000 square feet, fronting 115.10 feet on Fifth avenue, and 250 feet on Forty-fourth street.

Atlantic National Bank

257 Broadway New York

Established 1829

Nationalized 1865

An Efficient Banking Service in
Close Touch with Present-day
Commercial Developments



<i>Capital, Surplus and Undivided Profits</i>	. . . . .	\$1,800,000
<i>Total Deposits</i>	. . . . .	\$18,000,000

The interior changes will be extensive, as much space is required for the enlarged needs of the company. There is a possibility that some of the departments now housed in the main building at 140 Broadway will be moved uptown. The remainder of the building will be devoted to general office purposes.

The Guaranty Trust Company's Fifth avenue office was organized in 1910, when the business of the Fifth Avenue Trust Company was absorbed.

The change reflects the evolution of the Fifth Avenue-Forty-second street district as a financial centre, it now having establishments of the Astor Trust, Farmers Loan and Trust, Central Trust, Columbia, Union Trust, and other banking institutions, besides the Harriman National and Fifth Avenue and Lincoln National Banks.

MERCANTILE TRUST COMPANY

Approval has been given to a petition for change of name of the "Mercantile Trust and Deposit Company," New

York, to "Mercantile Trust Company." The location is at 115 Broadway.

AMERICAN FOREIGN BANKING CORPORATION EXPANDS

The American Foreign Banking Corporation of New York has announced the opening on May 1, of a branch in Brussels, Belgium. The head office of this institution is at 56 Wall street. The officers are: Archibald Kains, president; Hayden B. Harris, T. Fred Aspden and A. G. Fletcher, vice-presidents, and Charles A. Mackenzie, secretary and treasurer.

Branches already established are in Havana, Cuba; Panama City, R. P.; Rio de Janeiro, Brazil; Port-au-Prince, Haiti, and Cristobal, C. Z.

The stock of the American Foreign Banking Corporation is held by thirty-five national and state banks, located in all the principal commercial centers of the United States and Canada. The total assets of these banks approximate two billion dollars. The American

Foreign Banking Corporation was organized pursuant to the Federal Reserve Act authorizing national banks to own stock in a bank which engaged solely in international and foreign banking and operating under the control of the Federal Reserve Board.

PENNY ON DOLLAR EXCHANGE

Following are the salient points of an address delivered by vice-president D. H. G. Penny of the National Bank of Commerce in New York at the recent Reserve City Bankers convention at New Orleans:

Dollar exchange is a war-time development. Before the war the great instrumentality of international payments was bills of exchange or acceptances drawn on London banks or acceptance houses. The volume of dealing in various kinds of foreign exchange in Buenos Aires prior to 1914 would rank in the following order: pounds sterling, reichsmarks, Paris francs, Belgian francs, United States dollars, sterling representing more than fifty per cent. of the total.

During the war dollar exchange made remarkable progress in South America and the Far East. It is more readily negotiated in Japan and China than any other exchange. Closely allied to dollar exchange and leading directly to an extension of dollar exchange is what is known as direct exchange. The following exchanges are among those now quoted in New York which were not quoted there before the war: Brazil, Argentina, Greece and India. At the present time every foreign bank of consequence has one or more accounts in the United States, whereas before the war many foreign countries had no correspondents at all here.

Since the inauguration of the Federal Reserve System, the growth in the volume of bank acceptances has been rapid. Bankers' acceptances purchased by the Federal Reserve Banks amounted to only \$93,000 in February of 1915. On August 31, 1918, the total acceptance liabilities of member banks were \$522,000,000. The total for all banks in the country may well have been

three-fourths of a billion. Of our bank acceptances something over half are employed in foreign trade. In the New York discount market for dollar exchange acceptances the margin of profit is now about 1/64 of one per cent., which is about the same as the pre-war margin on sterling.

We must take many a leaf from London's book. Our commodity markets must be made more liquid. Our stock market must be prepared to take foreign securities and must deal in a larger list of securities. We are far behind London in the range and scope of both commodity and stock dealings, although the volume is large. The recent break in sterling exchange gives America a great opportunity both to aid London and to extend dollar exchange through the world. Great Britain is still doubtless a creditor nation. With a net creditor position of, say, \$17,000,000,000, she has large floating liabilities, however, unfunded and on short time, which are temporarily embarrassing.

Although long time interest rates on investments will remain high after the war, short time money rates on prime acceptances and on call money may be expected to go low for a period of a year or more as a consequence of our excessive gold holdings. During this time New York may well be the cheapest market for financing international trade, and dollar exchange may be widely extended, breaking down old trade habits and inertia which have favored sterling. But let us not forget that brave old England has borne the heat and burden of the day. Let us remember, too, the dark days of 1893. England has been generous to us in the past, and England deserves well of us to-day. Whether or not we displace England in the short term money market in financing the actual shipment of goods from country to country, we have displaced all the pre-war creditor countries in supplying real capital, or long time money for the financing of industry and transportation. To accumulate long time capital we must produce more in a year than we consume in a year. In saving capital our people will not

merely be making individual profit, but they will also be performing services both to their country and to humanity of a vital sort. Civilization has been saved from Germany, but it must now be saved from poverty and economic shipwreck. The whole world looks to America.

TO INVESTIGATE WEST INDIES TRADE
TRADE

That foreign merchants and business men are becoming more and more interested in the extent to which American business interests will participate in foreign trade is daily becoming increas-



HERMAN D. KOUNTZE
President Atlantic National Bank of New York

ingly apparent. To this end many countries, especially in the West Indies and Latin America, have already taken the initiative, and have extended invitations to business men of the United States to visit their field and see for themselves conditions as they obtain there, with a view to cultivating and promoting future business relations.

Up to the present such invitations



Developed through the growth and experience of more than half a century

The First National
Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and
Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over
\$300,000,000

Nation-Wide Business

We have on our books accounts of banks as far west as the Pacific coast, and in the south as far as Florida. These institutions are sending their items on this section to us.

We will be glad to serve you.

Citizens Commercial Trust Company

Buffalo, N. Y.

Capital and Surplus . . . \$2,500,000.00
Resources 27,000,000.00

MEMBER FEDERAL RESERVE SYSTEM

have been limited largely to bankers, upon whom both American and foreign commercial interests must largely rely, at least for a time, in developing international trade relations.

One of the first of these bankers to respond has been Herman D. Kountze, president of the Atlantic National Bank of New York, who at the invitation of a number of prominent merchants and leading financial interests in Porto Rico has sent Frank E. Andruss, cashier of the bank, to make an extensive study of trade and business conditions on the island.

The Atlantic National Bank has large financial connections in Porto Rico and has for some time represented important Porto Rican accounts in this city. With the termination of the war and the resumption of peace time conditions, Porto Rico becomes increasingly important as a market for American goods.

This will be the second visit to Porto Rico that Mr. Andruss has made within two years. At the time of his first visit, he said that despite war conditions

and the difficulty of obtaining tonnage to carry the products of the island, business conditions were generally favorable. Since the signing of the armistice and a practical resumption of traffic on the international trade routes, reports which have reached here have expressed much optimism for the commercial future of the islands.

Porto Rico does an especially large business in sugar. Tobacco, too, is an important factor in the island's commercial life, a considerable portion of the crop finding its way to American markets. While coffee is also grown in quantity, it is of a quality which has not been generally accepted here. Heretofore, the bulk of the island's trade in that commodity has been with Spain. It is expected, however, that it will not be long before it is accepted in the American market.

On the other hand, Porto Rico needs much that the United States can supply. Most of the manufactured products used on the island are of external

origin, and the market should be found profitable for American merchants.

Before returning to this country Mr. Andruss expects also to visit Santo Domingo and Cuba to investigate conditions and develop accounts held by the Atlantic National Bank in those countries.

NEW GENERAL PARTNER OF KNAUTH,
NACHOD AND KUHNE

Knauth, Nachod and Kuhne, New York, announced under date of March 10 that Herbert B. Smithers, formerly of F. S. Smithers and Company, has become a general partner.

NATHAN C. KINGSBURY NATIONAL CITY
BANK DIRECTOR

At a recent meeting of the directors, Nathan C. Kingsbury, vice-president of the American Telephone and Telegraph Company, was elected a member of the board of the National City Bank of New York.

The recent retirement of Horace M. Kilborn, vice-president, culminated a service of thirty years with the National City Bank. Mr. Kilborn was vice-president for fourteen years. Before going to the National City Bank, he was with the Fifth Avenue Bank.

HENRY REIS GOES TO NATIONAL BANK OF
COMMERCE IN ST. LOUIS

Henry Reis has resigned his position as transit manager of the Fort Dearborn National Bank of Chicago to become connected with the National Bank of Commerce in St. Louis, where he will devote his attention to constructive and analytical work pertaining to the transit and mail departments. The National Bank of Commerce handles over forty thousand transit items a day, and its officials realize that in no department is service more appreciated by correspondents than in the transit and mail departments.

PHILIPPINE BUREAU IN NEW YORK

Plans of the Philippine Government are to establish a Bureau of Informa-

Resources
\$16,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



Try our Service
and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

tion in New York City, in order to put commercial information before the American people.

W. Morgan Shuster, it is understood, is to head the Philippine Bureau, assisted by Arsenio N. Luz, a prominent Filipino journalist. Mr. Shuster, formerly collector of customs in Manila, and later member of the Philippine Commission and Secretary of Public Instruction, attained special prominence in connection with his attempt to reorganize the finances of Persia. He has advocated the withdrawal of American control from the islands.

Mr. Luz has been the editor of "El Ideal" and comes to the United States as a member of the Special Philippine Independence Commission headed by Manuel Quezon, president of the Philippine Senate. Mr. Luz is a brother of Julio Luz of the editorial staff of the "Japan Times," Tokyo, and while in Japan was entertained by his brother. The "Japan Times" is known as the official organ of the Japanese Imperial Government.

The new bureau, it is understood, will have other than purely commercial functions, among them influencing the American public on political conditions in the islands in order to further the independence movement now being fostered by the group of Filipino leaders controlling insular politics. In this connection, the Independence Commission of the Philippine Islands has been made a permanent body by the Insular Legislature, to be maintained until the Philippine Islands are separated from the United States.

NATIONAL BANK OF COMMERCE IN NEW YORK BUYS POSTAL LIFE BUILDING

The National Bank of Commerce in New York has bought the Postal Life Insurance Company's building and their site in order to house adequately its own great and growing business. The property adjoins the present home of the bank on the north. There is a frontage of 79.6 feet on Nassau street, and 111 feet on Liberty street, running 90.1 feet on the western boundary, and 109

on the south, the purchase giving the bank ownership of the complete frontage on the west side of Nassau street between Liberty street and Cedar. The building is fifteen stories high. Because of its note as the first of the city's sky-



Postal Life Building

scrapers to be erected by a real estate syndicate, it was originally known as the Syndicate Building. It has been regarded as one of the finest business structures on the edge of the financial district. For some time it was the property of the Provident Life Insurance Company; then when the business of this concern was taken over by the Postal Life Insurance Company, the realty holdings also were acquired.

For the past six months the offices of President James S. Alexander have occupied about one-third of the second

**The Dictaphone—
for Letter-Writing**



Convenient for any bank

If an unusual rush of work makes after-hours dictation necessary, you can take home The Dictaphone and catch up at night, as many other bank men have done.

However, the regular use of The Dictaphone in a bank office will practically cut out the need of overtime work.

Phone or write nearest Dictaphone branch office for 15-minute demonstration.

THE DICTAPHONE

Registered in the U. S. and Foreign Countries



Dept. 126-E, Woolworth Building, New York City
Branches Everywhere Write for Booklet, "The Man at the Desk"

There is but one Dictaphone, trade-marked "The Dictaphone,"
made and merchandised by the Columbia Graphophone Company

"The Shortest Route to the Mail-Chute"

floor of the Postal Life Insurance building, connection between the officers' room of the bank and the president's suite having been made by the cutting of the dividing walls and the building of a marble stairway to bridge the eight feet of difference in the levels of the two floors. This temporary move was necessitated by the growth of the bank and the consequent demand for more working space.

The present purchase gives to the bank a full block of frontage in an area which promises to become an increasingly important section of New York's financial center, for diagonally across Nassau street from this enlarged National Bank of Commerce home the Government has acquired land for the site of a Federal Reserve Bank building to cover the block bounded by Nassau, Liberty and William streets, and Maiden Lane.

The fact that total transactions in the city's financial district estimated at over fifty million dollars took place during the opening few weeks of the year is cited as indicating the confidence which banks and commercial men of importance have in the future business development of the nation.

FOREIGN BANKING UNDER FEDERAL RESERVE ACT

At latest reports, there were five National banks of the United States which have taken advantage of the Federal Reserve Act, section twenty-five, to purchase stock in banking corporations to engage in international and foreign banking.

The oldest of these, the International Banking Corporation of New York City, opened its first branch in Shanghai, in 1902, and now has twenty-four branches in various parts of the Orient, as well as in Central America and in the West Indies. The Corporation is practically owned by the National City Bank of New York.

The American Foreign Banking Corporation was the first to file an agreement with the Federal Reserve Board enabling it to open branches, and has now four offices in the Canal Zone, Pan-

ama, and Hayti. Others have been authorized.

Three more banks which have entered this field of operations are: the Mercantile Bank of the Americas, New York, which now has two branches and five agencies in Latin-American countries; the Asia Banking Corporation, New York; and the First National Corporation of Boston, owned by the First National Bank of that city, which now maintains offices in New York City purely for discount business.

CANADIAN BANK OF COMMERCE BUYS THE POST BUILDING

The Canadian Bank of Commerce, whose agency in this city is now managed by Frederick B. Francis and J. A. C. Kemp, after paying rental for nearly forty years, has bought the Post Building in the apex of the financial district, bounded by Broad, Nassau, and Pearl streets. This permanent home occupies the trapezoid plot formed by the junction of Beaver and Hanover streets and Exchange place. It is an eight-story brick structure, ranking still as a first-rate office building because of its unusual position, with three fronts and with such influential neighbors as the Farmers Loan and Trust Company, the Cotton Exchange, the National City Bank, and the newly enlarged place of Brown Brothers and Company.

The site of the building originally was that of the home of Joel Post, and it was his heirs, under title of the Post Building Corporation, who sold it by direct negotiation to the Canadian Bank of Commerce, at a price which is said to be about \$650,000, the basic value of the land itself.

When the present building was put up forty years ago, aside from Trinity Church and the Equitable building, which latter contained the first elevator, it out-topped everything downtown.

The Canadian Bank of Commerce was established at 50 Wall street in 1872, in charge of J. G. Harper and J. H. Goodby, with eighteen branches, and less than \$15,000,000 of resources, which grew to thirty-three branches and \$21,000,000 of resources by 1880, in

which year the bank opened its local branch in the property just acquired. To-day the Canadian Bank of Commerce has 460 branches, and resources aggregating \$440,000,000.

**STATE BANKS HAVE NEARLY SEVEN
BILLIONS**

The banking institutions under the supervision of George I. Skinner, state superintendent of banks of New York, have reported resources amounting to near \$7,000,000,000, an increase of nearly forty per cent. in the five years that have elapsed since April 16, 1914. The tabulation of the reports of the 396 state banks, trust companies and private banks made to the superintendent of banks and showing the condition of the institutions at the close of business February 21, 1919, has just been completed. The reports of the state banks show an increase in total resources \$1,020,241,730 on November, 1918, to \$1,120,032,034 on February 21, 1919, or \$99,790,304. During the same period their total deposits as reported increased from \$861,024,926 to \$895,007,542, or \$33,982,616.

The surplus of the state banks as reported increased from \$59,176,162 to \$60,117,535, or \$941,373.

During this period the reported resources of the trust companies increased from \$3,221,371,809 to \$3,344,184,123, or \$122,812,314. Their deposits increased from \$2,516,753,340 to \$2,553,918,531, or \$37,165,191.

The reported surplus of the trust companies increased from \$188,886,678 to \$200,733,357, or \$12,846,679.

During the same period the reported resources of such private bankers as are under the direct supervision of the Superintendent of Banks increased from \$19,670,503 to \$22,037,247, or \$2,366,745. Their total deposits increased from \$13,656,670 to \$16,456,569, or \$2,799,899.

The total reported resources of the state banks, trust companies and authorized private bankers increased from \$4,261,284,042 on November 1, 1918, to \$4,486,253,404, on February 21, 1919, a gain of \$224,969,362, and their de-

FOREIGN EXCHANGE

Is a highly important subject and because of its technicalities, it is not clearly understood by the average citizen.

It bears intimate kinship to the international commercial transactions which must of necessity increase in our expanding world trade.

We have, therefore, issued a booklet in which we have sought to state in simple language the operation involved.

We shall be glad to send you a copy without charge. Just ask for our booklet on

"Foreign Exchange"

THE AMERICAN EXCHANGE

NATIONAL BANK

128 Broadway New York City

We publish regularly a "MONTHLY LETTER" which deals with subjects of major importance. Free on Request.

posits increased during the same period from \$3,391,434,936 to \$3,456,382,642, or \$73,947,706.

SOLDIER WINS NATIONAL BANK OF COMMERCE ADDING MACHINE CONTEST

C. M. O'Grady, who spent ten months in the army, showed that he has lost none of his speed and accuracy on the adding machine when he won first place against a field of fifty-four contestants in the annual competition for the president's cup at the National Bank of Commerce in New York on April 8, after only eight days back at his desk from army service. During his service in the army he never had a chance to touch an adding machine, yet in the contest he was able to run 250 checks in 4 minutes and 5 seconds. Only the time of those contestants whose totals proved counted in the contest. This makes the third time Mr. O'Grady has

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$16,104,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

won first place in the bank's annual competition between the various departments for the trophy, which is given by President James S. Alexander. His victory gives Mr. O'Grady permanent ownership of the cup.

Mr. O'Grady, who is settling clerk of the bank at the clearing house, holds the adding machine speed record in the New York Chapter of the American Institute of Banking, made in 1915. He left the National Bank of Commerce in New York last June and was sent to France in August. He was corporal in the 312th Ammunition Train, 87th Division, when he was discharged from service. In addition to becoming the permanent possessor of the President's Cup, he won a prize of \$10 given by Cashier Richard W. Saunders.

Second place in the contest was won by William Hamcke, of the check desk, whose time was 4 minutes, 11 seconds; third place by A. J. Dunne, transit department, whose time was 4 minutes, 27 seconds; and fourth place by E. W. Masterson, collection department, whose

time was 4 minutes, 40 seconds. Mr. Masterson is a newcomer to the bank, and this was his first competition. The competition is held by the educational committee of the Commerce Club, the organization of the employees of the National Bank of Commerce in New York.

Now that the cup has become the permanent possession of Mr. O'Grady, President Alexander has announced his intention of providing another trophy for future competitions.

For several years the representatives of the National Bank of Commerce in New York have carried off first honors in the annual competitions of the New York Chapter of the American Institute of Banking.

CENTRAL UNION TRUST COMPANY OF
NEW YORK

After the merger of the Central Trust Company and the Union Trust Company of New York last June the business of the two was conducted under

the new name at 80 Broadway and 54 Wall street. In March, upon the completion of alterations at 80 Broadway, the offices at 54 Wall Street were moved to the Broadway location. Besides the main office the institution operates the following branches: Plaza branch, 786 Fifth avenue; 42d Street branch, Madison avenue and 42d street; and Fifth avenue branch, 425 Fifth avenue.

SECRETARY OF FEDERAL TRADE
COMMISSION

J. P. Zoder, who was formerly special examiner of the Federal Trade Commission, has been appointed secretary of the commission to succeed Leonidas L. Bracken, who resigned recently to resume the practice of law. Mr. Zoder left the commission in February, 1918, being commissioned a captain in the army sanitary corps, and has but recently returned from service in France. Prior to his former connection with the commission Mr. Zoder was manager of the Washington bureau of one of the large press associations. He was born in Kansas, but lived mostly in Washington. He did newspaper work also in Boston, New York and Chicago.

MR. GIDNEY MANAGES BUFFALO FEDERAL
BANK

R. M. Gidney, for the past two years assistant to Pierre Jay, Federal Reserve agent at New York, is the manager of the Buffalo branch of the Federal Reserve Bank, which was opened for business April 1. Mr. Gidney is a graduate of the University of California, and formerly was secretary to A. C. Miller, member of the Federal Reserve Board.

NATIONAL PARK INCREASES DIVIDEND

A quarterly dividend of six per cent. has been declared by the National Park Bank, New York, which places the stock on a regular twenty-four per cent. per annum basis. This is an increase of one per cent. quarterly, the former quarterly dividend having been five per cent. An extra dividend of ten per cent. was

**Is My Bank
100 per cent
Efficient**

ONLY a few years ago Bankers considered it unethical to announce they were in business, and yet today almost any banking magazine carries statements regarding at least the following of my clients:

- The Seaboard National Bank, New York
- The National Bank of Commerce, New York
- The Columbia Trust Company, New York
- The Asia Banking Corporation, New York
- The Mercantile Trust Company, New York
- The First National Bank, Richmond, Va.
- The Virginia Trust Company, Richmond, Va.
- The Hibernia Bank & Trust Company, New Orleans, La.
- The American Exchange National Bank, Dallas, Texas

It does seem the day has arrived when the Bank Architect and Equipment Engineer can with similar dignity invite Bankers to consult him regarding their needs.

I have acted for over fifty Banks and corporations in the last few years, including the above, and would be very pleased to answer any inquiries in connection with such problems.

Alfred C. Bossom

*Bank Architect
and
Equipment Engineer*

366 Fifth Avenue New York

declared by the National Park Bank in January, 1918, and again in January, 1919.

ITALIAN DISCOUNT AND TRUST
COMPANY

Under date of March 31, the Italian Discount and Trust Company, 399 Broadway, New York, shows total resources of \$6,919,902.12. The deposits are \$5,779,365.17, divided as follows: foreign and domestic banks, \$283,356.27; individuals and firms, \$5,496,008.90. The company has been established less than six months, having opened for business on November 11, 1918, the birthday of the King of Italy. It was organized under the auspices of the Banca Italiana di Sconto of Rome, Italy, and the Guaranty Trust Company of New York.

ANOTHER GUARANTY TRUST MAN
DECORATED

Vice-President Nelson Dean Jay, who was a lieutenant colonel with the American Expeditionary Forces in France, has been made a Chevalier of the Legion of Honor by the French Government, in recognition of his services during the war. The news of Colonel Jay's decoration was received April 4.

ASSISTANT TREASURER ASIA BANKING
CORPORATION

The Asia Banking Corporation of New York recently elected R. Wuestoff as assistant treasurer of that organization. His new duties involve the charge of the lately opened offices at Hankow.

HIGHER DIVIDEND OF MECHANICS AND
METALS

Directors of the Mechanics and Metals National Bank of New York declared on April 2 a dividend of five per cent. for the quarter ending March 31. This is compared with the four per cent. dividend for the quarter previous. The rate was increased to four per cent. from three two years ago.

NEW BRANCHES OF ASIA BANKING
CORPORATION

The Asia Banking Corporation of New York recently received permission from the New York State Banking Department for the opening of two additional branches in China, namely, at Canton and at Hong Kong.

IRVING TRUST PAMPHLET

The Irving Trust Company of New York has issued a booklet treating of the functions of a trust company. It is comprehensive and educational, pertaining especially to the making of wills and the naming of executors. It cites instances of poorly drawn wills, with resultant legal disputation. The pamphlet is called "Wills and Trusts."

NEW HOME FOR THE SEABOARD
NATIONAL BANK

The Seaboard National Bank of New York has purchased property at the northeast corner of Broad and Beaver streets. The site takes in five four-story buildings at 51-59 Broad street, and 33-37 Beaver street. The dimensions of the plot are a little less than one hundred feet square, irregular. The purchase was made through Horace S. Ely & Co., John G. McCullough and F. B. Jennings, for \$600,000, less a discount of \$10,000 for cash. The plans in preparation under the direction of Alfred C. Bossom, architect, are for a building solely for the use of the bank, consisting of a waterproof cellar below tidewater level, a basement with natural light on three sides, a main floor five steps above the sidewalk, and two floors above which will be used for working space. No elevators are planned for the building, but provision will be made for their installation and for the construction of a steel superstructure should an addition be found desirable in the future.

The Seaboard National Bank, of which Samuel G. Bayne is the president and original organizer, is now at 18 Broadway. Last February an option was secured by the bank on the prop-

erty at 74 Broad street, corner of Marketfield street, owned chiefly by Colonel E. H. R. Green, as an insurance against building strikes or like troubles. This option runs for three and a half years, from February 1, 1919, and will be retained by the bank until all risk has been eliminated. The lease at 18 Broadway does not expire for two years.

TRUST DEPARTMENT FOR MECHANICS AND METALS

Announcement of April 2 tells of the establishment of a trust department by the Mechanics and Metals National Bank of New York. The new department operates under authority of the recent amendment to the Federal Reserve Act, which now permits national banks to act as administrator, executor, trustee, and in other capacities fiduciary. The department is under the management of Raymond B. See, who has had many years' experience in work of the kind proposed.

AMERICAN TRUST COMPANY BRANCHING OUT

Permission of the State Banking Department has been given to the American Trust Company of New York for the opening of a branch office at 208 Montague street, Brooklyn.

GUARANTY'S NEW OFFICERS

The Guaranty Trust Company of New York has appointed Robert L. Livingston assistant manager of the foreign department, and William G. Wendell assistant secretary. Mr. Livingston was for eight years a partner in Kountze Brothers. After long study of the foreign trade situation, and activity in syndicate undertakings, he entered the overseas service of the Guaranty's foreign department in January of 1919. Mr. Wendell was formerly on the Guaranty staff as Boston representative, then as secretary of the Paris office. He served in the Army Intelligence Section until the time of the armistice, after which he acted as assistant to the secretary of



The
**HOGGSON
BUILDING
METHOD**

I

THE METHOD

The Hoggson Building Method centralizes in one organization the responsibility for a complete building operation—from the drawing of plans to construction and equipment.

Under this method one contract guarantees a predetermined limit of total cost and a limit of profit.

The method insures economy, speed, efficiency and harmony in building.

Its successful operation for a quarter century has proved the method sound.

*Detailed information
sent upon request*

**HOGGSON
BROTHERS**

485 Fifth Avenue, New York
First National Bank Building, Chicago

Resources over
\$180,000,000

Capital and Surplus
\$10,000,000

The
Philadelphia National Bank

Established 115 Years

A Bank of Character, Strength and Service

LEVI L. RUE, President

CHARLES P. BLINN, Vice-President

WILLIAM S. MADDOX, Vice-President

HOWARD W. LEWIS, Vice-President

HORACE FORTESCUE, Vice-Pres. & Cashier

the American Peace Commission until his recent discharge and return to this country.

**NEW YORK CITY'S FIRST BANK, THE
BANK OF NEW YORK**

In point of age, the first bank in New York City is the Bank of New York in Wall Street. It was organized 135 years ago. There was a meeting at the Merchants' Coffee House of prominent merchants and citizens, at which the officers were elected. The real founder of the bank was Alexander Hamilton, but its first president was General Alexander McDougall. Hamilton drew up the constitution of the bank, which had its first headquarters in the Walton Mansion. Both Hamilton and Aaron Burr were among the stockholders; the former was a director for five years. For many years after its inception, the Bank of New York, with the Bank of North America in Philadelphia, and the Bank of Massachusetts in Boston, held the entire banking

capital of the States. The Bank of New York has been housed at its present location since 1798.

PARIS APPOINTMENTS OF THE GUARANTY

The following appointments for the Paris office have been announced by the executive committee of the Guaranty Trust Company of New York: J. B. Avegno, treasurer; John Watts, acting secretary; P. C. Pasteur, assistant secretary, and J. Wesley Conn, assistant comptroller.

J. P. MORGAN HIRES AVIATOR

It has been learned that J. P. Morgan has hired Erhardt Schmitt, a former army aviator, for use on his wheat ranch at Hardin, Montana. He is to carry the manager to distant parts of the property in an airplane, which will be equipped with wireless for communication with ranch headquarters. This is believed to be a novel departure in ranching.

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over \$19,500,000

BANKERS RESIGN TO JOIN BOND COMPANY

Stuart W. Webb, vice-president of the Old Colony Trust Company, Boston, and Charles B. Wiggin, vice-president of the Merchants National Bank, New York, have resigned from their respective positions as of April 1, to become partners in the firm of Bond and Goodwin as of the same date.

NEW OFFICES OF BLYTH, WITTER AND COMPANY

Blyth, Witter and Company, of San Francisco and Los Angeles, have opened offices at 61 Broadway, New York city. They are intending to specialize in municipal and corporation bonds of the Pacific Coast.

NEW YORK BANKS GO OVER QUOTA

According to Washington reports, of the eight issues of certificates of indebtedness issued by the Federal Treasury in anticipation of the Victory Loan, \$1,767,489,000 was subscribed for by

banks in the New York Federal Reserve District. The total quota of all banks in the district was \$1,575,600,000. The official quota of the banks of Manhattan was \$1,130,463,000, and these institutions accounted for \$1,343,538,000 of the district subscriptions, thereby exceeding their prescribed quota by \$213,075,000. The eight issues sold since December 5 totalled \$4,920,415,000.

AMENDMENT TO NEW YORK BANKING LAW

An amendment to the New York State Banking Law which is of some importance was recently passed by the Legislature and approved by Governor Smith. It provides that state banks and trust companies, members of the Federal Reserve System, need not conform to the reserve requirements of the state. Under the amendment, the total reserve requirement of New York City state banks and trust companies is reduced from eighteen per cent. to thir-

teen per cent., and that of country banks from twelve to seven per cent.

CORN EXCHANGE IN GREENWICH VILLAGE

The Corn Exchange Bank of New York recently bought the property at 76 Grove Street, and 7, 8 and 9 Sheridan Square, corner of West Fourth Street, now covered by a three-story and basement dwelling with a one-story extension. The site has a frontage of 15.9 feet on Grove Street, facing the Seventh Avenue subway station, and 91.5 feet on Sheridan Square. It is to be occupied exclusively by the bank.

GUIDE ISSUED BY NATIONAL BANK OF COMMERCE IN NEW YORK

An Ownership Certificate Guide for use in the preparation of income tax ownership certificates which are to be attached to coupons when presented for collection has been issued by the National Bank of Commerce in New York.

The guide reduces to tabular form the provisions of the income tax law regarding the collection of coupons, showing at a glance the form of ownership certificate required in each case and the manner in which it is to be filled out. In connection with these certificates there are eight different classifications of owners and twenty-four different ways for making the ownership certificate returns, depending upon whether or not the bonds contain a tax-free clause and whether they are issues of domestic or foreign corporations and countries. The guide simplifies the work of filling out the certificates for all instances.

MERCANTILE BANK OF THE AMERICAS ON CUBA

A pamphlet recently issued by the Mercantile Bank of the Americas, New York, indicates that Cuba prospered more than any other country as a result of the war. The following extracts are of general interest:

During the four years the struggle lasted, Cuba prospered perhaps more than any other country. Her exports increased to over \$350,000,000 (1917). At the same time her purchases abroad amounted to \$260,000,000, or just double her previous imports.

Statistics for 1918 are not yet completed, but from present indications it is safe to estimate her exports at \$375,000,000, which is the island's foreign purchasing power to-day. It is expected that in 1919 the \$400,000,000 mark will be reached.

The population of Cuba is not quite three million. Therefore the exportation of \$375,000,000 is an average of \$125 per capita. If the United States, the world's richest country, were to export \$125 worth of goods for each of its one hundred million inhabitants, our exports would total \$12,500,000,000, as against the actual exportation of a little over half of that amount, or \$6,400,000,000 in our record year of 1917. Cuba's exporting power is, therefore, just double our own. And yet the island has not reached anything like its full development. Within its forty-four thousand square miles there are still opportunities for augmenting production to more than double the present figure.

Of the \$300,000,000 of foreign purchases, Cuba spends nearly \$225,000,000, or seventy-five per cent. in the United States. For each additional million of purchasing power which she may acquire we may expect \$750,000 to be expended in this country.

LARGER QUARTERS FOR NATIONAL BANK OF WESTFIELD, NEW YORK

The National Bank of Westfield, an institution enjoying an enviable reputation in its New York State neighborhood, has just had its banking quarters completely modernized and increased in area under the direction of Hoggson Brothers, the New York and Chicago builders.

The result is a spacious up-to-the-minute room with modern equipment, which will afford ample accommodations for the bank's activities for many years to come.

The National Bank of Westfield has enjoyed a period of unusual prosperity. It was organized in 1848, and its history is one of strong and consistent development along conservative lines. Its present officers are F. W. Crandall, president; A. E. Skinner, vice-president; G. S. Flagler, cashier; H. J. Lockwood and G. P. Crandall, assistant cashiers.

CHANGES IN PERSONNEL OF FIDELITY TRUST OF HARTFORD

The Fidelity Trust Company of Hartford, Connecticut, announces the election of Robert B. Newell, vice-president,

Why We Can Give You Good Service

The close "personal" contact which we endeavor to maintain with every one of our correspondent banks enables us to give each the most intelligent service possible.

If you are contemplating opening or changing your Chicago account we would be pleased to have you write us.

The National City Bank of Chicago

DAVID R. FORGAN, President

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, - - Vice-President
SCHUYLER P. JOHNSON, Assistant Cashier
R. V. KELLEY, - - Assistant Cashier

Resources Over - - \$40,000,000

to the office of treasurer; of Thomas A. Shannon, secretary, to the position of trust officer; of Charles H. Remington, vice-president of the accident and liability department of the Aetna Life Insurance Company of Hartford, as a trustee. The following also were made trustees at the annual meeting of April 8: John M. Holcombe, William B. Clark, William C. Skinner, Charles P. Cooley, Richard M. Bissell, Frank L. Wilcox, Charles G. Woodward, Walter S. Garde, J. McA. Johnson, Robert B. Newell and Charles H. Remington.

SOUTHWARK NATIONAL BANK OF PHILADELPHIA

Walter J. Steinman was elected vice-president of the Southwark National Bank at a recent meeting of the directors, and is succeeded in the cashiership by Earl H. Wert, who was assistant cashier. Morton J. Klank, formerly assistant cashier of the Farmers and Mechanics National Bank, was appoint-

ed assistant cashier of the Southwark National as successor to Mr. Wert.

INCREASED STOCK OF FRANKLIN TRUST OF PHILADELPHIA

Notice is given that the capital of the Franklin Trust Company of Philadelphia has been increased from \$600,000 to \$1,000,000 by vote of the stockholders.

NEW OFFICERS OF CORN EXCHANGE NATIONAL BANK, PHILADELPHIA

Edward J. Paul and Edward T. James have been elected assistant cashiers by the Corn Exchange National Bank of Philadelphia. Mr. Paul began his connection with the bank in 1892; Mr. James, in 1898.

Albert N. Hogg, an assistant cashier, has made a month's trip to Cuba to study trade conditions there.

Statement showing the condition of the bank at the close of business on April 2 gave the following figures:

Loans and investments, \$55,936,000; cash and reserve, \$4,722,000; due from banks, \$7,551,000; exchanges for Clearing House, \$2,082,000, and deposits, \$46,109,000.

GIRARD NATIONAL BANK CASHIER BACK

At a meeting of the board of directors of the Girard National Bank of Philadelphia on April 1st, Charles M. Ashton was reappointed cashier, that being the position he occupied prior to July, 1918, when he enlisted in the service of the Young Men's Christian Association with the American Army in France. Evan Randolph, vice-president, relinquishes the office of cashier which he assumed during the absence of Mr. Ashton.

A. W. Pickford, formerly assistant cashier, has been elected a vice-president.

BUSINESS GROWTH CAUSES EXPANSION OF NATIONAL BANK OF TARENTUM

Active work on enlarging and remodelling the banking quarters of the National Bank of Tarentum, Pennsylvania, contract for which was let to Hoggson Brothers, the New York and Chicago builders, began the first week of April. Extensive alterations are called for, and, when completed, the building should provide adequate room for this thriving institution for some time to come.

The National Bank of Tarentum was organized in 1890; its history is one of steady and consistent development along conservative lines. Its present officers are: J. W. Hemphill, president; H. M. Brackenridge and J. D. Wilson, vice-presidents; O. C. Camp, cashier, and J. M. Hess, assistant cashier.

NEW TREASURER OF HOME SAVINGS OF BOSTON

Notice has been given by the Home Savings Bank of Boston of the election of Carl M. Spencer as treasurer, to succeed the late Charles S. Norris.

This is the fiftieth anniversary year of the bank, and their success is such

that the bank's officials are proud to record the fact on their 1919 letter-head.

THE FEDERAL TRUST COMPANY OF BOSTON

The Federal Trust Company of Boston has made Alfred B. Mahoney assistant treasurer, and Arthur Lovering assistant secretary.

NEW DIRECTORS OF BROOKLINE TRUST COMPANY

The election of F. J. Oakes, Jr., and Orrin G. Wood to the directorship of the Brookline Trust Company, Boston, follows the resignation of Charles B. Wiggin from the board.

COMMERCIAL TRUST OF SPRINGFIELD BUYS NEW HOME

On April 1 the Commercial Trust Company of Springfield, Massachusetts, bought the block in which its banking quarters have been located, at the corner of Main and Hampden streets. The purchase was from Harry S. Kelsey of Boston; the amount, \$350,000. Terms of the sale include a frontage of sixty-nine feet on Main Street, taking in the hardware store of J. D. Law, and extending one hundred feet back in Hampden Street.

The Commercial Trust Company has had uniform success since its organization September 15, 1915, and Arthur A. Skinner, the president, in speaking of the purchase, said that the institution is greatly pressed for room, although it occupies all the second story of the four-story building, over the offices. He said that if the plans of the directors are carried out later a pretentious modern banking building may be erected on the corner. The location is considered desirable from a business standpoint, being convenient to both downtown and uptown patrons.

With the purchase of Fox's Theatre by William Fox and his proposed plans for its development; with the proposed changes in the railroad station, to which

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$53,380,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. OHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

the corner is near, and with the other signs of growing business near and above the Arch, the officials of the bank believe that they have picked out a valuable site for the permanent home of the institution. The purchase price is at the rate of \$5,000 a front foot.

The Commercial Trust Company checking deposits number 5,000 and its interest accounts 12,000. Its capital is \$350,000 and it has a surplus of \$105,000. Its deposits amount to \$2,544,378.27, and undivided profits, \$50,636.83; loans and investments, \$2,524,590.78, due from banks \$311,237.13; vaults, furniture and fixtures, \$39,942.25, and cash and exchanges, \$174,244.94—the total resources being \$3,050,015.10.

The block at Main and Hampden streets was formerly owned by the Vinton estate and passed into the hands of George A. Nelson, who established the theatre and started a hotel there. In 1912 Mr. Kelsey bought the entire property for \$750,000.

THIRD NATIONAL OF ST. LOUIS HAS
ATHLETIC VICE-PRESIDENT

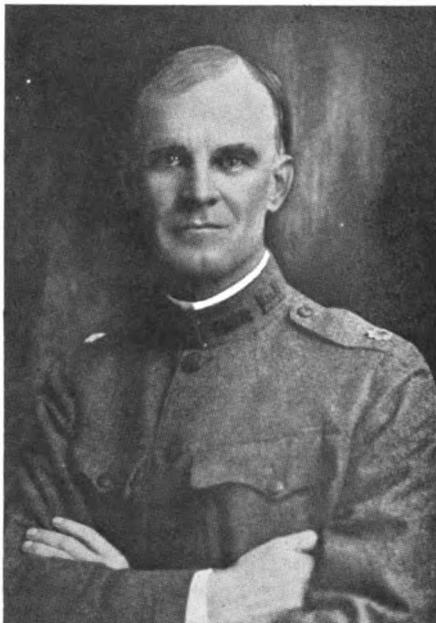
W. W. Smith, vice-president of the Third National Bank, St. Louis, has been elected president of the Missouri Athletic Association, which has 2,300 resident and 700 non-resident members and claims the distinction of having entertained more visiting bankers than any other club in America. Mr. Smith has long been active in several branches of athletics, and has for some years been one of the mainstays of this club on its advisory board of management and finance.

COLONEL PERKINS RETURNS TO ST.
LOUIS UNION TRUST

A trust company official who did valuable service at the front, and who is now back at his post, is Colonel Albert T. Perkins, railroad expert of the St. Louis Union Trust Company.

Colonel Perkins returned to St. Louis from France on February 12, and was

given a dinner at the University Club on March 15, by the officers and directors of the St. Louis Union Trust Company and the St. Louis Union Bank. Colonel Perkins went to France as Lieutenant Colonel of the Fourteenth Engineers, a Boston regiment which was made up largely of Harvard men. He arrived in France in August, 1917, and his regiment with the Twelfth Regiment



COL. A. T. PERKINS
Railroad Expert St. Louis Union Trust Company

of St. Louis were the first two American regiments to parade in the city of London. In commenting on this parade, Colonel Perkins mentioned the fact that this was the first appearance of foreign troops under arms in London since 1864, when William of Orange brought some Dutch troops to London. Colonel Perkins was first assigned with his regiment to service with the British Army, but early in 1918 was made director of light railways for the American Expeditionary Forces, and had complete charge of the construction, maintenance

and operation of the narrow-gauge roads which covered from eight to ten miles of the front. These railways were operated by seventeen-ton steam locomotives until they got close up to the front lines, and were then operated by fifty horsepower and thirty-five horsepower gasoline motors. The tracks on these light railroads are sixty centimeters wide, or about two feet.

In his talk at the dinner Colonel Perkins spoke of the effectiveness of this light railroad system, stating that in a period of thirty-one days in the campaign before the Armistice, forty-four trains per day were moved in the American sector, and that after the Armistice was declared, the light railways were still worked very hard, and from November 11 until February these railroads moved 100,000 tons of German ammunition, and destroyed it behind the Allied lines. Colonel Perkins also made the statement that when the Armistice was signed, the Allies were ready for a final blow which would have destroyed the German army. He said there were twenty-five divisions in Metz ready for an advance between Metz and Strassburg. To indicate the helpless condition of the German Army at that time, he showed how the entire German light railway system which had been operating behind the German lines had been captured by the Allies, and as a result, the Germans had left practically no means of transportation to the front, as they had comparatively few trucks.

Colonel Perkins, in giving up his active work with the St. Louis Union Trust Company to go into the service, is said to have given up a salary higher than any other man in the State of Missouri in the active military service of the United States. He was a member of the first Plattsburg camp, and was commissioned as a major from that camp in August, 1916. He was also chairman of the St. Louis branch of the Training Camps Association of the United States, and was active in the early months of the war in enlisting recruits for the first officers' training camp.



***On the Earth there are
1,750,000,000 People***

***And no one person is
an exact duplicate, men-
tally or physically, of
any other.***

We certainly don't expect, then, in serving our 2000 bank correspondents, to find any two alike in their desires and requirements. So our service is adjusted accordingly — *individual* service for *individual* bankers.

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits over \$13,800,000.00

FORMER VICE-PRESIDENT OF BOATMEN'S BANK OPENS OFFICE

Clarence R. Laws, formerly vice-president of the Boatmen's Bank of St. Louis, and in charge of credits at that institution, has announced the opening of an office as a certified public accountant in the La Salle Building at Broadway and Olive streets, St. Louis.

THIRD NATIONAL TO HAVE BROADWAY HOME

The president of the Third National Bank of St. Louis, F. O. Watts, has announced the closing of negotiations whereby the bank procures an option on the property adjoining the bank and now occupied by the Stifel-Nicolaus Investment Company. The purchase price was understood to be in the neighborhood of \$150,000.

Officials of the bank had intended to erect an addition to the present building at the corner of Broadway and Olive street, and with that intention

had acquired realty holdings immediately south of the bank building on Broadway, but expansion has been so rapid that it was decided to secure the site occupied by the Investment Company as well.

The bank will have approximately 19,000 square feet of banking room on one floor, or a total of about 40,000 feet in all its departments.

It is the present intention of the bank officials to utilize the newly acquired space for their bond department, safety deposit vaults and a trust department, which has been authorized by the Federal Reserve Board to exercise all fiduciary powers.

The Third National Bank received its charter on December 25, 1863, and since that time has accumulated resources of over \$48,000,000.

CHICAGO BANK MERGER

John J. Mitchell, president of the Illinois Trust and Savings Bank, says of the proposed merger between that in-



WALKER G. McLAURY
Vice-President and Cashier



RAYMOND V. KELLEY
Assistant Cashier

The National City Bank of Chicago

stitution and the Merchants Loan and Trust Company:

Our stockholders can feel secure, since, if matters are arranged as contemplated, they will receive the same amount of dividends that have been distributed to them heretofore, with additional prospects that may arise from enlarged resources. There are many desirable features about such a merger.

**PROMOTIONS AT FORT DEARBORN TRUST
AND SAVINGS BANK**

Herbert C. Roer, former cashier of the Fort Dearborn Trust and Savings Bank of Chicago, has been promoted to the vice-presidency, and Emil E. Rose, who was chief clerk of the Fort Dearborn National Bank, has been made cashier to succeed him.

Mr. Roer has been connected with the Fort Dearborn Trust and Savings Bank since 1911. Mr. Rose was for eight years associated with the Fort Dearborn National Bank.

**NATIONAL CITY BANK OF CHICAGO
PROMOTES**

The National City Bank of Chicago recently announced the election of Wal-

ker G. McLaury to a vice-presidency in that institution, in addition to his former position of cashier, which is one of several years' standing, and at the same time the election of Raymond V. Kelley as an assistant cashier to take the place of the late W. D. Dickey.

Mr. McLaury, a graduate of the University of Chicago, secured his early business training with the Western Electric Company. In 1908, he joined the staff of the National City Bank of Chicago as credit manager, was made an assistant cashier in 1911, and advanced to the cashiership in 1913. An all-round banker, Mr. McLaury is probably best known for his knowledge of banking credits. The credit systems of the bank were developed under his supervision, and have been rated by authorities as among the most efficient employed by any bank in the country. Unlike many Chicago bankers, Mr. McLaury was born and reared in Chicago, and his family has long been identified with Chicago history. His father, Thomas G. McLaury, was for many years a prominent member of the Board of Trade, and

Complete Trust Company Service

The Mississippi Valley Trust Company operates complete Financial, Trust, Bond, Real Estate, Safe Deposit, Savings and Farm Loan Departments.

Its out of town customers, particularly the financial institutions who are its correspondents, find that this completeness of organization makes for instant and efficient attention to special needs as they arise.

Write for a copy of our latest booklet "Service Complete," giving an outline of the wide scope of our service.

Mississippi Valley Trust Company

Capital, Surplus and Profits over \$8,000,000

Member Federal Reserve System

SAINT LOUIS

his grandfather, Charles C. Walker, came to Chicago in 1837. Mr. McLaurie is vice-president of the Robert Morris Club, the bankers' division of the National Association of Credit Men; chairman of the Arbitration Committee of the Illinois Bankers' Association; director of the University Club; a member of the Chicago Club, and is affiliated with other clubs and organizations.

Mr. Kelley joined the force of the bank shortly after its opening for business in 1907. He was then fifteen years old, and now, at twenty-seven, is thought to be the youngest officer in the larger banks of Chicago. He worked his way through various departments, and for the past three years has been manager of the transit department. His past experience has been one to fit him particularly well for his new duties, and he will now be connected with the banks and bankers department.

The growth of the National City Bank of Chicago, as the youngest of the larger Chicago banks, has been one of the remarkable events of mid-western

finance. The bank was organized in the panic year of 1907, and throughout its history until about two years ago interest rates were low and conditions unfavorable to putting new banks on a high earning basis. Notwithstanding these drawbacks, dividends were placed on a six per cent. basis the first year the bank was organized. The board of directors has recently voted to increase the dividend rate to one of eight per cent. The statement of March 4 showed deposits of \$33,603,131, and total resources of \$41,198,000.

Those interested in the progress of the National City Bank of Chicago feel that an important factor in its rapid growth has been its effort to have an officer call regularly on each of its hundreds of bank correspondents, in order to keep in closer touch with their individual requirements.

J. J. ABBOTT GOES TO CHINA

"Representing prominent banking and financial interests," J. J. Abbott,

vice-president of the Continental Commercial Trust and Savings Bank of Chicago, is now on an inspection tour in China, studying investment conditions existing and possible in that country.

**DROVERS NATIONAL BANK OF CHICAGO
MAKES PROMOTIONS**

Announcement from the Drovers National Bank of Chicago is to the effect that Frederick N. Mercer has been promoted to the position of vice-president, and George A. Malcolm to that of cashier. Mr. Mercer, formerly cashier, has been connected with the Drovers National Bank for seventeen years. He started in the banking business in a very



FREDERICK N. MERCER
Vice-President Drovers National Bank, Chicago

small way, and worked his way up through every department of the bank. His present duties as head of the credit department have given him a keen insight into the financial and industrial conditions in the Middle West, and his

recent promotion is a just reward for his years of faithful service.

Mr. Malcolm, until recently assistant cashier, is widely known among the



GEO. A. MALCOLM
Cashier Drovers National Bank, Chicago

bankers of the Middle West, having been connected with the Fort Dearborn National Bank of Chicago before going with the Drovers in 1915. He has made a remarkable record in the banking world, and is now the youngest cashier of a member bank of the Chicago Clearing House Association.

KANSAS CITY BANKS MERGE

The National City Bank of Kansas City has voted to merge with the Fidelity Trust Company, the new institution to be a department bank known as the Fidelity National Bank and Trust Company. This organization will have a combined capital and surplus of three million dollars, with total deposits of over thirty million. The president of



The Money Value of a Better Education

THIS INSTITUTION has on its record the names of 150,000 students who are now rendering efficient service to help business in law, trade and traffic, banking and finance, accounting, practices of business administration and organization.

You have doubtless read of some recent statistics given out by the Secretary of the Interior, who is just now awaiting his great campaign to wipe out illiteracy in the United States. The statement is made that through the mere ability to read and write English, one literate to this language, one who has the ability to read and write, has his earning assets increased \$250 a year.

If we take it for the entire growth, a number that is equal to all the men and women engaged in the manufacturing industry, we find, for example, that the increased annual earning asset of this group is two billions of dollars.

If, then, we can increase the gain of business through the mere possibility of reading and writing by so large a sum, what must be the gain to business of the 150,000 students of this institution who have been given business training for service which you have given to them, namely, the possession of a superior technique and a better understanding of business problems and business principles.

(From an address by Dr. Glen Levin Swiggett, U. S. Bureau of Education, delivered at Tenth Anniversary Dinner, LaSalle Extension University.)

Train by Mail

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the Fidelity Trust Company, Henry C. Flower, is to be chairman of the board of the Fidelity National Bank and Trust Company, and John M. Moore transfers from the presidency of the National City Bank to that of the larger institution. James F. Meade takes the position of cashier. All the staff members of both banks will continue their service with the merged organization, which is to be located in the building owned by the Fidelity Trust Company, formerly the Kansas City postoffice.

The National City Bank of Kansas City, which opened for business August 1, 1917, now has deposits of \$13,250,000. Its record of growth is without parallel in Kansas banking. The Fidelity Trust Co., established twenty years ago at the suggestion of the late James Stillman, then president of the National City Bank of New York, showed deposits of \$16,859,000 in its last statement. Henry C. Flower was one of the original incorporators of this trust company, and the other incorporators included: George Gould, James Blair, John A. McCall and Luther Kountze of New York City, and P. O. Armour and Marshall Field of Chicago.

DEPOSITS IN WEST VIRGINIA WITHOUT PRECEDENT

It is evident by the report of State Banking Commissioner S. P. Smith of West Virginia, on the call of March 4, completed and forwarded to Governor Cornwell on April 1, that the increase in deposits for the period is beyond precedent. As recorded at Charleston, the March statement, compared with the last November statement covering a period of four months, shows an increase of \$9,208,514 in deposits, a larger gain than was ever made before in any one year. Deposits subject to check jumped from \$74,712,548 to \$79,617,070; time certificates increased from \$25,429,548 to \$27,017,649; and savings deposits increased from \$23,337,332 to \$25,882,311. The State banks, as a part of their resources, reported holding War Savings Stamps and Liberty Bonds amounting to \$7,881,749.

ADDITION TO DIRECTORATE OF AMERICAN STATE BANK

Harvey B. Wallace was recently added to the board of directors of the American State Bank of Detroit. Mr. Wallace is president of the Wheel Truing Tool Company, treasurer of the Detroit Soluble Oil Company, and vice-president and a director of the Highland Park State Bank of Detroit.

MICHIGAN BANKS PROSPER

The following are the salient figures in a summary of the abstract issued by the State of Michigan Banking Department as to the condition, as of March 4, of the 507 state banks, two industrial banks and nine trust companies in the state: Total resources, \$785,719,079; capital stock, \$43,342,280; surplus, \$26,916,010; undivided profits, net, \$11,236,232; dividends unpaid, \$41,309, and commercial deposits, \$273,175,759. Since the report of December 31, 1918, there has been a total increase of \$28,371,620; since March 4, 1918, \$105,192,262.

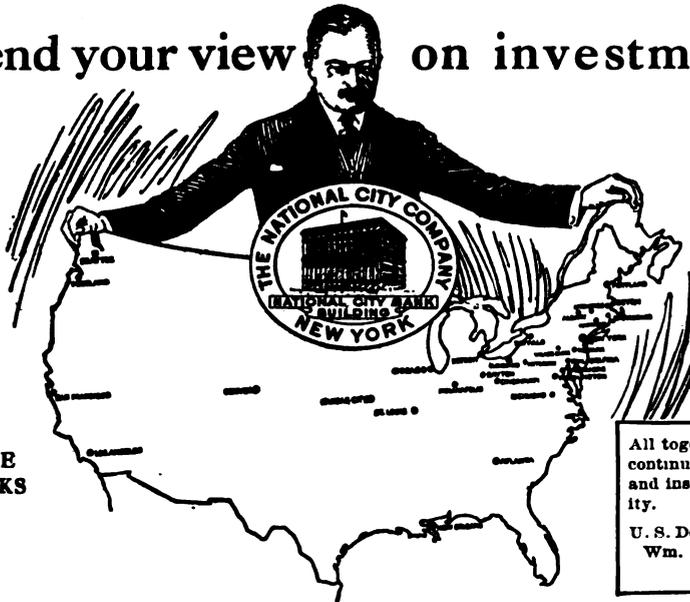
J. H. SHARPE ASSISTANT CASHIER OF THE MIDLAND NATIONAL BANK

J. H. Sharpe, now assistant cashier of the Midland National Bank of Minneapolis, will be connected with the department of country correspondent banks and bankers. Mr. Sharpe has been with the bank for seven months, before which he had been associated with various city and country banks of Montana for eight years. He was for three years chief deputy superintendent of banks of Montana. Antecedent to that, he was in the service of the Northern Pacific Railway, first in the land and traffic departments, then in the office of the president.

HAZEL FLYNN, BANKING HEROINE

A strong human interest note was sounded in banking annals when Hazel Flynn of Champlin, Minnesota, received a purse from the bankers of that state for her heroism. She was so terribly beaten in an attempted robbery of

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the bank and postoffice of Champlin that she nearly lost her life, but refused either to open the safe or to tell her assailants the combination.

**CHRISTOPHERSON DIRECTOR IN
ST. PAUL BANK**

Alfred Christopherson, president of the First National Bank of Albert Lea, Minnesota, has been elected to the directorship of the National Bank of Commerce in St. Paul.

**APPOINTEE OF FIRST AND SECURITY
NATIONAL BANK**

Stewart Muckler, of Watertown, S. D., has been appointed by the First and Security National Bank of Minneapolis as representative for South Dakota. Mr. Muckler was for years connected with the South Dakota State Banking Department.

**HIGHER CAPITALIZATION FOR THE
WISCONSIN NATIONAL BANK**

Oliver Clyde Fuller, president of the Wisconsin Trust Company of Milwaukee, has announced an increase in the capital stock of the Wisconsin National Bank in the amount of \$1,000,000, making the total capital \$3,000,000. Half the increase is to be exchanged by the stockholders of the bank for stock in the Wisconsin Trust Company, in order that the holdings in both institutions may be proportionately equalized.

Mr. Fuller issues the subjoined statement in explanation:

"The Wisconsin Trust Company will continue its business as an entirely separate institution with the same capitalization, officers and management as heretofore, except that some stockholders of the bank who now hold no stock in the Trust Company and a few stockholders of the Trust Company who now hold no stock in the Bank, will acquire proportionate interests in both institutions. The sole purpose of the plan is to effect a unity of interest of the two institutions but in no sense of the word a consolidation."

RESERVE BANK OF CLEVELAND MOVES

D. C. Wills, chairman of the board of the Federal Reserve Bank of Cleveland, has issued the following statement with regard to the purchase by the bank of a new site:

An agreement has been made between the Federal Reserve Bank and the Cleveland Trust Company for the acquirement by the Federal Reserve Bank from the Cleveland Trust Company of the property recently purchased from the Masonic Temple Association by the Trust Company. The Federal Reserve Bank purchased the site as a location for a new bank building, but no plans have been instituted or approved as to the character, type or size of building to be erected. There are leases on the Masonic property that do not expire until 1922, and the Reserve Bank's present lease on the Williamson building does not mature until 1926. Federal Reserve Bank officials state that many months

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probably will ensue before the needs of the bank for a new building can be definitely determined, and it probably will be several years before ground is broken for the new structure. In the meantime, an active survey will be commenced for the purpose of obtaining for this city a Federal Reserve Bank building that will meet fully the requirements to cover a long period of years and insure a home for the institution that will be in keeping with the size of the district, which is third in the Federal Reserve System.

INDUSTRIAL UNIVERSITY FOR CLEVELAND

The Industrial Association of Cleveland is to build a one million dollar industrial university, to be operated on general academic lines, but with a curriculum of industrial and business subjects. There are to be classes in foremanship, clerical work, salesmanship, production, costs, mechanics, and other subjects as suggested by Association members. The building is to contain an auditorium, a swimming pool, recreation rooms, and living rooms. Although courses of the kind proposed have for some time been available at the higher schools of several of the better-equipped universities like Columbia and Harvard and the University of New York, it is believed that the industrial university is yet unique.

MERGER OF FARMERS AND MECHANICS NATIONAL OF FORT WORTH WITH AMERICAN NATIONAL

The Farmers and Mechanics National Bank and the American National Bank

of Fort Worth, Texas, have announced consolidation of the two institutions. The merged bank is the Farmers and Mechanics National Bank of Fort Worth, beginning with the combined capital stock of the two former organizations, a total of \$5,000,000.

REPORT OF IOWA BANKS SHOWS PROGRESS

Abstracts of the reports of 924 savings banks, 366 state banks, and 24 trust companies, at the close of business March 4, 1919, with a comparative statement of conditions at the close of business March 4, 1918, have been issued by the superintendent of banking for the State of Iowa. These show a net increase of seventeen in the number of banks reporting, and a total increase in resources of \$81,437,790. The total assets now are \$719,322,094, the capital stock, \$48,969,800, surplus, \$19,054,090, and undivided profits, \$11,035,866.

DENVER MERGER CONSUMMATED

There has been effected a consolidation between the Merchants Bank of Denver, capitalized at \$75,000, and the Silver State Bank, capitalized at \$50,000, the merged bank to be known as the Merchants Bank of Denver. The new organization began operations with the combined capital of \$125,000, shared at par, surplus and undivided profits, \$9,500, and deposits, nearly \$1,000,000. The president of the Silver State Bank, John Q. Adams, became president of the new institution, while the former president of the Merchants

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Bank, Dr. F. L. Bartlett, is chairman of the board and vice-president of the enlarged Merchants Bank. Allison Stocker and W. T. Murray are vice-presidents, C. R. Cotton is cashier, and T. B. Estill and H. A. Handy are assistant cashiers.

NEBRASKA NATIONAL TO HAVE NEW HOME

The Nebraska National Bank of Omaha, for forty years located at Twelfth and Farnam streets, has just acquired the property formerly used by the telephone company at the corner of Eighteenth and Douglas streets, where radical changes will be made to meet the expanding needs of the bank, and allow of thorough modernization.

The Nebraska National Bank is recognized as one of the old substantial financial institutions of the West. It

was founded by the late Henry W. Yates, who was its president at his death, when Fred W. Clarke succeeded him.

ORGANIZATION OF OMAHA TRUST COMPANY COMPLETED

The Omaha Trust Company, incorporated with a paid-up capital stock of \$200,000, all owned in Omaha, opened on April 1 in the quarters previously occupied by the savings department of the Omaha National Bank and the Omaha Safe Deposit Company, at Seventeenth and Farnam streets. Completion of the new organization is considered the most important recent banking deal in Nebraska. The Omaha Trust Company will specialize in the handling of bonds, and will have a trust department, a real estate mortgage loan department, and a department for making steamship bookings.

The present officers of the company are: President, J. H. Millard; vice-presidents, Walter W. Head, William Brooks Clift; secretary, Charles W. Mead; directors, J. H. Millard, Ward M. Burgess, Isaac W. Carpenter, Nelson B. Updike, Arthur C. Smith, Randall K. Brown, Walter W. Head, Barton Millard, and Louis C. Nash.

BUILDING PLANS OF COMMERCIAL NATIONAL BANK OF BOZEMAN, MONTANA

The Commercial National Bank of Bozeman has contracted for a new four-story and mezzanine bank and office building. The structure, which will be 55 by 133 feet, will be of fireproof construction throughout, modern in all equipment and appointments. The exterior will be of stone to the second floor level, and brick above, with stone trimmings. Fred B. Willson, of Bozeman, is the architect, and Hoggson Brothers of New York and Chicago will construct and equip the building.

CALIFORNIA BANKER NOW MANAGER OF MOSELY AND COMPANY

W. I. Brown, formerly cashier of the First National Bank of Concord, Cali-

fornia, and later of the First National Bank of Rio Vista, California, has been made Pacific Coast manager for F. S. Mosely and Company, the Boston and New York commercial paper firm, whose headquarters are at the Kohl building in San Francisco. Mr. Brown has an unusual acquaintance with Western bankers and commercial men of importance.

SCANDINAVIAN AMERICAN BANK GETS FRANK WILSON

Frank Wilson, until recently in the publicity service of the Guaranty Trust and Savings Bank of Los Angeles, has



FRANK WILSON

been engaged to take charge of the publicity work of the Scandinavian American Bank of Tacoma. O. F. Larson, vice-president and manager of the Scandinavian American Bank, became impressed with the ability of Mr. Wilson when last in California, and the change of field is the result.

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UNITED STATES BANK, VLADIVOSTOK

The National City Bank of New York has opened a branch at Vladivostok, where it is making deposits for Allied firms. A heavy demand for American exchange and a considerable market for American credit have been reported, but the market is limited and poorly balanced.

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GROWTH OF BANK IN HAWAII

Word comes from Honolulu, Territory of Hawaii, that the Peoples Bank of Hilo, established a little more than two years ago, has increased its deposits during the last year \$371,033. The assets now have a total of \$870,000. The bank began business in September, 1916, with a capital stock of \$70,000, which, on account of rapidly growing business, it was found necessary to increase in March, 1918, to \$170,000. A branch of the Peoples Bank has been opened at Kona, which is proving very successful. These facts quite plainly demonstrate the general prosperity which is now manifesting itself in the Territory of Hawaii.

THE WEYBURN SECURITY BANK, CANADA

The annual statement of this bank dated December 31, 1918, just issued

for publication, gives the following totals: Capital stock, \$421,330; reserve, \$215,000; dividends declared and unpaid, \$14,746; net profits, \$74,343, and assets, \$4,517,119.

ROYAL EXPANDING IN SOUTH AMERICA

The Royal Bank of Canada is establishing itself in a new zone in South America by opening branches in Rio de Janeiro, Montevideo and Buenos Aires. These additions to the list of branches of the bank make the total in South America ten, counting in the seven already established, four in Venezuela, and three in British Guiana. The two former groups fitted in closely with the Trinidad and West Indies groups; the new territory is far afield, but each centre is regarded as a strategic point, i. e., the capitals of three of the leading South American countries.

Among those concerned with the active work of opening the new branches are: F. T. Walker, senior agent of the Royal Bank of Canada, New York; T. F. Dever, late manager of the San Jose, Costa Rica, branch; C. O. Hodgins, late manager of the Port of Spain, Trinidad, branch; and W. T. Lowry and A. R. Gordon, of the head office staff—all of these with the exception of Mr. Walker to be concerned permanently with the new branches.

FORTY-EIGHTH ANNUAL REPORT OF THE DOMINION BANK OF CANADA

The Dominion Bank of Canada, New York agent, C. S. Howard, 51 Broadway, has sent out its forty-eighth annual report under date of December 31, 1918, in an attractive pamphlet which includes remarks by several of the officers, and a forty-four page list of shareholders.

The statement shows a paid-up capital of \$6,000,000; reserve fund of \$7,000,000; undivided profits of \$446,503; total deposits of \$96,107,711; and total assets of \$133,506,275.

Mr. Howard began his connection with the Dominion Bank of Canada in February, 1902. He has served in various capacities with that institution at the head office at Toronto, in the Win-

nipeg branch, and as assistant manager of the branch at Montreal. When the New York offices were opened recently he was given charge of the agency.

INCREASED CAPITAL OF MERCHANTS OF CANADA

Directors of the Merchants Bank of Canada have issued new capital stock to the extent of \$1,400,000. This makes the total issued capital \$8,400,000, reducing the unissued capital stock from \$3,000,000 to \$1,600,000. The new stock is allotted pro rata one share of new stock for each five now held, at a price of \$150, available to shareholders of record April 30. The stock of this bank has been running around 192 on the exchange.

The Merchants Bank of Canada is the seventh Canadian bank this year to announce an increase in capital. The following table gives the banks and amounts concerned:

	New paid-up	Old paid-up
Montreal	\$20,000,000	\$16,000,000
Royal	16,000,000	14,000,000
Merchants	8,400,000	7,000,000
Union	8,000,000	5,000,000
Nova Scotia	6,800,000	6,500,000
Hamilton	4,000,000	3,000,000
Provincial	2,000,000	1,000,000
	\$65,000,000	\$52,500,000
Increase	\$12,700,000	

UNION BANK POPULAR AT VANCOUVER

Announcement of the establishment of a local advisory board by the Union Bank of Canada, New York and Canada, at Vancouver, has been met with satisfaction by the public concerned. The members of this advisory board are to pass upon all matters not pertaining to questions of policy, which means that decisions regarding local loans can be made at once and on the spot, without the consideration of details by the head office at Winnipeg. The forward step follows a visit to the coast by President John Galt and R. T. Riley, one of the directors, and is looked upon as

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a good advance in Canadian banking, since it is one that should help to offset the dissatisfaction with head office control which has been an important factor in creating the impression in many parts of the country, particularly in Western Canada, that the banks are manipulated for the benefit of the Eastern interests to the disadvantage of Western clients.

INTERNATIONAL GOLD POOL

The International High Commission has formally approved the plan devised by the State Department for establishing an international gold fund toward settlement of trade balances with the countries of the Western Hemisphere. This has been recommended as a means of aid and stimulation to trade between the United States and South and Central America.

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UNITED CORPORATION, LIMITED, AND
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Opinion among Canadian-American bankers and financiers is that the future will bring a more complete penetration of Canada by this country's surplus capital. Men like Thomas W. Lamont, of J. P. Morgan & Co., and H. P. Willis, former secretary of the Federal Reserve Board, expect "the development of that community of action and interest which was built up between the two countries during the war period, with the return of peace." An official announcement of the Guaranty Trust Company of New York contains the following statements: "Canadian financing has heretofore been done largely in England. American capital invested there has been in a few lines not largely representative of the Dominion's chief industries * * * The present financial strength of the United States, together with the promise of great expansion both in transportation and in industry which is generally looked for in Canada, provides an opportunity for a closer relationship than has heretofore existed. * * * The proportion of American capital invested in Canadian enterprises is expected to increase from this time forth."

The recently formed United Corporation, Limited, is representative of the Guaranty Trust Company and C. Meredith and Company, Limited, of Montreal. The Toronto and Montreal offices of

the Meredith firm are being taken over by the United Corporation. The vice-president of the new organization, Harold Stanley, is a vice-president of the Guaranty Trust Company, as are also the following directors of the United Corporation: Alfred Breton, W. P. Conway and E. W. Stetson.

According to compilation of the Federal Reserve Board, the Government, municipal, and corporation loans placed by the Dominion in the United States, at this time outstanding, are:

Government	\$180,000,000
Municipal	116,060,662
Railroad	63,349,000
Public utility	71,767,500
Industrial	31,486,793
Total	\$462,663,955

FEDERAL RESERVE SURPLUS INCREASES

Passage of minor amendments to the Federal Reserve Act has operated toward increasing the combined surplus of the twelve Federal Reserve Banks from \$22,739,901 to \$49,468,341. Before amendment, the law provided that, after payment of expenses and dividends, one-half of the net earnings of the banks should be paid in to the Government as a franchise tax, and one-half, up to forty per cent. of the paid-in capital, could be retained by banks as surplus. Amended, the provisions of the law permit banks to retain as surplus their net earnings (including those for the year ended December 31, 1918), up to one hundred per cent. of their subscribed capital, and ten per cent. thereafter.

BRITISH PROTOTYPE OF LIBERTY LOAN
IN 1796

According to belief in England, the earliest prototype of the Liberty Loan is the Loyalty Loan which Pitt put out in 1796, in the Napoleonic wars. It was a direct appeal to the public, without institutional intervention, to lend to the Government. The loan was for \$90,000,000, with interest at five per cent. It was fully subscribed in fifteen hours and twenty minutes.

LIMITATION OF ACCEPTANCES

The Federal Reserve Board has published rulings of importance with reference to the limitations of acceptance powers as contained in section thirteen of the Federal Reserve Act. Section thirteen provides that no member bank may accept for any one person or corporation to an amount aggregating more than ten per cent. of the bank's capital and surplus. The exception on which the important distinction is made is, that in case acceptances are secured by attached documents or by some other security growing out of the same transactions as the acceptances, the aggregate to one person or firm may exceed the amount stipulated. Unless excessive amounts of acceptances are thus secured, the ruling holds, the federal provision is violated whether or not the customer of the bank guaranteeing the acceptance is the drawer of the draft, or some other person.

"A member bank," the ruling continues, "may accept either in a domestic or foreign transaction for one person in an amount in excess of ten per cent., provided the acceptance remains secured throughout the life of the draft. It cannot accept in domestic transactions without being secured at the time of acceptance, but may release the security after acceptance upon the execution of a trust receipt or an agreement by the customer that so much of the proceeds of the sale of the goods covered by the security as may be necessary to pay the draft will be deposited with the accepting bank when available, and will not be used for other purposes."

THE AMERICAN ACCEPTANCE COUNCIL

The American Acceptance Council is developing rapidly. It was organized recently at a conference attended by over two hundred bankers and business men to conduct a wide educational campaign designed to inform the business people and bankers as to the merits of trade and bankers' acceptances, methods of their use in foreign and domestic merchandising, and as a means of improving the credit system and strength-



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ening the financial position of the country. Local councils affiliated with the American Acceptance Council have been organized in centers throughout the country, including in their membership representatives of various lines of industry. It is thought that through the use of trade and bankers' acceptances, the Federal Reserve System can be made to function to the maximum, commerce and industry will be benefited and both foreign and domestic trade facilitated.

At early meetings of the council, Robert H. Bean, who has had a wide business experience in both banking and mercantile affairs, became executive secretary. Lewis E. Pierson, chairman of the board of the Irving National Bank of New York, was elected president; Paul M. Warburg, of Kuhn, Loeb and Company, formerly vice-governor of the Federal Reserve Board, was made chairman of the executive committee, and Jerome Thralls, secretary-treasurer of the Discount Corporation of New York, became chairman of the permanent committee on organization. Other members of the committee were elected as follows: William A. Law, president of the First National Bank of Philadelphia; Morton H. Fry, of Bernhard Scholle and Company of New York; David C. Wills, chairman of the board of the Federal Reserve Bank of Cleveland, and J. H. Tregoe, secretary of the National Association of Credit Men. Fred I. Kent, vice-president of the Bankers Trust Company of New York, was made chairman of the committee on publicity; Percy H. Johnston, vice-

president of the Chemical National Bank of New York, and vice-president of the Guaranty Trust Company of New York, chairman of the finance committee, and Herbert C. Freeman, of Touche, Niven and Company, New York, chairman of the auditing committee. Articles for use in organizing councils throughout the country were adopted, and an amendment to the by-laws proposed provision for the election of further members of the executive committee, in order to recognize the Federal Reserve plan of districting by including representatives of all Federal Reserve Districts. It was pointed out that this would operate to make the committee one of national breadth and weight.

At the meeting of April third, the following were elected members of the executive committee: David C. Wills, Fred I. Kent, E. W. Decker, president Northwestern National Bank, Minneapolis; P. H. Johnston, John H. Fulton, executive manager, National City Bank; Thatcher M. Brown, of Brown Brothers and Company; W. H. Porter, of J. P. Morgan and Company; J. H. Rovensky, vice-president, National Bank of Commerce in New York; Franklin D'Olier, Franklin D'Olier and Company, Philadelphia; H. E. Choate, J. K. Orr Shoe Company, Atlanta, Georgia; Arthur Reynolds, vice-president Continental and Commercial National Bank, Chicago; George Woodruff, president First National Bank, Joliet, Ill.; Festus J. Wade, president Mercantile Trust Company, St. Louis; P. W. Goebel, president Commercial National Bank, Kansas

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City; A. L. Mills, president First National Bank, Portland, Oregon, and John Rosseter, Sperry Flour Mills Company, San Francisco.

At the April fourteenth meeting further elections took place. Arthur Reynolds, vice-president of the Continental and Commercial National Bank, Chicago, was made vice-president of the Council; Jerome Thralls, secretary, and Percy H. Johnston, treasurer. Daniel C. Wing, president of the First National Bank of Boston, was made first vice-chairman of the executive committee, and Fred I. Kent, second vice-chairman. John H. Fulton, executive manager of the National City Bank of New York, and William H. Law were added to the committee on policy and operation. The composition of the executive committee, now of thirty-six members, was completed by the election of William N. Nones, president of the Norma Company of America, New York; Archibald Kains, president of the American Foreign Banking Corporation, and D. F. Kelly, of Mendell Brothers, Chicago. Announcement was also made of the addition to the organization committee of Leopold Fredrick, treasurer of the American Smelting and Refining Company.

DIAMOND EXCHANGE IN HOLLAND

According to the largest diamond merchants in Holland, in a report from Washington, there has been an advance of twenty-five per cent. in the last four months in the price of diamonds. They give as the reason the activity of indi-

vidual Germans who have been smuggling German bank notes to Holland and buying diamonds to take back to Germany, believing that their own money represents less future value than diamonds. In consequence, the value of the German mark in Holland is being consistently reduced.



With Bankers Magazine Advertisers

CORRESPONDENCE COMMENT OVER THE
COFFEE CUPS

A GROUP of executives in various lines of business were having lunch together. In the natural "shop talk" that followed, the discussion gradually crystalized around correspondence problems.

"Tom," said one across the table, "The Dictaphone would ease up your troubles just about 100 per cent., and no exaggeration. There are many reasons why it would do so—I think the biggest reason is convenience. I know that in my own office, when I have a letter, memorandum or sheet of instructions to get off my chest, Dictaphone convenience is the first thing I think of.

"The Dictaphone is always at my elbow, within easy reach. And so I can always get at it when I need to do my dictation.

"It's really surprising how much this

matter of convenience counts. An hour or two of fast uninterrupted dictation the first thing in the morning, and there is the bulk of my correspondence cleared



for the day. I get the completed letters back for my signature hours earlier. I have more time to think, plan and dip into the larger constructive phases of executive work. And often on an afternoon, when feeling tired, nervous and greatly in need of exercise, I can spare the time to grab up my golf sticks, motor to the country club and forget work and offices for a few hours."

"Now, how about the girl side of it?" one of his interested listeners piped up.

"Why, isn't Dictaphone convenience the big idea there, too?" was the reply. "Of course it is. For the operator can pretty well measure her work from hour to hour. She takes the dictation directly on the typewriter. None of the inconveniences of jumping up and going to this and that executive's office to take dictation. None of the time-eating inconvenience of waiting to take dictation while outside and inside interruptions keep holding up the dictator. She pegs away at the keys at a steady, calm-nerved pace. And she thinks of Dictaphone convenience, because she gets so much more done while working at her normal speed. And she thinks some more about convenience, when now and then with her regular work done, she finds an hour or two to try her hand at interesting work of a more executive nature. And she thinks most of all about Dictaphone convenience when she finds herself aboard her regular car or train

night after night, bound for home and an early dinner."

"I suppose next," one of the men jokingly put in, "you'll be claiming that you can talk to the Dictaphone in your sleep."

"Not so much of a joke as you think," was the laughing response. "The Dictaphone is convenient enough to use anywhere you carry your brain and voice. It's light and it's portable, and there is a traveling-case specially made for it. You can dictate to it in your home, in your motor-car, in your hotel room, or on a railroad train if you think you need to. The Dictaphone is just as convenient as that."

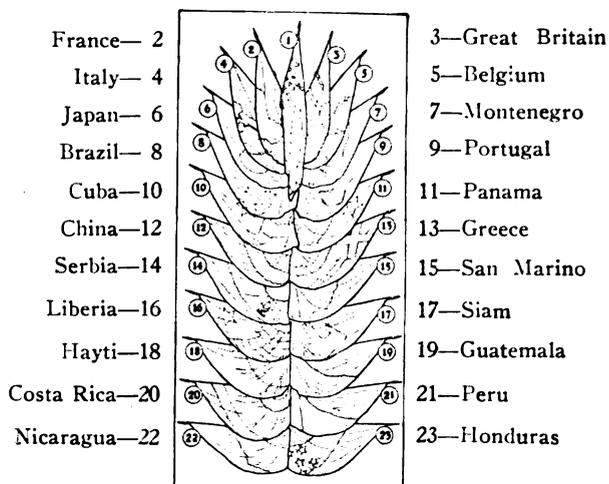
"Well," spoke up another of the group over his last mouthful of pie, "I'm mighty glad to hear you talk that way



about Dictaphone convenience. I use The Dictaphone myself nearly all of the time. And for my part, I don't see how any business man can get along without it."

THROUGH the courtesy of the Liberty National Bank of New York, we are reproducing on the reverse side the familiar group that has occupied a prominent place in their banking quarters—the group of flags representing the nations that have made common cause against Teutonic aggression. There are twenty-three of them, and to complete the record we append the diagram of identification below.

1—United States





LIBERTÉ, ÉGALITÉ, FRATERNITÉ
(See reverse side)

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-THIRD YEAR

JUNE 1919

VOLUME XCVIII, NO. 6

The Peace Terms for Germany

THE peace terms presented to Germany on May 7—the anniversary of the sinking of the “Lusitania”—mean in substance the stripping of that once proud empire of its political and military power. Germany thus becomes in the future substantially a vassal state. Having refused to observe the obligations of civilized nations it has forfeited its place among such nations. Whether the lost position can ever be regained or not will depend upon the German people themselves. They can not regain it without a complete recognition of the lesson which their terrible defeat involved, and a resolution to rebuild their country upon foundations of righteousness.

No terms which the Allies could have imposed would have matched the enormity of Germany's offenses against mankind. Not only did the militarism of that country destroy millions of lives and waste billions of treasure, but it almost bankrupted the world and came near to destroying civilization itself. What penalty could afford adequate reparation for such an offense? It is idle to say that Germany has got her just deserts. She has not got them and will not get them. Being the aggressor, Germany should have been made to suffer through the devastation of her soil far more than France, Belgium and Serbia, but actually escaped practically unscathed in this respect. Germany's punishment may therefore be regarded as exceptionally light, far milder than the circumstances justified.

It was the clear duty of the Allies to deprive Germany of military and naval power, and this they have done. The world has suffered too much to run the risk of being twice stung by the same serpent.

If there yet remain other nations with rising military ambitions, they may learn something from Germany's downfall. History's lessons are impressive, though they are not always heeded.

Although the treaty comes to the United States Senate with the objectionable League of Nations scheme as an integral part of it, the duty of the Senate will be to cut out this part of the document and to ratify the main provisions of the treaty.

The Present Fate of China and the Possible Future Fate of the United States

IT was specifically pointed out in the previous issue of this MAGAZINE that one of the earliest if not the original internationalist was the distinguished Chinese sage Confucius, and that President Wilson in his zealous championship of the League of Nations was but freshening up the ideas presented by Confucius over two thousand years ago. Neither the antiquity of these ideas nor the fact that they did not originate in the fertile mind of Mr. Wilson invalidates them in the least, and it is not for the purpose of calling attention to this feature of the most recent proposal for internationalism that a comparison is instituted between the actual condition of China to-day and the possible future position of the United States. A brief quotation from the protest of the Chinese delegates to the Paris Peace Conference against the award of Shantung to Japan will better disclose the real object of such comparison. These delegates said:

“It appears clear then that the council has been bestowing on Japan the rights, not of Germany, but of China; not of an enemy, but of an ally. The more powerful ally has reaped a benefit at the expense, not of the common enemy, but of the weaker ally.

“Besides Shantung is China’s holy land, packed with memories of Confucias and Mencius, and hallowed as the cradle of her civilization.”

Shall some future representatives of the United States, permitted to enter the outer courts as humble suppliants at an international conference, weakly and vainly protest against the domination of Virginia by a foreign power, on the ground that it was the “Mother of Presidents,” and that it was the birthplace of a most eminent President and internationalist who flourished in the twentieth century?



The New Arrangement for Financing China

PERHAPS there has never been a more striking illustration of the danger inherent in attempting to apply idealistic principles to a practical situation than is afforded by the working out of Mr. Wilson’s theories in regard to making loans to China. It will be recalled that during the Taft Administration Secretary Knox arranged for the participation of American bankers in what was styled the “six power group” for advancing loans to China. This policy was promptly repudiated by Mr. Wilson, the pretext

for his action being that the American banks participating were too few in number and that the plan savored too much of the financial exploitation of China. This altruistic attitude was probably not reached by the President without the sage counsel of the then Secretary of State, for there is perceptible in the transaction not the fine Italian hand but the clumsy Nebraska fist of William J. Bryan—the same Bryan who deserted his post of Secretary of State rather than stand up for the honor of his country.

At any rate, on the high and holy ground taken by the President, the United States withdrew from participation in the Chinese loans. The war coming on the year following this action, there was only one other borrowing source open—Japan. A great deal of money was obtained from this source, and Japan very properly took adequate security. In fact, China has mortgaged some of her most valuable industrial and railway rights to Japan for these loans. Japan did not follow Mr. Wilson's idealism in this matter, but acted on business principles strictly.

By getting out of helping China financially the United States not only lost a supreme opportunity of benefiting China, but actually threw that great country into the waiting lap of Japan. Chinese chaos, industrial and financial, followed our withdrawal, and the country has since been torn by civil dissensions.

Now, after five or six years of hesitation, with the results just seen, President Wilson not only agrees that American banks may participate in Chinese loans and on terms that are little if any better than those which Secretary Knox had arranged, but consents to handing over "temporarily" to Japan a large slice of Chinese territory.

It is gratifying, however, even at this late day to learn that a large group of American banks are to take part in making loans to China, acting with the banks of France, Great Britain and Japan. This may help in bringing order out of the chaotic condition that has long prevailed in China.

In its practical workings President Wilson's policy with regard to American financial aid to China has been the source of incalculable harm to the latter country. It will be fortunate if it has not also given rise to a situation which one day may involve the world in another great war.



The New League of Nations Covenant

UNDER the fire of criticism directed against the first draft of the constitution of the proposed League of Nations, that document was considerably revised before its adoption by the Paris Peace Conference. Of course, the covenant does not become

binding upon the United States until ratified by the Senate. Whether or not the alterations go far enough to satisfy the objections which a number of Senators have urged, we shall soon learn from the course the objectors take when the document comes before the Senate for consideration. The changes made seem to relate chiefly to matters of detail, leaving untouched the central fact that the League will commit the United States to a participation in the settlement of European disputes which do not really affect our interests. It is open to question whether such a policy would not weaken our influence when it would be required with reference to matters vital to our interests and perhaps to our safety.

Even without any League of Nations, the United States will always act in self-defence, and surely we ought not to be asked to sacrifice this right, for it lies at the very foundation of our national existence. Nor should we be asked to enter into any combinations or agreements with other nations to act as their defenders to an extent which might impair our ability to defend ourselves. And we have got to defend ourselves. We cannot rely upon other nations to defend us. Is it right that they should expect us to defend them unless such action is a necessary means of self-protection?

A tendency exists to put great faith in mere machinery and to be lulled into false security by the luminous expression of high ideals. However perfect a mechanism may be devised for the League of Nations, how will that affect the tendency of nations invariably to act in accordance with what they believe to be for their own interests? Nor however much we may be thrilled by eloquent periods descriptive of the new world which we are told has been reborn out of the war, we cannot forget how recently the world has acted very much as it has been doing for a thousand years or longer.

The bringing together of numerous and diverse interests into a single organization may tend toward discord rather than harmony. Here were nations just linked with one another in a struggle against a common foe—Great Britain, France, Italy and the United States fighting Germany. We have seen how difficult has been the task of keeping these nations together in the Peace Conference, and at the time this is written Italy appears to have withdrawn. Would the difficulties not be immeasurably increased by bringing together a number of nations whose interests were diverse and whose international viewpoints were different?

The real question at issue in the League of Nations is whether such a combination makes for international peace or discord, and so far as relates to the United States we are soberly to consider whether by joining in this compact we are to increase or to diminish our power of self-preservation. On the European battlefield we have just been privileged to help in writing some brilliant chapters of history,

though we were not a member of any League of Nations. Our strength is such that no nation in the world would think of attacking us, and the disposition we have shown toward other nations in their hour of trial warrants the belief that international combinations against the United States will be very difficult to make.



The First Duty of Congress

IN an address delivered at Pittsburgh on April 26, Senator Sherman of Illinois said:

“The first duty of the Sixty-sixth Congress is to reduce expenditures to the lowest sum consistent with the national requirements.”

That a number of the appropriation bills were not rushed through in the closing hours of the last Congress was due to the course taken by Senator Sherman and some of his colleagues, who by holding the floor kept the bills from coming to a vote. The Illinois Senator justified his action on the ground that the time allowed was wholly insufficient for the proper consideration of the bills, which carried large amounts, and that if the Government was put to any inconvenience on account of the failure of the appropriation measures to pass, the remedy lay within the hands of the President, who could summon a special session of Congress.

Doubtless the fact that these bills did not pass at the last session will cause them to be very carefully scrutinized when they are revived in the Sixty-sixth Congress. The White House and Capitol Hill are not in political accord, and there will be more of a tendency than heretofore to examine the items in appropriation bills. Nor does there exist the same urgency for hurrying through measures providing for huge outlays of money as during the time the country was at war. Our preparation for war went forward at a remarkable rate of speed, and the cost was increased beyond what it would have been by the fact that we had to get ready in a hurry. Whether this cost was greater than it should have been may become a subject of later investigation. In a comparatively short time the United States made a notable record in assembling, training, equipping and transporting troops, and considering the services our forces were able to render at a critical moment, it must be conceded that the money necessary to carry on these vast military operations was well expended.

Now that the war is ended, its aftermath of debt and of inescapable expenditure remains. It will be a long time, if ever, before we reach the level of public debt and annual outlay that prevailed

before the war. The fact that our expenditures must of necessity be large makes it all the more obligatory for Congress to lop off everything that can be spared without injury. One obvious way to save money is for the Government to relinquish many of its recent spheres of activity. A great deal is being done that could be dispensed with altogether, the public being none the poorer, while other activities might be much curtailed. At just what points this reduction should be made and how far it ought to go are matters properly within the scope of inquiry by Congress.

Senator Sherman has performed a useful public service in directing attention to the need of a reduction of public expenditure. We are piling up debt too rapidly, and the total already reached is not to be viewed with complacency. It must be remembered that a large part of the money annually appropriated by Congress represents a response to public clamor for Government aid in promoting this or that project. Unless interested groups moderate their demands, it will be exceedingly difficult for Congress to keep the appropriations within those safe limits which prudence calls for under present conditions.



Foreign Trade and Foreign Investing

THE significant changes which have taken place in the foreign trade of the United States appear in the following statement of total exports of merchandise and the excess of exports over imports for the twelve months ending with March in the years named:

Years.	Exports.	Excess of Exports.
1914	\$2,441,047,691	\$631,531,062
1915	2,412,435,102	703,248,380
1916	3,832,936,231	1,867,717,416
1917	5,975,037,370	3,463,747,462
1918	6,037,613,424	3,112,856,248
1919	6,525,728,054	3,462,587,875

According to the customary way of looking at foreign trade returns, this huge total of excess of exports over imports, aggregating in the years named \$13,241,686,443, would be regarded as an unalloyed blessing to the people of the United States. But the fact that this huge trade balance was piled up largely as the result of a great war involving an almost incalculable loss of life and property deprives the figures of the satisfaction they might otherwise afford. That the United States has gained anything like the sum indicated is an absurd supposition. We could not possibly gain

anything from the grave injuries which have been inflicted upon the nations of Europe, to say nothing of our own loss of life and the huge debt we have incurred on account of the war.

To meet this large balance due the United States on international trading account the nations of the world have not sent us their specie, the net importations of gold and silver into the United States for the period under review having been only \$443,959,791, leaving \$12,797,726,652 to be settled in some other way. We have lent to the Allies alone \$9,233,438,766 (April 25, 1919) and have taken back securities of our own held abroad to an amount which would about absorb the remainder of the sum mentioned.

Viewing the "favorable" trade balance purely from the standpoint of national self-interest, it contains deceptive elements. Its apparent benefits are largely fictitious. In exporting our products so extensively we have caused in some lines of production a scarcity which is reflected in the high prices now ruling. Of these dairy products and pork products constitute the most striking examples. The ban on imports has had a similar effect in raising prices, as the buyers of automobile tires can testify with respect to restrictions on the importation of rubber and the buyers of shoes with respect to restrictions on the importation of hides. Even the \$9,000,000,000 in foreign investments may prove less an unmixed source of satisfaction than many suppose. This sum may be said to represent a claim on the borrowing nations for so much in money or goods. The money we do not specially need, for our present gold supply is ample, and some think it excessive; but, in any event, we cannot expect to get this huge principal back in gold nor even the interest on it. We shall have to take goods or the foreign securities which some of our debtor nations may still have, or the obligations of the nations owing us. For a long time, under present conditions, all the foreign goods we require can be secured by an exchange of our own surplus production. As Europe recovers from the effects of the war, the international trade situation so far as it concerns the United States will gradually change, our balance of exports tending to grow less. Then a considerable amount of foreign securities may be desirable.

Nations like Holland, Belgium, France and Great Britain, as they were before the war, had reasons for making foreign investments which the United States does not have. The countries named had developed their own resources to an extent which no longer offered the same opportunities for profit as were to be found in newer lands. They had an unusual increment of savings for which a profitable outlet must be found either in the shape of foreign investments or in developing their own colonies. They were, moreover, under the necessity of procuring from abroad raw materials for their manufacturing establishments and also had to import

large quantities of food. Conditions in the United States are different. Here the opportunities for the profitable investment of capital are numerous and many latent enterprises are yet to be developed. We have no large surplus savings above the capital needed for home enterprise. Our requirements for food are largely supplied by the production of our own farms. American factories have close at hand coal, iron, cotton and many other raw materials, though our importations of such materials are increasing.

From the standpoint of pure gain there exists no great incentive to put American capital into foreign undertakings, for the reason that the opportunities for profit at home are still so great. But with stable conditions, China and South America might present more inviting fields than the countries of Europe.

And yet we shall have to make large investments in Europe, because in order to live and to restore the waste caused by the war, Europe must import vast amounts of food, raw materials and machinery, paying for these imports to a considerable extent out of loans secured here.

The idea that the United States would receive any benefit whatever from the permanent impoverishment of Europe is wholly untenable. European nations have been the best customers for American goods, and we have gained also immeasurably from the goods sent us from that quarter of the world. Those nations have disseminated their beneficent influences over the globe, and we have received our full share of them.

Foreign trade and foreign investing have frequently proved the most fruitful sources of international friction, and to-day they may be regarded as the chief provocatives of war. If these operations could be carried on without discrimination a long step would be taken in the direction of international peace. It may be safely assumed that despite all the risks incidental to the conduct of foreign trade and the investing of capital in foreign enterprise, the world is destined to see no diminution in either of these activities.



Railway Legislation

CONGRESS must face the railway situation without delay. What that situation is appears in an article by Frank H. Fayant, published by the "Unpopular Review," entitled "The Government and the Railroads." He says:

"The Government has on its hands 260,000 miles of railroads, receiving from the public more than five billion dollars a year, paying two and three-quarters billions in wages to two million workers,

buying more than one and a half billions' worth of steel products, coal and other supplies, and obliged to find more than five hundred millions of new capital each year for the necessary expansion of facilities. During the few months that the Government has directed railroad operation it has increased the cost to the public of freight and passenger transport more than a billion dollars a year: the service that was done for four billions now cost more than five. It has raised the payroll by nine hundred million dollars. It so miscalculated its probable income and outgo that instead of making an expected surplus above the rental to be paid the owners, it was obliged at the end of the first year of Government operation to go to the Treasury for two hundred millions to make up a deficit; and it is now losing close to a million a day."

Mr. Fayant points out that in one year of Government operation the actual increase in cost of operation, as compared with the last year of private operation was \$1,150,000,000, of which \$525,000,000 was for coal and materials, and \$625,000,000 for labor. Later additions to the payroll, he states, bring this item up to \$900,000,000 a year, or fifty per cent. higher than in the last year of private operation.

After reviewing the various proposals for dealing with the railway problem, Mr. Fayant says:

"If we are to retain the advantages of private initiative, and save our transportation system and all our machinery of production from the deadening blight of political meddling, we ought to consider well the dangers involved in any proposal for a financial partnership between the railroads and the Government. While before the war our system of public control had its obvious faults, under it was developed the most perfect transportation machine in the world. The best railroads of Europe are many years behind ours in engineering development and operating efficiency. With this achievement before us, should we not attempt to correct the recognized faults in our system of regulation, and build on the sure foundation of the past, rather than enter on an era of political experimenting with new and untried policies? If we are to have a more definite guarantee that capital and brains devoted to the production of transport shall be fairly rewarded, let us find a formula that will not admit of too easy translation into Government ownership."

It is true that under the system of control existing before the war "was developed the most perfect transportation machine in the world," but it is also true that the very perfection of the country's railway machinery incited that political hostility which led to so much regulation by state and Federal authority that railway development was practically brought to a standstill. The details of any

legislative plan which Congress may adopt are of less importance than the spirit which animates the new legislation. Unless the people of the United States come to realize that the railways are great public enterprises, to be fairly dealt with, any scheme of regulation of them will in the end prove unsatisfactory and disastrous. In the past legislation for controlling the railways seems to have been based upon the theory that they were owned by a few big capitalists who were, if not public enemies, at least open to suspicion, and that it was necessary to curb them within narrow limits and to punish them for showing any particular degree of enterprise or for reaching a high standard of public service. If this statement should seem extravagant, it may be tested by recurring to the situation of the roads a few years ago and comparing it with what it was when the Government took them over. They had then been brought almost to the verge of bankruptcy through over-regulation which was more or less punitive in character.

As a matter of fact the ownership of railway bonds and shares is widely distributed, and many millions of people who do not own any railway securities outright are nevertheless indirectly interested in them from the fact that such securities are largely held by banks in which the people are depositors and by life insurance companies where the people are interested as policyholders. If we consider the railways in their public relations, practically everybody has a direct concern in their prosperity and efficiency. It is not the purpose here to advocate any particular plan or policy to be adopted in dealing with the railways, but it is hoped that Congress in legislating on this important matter will have the support of an enlightened public opinion which will make it possible to legislate intelligently. We need to pursue a new policy toward the railways, one which will amply protect the rights of the people while at the same time fully recognizing the inestimable services the railways are capable of rendering to the people.



A Canadian View of the Federal Reserve Act

IN a recent number of the "Journal of the Canadian Bankers Association" appears an article on "The United States Federal Reserve Act and the Canadian Banking System, with some Contrasts." The author, Z. A. Lash, K. C., LL. D., is not a banker, but a lawyer, and he presents a clear analysis of the principles underlying the Federal Reserve Act. His contrasts of the two systems are also accurate as a rule, although many bankers in this

country would not agree with some of his conclusions. Mr. Lash thus defines the essentials of a banking system:

“Speaking broadly, the essentials of a banking system are the collection of the savings or surplus moneys of the people, and the distribution of these moneys for the purposes of commerce. The collection is made in the form of deposits and the distribution in the form of loans. To accomplish these objects Canada developed the system of few banks with many branches. The U. S. A. ultimately developed that of many banks with no branches. The difference in principle between these two systems is fundamental—it was this difference which made necessary the Federal Reserve Act, and it was this difference which has made unnecessary any essential changes in the Canadian system and which has enabled the Canadian banks to withstand, in the past, the test of commercial depression and commercial expansion, and to withstand, during the period of the war, the greatest test which any banking system has ever experienced.

“The two main reasons,” Mr. Lash says, “why nineteen Canadian banks have been able to open and maintain 3,545 branches, many of which have not been self-sustaining for considerable periods after being opened, are: 1st, Each branch has behind it the strength and resources of the parent bank and does not need to keep on hand gold or legal tender money or liquid resources in excess of the amounts required in normal times for the convenience of its local customers; and, 2nd, Because each branch can be supplied with resources in the form of the parent bank’s notes sufficient to answer the requirements of the branch. These notes cost only the expense of their preparation, yet when paid out they are money currency. If, instead of such notes, the branch had to keep on hand gold or legal tender money, there would be tied up in the branches in the aggregate an immense sum forming part of the parent bank’s cash resources.”

This MAGAZINE has long advocated the adoption by the United States of the Canadian bank-note principle, and therefore cordially approves what Mr. Lash says respecting the utility of these notes.

Here is the contrast which Mr. Lash draws between the two systems:

“The branch system works in this way—in one locality where there are few, if any, factories or active businesses, and where the people are prosperous, their savings exceed their demands for money, and the deposits in the banks exceed the loans; in another locality where business is brisk and money is in demand, deposits do

not equal the loans; but, as the branches are treated in the aggregate, the parent bank is enabled to serve the requirements of any branch out of the aggregate deposits of all the branches. In addition to serving the public in this way, the result is to keep down the rate of interest charged by banks in all parts of Canada to much the same level, any variation being largely due to the difference in cost of banking in different localities and to express and other charges in sending money from one place to another, and to loss of interest during transit.

“By the system of individual local banks the excess of the people’s savings in one community, over the financial requirements of that community, did not readily find its way to the places where deficiencies existed. Banks in the East, as a rule, had immense deposits, and were able to assist banks in the South and West, or their customers, by loans or otherwise. This, of course, is very different from what might have been done had banks, say in New York or Boston, had branches in the South or West, and had they sent to those branches moneys to be loaned direct to their customers. The capital and resources of most of the banks doing business in the many towns and small cities of the United States were too small, individually, to supply the wants of the active businesses in their communities, and the amounts which the banks could legally lend to one customer were limited. One of three things therefore happened, and frequently all three happened, namely, the local bank had to rediscount or pledge the customer’s notes with another bank at a distance, or the customer himself had to go to another bank for some of his wants, or the borrower had to sell his paper, through a note broker, to such banks or others as would buy it. The result was that a business requiring large advances, but unable to obtain what it needed from one large and strong bank, became indebted to several banks or lenders, either because its notes had been rediscounted or pledged by its own bank, or loans made direct by other banks, or because the borrower’s notes had been sold by note brokers.

“Contrast this with the branch system where every branch, no matter how small the place, has behind it the resources of the parent bank, and where the parent bank has a special interest in the customer and a stake in the community where the customer’s business is, and then consider the different results in times of stress and distrust. Five years ago in the U. S. A. the chances were that in thousands of cases, in times of stress, the borrower had no bank sufficiently interested in him, or sufficiently strong, if interested, to give further assistance. Each bank was too apt to look out for itself. The notes matured, the banks holding them had no special interest in the maker or in his community, distrust prevailed, pay-

ment of the notes was demanded and further advances or rediscounts were declined. The lenders, for their own protection, called on the borrower to pay. This happened with all his loans. He might have had ample means to pay in full if helped over the period of stress, but he could not get help, and through no fault of his, and through no fault of his bankers, but simply because of the banking system, he had to fail. In Canada the conditions were and are different, for here it is the exception when a borrowing active business keeps more than one bank account. Our banks will not, as a rule, lend to a customer who borrows from another bank. The result is that in this country the borrower finds himself indebted to one bank only. He consults his branch bank; head office is communicated with, and the case is considered on its merits by those who, in the first place, are able to help, if help be decided upon; who, in the second place, can, as a rule, act independently of other banks or creditors; and who, in the third place, have a very special interest in the borrower and in the community where his business is being carried on. If the case deserves help, help is given, and the borrower, not because his case is more worthy of help than that of his brother of five years ago across the line, but because the banking system is different, is saved from ruin. That this is not a fanciful picture is shown by what has more than once happened in times of stress and distrust, both in Canada and the U. S. A. In 1893 six hundred banks suspended payment in the United States, mainly through failures of their debtors, and only two hundred and two of these resumed business, whereas in Canada there was but one suspension, and that of a small bank which had not been long in business."

Mr. Lash seems, in some parts of the foregoing statement, to drop the character of a disinterested searcher for truth to assume the rôle of special pleader for the branch bank system, which has obvious merits enough to warrant his praise without resort to such a doubtful expedient.

The number of borrowers from American banks who do not find the banks interested in them is too small for a foundation upon which to base an indictment against our banking system like that which Mr. Lash has drawn. Firms selling their paper to numbers of banks constitute a very small percentage of the total borrowers, and the individuals using several banks were not numerous enough to exercise much influence upon the general banking situation.

Mr. Lash seems to have put the cart before the horse by laying emphasis on the difficulty of procuring loans. The real difficulty was that depositors feared they could not get their deposits—a fear well grounded in too many cases. But in the early autumn of 1914,

when for the first time the banks had the means of converting their good assets into circulating notes—the other provisions of the Federal Reserve Act not yet having become effective—the banks of the United States passed through the greatest crisis in their history without a single failure—simply because they had at hand practically unlimited means for paying off their deposits.

There is no banking system in the world where the banks are so intensely interested in their dealers as are the banks of the United States. This arises from the fact that the stockholders, officers, directors, and depositors practically all reside and have their business interests where the banks are located. In this respect, if in no other, the banks of the United States will not suffer by comparison with those of Canada or any other country.

Mr. Lash reviews carefully in detail the provisions of the Federal Reserve Act, and reaches this conclusion:

“It will be seen that the present banking system of the U. S. A. is highly artificial, and, in the commercial life of a nation, the four or five years which have elapsed since the organization of the Federal Reserve banks is not a long enough test to try the essential merits or demerits of the system, especially as during that time a great world war was being waged, and during one-half of it the United States was an active party in the conflict. The expansion of business and the calls for money and credits during the last four years have been unprecedented. A thorough test of a banking system requires not only a period of expansion, when the problems arising are more easily solved, but also a period of contraction when the problems arising are more difficult of solution.”

Obviously, the aim of the Federal Reserve Act was to remedy some of the weaknesses inseparable from a system of numerous independent scattered banks. This country is jealous of its independent banking system and will never surrender it until its defects have been proven incurable. At the same time all unprejudiced observers admit the many admirable features of the Canadian banking system, which serves our neighbor so efficiently. It is interesting and profitable to have the two banking systems contrasted so ably as has been done in Mr. Lash's paper.



Babsonian Babble

AMONG the professors, economists, doctors, and experts whom the Government keeps in its employ to give kindly advice on how to make cottage cheese and to dissuade hens from trying to hatch chicks from china door-knobs, appears the name of

Roger W. Babson, who signs himself as Director General, Information and Education Service. This gentleman writes a letter to editors containing this sage counsel:

"Action does away with stagnation.

"For the past six months we have been passing through a period of business uncertainty. To-day our country needs action—action based on general confidence. Business should be resumed immediately on a peace basis.

"How can this be done?

"Let the American people know that they can create business activity on a large scale if they 'Buy Now—Build Now—Repair Now—Renew Now—Do Something Now,' but do it.

"Therefore the Department of Labor urges you to boost a 'Buy Now' campaign. It urges you and the readers of your publication to tell the buying public that now is the time to buy—Buy Now But Buy Wisely. It would like to see merchants, contractors, manufacturers—everybody who advertises—tie up their copy to these ads by starting their advertisements with the caption, 'Buy Now But Buy Wisely,' says the U. S. Department of Labor."

Accompanying this fervent appeal to "do something now" is a broadside sheet containing a number of sample advertisements of the same general tenor as the letter, and also some reading matter of the same sort which Mr. Babson styles "editorials." He suggests that these advertisements and editorials be published, as space permits, over the signature of Secretary Wilson of the Department of Labor. Obviously only an excessive degree of modesty precludes Mr. Babson from claiming the authorship of this fine series of informative advertisements and "editorials."

The "broadside" above referred to bears in big type the inspirational title "Buy Now!" The advertisements bear such fetching captions as these: "You and the Whole World," "Buy Wisely, but Buy Now," "Now Is the Time, Let's Go!" "All Ye Mourners, Cheer Up!" He would be a close-fisted miser indeed who could remain obdurate in the face of such purse-splitting official appeals as these.

From the "editorials" a single quotation will perhaps be enough to show their general tone:

"'Are you a Jeremiah?' queried someone in the U. S. Department of Labor. Then he continued:

"'If so, come out of it. Get back that confidence, that enthusiasm. Get the true American spirit.

"'What if prices are higher? Forget the past. Build for tomorrow—buy now. Get business going as it was before we entered the war. Get it going and keep it going.

“You, the public, control the situation. If you, the people, buy, you, the people, will keep the wheels of industry turning, with a job for every man.

“‘Cheer up! Go to it. Buy what you want; buy wisely, but buy now. Cheer up and buy now.’”

Propaganda of this kind is of the same order as the National Prosperity Movement started after one of our financial panics some years ago. These exhortations rest upon the assumption that there is nothing wrong except as people think. It is all purely a mental matter.

But it is believed that a practical reason exists why people hold off in regard to buying. They find prices so high that what is left of their incomes after paying taxes, buying Liberty Bonds, and contributing to the various “drives” buys but very little of many articles which people would like to have and which they actually need. One reason why the buying movement halts is because of the extravagance of the Government, the political influences which advance wages without respect to efficiency, thus making costs greater, and the prodigality of the Government in larding money out of the Treasury to carry on propaganda like that sent out by Mr. Babson and Secretary Wilson. If this extravagant policy were reversed, and the Government would release its strangle-hold of business, it might not be necessary to beg people to buy now. The greatest incentive to buying is right prices; and, if prices were right now, you would not have to urge people to buy the things they need. But prices are not right, and while they remain as high as they now are it is ruinous waste to urge people to buy in order to create prosperity. It is foolish to think that people buy goods in order to start factories, to keep labor employed, or to create prosperity. Although buying may do all these things, no sensible person buys with these objects in view. He buys the things he wants or needs when prices are attractive. This being so, he can not wisely buy much now except the bare necessities.

One of the sample advertisements signed by Mr. Babson and Secretary Wilson bears this heading: “We’re Off Again.” You are, sure enough, and ’way off, too.



Prices, Yesterday, To-day and To-morrow

(Address delivered by O. P. AUSTIN, Statistician of the National City Bank of New York, before the Editorial Conference of the New York Business Publishers Association, April 11th)

THE purpose of this address, as implied by its title, "Prices Yesterday, Today and Tomorrow," is an attempt to look into the future and determine if possible the probability as to the course of prices. That there have been great and continuous advances during the war period we are painfully conscious, and in the five months since the cessation of hostilities we have failed to experience the reduction which some had fondly hoped would come with the close of the war. In a few instances there have been slight reductions but in others there are still advances, and the index figures on food-stuffs in New York to-day are actually higher than those on November 5, when the whole world so joyously welcomed the apparent termination of the great conflict which had raged for fifty-one months.

PRINCIPAL CAUSES OF THE ADVANCE IN PRICES

To attempt to determine what is likely to happen in the future we must try to find the cause of the things which have happened in the past, and also to see whether this cause is or is not likely to continue in the near future. When prices began to advance in the opening of the war, we could readily see that the upward movement was due to the urgent demand for the food and raw material required by the enormous armies which had been put into the field, and this cause has been designated the "Scarcity Demand," but when we found the advance extending to many

articles in which there was no scarcity and which were not used by the armies or utilized in the manufacture of their requirements, we began to realize that a part of the advance must be due to some cause other than mere war or scarcity demands.

PRICE ADVANCES WERE WORLD-WIDE

Raw silk, for example, for which the war made no special demand and which was produced on the side of the globe opposite that in which the hostilities were occurring, advanced from \$3 per pound in the country of production in 1913 to \$4.50 per pound in 1917, and over \$6 per pound in the closing months of the war. Manila hemp, also produced on the opposite side of the globe, and not a war requirement, advanced in the country of production from \$180 per ton in 1915 to \$437 per ton in 1918. Mechanically ground wood pulp, not a war requirement, advanced, as our publishers are aware, from \$14 per ton in the opening months of the war, to \$35 per ton in the opening months of 1916, and the grade known as "chemical bleached" advanced from \$50 per ton at the beginning of the war to \$160 per ton in January, 1919. Goat-skins, from China, India, Mexico and South America, advanced from 25 cents per pound in 1914 to over 50 cents per pound in 1918, and yet goat-skins were in no sense a special requirement of the war. Pig tin, produced by Chinese labor in the Malayan Peninsula and the Dutch East Indies and not to a very great extent a war requirement, sold in the

country of production in 1914 at 30 cents per pound and in the same markets 75 cents per pound in the closing weeks of the war. Sisal grass, produced in Yucatan, advanced from \$100 per ton in 1914 at the place of production to nearly \$400 per ton in 1918, and Egyptian cotton a high-priced product and thus not used for war purposes jumped from 14 cents per pound in Egypt in 1914 to 35 cents per pound in 1918. Even the product of the diamond mines of South Africa advanced from 60 to 100 per cent in price per karat when compared with prices existing in the opening months of the war.

PRICES WERE ADVANCED AT THE PLACES OF PRODUCTION

The prices which I have quoted to you are in all cases those in the markets of the country in which the articles were produced and in most cases at points on the globe far distant from that in which the war was being waged. They are the product of countries having a plentiful supply of cheap labor and upon which there has been no demand for men for service in the war. The advance in the prices quoted is in no sense due to the high cost of ocean transportation since they are those demanded and obtained in the markets of the country of production.

ALL CLASSES OF PRODUCERS AFFECTED

Why is it that the product of the labor of women and children who care for silk worms in China and Japan, of the Philippino laborer who produces the Manila hemp, the Egyptian fellah who grows the high grade cotton, the native workman in the diamond mines in South Africa, the Mexican peon in the sisal field of Yucatan, the Chinese coolie in the tin mines of Malaya, or the goat-herd on the plains of China, India, Mexico or South America has doubled in price during the war period? The articles enumerated were in no case for use in the war and the prices are those in the country of production and thus not due to the increase in ocean

freights or dangers of over-sea transportation. The advance has been general, world-wide. In a few articles in which an over production was occurring in which the demand fell below normal the advance was not so strongly marked, but there is scarcely an article in the long list of those entering world markets in which there has not been an advance, no matter how distant its place of production from that in which the war was occurring or how little the war's demands for it or for the labor by which it was produced.

GREAT UNDERLYING CAUSES OF WORLD ADVANCES

Surely there must have been some general underlying causes for this world advance, this simultaneous demand by people of all classes and in all parts of the globe for higher prices for their products irrespective of their relation to war requirements. While we may be willing to accept the immediate demands of the war as a partial explanation of the advance in the prices of foodstuffs and certain manufacturing material and manufactures we must look farther for the cause of the similar advance in articles upon which the demands of the war could have had no direct bearing. It is true that a marked advance in the price of one important class of products does cause an advance in the prices demanded for other articles which must be exchanged for those in which the advance has already occurred, but it does not seem probable that the advance due to scarcity of a comparatively few of the world products required for war could have been the chief cause of the doubling of prices in practically every article produced in every part of the world, many of which had not the most remote relation to war requirements.

PRINCIPAL CAUSES OF ADVANCE IN PRICES

Apparently the principal causes of the advance in prices during the war were, stated in their chronological order, first, "scarcity demand;" second, the ad-

vance in wages presumably due to increased cost of living and demand for labor, and, third, the large increase in world circulating media, or to put it in a single word "inflation." Professor A. C. Miller, member of the Federal Reserve Board, an authority whose views are entitled to high consideration, in a recent address before the American Academy of Political and Social Science named as the two chief causes of the advance in prices, "scarcity demand" and "inflation," adding that "there is so much evidence of an artificial abundance of money in comparison with the things that are purchasable by it that the abundance of money must be credited with at least an equal influence in explaining the high prices which have prevailed."

THE "SCARCITY DEMAND"

What were the articles for which the war created a scarcity demand? Food, clothing, transportation facilities, and material for the battlefield. How much did it add to the world's demand for these articles? Of course, the percentage of increase in demand for strictly war materials was very large, but was there really as great an increase in demand for other materials, food, clothing and transportation facilities, as we are accustomed to imagine? Let us assume that the number of people participating in the war was forty million, which is probably more than those in the field at any one time. Do we realize how small a share those forty million were of the world's consuming population? Less than two and a half per cent. We think of forty millions as a large number of people to feed, and so it is, but it must be remembered that the number of people in the world who must be fed and clothed and supplied with transportation facilities every day of the year is 1,800 million, or forty-five times as many as the highest number in the military service at any time during the war. Of course the soldiers were better fed than are many of the people in certain sections of the world, but even if their per capita consumption was four times as much as the average

it would still represent but a small percentage of the world's daily food consumption. And it must be further remembered that all these forty million people in the armies had been consumers of food before the beginning of the war, not to quite as great an extent perhaps as after entering the activities of the military service, but it cannot be assumed that the war added forty millions to the world's consumers of food and clothing. Nor can it be properly assumed that the withdrawal of these millions from the industries actually reduced to that extent the world's producing power, for four millions of these were already in the military service and the places of the other fifty-six million were to a considerable degree filled by others who had not been up to that time actively engaged as producers.

Much of the material used in preparing the supplies for the battlefield was "switched" from the usual lines of industry, for there was an immediate cessation of railway construction, building operation, and a thousand industries which formerly required manufacturing material and as a result of this cessation of activities the material formerly used by them became available for war purposes.

It thus appears on close analysis that the "scarcity demand" created by the war was not as great in food, clothing, or manufacturing materials as has been pictured, while the fact that fifteen millions are still under arms minimizes the reduction in military demands which has been expected.

HIGH COST OF LABOR

One factor often mentioned in the attempt to determine the causes of high prices is the advance in wages of labor, but the fact that the increase in compensation of labor was in most cases given because of the fact that the cost of living had already advanced at least somewhat minimizes the relative importance of this factor in attempting to discover the real causes of the general world-wide advance in prices. And it must also be remembered that several million persons who had not been en-

gaged in the industrial and business world came to the assistance of those engaged in these duties during the war.

INCREASE IN WORLD CURRENCY—"INFLATION"

Where then shall we turn in the search for the principal cause of the general advance in prices of articles produced the world over and their relation to the demands of the war? What other cause can we find after giving due consideration to the scarcity demand, the destruction by war and the increased cost of labor? The most prominent among the possible or probable causes is the theory advanced or accepted by the historians, economists, statisticians and financiers of the world that inflation in currency is usually accompanied or closely followed by an advance in prices, and, as already indicated, so high an authority as a member of the present Federal Reserve Board, Professor A. C. Miller, has recently declared that "the abundance of money must be credited with at least an equal influence in explaining the high prices which have prevailed."

I wonder if we do fully realize the quantity of paper money which the responsible governments of the world have put afloat since the beginning of the war. Thirty-six billion dollars. The paper money in existence in the fifteen principal countries of the world at the beginning of the war was less than eight billion dollars and at the end of the war was over forty-four billions, an increase of thirty-six billions in fifty-one months, and this does not include any of the eighty billion dollars' worth of paper currency issued by the Bolsheviks in the eighteen months of their control in Russia. Thirty-six billion dollars of new paper money added to the circulation of the world by fifteen responsible governments in a little over four years of time.

We had been inclined to charge up the advance in prices occurring prior to the war to the fact that eight billion dollars' worth of gold was turned out by the mines of the world in the twenty years following our famous gold and

silver campaigns of 1896. But here are thirty-six billion dollars' worth of paper promises to pay turned out as legal tender money by fifteen responsible governments in a short four year period.

Do we realize how vast a sum is this thirty-six billion dollars' worth of paper currency which has thus been put into circulation in such a brief time? It is more, in its face value, than all the gold and all the silver turned out by all the mines of all the world in the 427 years since the discovery of America.

True, much of this paper money is now more or less depreciated in its value as compared with gold, the world's accepted standard, but the fact that it has behind it not only a certain amount of the yellow metal, but also the pledge of the governments by whose authority it was issued, renders it at least an accepted medium of exchange in the countries of its origin, while the fact that nearly every neutral country of the world has meantime increased its paper currency and national indebtedness, permitting its gold to pass from circulation into the vaults of its banks as a security for the paper circulation, tends to widen the field affected by this inflated currency.

INCREASE IN OTHER GOVERNMENTAL OBLIGATIONS

In addition to these vast sums of legal tender currency turned out by fifteen responsible governments of the world, these same governments have at the same time made an even more spectacular advance in their issue of another series of promises to pay, which, while not legal tender in the ordinary sense of the term, do form a more slowly moving mass of currency. By this I mean the 180 billion dollars' worth of bonds or other forms of national obligations issued by the governments of the world in the past four years. For national debts of the world have advanced from forty billion dollars at the beginning of the war to 220 billions at its close. And while these bonds or other government promises to pay money at some future date are not legal

tender currency in the ordinary sense of the term they do pass current in the financial world and prove a basis upon which money may be readily obtained by their holders, and to this extent are an addition to the world's circulating medium.

BANK DEPOSITS GREATLY INCREASED

Still another increase in circulating media is found in the enormous growth in bank deposits, which of itself increases circulation through the increased use of checks, especially in countries such as the United States where the check forms so large a share of the daily business transactions of the country. Bank deposits in fifteen principal countries of the world have grown from twenty-seven billion dollars in 1913 to approximately seventy-five billions at the present time, the ratio of increase being about the same as that of currency.

These increases, in circulation, indebtedness, and bank deposits, while occurring chiefly in the countries participating in the war, have also extended to many other countries, especially in Europe, where the six principal neutrals have during the war period increased their national debts one billion dollars, their note circulation over a billion dollars and their bank deposits by about one billion.

Thus in a short four and one-half year period world paper money has increased thirty-six billion dollars, world evidences of national indebtedness 180 billion dollars and world bank deposits nearly fifty billion dollars. Most of this enormous increase has occurred in "uncovered" paper. The gold mines of the world have turned out less than two billion dollars' worth of the precious metal during the war period and most of the world's gold, which formed fifty-five per cent. of world circulation at the beginning of the war, has passed into the vaults of the governments of their great banks as a basis for their paper currency, and now bears a relation of but about twenty per cent. to the flood of paper money in circulation, and this proportion of gold to paper varies wide-

ly when the respective countries are compared.

INFLATION AND HIGH PRICES

If the world's historians and financiers and economists and statisticians are right in their general belief that an advance in prices usually accompanies or closely follows inflation in currency, and especially in paper currency, can we be surprised at the world-wide advance in prices which we have witnessed during the past four years in which world currency and bank deposits trebled and national debts quintupled?

PRICES OF TOMORROW

We come now to the third and final question, that of prices of tomorrow. May we expect a material reduction in general prices in the near future? And in trying to determine this we must see whether the causes which brought about the advance during the war period are likely to be removed.

The chief causes of the advance seem to have been the "scarcity demand," the higher cost of labor, and the increase in circulating media.

WILL THE "SCARCITY DEMAND" TERMINATE?

The "scarcity demand" came on the very first day of the war, for most of the countries entering that struggle found that the demand upon them would be far in excess of their supplies either of foodstuffs or military requirements and as the weeks and months and years progressed this fact was more strongly impressed upon them.

During the closing year of the war the ammunition factories of the various participating countries were able to meet to a great extent the requirements of their own armies, but in the matter of foodstuffs the "scarcity demand" still continues with little prospect of abatement at least in the near future. The number of mouths to feed in Europe has not decreased and that continent, which has not for many years been able to produce its own requirements of food-

stuffs, now finds itself with neglected soils, a disordered population and unable to return to normal production in the immediate future. In manufacturing materials, for which Europe has also been dependent upon other parts of the world, she will require abnormally large quantities at least in proportion to her attempts to manufacture, for her stocks of this class of merchandise are absolutely exhausted. In all parts of the world which have relied upon Europe and the United States for manufactures the shelves are empty and must be filled and most of the manufacturing sections of Europe will evidently be slow in resuming the production of manufactures for exportation, and will have limited facilities for transporting or marketing them even if produced. So it seems that, although the demand for war material has terminated, the other features of the "scarcity demand" will continue at least in a somewhat modified form in the immediate future, especially as relates to world requirements of food, manufacturing material and manufactures, while developments thus far do not point to an early reduction in labor costs.

WILL THE OVER SUPPLY OF CURRENCY BE REDUCED?

If we are right in assuming that a considerable proportion of the world advance in prices is due to the enormous increase in world currency can we expect a marked reduction in prices until the cause, "inflation," is removed? Or, to put it in another form, that part of the advance caused by inflation can only be cured by deflation, by a reduction in the enormous stocks of currency which, as I have shown you, has trebled during the war, while that other form of slowly moving currency, governmental obligations, has quintupled.

Is it probable that these two forms of currency can be or at least will be reduced in the near future? The governments of the world, which were pay-

ing less than two billion dollars a year of interest on national debts at the beginning of the war, are now paying and must continue to pay a total of over ten billion dollars a year in interest, and at the same time all other expenses of governments have advanced. Official estimates of the "budgets" or expense accounts of several of the principal countries for the coming fiscal year have already been announced and indicate that their necessary expenses in the first full year of after-war peace will be about four times as great as in the year preceding the war. The British budget for next fiscal year is estimated at about six times as much as in 1913 and those of France, United States and Canada about four times as much as before the war. Present indications are that the governments of the world will be compelled to collect in taxes from their people about fifty billion dollars a year as against about twelve and a half billions in 1913, or say a billion dollars a week as against a billion dollars a month before the war, and this does not include anything for "sinking fund" or other provision for reduction of outstanding debts. If this be true, is it probable that the governments in those countries which have greatly increased their circulation and must now demand such enormous increases in annual payment of taxes will find it advisable or possible to materially reduce the amounts of currency available for such payments?

If the governments which have been the chief participants in the world increase of currency should fail to materially reduce that excessive supply, and if the world's demand for food, manufacturing material and manufactures is to continue at the present rate, are we justified in expecting a general reduction in prices in the near future? The question I think answers itself. There will of course be instances in which there will be material reductions, but in general terms the outlook for marked or rapid decline, at least in the near future, does not seem encouraging.



Foreign Exchange and the League of Nations

By ALFRED O. CORBIN, Manager Foreign Department,
A. B. Leach & Co., Inc., New York

FOREIGN exchange is a science, fascinating to the extreme to him upon whom the Creator has bestowed the genius of understanding, but inexplicable to him who is just lacking "that something." And most of us do lack "that something," that brilliancy of mind and imagination to make an art out of the handling of a mathematical orgy of mysterious calculations.

The understanding of foreign exchange is a gift; it is one of those things which we either grasp or we do not. Amateuring at it, is like amateuring at playing the violin; we may play well, we may know all about the intricacies of the technique and production of tone, and yet the road to great success is barred; "that something" is lacking. There always remains the difference between executive ability acquired through hard work and through natural gift. The difference between the rare thoroughbred and the well trained horse.

And I can so well understand the great fascination foreign exchange must have for him who can conduct this game with a master hand, and can juggle with the most complicated combinations of which the ordinary mind will never dream.

Foreign exchange experts are rare, especially in the U. S. A. Many of our banks have never as yet had a real foreign exchange department.

This special line of business before the war was only in its infancy in this country. We were not international traders and had no international investments like Europe.

And as was usually the case in all highly specialized business, the Ger-

mans were the leaders in this field—a condition which to-day has become intolerable—and the foreign exchange positions usually were in the hands of



ALFRED O. CORBIN

Manager Foreign Department, A. B. Leach & Co. Inc.,
New York

man experts. And now that the war is over, and since we have begun to develop foreign trade and are facing a period of unheard-of foreign trade and foreign investment expansion, we re-

quire foreign exchange experts and we have to make them ourselves, because our American institutions will certainly not open their doors for the German element.

IS FOREIGN EXCHANGE A NECESSITY?

But within the intimacy of the four walls of my little den at home, I have often been philosophising about all this mysterious pool of wisdom, wondering whether foreign exchange as such has really a right of existence; and whether as a matter of fact we are not daily wasting a tremendous amount of energy, goodwill and money, over a complicated state of affairs which in reality in the evolution of world events should long ago have become the easiest and simplest thing imaginable.

In our own great American Union of States we have adopted the one kind of money; a transfer of money from one place to another three thousand miles away can be made by a simple telegram and the only cost attached to this is a few days' loss of interest, because the bank which makes the transfer will debit the transferor, value the day upon which the instructions are given, whereas the transferee will give credit value the day after which the transfer has been made. But there is no difference in the value of the dollar in New York and in San Francisco; it matters not whether the trade balance between New York State and California is in favor of the one or the other.

Yet we discriminate between the American dollar and the Canadian dollar because they belong to a different currency system, and as a rule the Canadian dollar though intrinsically just as sound as our own is selling here at a discount slight as this may normally be.

And when we take the world as such, we see a different kind of money in every country, a different standard of value between all those currencies, and we see the prices of such moneys go up and down in accordance with the balance of trade between these various countries.

Yet money is used everywhere for the same purpose, and the thing which is always puzzling me in my solitary reflections is: "Where money is the same in effect, why should it not be the same in fact?"

I know very well that the rate of exchange between two countries is primarily regulated by the old economic law of demand and supply, and secondarily by what is called the gold points—the price at which it becomes advantageous to export or import gold—but I do not believe that this is a correct state of affairs, because, however right it may be from a point of view of political economy, I firmly believe that this system is highly antiquated and entirely out of date.

Supposing we had different kinds of money in every state of our Union, the rates of which were regulated by imports and exports from one state into another, could that last?

Of course, in the beginning when something had to be found in order to facilitate barter; when there were no proper means of communication between distant countries; when telephones and cables did not exist, nothing was more essential than that there should have been a different kind of money in each different country.

When the world grew older and wiser, ways and means were sought and found in order to convert one currency into another by more or less complicated ways, and to-day all moneys of the civilized world can be converted into one another; but money as such has always remained the same thing, and the object accomplished with it is the same here as elsewhere.

Consequently, where the conversion of one currency into another is a costly operation, and where imports and exports should only have an effect upon the rate of interest obtainable on money but not its intrinsic value, is it not high time for us to consider a complete revolution in matters financial, by creating one kind of money for the entire civilized world?

ADVANTAGES OF A WORLD MONEY

The advantages of such an economic reorganization would be enormous.

Among others such vast tolls on commerce as now are represented by arbitrage and other speculation in money could be avoided; counterfeiting could be more thoroughly guarded against; minting expenses could be reduced; shipment of gold could be avoided inasmuch as there could be international gold deposits either in one part of the world or in various countries; travelling would be easier and cheaper; business would be increased; weights and measures would become uniform, and, generally speaking, business would increase because it could be conducted upon the cheapest and cleanest economic basis. And apart from that, money rates all over the world would become more stable, because of the fact that as soon as money would earn more in England than elsewhere the rest of the world would immediately make transfers to England and retransfer it again a week later to France, if rates obtainable there should be more favorable, a thing which up till now always brings with itself the risk of the exchange rate.

And last but not least in the final analysis of things, the world as such would be a large step nearer to a Brotherhood of Nations.

Surely, I know that there are all sorts of difficulties in the way; that many may laugh at my fantastic ideas; I hear already many say that it is impossible; but I feel that I am right, if not in detail, then in the general conception of the plan.

It should be practicable and it is logical, and whilst I do not wish to make as yet a definite recommendation for the realization of my ideas, I think that it is time that an international committee of practical business men be appointed to operate on the old invalid and to find the means for putting into effect what hitherto has not been attempted.

And is this not exactly one of the things which the League of Nations should try and accomplish, now that it is face to face with the most perplexing state of foreign exchange chaos which is necessitating all sorts of embargoes, bans and prohibition of what should be perfectly legal business?



Convention of American Bankers Association

THE American Bankers Association, through General Secretary Fred E. Farnsworth, announces that the invitation of the Clearing-House of St. Louis to hold the forty-fifth annual convention of the association in that city has been accepted, and that the week of September 29, 1919, has been selected as the time of meeting. The invitation was accepted by the administrative committee of the association after careful consideration of the hotel facilities offered, and the committee is satisfied that ample ac-

commodation can be provided for the large delegation which it is reasonable to expect because of the central location of the convention city. The St. Louis Clearing-House will at once name a local hotel committee to handle all reservations. The advisability of designating three of the leading hotels of St. Louis for registration purposes is being considered by the administrative committee.

St. Louis has been twice the scene of an A. B. A. convention—in 1896 and in 1906.

Americanization of Our Alien Population

By T. FRED ASPDEN, Vice-President Park-Union Foreign Banking Corporation

CONSIDERABLE alarm has been occasioned recently by the appearance in the daily newspapers of articles directing attention to the unprecedented exodus of foreign-born aliens from the United States to the lands of their nativity. The alarm has not been aroused so much by the exodus of the foreigners as by the quotation of startling facts and figures which if true merit the careful consideration of all good Americans and should cause grave perturbation for the condition of the American monetary system.

The statements made in these articles are given weight by their quotation from a periodical published in the interests of American bankers. The facts quoted are to the effect that not less than 1,300,000 foreign-born aliens who have been residents of the United States are preparing to return abroad and will take with them approximately \$4,000,000,000 of American credit, equal to four-fifths of all the money in circulation in the United States.

If these figures are true they are indeed startling and should arouse the active consideration of all who are interested in the economic welfare of the nation. It would seem on the surface, however, that they are founded only on supposition and attract attention only to a condition that might be brought about by uncontrolled emigration of foreigners who have come here to earn their livelihood.

They are, in fact, a clarion call to action. If they prove nothing else they prove that America does not completely serve as a "melting pot." It would seem that America fails to "melt" all

the varying races who come here, but helps to fatten the pocketbooks of many foreigners who come to the United States to stay but a few years, in which time they hope to earn enough money



T. FRED ASPDEN
Vice-President Park-Union Foreign Banking Corporation

to return to their native lands and live in comfort, according to their peasant standards. It proves further that the United States must take some concerted action toward the Americanization of its immigrants with a view that they

may ultimately be absorbed into the national, political and economic structure of the Nation with the least friction and the least delay possible. Probably this can be best accomplished by bettering living and working conditions and improving the surroundings of our foreign-born population.

According to present estimates there are in the United States approximately 14,000,000 foreign-born aliens. These figures are based on statistics compiled prior to the war. Restrictions on immigration made necessary by the war make it distinctly unlikely that the number has been materially augmented of recent years. The contrary is far more probable. With the exception of a few of the neutral nations, particularly Spain, the South American republics and Scandinavia, the governments of the European nations have themselves prohibited emigration of their peoples.

By far the greater percentage of foreigners who are at present in the United States have been here for some years. As the tendency of the foreign-born element among our laboring classes to return to their home lands after gaining a competency has long been understood and recognized, it is not surprising that at this time, following four years of war during which period they have been practically isolated from their kin, they would wish to return home.

In pre-war times the normal exodus of foreign-born aliens approximated 400,000 annually and with them went \$400,000,000 mostly in savings and hoarded money. The outflow was gradual, slow and steady and as a consequence caused no disturbance either in the labor market or to the monetary system.

DISPOSITION OF FOREIGNERS TO HOARD MONEY

In this regard another premise must be considered. The inclination of foreigners to hoard their savings without recurring to the use of savings banks is proverbial. As a result, much of their wealth, if it can be termed such, has been retired from circulation months,

and even years, before they finally decided to return abroad. This retirement has presumably been so gradual that it never was considered important in relation to the general circulatory system. The outward rush at this time, however, is termed dangerous if not absolutely threatening to the future strength of our economic safety, despite the fact that the money they will take with them will be actually hoardings covering a period of many years. Three years ago it was estimated that 1,300,000 foreign-born aliens had purchased tickets on various steamship lines with the purpose of returning to their home lands. These are evidently the 1,300,000 aliens to which the warning articles refer. At that time the unprecedented rush to return abroad was undoubtedly prompted by the war and a perfectly natural anxiety on the part of foreigners to leave the United States while it was yet possible to do so. At that time no one could say how long the war would last and the situation was such as to prompt many who probably would not have returned for several years to come to pack up their belongings and leave at once. They were prevented from carrying out their intentions, however, by Government authorities who met them at the ports of embarkation and turned them back.

Since that time these aliens have lived for three years as an integral part of the national economy under conditions unprecedented in the history of America. As the result of national and international necessities due to the entry of the United States into the war labor has been especially favored—and most of the foreign-born element in the United States, especially of that class which returns abroad, are laborers—and have been earning wages approximately 100 to 200 per cent. higher than ever before. As a result their hoardings have been piling up.

With the letting down of the bars of emigration it is not unlikely that those who wished to leave the United States at the outbreak of the war will take advantage of the earliest opportunities of carrying out their desire now, but

for entirely different reasons. Indeed, this tendency is already in evidence.

With the signing of the armistice the hegrira began. Since the first of November of the present year 76,221 passports have been vised at the custom house in New York alone, and of these 68,000 belonged to aliens who flocked to this country to avoid army service when their native lands plunged into war. Since December 1, no fewer than 33,000 aliens have sailed from the port of New York. Emigration from the United States is now estimated to have attained a rate averaging not less than 1,000 daily.

In this regard the question arises as to whether this outflow does not react in its larger aspect to the greater benefit of the country. A large percentage of the aliens who are leaving at this time are undesirables and are better out of the country than in it and could in no case have had a permanent place of value in the national, political and economic structures of the nation. That they will carry with them a large amount of money goes without saying. What relation it will bear to the total circulation of money in the United States can only be supposed. That it will reach anything near the sum of \$4,000,000,000 seems to be an exaggeration of the actual figures. There is no likelihood that four-fifths of the total amount of cash and currency in the United States would be in the hands of 14,000,000 foreigners and only \$1,000,000,000 held by native-born Americans numbering over 90,000,000.

HOW MONEY GOES ABROAD

In considering the transport of money abroad it must be understood that a very small fraction of the total is in cash or currency. By far the greater portion of money transfers abroad is accomplished through the medium of foreign exchange. The true barometer of money shipments abroad can, therefore, only be found in the foreign exchange departments of the banks of the country, more particularly, however, in banks specializing in foreign business.

PROPAGATION OF UN-AMERICAN DOCTRINES

There is one peril, however, and a very grave one at this time and one which the Government will soon be forced to step in and control as a measure of self-preservation. The foreign language newspapers, especially those published in Slavic, Russian, German and other languages of nations now under Bolshevik control, are proving of gravest concern to right thinking people of every nationality in America. It is a menace which if not speedily suppressed will find its effect in the constant spread of the disease of Bolshevism which sooner or later will endanger all rational, peaceful and decently organized Government.

Under various guises of creed and cult the monster of Bolshevism is rearing its head on every hand. There is no gainsaying the fact that a well-organized propaganda in behalf of anarchy and Bolshevism is being carried on in the United States under the very noses of the constituted authorities, and its effect is being felt every day in labor and social unrest. It is even stated that much of the propaganda for Europe is prepared and has its origin in moral support and money on this side of the Atlantic.

Here, then, may be found the answer to the rush of foreign-born aliens to return to their home lands. Uneducated, illiterate, ignorant in the greater majority of instances, and unable to read aught but their own language when they can read at all, they are being exploited by the leaders of that cult of Bolshevists who would fatten on the spoils. Unable to read the truth in the English printed press they are beguiled, frightened, intimidated and coerced into panic by vicious propaganda designed to undermine their confidence in America and her institutions or are allured by attractive pictures of conditions in their native lands into leaving the United States. In any event the object is to draw them into the maelstrom of anarchy and blood-madness under

which, in most cases, their own countries are foundering.

AMERICANIZATION THE REMEDY

There is but one antidote to such propaganda—Americanization. By precept and promise and by practical application of educational principles, foreigners coming to our shores should be tutored in the language and the customs of the country. They should be taught to look upon the United States not as a place in which to get rich quick, but a place to be proud of; not a temporary home, but a land of equal opportunities for all. Draw them away from the narrow communities of their own countrymen where English is never heard, where the customs of the home land are preserved in toto. Show them how to

live, bigger, broader and better lives away from the squalor, poverty and filth to which they are accustomed in the native lands and came here to escape. Gain their confidence, show interest in their welfare, and many of the problems which America is called upon to face with her foreign-born element will solve themselves.

In the meantime no effort should be spared by American citizens and others who are interested in America's welfare to make up any deficit which may result to our monetary system through withdrawals by foreigners returning abroad, by increasing deposits in the banks. On the other hand, an effort should be made to dissuade anyone you know from leaving the country at this time when the Nation is on the verge of the greatest epoch of prosperity in history.



Developing Acceptance Markets Through Savings Banks

IN the April, 1919, issue of **THE BANKERS MAGAZINE**, in an article by Samuel H. Beach entitled, "Developing an Acceptance Market Through the Savings Banks, there occurred on page 471 the following statement:

Iowa and Minnesota both amended their laws to permit investment of acceptances designating no limit.

According to advices received from Thomas F. Wallace, treasurer of the Farmers and Mechanics Savings Bank of Minneapolis, this is entirely erroneous insofar as Minnesota is concerned, as the legislation passed by the Minnesota Legislature is embodied in House File No. 526, the pertinent portion of which reads as follows:

10. In Bankers' Acceptances of the kind and character following:

a. Bankers' Acceptances of the kind and maturities made eligible by law for rediscount with or purchase by Federal Reserve Banks, providing the same are accepted or endorsed by a bank, or a trust company incorporated under the laws of this state; or by any bank or trust company in the United States which is a member of the Federal Reserve System.

b. Not more than twenty per cent. of the assets of any savings bank shall be invested in such acceptances. The aggregate amount of the liability of any trust and banking company or of any national bank to any savings bank, whether as principal or endorser, for acceptances held by such savings bank and deposits made with it shall not exceed twenty-five per cent. of the paid up capital and surplus of such trust and banking company or national bank, and not more than seven per cent. of the aggregate amount credited to the depositors of any savings bank shall be invested in the acceptances of or deposited with a trust and banking company or with a national bank of which a trustee of such savings bank is a director.

Deposit of Liberty Bonds with Savings Banks

By JAMES M. WILCOX, Vice-President of the Philadelphia Saving Fund Society, Philadelphia, Pa.

ACCOUNTS already published by savings banks of their experiences in taking Liberty Bonds on deposit have been interesting and instructive. The results accomplished on a larger scale than any yet recounted may prove not to be an unwelcome contribution to the subject. The subject is an important one and will continue to be so long after the necessity for fur-

At the time this society decided to inaugurate this innovation in its business, March, 1918, it had 288,125 open cash accounts. By large posters on the outside and inside of its banking-house depositors have been freely invited and encouraged to invest in United States bonds. To what extent withdrawals would be made was entirely problematical; the past experience of the society

Acct. No. _____

RECEIVED FROM **The Philadelphia Saving Fund Society**

\$ 100. OF THE 10/25 YEAR 4% SECOND LIBERTY LOAN OF THE UNITED STATES COUPON BOND NO. _____, AND IN SETTLEMENT THEREOF CHARGE MY ACCOUNT WITH \$ _____, WHICH INCLUDES ACCRUED INTEREST ON SAID BOND FROM ~~NOVEMBER~~ TO _____

Depositor's Receipt and Order

ther issues of Government loans has ceased. This is largely due to spread of the knowledge of the possibility and results of depositing bonds. At the present time the Philadelphia Saving Fund Society is daily taking on deposit Liberty Bonds, many of them being Third four and a quarters which have been outstanding since April, 1918, the net result for the two recent months being a gain of \$760,000 in bonds on deposit.

furnishing no precedents, but it was clear that the large mass of its depositors consisting of working people and people of small means, many of whom were foreigners, knew nothing of the nature of bonds or what to do with them when purchased. Simply as a patriotic duty therefore the society undertook to take them on deposit. Credit for the basic idea of treating such deposits exactly in the same way as deposits of cash is due to an article by

Oct. No.

I HEREBY DIRECT THE PHILADELPHIA SAVING FUND SOCIETY TO HAVE REGISTERED

IN MY NAME \$ OF THE 15-20 YEAR
THE NAME OF

4% FOURTH LIBERTY LOAN OF THE UNITED STATES. AND IN SETTLEMENT

THEREOF TO CHARGE MY ACCOUNT WITH \$....., WHICH INCLUDES

ACCRUED INTEREST ON SAID BOND FROM ~~DECEMBER 22, 1918~~ TO.....

Depositor's Order to Register and Charge Account

Maurice Leon, which appeared in the January, 1918, number of the "Journal of the American Bankers Association." The forms and methods adopted were worked out by the force. The object was to encourage the purchase of bonds and to protect depositors from loss by providing a convenient and acceptable method of safe-keeping.

ESSENTIAL FEATURES OF THE PROBLEM

The features of the problem that had to be solved were the establishment of a department for taking subscriptions to bonds, for their sale and delivery and for the acceptance of payment either in cash or by drafts on the depositor's account. Partial payment subscriptions were disposed of by directing the subscribers to make deposits in their accounts until sufficient had been accumulated to pay for their bonds; or, if the applicant had not an account, by advising him to open one and then to proceed as just described.

An essential part of the plan was that the society should subscribe for all the bonds it could conveniently take and so be prepared to meet its depositors' requirements and to retain all the depositors did not require. An indication of the denominations needed was obtained from the subscriptions. How this worked out will be stated later on in this article.

Other features of the plan were the adoption of a simple, brief form expressing the terms and conditions of the deposit contract; the insertion of that in some easily applied way in the pass-book; the avoidance of the necessity of having the depositor sign any further agreement than that expressed in the original opening of the cash account; the right not to return the particular bond deposited and to convert it into subsequent issues at the discretion of the society; and, finally, the ready disposal of the new business without interference with the prompt discharge of the large number of ordinary daily cash transactions which at the time of which I am writing had been largely augmented by extraordinary withdrawals incident to the entry of this country into the war. These transactions were averaging about 1,700 daily and have reached a maximum of 5,923 on one day. It was imperative that congestion from crowds should be avoided. In fact, the feasibility of any successful method necessitated a minimum of effort on the part of the depositor, as little writing and as few visits to the office as possible in the preliminary or subscription stages and subsequently at the time of the delivery and deposit. At this last stage the work has had to be accomplished with an expedition approximating cash deposits which are often commingled, money and bonds being re-

THE PHILADELPHIA SAVING FUND SOCIETY
700 WALNUT STREET

No. **505**

Philadelphia, _____, 1918

a/c _____

Received from _____ Name _____ Address _____

\$ _____ in settlement for \$ _____ par value of

UNITED STATES 4 1/4% 15-20 year FOURTH LIBERTY LOAN Gold Bonds,

to be registered in your name _____
the name of _____

as directed in your order of this date.

You will be duly notified when the Bonds are ready for delivery.

This receipt is **NOT TRANSFERABLE** and must be surrendered upon delivery of Bonds.

The Philadelphia Saving Fund Society.

Principal \$ _____

Interest _____

_____ for Treasurer.

Interim Receipt for Cash to Purchase Registered Bond
(A Duplicate of this is used as Receipt for Society's Files)

ceived together and necessitating quick entries in pass-book and cash-book with the view of getting the depositor waited on and out of the line with the least possible delay.

GROWTH OF THE TRANSACTIONS

In addition to the cash transactions bond deposits have run as high as 579, of \$72,450 par value, in a day. This does not mean 579 bonds but transactions; each deposit, often consisting of several bonds, constitutes one transaction. The bond withdrawals have not exceeded ninety in a day, amounting to \$11,600. There have been opened in all a little less than 41,000 bond accounts, of which at this writing there remain in round figures 37,000, aggregating, also in round figures, \$6,050,000, an average of \$164 to each account.*

The practice of directing intending subscribers on the partial payment basis to open accounts has resulted in about

ACCOUNTS		U. S. COUPONS		U. S. COUPONS	
No.	Name	100, 746, 000	100, 746, 000		
1, 746, 010	J. J. D.	1	1	1	06
1, 746, 019	M. M.	2	2	2	18
1, 746, 022	A. D.	3	3	4	24
1, 746, 035	C. W.	4	4	6	36
1, 746, 051	E. C. M.	5	5	5	30
1, 746, 067	S. T.	6	6	4	24
		7	7		
				21	
				21	
				23	
				24	
				25	
					23 32

Posting and Verification Slip

* At this date (May 19, 1919) bond deposits amount to \$6,632,400 in 39,526 accounts. Subscriptions through the Society for the Fifth Victory Liberty Loan number 17,388 for \$3,021,450. On the delivery of these bonds the bond deposit account will be largely increased. The Society subscribed \$10,000,000 to the Fifth Loan, which includes the amount above stated subscribed for by depositors. At the final accounting the Society will own in round figures \$25,000,000 of all loans and, it seems safe to say, will probably have on deposit \$10,000,000 of depositors' bonds.

5,000 new accounts. All of the accounts of the society are kept on card ledgers and a separate card ledger has been established for deposited bonds. One distinctive color has been adopted for all bond forms on file. The vast number of bookkeeping entries incident to interest credits twice a year presented a difficult problem which was solved by a method which, in so far as the writer knows, is original with and confined to this institution. The bonds deposited have been largely in \$100 and \$50 denominations and while many of these have been exchanged for bonds of much larger denomination, the uncertainty of the continuing permission by the Treasury Department to effect such exchanges and the consequent embarrassment that would ensue if they could not be effected, has induced us to keep on hand a no inconsiderable amount of the original denominations. It will be remembered that there is a slight difference in the interest on bonds of small denominations taken separately and the interest on a multiple of such bonds in one larger denomination. In order to simplify the calculation of the amount of interest due on the account we assume that all the bonds deposited are in the largest denomination possible, and we allow interest accordingly. In other words, a deposit of ten \$50 bonds receives the same interest as a \$500 bond. The loss to the society, if any, is trivial.

CREDITING OF COUPON INTEREST

The distinctive feature of our practice just referred to relates to the crediting of coupon interest to the accounts. Instead of making out a separate slip for each account at each interest period, as is the usual method in other institutions, we use sheets each containing spaces for twenty-five accounts, the number of the account appearing in the first column, the initials of the depositor's name in the second and the amount of interest in the fourth column. The number of the ledger and the date of entry are also inserted at the top of columns three and four.

Twenty-five spaces were adopted for

THE PHILADELPHIA SAVING FUND SOCIETY

U. S. BONDS

Received _____

TOTAL OF BONDS	
No.	LOAN 1-3½
	1-4 CONV.
	1-4½ CONV.
	2-4
	2-4½ CONV.
	3-4½
	4-4½
	5

Acct. No. _____

Name _____

Folio _____

Deposit Slip

convenience of size and also of tabulation, as 100 is a multiple of that number. These sheets are made up about two weeks in advance of the interest period on typewriters and are carefully verified, the clerk having before him the ledger cards and a small interest table for every \$50 up to \$1,000. Subsequent deposits are added to the sheets and withdrawals ruled out. A few days before the interest is due the entries on these sheets are added on machines and a total obtained for each ledger as well as a grand total. On interest days they are given to the bookkeepers who post therefrom, after which the fourth col-

UNITED STATES BONDS

ACCT. NO. Same as cash account number

IN ACCOUNT WITH **THE PHILADELPHIA SAVING FUND SOCIETY**

BOND NUMBER	WITHDRAWALS		DEPOSITS		ISSUE

Ledger Card

umns are torn off at perforations and given to the head bookkeeper and the remaining portion of the sheets given to the verifiers who place in the third column the actual amount of interest found posted to each account. Column three is then also added and totaled on a machine and compared with the results of column four. If they correspond we assume that the postings are correct, but if there is a difference the mere bringing together of the two columns readily discloses the error. All postings of this interest are stamped on the ledger

“U. S. coupons” and a similar entry is made in the pass-book when presented. At the time bonds are deposited a B is stamped on the outside of cover and also on the title page of the pass-book and is likewise stamped on the cash ledger card, the purpose being to put every one on notice that the account contains a deposit of bonds. Should bond accounts become more stable these sheets can be enlarged to take care of two interest periods with one listing of numbers and names by the addition of two columns to the left. This, however,

\$ _____

COUNT No. _____

Received, *Phila.*, _____ 19____ from **The Philadelphia Saving Fund Society.**

THE FOLLOWING DESCRIBED UNITED STATES LIBERTY LOAN BONDS DEPOSITED IN THE ABOVE ACCOUNT:

_____ OF \$ _____

WITHDRAWAL RECEIPT

Withdrawal Receipt

is not practical now with the daily increase in bond deposits.

The advantages of the foregoing method were demonstrated at the last interest period, March 15th, when upwards of 24,000 items were posted and verified in one evening.

Such a saving of time and labor has been of vast benefit at a time when the growth of business has been taxing almost to the limit the capacity of the force. On November 11, the day of the armistice, open accounts numbered 287,706 and deposit account amounted to \$135,385,611.08, whereas at this writing they are respectively 294,837 and \$152,754,266.33.

SAMPLES OF PRINCIPAL FORMS USED

Examples of the principal forms adopted for the transaction of the bond business are given herewith. For the contract with the depositor a rubber stamp was discovered which could be solidly fixed in place and fitted with an indicator to show the depth of the insertion of the book and which by two quick movements of the handle can be inked and applied to the pass-book.

Only coupon bonds are taken on deposit and not exceeding \$1,000 for each depositor. Orders to procure registered bonds, however, are taken for the convenience of depositors desiring them.

In addition to the subscriptions made

through the society many depositors withdrew money and purchased their bonds through other channels.

THE RESULTS OBTAINED

The total results of the society's United States bond business for the four loans have been as follows:

To all four loans it subscribed \$31,480,000, of which \$24,767,000 were allotted, and 67,236 subscriptions were received from depositors on which 51,428 have received \$7,803,000 of bonds. It is quite probable that many of the remaining subscriptions will not be heard from. The society therefore holds at this time about \$17,000,000 of the bonds among its investments.

Of course, no charge is made by the society for any service rendered to its depositors.

UNITED STATES BONDS

as entered below have been received on the same terms as cash except as modified by the following conditions:

Repayable without notice but in United States bonds only, either similar or converted. Conversion into subsequent issues from time to time to be at the discretion of The P. S. F. Society. Coupons will be detached when due and credited to the cash in this account. All cash and bonds shall constitute one account. A continuing deposit shall be construed as assent to the conditions.

STAMP FOR PASS-BOOK



A Financial Delusion

ENTHUSIASTIC boosters of the trade acceptance may find food for thought in this statement from a recent number of the London "Economist":

It is a complete delusion that there is any special safety about a note issued against bills of exchange. As Mr. Robert Benson pointed out in his speech to the Merchants'

Trust shareholders, "there is one form of inflation that is especially dangerous, namely, when credit is duplicated, or quadrupled, or quintupled, against the same commodities in the course of distribution. This actually occurs if bills are legitimately drawn against sales of goods and more bills against sub-sales and sub-sub-sales, and so on till there may perhaps be £5,000,000 or even more bills running against goods whose first cost was £1,000,000."

The Power and Responsibility of Our Banks

Can Bring Capital and Labor Together by Educating the People and Enlisting Their Co-operation

By WILLIAM T. MULLALLY

NEVER before in history have the banks of the world wielded greater power or faced a bigger responsibility than they do to-day.

In the United States there are about 30,000 banks, forty-six per cent. of which are in towns of 1,000 population and less than seventy-six per cent. in towns of less than 5,000.

When we analyze these figures the responsibility of banking institutions in this country is at once apparent and the present time seems unique for a stupendous educational campaign to teach the people the proper functions of a bank as applied to their own individual requirements.

Only in this way is it possible to enlist the sympathetic coöperation which is growing more and more necessary all the time.

From the standpoint of the "man of the street" the great service which can be rendered by a bank to its customers is by no means fully appreciated.

It is realized, of course, that banks are to a certain extent indispensable and that the fundamental reason for their existence is to facilitate the exchange of goods, to safeguard money and valuables and to further the business of the country by serving the bigger people in their financial dealings.

But there is little general conception of the great power which they wield and the mighty services which they can render.

A thought which should be kept uppermost in mind now is that more people are interested in finance and securities than ever before. The floating of our great Liberty Loans and the plac-

ing of twenty-two billions of dollars' worth of securities in the hands of 30,000,000 people has of necessity thrown many, who never had previous dealings with banks, into close contact with them.

Our banks have enjoyed a period of unprecedented prosperity as a result of the war. This much is known, but the exact reasons why and how are more or less of a mystery to the average man. He is interested, however, and would like to be informed.

Before the war the greater proportion of the people was more or less indifferent to banking methods. There were only about 350,000 investors at that time and the smaller man had little to do with banking institutions.

One of the chief reasons for this was that little inducement was ever held out to him to become a depositor. Checking accounts were not encouraged unless a substantial amount was always kept on deposit and the man of moderate means saw no particular reason why he should keep the bulk of his funds "tied up."

Even to-day it is necessary for such an individual to save, what appears to him, a considerable amount of money in order to actually open an account with any bank of recognized standing.

Small accounts are not solicited by the larger institutions and the man with moderate means and a limited banking knowledge hesitates to entrust his money with the smaller concerns.

BANKING FACILITIES FOR THOSE OF LIMITED CAPITAL

In the opinion of the writer one of the fundamental necessities of the hour is adequate banking facilities for the

man with limited capital but steady income.

Given encouragement and a start by some of the really influential banks, evidences accumulate to show that by educational and constructive service these institutions could in time teach such depositors that a bank exists for them and can help them in innumerable ways.

There is every reason to believe that the results obtained would show that such action was fully justified.

As matters stand now the man with moderate means, while appreciating the necessity of banks, believes that they are maintained not so much for his benefit as for the benefit of the wealthier element—the man with capital.

Reconciled more or less to this idea in the past he is, however, beginning to think more now and wants to know why he cannot enjoy the banking facilities obtained by others.

He recalls that even his small funds were earnestly sought when money was needed for Liberty Bonds, and having made his contributions he is taking a greater interest in financial affairs than ever before.

Our banks must not overlook the fact that democracy has won the greatest victory in history on the battlefields of Europe. Autocracy has received its deathblow abroad and the voice of the people is growing louder all the time.

Socialism has received an impetus never before thought possible and in countries where the heel of oppression was for centuries upon the neck of the people, the sudden air of freedom has intoxicated the working classes and vent has been given to every known form of excess.

In many cases the first institutions to be pillaged were the banks which were known to be the deposit vaults of the wealthy. It is probable that attention would not have been directed so readily to banks if the people had had an interest in them.

In other words, if they had been a ready depository for the funds of the middle classes and working men as well as for the wealthy, efforts would have been made to protect rather than plunder them.



WILLIAM T. MULLALLY

Twenty years ago W. T. Mullally, president of the Advertising Agency of Maclay & Mullally, Inc., N. Y., started as an office boy with the Knickerbocker Trust Company, New York, while to-day he supervises the expenditure of hundreds of thousands of dollars every year for some of the largest and most powerful financial and commercial institutions in the country.

Mr. Mullally occupied the important position of Chief of Copy Division for the Liberty Loan Committee in New York for two successive campaigns and was selected to represent this committee at the great Advertising Convention at San Francisco last year. He was also retained by the War Savings Stamp Committee in Washington in an advisory capacity on salesmanship. For twelve years Mr. Mullally has given intensive and practical study to merchandising problems for some of the most progressive business organizations and upon his correct solution of many such problems has success and future development depended.

What is true of the revolution-torn countries in Europe in this respect has a measure of significance here. The principle on which our labor unions are founded, namely, that the laborer is worthy of his hire, is correct. It is

only on account of the ignorance of their leaders that the unions go far afield in endeavoring to obtain their rights.

If capital would properly serve the individual laborer through the banks so that the money of the laboring man would intermingle in the bank with the money of the capitalist, a sympathy between capital and labor would result which would in turn lead to right thinking and proper arbitration instead of violence and strikes.

It is against the new principles of democracy that there should be a bank for the rich and another bank for the poor.

The searchlight of publicity must be turned on our financial institutions. The people must be taught to use our banks and in doing so be shown that they are serving their own best interests.

They must seek advice from the banks

themselves on their financial affairs and such advice should be willingly given. They must learn more about America's great institutions.

Their business, starting in a small way, must be as eagerly sought as were their limited funds in our Liberty and Victory Loans.

The banks themselves face the great responsibility of educating the people and thereby consolidating their own position with the masses.

Let this be accomplished through the advertising columns of our great press. Let the banker explain to the people in his community in clear terse English that although a bank exists, like every other institution, to make money, still he recognizes the value of human energy and is willing to conserve that energy to aid each man in preserving his savings and increasing his efficiency.



National Bank May Include "Trust Company" as Part of its Title

INQUIRY was recently addressed to the Comptroller of the Currency on the point as to whether a national bank may use the words "trust company" as a part of its title. Below will be found the reply:

TREASURY DEPARTMENT

WASHINGTON, May 16, 1919.

Sir: The receipt is acknowledged of your letter of May 9, and in reply you are advised that the only provision in the National Bank Act in regard to the title of a national bank is that contained in Section 5134, which provides that the name assumed by an association shall be subject to the approval of the Comptroller of the Currency. In view of the provisions of the Federal Reserve Act, as amended, national banks are now permitted, when authorized by the Federal Reserve Board, to exercise trust powers and to conduct trust departments, and this office

does not object to the inclusion of the words "trust" or "trust company" in the title of a national bank which is authorized by the Federal Reserve Board to exercise such powers.

The title to be assumed by a national bank is in no wise dependent upon the law of the state wherein the bank may be organized, and the Supreme Court of the United States in *First National Bank of Bay City v. Fellows*, 244 U. S. 416, having sustained the law which authorizes national banks to exercise trust powers, this office assumes that such banks have the right to use the words "trust company" as a part of their corporate title if so desired, and when formally approved by the Comptroller of the Currency.

Respectfully,

T. P. KANE,
Deputy Comptroller.

Mr. Elmer H. Youngman,
Editor, The Bankers Magazine,
253 Broadway,
New York, N. Y.

Statistical Cost Analysis in a Bank

By CHARLES C. GROVE, PH.D.

Continued from the April Number

RESUMING the description of Form V,* we add, that the sum of the first four columns, filled in as directed, is subtracted from the amount of the Grand Total Expenses for the Month, and the difference is inserted after the words "amounting to."

Something further must be said as to the Grand Total Expense, because it involves the distinction between expenditures and expenses to which we referred in the previous article. There may be certain expenditures to-day which are to be spread over many months as expenses of those several months. In cases where the budget system has been adopted, does the budget refer to expenditures or to expenses to be expected? Some banks make daily distribution of "expenses" and "come out very close at the end of the year." But, "close" on what? Is it not that they have predetermined limits for their expenditures and have lived up to their expectations? But when COSTS is the subject under consideration *expenses* and not expenditures are to be determined.

In this distinction, the difference between the accounting and the statistical point of view becomes noticeable. The immediate cause of an expenditure at a certain time may not be at all a real cause of the expense—and it is a study of these real causes that is valuable as indicative of the state and possibilities of the business. It is worth while studying the fluctuations in the *expense*

actually allocable to each month in turn, and trying to determine the mutual relationship or correlation existing between it and the several factors of the process of production, whether the product be credit as in a bank or merchandise as in a factory. Provision must be made for determining and recording the expenses allocable to each month in the most concise, expeditious way. The plan for doing this which is at present in the mind of the writer may be that most simple, efficient way, but it will be temporarily withheld until experience can prove it such. It should be no more difficult than the daily accrual of interest and discount.

Some of that difference entered after the words "amounting to" may really be direct expense also, but not readily separable as such, just as it happens in many kinds of manufacturing business. Such amounts are let go in with the OVERHEAD for distribution without serious or even noticeable effect. The expense of the Signature Department in a bank, for example, may be handled thus, just as that for thread in the manufacture of hats and clothing. That department at the same time and to the same extent serves the bank and the depositor. The service is mutual. The matter of the president's salary has been brought to the writer's attention, on which point his thoughts are these:

The wisdom of the president is shown in the rate of income that is secured in the process of manufacturing credit. His disappointments and misjudgments affect the same rate in the opposite way. *In the analysis*, the account of the individual depositor is credited with having provided a certain amount

*By a freak of the engraver's art, the unit and cents rulings for the five columns of Form V. were washed out. Those columns are naturally to contain dollars and cents.

of the loanable funds that have yielded that rate of income, and is charged in the overhead for the value of the president to *him and to the bank* in proportion to the loanable funds provided respectively toward realizing that rate of profits. This seems just. Further, the attempt to apportion the salary of the president on the basis of time, hours and minutes, devoted to this or that department, is puerile, overlooking the

Foreign, Stockholders, and Domestic accounts on the basis of the loanable funds each furnishes for the month, because the Investment of Funds is the chief work of the bank outside of the direct Activity and Service already provided for. And so the Overhead may be divided in proportion to the amount of work which occasioned it.

To illustrate such distribution, say the various figures are these:

Capital	\$53,000		
Surplus	37,000		
Undivided Profits.....	16,000		
Stockholders	\$106,000		
Foreign Deposits.....	\$30,000	less 20% Reserve =	\$24,000
Stockholders			106,000
Domestic Deposits.....	\$425,000	less 20% Reserve =	340,000
			\$470,000
			\$150.40
Overhead to be distributed.....			\$150.40

fact that what the president *is* as much as what he *does* is an inestimable asset that is felt indirectly as well as directly throughout the bank, even in the departments that are never honored by his presence. And his value is felt by both stockholders and depositors in proportion to their respective financial interest in the bank.

We must come to appreciate that service is more than minutes of time and ergs of muscular energy. Also, every minute of any man's day is not filled up with the same value of service. A certain experience to-day may enable invaluable *instantaneous decisions* through succeeding days of his life. In fact, the value of services is often commensurate with the *lack* of stress and strain in the doing. What in quality and quantity a man has made habitual measures his efficiency and worth. But you cannot measure a man's worth by figures on a dial of any sort, because primarily it is not a function of time, volume or place. This all has been said in defence of the first apportionment of the overhead, the difference "amounting to," now to be considered.

As stated on Form V., that difference in amount is distributed amongst the

Then the respective amounts are:

Foreign	$\frac{24}{470}$	of \$150.40 =	\$7.68
Stockholders	$\frac{106}{470}$	of 150.40 =	33.92
Domestic	$\frac{340}{470}$	of 150.40 =	106.80
			\$150.40

These amounts are entered upon the Form in their respective columns on the line just above Totals. The Domestic Overhead must, however, be further distributed equitably between the Activity and the Service departments. When sufficient data is acquired, this may be done after the manner of distributing the overhead to the depositors' accounts, which will be shown later. Until comparative statistical data can be accumulated on these two classes of departments, the division may be made by a compound proportion somewhat as is shown in the following, in which chance numbers are inserted that may be different from actual experience in any bank:

$$\text{Activity : Service} = \begin{cases} 19 : 8 \text{ on basis of Salaries and other Direct Expenses.} \\ 4 : 3 \text{ on basis of Room Required—Light, Heat, Etc.} \\ 5 : 8 \text{ on basis of Aggregate Activity Number.} \end{cases}$$

Whence, $A : S = 380 : 192$ ($19 \times 4 \times 5 = 380$ and $8 \times 3 \times 8 = 192$) or nearly $A : S = 2 : 1$.

Then, by composition, the last proportion becomes $A + S : S = 3 : 1$.

But $A + S$ is the total Domestic Overhead. So S equals one-third of the Domestic Overhead, and therefore A equals two-thirds of it.

These amounts are entered in the proper columns, and then the Totals of all columns are taken and entered. The totals taken before were conveniently entered in pencil in the first four columns.

The portion going to the Service Departments is figured into the costs of services rendered, and is paid by or charged to those who receive the services.

The next item on Form V. relates to activity. It might better be "Total Activity Number for the Month," because the labor and cost of handling items of different classes is so clearly and considerably different that it is manifestly not equitable to consider them all the same. A multiple or "weight" is therefore determined for each several class of items, and the number of items of the class is then multiplied by the multiple for that class. The sum of all these products is the Activity Number for the account in question, and their aggregate is the "Total Activity Number for the Month." These multiples must be hypothetical at first, and later, in the light of data for several months, the right and proper multiples can be empirically determined, through what may be termed a Standard Unit Operation for each department, which should bear a known relationship to the units of other departments. In other language, this means that an item of a certain class has to go through so many operations or processes, the cost of which is in a certain ratio to the cost of the operations required by an item of another class in its handling. In determining such units, attention should be given to the fact that some operations are performed by low-priced help and others by high-priced help. Time and supervision required may make the for-

mer more expensive than the latter. And it is a distinctly statistical problem to determine limits when this happens; that is, the point of "diminishing returns."

The number of accounts opened and closed from day to day is likely to vary so regularly that the average or mean between the number at the close of the previous month and that on the last day of the present month may well be taken as the Number of Accounts carried through the month, as is indicated on the Form V.

The Average Direct Cost per Item or Item Unit is obtained by dividing the first or lead pencil total of the Activity column by the Total Number of Activities or the Total Activity Number, both of which numbers appear above on the form.

The Special Direct Costs can easily be segregated and recorded by the Accounting Department and checked by the Auditors. These costs are for such things as special check books, plates for unusual forms made especially for a customer, etc., made at his request.

This completes the description of Form V, which may conveniently be made up in the style of a Boston ledger, with the descriptive column in the middle and three monthly tabulations on each side.

DISTRIBUTION OF DOMESTIC OVERHEAD TO DEPOSITORS' ACCOUNTS.

The portion of the Overhead going to the departments concerned with the activities of the domestic depositors must be paid directly, or chiefly indirectly, by those depositors. The question of the equitable distribution of this expense to the individual depositors has been the "bone of contention" of the whole subject. When President James C. Can-

non said* there could be no demonstrably correct distribution, he had in mind a single basis for that distribution. In the Circular issued by the Federal Reserve Bank of New York, in July, 1916, on a Short Method of Analysis of Depositors' Accounts, Mr. J. D. Higgins suggested three bases; viz., Activity, Size, Number. Others, before and since, have usually adopted one or another of these bases. The present writer must confess that for some time he, too, unfortunately, kept thinking of these as *distinct* bases. *They are cognate, and to be applied simultaneously.* Until this idea, which is clearly enough presented in the Circular, got through the writer's thick head, he saw that, by using any one basis alone, the amount of overhead chargeable to an account of some particular type became ridiculous and impossible. If another single basis was used, a different set of accounts was as unjustly affected. So the conclusion was each time, "This cannot be the correct basis." Thus he was led to the idea of cognate bases and to the following Statistical Method of distributing the overhead:

It will doubtless be admitted at once that:—

1. As the activity of accounts increases considerably, more employees of higher class are needed. This increases the overhead cost.

2. When balances become multiples of those formerly carried, the officers required to administer them command higher salaries.

3. The procuring and carrying of more accounts entails an increase of overhead expense.

In other words, it may be said that some relationship exists between the varying overhead cost and these three factors, the changing activity, the growing balances, and the increasing number of accounts.

There may be other causes of that variation; *e. g.*, there is recognized a seasonal variation; the number of accounts opened during the month might

be separated from the number carried, etc. But it is highly desirable to keep the equation of relationship as simple as possible, consistent with a satisfactory control of the other causes.

So we say that the Total Domestic Overhead, Z , depends upon (*i. e.*, "is a function of") the Total Activity Number, X , the Average Available Funds, Y , and the average Number of Accounts carried, N . And since there is no indication that this function is not simple, or linear as we say, we express the functional relationship by the equation—

$$AX + BY + kN = Z,$$

in which A , B , and k may be called rates, per Activity Unit, per thousand of Available Funds, and per Account, respectively.

In brief, the method proposed is to compute the most probable values of the three rates, A , B , and k , in view of the values compiled month by month of the four variables, X , Y , N , and Z , for at least the past six months, including the month of analysis as the last. Later and regularly, the computation should be made on the basis of twelve months to take care of the seasonal changes. Then these *most probable rates*, determined by the continually varying relationships amongst the factors involved, *when all the work of the bank relative to the domestic accounts is considered, are taken as the rates to be used in the analysis of the individual accounts for the month, as being the most equitable average rates obtainable.*

That gives a fair, average solution, independent of personal judgments as to whether 25 per cent. or any other percentage of the overhead should be distributed on one basis and the remainder on another basis. The rates are determined in view of the actual, recorded business of the bank, for the three recognized, co-ordinate and mutually inclusive factors.

HOW IT IS DONE

The mechanical part of this is not nearly so bad as it may seem to those unaccustomed to such calculations.

A re-cap sheet with fourteen columns

*Proceedings of the 20th annual convention of the American Bankers' Association, Baltimore, Md., Oct. 10 and 11, 1894, pages 42-46.

TABULATION of STATISTICAL DATA

for the
DISTRIBUTION of the OVERHEAD.

MONTH	X ACTIVITY.	Y AVERAGE BALANCE.	N NUMBER of ACCOUNTS.	Z OVERHEAD.	ΣX^2	ΣY^2
JULY 1918.	350,714	38,286 M	3,141	15,201	123,000,309,796	1,465,817,796M ²
AUGUST	309,047	37,355 M	3,144	14,260	218,510,358,005	2,861,213,821M ²
SEPTEMBER	337,756	38,748 M	3,150	16,764	332,589,473,541	4,362,621,325M ²
OCTOBER	364,969	38,979 M	3,171	16,553	465,791,844,502	5,881,983,766M ²
NOVEMBER	312,657	41,079 M	3,190	16,429	563,546,244,151	7,569,468,007M ²
DECEMBER 1918.	313,802	42,724 M	3,214	16,537	662,017,939,355	9,394,808,183M ²
JANUARY 1919.						
FEBRUARY						

ΣX^2	ΣXY	ΣXN	ΣYN	ΣXZ	ΣYZ	ΣNZ
9865881	13427436264M	1101592674	120256326M	5331203514	581885486M	47746341
19750617	24971886889M	2073236442	237700446M	9738213734	1114667786M	92579781
29673117	38059256377M	3137167842	359756646M	15400355318	1764239158M	145366381
39729358	52285383028M	4294484541	493359055M	21441687175	2409458645M	197875944
49904458	65129018931M	5291860371	614401065M	26578329028	3084345536M	250284454
60234254	78535896579M	6300419999	751716001M	31787672702	3790972324M	303434372

Form VI

will suffice for as many months as it has horizontal rulings or lines. Thus the volume of this record will not become a burden during the lifetime of any one president of the bank. A sample of such a sheet, filled in for six months, is presented in Form VI. The first column gives the years and the months. The next four columns give in turn the Activity Number, X, the Average Available Funds, Y, the Number of Accounts, N, and the Overhead, Z, month by month in order, one line across the sheet for each month. Each of the following nine columns contains a sum of the products of two numbers each. Σ is the Greek letter Sigma, which is used to express, "the sum of" whatever expression follows it. Thus ΣX^2 means "the sum of the X^2 values"—read X square, meaning the product of X by itself, X—for each month down to and including the one on the same line with it. To illustrate with smaller numbers, say the columns were—

It is worthy of such special note that we repeat in other words that, at the end of each month, it is necessary to fill into Form VI. only the four numbers from the records of the month, and, on a calculating machine, add to the previous number in each of the last nine columns the product of the proper two numbers of the four entered for the present month of analysis. This is not at all difficult, and can be done in a very few minutes. After twelve months have been filled in, subtract each time the number in the same column for the same month of the previous year as the month that is being filled into the Form. Thus the nine sums will always thereafter include only the past twelve months' figures. Thus, if filling in January of the second year, add the product for that month to the number above, on the line of December data, and subtract the value for the previous January. All else that remains to be done to compute the three rates for the month is the solu-

X	Y	then	ΣX^2	ΣY^2	ΣXY
3	7	we	$3 \times 3 = 9$	$7 \times 7 = 49$	$3 \times 7 = 21$
4	8	would	$9 + 4 \times 4 = 25$	$49 + 64 = 113$	$21 + 4 \times 8 = 53$
5	9	have	$25 + 5 \times 5 = 50$	$113 + 81 = 194$	$53 + 5 \times 9 = 98$
5	10	the	$50 + 5 \times 5 = 75$	$194 + 100 = 294$	$98 + 5 \times 10 = 148$
6	10	following	$75 + 6 \times 6 = 111$	$294 + 100 = 394$	$148 + 6 \times 10 = 208$

tion of three simultaneous linear equations, which will now be described.

It can be shown that all that is necessary in order to get the Most Probable values of the Rates, A, B, k, is to solve the following three equations:

$$\begin{aligned}\Sigma X^2A + \Sigma XYB + \Sigma XNk &= \Sigma XZ \\ \Sigma XYA + \Sigma Y^2B + \Sigma YNk &= \Sigma YZ \\ \Sigma XNA + \Sigma YNB + \Sigma N^2k &= \Sigma NZ\end{aligned}$$

whose coefficients are the nine numbers from Form VI.

Because these coefficients will be large numbers, the solution may tax the patience of a High School boy although the principles and methods involved are familiar to him.

The writer prefers to solve by means of determinants, first dividing out of each column the corresponding coefficient of the equation whose coefficients are least throughout. This gives a row of ones in all four determinants. By subtracting the elements of columns suitably there remains to be evaluated four two-rowed determinants, from which the values of A, B, and K are got by a single division in each case. There is likely to be in every bank, or at least in the town, someone to whom this paragraph is intelligible and who can show a clerk how to do the thing formally on a machine adapted to such work. The above method of solution is preferred when a proper calculating machine is available. The scientific reader of this paper is asked to remember that an absolute minimum of mathematics had to be reached, and so there is desirable another paper or text that shall show the mathematics involved, other tabular forms of solution when machines are not available, etc. Neither time nor space permits illustration or elucidation here.

Since in the analysis of the individual account the variables are no longer the totals used above, but simply the activity number, the average available cash balance and the overhead chargeable to that account, we write the equation for determining the overhead chargeable to the account thus—

$$Ax + By + k = z,$$

in which A, B, and k are the rates determined on the basis of all the accounts as shown above.

Further, since in the analysis of each account the same quantities, x and y, are used in computing other items than overhead, it is advisable to adjust the

coefficients A and B so as to include the direct activity cost and the several interest items of the analysis; thus the complete analysis, if exchange received and paid is included, may be made by the solution of a single equation, in the case of each account to be analyzed. On the proper machine these equations may be solved at the rate of 100 to 200 an hour. The aggregate of profits and losses will furnish a check on the accuracy of the work and the efficiency of the method. Only those accounts that need special attention as shown by the results would be thrown out for detailed analysis to be shown to the officers, reported upon Form VII. included herein. It will likely be found desirable to transfer the chief data of Form I. to cards prepared for the purpose, each containing said data for one account for twelve months. On the reverse side there may be comparative data for previous years, the names of the departments used, of affiliated accounts in some detail, and remarks.

The various Service and Foreign Departments, as also the Activity Departments, are to be studied as distinct departments in order to furnish a check on the computations with the figures for them taken *en bloc*.

Some have said that their aim was to determine the "breaking point" of an account; that is, what balance must be maintained so that the bank shall just "break even" in handling the account. From what has been said the reader will know that such aim is futile. Within a year, it was shown before the New York State Bankers' Association that even a million-dollar balance may not be profitable. There are *three* main factors, independent of the way the bank conducts its business, no one of which tells the whole story of an account.

(1) RELATIONSHIP OF ANALYSIS TO THE
BROADER STATISTICAL STUDY

Of the relationship of the Analysis of Depositors' Accounts to the broader subject of the Statistical Study of the Business of the Bank, the story is the old one, that the original purpose of the

investigation becomes but a by-product of the final development. The bank that has possibly the most elaborate system of analysis in the country has written from its distant home thus,—

“Our Analysis System has worked out to very good results, and we are planning to continue it in practically its present form; . . . the majority of the work, such as counting checks, etc., is done by various minor clerks in their spare moments, the principal work of analysis being handled by one man. The count of checks is obtained by referring to the daily blotters, and therefore does not need to be completed before the checks are cleared.”

QUESTIONS FOR STATISTICAL STUDY

It was suggested that the costs of handling items of different classes are clearly and considerably different. But, what is the cost of each in *this* bank? Is it the same from month to month? If not, why? Is it because of differences *inside* or *outside* the bank? On the whole, is the cost to us of handling one account more than that of handling another superficially similar account? Have we or the customer made what differences there may be?

Are the several costs practically the same for us as for other neighbor banks? A comparison of data will come to be considered *mutually* helpful. Blind competition kills, but friendly, open co-operation gives life—to all concerned and to many others. Inside the bank, also, the spirit, the *esprit de corps*, is what counts.

Some institutions spend unstintingly “for the employees,” but does it produce co-operation? If the institution does not, the employees soon do, appreciate with the poet, that “The gift without the giver is bare.” Or, is the feeling created one which makes all around the place intelligently and sincerely interested in what is being accomplished? If the atmosphere is selfishness, the tinsel-like good things provided will produce the feeling that might express itself in the words, “Here’s a good thing; let’s farm it for what it is

worth.” And they do. If the atmosphere is one of altruism, of genuine, friendly co-operation, less money, if expended on real helps to the development of intellect and character, will be proudly received and used in the spirit in which the opportunities are given, with manifest gratitude. The spirit found in a few banks has been so democratic and of such genuine co-operation that it would be a real pleasure to mention their names were that suitable in such an article. Let others join their ranks.

After this little digression, let us continue the questions that arise to the analyst, to be answered by a statistical study of facts. Experience, in the distribution of the overhead as described above, has suggested that there are types of accounts that should be considered separately and differently. The *size* of the average balance may not be so much the criterion as the *permanency* of the available balance. It has been suggested that there are also clear and considerable differences in the costs of the different classes of loans, in the costs of the different ways of investing the available funds of the bank.

Recognition of this fact and an analysis of the departments concerned may affect the direct and indirect charges due to Administration of Available Funds. Those accounts that maintain a steady balance may be considered as furnishing funds for long term loans. Accounts whose balances fluctuate greatly may be thought of as providing funds for short term and call loans. They would both be charged accordingly in the analysis on the basis of funds to be administered. That is, accounts may be classified as to whether their balances may be relied upon for a long term investment or only a short term investment, and their value estimated accordingly.

In large institutions, a mechanical tabulating system may be used, and the analyst may play a game of solitaire, with the cards toward answering such questions as stated above. The data can be sorted out in any desired way; *e. g.*, to enable a comparison of the volume of

various sorts of business, by states, by cities, by months, by years, etc. This will assist in determining probable causes of the variations, of counteracting adverse conditions, foreseeing an undesirable event, and forestalling or preparing to meet it. The limits of the usefulness of such work are past knowing beforehand!

A big advantage of mechanical computation and tabulation is in saving mental stress and strain as well as time. Yet the mechanical will become monotonous, and the analyst should study his helpers—especially those computing the analyses—to determine the proper efficient period for each form of machine work. Computers can be shifted from the computing machine to other work regularly and yet keep the machine employed in rush periods for nine hours a day. Large establishments have found such computing, sorting, tabulating machines a necessity in finding costs.

(2) EXPERIENCES OF BANKS WITH ANALYSIS.

Many other questions arise for statistical consideration and solution, as, for example, that of "labor turn-over," a study of which in some institutions would more than pay for all that the Analysis Department costs, and so would secure all the rest of its many services free of cost. But the limit of space has been almost reached; so much so, that the report on experiences must be considerably curtailed. If the reader remembers that on June 21, 1918, before the New York State Bankers' Association, Mr. Roy H. Griffin, of Buffalo, reported that, after questioning fifty members of the association, he found that less than five of them used any definite system for the analysis of their accounts, then the reader will not expect much of a report on experiences. Yet upon the related subject of charging for small checking accounts when the average balance falls below a certain amount, several pages of experience could be given. It can all be fairly well summed up by saying that a tactful banker can almost always get the small depositor to see the reasonable-

ness of not conducting his business free of charge; that some will start a savings account as better adapted to their needs; that less than one-third of the accounts may be closed, but that the aggregate deposits of those that remain may become two or three times what the former aggregate was with the greater number of accounts; that a couple of thousand dollars may be collected in a year in monthly charges of one dollar per account. Depending upon the bank, this may or may not be rather trivial; yet the fact that one knows nothing of the *big* leaks may be no good reason for refusing to stop the small ones.

Further, unless more is done than is usually done in the way of analysis, the banker cannot intelligently say to his customer that the account is carried at a loss just because the average balance has fallen below \$100 or \$200, \$300 or \$500, as the case may be. That banker would have considerable difficulty in convincing the shrewd merchant and manufacturer that their accounts, with ledger balances of \$100,000, \$500,000 or a million dollars, are carried at a loss, although it may be the fact.

The comparatively few banks that are making a serious effort really to ascertain costs report satisfaction and a desire to continue or to expand their present work, as is indicated in the letter quoted earlier in this paper. It is interesting to note that the banks that are doing most careful and extensive work in analysis are the most pleased with the results. One reports: "The expense is inconsiderable as to the amount of valuable information furnished and the saving in weeding out of undesirable accounts." Another reports that the department is invaluable as to interest and as a check on errors generally; that the clerks throughout the bank are given a broader view of the whole banking business and are stimulated to more intelligent service by having forced upon their attention the fact that there are principles underlying every transaction which must be comprehended in order to avoid making mistakes that will be charged against them.

To this department is reported any unusual amount of work of any sort that is done for the customer and any special demands that a customer makes. If we add to these the broader services of the department, which have been indicated above and of which the banks will more and more avail themselves after trying the simple analysis, then we shall come to appreciate the possible increasing value of a more complete use of business statistics towards cost analysis.

(3) STATISTICAL COST ANALYSIS AS SCIENTIFIC COST ACCOUNTING

Statistical Cost Analysis will be seen to be scientific cost accounting when the value is appreciated of determining and studying the fluctuations in the *expense* allocable to each month in turn, and of determining the mutual relationship or correlation existing between it and the several factors of the process of production, whatever they may be in the particular case. It not only determines costs, but the causes for their being what they are, and provides quantitative relationships between the several causes. These relationships become barometer readings of the state of the business now as compared with other years and months, of the effects of policies adopted, etc., etc. Would it not be at least interesting to know whether a recent increase in wages has had the same effect upon the output of the workers as increases at other times, and what the numerical measures of those effects are? Whether excessive "labor turn-over" or increased cost of labor or of material, or whether all of these together, contributed to an increased cost of production and the proportion of increase from each cause? Would it not pay you to know when to pay interest on deposits, when to increase the rates that are not up to the maximum, when to diminish the rates, and what effect these changes have on your accounts? Besides being of interest and value, much of the statistical data is becoming necessary on account of governmental taxing and regulation. After a year or two an "experience table" may be formed which will

with increasing assurance enable the bank to *keep out* rather than "to weed out" undesirable accounts. This is at once a far pleasanter and a more profitable way of dealing with accounts. Thus we come back to what we said in the introduction, that the analyst is becoming a recognized necessity in commercial houses and will in no distant future be likewise needed in banking houses, and that he is chiefly useful beyond the distribution of certain expenses.

CONCLUSIONS

Do not adopt, but adapt, remembering that the statistical method has to do with living, changing facts. What is suitable and best in your institution will be ascertained after you begin to put the facts of your business into statistical arrangement.

This paper will render its fullest service by bringing you to realize that some sort of intelligent analysis is fast becoming imperative in banking, because the profits are not nearly so large, costs are much higher, economies are more necessary, and restrictions—especially upon national banks—have considerably increased.

Because a new point of view has been presented herein and the principles involved have been expounded, the real simplicity of the plan suggested has not appeared. To bring that out, the reader is asked to turn to Form VII. and go over its items carefully in order. Then answer the question, "Is there one item that I should not and do not wish to know?" There is nothing asked for but that which any intelligent analysis will require. The data can be got by clerks in their spare time, can be entered into Form VI., and even the three equations may be solved by anyone without revealing anything that it may be desirable not to have known. Then the president, vice-president or cashier, any official designated to study the subject thoroughly, may furnish the Most Probable Rates derived, to the person handling the mechanics of analysis. The said official can push forward his statistical researches as far as inclina-

ANALYSIS of ACCOUNT of _____

DATE _____
Federal Res. Dist. # _____

Compil-Check-
ed by ed by

PERIOD of ANALYSIS from _____, 19__ to _____, 19__ . _____ DAYS.

AVERAGE DAILY LEDGER BALANCE \$ _____
 Less AVERAGE DAILY DELAYED ITEMS \$ _____

 Less RESERVE and UNEMPLOYED FUNDS, _____% \$ _____
 AVERAGE LOANABLE FUNDS \$ _____

INTEREST TERMS :- _____

NUMBER of DAYS in PERIOD showing NET CREDIT BALANCE, _____ DAYS.

TOTAL NET CASH BALANCE - DEBIT (Overdraft or Involuntary Loan) . . \$ _____
 " " " " CREDIT . . \$ _____
 Less _____% RESERVE & UNEMPLD FUNDS . \$ _____
 TOTAL LOANABLE FUNDS for ONE day \$ _____

TO US the ACCOUNT'S	COST	INCOME
LOANABLE FUNDS for ONE day, @ _____% per ANNUM		✓
INTEREST PAID on CREDIT BALANCES at _____%	✓	
INTEREST DUE on OVERDRAFTS at _____%	✓	
DIRECT EXPENSES:-		
ACTIVITY NUMBER, _____ UNITS @ _____	✓	
CASH DEPOSITED, \$ _____ @ _____ per \$1000	✓	
CURRENCY, . . . \$ _____ @ _____ per \$1000	✓	
SPECIAL DIRECT COSTS: _____		
Services: COUPON COLLECTION, _____ Exp. @ _____	✓	
CREDIT INVESTIGATION _____	✓	
PAY ROLL _____	✓	
OVERHEAD due to -		
ACTIVITY, _____ UNITS @ _____	✓	
AVERAGE LOANABLE FUNDS, \$ _____ @ _____	✓	
FLAT CHARGE per ACCOUNT per MONTH	✓	
EXCHANGE :- PAID and RECEIVED	✓	✓
TOTALS		
NET COST or INCOME OF THIS ACCOUNT THIS MONTH		

REMARKS :- _____

Form VII

tion leads and capacity permits. What is likely to happen is that he will increase his capacity as the manifest value of the work will stimulate his interest. In conclusion, it must be said that such

official must have access to all data direct. He cannot be served expurgated statistics, but must superintend the compilation so as to be fully aware of just what goes into them.

Banking and Commercial Law

The following decisions are selected from the most important of the current decisions, handed down by State and Federal Courts, passing upon questions of the law of banking or negotiable instruments. The word "opinion," where used, indicates that the matter following is the opinion written by the court, in whole or in part.

Bank not Permitted to Apply Proceeds of Draft to Overdraft of Drawer's Husband

Reynolds v. National Bank of Commerce of Wichita, Supreme Court of Kansas. 178 Pac. Rep. 605.

THIS is one of the cases where the drawer of a draft, payable to a bank, intrusted it to a third party, for delivery to the bank, and the bank, at the request of the third party, credited the proceeds to the latter's account. The question is whether the bank may apply the proceeds of the draft to a debt owing to it from such third party and retain the proceeds as against the drawer of the draft.

There have been many such cases, and the results reached by the different courts are conflicting. In some of the cases the bank, although named as a payee, and therefore one of the original parties to the instrument, is held to be a holder in due course and entitled to apply the proceeds to the satisfaction of a debt owing to it by the person from whom it received the draft. In other cases the contrary result is reached. In the present case it was decided that the bank was not entitled to retain the proceeds as against the drawer of the draft. As a general proposition it may be said that a bank receiving a draft payable to itself from a person not the drawer, before accepting the latter's assertions as to his authority to use the draft or its proceeds for himself, would do well to make investigation.

In the case under discussion the plaintiff, who resided in Wichita, Kan-

sas, drew a draft on a savings bank in New Haven, Connecticut, for the amount that "may be due on my deposit book." The draft was payable to the defendant bank. The plaintiff gave the draft and her pass-book to her husband to be delivered to the bank. At this time the husband, who was a depositor in the defendant bank, was indebted to it on an overdraft of his account. He told the bank to apply the proceeds of the draft to the payment of this obligation, and the bank carried out his instructions. A short time thereafter the husband died, and the plaintiff then began this action. As stated, it was held that she was entitled to recover.

In its opinion the Court made the following pertinent observation:

"We do not think that one who is intrusted with the delivery to a bank of a draft (or other instrument calling for the payment of money) payable to it has implied authority to receive the proceeds or to direct their use for his own purposes. The fact that the instrument is so drawn or indorsed as to make it payable specifically to the bank seems to indicate affirmatively that the messenger is not vested with the ownership or control of the proceeds."

OPINION

Action by Susan Reynolds against the National Bank of Commerce of Wichita. Judgment for defendant, and plaintiff appeals. Reversed and remanded, with directions to render judgment for plaintiff.

MASON, J. Susan Reynolds, the widow of John Reynolds, brought an action against the National Bank of Commerce of Wichita for \$1,380.61, which

she alleged to be due on account of a collection made for her. The bank answered in effect that the plaintiff's husband had brought to it a passbook of an Eastern savings banks showing that sum to her credit, with an order for its payment to the defendant, signed by the plaintiff, and had directed the proceeds to be credited to his account; and that the money had been collected and credited to the plaintiff's husband canceling an overdraft, the balance having been checked out by himself and his administrator. A verdict was returned for the defendant, and the plaintiff appeals.

The burden of proof was held to be upon the defendant, in whose behalf evidence was produced to this effect: Reynolds had carried a checking account in the bank for some years. His wife had never done any business with it. The cashier had known her for about a year. The receiving teller did not know her, but knew that Reynolds had a wife, and that she lived in Wichita. About February 12, 1917, this teller called Reynolds' attention to an overdraft of \$514 and asked to have it made good. Reynolds said that he would have it fixed up in a few days by a transfer of money from the East. About February 21 he brought in the pass-book referred to, with an order signed by his wife reading as follows:

"Treasurer of the Connecticut Savings Bank, New Haven, Conn., pay to the Nat'l. Bank of Commerce, Wichita, Kansas, what may be due on my deposit book No. 67831.

"Mrs. Susan Reynolds.

"Witness, John Reynolds."

Reynolds at first asked credit for the amount shown by the book, but the teller explained that as the interest had not been computed the bank would take it only for collection. He then requested that after collection the proceeds should be credited to his account, and this was done, the bank not knowing Mrs. Reynolds claimed to own the money.

The plaintiff testified that she gave no one any authority to have the money

deposited to the credit of her husband; that on May 5 (four days after his death) she went to the bank and asked for it, and was told it had been transferred to her husband's account; that she asked how that could be done without her knowledge, and was told that it was customary; that she had not previously known of the money having been paid.

The defendant argues that the jury found that the plaintiff had authorized her husband to have the proceeds of the collection placed to his credit; that there was both direct and circumstantial evidence to support this finding; and that therefore this question of fact is settled in its favor, thus requiring an affirmance of the judgment. While such a finding was made, it was qualified by the statement that the authority referred to was given by the delivery of the passbook and order, so that it amounted merely to a conclusion of law. The general verdict does not imply a finding to the effect stated, for the question of the actual authority of the plaintiff's husband was not submitted to the jury as one of the matters upon which a verdict against the plaintiff necessarily depended. An instruction was given to the effect that if the plaintiff delivered the pass-book and order to her husband to be delivered to the bank she thereby impliedly constituted him her agent not only to make such delivery, but to give directions concerning the disposition of the proceeds, and that if he directed them to be placed to his credit he did so as the implied agent of the plaintiff, and the bank was authorized to carry out such directions, even although the plaintiff did not in fact expressly authorize such disposition of the money. Substantially the same theory was embodied in a further instruction stating that the bank had a right to presume that the plaintiff's husband in giving directions as to the disposition of the proceeds was acting within the scope of his apparent authority, and if the bank without notice to the contrary carried out his directions and placed the money to his credit it could not be held liable for having done so. From

this statement it is obvious that a verdict for the plaintiff was required by a favorable answer to the three questions: (1) Whether the plaintiff had given the pass-book and order to her husband for delivery to the bank; (2) whether her husband had directed the money to be placed to his credit; and (3) whether the bank followed his directions without notice of any lack of authority on his part. There was no controversy as to the first question, and no conflict of evidence on the second or third, unless such as might arise from conflicting inferences with respect to the last matter. These issues were largely formal, and if the instructions referred to were correct the defeat of the plaintiff's claim became practically a matter of course.

That question resolves itself into this: Where a person draws upon a debtor, the draft being accompanied by the evidence of the debt and being made payable to a bank, does the fact that the drawer places such instrument in the hands of an agent to be delivered to the bank protect the bank in using the proceeds for the agent's benefit, according to his direction, notwithstanding he had in fact no authority to direct such disposition? On this phase of the matter we do not regard it as material whether the drawer and agent were wife and husband. Where there were other circumstances from which authority to appropriate the proceeds could be inferred, that relationship might have weight in interpreting them, but its existence does not create agency nor in itself constitute evidence of agency. In *Moody v. Stubbs*, 94 Kan. 250, 146 Pac. 346, Ann. Cas. 1917C, 362, it was held that where a wife executed a deed intended as a mortgage to secure a loan to be made to the husband by the grantee, and intrusted it to the husband for delivery, she could not, in an attack by her upon the validity of the lien created by the deed, be heard to dispute the terms of repayment agreed to between her husband and the grantee (notwithstanding they differed from what she had understood they were to be), on the principle that she had vol-

untarily placed her husband as her agent in such a situation that the grantee was justified in supposing that he was authorized to deliver the deed upon such terms. We do not regard that decision as controlling here, first, because there the deed was used for the general purpose for which it had been intrusted to the agent, the departure from instructions being merely with respect to a matter of detail, while in the supposed case the agent diverted the property of his principal to his own use; and in the second place because the placing a deed in the hands of an agent for delivery to the grantee is not entirely analogous, with respect to the authority to be implied to giving an agent a draft upon a debtor to be delivered to the payee for collection.

We do not think that one who is intrusted with the delivery to a bank of a draft (or other instrument calling for the payment of money) payable to it has implied authority to receive the proceeds or to direct their use for his own purposes. The fact that the instrument is so drawn or indorsed as to make it payable specifically to the bank seems to indicate affirmatively that the messenger is not vested with the ownership or control of the proceeds. It follows that the instructions under consideration require the setting aside of the verdict.

The plaintiff contends further that her demurrer to the defendant's evidence should have been sustained—that the evidence had no tendency to show either an actual authority on the part of her husband to appropriate the proceeds of the draft, or the existence of such conditions as to justify the bank in acting upon the belief that such authority existed.

Notwithstanding the general rule that the declarations of an agent are not competent to establish the fact or the scope of his agency, it is argued in behalf of the defendant that the statements of Reynolds to the bank were admissible to show his authority, on the ground that one in possession of property is presumed to be the owner, and that his declarations are competent for

the purpose of showing his interest or claim to it. Reynolds had no possession of the money, and had not even an apparent right to its possession. His possession of the passbook and draft gave him no color of right to the proceeds. It is true that the mere possession of even an undorsed promissory note payable to a person named is some evidence of ownership as against the maker (*O'Keeffe v. National Bank*, 49 Kan. 347, 30 Pac. 473, 33 Am. St. Rep. 370; 3 R. C. L. 981, note 7), who of course could have no claim of ownership himself. But possession of such a note is not evidence of ownership against the payee (*Durein v. Moeser, Adm'x*, 36 Kan. 441, 13 Pac. 797; note, 50 L. R. A. (N. S.) 588; 3 R. C. L. 981, 982, note 10. As against the maker it may be presumed that the possession of the holder is rightful, and indicates that the payee has transferred it to him without indorsement—by an oral assignment. But such a presumption is not to be indulged as against one who on the face of the paper appears to be entitled to its proceeds. On a question of ownership as between different claimants the story told by the writing prevails over the mere fact of possession. That reasoning applies here. Regarding the draft as property in the sense in which a promissory note is property, the written evidence established the defendant's legal title to the proceeds, and the question for whom it was to hold them was not affected by the hands through which the instrument had passed, since the writing showed the character of the transaction. It disclosed a purpose to transfer the funds from the Eastern bank to the defendant. The manual possession of the order in the process of its delivery to the payee named was no evidence of a beneficial interest in the bearer. Nor do we consider the possession of the pass-book and draft such a possession of property as to make competent the statements of the holder regarding the ownership of the proceeds.

It is further contended that Reynolds' right to the money collected was

inferable from these circumstances: The plaintiff had never done business with the bank. She knew the money which in the savings bank had been drawing four per cent. interest would earn nothing after its transfer to the defendant bank. She made no statement as to why she wanted the transfer made, or what instructions she gave her husband regarding it. She made no inquiry with regard to the collection, and asserted no claim to the money, until after her husband's death, some seventy days later. So far as concerns the plaintiff's omission to testify concerning her transactions with her husband, it would seem that she was an incompetent witness (Gen. Stat. 1915, § 7222 [Code Civ. Proc. § 320]), although her denial of having authorized him to use the proceeds may have opened the way for a cross-examination on the subject (*Plowman v. Nicholson*, 81 Kan. 210, 105 Pac. 692, 106 Pac. 279). We discover in the matters referred to no substantial evidence that the plaintiff actually gave her husband authority to use the proceeds of the collection.

A final contention is that at all events this evidence, coupled with the condition of Reynolds' bank account, the demand made upon him to make good the overdraft, and his promise to do so by the transfer of funds from the East, warranted a finding that the plaintiff had voluntarily created a situation in which the bank was naturally and justifiably led to believe that her husband had authority to use her money to replenish his bank account. The plaintiff admittedly sent the book and draft to the bank by her husband to have the amount due her collected. That she did more than this is not indicated by anything in the evidence aside from the statements and conduct of her husband. and for these she is not shown to have been responsible. The defendant had notice by the language of the draft that the plaintiff had authorized the bank and no one else to demand and receive from the savings bank the amount shown by the passbook, nothing being indicated as to what it was to do with

the money beyond holding it subject to her order. That it believed the purpose of having the collection made to be to strengthen Reynolds' credit appears to have been due rather to its confidence in him than to any act of the plaintiff which it knew and relied on.

The judgment is reversed, and the cause remanded, with directions to render judgment for the plaintiff.



Fictitious Reserve for Purpose of Deceiving Bank Examiner

Feliciana Bank & Trust Company v. City Bank & Trust Company, Supreme Court of Louisiana. 80 So. Rep. 600.

When a bank's reserve becomes depleted and the bank examiner finds it out, the bank is in a position where its reserve must be reconstructed with very little delay. There are a number of decisions which show that, where a bank finds it impossible to promptly meet the demands of the examiner in this regard, it is likely to do what it considers to be the next best thing, which is to create, for the benefit of the examiner, the appearance of a sound reserve. These decisions show further that persons, who undertake to lend assistance in the staging of a make-believe reserve, are liable to discover later that they may have to make good in reality.

A situation of this kind arose in the case above entitled. It appeared that in April, 1913, the Feliciana bank, financially speaking, was in a bad condition, and the bank examiner gave instructions that its reserve be immediately built up. Without going into the details of the transaction, which may be read in the opinion following, the reserve was built up with the assistance of the defendant bank which credited the Feliciana bank on its books with the sum of \$25,000. At the same time the defendant took from the Feliciana bank a note which, under its terms, could be charged to the latter's account at the option of the payee.

The Feliciana bank failed and the defendant charged the note off against the deposit. Later the liquidator of the Feliciana bank brought suit, and it was held that he could recover the \$25,000 deposit. The Court points out that to hold otherwise would mean that the Feliciana Bank could authorize the defendant, as one of the bank's creditors, to pay itself in full out of the bank's reserve.

At the trial one interesting item of evidence was a letter written by the defendant's president to the cashier of the Feliciana Bank, in which he stated that the proceeds of the note would be "technically" subject to check. None of the witnesses at the trial seemed to be able to explain just what kind of an account this would be. The Appellate Court, however, interprets the expression "technically subject to check" to mean that, while the funds are subject to check, the check will not be honored.

OPINION

Appeal from Twenty-Fourth Judicial District Court, Parish of West Feliciana; Charles L. Munson, Judge ad hoc.

Suit by the State Bank Examiner, as liquidator of the Feliciana Bank & Trust Company, against the City Bank & Trust Company of Mobile, Ala. Judgment for plaintiff, and defendant appeals. Affirmed.

S. McC. Lawrason, curator ad hoc, of St. Francisville, for appellant.

T. Jones Cross, of Baton Rouge, for appellee.

O'NEIL, J. This suit was brought to recover \$25,000 deposited to the credit of the plaintiff in the defendant bank. The suit was filed by the state bank examiner, as liquidator; the plaintiff having failed after making the deposit.

The defendant, domiciled in Mobile, Ala., was brought into court by an attachment of its property in the parish of West Feliciana, and by service of citation upon a curator ad hoc.

The deposit sued for was the proceeds of a loan made by the defendant to the plaintiff bank, on a promissory note signed by the plaintiff, dated the

7th of April, 1913, payable to the defendant, on demand, and indorsed, individually, by the president and cashier of the plaintiff bank, and by three other individuals, who, we presume, were directors of the bank or otherwise interested in its welfare. The reciprocal debts of equal amount, one represented by the note payable on demand and the other represented by the deposit subject to check, were yet in existence when the Felician Bank failed. On the next day the defendant, being informed of the bank's failure, applied the deposit to the payment of the note.

The district court was of the opinion that the defendant could not legally pay or extinguish the debt due to the bank in liquidation with a debt due by the insolvent institution. From the judgment in favor of the plaintiff, the defendant appeals.

The loan of \$25,000 was made for the purpose of making good the impaired capital of the Felician Bank. The bank was then, as the cashier testified, "in a desperate condition—had practically run out with all the banks it had borrowed from—and had exhausted its credit." The bank examiner was insisting that the bank should immediately rehabilitate its reserve. The president of the City Bank, with whom the cashier of the Felician Bank alone negotiated for the loan, was aware of the financial condition and difficulties of the Felician Bank when he consented to make the loan. He was much concerned, personally and for his bank, in averting a failure of the Felician Bank. He was one of its organizers, owned fifty shares of its stock when he made the loan, and his bank was then carrying a loan of \$10,000 for the Felician Bank.

When the matter was referred by the cashier to the president (who was also the attorney) of the Felician Bank, he insisted that the deposit of the proceeds of the loan should be, according to the banking laws, subject to check and free from restraint of the City Bank. The president of the City Bank and the cashier of the Felician Bank then undertook to satisfy and quiet the bank

examiner, without really putting up any money or subjecting any indorser to any risk or responsibility whatever, and without letting the president of the Felician Bank know the details of the transaction. They did not willingly admit all that in their testimony, but the proof is positive.

The president of the City Bank, when informed by the cashier of the Felician Bank of the advice given by the president and attorney (Judge Lawrason) of the Felician Bank, wrote the cashier on the 5th of April, 1913, as follows, viz.:

"I received your letter and I understand, of course, what Judge Lawrason means about the reserve being under your control. We would credit the proceeds of this note to your account all right and it would be on the books subject to your check technically.

"I enclose herewith a note which I want you to use when you make this loan, however, and it will not conflict with the judge's ruling in regard to this matter and yet meet in every way with our agreement and ideas as to the way in which this would actually work out. If you have begun getting the signatures of the indorsers, begin over again, and you can get them up Monday and Tuesday and send it to me that night, which would comply in every way with the conditions demanded by the state bank examiner.

"You will notice that I have made the rate six per cent., but I am going to credit you with three per cent. on daily balances, which will make the rate you are paying only three per cent. This I think is as liberal as I can be. The note itself must show a six per cent. rate is the reason I am handling it in this way."

On cross-examination, the cashier of the Felician Bank said that he did not know what was meant by the statement in the letter that the deposit would be subject to check "technically." He said that the expression was a mystery to him; that his understanding was that the loan would be reduced every month as much as possible, without letting the bank's reserve get out of line; and that the deposit of \$25,000 in the

City Bank was to be kept as a reserve—"to be used for that purpose." Explaining why he had not checked against the deposit of \$25,000 rather than let the bank fail ultimately, he said:

"We realized that, unless we could raise more money on our paper, it would be absolutely ridiculous for us to use up this money and then be exactly where we were when Mr. Young (the bank examiner) wrote us this letter. * * * If we had drawn on him (the president of the City Bank) for \$25,000, he would have concluded that the bank was in trouble and wired us."

The form of note which the president of the City Bank furnished and insisted upon using, besides having printed in it all other stipulations, waivers, and renunciations that are usually found in notes furnished by banks, bore this typewritten stipulation, viz.:

"At the option of the payee this note can be charged to our account and any balance applied as a payment in whole or in part to this note."

The president of the City Bank testified:

"The proceeds of the \$25,000 note were credited to the regular account of the Feliciana Bank & Trust Company, and was an absolute, unconditional, bona fide credit, subject only to the provisions on the face of the note."

Asked whether his bank would have honored the Feliciana Bank's check for \$25,000 in due course and without question, he replied:

"Not without first communicating with the Feliciana Bank & Trust Company. Before paying such check we would have asked the Feliciana Bank & Trust Company for payment of their note, under the terms stated in the note, and, if not arranged for satisfactorily, would have refused payment on the check and charged the demand note to their account."

That explains—if explanation be wanting—what the president of the City Bank meant by the mysterious statement that the deposit of \$25,000

would be subject to the Feliciana Bank's check "technically;" the fund would be subject to check, but the check would not be honored. That is simple enough. But it is not in accord with the provisions of the banking law for making good an impaired capital. See Act No. 179 of 1902, p. 334; Interstate Trust & Banking Co. v. Irwin, 138 La. 325, 70 South, 313; Kennedy v. Young, State Bank Examiner, 136 La. 674, 67 South, 547, L. R. A. 1915 D, 935.

We assume that the bank examiner was not informed that the Feliciana Bank had a debit to offset the credit of \$25,000 in the City Bank; because, when the cashier of the Feliciana Bank wrote him that the impaired capital of the bank was made good, the examiner congratulated the cashier.

For the purpose of this decision, the deposit must be regarded as having been what the president of the defendant bank pretended it was—"an absolute, unconditional, bona fide checking account." He could not contend, successfully or with good grace, that it was only a sham, arranged to defeat the banking law, deceive the bank examiner, and impose upon innocent patrons of the bank.

The loan was made on the 7th of April, 1913, and no part of the money was ever drawn or used by the borrower. The insolvent bank was closed on the 26th of August, that year; the state bank examiner was then notified to take charge of and liquidate the bank's affairs; and the president of the City Bank was also notified of the failure. It was then too late for the debt due by the City Bank to be extinguished by compensation or set-off against the debt due by the insolvent institution; it was too late for the City Bank to pay or compensate itself by retaining an asset of the insolvent bank, without the consent of its other creditors.

Article 2215 of the Civil Code provides that compensation cannot take place to the prejudice of a third person; and, to illustrate, says that a debtor who has been proceeded against by a third party by garnishment or at-

tachment, cannot plead compensation if he afterwards becomes a creditor of the one to whom he was in debt.

Applying those provisions of the Civil Code, in *People's Bank v. Mississippi & Lafourche Drainage District*, 141 La. 1009, 76 South. 179, it was said:

"There is express law upon the subject of the extinguishment of debts by compensation, and hence no occasion or authority for resorting to equity; but, if it were otherwise, there is no principle of equity which entitles a person who is, at once, a depositor in, and a borrower from, a bank, to be made whole, in the event of its insolvency, by the plea of compensation, when the other depositors stand to lose the entire amounts deposited by them."

In the case cited, extinguishment of the two debts by compensation did not occur before the bank failed, because payment of the debt of the borrower and depositor was not then due. In the case before us extinguishment of the reciprocal debts by compensation did not occur before the bank failed, because there was an agreement between the parties that the deposit should remain—and it is admitted that it did remain—as a reserve fund, subject to check. The principle upon which the decision in the *People's Bank Case* rested is therefore equally applicable to this case.

In *Murdock & Williams v. Citizens' Bank*, 23 La. Ann. 113, citing several decisions, it was said that, in a confidential contract arising from an irregular deposit, compensation could not take place, and the depository could not apply the fund on deposit to the payment of a debt due by the depositor, without a special mandate from him or a course of dealing that would justify such application of the fund.

The deposit in the case before us was an irregular and confidential deposit, for a particular purpose. That seems to be conceded, because the plea of compensation is urged only in the alternative—in the event that we should hold that the defendant had no right to charge off the note after the *Feliciana Bank* had failed. Appellant relies pri-

marily upon the special mandate or agreement embodied in the note, authorizing the holder to charge it off at any time against the reserve fund. The question to be decided is, not whether the defendant might have exercised that right legally while the *Feliciana Bank* was a going concern, but whether the officers of the *Feliciana Bank* could legally give authority to one of the bank's creditors to pay himself with the bank's reserve fund, to the prejudice of all other creditors, in the event of a failure of the bank. Our answer is that, to that extent, the mandate or agreement was contrary to public policy and was void.

The defendant, in answer to this suit, pleaded that the bank examiner was estopped by his having retained the canceled note which the defendant had returned to the *Feliciana Bank* a few days after its failure. When the examiner took charge as liquidator, he made prompt demand on the *City Bank* for payment of the deposit. The bank replied that the fund had been applied to the payment of the note and that the canceled note had been returned. The liquidator took no further action in the matter until his attorney advised that suit should be brought to recover the deposit. The canceled note was then annexed to the petition, filed in June, 1914, and was formally tendered as the property of the defendant. The tender, of course, was declined in the defendant's answer. The note was attached in this suit, as property of the defendant, together with property admitted to belong to the defendant.

The liquidator's failure to offer promptly to return the canceled note cannot be considered a ratification of its payment with the bank's reserve fund. He was acting cautiously and on advice of counsel. He had no authority to ratify—and did not pretend to ratify—an illegal extinguishment of a debt due to the insolvent bank. His silence in the matter did not prejudice the defendant in any way. There is therefore no merit in the plea of estoppel.

The judgment appealed from is affirmed.

Bank not Charged by Notice to its President of Defense of Note

Farmers Bank of Grandview v. Ozias, Kansas City Court of Appeals. 200 S. W. Rep. 580.

A note was acquired by the president of the plaintiff bank while acting in his individual capacity and not as representative of the bank. The note was subsequently discounted by the bank. In an action brought by the bank on the note it was held that the bank's right to recover was not affected by the fact that at the time of the discount the president had knowledge that the consideration for the note had failed. This knowledge, having been gained by the president while engaged in an individual enterprise, was not binding on the bank, and the bank was, therefore, entitled to enforce the note.

OPINION

Appeal from Circuit Court, Jackson County; T. J. Seehorn, Judge.

"Not to be officially published."

Action by the Farmers' Bank of Grandview against Charles O. Ozias and another. Judgment for plaintiff, and defendants appeal. Judgment affirmed.

BLAND, J. This is an action on a negotiable promissory note made by the defendants in favor of one H. E. Beardsley for value received. The note was for \$2,300, and was dated December 29, 1915. The case was tried by the court without the aid of a jury, and judgment having been rendered for plaintiff, defendants have appealed.

Defendants make the point that there was no evidence to sustain the finding of the court in favor of plaintiff. The trial court having found for plaintiff, we must take all the evidence in its most favorable light to plaintiff. Taking the evidence in such a light, it shows that on January 3, 1916, defendant Charles O. Ozias had recently been the owner of hotel property, in Kansas City, Mo., which had been foreclosed under a deed of trust. The holder of the note se-

cured by the deed of trust had bought in the property, and said defendant, desiring to redeem it, entered into a contract with Gibbs and Decker on said date, wherein it was agreed that the two latter, having arranged a statutory bond to redeem said real estate for said defendant, were to be paid by said defendant \$1,400 for their services, together with \$800, being one year's interest on the note secured by the deed of trust, and \$100 for extras, making a total of \$2,300. This amount had, on December 29, 1915, been paid to Decker, Gibbs, and J. A. Brightwell by the note sued upon, which was given to Brightwell and made payable to H. E. Beardsley, a niece and employee of Brightwell, as a matter of convenience, said Beardsley immediately indorsing and turning the same over to Brightwell. The note was signed by defendants as makers, and a deed of trust was given by defendants to said H. E. Beardsley, which was filed for record on January 21, 1916. J. A. Brightwell, who was president of plaintiff bank during all the times herein mentioned, was a partner with Gibbs and Decker, and this fact was known to said defendant. Brightwell negotiated the entire transaction, and with Ozias signed a bond to redeem, and the same was filed in the office of the circuit clerk of Jackson County, Mo., on January 21, 1916.

No money was paid out for or on behalf of the defendants by either Decker, Gibbs, or Brightwell on account of said contract, or the transactions growing out of the same, but on February 7, 1916, defendants conveyed by a quitclaim deed the property to Decker, who, in turn, conveyed the same to Brightwell. Both conveyances were made after the bank bought the note. Charles O. Ozias knew at the time the conveyances were made that the note was in the possession of the bank. The turning over of the property by defendants to Decker and from Decker to Brightwell was made in consideration, as Charles O. Ozias testified, "that I was to be relieved of any responsibility in the matter." However, the note was not delivered back to the defendants at

any time. Defendant Charles O. Ozias claimed that the matter of delivering the note to him was put off by Brightwell from time to time. Brightwell was not a witness.

It is defendants' contention that Brightwell was acting as the agent of plaintiff bank in the transaction heretofore described, and that any knowledge that Brightwell obtained concerning the transaction was the knowledge of the bank, and defendants claim that, in view of the facts already detailed, there was a failure of consideration for the note, and that the defense of "failure of consideration" and "settlement" was open to the defendants.

We think there is evidence in the record, from which the trial court could find that Brightwell was not acting as the agent of the bank in connection with the transaction, but that the bank purchased the note at a discount from Brightwell. The plaintiff bank was a small country bank located at Grandview, a village near Kansas City, Mo. It was the custom for Brightwell to make loans and discount notes, and afterwards the board of directors, at a regular meeting, would approve his action in connection with such matters. The note was purchased by the bank on February 7, 1916. The next meeting of the board of directors was held on February 19, 1916. The discount register of the bank shows that the note was discounted at the bank February 7, 1916; that the amount it was discounted was \$800, which would leave \$1,500 actually expended by the bank in the purchase of the note.

Several of the members of the board of directors testified as to what transpired at their meeting held on February 19, 1916. Some of them testified that Brightwell stated to them at that time that he had purchased the note at a discount of \$800, and said that it was a good note, and asked the board of directors to approve it. Some of the directors testified that Brightwell stated that he had discounted the note for the bank, and others that he had made a loan to Ozias on behalf of the bank. These witnesses seemed not to have a

very clear understanding of the matter, and each of them would change about in his position as to his understanding of it, and if we should take their evidence in its most favorable light to defendants instead of to plaintiff, we could say, perhaps, that they all testified at points in their testimony that Brightwell in the beginning procured the note for the bank. The board of directors were men living on farms located near said village, and from the evidence we take it that the business of the bank was left by the directors largely to be conducted by its president, Brightwell.

It is apparent from the testimony of these directors that they were not very familiar with the banking business, and were in doubt as to whether the bank had discounted the note owned by Brightwell, or loaned the money to Ozias. But should we assume that the testimony of the board of directors should be construed as testimony that Brightwell procured the note in the beginning for the bank, the court was not required to believe such testimony, nor the testimony of Ozias to the same effect, for there was other evidence of a documentary character which tended strongly to show that the bank had nothing to do with the transaction between Ozias, Brightwell, Gibbs, and Decker, but that the bank purchased the note from its president, Brightwell.

The board of directors testified that they knew nothing about the transaction between Ozias, Brightwell, Gibbs, and Decker for the redemption of Ozias' real estate, and that they had heard nothing about the defense of "failure of consideration" and "settlement" until Brightwell left the bank, which was in February, 1917.

The records of the bank show that Brightwell maintained an account in the bank called the Ozias Hotel account. The journal of the bank showed that on February 7, 1916, \$2,300 was paid out on the note in suit as follows: \$800, discount to the bank; \$1,300, credited on the ledger to the Ozias Hotel account. A credit was shown on the books to Mrs. Brightwell for \$25, and

to Val Brightwell, apparently J. A. Brightwell's son, for \$100, all as a part of the Ozias Hotel account, and \$75, an item of cash drawn out by Brightwell, making a total of \$2,300.

So there was evidence from which the court could say that the transaction had between Brightwell, Decker, Gibbs, and Ozias was had in his (Brightwell's) individual capacity, and not as president of the bank. Under such circumstances any notice that Brightwell acquired in connection with that transaction was not notice to the bank, and this even though Brightwell knew all of the facts thus acquired at the time of the meeting of the board of directors and recommended to the board the purchase of the note. *Johnston v. Shortridge*, 93 Mo. 227, 6 S. W. 64; *Bank v. Fitze*, 76 Mo. App. 356; *Benton v. German Amer. Nat. Bank*, 122 Mo. 332, 26 S. W. 975; *Third National Bank v. Tinsley*, 11 Mo. App. 498. There was evidence that Brightwell took the note owned by him, and discounted it at the bank, and received the proceeds therefrom. Therefore he was not acting for the bank in the transactions out of which the note grew, nor was he dealing as an unauthorized agent of the bank whose actions were subsequently ratified by the bank. And, as we have already ruled, Brightwell's knowledge was not the bank's knowledge, therefore the bank had no knowledge of the matters out of which the defenses to this suit grew at the time it purchased the note.

From what we have said the court did not err in refusing defendant's declaration of law. There was no error in connection with the admission of testimony.

The judgment is affirmed.

All concur.



Right of Bank Cashing Check to Recover from Indorser

Wallace v. City National Bank of Decatur,
Supreme Court of Alabama. 80 So.
Rep. 405.

The plaintiff bank cashed for the defendant two checks on an out-of-town

bank payable to bearer. For some reason, which does not appear, the checks were returned unpaid. In an action brought on the checks by the bank it was held that its right to recover was not affected by the fact that, before taking the checks, it called up the drawee bank on the telephone and was assured that the checks were good. And it was also held that the bank's right to recover was not affected by the fact that the defendant did not indorse the checks until after the plaintiff bank had paid over the money to him.

OPINION

Appeal from Circuit Court, Morgan County; Robert C. Brickell, Judge.

Assumpsit by the City National Bank of Decatur against B. P. Wallace. Judgment for plaintiff, and defendant appeals. Transferred from Court of Appeals under section 6, Acts 1911, p. 449. Affirmed.

The action is on two checks drawn by one Camron on a Moulton bank payable to bearer and presented by the defendant as the holder to the plaintiff bank in Decatur about 10 o'clock on the morning of December 15th. Plaintiff paid the checks, which were indorsed by the defendant, and forwarded them to the drawee bank by the 4 o'clock p. m. mail, which reached Moulton between 4 and 7 o'clock the following afternoon. The several special pleas set up the defenses: (1) That plaintiff bank paid the check upon the assurance by phone from the payee bank that the checks were good and would be paid; (2) that plaintiff bank paid said checks without defendant's indorsement thereon; and (4) that plaintiff was negligent in not getting the checks to the drawee bank on the day of their payment when there were sufficient funds available for their payment. Demurrers were sustained to all the pleas except the fourth and issue being joined on it and the general issue the court sitting without a jury rendered a verdict for the plaintiff.

SOMERVILLE, J. The special pleas to which demurrers were sustained were manifestly bad.

Pleas 2 and 4 seek to apply to a for-

mal indorsement of commercial paper the doctrine of other controlling inducement, applicable in proper cases in actions for deceit. That principle has nothing to do with a contract of indorsement, and cannot qualify or defeat its voluntarily assumed obligations, whatever other extraneous assurances may have been received or precautions taken by the indorsee.

So the fact that at the moment of payment the indorsements had not been actually made by defendant cannot affect their obligation. It is enough if they are made as part of the transaction, whether contemporaneously, or later in accordance with previous understanding.

The duty of diligence in presenting the checks to the drawee bank at Moulton would have been fully discharged by forwarding it by the next day's post. *Watt v. Gans*, 114 Ala. 264, 21 South. 1011, 62 Am. St. Rep. 99. Here the holder bank forwarded it on the same day. Not only was it not required to catch the first post after 10 o'clock a. m., "but the rule of due diligence is satisfied if the check is forwarded by the last mail of the day after its receipt, and is presented at any time before the close of business on the day succeeding its receipt at the place of business of the drawee bank." 8 Corp. Jur. 543, 544.

We think the judgment of the trial court was correct, and it will be affirmed.

Affirmed.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Protest of Postdated Check

Texas, April 9, 1919.

Editor Bankers Magazine:

DEAR SIR: We have recently had a controversy with a member bank relative to protesting a postdated check.

The check in question was dated April 1st, and was sent us for collection by an out-of-town bank about March 21st. This check was presented to drawee bank on March 23d, and protested.

Please quote me decision and advise if drawee bank cannot be held for refund of protest fees for protesting this post dated check.

CASHIER.

Answer.—In our opinion, a drawee bank is not responsible for protest fees on a postdated check, which is protested before its date arrives. This opinion is based on the ground that the protest of a postdated check before its date arrives is not only unnecessary, but is entirely meaningless and ineffectual.

A postdated check is not capable of valid presentment, acceptance, or payment, prior to the time of its date. If it is presented in advance of its date, the drawee bank, though it has funds of the drawer sufficient therefor, cannot pay it or set aside the amount necessary for that purpose, as against other checks made payable and presented prior to the date of the postdated check. Where a drawee bank put aside funds to meet a postdated check, which was presented prior to its date, and then protested subsequent checks of the same drawer, which protest would not have been necessary except for the setting aside of funds against the postdated check, it was held that the bank was liable to the drawer in damages. *Smith v. Maddox-Rucker Banking Co.*, 8 Ga. App. 288, 68 S. E. Rep. 1092.

While we do not find any decision which expressly holds that protest fees may not be collected in circumstances such as those described in the above inquiry, it has been held that protest fees are not collectible where the instrument is unnecessarily protested.

In *German National Bank v. Beatrice National Bank*, 63 Neb. 246, it was held that protest fees could not be collected upon the protest of a local bank check. The reason for this decision was that protest is not necessary to charge the drawer or indorser of an inland check, that is, one which is drawn and payable in the same state. The law requires formal protest only in case of foreign

bills, that is, bills which appear on their face to be drawn in one state and payable in another.

And in the case of *Modern Laundry v. Dilly*, Ark., 163 S. W. Rep. 1197, on

the same reasoning, it was held that protest fees cannot be charged against the maker of a note which has not passed out of the hands of the original holder.

Important Bank Merger in St. Louis

Mechanics-American National, St. Louis Union Bank and Third National Unite

CONSOLIDATION has been effected between the Mechanics-American National Bank, St. Louis Union Bank and Third National Bank under the title of the First National Bank in St. Louis. The leading officers will be: President and executive manager, Frank O. Watts, president Third National Bank; executive managers, Walker Hill, president Mechanics-American National Bank, and N. A. McMillan, president St. Louis Union Bank.

The following are the official rosters of the three banks who will compose the official force of the new bank:

St. Louis Union Bank—N. A. McMillan, president; John F. Shepley, vice-president; Robert S. Brookings, vice-president; W. T. Ravenscroft, vice-president; C. E. French, vice-president; F. V. Dubrouillet, vice-president and cashier; Byron W. Moser, vice-president; Herbert M. Morgan, assistant vice-president; J. S. Walker, assistant cashier; F. L. Denby, assistant cashier; C. B. Schmidt, assistant cashier; A. H. L. Kuhn, manager savings department; H. R. Crock, auditor.

Mechanics-American National Bank—Walker Hill, president; Frank O. Hicks, vice-president; Jackson Johnson, vice-president; Ephron Catlin, vice-president; Joseph S. Calfee, cashier:



F. O. WATTS

President and Executive Manager First National Bank in St. Louis

Charles L. Allen, assistant cashier; James R. Leavell, assistant cashier; G. Hobart Chase, assistant cashier; Richard L. King, assistant cashier.



WALKER HILL

Executive Managers First National Bank in St. Louis



N. A. McMILLAN

Executive Managers First National Bank in St. Louis

Third National Bank—F. O. Watts, president; R. S. Hawes, W. W. Smith, F. K. Houston, E. C. Stuart, M. E. Holderness, W. F. Gephart, vice-presidents; J. R. Cooke, cashier; D. A. P. Cooke, H. Hail, A. W. Hail, assistant cashiers; William C. Tompkins, auditor.

MERGER BANK DIRECTORS

The directorate of the three banks which will form the board of directors of the First National Bank in St. Louis is composed of the following:

Eugene H. Angert, W. C. Arthurs, James F. Ballard, Joseph D. Bascom, John L. Beggs, William K. Bixby, Robert S. Brookings, George W. Brown, August A. Busch, L. Ray Carter, Ephron Catlin, B. B. Culver, W. H. Danforth, John T. Davis, F. B. Eiseman, John D. Filley, S. W. Fordyce, Philip B. Fouke, John Fowler, S. H. Fullerton, Warren Goddard, Benjamin Gratz, John L. Green, Norris B. Gregg, E. W. Grove, Walker Hill, Jackson Johnson,

Robert McK. Jones, John B. Kennard, A. B. Lambert, W. A. Layman, James Y. Lockwood, H. H. Langenberg, E. K. Ludington, Edward Mallinckrodt, N. A. McMillan, E. D. Nims, H. L. Parker, John F. Shepley, Moses Shoenberg, A. J. Siegel, George W. Simmons, Wallace D. Simmons, M. E. Singleton, J. E. Smith, J. Clark Street, M. B. Wallace, F. O. Watts, Thomas H. West.

LOCATION OF THE NEW BANK

Announcement was made by Mr. Watts that the First National Bank would occupy the present site at Broadway and Locust in the Mechanics-American National Bank Building, and adjacent buildings on Broadway, this to be a temporary arrangement pending the construction of a large and modern bank home, the details of which will be announced at a later date.

SIZE OF THE NEW INSTITUTION

The new bank will begin business July 7 with a capital of \$15,500,000,

deposits about \$125,000,000, and resources over \$156,000,000, according to the statements of the three banks published at the last official call. The First National Bank in St. Louis, will be by far the largest banking institution west of Chicago, and one of the largest in the world. By reason of its large capital, surplus and total resources, it will be in a position to accommodate the largest accounts in the United States, as well as being prepared to handle extensive foreign banking business, according to comprehensive plans already made.

This institution will not only be a great commercial bank, handling the accounts of firms, individuals, corporations, banks and bankers, but will also have a large savings department, a highly specialized bond department, a foreign department, and will in this way put its services and facilities within the reach of all classes.

The announcement was made that all employees of the three institutions would be retained and ample room for the accommodation of this large working force has been made in the Mechanics-American National Bank Building, which the bank will occupy while plans for a new structure are being determined.

PROMINENCE OF THE PERSONNEL

This consolidation is of exceptional interest to the bankers of the country on account of the prominence of some of those who will be prominently identified with the new institution. Frank O. Watts, president and executive manager, is a former president of the American Bankers' Association, as is Walker Hill, who will also be an executive manager. P. S. Hawes, vice-president of the Third National Bank, and who will occupy a like position in the new institution, is a former president of the Missouri Bankers' Association and is now vice-president of the American Bankers' Association.

SKETCH OF THE MERGED BANKS

Of the three institutions in the merger the Third National Bank is the oldest,

having been chartered as the Southern Bank of St. Louis by the General Assembly of Missouri for 1856-1857, with a capital of \$1,000,000. James S. Watson, one of the incorporators, was the first president. The bank opened for business on Pine street, near Main, June 16, 1857, with \$110,600 of paid in stock. The Southern Bank having become a national bank was reorganized and commenced operations as the Third National Bank of St. Louis January 2, 1864. Later it was removed from its original location to quarters on Pine street near Second. It remained there until November 25, 1874, when it moved into new quarters at 417 Olive street, where it remained until the erection of the building it has occupied for the past eleven years.

The total resources of the Third National Bank, according to the last statement, which included the business up to March 4, were \$61,767,073.54.

The Mechanics-American National Bank is a merger of the Mechanics' Bank, which was chartered the same year as the Third National, and which opened for business a few months after, the American Bank. The last bank statement lists its total resources at \$49,664,303.41.

The St. Louis Union Bank, the third and youngest of the three banks affected by the merger, was organized in 1915, with a capital of \$5,000,000, to transact the banking business of the St. Louis Union Trust Company. All the directors and officers of this institution held corresponding titles in the St. Louis Union Trust Company, which had a few additional officers and directors. All the stock was owned by the trust company, with the exception of the number of shares necessary to qualify the directors and officers. The functions of the St. Louis Union Bank was to transact a general banking business, handling all the deposits. In the last bank statement it was credited with resources totaling \$47,317,460.22. Since its establishment the St. Louis Union Bank has transacted its business in the building at Fourth and Locust streets.

To Facilitate Direct Trade Between the U. S. and the Dutch East Indies

WITH the object of increasing commercial and financial relations between the Dutch East Indies and the United States, K. F. Van den Berg, managing director and second deputy president of the Java Bank, has been in New York for some time. One purpose of Mr. Van den Berg's visit to this country is to promote direct trade relations between the United States and the Dutch East Indies to take the round-about method of shipping goods from this country to Holland and then transshipping them to the East. Mr. Van den Berg says that American capital is needed in his part of the world to aid in the development of newly-discovered mineral deposits and to aid productive enterprise in general. He also says that a good market exists there for many leading lines of American manufacture, and reports that practically every city in the Islands is planning extensive works, the City of Batavia alone expecting to be in the market shortly for large quantities of iron and steel tubes.

As indicating the growing importance of the commercial relations between the United States and the Dutch East Indies, it may be stated that exports of the Dutch East Indies to the United States rose from \$6,221,000 in 1913 to \$79,718,000 in 1918, and the imports from the United States increased from \$3,151,000 in 1913 to \$19,778,000 in 1918. Mr. Van den Berg believes that both export and import totals can be greatly increased.

SKETCH OF MR. VAN DEN BERG

Karel Frederick Van den Berg belongs to a family that has been connected for some generations with the Dutch colony in the East Indian archipelago known as the "Garden of the East," and Mr. Van den Berg, although

European to the core, takes pride in calling himself "a colonial Hollander." Another feature of his lineage is the frequent occurrence of banking careers. His father was in the banking business when he commenced his colonial career, and he finished it as president of the Bank of Java. During the time he held this office, nearly eighteen years, Mr. Van den Berg's father played a prominent part in shaping the economic and financial policy of the colony. He was the staunch champion of the principle, at last laid down in the Indian Finance Act, that the resources of the colony belong to the colony, and should be employed to the benefit of the colony only, and it was due to his untiring efforts that as early as 1876 the Dutch East Indies adopted gold as the basis of its currency system. By this far-seeing policy the Dutch Colony has been spared the serious troubles which have been experienced by nearly all Asiatic countries as a result of the fluctuations and the ultimate decline in the price of silver.

The home of Mr. K. F. Van den Berg is Batavia, in the Island of Java. He was born in that city August 11, 1878, and attended the local public schools. In 1889, when his father was elected president of the Bank of The Netherlands, Mr. Van den Berg went to Holland, where he attended the Public Commercial School at Amsterdam. He was graduated in 1891, and soon afterward entered business. His preliminary training included both the banking and foreign trade fields, and in this connection he spent some years in England and France to study the financial and economic conditions of those countries. During his subsequent banking career Mr. Van den Berg has shown a marked predilection for foreign banking. He was very much attracted by British

banking methods, and spent several years in South Africa in the employment of a colonial bank there.

His present position as vice-president of the Bank of Java Mr. van den Berg obtained in 1912, when Dr. G. Vissering, the then president of the bank, was elected president of the Bank of The Netherlands, and was succeeded by the senior vice-president, Mr. Zeilinga, thus creating a vacancy in the management of the Bank of Java, which Mr. Van den Berg was elected to fill.

The Bank of Java, established in the year 1828, and the head office of which is located at Batavia, Java, exercises to some extent the same functions as the Federal Reserve System does in the United States. It is the central institution, where the reserves of the colony in gold and silver are kept, which issues the necessary paper currency and which plays an important part in the manufacture of credit by its power to regulate the supply of funds and to fix the standard rates of discount. Being essentially a private institution, especially as to ownership, it is identified with the government to an extent that makes it a public institution as well. The leading officials of the bank are appointed by the government, and its affairs are subject to government control. In consideration of the monopoly of the note issue granted to the bank by its charter, the government is entitled to a part of the bank's profits, and the services of the bank are at the government's disposal, free of charge, for custody of securities, keeping of accounts, and treasury balances, while preferential treatment is accorded the government in its borrowings from the bank.

Special safeguards are provided by its charter to keep its management free from influences by political bodies or private concerns. The Bank of Java, therefore, may be regarded a genuinely popular institution, which is conducted primarily in the interests of the people as a whole, and as such it has aided largely in the advancement of the island's prosperity and in the economizing of their resources. Its strong gold policy has never left any doubt as to the

gold parity of the island's currency, issued under what is known as the gold exchange standard system, being absolutely secured. It has also, by its discount policy, been of great assistance in usefully employing the available capital in the colony; above all, its great function has been to maintain a remarkable



K. F. VAN DEN BERG
Managing Director and Second Deputy President of
the Java Bank, Batavia, Island of Java

steadiness in both discount and exchange rates, a factor of great importance in a country like the Dutch East Indies, where much of the business depends upon advances made months before the crop comes in.

As one of the leaders of this institution Mr. Van den Berg assists in directing an annual business running into large figures. The Bank of Java is responsible for a note issue of some \$80,000,000, while its deposits amount to another \$40,000,000. His intimate knowledge of foreign trade enables him

to take an active part in the direction of the Bank of Java's foreign exchange policy.

Besides having a thorough knowledge of business, Mr. Van den Berg also seems to be a good diplomat. Since he joined the management of the Bank of Java he has been entrusted with some important missions. Toward the end of 1916 he was sent to Holland to straighten out some difficulties which had arisen between the bank and the home government with regard to the interpretation of some of the provisions of the bank's charter. It was on this occasion that Mr. Van den Berg visited the United States for the first time.

The Mediterranean route having been blocked by German submarine warfare at that time, Mr. Van den Berg's homeward journey took him to the United States, where he spent some weeks establishing connections with American banks.

His present visit to this country as a special commissioner of the Netherlands Government has a far wider importance. Besides acting in an advisory capacity pertaining to colonial matters at the Netherlands Legation at Washington, the object of his mission will be the promotion of closer commercial relationship between the United States and the Dutch East Indies.

"Good Will"

By FRED W. ELLSWORTH, Vice-President Hibernia Bank and Trust Company, New Orleans

ONCE upon a time, not so very long ago, there was a bank that had the usual barricade of marble counter surrounding the officers' desks, with a dinky little gate at one end which was kept locked with a concealed contrivance known only to the initiated. Anyone desiring to enter into the "holy of holies," unless he knew the combination, was compelled to wait until some kind soul on the *inside* of the "stockade" took pity on him and touched the secret button. Now that little inanimate, inoffensive gate had no desire to be rude, but by its mere presence, aided and abetted by the hidden lock, it as much as said to every one who came into the institution: "Don't you dare come in here and bother us. We are too busy to see you."

One day a customer who had a big balance and lots of courage busted right

in through the gate, went straight to the President and translated the language of the gate into plain English. The President saw the point at once, called in a carpenter, and had the gate removed. This left a generous, easy approach to the officers' desks, which said in unmistakable tones: "Come right in, folks, and make yourselves at home."

It is rather odd that a little thing like a gate can create "ill will," and that a little event like its removal can create "good will," but such are the facts, nevertheless.

Let's stop right here for a moment and consider just what "good will" is. Our friend, Noah Webster, says that "good will" is "the favor or advantage in the way of custom which a business has acquired beyond the mere value of what it sells, whether due to the personality of those conducting it, the nature

of its location, its reputation for skill, promptitude, etc., or any other circumstance incidental to the business and tending to make it permanent." So much for Mr. Webster.

In order to bring this intangible asset a little closer to us, I should like to paraphrase the dictionary definition thus:

"Good will" is a form of genuine popularity which can be translated into profits.

"Good will" is a form of respect or admiration, or even affection, which keeps old customers and attracts new ones.

During the past four years the subject of national good will has received a great deal of attention. On August 1, 1914, that damnable pack of moral lepers, known as the Potsdam gang, started a war for the vain purpose of conquering the world. Thanks to the civilized manhood and womanhood of the Allied Nations, and thanks to a just God of free peoples, the fiendish purpose of these hell hounds was everlastingly defeated, and now their hypocritical representatives are whining and squealing over the terms of peace which are not one-tenth as hard nor as cruel as they themselves would have inflicted had they been victorious. The Allies, and particularly our own country, have gained the "good will" of the world because of a generous attitude, and because we conducted a fair fight in an honest and square manner. The Huns, on the contrary, have lost what little good will they possessed, and have gained the active *ill will* of the world for the unfair, dishonest, contemptible manner in which they waged war. The Prussian hyenas are now a despised and rejected nation, and it is my hope, as it is yours, that not for years and years can they expect to enjoy anything but the holy hatred which their despicable hypocrisy and wanton cruelty and their boneheaded arrogance have inspired.

A nation may live and grow and experience a certain degree of prosperity, even without the good will of its sister nations, but there can be no comparison between the nation's development under such conditions and the development

which would come to it when it has the active and voluntary coöperation of its neighbors. Germany possesses to-day the well-earned "ill will" of the whole



FRED W. ELLSWORTH
Vice-President Hibernia Bank and Trust Company,
New Orleans

world, and her crimes, which are without parallel in all history, entitle her to this "ill will" for a long, long time.

THE COLD STORAGE BANK

Back in the medieval age of banking—and that was not so far back either—there were many banks that were cold storage plants, and far too many bankers who assumed the same attitude toward customers as does the old-fashioned hotel clerk. Time was, and most of us here can recall it, when to enter a bank was like letting oneself into a cold storage plant, so far as any warm cordiality or human geniality was concerned. Indeed, it is possible even to-day to find an occasional bank that is

operated on the 1876 plan and is located just around the corner from the North Pole.

PERSONALITY

Every bank possesses a certain personality which indelibly characterizes it as either an agreeable or disagreeable institution. The manner in which customers are received and taken care of, as you all well know, enters very largely into the success or failure of a bank.

There are banks—we have all seen them—whose officers are as genial and as cordial as graven images, and the atmosphere of whose offices is as inviting as that of a well-kept mausoleum. I am very glad, however, that such banks are not as numerous as they were twenty, or fifteen, or even ten years ago. That very much maligned individual known as "competition" has discovered and developed the quality of courtesy, so that to-day the grouch and pessimist and the human iceberg have no place in a modern bank.

The banker who mixes up cheerfulness with his daily grind will get more enjoyment out of his work and more dividends on his stock and more names on his customers' ledger than the man who meets his customers with a face like a pickle. When a banker has decided to grant a request, he should do it as though it was the one and only thing in all the world that he wanted to do just at that time. In the language of somebody or other, "What is worth doing is worth doing cheerfully." The banker who waits on a customer after hours, or makes a loan, or cashes a check, and does it as though he hated the world and all the people in it, will get no credit from the customer or anybody else; while he who greets the customer with a cheerful "How do you do, Mr. Smith? Sit right down. I am glad to see you. What can I do for you to-day?" and then does it as though it was a real pleasure will make that customer a firm, permanent friend.

Scandinavian Trade Outlook

THE splendid new organ of Scandinavian trade, the "Scandinavian Trade Outlook," has come to hand, and is worthy of comment. The appearance of the magazine is exceptionally strong and pleasing. The editor, Julius Moritzen, is to be congratulated on the contents, also, and for the leading article, of which he is the author. It is a masterly summary of the opportunities offered by Scandinavian countries to American manufacturers for doing business in the Baltic region. The number contains articles by Frederic P. Robert, manager of the foreign department of Ralph L. Fuller & Co., Inc.; Thomas Purse, secretary of the Savannah Board of Trade; John J. Arnold, vice-president of the First National Bank of Chicago; Edward Ewing Pratt, vice-president of the Overseas Products Corporation, and formerly chief of the Bureau of Foreign and Domestic Commerce; and Dr. John Franklin Crowell, formerly executive officer of the New York Chamber of Commerce.

The prospects of the "Scandinavian Trade Outlook" appear to be entirely auspicious.



Liberty Bond Smiles

L. Edward Jones, assistant manager of the savings department in the Continental and Commercial National Bank, Chicago, has sent in the following specimens of amusing incidents connected with the bank's care of Liberty Bonds—and their owners:

One good-natured chap asked the assistant manager (regarding the coupons), "What the devil will I do with these stubs?" Another customer brought her bonds to the bank, thinking only bank officials have the right to clip coupons, while another refused to detach coupons so that the bond would pay compound interest.

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Economic Conditions in France

THE CREDIT MOBILIER FRANCAIS

THE new conditions brought about by the cessation of hostilities have augmented the activity of the various financial institutions of France. Thus the *Crédit Mobilier Français*, which has constantly given its financial help to the state during the war, has taken an active part in the amelioration of the change, in the subscription of Bonds of National Defense, and in the placement of municipal Bonds of the City of Paris during the last few months. Moreover, it has helped several small banks as well as important industrial and commercial houses to widen their field of operation, in this way encouraging the financial and business enterprises of the country. A similar activity is contemplated by other large financial institutions in order to promote and to redress the economic conditions of France.

AN ESTIMATE OF WAR DAMAGES

Mr. Louis Dubois has cast up the balance of damages caused by the war for the commission of budget. The estimation of damages inflicted to the French territory invaded by the enemy reaches a total amount of 119 billions 801 millions of francs. In this huge amount, 96,559 millions represent direct damages; the rest, that is, 23,242 millions, represent indirect damages (loss of income or of exploitation).

Here is the detailed estimate of damages: Dwellings and public monuments 34,600 millions, of which 19 billions represent damages suffered by houses, 10 billions for furniture, material, values, etc., and 5,600 millions for the losses of income or exploitation. Agriculture, 19,221 millions of damages, of which 1,900 million is for the buildings of exploitation, 3,234 millions for property not yet built, 3,186 mil-

lions for agricultural material, 2,090 millions for cattle, 5,839 for supplies, 1,398 for the rent income, and 1,579 for the income of exploitation. Mines and metallurgic mills, 11,138 millions, of which 1,425 is for furniture, 4,833 for material, 1,836 for victualling, and 3,044 for loss of income and exploitation. Mechanic and electric constructions and electric mills, 4,460 millions; chemical products and various industries pertaining to the same products, 4,658 millions; domestic industries, 21,805 millions; various other industries, 6,121 millions. Railways of general interest, 6,266 millions; railways of local interest and tramways, 852 millions; waterways, 485 millions; ports, 82 millions; roads and bridges, 1,218 millions; post, telegraph and telephones, 295 millions.

The report of Mr. Dubois remarks that this table does not include the following damages: (1) The damages suffered by commerce, by liberal professions, by movable values, and by persons remained in the territory invaded; (2) the damages suffered by the persons killed, wounded, or by those made widows or orphans, as well as the direct cost of the war.

THE FOREIGN TRADE OF FRANCE

The Customs Administration has published statistics regarding the foreign trade of the last two years. The total figure of French imports during 1918 was 19,915 millions, against 27,554 millions of francs for 1917. The total figure of exports in 1918 was 4,143 millions, against 6,013 millions for 1917. From this it follows that the import figure has surpassed the export figure during the years named. This state of affairs was due to the necessity of importing food supplies and ammunitions as well as various other articles required by the war.

Before the war the deficit of the

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$50,000,000

French foreign trade oscillated between 1,000 millions and 1,500 millions of francs. This deficit was, however, covered by investments abroad, by the expenses of foreigners in France, and by the savings of French citizens residing abroad.

During the four years of war France has paid abroad 55 billions of francs. In order to recover this huge amount it is necessary that the industries which remained idle during the war (forty per cent. of the total industries) should begin work at once. But for this purpose it will be necessary to import raw material, so that the balance of the French foreign trade will represent a large deficit for some time to come.

BANQUE FRANCAISE POUR LE COMMERCE ET L'INDUSTRIE

The Banque Française pour le Commerce et l'Industrie has taken a large share in the financial transactions during the war as well as in the commercial and industrial activities of France since the signing of the armistice. The total figure of its balance represents 279,665,475 fr. 61 centimes. In spite of the unfavorable conditions caused by the war, the bank has augmented its reserves to 12,506,668 fr. 02 in 1918, against 9,698,753 fr. 79 in 1917. Moreover, in order to make good the depreciations and redeeming funds of the pre-

vious years of war, the board of directors have decided to renounce their right to ten per cent. as long as the total of the benefits and reserves has not reached the figure represented in the balance of July, 1914.

FINANCIAL SITUATION OF FRANCE

Mr. Klotz, the French Minister of Finances, has made the following statements concerning the financial situation of France: The public fortune of France has not augmented during the war. The war expenditures have exceeded the amount of 177 billions of francs; the actual deficit has reached 21 billions 761 millions of francs, without counting the new expenditures in view of the national reconstruction. The equilibrium of the current budget may be found in the existing taxes. The total of taxes established during the war would represent for a normal year about 3,249 millions of francs. The budget exceeds in receipts eight and one-half billions of francs.

In order to meet the deficit it will be necessary to augment the rate of the income tax during the current year. With such an augmentation and with the amount received from the liquidation of war stocks and from the bills for the transportation of allied troops, as well as with a certain economy in expenditures, the budget of 1919 will be covered in the end.

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As to the future budgets, it will be necessary to make even greater sacrifices, declared Mr. Klotz. In fact, it will be necessary to find three or four times more money than before the war; that is, about twenty billions of francs a year. To find this amount of money the Government will be compelled to decide upon new taxation. A tax on capital is contemplated by the administration in the near future. Such a measure will, however, not be taken before the amount of indemnities will be definitely announced. For it is right that the enemy pay first and that the French taxpayer should not be over-

taxed. The tax on capital would be the last resort of taxation, after all other resources have failed to cover the expenditures foreseen in the budget. A heavy tax on all sorts of war profits will also postpone the tax on capital.

Finally, Mr. Klotz has discussed the delicate problem of a financial Society of Nations. The financial commission of the Peace Conference has accepted in principle this kind of coöperation between the allied and associated nations. For it is natural that the countries that have fought together for right and justice should continue to work together in time of peace.



Economic Conditions in Italy

FINANCIAL MEASURES FOR AFTER THE
WAR

THE Italian Commission appointed for the study of after the war problems has reached a conclusion concern-

ing the financial measures necessary for the establishment of normal conditions in the business life of the country. The state will need about 2 billions 165 millions of lire yearly even after having raised half a billion on credit.

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The Commission proposes that this deficit be diminished to the extent of 150 millions yearly by means of an extraordinary tax of three billions payable in five years or more, which tax would diminish the perpetual debt. The two billions and 45 millions should be covered as follows: 150 millions by a monopoly for the purchase of coffee abroad; one billion 200 millions by the establishment of a national organ for the fabrication and sale of wine, 150 millions by a financial operation on pensions, 50 millions by the liquidation of war stocks, and 465 millions by a reform of direct taxes.

THE WAR EXPENDITURES OF ITALY

The war expenditures of Italy up to October, 1918, have reached the amount of 59,073,300,000 lire. This figure is inferior to that of other belligerent great powers. However, if one compares the amount of expenditures with the private fortune of Italy before the war, which was estimated at 80 billions

of lire, or which has attained now 110 billions, one may conclude that of all the allied great powers Italy has made the greatest financial sacrifice.

The public debt of Italy before the war reached the amount of 13,636,000,000 lire. The war debt had reached the amount of 49,457,000,000 lire in October, 1918. The total public debt has thus reached the figure 63,093,000,000 lire.

The difference between the amount of war debt (49,457 millions) and the amount of war expenditures (59,973 millions) is explained by the fact that the figure of the debt is the nominal amount that the state will pay to its creditors. This amount may be superior or inferior to the real amount received by the treasury. It is superior in the case of national war loans, which, being issued at a rate below par, have brought to the treasury the amount of 10,048,500,000 lire, against a nominal value of 14,737,000,000. The registered amount is inferior to the amount received as regards the loans effected

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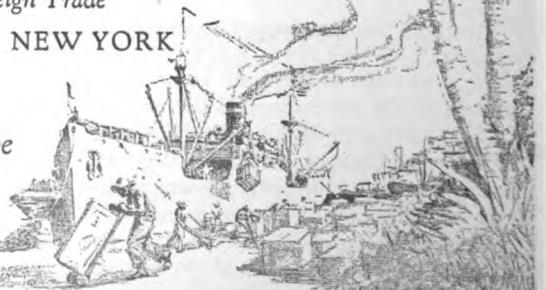
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abroad, for besides the 13,851,000,000 lire of nominal debt at the par of the exchange of pound, dollar, and franc, the Italian Government has received only 7,800,000,000 lire, resulting from the depreciation of its exchange.

THE INCOME TAX

Mr. Meda, the Italian Minister of Finances, has presented to the Chamber of Deputies a project of fiscal reform, which comprises a complementary progressive tax and a tax on patrimony.

The actual direct taxes are founded on a single proportioned tax called normal income tax, which is divided into four categories: 1, on the income of capital; 2, on the mixed income (capital-work); 3, on the income of work; 4, on the income of salaries. The rate is respectively 18, 15, 12 and 9 per cent. Exempted from tax are: The mixed and work incomes till 1,200 lire; the tax is reduced for the incomes between 1,200 and 2,000 lire. The complementary tax on normal income has a progressive rate varying from 1 to 25 per cent. This tax has a personal character, because it regards also the personal titles of the bearer. In this category are exempted the titles of war loans, according to the engagements taken by the Government.

The tax on patrimony is established as a factor of compensation with a rate of 1 per thousand. It regards only the patrimonies superior to ten thousand lire.

Moreover, the project foresees a tax on unmarried persons and on the men exempted from military service.

ITALIAN EMIGRATION

A new treaty of emigration will be arranged between France and Italy in the near future. The Italian Confederation of Labor has the following opinions regarding this question:

France needs about one million of workers for the reconstruction of her crippled industry and agriculture. For this purpose France counts upon Italy in the first place. On the other hand, Italy needs a large quantity of phos-



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phate for her own industries. The treaty should assure to Italy the import of this raw material. An understanding should equally be reached regarding the treatment of Italian workers. Furthermore, the customs restrictions that France has observed in the past should be eliminated. The treaty should be based upon the principle of equality. The Italian emigrant expects to work in France under the same conditions as the native workers.

THE SITUATION OF THE ITALIAN TREASURY

From August 1, 1914, till December 31, 1918, the credits of the Italian Treasury have augmented about eight and one-half billions and the debt almost twenty-two billions of lire. This last amount is made up of the following figures: Treasury bills, 86 millions in 1914. 7.392 millions in 1918: that is an

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augmentation of 7,306 millions of lire. Ordinary bonds or for military articles, 380 millions in 1914, 10,845 millions in 1918; that is, an augmentation of 10,465 millions of lire. Money drafts, 64 millions in 1914, 1,628 millions in 1918; that is, an augmentation of 1,564 mil-

lions of lire. Various operations, 676 millions in 1914, 3,145 millions in 1918; that is, an augmentation of 2,469 millions of lire. The augmentation of the Bonds of Treasury is the largest; it represents almost fifty per cent. of the total amount of augmentation.



Economic Conditions in Belgium

THE BELGIAN BANKS DURING THE WAR

IN SPITE of the German occupation the private Belgian banks have not remained quite inactive during the four and one-half years of war. According to statistics issued lately, the following figures represent the activity of twenty-eight private banks, with a total capital of about 500 millions of francs: Amortization and reserves, 93,779,380 francs; dividends distributed, 54,704,324 francs; total benefits, 148,483,704

francs. It follows from these figures that the benefit of the private banks has been an average of seven and four-tenths per cent. yearly, of which two and seven-tenths per cent. has been distributed, and four and seven-tenths added to amortization and reserves. Of course, these results are far from being equal to those realized in time of peace. They show, however, that the banking interests have withstood the vicissitudes of the war, and that the financial organism of the country has remained intact.

Canada a Trade Jewel

A recent editorial in the N. Y. Sun says :

In the crown of our foreign trade Canada is the bright particular jewel. Not many years will pass before, in our firmament of international commerce, Canada will be, among all, the shining star.

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THE METALLIC STOCK OF THE BANQUE NATIONALE

The metallic stock of the Banque Nationale, amounting to about one billion of francs (gold and silver), has been brought back from the vaults of the Bank of England, where it had been transferred in September, 1914.

The redemption of the German money circulating in Belgium is almost finished. About 6,500 millions of marks have been taken from circulation. At present there are in the vaults of the Banque Nationale 7,500 millions of marks that Germany has agreed to take back at the exchange rate of 1 fr. 25 centimes per mark. Besides this Germany owes to various banks in Brussels one billion of francs that she had requisitioned during the war.

SOCIETE GENERALE DE BELGIQUE

The Société Générale de Belgique, one of the oldest financial institutions of Belgium, has just published a report concerning its activities during the war.

At the beginning of hostilities the bank took the initiative of constituting a consortium of the principal banks of Brussels, with a capital of 100 millions of francs, in order to meet the new conditions.

During the occupation the bills of the National Bank of Belgium having been exhausted, and since this institution had been transferred to London after the fall of Antwerp, the Germans were compelled to issue new Belgian notes for circulation. For this purpose they asked the Société Générale to take the place of the Banque Nationale as regards the issue of notes.

One of the most complicated problems with which the Société Générale had to deal was that involved in the circulation of the mark, which the Germans had imposed at the minimum exchange rate of 1 fr. 21 centimes. The marks began to invade the country and the bank had to do everything possible in order to avoid the danger of an inflation on the part of the Belgian fiduciary circulation.

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Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

Besides its financial operations the Société Générale has taken a prominent part in the activities of the National Committee of Assistance and Alimentation founded by the Belgian philanthropist, Mr. Ernest Solvay. It has thus saved thousands of people from starvation, constantly giving credits to the committee. The bank has helped not only the Belgian poor, but also the French people of Northern France, by giving financial assistance to the various cities and villages invaded and devastated by Germans. Its help to the French population had reached the figure of 101 millions of francs at the time of the armistice. Moreover, the bank has helped its clients abroad for the whole duration of the war by granting them credits through neutral banks. For such clandestine operations the bank has paid to the German authorities fines amounting to 250,000 marks.

On December, 1918, the capital of the Société Générale amounted to 32,804,232 fr. 80 centimes; the funds of reserve to 70,722,137 fr. 88, the values

in the coffers to 151,888,988 fr. 84, and number of these corporations, which the voluntary deposits (titles) to 1,732,790,082 francs. The total of assets and liabilities was 3,159,950,197 fr. 05.

THE FINANCIAL SITUATION OF BELGIUM

Mr. Delacroix, the Belgian Prime Minister, has presented to the Chamber of Deputies the general budget of the current year, which contains a deficit of more than 600 millions of francs. In order to cover this deficit a new project of taxes will be necessary. The new taxes will regard the income, inheritances, tobacco, and liquor. The budget of war liquidation requires ten billions of francs. This amount will be found in the credits promised by the Allies. Belgium needs the help of the Allies for the reconstruction of her crippled industries. It is known that the Germans have not only destroyed the factories, but also taken away all machinery. For this reason the country will be both financially and industrially in a serious condition for some time to come.

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E. C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: Rua Aurea

Antwerp Branch: 22 Place de Meir

	(\$ £1.)
CAPITAL (Authorized) - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - -	15,000,000
PAID-UP CAPITAL - - - -	9,000,000
RESERVE FUND - - - -	10,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
 RICHARD FOSTER, Esq.
 FOLLETT HOLT, Esq., M. Inst. C.E.
 KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
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BANKERS; BANK OF ENGLAND;

LOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

BRANCHES IN SOUTH AMERICA :

BRAZIL :—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. **URUGUAY** :—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA :—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE** :—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
 Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

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

INCREASED CAPITAL FOR BELGIAN BANKS

Reports to the United States Department of Commerce state that the Bank of Brussels is increasing its capital from 51,500,000 francs (\$9,939,500) to 103,000,000 francs (\$19,879,000) by the issue of 103,000 new shares of 500 francs each. Present holders will be allowed to subscribe for as many shares of the new issue as they now hold of the old. The rate will be 520. At the time of subscribing 120 francs must be paid in; the remainder will be called for at a date to be fixed later.

It is also stated that the Societe Generale has increased its capital by the issue of 31,000 capital shares and 31,000 reserve shares, the former of which were issued at the rate of 1,050 francs and the latter at 2,500 francs. The number of shares is thus doubled and the capital nominally increased by about 100,000,000 francs (\$19,300,000). If the old shares are calculated at the rate of issue of the new, the value of the increase is about 218,000,000 francs (\$42,074,000).

The Banque Nationale has established the National Bank for Industrial Credit, with an initial capital of 25,000,000 francs (\$4,825,000).

The Banque de Credit Commercial of Antwerp is now proposing to increase by 5,000,000 francs (\$965,000) its present capital of 15,000,000 francs (\$2,895,000).

It is understood that Lloyds Bank, the National Provincial and the Union of England Bank are planning to establish branches at Antwerp and Brussels.



American Banking Service in Foreign Trade

THE statement, recently made, that there is no longer any banking handicap to the conduct of American trade operations in any part of the world is borne out and elaborated in detail in "Banking Service for Foreign Trade," the most recent of the



The National Bank of the REPUBLIC OF CHICAGO

OFFERS exceptional service in exceptional times,
and invites the accounts of responsible people
requiring Chicago facilities.

Capital
and
Surplus
\$3,000,000

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Oscar H. Swan - - -	Cashier	Chas. S. Macferran - - -	Asst. Cashier
Walter L. Johnson - - -			Asst. Cashier

series of publications dealing with export trade problems which the Guaranty Trust Company of New York is issuing.

The pamphlet, which is uniform with others in the series, describes the extent to which American banking connections have pushed out ahead of business, until now there are few if any trading centers worthy of the name in which there is not located either an American institution or else a direct correspondent of an American institution, prepared to care for American trade in all its aspects. Such correspondents, as the pamphlet indicates, are usually the leading banking institutions of the regions in which they operate. A map, attached to the pamphlet, shows in detail the world-wide connections of the Guaranty Trust Company.

Another section of the book is devoted to a description, in terms readily understood even by the newcomer in foreign trade, of the service which a bank with complete foreign connections can offer, such as purchasing bills of exchange, insurance against exchange losses, issuing

letters of credit and travellers' checks, discounts of commercial paper, accepting time drafts, making loans on bills of lading and warehouse receipts, purchasing commodities for clients abroad, acting as collecting and disbursing agent for governments and others, dealing in foreign securities, giving credit information, and other phases of modern banking service.

A study of the booklet indicates that the foreign department of a bank operating throughout the world is really a complete bank in itself, employing many persons—in this instance there are more than three hundred clerks in the main office alone—and keeping conversant with the financial and trade conditions, not of the United States alone, but of the world.

The extent of its direct connections abroad has enabled the Guaranty Trust Company of New York to build up a Foreign Trade Bureau able to give credit information on more than 50,000 foreign firms in all parts of the world,

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

O. M. SHUMAN, Chief Foreign Dept.



Authorized Capital	. . . . .	(pesos) 10,000,000.00
Capital fully paid-up	. . . . .	4,500,000.00
Reserve Funds	. . . . .	2,250,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
 Spain: Banco Hispano Americano
 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank and The Guaranty Trust Company

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

to keep codified trade information regarding the prospects and conditions of American trade in particular countries, and able, at the request of manufactur-

ers, exporters, and others, to give careful reports as to the opportunities in any region for the sale of American products.



Investment Trusts

By LEOPOLD FREDERICK,

Director and Treasurer, American Smelting & Refining Co.

WITH the slowing down of industrial activity in the United States the managers of the plants whose capacity had been so enormously enlarged during the war are beginning to turn to the field of foreign trade in order to find an outlet for their products. On the other hand, foreign nations, especially those that had to bear the brunt of the terrible conflict in Europe, are looking anxiously to the United States for help in their reconstruction problems. They need cotton, copper, steel,

machinery and many other of our products. They lack, however, the ready cash and credit to pay for their purchases.

The foreign securities to be sold by them to our investors and manufacturers will go a long way toward solving the problem and this matter has been constantly before the American public since the signing of the armistice. Everybody agrees, though, that it will be a difficult undertaking to sell foreign securities to the investor direct. The small

NORWEGIAN AMERICAN SECURITIES CORPORATION

74 Broadway, New York City

Capital - - - \$1,000,000.00

TRYGVE BARTH, President

LEIF H. STROM, Vice-President

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B. KROEPELIEN, Secretary and Treasurer

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DIRECTORS

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Marine Insurance Companies

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GUNNAR HARTMANN, President Hart

Trading Company

GEORGE REITH, Vice-President

C. STENDAL, President Jefferson Insur-

ance Company

WM. SCHENSTROM, President Electric

Welding Company of America

KARL KROGSTAD, President S. O.

Stray & Company

The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

Correspondence Invited

wage earner especially has hardly been educated through the Liberty Loan campaigns to become an investor, and it is too much to expect that he will immediately take kindly to a security which is liable to fluctuate in price violently and which may sometimes not pay him the interest punctually when due.

It has been suggested several times during the past few months that there should be established in the United States investment trusts, which institutions would be great factors in the education of the American investor to the value of foreign securities. Mr. Paul M. Warburg, in an admirable speech, brought up this question at the last meeting of the Council on Foreign Relations, suggesting, however, that we should not go ahead with the establishment of such an investment trust until the Government financing and the railroad securities situation were satisfactorily solved. I believe that the absorption of the greater proportion of the new Victory Loan will have been accomplished by the spring of the com-

ing year. The railroad securities, however, will require a number of years before they are back to their pre-war level. This can only be accomplished by judicious legislation and lower interest rates.

Europe, Central and South America and other countries cannot wait that long, and it will be advisable to begin the study of the question of investment trusts in this country at once.

The investment trusts under discussion are nothing else than holding companies for foreign securities. The English, with their great ramifications all over the world, formed the first of such organizations in the 70's of the last century and a number of them are paying large dividends. Belgium, Germany and Switzerland followed suit about twenty years later. The last-named country especially, on account of its neutral character, is the home of a number of these corporations, which were established by groups of international bankers. In France, where politics and finance have always been close-

Increased Facilities

Through the French American Banking Corporation, owned jointly by the Comptoir National d'Escompte de Paris, the National Bank of Commerce in New York, and ourselves, we have added immensely to our banking facilities.

The services of the Comptoir National d'Escompte de Paris and its many branches in France, the French colonies, and other countries, are placed at our disposal, and enable us to offer still more efficient service than in the past.

THE FIRST NATIONAL BANK of Boston

Capital, Surplus and Profits \$27,929,000
Resources - - - over 225,000,000

Branch at Buenos Aires, Argentina

ly interwoven, the investment trust idea has not made any marked headway. No foreign loan can be floated there without the sanction of the Government. The banks have always preferred to sell direct to the big and to the small investor. The results were not always gratifying, as the unhappy possessors of Russian securities, amounting to billions of francs, can testify.

These investment trusts work on the insurance company plan, selecting securities from all parts of the world. The Investment Trust Corporation, Ltd., of London, for instance, shows in its statement for 1917 not less than 315 kinds of investments, the Second Edinburgh Investment Trust, Ltd., of Edinburgh, Scotland, 238, and the Metropolitan Trust Co., Ltd., of London, 220. These investments include foreign government issues, municipal loans, mortgage bonds, preferred and common shares in railroads, public utilities, banking, commercial and industrial corporations.

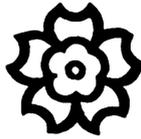
The Continental investment companies show a less large variety in the class of their investments. They have adopted the specialization method, of which the Trust for Metal Securities in Basle, Switzerland, the Trust for Rubber Securities in Antwerp, Belgium, and the Trust for Electrical Enterprises in Berlin, are examples. These had given satisfactory results up to 1913, the last year for which data are available.

These investment trusts not only are purchasers of securities, but also are members of underwriting syndicates, which, in many cases, yield handsome profits. The great diversification in their holdings acts as a strong safeguard. Besides, most of these corporations are by their by-laws prevented from investing more than five per cent. of the combined share and bond capital in one particular kind of security.

Following is a list of the most successful investment trusts in England, Scotland and those on the Continent. The average dividends paid on their

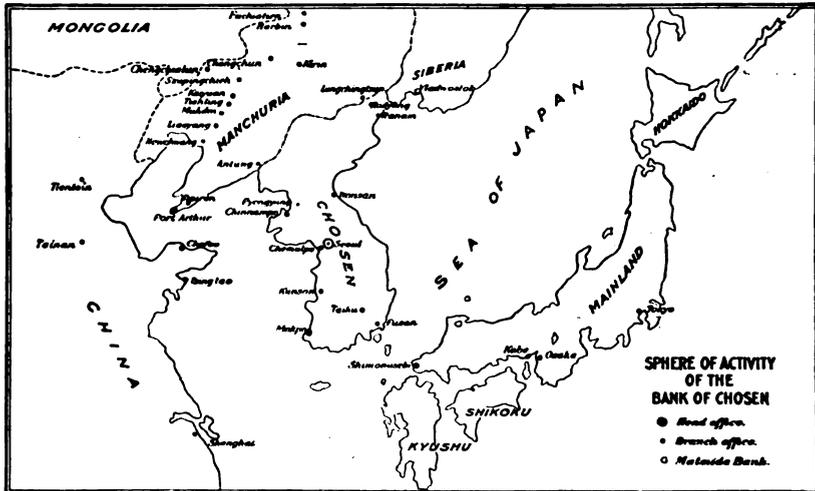
The Bank of Chosen

Incorporated by Special Charter of



Imperial Japanese Government, 1909

Subscribed Capital Yen 40,000,000
 Paid-Up Capital Yen 30,000,000
 Total Resources Yen 300,000,000



Head Office, Seoul, Korea

Principal Branches:

KOREA: Chemulpo, Pyengyang, Wonsan, Fusan
MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung
JAPAN: Tokyo, Osaka, Kobe, Shimonoseki
CHINA: Shanghai, Tsingtao, Tientsin, Tsinan

Affiliated Bank—VLADIVOSTOK: Matsuda Bank

LONDON BANKERS: Guaranty Trust Company of New York
 London Joint City and Midland Bank, Ltd

Principal American Correspondents:

Guaranty Trust Company of New York	Wells Fargo - Nevada National Bank, San Francisco
Equitable Trust Company of New York	
Irving National Bank, New York	Canadian Bank of Commerce, San Francisco, Seattle and Vancouver
National City Bank of New York	
National Bank of Commerce in New York	

T. MUKAI, New York Representative, 120 Broadway

The
National Shawmut Bank
of Boston



Foreign Banking

Capital . . \$10,000,000

Surplus . . 10,000,000

Acceptances

Complete service to banks throughout the country in all branches of Domestic and Foreign business.

Commercial and Travelers' Letters of Credit; Collection of Foreign Drafts. Foreign Exchange and Cable Transfers purchased and sold.

CORRESPONDENCE INVITED

common shares, from 1907 to 1917, were all the way from nine to thirteen per cent. per annum. As will be seen in this compilation, the panic years of 1907 and 1914 are included:

British Investment Trust, Ltd. (Edinburgh, Scotland)

Established in 1889. Capital consists of \$6,000,000 in five per cent. preferred and \$4,000,000 common stock. Outstanding, \$9,300,000 in four per cent. bonds. Average dividends paid on common shares, from 1906 to 1917, about thirteen per cent. per annum.

Second Edinburgh Investment Trust, Ltd. (Edinburgh, Scotland)

Established in 1902. Capital consists of \$1,500,000 in four and one-half per cent. preferred and \$750,000 common stock. Outstanding, \$1,950,000 in four per cent. bonds. Average dividends paid on common shares, from 1907 to 1916, in cash and stock, about twelve and one-half per cent. per annum.

Metropolitan Trust Company, Ltd. (London, England)

Established in 1899. Capital consists of \$2,000,000 in four and one-half per cent. preferred and \$2,000,000 common stock. Outstanding, \$4,000,000 in four per cent. bonds. Average dividends paid on common shares, from 1908 to 1918, about twelve per cent per annum.

Investment Trust Corporation, Ltd. (London, England)

Established in 1888. Capital consists of \$6,000,000 in four per cent. preferred and \$4,000,000 common stock. Outstanding, \$10,000,000 in four per cent. bonds. Average dividends paid on common shares, from 1907 to 1917, about twelve per cent. per annum.

Industrial and General Trust, Ltd. (London, England)

Established in 1889. Capital consists of \$4,500,000 in four and one-half per cent.

preferred and \$4,500,000 common stock. Outstanding, \$5,000,000 in three and one-half per cent. and \$3,500,000 in four per cent. bonds. Average dividends paid on common shares, from 1907 to 1917, about nine per cent. per annum.

Trust Company for Transportation and Industrial Enterprises (Société Financière des Transports et d'Entreprises Industrielles) (Brussels, Belgium)

Established in 1898 by an international syndicate of bankers. Is interested in securities of public utilities in the Argentine, Spain, Hungary, Italy, Roumania, Denmark, Belgium, Russia and South America. Has paid average dividends, from 1904 to 1911, on a capital of \$3,000,000, of about eight per cent. per annum. Later accounts are not available.

Bank for Electrical Industries (Banque pour Entreprises Electriques) (Zurich, Switzerland)

Established in 1895. Capital consists of \$15,000,000 in common shares. Bonds outstanding, \$18,000,000. This organization owns shares and bonds of public utility companies in Italy, Spain, Germany, Portugal, France, Switzerland, Roumania, Poland, Turkey, Belgium and the Argentine. Average dividends paid on common shares, from 1906 to 1917, about nine per cent. per annum.

Franco-Swiss Trust Company (Société Financière Franco-Suisse) (Geneva, Switzerland)

Established in 1892. Capital consists of \$800,000 in common shares. Outstanding, \$5,500,000 in four per cent. bonds. Owns a motley assortment of city and railroad bonds of Japan, Russia, Turkey, the Balkans and North, Central and South American countries. Average dividends paid on common shares, from 1907 to 1917, about twelve per cent. per annum.

The above results show that, if properly managed, these investment trust companies may be made profitable. It

An Aid to Foreign Trade

We are especially interested in helping extend American business abroad. By affording every facility for a direct personal banking service between you and your foreign customers we can assist materially in establishing credits, facilitating collections and in every other way where a bank may be of service. Our wide organization throughout the United States and Canada, as well as our branches and connections abroad, afford every facility for a complete international banking service. Our officers will be glad to tell you how we can serve you.

Imports and exports financed, drafts and letters of credit issued, bills of exchange negotiated and collected, acceptances given against shipments of merchandise, or any other foreign banking business transacted.

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C. A. MACKENZIE, Secy.-Treas.

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized	\$7,500,000
Paid-up	3,250,000
Reserve Fund	3,000,000

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

requires many months to organize such investment trusts, and, naturally, those that are established in the United States will have to be on a larger scale than the ones in Europe. A beginning should be made by establishing a company, say, with a capital of from \$50,000,000 to \$100,000,000, to be paid in gradually, according to requirements. After it is found that the share capital becomes insufficient, a bond issue will have to be arranged.

There are quoted on the London, Paris, Brussels, Antwerp, Valparaiso, Chile and other stock exchanges a very large number of old-seasoned securities — government, municipal, mortgage bonds and industrial shares—which have stood the test for many years and which can be acquired under favorable conditions. The sellers of these securities will have to agree to use the equivalent in purchasing material and supplies produced in the United States. This investment trust company should not specialize, on the theory that, if out of, say, 300 different kinds of investments, ten do not turn out profitably, the remaining 290 will more than make good the deficiency. Of course, it is vital that these investment trusts should be under the management of internationally trained financial experts and under the authority of a board of directors who will "actually" direct.

In order to accomplish the latter results, I would suggest the Continental method, which consists in apportioning from the net profits, first, a certain amount of surplus; second, say, five per

cent. as interest to the shareholders; third, from five per cent. to ten per cent. to be paid to the directors; fourth, from five per cent. to ten per cent. to be paid to the employees; and, fifth, the remainder to be distributed as extra dividends among the shareholders. This would give the directors a greater monetary incentive to take an interest in the affairs of the company. The present American method, of paying a \$10 or \$20 fee, is hardly conducive to getting busy men of large affairs to attend directors' meetings.

After the tremendous activities during the period of the European War, the money rates are certain to come down, and I would not be surprised if in a few years we may have conditions approaching those that existed in London in 1895. At that time three months' bills could only be discounted at a rate of one per cent. per annum or below and many of the bankers refused to do business, as it was not worth the trouble taking the risk for the sake of, earning less than one-quarter of one per cent. for the money invested during the ninety days.

When this situation arises in the United States, the investment trusts established here ought to be able to yield handsome profits, as the foreign securities in their possession will bear very high rates of interest, and, after a time, the economical condition of the countries originating them will improve. Foreign exchanges on these countries will be rising and will give an opportunity to resell such securities at a large

profit. This condition had been observed in 1917, when Switzerland, Norway and Sweden became very prosper-

ous and repurchased before maturity practically all the notes placed by them eighteen months before in New York.

Porto Rico Enjoys Prosperity Wave

Frank E. Andruss, of Atlantic National Bank of New York, Returns Impressed with Island's Commercial Future and Says Porto Ricans are Alive to Their Opportunities

AS time advances and the gradual readjustment of conditions permits of a more deliberate review of the effect which the last four years have had on the world economy it becomes increasingly apparent that in many instances

dergone rapid commercial and industrial growth.

The most recent of these to achieve prominence is the Island of Porto Rico, which, according to Frank E. Andruss, cashier of the Atlantic National Bank of New York, is in a better position financially and commercially than ever before. Mr. Andruss has just returned from a visit to the island where he spent several weeks on business for the Atlantic National Bank and the Kountze Brothers banking interests. During his stay Mr. Andruss made a thorough investigation of conditions in all lines of business in the island and his observations are based both on his personal experiences, and conversations with Porto Rican men of affairs. Speaking of conditions in Porto Rico, Mr. Andruss said:



FRANK E. ANDRUSS

Cashier Atlantic National Bank, New York

much good has accrued from what has been generally considered a world disaster. This is especially true of the smaller countries and dependencies, which, thrown upon their own resources because of the many restrictions governing international intercourse, have un-

The active men of affairs of Porto Rico realize the importance of developing the various resources existing. With proper cooperation commercially and financially, it will be possible to advance the development of the island in all its activities. At present many public improvements are under way. Chief of these, probably, is at the city of San Juan, which contemplates the deepening of the harbor waters to accommodate shipping. This subject is being given earnest consideration in order that docks and other facilities may be erected for the encouragement of commercial trade on a larger scale.

Since my last visit to Porto Rico, more than two years ago, I was particularly impressed with the vast improvement in conditions and general prosperity throughout the island resulting from the increased commercial activity and business growth. This prosperity is especially important inasmuch as it is not localized, but distributed throughout the entire territory, all of the larger towns enjoying a full share.

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 62 other
Places in Sweden

Capital Paid Up Kr. 30,000,000
Surplus About Kr. 17,200,000
Resources About Kr. 373,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling

of their business on moderate terms
Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

If there is any dullness to be observed it is in the wholesale and retail provision lines. This is a temporary condition, however, and is already showing improvement, and optimism for the future is general throughout the island.

My personal observations lead me to the belief that Porto Rico is becoming more and more important as a market for American goods and products. During the fiscal years of 1917 and 1918 imports into Porto Rico from the United States amounted to \$59,000,000 and exports totaled approximately \$66,000,000, which left a net result in balance of trade amounting to \$7,000,000. These figures show that Porto Rican exports are about \$65 per capita. The imports in 1917 from the United States exceeded Hawaii by almost \$5,000,000 and doubled the imports of the Philippine Islands.

Commercial relations between the United States and Porto Rico have a very bright future and the field is a splendid one for American merchants and manufacturers to cultivate. It should always be kept in mind, however, that fair treatment and a sound business policy must be maintained to eliminate any possible misinterpretation of American business methods, thereby preventing the possibility of foreign competition.

The possibilities of Porto Rico are unlimited. Geographically it is a natural port of call for oceanwise traffic between Europe and America and the Panama Canal. The possibility of making a harbor of San Juan a free port would be extremely advantageous to the island.

The improvement of railroad facilities, however, will play an important part in the future development of the island. The present service is probably adequate for the present, but as business increases it will be essential that the privately owned railroads come to some understanding with the main line of the American Railroad of Porto Rico in order that transit facilities be extended to all important localities. The automobile truck and bus for the present are important factors for facilitating deliveries of merchandise to inland points.

Agriculturally Porto Rico has vast potentialities. The island has approximately 2,000,000 acres of land susceptible to cultivation. Modern methods of irrigation would result in increased production and development of the agricultural resources. Of the farm products sugar maintains a place of first importance. More than 256,000 acres are employed in growing this product, while coffee, with 250,000 acres under cultivation, comes second. Fruits, corn, beets, beans and sweet potatoes utilize about 95,000 acres.

The educational programme will bring about vast changes in the island's agricultural future. An effort is being made to interest young men entering business life in agriculture as a profession. Heretofore the younger element has leaned heavily toward the professions of law and medicine. With the development of the island's agricultural resources and the installation of modern irrigation methods many farm products which are now imported could be raised in large quantities.

All in all, Porto Rico is on a firm economic footing. Business men of the island are especially interested in American products, and the general public is in an excellent position to buy. American merchants and manufacturers entering the Porto Rican field will find much to interest them.



British Government Finances

REVIEWING the financial situation of Great Britain, a recent number of the "Monthly Review," issued by the London Joint City and Midland Bank, says:

Not unexpectedly the £889 millions of revenue collected last year exceeded the budget estimate by 47 millions, of which about 37 millions accrued from the second Indian War Loan, which had not been taken

into account in the budget estimate. On the other hand, the expenditure of 2,579 millions was nearly 400 millions below the estimate. This was due to the cessation of hostilities in November, the reduction in the amount of new loans granted to the Allies and Dominions, and smaller payments on account of interest. Beyond the deficit of 1,690 millions two millions had to be found for outlays from the Civil Contingencies Fund, and one and a half millions net for "other" issues. Proceeds of loans raised during the past year amounted to 1,685½ millions, and the remaining eight and a quarter millions were taken from the cash balance, which was thereby reduced to £12,800,000. As compared with 1917-18, last year's expenditure showed a reduction of 117 millions. It should be noted that this reduction was occasioned largely by the fact that through the cessation of hostilities the Government was enabled to bring into account proceeds from the sales of foodstuffs and other commodities without being compelled to replenish their stocks. Throughout 1917-18 sales of commodities bought mainly in 1916-17 were being made simultaneously with purchases of large additional supplies at rising prices. During 1918-19, however, similar conditions prevailed only for about seven or eight months, and since the armistice was signed, with relatively few purchases, the government has received on balance considerable sums on trading account. We cannot show the extent to which the lower expenditure of late has been due to government sales, but there is no doubt that the trading transactions during the past few months have considerably reduced the expenditure as shown in the weekly returns. This important fact needs to be taken into account in considering the statement of the quarterly expenditure during the past two financial years.



The Progress of Japan

FROM a booklet entitled "Japan," recently issued by the American Exchange National Bank of New York, may be obtained in concise form a great deal of valuable information regarding the economic progress of that country. These figures will give some idea of how the business and industrial activities of Japan are advancing:

As indicating the growth in her trade, there were bills cleared at clearing houses throughout the country in 1908 amounting to 6,000,000,000 yen (\$3,000,000,000), whereas, in 1917 there were cleared bills amount-

ing to 30,000,000,000 yen (\$15,000,000,000).

In 1917 Japan's proposed investment in various economic enterprises was, roughly, 1,562,000,000 yen (\$781,000,000), whereas, for the year 1918, up to October 31, her proposed investments in such enterprises amounted to 2,156,000,000 yen (\$1,078,000,000), of which manufacturing industries claimed at least thirty per cent.

In 1907 Japan had 83 cotton mills, whereas, in 1916 she had 240. In 1907 she had a total of 76,880 male and female employees in her cotton mills. In 1916 she had a total of 129,650.



Many Italians Returning Home

FROM the monthly circular issued by the Italian Discount and Trust Company is obtained the following information regarding the departure of Italians from the United States for their home land:

Emigration from the port of New York to Italy seems to be limited only by available ocean transport facilities. It has been estimated that fully seventy-five per cent of the 40,000 persons who have received passports to sail from New York since the signing of the armistice is made up of Italians. Reports of the examiners would indicate that each of these persons is taking out of the United States anywhere from \$2,000 to \$7,000. Striking an average at \$4,000 per person, it will be seen that this first outflow will carry with it to Italy something like \$120,000,000. Since they are not permitted to take away gold or silver, the most prudent of these have made, or are making, arrangements through reliable Italian banks in New York for the cabling of their funds to Italy.

Inquiry among a great many of these Italian aliens reveals the fact that they are going back to Italy to stay—many of them permanently, others for long periods. Outside of their own wishes in this connection, it is said that the Italian Government is likely to exercise a restraining influence. The home authorities claim to have employment for all those who are not required for military purposes. The situation, as a whole, seems to be in Italy's favor; it will bring wealth into that country, thus tending in some measure to alleviate the unfavorable commercial situation between Italy and the United States, and besides it makes available a volume of labor that will be heartily welcomed by Italy's industrial interests. On the other hand, this huge exodus of valuable labor can ill be spared by the

United States, especially in view of the vast public works program on which, after the present business uncertainty has passed, it will be necessary to begin work.



British Farming Bank Planned

IT is reported that leading British agriculturists who are forming a farmers' bank to assist agricultural interests have received assurances of the support of the leading banks. It is said that this implies ample financial backing for an institution of the character named, which will be of national importance.



Yokohama Specie Bank Increases Capital

AT a recent special meeting of shareholders, held at Yokohama, it was decided to increase the capital of the Yokohama Specie Bank from 48,000,000 to 100,000,000 yen. R. Ichinomiya, manager of the New York office, has been elected a director of the bank.



Union Bank of Scotland, Ltd.

THE eighty-ninth annual general meeting of shareholders of the Union Bank of Scotland, Ltd., was held in the head office of the bank at Glasgow, April 30. Net profits for the year were reported at £284,348, to which there was to be added the amount brought forward, making a total of £344,801. The directors applied £15,000 to bank offices, £15,000 to heritable property yielding rent, and £100,000 to the rest account. They recommended that £150,000 be applied in payment of a dividend at the rate of fifteen per cent. per annum on the paid-up capital, that £10,000 be allocated to pensions and allowances fund, leaving £54,801 to be carried forward.

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

As per the balance-sheet of April 2, 1919, the deposits and current accounts of the Union Bank of Scotland, Ltd., were £26,256,016, the paid-up capital £1,000,000, the rest and profit and loss £1,214,801, and total assets £32,552,301.



France to have National Bank of Foreign Commerce

THE French Government is aiding in the creation in foreign countries of numerous commercial offices in order to facilitate the growth of French export trade. Etienne Clementel, Minister of Commerce, announces that a national bank of foreign commerce will be created to handle long term credits and to encourage French merchants and manufacturers in the world-wide sale of their products.



National Bank of Egypt

AT the nineteenth annual general meeting of the shareholders of the National Bank of Egypt, held at the head office in Cairo, Governor F. T. Rowlatt, who presided, reviewed trade conditions in Egypt and the Sudan. He said:

Gentlemen—We have the pleasure of submitting to you the balance-sheet and profit and loss account for 1918. The net profits amount to £693,851, against £519,250 for the

preceding year, and we propose to dispose of them in the following manner: To the statutory reserve, £69,385, which with £47,336 odd transferred from the special reserve will bring the former to £1,500,000; to the special reserve, £267,336, to bring it up to £500,000; to the payment of a ten per cent dividend, £300,000, and to carry forward £106,635, including £49,505, the carry-forward of the previous year. In comparing the results we have to bear in mind that at the end of 1917 we had to depreciate securities by £33,665, so a better comparison is £693,851 net profit this year, against £552,915 for the preceding year. We think, gentlemen, these figures can be considered quite satisfactory. As was the case during the last two or three years, large sums of money, owing to the war, have been spent in Egypt. The bank note circulation has consequently expanded and deposits with the bank have considerably increased. On the other hand, the bank's expenditure has been heavier. A considerably larger staff has been necessary to cope with the work. The cost of living and articles generally has remained very high. The expenses consequently have increased by £56,000, which are almost entirely accounted for under the headings of bank note expenses, salaries, bonus to the staff, and stationery. We feel certain that under these circumstances, and considering the happy result of the year, you will have no objection to the special bonus of £8,000 to the staff, published in the report.



Marked Increase in Savings Deposits in the United Kingdom

IN a recent number of "The Statist," London, it is stated that the deposits of the postoffice and trustee savings bank of Great Britain continue to increase at a rapid rate, the addition to the total for the month ended April 12 being £9,422,000 on top of an increase of £12,300,000 in the preceding month.

On December 31, 1893, the deposits in these banks aggregated £122,842,241, of which there was on deposit with the postoffice £80,598,641 and with the trustee savings banks £42,243,600. On April 12, 1919, the aggregate deposits were £325,460,377, there being deposited with the postoffice £260,695,108 and with the trustee savings banks £64,765,269.

Australasian Banking Returns

IN reviewing the Australasian banking returns for the fourth quarter of 1918, "The Australasian Insurance and Banking Record" says that one of the most important features of the comparison with a year previously is the large increase in advances, due to various causes, including the wheat advance made by the banks in Australia in connection with the Government wheat scheme; the War Loan advances both in Australia and New Zealand; the advances necessary to finance stocks of various articles of produce, shipment of which has been delayed owing to the scarcity of tonnage; and the requirements of traders owing to high prices and consequently high aggregate values of stocks. Such advances as those against wheat tend either to increase deposits or to reduce overdrafts representing advances made to growers during the winter and spring, while the final liquidation of the advances has to await the realization of the wheat, a process requiring time. Advances made to enable the borrowers to subscribe to war loans mean that as the installments are paid up the balances of the Government increase for the time being, with the special effect in Australia that there is a pronounced tendency for cash to flow from the ordinary banks to the Commonwealth Bank until the disbursements of the Government produce a diminution in its balances.

The total deposits of the ordinary banks and of the Commonwealth Bank compare with those for the December quarter in the five previous years as follows:

Dec. Qtr.	Ordinary	C'wealth	Grand
	Banks.	Banks.*	Total.
	£	£	£
1913....	171,482,365	1,487,316	172,969,681
1914....	177,695,435	3,619,048	181,314,483
1915....	191,654,761	10,017,014	201,671,775
1916....	191,941,355	29,602,624	221,543,979
1917....	207,909,959	23,223,829	231,133,788
1918....	217,841,635	51,004,374	268,846,009

* Not included Savings Bank department.

The comparison for the past twelve months shows an increase of £9,931,676 in deposits in the ordinary banks, and an increase of £27,780,545 in the Commonwealth Bank, making a total increase of £37,712,221.

During the past year the shareholders' funds of the ordinary banks (including dividends payable) have increased by £196,209. The paid-up capital is smaller by £535,235, but the reserve funds have been augmented by £582,000, and undivided profits are larger by £122,508. The reserve and redemption funds of the Commonwealth Bank have increased by £549,734 during the year, but owing to the special position of that institution, the movements in its figures are not of precisely the same character as in the case of ordinary banks. A detailed statement of the increases in paid-up capital and in reserve funds by the various institutions for the past twelve months is as follows:

ADDITIONS TO PAID-UP CAPITAL AND RESERVE FUNDS.

	Capital Paid-up.	Reserve Funds.
Australian Bank of Commerce	—	£30,000
Bank of Adelaide	—	15,000
Bank of Australasia	—	70,000
Bank of New South Wales ..	—	150,000
Bank of New Zealand	—	65,000
Bank of Victoria	—	25,000
Col. Bank of Australasia ..	—	20,000
Com. Bank of Australia ...	£60,000*	—
Com. Banking Co. of Sydney	—	80,000
Com. Bank of Tasmania ..	—	10,000
Eng., Scot. & Aust. Bank ..	—	50,000
London Bank of Australia ..	15	30,000
Nat. Bank of Australasia ..	—	55,000
Nat. Bank of New Zealand ..	—	15,000
Queensland National Bank ..	—	25,000
Royal Bank of Australia ...	—	30,000
Union Bank of Australia ...	—	50,000
	£60,015	£720,000

* Increase in net actual capital.

Against the above increases are to be set the capital and reserve funds of the City Bank of Sydney and the National Bank of Tasmania, which have been amalgamated with the Australian Bank of Commerce Limited and the Commercial Bank of Australia Limited, respectively, as follows:

	Capital.	Reserve Fund.
City Bank of Sydney	£400,000	£55,000
Nat. Bank of Tasmania	195,250	83,000

Now that new issues are again practicable, a number of banks are taking steps to increase their capital still further. Fresh issues, already made and announced since the latest balance-sheet dates, comprise the following:

	Capital.	Premium.
	£	£
Com. Banking Co. of Sydney ..	500,000	—
London Bank of Australia ..	125,000	—
Nat. Bank of Australasia ..	54,700	—
Nat. Bank of New Zealand ..	250,000	300,000
Queensland National Bank ..	320,000*	—
Royal Bank of Australia ..	200,000	—
Union Bank of Australia ..	500,000	500,000
	1,949,700	800,000

* Call to be made on existing shares.

In addition to these amounts there is the balance of the last issue made by the Bank of New South Wales, the London portion of which has remained in suspense owing to the British Government embargo on new issues during the war. On the completion of the programme here set forth, the aggregate paid-up capital of the banks will amount to over twenty-four millions sterling, and the reserves and undivided profits to over nineteen and a quarter millions, making the shareholders' funds over forty-three and a quarter millions.



Hong Kong and Shanghai Banking Corporation

ADVICES from Hong Kong tell of the prosperous condition of the Hong Kong and Shanghai Banking Corporation as disclosed at its annual meeting. According to the report rendered the result of the year's working, including \$3,223,238.18 brought forward from 1917, shows a net profit of \$9,820,420.92. The interim dividend, paid in August last, of £258,000 at exchange 3s. 3¼d. absorbed \$1,577,579.62; after deducting that amount,

and \$30,000 remuneration to directors, there remains a balance of \$8,212,841.30 to be dealt with, which, as you have seen from the accounts, your directors recommend shall be appropriated as follows: A final dividend of £2 5s., plus a bonus of £1 10s. per share (subject to deduction of income tax), payable at the rate of 3s. 4½d.; transfer to Silver Reserve Fund, \$1,500,000; write off bank premises account, \$750,000, and carry forward to the current year \$3,279,611.48. It is proposed to increase the final dividend by 2s. to £2 5s., and make the bonus 10s. higher at £1 10s., bringing the total distribution to shareholders up to £5 18s. per share, or £708,000, against £636,000 for the previous year.



Skandinaviska Kreditaktiebolaget

THE statement of the Skandinaviska Kreditaktiebolaget as of March 31, 1919, is as follows:

ASSETS

Cash	Kr.	19,878,827
Loans on securities.....	"	254,427,265
Bills discounted.....	"	250,770,353
Securities	"	38,391,007
Current accounts.....	"	294,096,774
Due from other banks.....	"	157,283,592
Sundry accounts.....	"	64,345,759
Bank premises.....	"	10,308,000

Kr. 1,089,501,577

LIABILITIES

Paid-up capital..	73,840,000
Reserve funds...	81,660,000
	Kr. 155,500,000
Deposits	" 407,652,620
Current accounts.....	" 234,625,061
Due to other banks.....	" 208,706,397
Sundry accounts.....	" 66,674,457
Bills in circulation.....	" 16,343,042

Kr. 1,089,501,577



China Development Bank

IT is reported from Peking that the Chinese Government has granted a charter to the China Development Bank, said to be a Chinese-American under-

taking, in which many Shanghai merchants are interested and which represents a union of several previous efforts of a similar character.



The Bank of Taiwan

THE Bank of Taiwan, Limited, Head Office Taipeh, Taiwan, increased the capital stock, April 15 last, from yen 25,000,000 to yen 27,500,000. M. Esaki, from the Head Office in Japan, arrived in New York June 3 to take up his new duties as the New York agent. The New York agency of the Bank of Taiwan is at 165 Broadway.



Foreign Branches of American Banks

THERE is given below, from the "Federal Reserve Bulletin," a list of foreign branches of national banks and banks doing business under agreement with the Federal Reserve Board, which were open for business on April 1, 1919:

NATIONAL BANKS.

1. National City Bank, 55 Wall street, New York City:

Buenos Aires, Argentina.
Bahia, Brazil.
Rio de Janeiro, Brasil.
Santos, Brazil.
Sao Paulo, Brazil.
Santiago, Chile.
Valparaiso, Chile.
Cardenas, Cuba.
Cienfuegos, Cuba.
Havana, Cuba.
Matanzas, Cuba.
Sagua la Grande, Cuba.
Santiago, Cuba.
Genoa, Italy.
San Juan, Porto Rico.
Montevideo, Uruguay.
Caracas, Venezuela.
Vladivostok, Russia.

Temporarily closed—
Moscow, Russia.
Petrograd, Russia.

2. First National Bank, 70 Federal street,
Boston, Mass.:

Buenos Aires, Argentina.

**BANKS DOING BUSINESS UNDER AGREEMENT
WITH FEDERAL RESERVE BOARD.**

1. American Foreign Banking Corpora-
tion, 56 Wall street, New York City:

Cristobal, Canal Zone.

Havana, Cuba.

Panama, Republic of Panama.

Port au Prince, Haiti.

Rio de Janeiro, Brazil.

2. Mercantile Bank of the Americas, 44
Pine street, New York City:

Paris, France.

Barcelona, Spain.

Affiliated institutions—

Banco Mercantil Americano de Cuba:

Havana, Cuba.

Banco Mercantil Americano de Co-
lumbia:

Bogota, Barranquilla, Cartagena,

Medellin, Manizales, Girardot,

Cali, Honda, Colombia.

Banco Mercantil Americano del Peru:

Lima, Arequipa, Chiclayo, Callao,

Peru.

Banco Mercantil Americano de Ca-
racas:

Caracas, La Guayra, Venezuela.

American Mercantile Bank of Brazil:

Para, Pernambuco, Brazil.

National Bank of Nicaragua:

Managua, Bluefields, Leon, Gra-

nada, Nicaragua.

Banco Atlantida:

La Ceiba, Tegucigalpa, San Pedro

Sula, Puerto Cortez, Honduras.

3. Asia Banking Corporation, 66 Liberty
street, New York City:

Shanghai, China.

Hankow, China.

4. International Banking Corporation, 55
Wall street, New York City:

Batavia, Java.

Bombay, India.

Calcutta, India.

Canton, China.

Cebu, Philippine Islands.

Colon, Republic of Panama.

Hankow, China.

Hongkong, China.

Kobe, Japan.

London, England.

Manila, Philippine Islands.

Medellin, Colombia.

Panama, Republic of Panama.

Peking, China.

Puerto Plata, Dominican Republic.

San Pedro de Macoris, Dominican Re-
public.

Santiago, Dominican Republic.

Santo Domingo, Dominican Republic.

Shanghai, China.

Singapore, Straits Settlements.

Soerabaya, Java.

Tientsin, China.

Yokohama, Japan.

NOYES & COMPANY

Established 1879

Foreign Bills

Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

(The International Banking Corporation
also maintains a branch office in San Fran-
cisco, Cal.)

The First National Corporation, 70 Fed-
eral street, Boston, Mass., has opened no
foreign branches. A branch office of this
corporation is maintained at 14 Wall street,
New York City.



An American Bank's Rela- tions with Brazil

HOW a Philadelphia bank—the Corn
Exchange National—is developing
its banking connections in Brazil is thus
told in a recent issue of "The Corn
Exchange":

The Corn Exchange National Bank has
now made arrangements with a gentleman in
Rio de Janeiro, Brazil, to act as our com-
mercial representative for the Republic of
Brazil. This gentleman is an American citi-
zen who has lived for many years in Brazil
and who has already sent us valuable infor-
mation regarding the market for Philadel-
phia products in that great country. Phila-
delphia has been trading with Brazil for a
hundred and twenty years. In looking over
an old newspaper the other day, we found
that in April, 1810, a ship was being fitted
out for Brazil by people on South Front
street, Philadelphia, almost on the site of
this bank. The Baldwin locomotives have
been sold in Brazil for over forty years.
They were introduced into that country by
Dr. Edward H. Williams, who was one of
the pioneers of Brazil. They are valued at
approximately \$22,000,000 for 1918 as com-
pared with \$300,000 for 1913. The exports
of manganese from Brazil have shown an

even more amazing development, since they have risen from about \$600,000 in 1913 to \$15,000,000 in 1917. Exports of chilled and frozen meat in Brazil rose from \$65,000 in 1913 to \$7,000,000 in 1918. This bank welcomes inquiries from those who are seriously interested in extending their business in Brazil. Write us specific and definite questions so that we can help you more efficiently.

The whole world needs the products of the United States to-day as never before. It would take pages to tell of the trade opportunities that are coming in from all parts of the world. It is gratifying to note that more new steamship lines are leaving Philadelphia, and that the work on our new piers is proceeding so satisfactorily. This is the only way by which we can tangibly gain foreign commerce.



Official Organ of Chase National Bank

THE second volume of "The Chase," published in the interest of the Chase Bank Club of New York, under the editorship of Dorothy Thorne, was begun with the April issue. Taken all in all, the little magazine is quite

are familiar to magazine readers everywhere. The cover is a view of the facade of the Chase National Bank, and holds in its atmosphere the "romance of the cañons of lower Broadway." The center spread is a well-balanced reproduction of four of the most popular of the posters for the Fifth Liberty Loan, in full swing at the time of issue. Robert I. Barr, vice-president of the Chase Securities Corporation, has the place of honor in a full-page photograph as the frontispiece.



The Chase National Bank, 57 Broadway, New York

"The Case of New York's Street Railroads," by A. Barton Hepburn, chairman of the advisory board, is the feature article, being a quotation, with appropriate comment, of the recent letter of Mr. Hepburn to the Hon. George S. Thompson, chairman of the Senate Committee on Public Service, and the Hon. Louis M. Martin, chairman of the Assembly Committee on Judiciary.

Herman Krech, assistant manager of the foreign exchange department, defines and describes the uses of Arbitrage in a lucid and agreeable manner. "Common Sense in Social Progress" consists of extracts from an address by Fred I. Kent, director of the foreign exchange division of the Federal Reserve Board, and vice-president of the Bankers Trust Company.

worthy of the institution of which it is an organ.

The cover design, a new one, is the work of Louis H. Ruyl, an artist of established repute, and one whose sketches

Material of a nature more directly concerned with the personnel of the bank follows. The number closes with a summary of the statement items of the bank.

Banking and Financial Industry

SPECIAL

**BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL - - - - \$3,000,000.00

SURPLUS - - - - 3,000,000.00

UNDIVIDED PROFITS 1,700,000.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
CHAS. W. RIECKES	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE F. MURNANE	Vice President
SIDNEY W. NOYES	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier

THE BANKERS' POSITION IN RECONSTRUCTION

BY

NOBLE FOSTER HOGGSON
PRESIDENT HOGGSON BROTHERS



HE resources of our national banks on January 1st last totaled over twenty billion dollars—the most prosperous condition in the history of our banking institutions. Such vast resources clearly indicate something definite and concrete concerning the physical and financial status of our country.

During the past two years our financial institutions have rendered invaluable service by cooperating with the government in connection with many war activities—all in addition to an abnormal routine business.

These institutions fully realize their power to set the wheels of commerce and industry humming. Banks, for example, reflect the financial condition and progressiveness of their immediate localities, and generally take the leading part in all movements pertaining to civic development and expansion.

To-day, standing on the threshold of what will undoubtedly be the greatest period of industrial and financial prosperity the world has experienced, we naturally expect to find the bankers ready and willing to continue the same combined strenuous and untiring efforts which they have so recently made, and take the initiative in the reconstruction work that lies immediately before us.

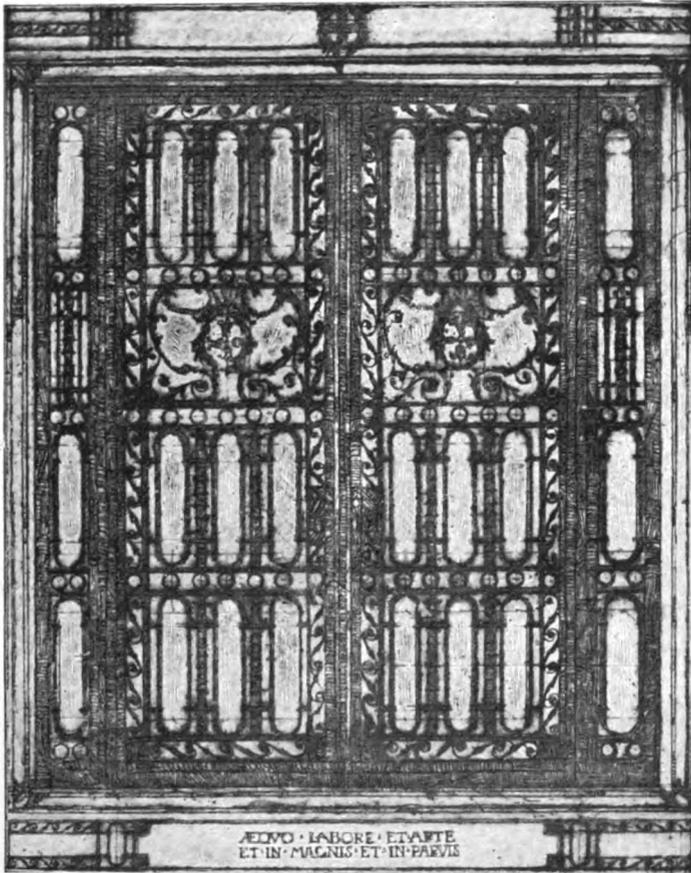
If these institutions will at once begin the "Build Now" campaign in their own particular localities, all sections of the country will immediately respond and the industrial and private building projects, so urgently needed, will soon be under way.

The country at large is forty per cent. underbuilt, and the building industry, the most important in our country next to agriculture, and employing millions of workmen, is lagging because of the over-cautious and ultra-conservative attitude of financial institutions to supply the necessary funds.

Nothing is to be gained by waiting. It is conceded by those best qualified to judge that prices will not undergo any great reductions.

Important industrial communities are relying upon the bankers for loans to make plant extensions and housing for workmen possible; while the great cities must look to the financial institutions for funds with which to erect office buildings, apartment houses and dwellings.

By their helpful cooperation and assistance rendered in the recent past the financial institutions have given outward and visible expression of their faith in the future of our country. It now becomes their privilege to take the lead and start the great reconstruction movement, for which the whole country is waiting, by carrying forward their own building projects in support of the "Build Now" campaign, as well as responding favorably to the strong and increasing appeals for building loans in the present crisis.



THE etching reproduced above shows the entrance doors to a prominent New York City mansion at Fifth Avenue and Fifty-seventh Street. For many years the centre of brilliant social affairs, this residence has lately been transformed into a luxurious up-town office for the New York Trust Company.

So comprehensive have been the alterations, so carefully have the new purposes been harmonized with the old, that the warm and hospitable atmosphere has been preserved and no element of incongruity appears.

The finished banking house has an inviting attractiveness, an artistic beauty and completeness of appointment that make it especially pleasant and convenient to all who seek its service.



The former reception room, with original eighteenth century French wood paneling, makes a suitable and attractive office for the manager, Mr. Charles E. Haydock



The distinctive charm of the former library still lingers, making it a delightful resting place for the women patrons while writing notes or awaiting friends



The modern banking screen and fits are in perfect harmony with the antique paneled wainscot and handsome coffered ceiling of the former banquet hall



The spacious music room, with its richly hung walls and enticing furniture, offers a very comfortable place in which to discuss details with the Trust Department



A replica of the bronze balustrade in the Petit Trianon at Versailles, together with the beautiful wrought iron entrance doors, adds much to the quiet dignity of the entrance hall

The accompanying photographs were furnished through the courtesy of Hoggson Brothers, whose specializing in this class of construction has enabled their organization to carry out this difficult work harmoniously and successfully, with full appreciation of the necessary requirements of modern banking



Franklin Trust Company has Uptown Office

THE opening of an uptown office by the Franklin Trust Company on April 15, in the Forty-second street financial district, is another indication of the activity of that company. The new office is located in a twenty-three story building at the corner of Madison avenue and Fortieth street. This location is well chosen, as the opening of the Park Avenue Viaduct to Fortieth street will make theirs a very busy corner.

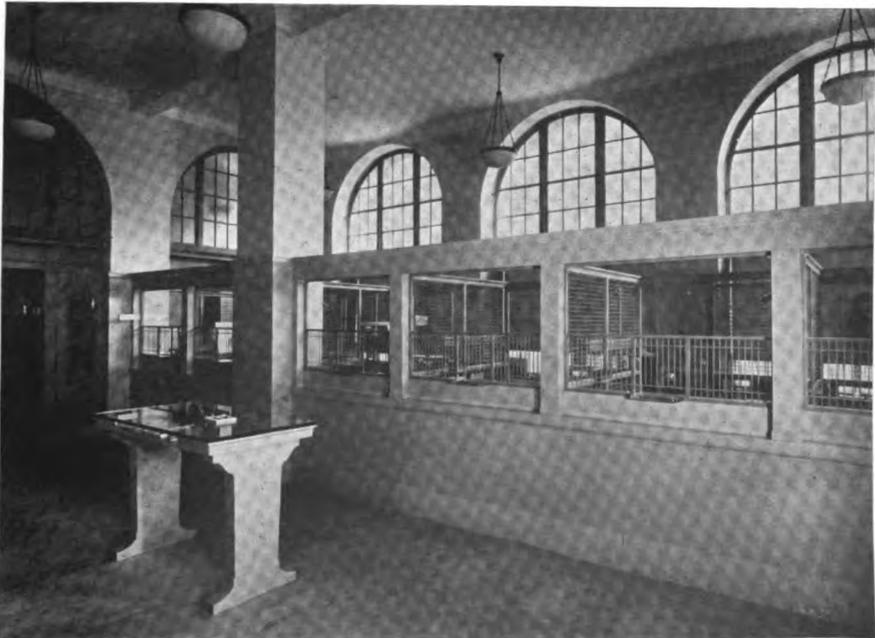
The banking offices have been designed by Trowbridge and Livingstone, who were architects for the Bankers Trust Company, Wall street. The interior finish is of Tavernell marble, with simple iron grills, and floors of Travertine marble. There is a thoroughly equipped ladies' room, as well as a writing room. Downstairs there is a directors' room. The Franklin Safe Deposit Company plans to open, by autumn, a large vault in the basement below the banking offices, so this new office will be



Uptown Office of the Franklin Trust Company,
Fortieth Street and Madison Avenue,
New York

thoroughly equipped to meet all demands of the neighborhood.

Philip G. Birkhead is manager of the office, and Edward S. Blagden, assistant secretary of the Franklin Trust



Main Banking Room



Officers' Quarters



Ladies' Rest Room

Company since 1917, is to be associated with Mr. Birkhead. A woman's department has been organized by Helen L. Wright.

Arthur C. T. Beers has been elected

assistant secretary of the Franklin Trust Company.

The statement of the Franklin Trust Company for call of April 10 gives the following figures:

RESOURCES		LIABILITIES	
Cash	\$ 4,703,711.62	Capital	\$ 1,000,000.00
Bills purchased.....	5,065,061.44	Surplus and profits.....	1,361,229.92
Demand loans.....	4,283,657.02	Reserve for taxes.....	20,645.00
Time loans.....	4,114,504.24	Deposits	25,879,622.18
U. S. bonds and certificates...	11,061,113.22	Outstanding acceptances.....	2,070,481.39
Other securities.....	4,205,267.01	Due Federal Reserve Bank...	5,847,984.00
Bonds and mortgages.....	517,300.00	Rediscounts of loans.....	372,191.20
Banking house and fixtures....	542,606.62	Secured by Liberty Bonds	
Customers' liability.....	2,043,081.39	Rediscounts	100,000.00
On acceptances		Of commercial paper	
Accrued interest receivable....	181,321.17	Accrued interest payable.....	65,470.04
	\$36,717,623.73		\$36,717,623.73



Results of Activities, Savings Bank Section, American Bankers Association

September 1, 1918—May 1, 1919

By MILTON W. HARRISON, Secretary

1. Succeeded in establishing an important nation-wide campaign to urge the application of the principle of amortization to the mortgage loan. As a result, mortgage lenders throughout the country now recognize the American Bankers' Association as leading in this respect, and they are satisfactorily following the lead. To obtain such a position it has required much detail work and careful executive direction. A committee of six in each state has been formed. A Bulletin is issued twice a month to these committees. There have been six issues.

2. Studied the serial issuance of municipal bonds, and through municipal finance agencies have urged the issuance of municipal bonds upon a serial basis. The weekly offerings of investment dealers which the section has been receiving from 143 sources evidence a tendency to change the character of new municipal issues in this respect.

3. Gathered the material and studied the railroad situation, and held the section in readiness through an appropriate committee to protect the railroad security holdings of member banks, in the event that the organizations in the field (the object of which is to protect the interests of railway security holders generally) required assistance that the section could render.

4. Introduced bills, which were passed in six states, permitting savings funds to be invested in bank acceptances and trade acceptances endorsed by a bank or trust company. Committee has

been organized in every state of the Union to urge the use of temporary and available funds for investment in acceptances. There has been splendid interest in the work of this committee.

5. Studied the foreign securities market, to the end that within a short time the section will be able to conduct a campaign amongst its members, where necessary, to amend state laws and to urge investment in certain high-grade foreign securities; thus the savings banks will do their part in the essential absorption of foreign obligations.

6. Advocated a bill which was subsequently introduced in Congress by the Federal Legislative Committee of the A. B. A., which would permit mutual savings banks to become members of the Federal Reserve System. Much study and consideration has been given this matter.

7. Conducted campaign to perpetuate war savings as peace savings, through issuance of appropriate literature, special service to banks, outlines of local campaigns, and national publicity.

8. Coöperated with the Government of Japan in the conduct of an effective thrift campaign throughout Japan and Korea. Literature was prepared, letters were written, conferences were had with representatives of Japan with relation to this campaign. Naturally such coöperation has a vital effect in stimulating good-will between America and Japan. The Japanese appreciation is marked through gifts received by the

section for the services we have already rendered.

9. Conducted a campaign among the foreign-born to give them a better understanding of American savings institutions and the use of them in place of the nefarious private banker. Much detail work was done in this respect. Pamphlets were written and several conferences were attended in pursuance of this work. Many letters were written designed to offset the efforts of the get-rich-quick promoter, the Liberty Bond swindler, and the land-shark. State committees have been formed in

the states where the foreign-born predominate.

10. Conducted a special service department for members, which has secured their satisfaction. This has required a large correspondence on the part of the Secretary's office.

11. The section has had in preparation a well-thought-out membership campaign. The campaign is ready to launch and has been for two months, but owing to a delay in the printing of a chart of Association Activities, which was included in the campaign, same has been delayed, and is expected to be launched during the middle of May.

Book Reviews

SOCIALISM AND AMERICAN IDEALS. By William Starr Myers. Princeton University Press. Princeton, N. J.

The object of the writer is to lay before the people reasons showing that Socialism is in theory and practice absolutely opposed and contrary to the principles of Americanism and democracy.

The contents show: (1) Why Socialism appeals to our foreign-born population; (2) Conflict with the basic principles of democracy and religion; (3) Some instances of practical failure; (4) The true antidote found in coöperative effort.



CONFLICT OF LAWS RELATING TO BILLS AND NOTES. By Ernest G. Lorenzen. Yale University Press, New Haven.

Beginning his study by a comparison of the Anglo-American law of bills and notes, the author proceeds to a presentation of the rules of the conflict of laws relating to bills and notes in force in

the United States and foreign countries.

He then examines and discusses these to ascertain which would be the most appropriate for adoption in the framing of a uniform law for the United States.

An appendix contains the English Bills of Exchange Act, the American Negotiable Instruments Law, the Convention of the Hague Relating to Bills and Notes, in French and in an English translation, and comparative tables of sections and articles of the various acts. Complete index and bibliography.



ALCORN SYSTEM OF MODERN BANK BOOKKEEPING AND ACCOUNTING. By E. G. Alcorn. American Text Book Co., Columbus, O.

This is a complete set of bank bookkeeping forms for the student. It contains a book for bank documents, for cash in vault, one of blank forms, a set of blank books (six volumes) and two envelope files.

WAR BORROWING. By Jacob H. Hollander. Macmillan Company, New York.

A study of the thirty-one issues of United States Treasury Certificates of indebtedness emitted during the recent war.

The direct fiscal results are carefully analyzed and the collateral effect upon the business world, through the money market, and upon social well-being, through the price level, are traced.

Sound and admirable in the main, our war borrowing has been marred here and there by serious error, injuring us now and is certain to plague us hereafter if unamended. A concluding chapter presents suggestions with respect to the future. Indexed.



GOLD, PRICES AND THE WITWATERSTRAND. By R. A. Seinfeldt. P. S. King & Son., Ltd., London.

The history of the production of gold is compared with the history of prices.

In discussing the relation between the two the author takes up (1) the gold supply, (2) the requirements of commerce, (3) paper substitutes, (4) influence of the war, (5) position of the Witwaterstrand. In the appendix is given statistical tables and the valuation of mines.



CONSTITUTIONAL POWER AND WORLD AFFAIRS. By George Sutherland. Columbia University Press, New York.

This book is especially timely since it deals with the important constitutional questions at present engaging public attention in connection with the League of Nations.

It considers the powers of the national government in external affairs. Chapters are devoted to the treaty-making power, the war powers, and "Democracy and the Constitution."

The book ends with a discussion of

conditions after the war and affirms the need of liberal constitutional construction in world affairs.



MONEY. By Edwin Cannan. P. S. King & Son, Ltd., London.

The object of this volume is to give in clear statements the reasons for the changing value of money and the rising and falling of prices.

It is the supplement to the author's book on "Wealth," but is issued separately to make more emphatic the application of its argument to present day conditions.



FOREIGN FINANCIAL CONTROL IN CHINA. By T. W. Overlach. Macmillan Co., New York.

This book presents an unbiased analysis of the financial and political activities of the six leading powers in China during the last twenty years.

Lest the rivalries of these nations center in a war, it will be necessary to re-adjust interests and viewpoints on the basis of mutual respect for the needs and aspirations of all, including those of China.

The author emphasizes the need of international financial coöperation.



INCOME TAX PROCEDURE FOR 1919. By Robert H. Montgomery. Ronald Press Co., New York.

In this volume, every phase of the intricate income tax law is discussed and analyzed. The author's comments and explicit instructions will enable the taxpayer to handle each item of his final return with accuracy, ease and confidence.

A new and improved arrangement makes this edition much more convenient than its predecessors. Each section of the law is quoted and the Treasury Department rulings which apply

follow. The index is unusually complete.



EXCHANGE TABLES. Compiled by Ernest Levy. Dutton & Co., New York.

This book will give valuable help to

those who do business with foreign countries and who must know the exact cost and selling price in French currency.

As the tables cover all rates from \$5.00 to \$5.79, they will prove useful not only now while rates are abnormally low, but during the entire transitory period up to and including the time when rates once more become normal.



Large Earnings of Westinghouse Company

GROSS business of the Westinghouse Electric and Manufacturing Company, as shown by the report for the year ended March 31, 1919, amounted to \$160,379,942, which represents a gain of almost \$65,000,000 over the previous year. Last year's business establishes a high record for earnings, and compares with a gross of \$39,977,566 for 1913, the year preceding the war.

After providing for \$129,271,556 operating charges, the net operating profit for the last fiscal year was \$31,408,386, or more than double the net manufacturing profit in the year ended in March, 1918, and approximately seven times the net manufacturing profit of 1913.

The total net income was \$32,731,648, after all charges and the deduction of Federal taxes, amounting to \$15,059,097, or the equivalent of \$10.63 a share on the outstanding common shares of \$50 par value after providing for preferred dividends. In the pre-

ceding year the earnings applicable to the common were equal to \$10.68 a share.

The following table shows the chief items of the income account:

	1919	1918
Gross earnings....	\$160,379,942	\$95,735,407
Operating costs ...	129,271,556	80,225,937
Net mfg. profit...	31,408,386	15,509,470
Gross income	32,731,648	16,834,733
Federal taxes	15,395,846	.....
Net for dividend..	15,059,007	15,405,681
Gross surplus.....	36,207,732	26,404,695

The gross earnings, the report says, include the earnings of the J. Stevens Arms Company and the New England Westinghouse Company. The latter plant will hereafter be devoted to the manufacture of industrial motors and automobile starting and lighting apparatus, thus relieving a crowded condition at Newark and certain department in East Pittsburgh.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Boston, Mass.
Blise, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. E., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Conhalm, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.
Fisher, C. J. (Miss), Hoggson Bros., 485 Fifth Avenue, N. Y. C.

G

Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.

Grimm, H. D., director, Department of New Business, Joseph Valley Bank, Elkhart, Indiana.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hansher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Hunter, Harold G., Sec'y and Treas., Kansas City Terminal Trust Company, Kansas City, Mo.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., Asst. Cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
Keller, C. E., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., vice-president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., Asst. Treas., United States Tr. Co., Jacksonville, Fla.
Lang, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager, The City National Bank, Evansville, Ind.
McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.

Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
 Mead, Harold O., Asst. Cashier, The Bkg. Corporation of Montana, Helena, Mont.
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.
 Monteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Peede, Loring G., Publicity Mgr., Mercantile Bank of the Americas, 44 Pine street, New York
 Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
 Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
 Reid, Carol S., publicity manager, The People's Bank, Ltd., Hilo, T. H.
 Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
 Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.

Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
 Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Weasels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
 Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Massachusetts.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Baker, I. W., Mgr., Advertising Dept., Guardian Savgs. and Tr. Co., Cleveland, Ohio.
 Banco Mercantil Americano Del Peru, Lima, Peru, S. A.
 Davis, Clark B., Asst. Secy., Franklin Tr. Co., 168 Montague St., Brooklyn, N. Y.
 Pratt, Thomas B., Henry L. Doherty and Company, 60 Wall St., N. Y. C.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**



Banking and Financial Notes

SPECIAL **THE BANKERS** SECTION
MAGAZINE



UNION COMMERCE *National Bank* OF CLEVELAND

Capital, Surplus and Undivided
Profits \$7,500,000.00

WE appreciate the business accorded us and we show our appreciation by the excellence of our service to banks and bankers.

We solicit accounts in the confident knowledge that we can satisfy new depositors even as we have satisfied old ones. We will welcome your Cleveland account.

OFFICERS

WARREN S. HAYDEN	Chairman	HARRY E. HILLS	Asst. Cashier
GEORGE A. COULTON	President	CARL R. LEE	Asst. Cashier
GEORGE S. RUSSELL	Vice Pres.	FRANK A. WHITE	Asst. Cashier
WILLIAM E. WARD	Vice Pres.	FRED W. COOK	Asst. Cashier
CHARLES L. BRADLEY	Vice Pres.	GEORGE O. HALL	Asst. Cashier
ELMER E. CRESWELL	Vice Pres.	EZRA W. BOURNE	Asst. Cashier
WALTER C. SAUNDERS	Cashier	JAMES DUNN, Jr.	Mgr. Income Tax Dept.

UNDER JOINT OWNERSHIP WITH
THE CITIZENS SAVINGS AND TRUST CO.
COMBINED RESOURCES OVER \$145,000,000.00

Uncle Sam
gave the name
to the
Greater National Bank
for
Greater St. Louis-



FIRST NATIONAL BANK
in St. Louis.

The award of the name *First National Bank* in St. Louis, to the consolidated bank, by the United States Government, is a fitting recognition of the many years of successful growth and development of three old St. Louis banks.

These three banks, welded together, combing capital, resources and organization, and with time-honored traditions of more than half a century, will give St. Louis and the Mississippi Valley a Greater National Bank.

The First National Bank will cultivate the banking business of banks, bankers and business concerns and will conduct a Bond Department.

Begins business in temporary quarters at
Broadway and Locust, July 7, 1919.

St Louis Union Bank Mechanics-American Third National Bank
National Bank

Banking and Financial Notes

GUARANTY TRUST COMPANY

Following are some recent appointments of the Guaranty Trust Company of New York:

Frederic A. Juillard, a member of the firm of A. D. Juillard & Co., has been elected a director of the Guaranty Trust Company of New York.

Edwin A. Potter, Jr., president of the Finance and Trading Corporation, was appointed a vice-president of the Guaranty Trust Company of New York at a recent meeting of the board of directors.

Alexander Phillips, former manager of the Paris office, was appointed a vice-president. Mr. Phillips was formerly secretary of the United States Mortgage and Trust Company of New York, and prior to that had been connected with the Comptoir National d'Escompte de Paris and the Credit Industriel of Paris. In April, 1916, he became the Guaranty Trust Company's special foreign representative, and when the Paris office was opened in May, 1917, he was appointed manager. He was assigned to special work in Belgium last December, and as a result of his investigations the company decided to open a branch in Brussels. Mr. Phillips returned to New York May 11.

Emanuel Appert, head of the foreign credit information division, was appointed as assistant manager of the foreign trade bureau.

Benjamin G. Smith, formerly auditor of the company, and comptroller of the American Red Cross in Paris during the war, was appointed as assistant treasurer. He has been the treasurer of the Guaranty's Paris office since October, 1918.

Other appointments are: Assistant treasurer, John M. Ross; assistant secretary, James D. Hurd; assistant manager of the bond department, Hamilton Candee.

MR. HEMPHILL A CHEVALIER

Alexander J. Hemphill, chairman of the board, was recently decorated at the Hotel Biltmore with the cross of a Chevalier de la Legion l'Honneur.

NATIONAL BANK OF COMMERCE IN NEW YORK OPENS LONDON OFFICE

The National Bank of Commerce in New York has opened an office in London, located at 17 Sherborne Lane, King William street. Kenneth H. Rockey is in charge.

The statement of this bank for May 12 shows total resources of \$572,151,660; and capital, surplus, and undivided profits of \$51,058,707.

NEW QUARTERS AND ELECTION OF ASIA BANKING CORPORATION

The Asia Banking Corporation, formerly at 66 Liberty street, New York, opened for business on May 5 in its new and larger quarters on the ground floor of 35 Broadway, which it has leased for a period of ten years. The new premises comprise 7,000 square feet of floor space. The furniture, as well as the general decorative scheme, is in black and gold, of Oriental design. A feature of the new banking quarters is a special room for the use of representatives of firms in China, who are traveling in this country; correspondence facilities are also provided.

At the annual meeting of the stockholders of the corporation, held on May 6, the following directors were elected: C. F. Adams, vice-president First National Bank of Portland, Oregon; M. F. Backus, president National Bank of Commerce of Seattle, Washington; Albert Breton, vice-president Guaranty Trust Company of New York; Thatcher M. Brown, Brown Brothers & Co., New York; Captain Robert Dollar, San

Francisco; Herbert Fleishhacker, president Anglo and London Paris National Bank of San Francisco; Fred I. Kent, vice-president Bankers Trust Company, New York; W. C. Lane, vice-president Guaranty Trust Company of New York; Alexander Phillips, vice-president Guaranty Trust Company of New York; Seward Prosser, president Bankers Trust Company, New York; Lansing P. Reed, of Stetson, Jennings & Russell, New York; Charles H. Sabin, president Guaranty Trust Company of New York; George Ed. Smith, president Royal Typewriter Company, New York, and Eugene W. Stetson, vice-president Guaranty Trust Company of New York.

The Asia Banking Corporation has announced the opening of a branch in Peking, which makes the fourth branch of the corporation now doing business in China, the other branches being located at Shanghai, Hankow, and Tientsin. Branches are also being opened

in Nangsa, Canton, and Hong Kong.

Announcement was also given out that J. H. Wichers has been made assistant general manager of the branches of the corporation in the Orient; and A. A. Darliac, an assistant secretary, in charge, temporarily, of the Peking branch.

INCREASED CAPITAL OF CHATHAM AND PHENIX NATIONAL BANK

The directors of the Chatham and Phenix National Bank of New York have voted to recommend to shareholders an increase of the bank's capital from \$3,500,000 to \$7,000,000, action on this recommendation to be taken on June 12, and if favorable, increase to become official on July 15. Under the plan contemplated, the new stock will be offered to shareholders at \$200 per share in equal proportion to present holdings. Par value of the stock being \$100, this sale is to increase the bank's assets by \$7,000,000, half to be added to the present capital of \$3,500,000, the remainder to be credited to undivided profits and surplus, now approximately \$2,500,000.

Under the present charter of the Chatham and Phenix National Bank, there can be no more branches here than the twelve already established in New York City, and the directors do not expect to open foreign branches in the near future; they have explained that the proposed increase in capital is being brought about with no intention of expansion, but because the capital and surplus have been rather small for the size of the deposit account, now more than \$100,000,000.

IRVING TRUST ACQUIRES SHERMAN NATIONAL BANK

Interests connected with the Irving Trust Company of New York have purchased the control of the Sherman National Bank, located at Fifth avenue and Thirty-second street, New York. While no definite plans were announced, it is understood that in the near future a consolidation of the two institutions will take place, and that the business



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,600,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

**The Policy of this Bank during Ninetyfive Years has
been outlined by Honorable Hugh McCulloch,
the first Comptroller of the Currency, in
the first report issued by his office:**

- “Do nothing to foster and encourage speculation.
- “Give facilities only to legitimate and prudent transactions.
- “Distribute your loans rather than concentrate them in a few hands.
- “Pursue a straightforward, upright, legitimate banking business.
- “Treat your customers liberally, bearing in mind that the bank prospers as its customers prosper.”

We are seeking new business on our record.

The Chemical National Bank of New York

(Established 1824)

now conducted by the Sherman National Bank will be continued in connection with the business of the Irving Trust Company at the same address and under the same general management.

The board of directors has appointed Philip F. Gray treasurer of the Irving Trust Company.

ANGLO-SOUTH AMERICAN BANK MOVES TO BROADWAY

One of the latest banks to leave Wall street for Broadway is the Anglo-South American Bank, Limited, which moved on May 3 from its quarters at 60 Wall street to the five-story building at 49 Broadway. The change was made necessary by the fact that the business of the bank had outgrown the Wall street quarters. In the building at 49 Broadway the bank will use the two main floors at once, holding an option on the entire premises, effective at the end of four years, in case further growth as rapid as that of the past makes necessary more space.

PROPOSED INCREASE IN CAPITAL OF THE IRVING NATIONAL BANK

There will be a special meeting of shareholders of the Irving National Bank of New York on June 20 to vote on a proposition to increase the capital stock from \$4,500,000 to \$6,000,000. Of the 15,000 shares of new stock 11,250 shares will be offered to stockholders at par, \$100, at the rate of one new share for each four now held. The right to subscribe expires July 21. The remaining 3,750 shares of new stock are to be sold or disposed of at the discretion of the board of directors at a price not less than the book value. For the purposes of the special meeting the books close June 12 and reopen June 20.

MERCANTILE TRUST COMPANY ELECTIONS

At a meeting of the directors of the Mercantile Trust Company of New York on May 8, 1919, Henry R. Johnston was elected to the office of assistant to the president, and John J. Teal to

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN P. FAIRCHILD, D. W. McWILLIAMS, WILLIAM J. WASON, JR.,	} <i>Vice-Presidents</i>	JULIAN D. FAIRCHILD, <i>President</i> THOMAS BLAKE, <i>Secretary</i> HOWARD D. JOOST, <i>Assistant Secretary</i> J. NORMAN CARPENTER, <i>Trust Officer</i> GEORGE V. BROWER, <i>Counsel</i>
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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.



HENRY R. JOHNSTON

Assistant to President Mercantile Trust Company,
New York

that of assistant secretary of the company.

Mr. Johnston became connected with the company January 1 of this year, after his discharge from the Naval Aviation Service. Prior to the outbreak of the war he had practiced law for six years, and was a member of the firm of Greene & Hurd, of New York.

Mr. Teal entered the service of the

Mercantile Trust Company, July 9, 1918, taking charge of credit work. Before that he had worked in various executive positions with the Erie and Lehigh Valley railroads. He was assistant to the vice-president, in charge of traffic with the latter at the time of leaving its service for that of the Mercantile Trust Company.



JOHN J. TEAL

Assistant Secretary Mercantile Trust Company,
New York

"The Bank That Service Built"

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

Capital	\$1,000,000
Surplus and Profits (Earned)	3,891,000
Deposits	65,090,000

S. G. BAYNE, President
C. C. THOMPSON, Vice-President **O. M. JEFFERDS, Asst. Cashier**
B. L. GILL, Vice-President **C. C. FISHER, Asst. Cashier**
W. K. CLEVERLEY, Vice-President **J. D. SMITH, Asst. Cashier**
L. N. DeVAUSNEY, Vice-President **B. I. DADSON, Asst. Cashier**
C. H. MABFIELD, Cashier **J. E. ORR, Asst. Cashier**

DIRECTORS
SAMUEL G. BAYNE **HENRY C. FOLGER** **JOSEPH SEEP**
WILLIAM K. CLEVERLEY **BENNETT L. GILL** **CHARLES C. THOMPSON**
EDWARD J. CORNISH **EDW. H. R. GREEN** **DAVID H. E. JONES**
HENRY WHITON **PETER McDONNELL** **ROBERT J. CALDWELL**

**The success of this bank is founded upon a policy of painstaking,
efficient and courteous service to all**

ACCOUNTS INVITED

**CONTINENTAL COMMERCIAL NATIONAL
BANK AND THE MERCANTILE BANK
OF THE AMERICAS**

At a meeting of the board of directors of the Mercantile Bank of the Americas, New York, May 15, arrangements were completed whereby the Continental and Commercial National Bank of Chicago becomes a stockholder in the Mercantile Bank of the Americas, and joins its forces to that institution for the further development of foreign trade and the enterprises in which the Mercantile Bank of the Americas is interested.

This step by the Continental and Commercial National Bank is in line with its policy of expanding its facilities so that it may be able to offer its customers and other Middle Western interests all the facilities and advantages that come through direct connection with an American bank for foreign trade having an organization throughout the world.

Arthur Reynolds, vice-president of

the Continental and Commercial National Bank, will be a member of the board of directors of the Mercantile Bank of the Americas.

A branch of the Mercantile Bank of the Americas is to be established shortly in New Orleans. The bank, like the parent institution in New York, will engage only in such forms of banking as will facilitate overseas business. Its aim will be to supplement the facilities already offered by the local financial institutions in the lower Mississippi Valley.

**NATIONAL CITY BANK HAS TWELVE
BRANCHES IN CUBA**

The National City Bank of New York announces the opening of a new branch in Caibarien, Cuba. The bank has opened in Havana a sub-branch of its main office in that city, located at an important business center of Havana known as Cuatro Caminos. The steady development of the business of the Na-



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN
President

FRANK J. HEANEY Vice-President	RICHARD H. HIGGINS Vice-President
WILLIAM H. STRAWN Vice-President	BERT L. HASKINS Vice-Pres. and Cashier
NORBORNE P. GATLING Vice-President	C. STANLEY MITCHELL Vice-President
H. A. CLINKUNBROOMER Vice-President	ROLFE E. BOLLING Vice-President
MAX MARKELL Vice-President	GEORGE R. BAKER Vice-President
WILLIAM MILNE Vice-President	JOHN B. FORSYTH Vice-President
HENRY L. CADMUS Asst. Cashier	WALTER B. BOICE Asst. Cashier
HENRY C. HOOLEY Asst. Cashier	VINTON M. NORRIS Asst. Cashier
JOSEPH BROWN Asst. Cashier	HARVEY H. ROBERTSON Asst. Cashier
	GEORGE M. HARD Chairman

ACCOUNTS INVITED
RESOURCES 100 MILLION DOLLARS

tional City Bank in Havana has necessitated the opening not only of this new office, but also another one in an equally important section of the city, on Avenida Italiano (or, as it is more generally known, Galiano street), this latter one opened during the month of June. With these in operation, the National City Bank will have twelve branches in the Republic of Cuba.

Nathan C. Kingsbury, vice-president of the American Telephone and Telegraph Company, has been added to the bank's directorate.

AMERICAN FOREIGN BANKING CORPORATION, NEW YORK

Removal of the American Foreign Banking Corporation from 56 Wall street to new and larger quarters at 53 Broadway has been made necessary by the growth of the corporation.

BANK OF NEW YORK

At a meeting of the board of directors of the Bank of New York, N. B. A., Frank C. Munson, of the Munson Steamship Company, was elected a director.

Joseph Andrews has been elected a vice-president, and C. P. Hunt, formerly assistant cashier, has been appointed cashier.

ALVIN W. KRECH ON THE BOARD OF THE METROPOLITAN OPERA COMPANY

Alvin W. Krech, president of the Equitable Trust Company of New York, has been elected a member of the board of directors of the Metropolitan Opera Company.

BANK OF CUBA IN NEW YORK

Michael J. Murphy, of A. B. Leach & Co., of New York, has been elected to the directorship of the Bank of Cuba in New York.

BANKERS TRUST COMPANY

Pierre S. Du Pont, president of the Du Pont de Nemours Powder Company, has been elected a director of the Bankers Trust Company of New York.

C. C. Price, who has been connected with the trust department of the company for a number of years, has been appointed assistant trust officer.

As a part of its programme to extend its business in foreign countries, the Bankers Trust Company of New York is sending James W. McCrosky on an extended trip through the important centers of South America, where he is to develop and extend the present connections of the company and provide new facilities for the financing of Amer-



ATLANTIC National Bank

Broadway-Opposite City Hall
NEW YORK CITY

Statement of Condition, May 12, 1919

RESOURCES		LIABILITIES	
Loans and Discounts.....	\$13,759,433.62	Capital Stock	\$1,000,000.00
U. S. Bonds and Certificates of Indebtedness	2,702,257.54	Surplus and Undivided Profits	968,721.30
Other Bonds, Securities, Etc.	1,195,970.69	Unearned Discounts	81,750.44
Due from Banks and Bankers	330,310.94	Reserved for Taxes, Ex- penses, Etc.	35,387.08
Cash, Exchanges and Due from Federal Reserve Bank	5,619,962.54	Deposits	20,675,661.91
Interest Accrued	41,985.40	Due Federal Reserve Bank Secured by Gov't Oblig- ations	750,000.00
Customers' Liability Under Letters of Credit and Ac- ceptances	705,066.34	Circulation	138,400.00
		Letters of Credit and Ac- ceptances	705,066.34
Total	\$24,354,987.07	Total	\$24,354,987.07

Commercial and Travellers Credits issued but not drawn against, \$1,202,052.44

<p>Edward K. Cherrill, Vice-Pres. Gilbert H. Johnson, Vice-Pres. Kimball C. Atwood, Vice-Pres. Charles F. Junod, Vice-Pres.</p>	<p>Phineas C. Lounsbury, Chairman Herman D. Kountze, President</p>	<p>Frank E. Andrus, Cashier John P. Laird, Asst. Cashier John H. Brennen, Asst. Cashier John H. Trowbridge, Asst. Cashier</p>
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ican trade. Besides this, he is to secure data for American exporters and importers on South American trade conditions, and investigate opportunities for the investment of American capital in South American enterprises, especially public utilities and railway projects.

Mr. McCrosky has had experience as a South American importer and as a United States exporter to South America. He was chief engineer for the first electric street railway and the first hydro-electric power plant built by American interests in Argentina. Before he came to the Bankers Trust Company he had been in Washington as a volunteer member of the Contraband Committee, and advisor on the South American affairs of the War Trade Board.

Seward Prosser, president of the Bankers Trust Company, has left for Paris to select the site for the office to be established there. When suitable quarters have been found, R. H. Giles, treasurer, and W. A. Henderson, audi-

tor, with a number of other employees, will leave to form a nucleus personnel in Paris. Bertram Lord, who sailed for France in February, is to be in charge of the office.

PARK-UNION FOREIGN BANKING CORPORATION OPEN FOR BUSINESS

The importance that the development of the foreign markets has come to have in the future plans of American business men and bankers is being constantly emphasized by the organization of banks to specialize particularly in the field of international banking. The newest of these institutions is the Park-Union Foreign Banking Corporation which formally opens its doors for business on June 1, at No. 56 Wall street.

With the opening of the new bank a new personality is projected into the international banking field, yet one not unknown to American business men. Charles A. Holder, president of the Park-Union Foreign Banking Corpora-

tion, brings to his new connection an experience and knowledge of foreign trade affairs possessed by few men and of superior value at this time when American business is seeking expansion to the foreign trade fields.

T. Fred Aspden, formerly a vice-president of the American Foreign Banking Corporation, New York, has



DR. CHARLES A. HOLDER

President Park-Union Foreign Banking Corporation,
56 Wall Street, New York

been secured in the same capacity by the Park-Union Foreign Banking Corporation. Mr. Aspden has devoted a great deal of time to the study and development of business with foreign countries and is also considered a specialist in this line.

Mr. Holder was born in New York City. He was for nine years a member of the Consular service for which he forsook the practice of his profession of medicine. As a result of his wide experience as a consular officer he has a clear insight into international trade

affairs, having served successively as United States Consul at Rouen, France; Consul-General at Christiania, Norway; Consul at Cologne, Germany, and Vice-Consul-General at London. His activities during eight years as a consular representative of the United States had much to do with the solving of international trade problems. While vice-consul-general at London during 1914, the first year of the war, his success in solving the complexities of European trade at that time caused his recall to the United States and his assignment as Foreign Trade Adviser to the State Department. During his incumbency of that office, Mr. Holder was instrumental in unraveling many of the complications between American business men and the British Government, and succeeded in obtaining the release of vast quantities of shipping consigned to American importers which had been tied up in the various European ports as a result of the order in council. Mr. Holder resigned as Foreign Trade Adviser July 1, 1916, to become vice-president of G. Amsinck and Company, of New York. He severed his connections with this company in February of this year to take active charge of the Park-Union Foreign Banking Corporation.

Mr. Aspden is a native of Manchester, England. He entered the employ of the Merchants Bank of London, Ontario, in 1881, where he remained until 1888. From then until 1904 he was with the First National Bank of Chicago, and then engaged in special work for the Canadian Bank of Commerce, traveling in connection with foreign business on the European continent. He was supervisor of the Bank of Commerce, looking after foreign accounts and international relations, until July, 1917, when he became vice-president of the American Foreign Banking Corporation, New York.

For the present the Park-Union's activities will particularly specialize in the Far Eastern Field to promote the interests of American business in that territory and the Dutch East Indies. Under Mr. Holder's guid-

ance branches have been established at Shanghai, China, and Yokohama, Japan, and arrangements are being made to open branches in other important commercial centers of the Orient. Offices in the United States are located at San Francisco and Seattle.

The Park-Union is sponsored by two of the largest banks in the Western Hemisphere, the National Park Bank of New York, and the Union Bank of Canada, the combined assets of which is more than \$400,000,000. Among these prominent in the formation of the new company are some of the best known men in banking and finance, including Stuyvesant Fish, Cornelius Vanderbilt, Richard Delafield, Gilbert G. Thorne, Sir William Price, R. H. Williams, E. C. Hoyt, H. B. Shaw, Dr. C. A. Holder, R. O. McCulloch, Stephen Hass, W. J. Dawson and F. S. Appleby. Headquarters of the Park-Union are at present at the former address of the American Foreign Banking Corporation.

FIRST TRUST AND DEPOSIT COMPANY OF SYRACUSE

The First Trust and Deposit Company of Syracuse, N. Y., dedicated its remodeled banking home on Saturday, May 3.

The chief speaker was William Ganson Rose of Cleveland, vice-president of the Financial Advertisers Association of America. In the course of the past few weeks Mr. Rose has addressed the sixteenth anniversary banquet of the Central Trust and Savings Company of Philadelphia, and a get-together meeting of the Pennsylvania Trust Company of Reading. He has also been a speaker at the dinner dance of the Chapin National Bank of Springfield, Massachusetts, at the banquet of the Union Trust Company of Rochester, and at a large meeting of the Depositors Savings and Trust Company of Akron, Ohio.

GIRARD NATIONAL OF PHILADELPHIA INCREASES DIVIDEND

The board of directors of the Girard National Bank declared a ten per cent.



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over
\$300,000,000

Nation-Wide Business

We have on our books accounts of banks as far west as the Pacific coast, and in the south as far as Florida. These institutions are sending their items on this section to us.

We will be glad to serve you.

Citizens Commercial Trust Company Buffalo, N. Y.

Capital and Surplus . . . \$2,500,000.00
Resources 27,000,000.00

MEMBER FEDERAL RESERVE SYSTEM

semi-annual dividend payable May 1, which increased the annual dividend rate four per cent. and placed the stock on a twenty per cent. basis. The last sale reported was at \$344, but it is worth at least \$100 more per share than quoted before the increased dividend.

CALWELL ON MARITIME EXCHANGE IN PHILADELPHIA

The following extracts are from a statement of Charles S. Calwell, president of the Corn Exchange National Bank of Philadelphia, in the "Corn Exchange," the bank's official organ:

This is the crucial time in the development of the Port of Philadelphia. There will be either a great increase of shipping activity now or a gradual slipping away to other ports of much of the business we now enjoy.

Our merchants and manufacturers complain about not being able to secure space for foreign ports. Our shipping men claim they cannot find the cargoes to send out.

What is needed is some central agency, such as the Maritime Exchange, to help both parties get together.

This bank is willing to act as a clearing

house for all such information, or to cooperate with anyone for the good of the Port of Philadelphia.

Our old slogan, which has now become well known, needs to be emphasized again and again, "Ship via Philadelphia."

EXTRA DIVIDEND OF FRANKLIN NATIONAL BANK

The board of directors of the Franklin National Bank of Philadelphia declared an extra dividend of five per cent., payable May 1, in addition to the regular semi-annual dividend of ten per cent. A similar extra dividend of three per cent. was paid May 1, 1918. The last sale of stock was reported at \$502.50.

The Franklin National Bank has been in operation nineteen years. The statement of March 4 last shows \$4,000,000 surplus, \$1,000,000 capital, over \$500,000 undivided profits, and resources of \$74,626,185.

MECHANICS BANK OF NEW HAVEN

The statement of the Mechanics Bank of New Haven, Connecticut, for the call

of May 12 shows a high-water mark in deposits of \$7,034,422. This is in comparison with \$6,014,073 for December 31, 1918, and, for December 31, 1917, \$4,486,269. The capitalization of the bank is \$300,000; surplus and undivided profits, \$594,945; and total assets, \$7,982,389. The statement speaks for itself as to the growth of the institution.

**NATIONAL SHAWMUT BANK TO ERECT
LARGE ADDITION**

The National Shawmut Bank of Boston has acquired the real estate adjoining its present property, on Devonshire street, taking in the Parker Building, so called, numbered 78-80 Devonshire street, and the two next adjoining properties numbered 70-72 Devonshire street and 74-76 Devonshire street, comprising a total area of land of about 7,000 square feet, with a rear entrance on Congress Square. This will make a frontage for the bank of 145 feet on Devonshire street.

The bank will shortly begin the erection of a new building on this land, to become a part of the Shawmut Bank Building. This step has become necessary on account of the large increase in business of the bank, which requires more space than the present quarters afford. The whole of the first floor and a portion of the rest of the addition will be devoted to bank purposes. Large, modern, and up-to-date safe deposit vaults will be placed in the basement of the addition and in the present basement of the Shawmut Bank Building. A large part of the new upper stories of the addition will be devoted to offices for bankers, merchants, and business men.

The purchase will increase the floor area of the Shawmut Bank quarters between fifty and sixty per cent., and will afford opportunities to greatly increase the foreign business, and the facilities of the institution in general.

**BANK OF SOMERSET IN MODERNIZED
QUARTERS**

The Bank of Somerset of Princess Anne, Maryland, opened May 1st in its former banking home, which has

Resources
\$16,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



Try our Service
and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

HARRIS, FORBES & CO

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

Pine Street, Corner William
NEW YORK

BONDS FOR INVESTMENT

been thoroughly modernized by Hoggson Brothers, the New York and Chicago bank planning specialists.

The new quarters are spacious, attractive, and bespeak convenience and modernity. Additional book, fund and security vaults will provide ample facilities for the bank's future requirements, as well as its present needs. The principal feature in the new layout is the directors' room, which is now on the mezzanine, additional working space on the main floor being thus secured.

The Bank of Somerset was organized June 4, 1889, with a capital of \$25,000, which has since been doubled. The last statement shows surplus and undivided profits of \$117,000. The officers are: Joshua W. Miles, president; H. Fillmore Lankford, vice-president, and William S. Spiva, cashier.

SEVENTIETH ANNIVERSARY OF CITIZENS
NATIONAL OF BALTIMORE

The Citizens National Bank of Baltimore was organized in 1849, and, ex-

cepting for a temporary quartering in the neighborhood during enlargement in 1903, the bank has been at home at Pratt and Hanover Streets ever since. At the completion of the building on the present site, it was thought by officials that there would be room for ample expansion with continued residence for at least half a century, but in the sixteen years stretching back from now to then, the resources of the institution have gone up from \$6,500,000 to \$29,300,000, so it is not astonishing that a business 450 per cent. greater than that of 1903 should find the old quarters cramped.

President Albert D. Graham has announced that a site for the new building has been purchased: three lots containing 8,800 square feet, rectangular, and having the advantage of light on all sides. The frontage is 112 feet on Redwood Street, and 77 feet on Light Street, which means that the new bank building is to be centrally located in the financial district. Plans are not maturing rapidly at present, since a



The Dictaphone clears your desk hours earlier

A clear desk, a clear conscience, and a week-end of needed change and recreation. The greatest help and joy to the busy bankman is The Dictaphone, because it enables him to finish his letter-writing early in the day, giving him more time for thinking, planning and organizing.

The Dictaphone is always ready to take your letters when you are ready to dictate. It helps you to get that much needed outside recreation which keeps the body fit and the brain clear.

15-Minute Demonstration

A fifteen-minute demonstration in *your* office, on *your* own work, will be given for the asking.

Write today.

THE DICTAPHONE

Registered in the U.S. and Foreign Countries



Dept. 126-F, Woolworth Building, New York City
Branches Everywhere. Write for Booklet, "The Man at the Desk"

There is but one Dictaphone, trade-marked "The Dictaphone," made and merchandised by the Columbia Graphophone Company

"The Shortest Route to the Mail-Chute"



M. E. HOLDERNESS



DR. W. F. GEPHART

Vice-Presidents Third National Bank, St. Louis

number of leases are still in the way of the new construction, but it is announced that the Citizens National Bank expects to have an edifice of exceptional note.

MISSISSIPPI VALLEY TRUST COMPANY

The Mississippi Valley Trust Company of St. Louis, at a recent meeting of the board of directors, elected Guy C. Phillips, formerly Arkansas representative, to the position of assistant executive officer.

Mr. Phillips is a native Arkansan, and all his business life has been spent in Arkansas banking circles. He has been connected successively with the Bank of Springdale, Springdale, Arkansas; the First National Bank of Fort Smith; the Arkansas National Bank of Fayetteville, where he was assistant cashier; and the Citizens Bank of Fayetteville, where he held the post of cashier. When Arkansas's first banking law went into effect, in January, 1914, Mr. Phillips was appointed one of the three bank examiners whose

offices were created under it, resigning this position with the State Banking Department, in October, 1917, to become Arkansas representative of the Mississippi Valley Trust Company.

Herbert D. Condie, president of the Condie-Gray Glass and Paint Company, has been elected a director of the Mississippi Valley Trust Company.

DALLAS RESERVE BANK TO HAVE NEW BUILDING

The building committee of the Federal Reserve Bank of Dallas, Texas, has passed upon and approved the plans for a new building. These plans call for a five-story structure, with basement, the building to be 140 by 160 feet.

HOLDERNESS AND GEPHART VICE-PRESIDENTS THIRD NATIONAL OF ST. LOUIS

M. E. Holderness was made vice-president of the Third National Bank of St. Louis at a recent meeting of the directors. Mr. Holderness has been

ALWAYS READY TO SERVE

THIS Company has the equipment, experience and willingness to perform well any banking or fiduciary service required of it. The Rhode Island business of banks, bankers, firms and individuals anywhere is invited with the promise of prompt and satisfactory service.



Rhode Island Hospital Trust Company Providence Rhode Island

HERBERT J. WELLS, President

HORATIO A. HUNT, Vice-President
THOMAS H. WEST, JR., Vice-President
JOHN H. WELLS, Secretary
ERNEST A. HARRIS, Asst. Trust Officer
JOHN E. WILLIAMS, Asst. Secretary
GEORGE H. CAPRON, Asst. Secretary

PRESTON H. GARDNER, Vice-Pres't & Trust Officer
HENRY L. SLADER, Vice-President
GILBERT A. HARRINGTON, Asst. Trust Officer
ROBERT T. DOWNS, Asst. Trust Officer
HENRY B. HAGAN, Asst. Secretary
RALPH S. RICHARDS, Asst. Secretary
G. BURTON HIBBERT, Asst. Secretary

connected with the Third National for the past four years, in charge of the publicity and advertising department and the savings department, with the title of assistant cashier. He will be a vice-president of the First National Bank which succeeds the Third National.

Mr. Holderness will continue as the directing force in the publicity and advertising and the savings departments, which have grown with such rapidity as to require a larger staff. As manager of the savings department he completed his four years last February, showing 17,000 open accounts on the books and five million dollars in saving deposits.

A native of Arkansas, Mr. Holderness was born at Fordyce. He was educated at Vanderbilt University. After being graduated, he became associated with F. O. Watts, president of the Third National Bank, in banking business in Nashville, in the capacity of cashier of the First Savings and Trust Company

of Nashville, which was affiliated with the First National Bank of Nashville, of which Mr. Watts was then president. Four years ago he became identified with the Third National Bank of St. Louis.

Mr. Holderness is well known in financial advertising and university circles, being one of the originators of progressive bank advertising and author of several books on financial advertising, as well as a contributor to the leading financial magazines. He conceived the idea of organizing the Financial Advertisers' Association, the largest department of the Associated Advertising Clubs of the World. He was one of the first presidents of the F. A. A., and is still prominently identified with the direction of its activities.

In addition to his activities in the Financial Advertisers' Association, Mr. Holderness has been called upon by the universities and colleges and business organizations throughout the country to speak on financial subjects, especially

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$19,167,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

advertising and savings, two subjects on which he is considered among the authorities of the country.

He has been president of Sigma Alpha Epsilon, a Greek letter society represented in the leading universities in the country. He still maintains an active interest in university affairs. He is a member of the Advertising Club of St. Louis, the Kiwanis Club, and the Missouri Athletic Association.

Dr. W. F. Gephart, Dean of the School of Commerce of Washington University, resigned to accept a vice-presidency of the Third National Bank of St. Louis.

Dr. Gephart is a graduate of Columbia University, New York City, where he was a Fellow of the University. He went to Washington University, in 1914, from Ohio State University, to take charge of the department of economics, which has had a great development under his administration. In 1917 a school of commerce was organized with Dr. Gephart as Dean, and in its work

of training young men for business it has already proven a success. He is one of the leading economists of this country, being an officer of the American Economic Association, and the author of many books and articles on economic subjects. He is considered a special authority on finance, taxation, insurance, and marketing. His books on insurance are used extensively as text-books in American universities. As a contributor to the leading economic journals in this country and Europe, he has written on transportation, marketing, taxation, and other economic subjects.

Dr. Gephart was Federal Food Administrator of St. Louis, and for the past year, in addition to his university work, he has been secretary and general manager of the St. Louis Wholesale Grocers and Jobbers Association. He has taken active part in the industrial and civic associations of the city, and is now serving as chairman of the taxation committee of the Chamber of Commerce

and as a member of other civic and business committees.

He is a member of the American Economic Association, American Political Science Association, American University Professors' Association, Phi Beta Kappa, Chamber of Commerce, Round Table, Town and Gown, Noonday, University, City, and Algonquin clubs.

By special arrangement Dr. Gephart will retain connection with Washington University for a year, as Acting Dean of the College of Commerce and Finance. He assumes his duties with the Third National Bank July first.

DISCOUNT BANK FOR ST. LOUIS

The Missouri Legislature has enacted bills prepared by Festus J. Wade of the Mercantile Trust Company, and Breckinridge Jones of the Mississippi Valley Trust Company, of St. Louis, to authorize the organization of a discount bank in St. Louis, and empower state banks and business corporations to invest in its stock.

ASSOCIATION OF TRUST OFFICERS FOR ST. LOUIS

The "St. Louis Association of Trust Department Officers" has been formed by officers of the trust departments of St. Louis trust companies and national banks having trust departments. Its purpose is to promote the business interests of its members and of the institutions with which they are connected, disseminate principles of fair dealing, and discuss problems relating to trust departments. Following are the officers: Isaac H. Orr, chairman, St. Louis Union Trust Company; Frederick Vierling, vice-chairman, Mississippi Valley Trust Company; Judge T. C. Hennings, vice-chairman Mercantile Trust Company; Virgil M. Harris, treasurer, National Bank of Commerce, and J. M. Woods, secretary, American Trust Company.

What a Bank Must Have

When you undertake to provide a new home for your bank, you do so for two reasons:

- (1) To increase your business.
- (2) To afford more satisfactory working accommodations for your employees.

To accomplish this with real success, you must provide:

- (1) A practical and suitable bank building.
- (2) A thoroughly up-to-date and efficient banking arrangement.
- (3) Real security in your vault equipment.

We have recognized experts in each of these branches of a bank's requirements, thus covering in the one organization all of a bank's needs without the risk, trouble and expense of divided responsibility.

Some Banks We Have Served

We are either now, or have very recently acted in New York for:

National Bank of Commerce
Seaboard National Bank
Columbia Trust Company
Asia Banking Corporation
Mercantile Trust Company

and in other towns for:

First National Bank, Richmond, Va.
American Exchange National Bank, Dallas, Texas.
Hibernia Bank & Trust Company, New Orleans, La.
Colonial Trust Company, Philadelphia, Pa.
Charlotte National Bank, Charlotte, N. C.
Greenwich Trust Company, Greenwich, Conn.

I would like to refer you to any of the above institutions and to consult with you in connection with your problems for improving the home and success of your bank.

Alfred C. Bossom

*Bank Architect
and
Equipment Engineer*

366 Fifth Avenue

New York

FOR SALE

The following Bank Equipment

51 feet of metal railing, Verde Green finish, with six wickets. Railing and cornice 3-ft. 8-in. high.

80 running feet of white Tennessee marble wainscoting with base of darker marble, 3-ft. 3-in. high.

700 square feet of marble flooring. This entire equipment is in first-class condition, nearly new.

Price on application.

If interested, write at once and we will send a cut of this equipment.

FIRST NATIONAL BANK
YPSILANTI, MICH.

GROWTH OF FIRST TRUST AND SAVINGS BANK, CHICAGO, NECESSITATES INCREASE IN OFFICIAL STAFF

At the meeting of the board of directors of the First National Bank of Chicago and the First Trust and Savings Bank, held on April 29, the following changes and additions were made:

Roy C. Osgood, vice-president and trust officer, relinquishes the latter title, but retains his position as vice-president and his connection with the trust department. Oliver A. Bestel, formerly assistant trust officer, succeeds Mr. Osgood as trust officer. A. W. Converse, assistant secretary, was made manager of the savings department, and is succeeded as assistant secretary by George R. Roehm. Other additions to the official staff were made as follows: E. A. Stake and D. W. Westervelt, assistant cashiers; I. L. Porter, manager of the bond department; J. H. Templeton and F. C. Nason, assistant managers, bond department; Joseph R. Julin, H. Herbert Alborn, W. W. O'Brien, and Walter J. Carlstedt, assistant trust officers.

The First Trust and Savings Bank was organized in December, 1903, with a capital of \$1,000,000, the stock being

owned by the stockholders of the First National Bank of Chicago, and paid for by the directors declaring a special dividend of \$12.50 per share on the stock of the First National Bank of Chicago. The initial official organization included James B. Forgan, president; Emile K. Boisot, vice-president; D. V. Webster, assistant secretary; and R. D. Forgan, assistant treasurer. The undertaking was a success from the start. In the first seven days after the doors were opened 1,089 savings accounts had been started, and total deposits had reached the sum of \$3,195,591. The statement published on March 22, 1904, showed deposits of \$7,313,000. This phenomenal growth was continued during the years which followed, as indicated by the appended tabulation:

	No. of Officers	Capital	Surplus	Deposits
1905...	6	\$1,000,000	\$500,000	\$17,931,057
1910...	10	2,000,000	2,500,000	45,601,107
1915...	13	5,000,000	5,000,000	58,720,617

Of the officers elected in 1903, three are still actively connected with the institution. In October, 1918, Emile K. Boisot, who succeeded to the presidency at the time James B. Forgan was elected chairman of the board, tendered his resignation to become effective on December 31 of that year, at which time Melvin A. Traylor became president of the institution.

The First Trust and Savings Bank confines its operations to the handling of savings, investment, and trust business. In addition to the officials already referred to, four vice-presidents, Frank O. Wetmore, Louis Boisot, B. C. Hardenbrook, and Frank M. Gordon, are included in the official organization, the last three, each with a staff of assistants, specializing in the trust, savings, and bond departments respectively.

The statement of condition published March 4, 1918, showed a capital of \$5,000,000, surplus and undivided profits of \$6,048,000, while deposits had reached the sum of \$73,197,000, which included savings deposits of \$47,386,246 owned by 102,053 depositors. This continued growth necessitated the staff in-

crease mentioned above, which now gives the First Trust and Savings Bank an executive organization of twenty-five officers, one of the largest official staffs among the Chicago banking institutions.

PROVIDENCE NATIONAL INCREASES DIVIDEND RATE

The Providence National Bank, Rhode Island, for the first time since 1880 has increased its dividend rate, the directors voting to raise the rate from eight to ten per cent.

The Providence National lays claim to being the third oldest banking institution in the United States. Its original charter was granted in 1791. According to its last official statement, the bank has a capital of \$500,000; surplus and undivided profits, \$1,057,000, and deposits of more than \$3,000,000. William Gammel is president; William Gammel, Jr., vice-president; E. G. Batty, cashier, and F. L. Sawyer, assistant cashier.



C. K. LASSITER

President American Locomotive Company and Director National State and City Bank, Richmond, Va.

NATIONAL STATE AND CITY BANK OF RICHMOND

At a meeting of the directors of the National State and City Bank of Rich-



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WILLIAM S. MADDOX, Vice-President

HOWARD W. LEWIS, Vice-President

HORACE FORTESCUE, Vice-Pres. & Cashier

mond, Virginia, S. P. Ryland and W. S. Ryland were elected vice-presidents. When W. S. Ryland, who was assistant cashier, left last January to accept the position of local representative of the National City Bank of New York, S. P. Ryland was appointed cashier of the Richmond institution. W. S. Ryland now returns as a vice-president, and S. P. Ryland, in becoming a vice-president, retains the title of cashier.

The May issue of the "American Magazine," in the monthly section of rotogravure photos, which comments on the work of the big men of the country, contained a portrait of C. K. Lassiter, vice-president in charge of manufacturing of the American Locomotive Company, and one of the directors of the National State and City Bank of Richmond.

R. E. Cunningham, vice-president, says that Mr. Lassiter's "unbounded energy and capacity for doing big things are an inspiration to any ambitious man, young or old." Mr. Lassiter was born

in Virginia, and after leaving school at the age of thirteen, because of his father's death, went to work in a blacksmith shop. He was manager of a flour business when he was nineteen, but wishing to work with machinery, he left the position, at \$250 a month, to start in with what was then the Richmond Locomotive Works, and is now the Richmond branch of the American Locomotive Company, at what his biographers will probably characterize as the princely sum of \$60 a month, for being timekeeper. To-day he is able to keep six great plants running without friction, and the product he turns out is "one of the most difficult that is made."

**CITIZENS BANK AND TRUST COMPANY,
TAMPA**

The Citizens Bank and Trust Company of Tampa, Florida, has elected seven new directors to assist in the rapidly expanding business of that institution. They are: M. J. Hulsey, N. M. McLaren, John S. Long, W. J. Leiman,

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PHILADELPHIA

Resources over \$19,500,000

R. A. Crowell, Robert W. Trice, T. A. Chancellor. Following are the old directors with whom those named above will serve: Dr. Louis A. Bize, E. M. Hendry, W. B. Gray, E. B. Lucas, W. E. Dorchester, John T. Dismukes, George V. Booker, Frank Bentley, Enrique Pendas, A. L. Cuesta, Jr., S. R. Morey, W. W. Trice, D. C. Gillett, D. H. Laney.

The Citizens Bank and Trust Company has installed the latest thing in electrical ledger posting machines. By the use of these machines the chance of errors is practically eliminated, by the double check on accounts, the ledger posting being checked against the statement posting.

FARMERS BANK AND TRUST COMPANY OF WEST PALM BEACH

T. T. Reese, president of the Farmers Bank and Trust Company, West Palm Beach, Florida, having promised the employees early in the season, when the resources were about \$1,100,000,

that there would be a gala banquet to mark the passing of the two million milestone, on April 1, made good his promise of entertaining the bank force at the Salt Air Hotel. After about five years of activity, the statement of the bank now shows total resources of \$2,-\$045,240, a cash reserve of \$777,535, capital stock of \$75,000, and undivided profits of \$19,961.

CITY NATIONAL OF GALVESTON TO HAVE NEW BUILDING

The City National Bank of Galveston, Texas, is to build itself new banking quarters at a probable sum of \$135,000.

NATIONAL BANK OF COMMERCE, SAN ANTONIO

The National Bank of Commerce, San Antonio, Texas, has moved into its new banking home, on the corner opposite to its old quarters. The new building is of red brick and white stone, steel con-



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*And no one person is
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tally or physically, of
any other.*

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struction, eight stories high, costing approximately \$400,000. The interior is beautifully finished in marble. The first two floors and the mezzanine will be used for the banking quarters.

UNIFORM LAWS PASSED BY STATE OF TEXAS

Both the Uniform Negotiable Instruments Law and the Uniform Warehouse Receipts Act have been passed by the State of Texas. This leaves only seven states where the latter has yet to be passed. Georgia is the sole state where the Negotiable Instruments Law is not now in force.

MILLION DOLLAR BANK FOR FORT WORTH

According to the promoters of the National Bank of Commerce in Fort Worth, Texas, organization is rapidly nearing completion. Official announcement, however, has so far been withheld, pending a completion of final arrangements and the securing of the

bank's charter. The promoters expect that the bank will be open for business in temporary quarters within the next couple of months. Capitalization is to be at one million dollars, and surplus, \$500,000. The bank is to be permanently quartered on the ground floor of the new W. T. Waggoner twenty-story office building at Eighth and Houston streets, but that will not be ready for occupancy until February, 1920.

C. J. Benson, president of the First National Bank of Sapulpa, Oklahoma, will be president of the new institution. Vice-presidents announced are: C. H. Patterson, of Chicago; A. E. Thomas, of Bowie, Texas; H. J. Jackson, Hugo, Oklahoma. Mr. Patterson is a banker of many years experience. Mr. Thomas for the past twenty-five years has been connected with the First National Bank of Bowie, as cashier for a considerable portion of the time. Mr. Jackson is president of the First National Bank of Hugo, Oklahoma.

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SCHUYLER P. JOHNSON, Assistant Cashier
R. V. KELLEY, - - Assistant Cashier

Resources Over - - \$40,000,000

HIBERNIA BANK AND TRUST COMPANY

The building located at 183-185 Union street, New Orleans, has been purchased by the Hibernia Bank and Trust Company to complete the site of the new banking home for that institution.

The statement of the Hibernia Bank and Trust Company of New Orleans, as of May 12, shows total deposits of \$30,685,740.15, a gain of nearly \$4,000,000 in the past year. A comparison of deposits of this institution on corresponding dates for the past four years shows a growth of practically 100 per cent. The deposits have been as follows:

May 12, 1915.....	\$15,377,116.80
May 12, 1916.....	18,701,796.20
May 12, 1917.....	22,880,514.99
May 12, 1918.....	26,757,826.68
May 12, 1919.....	30,685,740.15

These figures, which indicate the doubling of the business of the Hibernia Bank and Trust Company during the war period, reveal also the tremendous expansion which all lines of business in

New Orleans have undergone during the past four years. There is every indication that this development will continue to an even greater degree in the immediate future.

NEW BRANCH OF AMERICAN STATE BANK OF DETROIT

Notice has been received from L. H. D. Baker, manager of branches for the American State Bank of Detroit, that a charter has been granted to the American State Bank of Dearborn, which is to have \$100,000 capital, and \$20,000 surplus. W. J. Hays is to be president, and Fred W. Dalby vice-president. Construction has been begun on a fine building on the site recently purchased at Michigan and Center streets.

FOREIGN DEPARTMENT FOR PEOPLES STATE BANK OF DETROIT

A foreign department has been established by the Peoples State Bank of Detroit, Michigan, to promote the develop-



MONTE J. GOBLE
Vice-President



CHARLES T. PERIN
Vice-President



W. A. HINSCH
Vice-President



STACY B. RANKIN
Vice-President



CHARLES H. SHIELDS
Cashier



EDWARD A. VOSMER
Asst. Cashier and Asst. to the President



HARRY NAGEL
Asst. to Vice-President



LOUIS C. GEORGE
Asst. to Cashier



GUS. G. HAMPSON
Asst. to Vice-President

Fifth-Third National Bank of Cincinnati, Ohio

ment of commercial relations between the manufacturers of Detroit and foreign countries.

Rod P. Fraser has been appointed manager of the new foreign department. Mr. Fraser has had extensive training in foreign banking. He was for six years with the Caledonian Bank of Scotland, and afterwards joined the staff of the Chartered Bank of India, Australia, and China. He has been associated for the past nine years with the head office of the Bank of British North America.

FIRST AND OLD DETROIT NATIONAL PURCHASES PROPERTY

The Pontchartrain Hotel property has been purchased by the First and Old Detroit National Bank, Detroit, Michigan. The bank will remodel and rebuild to meet its own necessities, making a fifteen-story bank and office building.

WISCONSIN NATIONAL OF MILWAUKEE BUILDING

The Wisconsin National Bank of Milwaukee is to have shortly one of the finest buildings in the country. The site for the building embraces 138 feet on Wisconsin street by 120 feet on the river and East Water street. The new structure will replace both the present bank building and the Black Block adjoining; it will be of white granite, Corinthian architecture.

FIFTH-THIRD NATIONAL BANK OF CINCINNATI

At a meeting of the board of directors of the Fifth-Third National Bank of Cincinnati, Ohio, the following changes were made in the official roster: Monte J. Goble, cashier; Charles T. Perin, assistant cashier, and William A. Hirsch were elected vice-presidents; Charles H. Shields, assistant cashier, was made cashier; Edward A. Vosmer, assistant cashier, was designated assistant to the president; Harry Nagel was designated as assistant to Vice-President Goble; Gus G. Hampson was designated as as-

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sistant to vice-president, and Louis C. George was designated as assistant to the cashier.

On April 23, the Fifth-Third announced to its "present and prospective patrons" that Stacy B. Rankin, of Columbus and South Charleston, would associate himself with the Fifth-Third on May 1, in the capacity of vice-president. Mr. Rankin is widely and well known. He was secretary of the Ohio Bankers Association from the date of its organization, 1891, until 1918, twenty-seven years, and upon his retirement from that office was accorded the honorary title of "secretary emeritus" of that association during his lifetime. He was up to the time of his retirement Dean of State Bankers Association Secretaries. He acted as a director of the Federal Reserve Bank of Cleveland from its inception until January last. He is a member of the executive council of the American Bankers Association. In 1917 he

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served as president of the secretaries section of the American Bankers Association. He has all his life been actively interested in all classes of banks, national, state and private, and is an authority on many banking subjects. As former secretary of the Ohio Bankers Association, he has undoubtedly been more instrumental than any other man in securing the passage of good banking legislation for the State of Ohio.

On May 31 absorption of the Market National Bank by the Fifth-Third National Bank was accomplished. Control of the Security Savings Bank and Safe Deposit Company was acquired by the Fifth-Third interests as part of the same negotiations.

The bank is remodeling a seven-story fireproof structure adjoining the present banking room, and extending the lobby from Fourth to Vine street, which will provide entrances to the bank from both streets, and give largely increased facilities for adequately handling the growing business of the institution. The safe deposit, money, securities, and stor-

age vaults will be constructed in an area of 10,000 square feet under the main banking floor, where ample and up-to-date facilities for the use of customers will be provided. A mezzanine floor will be constructed in the main banking room, relieving the congestion which now exists because of the rapid strides the bank has made in its growth.

FOREIGN DEPARTMENT OF THE FIRST NATIONAL OF CLEVELAND

J. G. Geddes, who has had extensive training in Canadian banks, and who is a student of international finance, has been appointed to the managership of the foreign department of the First National Bank of Cleveland.

MIDLAND NATIONAL BANK OF MINNE- APOLIS

Because of the pressure necessary to keep up with increasing responsibilities, the Midland National Bank of Minneapolis, Minnesota, has made Victor E. Hanson, J. H. Sharpe, Cecil L. Keith, and H. D. Davis assistant cashiers.



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EXCHANGE NATIONAL BANK AND EX-
CHANGE TRUST COMPANY OF
TULSA, OKLAHOMA

The Exchange National Bank of Tulsa, Oklahoma, has sent out announcements of the election as an active vice-president of Jake Easton, formerly president of the Citizens National Bank of Antlers.

NEBRASKA HAS NEW BLUE SKY LAW

Both houses of the Nebraska Legislature have passed the "blue sky" law which creates a state trade commission consisting of the Governor and Attorney General to enforce the "blue sky" law. (This authority later transferred to secretary of trade and commerce, in "code bill.") Authorizes appointment of secretary to be salaried at \$3,000. Removes exemption given sales to corporations under existing "blue sky" law.

Forbids sale of stock or other securities except by permit of commission, with certain exemptions as to sales to another licensee, sales of municipal or government bonds, sales of first mortgage bonds or notes, sales of national bank stocks, state bank stocks, insurance, building and loan or trust company stocks; sales of public utility stocks approved by state railway commission; sales of domestic associations or corporations not organized for profit. Permits commission or fifteen per cent. of par value of stock and organization expense of two and one-half per cent. of par value unless by express permission of commission. Penalty for failure to file required statements, fine not to exceed \$100. Penalty for refusal to submit to examination, fine of \$100 to \$500. Penalty for sale without license, fine of \$100 to \$1,000. Penalty for conversion of funds for different purposes than that authorized, imprisonment for from one to ten years. Amends Section 797-811, inclusive, R. S., 1913, and Chapter 14, Session Laws of 1917.

BANK OF ITALY INCREASES CAPITAL STOCK

At the regular monthly meeting held by the board of directors of the Bank of Italy, San Francisco, on Tuesday, April 7, initial steps were taken to increase the capital stock of the corporation from \$5,000,000 to \$10,000,000, and call was issued for a special meeting of the stockholders to be held on Monday, June 2, 1919, for the purpose of considering and acting upon the proposition.

The increase has been rendered necessary by the requirements of the State Banking Law, the limit of required capital reserve in the savings department having been almost reached. It is also deemed advisable to provide additional capital to meet the cost of constructing the new bank building to be erected on the corner of Powell and Eddy streets.

Ten thousand shares of the new stock are to be issued immediately upon the authorization of the increase, present stockholders being entitled to the first right to purchase one share of the new issue for every five shares now owned.

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First Natl. Bank Bldg.
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McKnight Bldg.

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OMAHA, NEB.
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1421 Chestnut Street
PITTSBURGH, PA.
Farmers Bank Bldg.
PORTLAND, ME.
396 Congress Street
PORTLAND, ORE.
Railway Exchange Bldg.
PROVIDENCE, R. I.
Industrial Trust Bldg.
RICHMOND, VA.
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ROCHESTER, N. Y.
Wilder Bldg.
SAN FRANCISCO, CAL.
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SEATTLE, WASH.
Hoge Bldg.
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Third Natl. Bank Bldg.
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Similar action was taken on Friday, April 4, by the board of directors of the Stockholders Auxiliary Corporation, the bank's subsidiary corporation, increasing the capital stock from \$500,000 to \$1,000,000, a special meeting of the stockholders being called for Wednesday, June 11, 1919, for the purpose of authorizing the increase. Each share of Bank of Italy stock carries with it a share in the Auxiliary Corporation, and the price at which the combined shares is to be put out is \$150.

Indicative of the remarkable growth of this banking institution is the fact that it began business in October, 1904, with a paid in capital of \$250,000; with this latest issue of 10,000 additional shares, the paid in capital will be increased to \$6,000,000, with surplus and undivided profits of \$2,500,000. The total resources of the bank to date approximate \$100,000,000.

ANGLO-CALIFORNIA TRUST COMPANY

T. C. Tognazzini, vice-president of the Anglo-California Trust Company, San Francisco, has been elected vice-president of the West Coast-San Francisco Life Insurance Company.

ANGLO AND LONDON PARIS NATIONAL BANK

W. E. Wilcox, formerly chief national bank examiner for the Twelfth Federal Reserve District, has been elected vice-president and cashier of the Anglo and London Paris National Bank, San Fran-

cisco. Mr. Wilcox was for twenty years in the banking business in Arkansas, where he was vice-president of the Home National Bank before he entered government service, and was for three years examiner at large for the department before coming to San Francisco.

Vice-President Harry Coe, who has been temporarily performing the duties now in the province of Mr. Wilcox, will hereafter devote himself to the foreign department.

The San Francisco A. I. B. Chapter has elected Vice-President E. W. Wilson to its advisory board.

TRUST COMPANY OF CUBA

The board of directors of the Trust Company of Cuba, headquarters at Havana, have elected Norman H. Davis, for many years the company's president, chairman of the board, and Vice-President O. A. Hornsby president. Mr. Davis has been for two years working for the United States Government in Europe, and in his absence Mr. Hornsby has been actively in charge.

Last year, the Trust Company of Cuba increased its reserve fund to \$600,000, and it has a capital of \$500,000. On January 2, an extra dividend amounting to \$10,000 was distributed. Assets of the company total \$7,346,000.

MEDLEY SCOVIL IN LARGER QUARTERS

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has taken an entire floor at 25 Pine Street, New York, which has been converted into offices for its advertising agency business. In moving, no change of address has been made, there being only a transfer of equipment from the former offices on the fifth floor to the new quarters, the ninth floor of the same building.

The Scovil Agency has been especially active in developing foreign banking and export accounts, and was one of the first of the advertising firms to foresee the opportunity for American firms and financial interests in the foreign trade fields. The agency numbers among its clients many of the most important accounts in that field, and has done much to promote better understanding between American and foreign business men. In its new quarters, the facilities of the organization have been greatly enhanced and provision made for future expansion.

CANADIAN BANK OF COMMERCE

The Canadian Bank of Commerce, Toronto, has established branches at Collingwood East, B. C.; Glace Bay, N. S.; Belleotam, Newfoundland; and Trocadie, N. S., under the direction of W. M. Fraser, L. J. Perry, E. Holmes, and the manager of Antigonish, respectively, the branch at Trocadie being a sub-agency of that at Antigonish.

In its review of Canadian business and financial affairs, the Canadian Bank of Commerce says:

At the end of July, 1914, just at the outbreak of the war, the total amount of gold held by the banks and the Government was

\$143,754,000, or 70 per cent. of the notes outstanding, which amounted to \$205,264,000, the amount of the Dominion notes held in the Central Gold Reserve being almost negligible. At the end of January last, the gold held had increased by \$63,151,000 and was thus 48.3 per cent. of the notes outstanding (always excepting the Dominion notes in the Central Gold Reserve). On the other hand, taking into consideration the total of Dominion notes, including those in the Central Gold Reserve, and of bank notes issued at the end of January last, the ratio of gold to notes was 39.6 per cent. as compared with 69 per cent. in July, 1914. In Britain, at the end of December last, the ratio of gold to notes outstanding was 25.6 per cent., and in the United States, 65.7 per cent. The Federal Treasury of Australia has issued notes amounting to £57,035,000, against which it holds 40.4 per cent., or £23,228,000 in gold. While Canada's ratio of gold to currency compares favorably with that of the average belligerent country, her circulation per capita is relatively high. In view of this and similar expansion in Britain and the United States, the Minister of Finance has taken power to continue restrictions as to the export of gold.

Parliament has consented to extend, for a period of two years after the conclusion of peace, the order-in-council issued in September, 1914, which permits each bank to issue notes in excess of its paid-up capital to the extent of 15 per cent. of its combined capital and reserve. In discussing the resolution submitted in respect to this subject, Sir Thomas White expressed the opinion that the ratio of gold to circulation in Canada was a favorable one, as compared with other countries. His hope, however, was that all such regulations could be safely removed before the expiration of the period mentioned.

BANK OF MONTREAL

The Bank of Montreal has announced the increase of its paid up capital stock to \$20,000,000, shares to the number

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of 30,750 having been issued to the shareholders of the Bank of British North America, recently purchased by the Bank of Montreal, and 9,250 shares to the shareholders of the Bank of Montreal, one of new for every twenty-one held on February 28, at a premium of \$87.50 on each share.

The former San Francisco branch of the Bank of British North America, now the British-American Bank of San Francisco, is now under the control of the Bank of Montreal.

In Chicago, the Bank of Montreal has leased from the National Life Insurance Company the banking room in the National Life Building, 27-29 South La Salle street, for a term of fifteen years. The Bank of Montreal has been for over twenty years located in the Temple, 108 South La Salle street. This site has been purchased by the State Bank of Chicago, which is to put up a sixteen-

story bank and office building within the next two or three years.

A branch of the Bank of Montreal is being organized at Paris, where E. Pope, formerly an accountant in the Ottawa branch, is to be in charge. Mr. Pope is a son of Sir Joseph Pope, Under Secretary of State for External Affairs.

ANNOUNCEMENTS OF THE ROYAL BANK OF CANADA

The Royal Bank of Canada has announced the opening of the following branches since May 1: Pointe-a-Pitre, Guadeloupe; Iroquois Falls, Ont.; Kitchener, Ont.; Midland, Ont.; Waterloo, Ont.; Winnipeg, Elmwood, Man.; Harbor Buffett, Newfoundland; Red Willow, Alta.; Telkwa, B. C.; Toronto, Runnymede and Bloor streets; La Maya, Cuba.

The Royal also announced a dividend of three per cent., being at the rate of twelve per cent per annum, on the paid up capital stock of the bank for the current quarter, payable June 2 to shareholders of record of May 15.

BANKERS TRUST COMPANY OF MONTREAL

The newly organized Bankers Trust Company, which opened May 1 in the Merchants Bank Building, St. Peter street entrance, has secured as manager James Elmsly, formerly of the Bank of British North America, and later of the Prudential Trust Company. Mr. Elmsly is well known not only in Mon-

United States Corporation Company

65 CEDAR STREET
NEW YORK CITY

ACTS AS

Transfer Agent and Registrar

FURNISHES

Principal Offices for Corporations in all
States and the Canadian Provinces

Westinghouse Electric & Manufacturing Company

And its Proprietary Companies in the United States

Consolidated and Condensed General Balance Sheet, March 31, 1919

ASSETS	
PROPERTY AND PLANT.....	\$41,806,414 17
INVESTMENTS	21,592,257 50
CASH	14,802,590 86
CASH on deposit for redemption of Debentures, Bonds, Notes and for Interest and Dividends.....	154,263 90
NOTES AND ACCOUNTS RECEIVABLE.....	41,480,475 16
WORKING AND TRADING ASSETS.....	59,550,261 63
OTHER ASSETS	5,507,219 41
Total	\$184,893,482 63

LIABILITIES	
CAPITAL STOCK:	
Preferred	\$3,998,700 00
Common	70,813,950 00
Total Capital Stock.....	\$74,812,650 00
FUNDED DEBT (Westinghouse Machine Co. Issues).....	6,305,000 00
FIFTEEN YEAR FIVE PER CENT NOTES—Issue of 1906—Due January 1, 1924	10,000 00
ONE YEAR NOTES—Due February 1, 1920.....	15,000,000 00
REAL ESTATE PURCHASE MONEY MORTGAGE.....	120,000 00
NOTES PAYABLE—Current Bank Loans.....	5,280,000 00
—Subscriptions to Liberty Loan Bonds.....	8,186,781 84
ACCOUNTS PAYABLE	10,905,699 63
INTEREST, TAXES, ROYALTIES, ETC., ACCRUED, NOT DUE.....	15,843,338 20
ACCRUED DIVIDENDS	1,309,221 38
ADVANCE PAYMENTS ON CONTRACTS.....	4,613,675 48
UNPAID DEBENTURE CERTIFICATES, BONDS, NOTES AND INTEREST AND DIVIDENDS	154,263 90
RESERVE	6,145,119 51
PROFIT AND LOSS—SURPLUS.....	36,207,732 69
Total	\$184,893,482 63

Consolidated and Condensed Statement of Income and Profit and Loss for the Year Ended March 31, 1919

Income Account for the Year:	
Sales Billed	\$160,379,942 68
Cost of Sales.....	129,271,556 03
Net Manufacturing Profit \$31,108,386 65	
Other Income	1,623,261 82
Gross Inc. from All Sources \$32,731,648 47	
Deductions from Income—	
Interest Charges	2,276,794 71
Net Income Before Deducting Federal Taxes \$30,454,853 76	
Federal Income and Excess Profits Taxes	15,395,946 16
Net Inc. Available for Dividends and Other Purposes	\$15,059,007 60

Statement of Profit and Loss Account:	
Profit and Loss Surplus, March 31, 1918.....	\$26,404,694 73
Net Income for the Year.....	15,059,007 60
Gross Surplus	\$41,463,702 33
Profit and Loss Charges:	
Preferred Dividends	\$279,909 00
Common Dividends	4,956,874 70
Miscellaneous (Net)	19,185 94
Surplus March 31, 1919, per Balance Sheet.....	\$36,207,732 69

Banks Use the PHOTOSTAT

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In the Business Information Department—

Letters, Prospectuses, Charts, Graphs

In the Foreign Exchange Department—

Drafts, Acceptances, Bills of Lading, Shipping Lists

In the Trust Department—

Wills, Deeds, Trustee Accountings, Bonds, Inventories

In the Legal Department—

Contracts, Court Exhibits, Pages from Books

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- (2) "Photographic copies are in a class by themselves. There is no substitute for them—they are identical in every respect with the original; they will hold in any court the same as though they were the original."
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AGENCIES: { Alfred Herbert, Ltd., Coventry, England,
Societe Anonyme Alfred Herbert, Paris, France,
Societa Anonima Italiana Alfred Herbert, Milano, Italy,
Graham Brothers, Stockholm, Sweden.

treal, but throughout Canada, and the company is considered fortunate in having procured his services.

The Bankers Trust Company is capitalized at \$1,000,000, and is welcomed as having entered the financial field at an opportune time.

BATCHELDER WITH UNITED FINANCIAL COMPANY

Charles F. Batchelder, formerly assistant manager of the bond department of the Guaranty Trust Company of New York, has been elected vice-president and director of the United Financial Corporation, Limited, of Montreal, Canada, and has left to take up his duties there.

The United Financial Company, Limited, was organized recently as successor to the firm of C. Meredith and Company, Limited, of Montreal, and includes in its board of directors officials of the Guaranty Trust Company of New York, the Bank of Montreal, the Merchants Bank of Canada, and the Royal Trust Company.

Formed for the sale of Canadian securities, the new company is an outgrowth of the changed financial conditions resulting from the war. Canadian financing has hitherto been done chiefly in England, but it is expected that hereafter the proportion of capital secured from the United States will steadily increase.



¶ Are you looking ahead to the requirements of the next few years? Collins Service is scientifically planned to enable financial institutions to take full advantage of the opportunities of the present and future.

Write for "Service" Brochure



The firm of C. Meredith and Company was one of the best known in Canada. The offices maintained by it in both Montreal and Toronto have been taken over by the new organization.

UNION BANK NEWS

George Wilson, assistant general manager of the Union Bank of Canada, and F. E. Kenaston, one of the directors, are now in the Far East looking after work preliminary to the locating of branches in Japan and China. There is to be established at the recently opened Yokohama agency a bureau of information which will collate statistics and other data relative to Japanese affairs in general; this is intended to bring into closer touch the manufacturers of the East and the importers over here.

H. B. Shaw, general manager of the Union Bank, and J. S. Hiam, superintendent of branches, were in New York recently to assist in the completion of organization of the Park-Union Foreign

50

Books on Wall Street

**Investment
Speculation**

Send for List

DIXIE BOOK SHOP

41 Liberty St., New York

Ask Your Stationer for
Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

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SOLE AGENTS FOR NEW YORK

F. W. ANDERSON & CO.

INCORPORATED

34 Beekman Street, New York

Banking Corporation, and attended the formal opening there. Particular interest is felt in this combined venture into the Oriental field, since it is the first working alliance between an American and a Canadian bank.

BANK OF HAMILTON

At the annual meeting of the Bank of Hamilton, Ontario, held on April 21,

the report of the directors dealt with the year's expansion. Branches were opened in Montreal; Ethel, Ontario; Armada, Carmangay, Enchant and Milo, Alberta; Gretna and Plum Coulee, Manitoba; Tisdale and Weldon, Saskatchewan, and Penticton, B. C.

The report of President Sir John Hendrie is summarized as follows: There has been a large increase in the number of small depositors, a good sign; the business of the bank is growing rapidly, particularly in the West, and for the total assets now handled it has small directorship; the issue of \$1,000,000 of new stock to shareholders at \$150 is equivalent to a bonus of \$10 to \$12 a share; last year 27,997 loans were made to farmers, aggregating \$8,836,820; farm business is safe and desirable.

General Manager J. P. Bell said, in part:

It is now five months since the armistice was signed, but very few of the troubles that were predicted for the period after the war have yet come about. It is true that enterprise is halted, and that in many lines buyers have been holding back their orders in expectation of lower prices, but many now believe that there is not going to be any rapid decline in prices and are again entering the markets. But there are those who take the ground that the abnormal prices were due only to the war and must come down rapidly. Whether they are justified in this expectation is difficult to tell. So many new and unnatural influences are at work that experience alone will show what level of prices is in keeping with current conditions. No one can presume to say what is normal. Old standards are gone. Sources of supply have been changed. Markets have disappeared. The world's money, in which terms of prices must be quoted, has been too inflated. Who can foretell what changes will

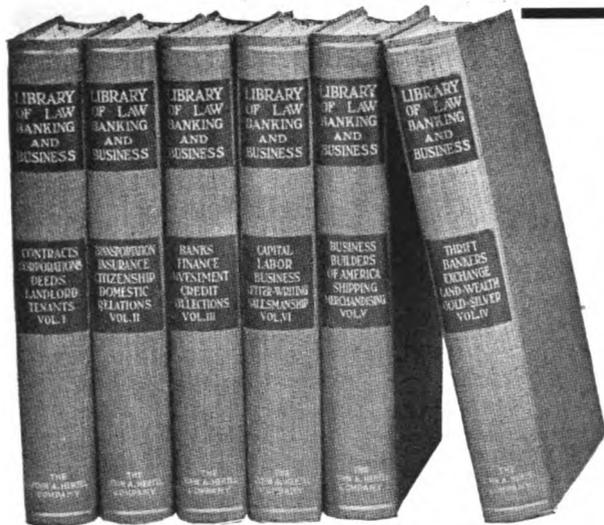
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Library of Law Banking AND Business

Edited by

W. D. EATON, Banker-Journalist

Legal matter by E. T. Roe, LL.B., Member New York Bar, for twenty years U. S. District Attorney, Author of "Criminal Procedure in U. S. Courts," etc., etc., and Elihu G. Loomis, Attorney at Law, Boston, assisted by practicing attorneys throughout the United States

Success in banking absolutely requires knowledge of business law and the exactness of a legal mind, not only in handling the business of the bank, but in serving the patrons who constantly seek the advice of the bank in their legal and business difficulties. It goes without saying that every bank clerk, however humble, should study the theory and laws of successful banking, credit, finance, and the whole field of business as it relates to banking.

The "Library of Law, Banking, and Business" has been written in simple interesting, non-technical style. It goes right to the point with clearness and authority. The great war has wrought many changes in the practice of banking and the psychological outlook on business, and all treatises on these subjects written before the war are out of date. Here is a complete library, freshly compiled, and brought right up to the day of the armistice which ended the war.

Two splendid volumes on Practical Business Law in Non-Technical Language complete series of Legal Forms.

Volume I: Contracts, Promissory Notes, Employer and Employee, Guaranty, Apprenticeship, Assignment and Bailments, Bankruptcy, Bonds, Corporations, Partnerships, Debts and Collections, Deeds, Mortgages, Abstract Laws of all the States Relating to Deeds, Abstract Laws of all the States Relating to Leases and Their Requirements, Landlord and Tenant.

Volume II: Wills, Insurance, Patents, Trade Marks, Passports, Federal Control Laws, The Government Area and Citizenship, Public Schools, The Family, Practical Law and Business, Laws on Public Roads, Postal Service, Woman Suffrage and Statutory Rights.

Two up-to-date volumes on essentials of Banking, new Reserve Bank System, Farm Loan Banks, Government Control, etc.

Volume III: History of Banking, Banks and Banking, Finance, Credit and Commercial Exchange, A Bank Account, Trade Acceptance, Federal Lands, Banks, National Farm Loan Association, United States Money, Capitalization, Entrepreneurs Income, Investments, National Bonds, National Bank Decisions.

Volume IV: Courtesy in Banking, Additions to Land Wealth, Compound Bank Interest, Gold and Silver, Other Metals, Thrift, Transit by Air and Water, International Finance and Trade, Industrial Exchange, Bankers, Workmen and Retailers, Foreign and Domestic Exchange, Problems in Money and Banking, Pre-American Coins, Mints and Banks, Fuel Under

Government Control, Legal Holidays, Standard Time.

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More than 1,200 topics treated. Alphabetical Index.

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Name.....

Address.....

JOHN A. HERTEL CO., 9 S. Clinton St., Chicago

occur in the months ahead? Perhaps the most that can be said is that, though prices may fall further, they will not for a long time, if ever, return to the pre-war basis.

STRIKING GROWTH OF THE MERCHANTS
BANK OF CANADA

The accompanying comparative state-

ment of the liabilities and assets of the Merchants Bank of Canada, signed by President H. Montagu Allan and General Manager D. C. Macarow and duly attested by the auditors, shows the gratifying rate of growth which that institution is making.

LIABILITIES

	—30th April—	
	1919	1918
1. To the Shareholders		
Capital Stock paid in.....	\$ 7,000,000.00	\$ 7,000,000.00
Reserve Fund	7,000,000.00	7,000,000.00
Dividends declared and unpaid.....	194,194.00	176,900.00
Balance of Profits as per Profit and Loss Account.....	574,043.32	437,973.92
	\$ 14,768,237.32	\$ 14,614,973.92
2. To the Public		
Notes of the Bank in Circulation.....	13,316,033.00	12,327,168.00
Deposits not bearing interest.....	43,552,214.61	34,886,747.83
Deposits bearing interest (including interest accrued to date of Statement)	91,904,993.37	75,946,985.48
Balances due to other Banks in Canada.....	2,614,696.64	1,400,941.75
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries.....	105,076.96	1,161,976.79
Bills payable .....	.....	.....
Acceptances under Letters of Credit.....	464,153.05	598,851.20
Liabilities not included in the foregoing.....	.....	.....
	\$166,725,404.95	\$140,937,544.97

ASSETS

Current Coin	\$ 4,946,946.33	\$ 4,890,061.36
Deposit in the Central Gold Reserves.....	7,000,000.00	6,000,000.00
Dominion Notes	8,405,602.50	5,912,092.50
Notes of other Banks.....	985,044.00	893,076.00
Cheques on other Banks.....	6,082,616.99	5,311,786.12
Balances due by other Banks in Canada.....	3,215.80	4,704.37
Balances due by Banks and Banking Correspondents in the United Kingdom	123,496.50	82,580.53
Balances due by Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom.....	1,903,040.10	1,357,843.03
Dominion and Provincial Government Securities, not exceeding market value.....	6,005,573.65	5,435,464.66
Railway and other Bonds, Debentures and Stocks, not exceeding market value.....	4,119,705.32	4,060,204.70
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian.....	15,238,399.32	14,589,065.54
Call Loans in Canada on Bonds, Debentures and Stocks....	5,134,690.71	5,223,953.88
Call Loans elsewhere than in Canada.....	2,801,857.72	3,906,648.93
	\$ 62,750,188.94	\$ 57,667,481.62
Current Loans and Discounts in Canada (less Rebate of Interest)	95,874,426.04	76,194,016.15
Current Loans and Discounts elsewhere than in Canada (less Rebate of Interest).....	332,918.12	339,987.29
Liabilities of Customers under Letters of Credit as per contra	464,153.05	598,851.20
Real Estate other than bank premises.....	782,326.64	312,928.11
Overdue Debts, estimated loss provided for.....	386,973.56	272,226.60
Bank premises at not more than cost (less amounts written off)	5,253,269.48	4,886,438.98
Deposit with the Minister for the purposes of the Circulation Fund	366,000.00	355,000.00
Other Assets not included in the foregoing.....	515,149.12	310,615.02
	\$166,725,404.95	\$140,937,544.97

Banking Publicity

Special Section of The Bankers Magazine

JANUARY 1919

BANK ADVERTISING HEADINGS

THE heading of an advertisement is one of the most important parts of it because, in a great many cases, its effectiveness determines whether or not the advertisement will be seen and read. Naturally, to get read is one of the first duties of an advertisement.

Following are some suggested headings for bank advertisements:

Helping Foreign Trade.
The Inevitable Day of Reduced Income.
America Has Made You Prosperous. Will You Make Her Safe?
The Personal Equation.
Safe and Pleasant Banking.
"Acceptances Payable" or "Accounts Payable"?
Save on Non-Essential Goods and Services.
Doubly Protected.
Sensible Economy.
Double Duty Dollars.
Build Up Your Bank Account.
Large Business or Small? Personal Service in Banking.
The Will to Win.
Save Labor and Material.
Beginners in Business.
Advantages of "Acceptances."
The Wise Choice of a Bank.
A Friendly Feeling.
Our Service Is Individual.
Better Acquaintance, Better Service.
Get the Benefit of Modern Methods.
Business Is Good.
Our Family of Depositors.



The St. Louis Union Bank has adopted this distinctive trade mark in connection with its savings department

Depositors First.
A Time for Conservation.
Constructive Banking Service.
Our Service Is Individual.
When You Need Business Advice.
Economy and Efficiency.
Let Your Dollars Volunteer.
Doubly Protected.
Give Up Luxuries.
How to Insure a Good Income.
Direct Connections Mean Prompt Collections.
A Genuine Welcome.
After You Pay for Your Liberty Bonds.
Saving—Both Patriotic and Profitable.
Banking Service Indispensable.
Your Line of Business.
Business Thrift.
The Convenient Bank Account.
A Great Need—Sensible Economy.
Avoid Bad Debts.
Learn Something About Saving.
Three-Fold Benefit of a Good Bank Balance.

More Careful Buying.
A Future Business Opportunity.
Double the Business on the Same Capital.
Former Business Opportunities.
Preventing Slow Accounts.
Can You Double or Treble Your Savings?
Helpful Suggestions.
Bill of Lading Collections.
For Business Welfare.
A Wealth of Experience.
Constantly Changing Loans.
Banking Service for Corporations.
You Can "Clip Coupons." Strength and Service.
A System That Helps You.
Helping Your Business.
For Better Business.
Aiding Our Customers.



BANK ADVERTISING

"BANK advertising is informational, educational, or inspirational. Informational advertising tells something about the bank and what it has to offer the public in the way of service. Educational advertising teaches the public how it may use these facilities. Inspirational advertising inspires the prospect to better business methods or to habits of thrift and economy."
—M. E. Holderness.



"Is Jones all right financially?"

"I hope so—my note at the bank is due to-day with his indorsement, and I'd hate to see the bank lose anything on it."
—Boston Globe.

Banking Publicity

Monthly Publicity Section
 THE BANKERS MAGAZINE
 253 Broadway, New York

JANUARY 1919

IT IS GOOD advertising policy to go after the good will of the people primarily rather than their money. Once they are friends of the institution, they soon become depositors.



THE ADVERTISING value of a bank's new building is very great. It has been the experience of many a bank that upon getting into a new and attractive building its deposits are at once greatly stimulated. Nothing succeeds like success and a fine up-to-date building creates the impression of a fine up-to-date bank.



AKIN to the foregoing idea is that of fixing your location in the mind of the public. This is done sometimes by means of a slogan or by the use of a map. If you can devise a mnemonic system that will automatically impress upon everybody's mind just where you are located, it will be a valuable advertising achievement.



BECAUSE of the extra wartime work of the banks, which must be carried on with reduced or less efficient help, more institutions than ever are now making a small monthly charge for checking accounts whose average balance falls below \$100 or \$200 a month, as the case may be. Some

bankers act as if they don't care for small accounts at all, but small accounts sometimes have a way of growing into big ones and it should not be overlooked that to have a thousand or several thousand points of contact with the public is not a bad thing for a bank even if each point is not very important in itself.



BANKS which have advertising contracts for space in the street cars should value these two hints in regard to the copy for the cards: 1. Use as few words as possible. 2. The bottom of the card is the most important part. You don't need white space there. You need something convincing there at the place which is nearest the reader's eye.



A BANKER, in commenting on his bank's new building, said: "I consider this new building our best advertisement for years to come. Its value in that respect cannot be estimated in dollars." This is something to be considered when new construction work is again possible.



A MAN in the Middle West who is successful in bank advertising says: "Bank advertising attracted me because of the great good which may be accomplished by efforts to increase popular thrift; because of the honorable character of the advertisements, and especially because of the opportunity to do advertising of such an artistic and distinctive character."

IF YOU want to help a good cause along at no cost to your bank, write to the Red Cross Institute for Crippled and Disabled Men, 311 Fourth Avenue, New York City, and ask for a quantity of the little folders entitled "Your Duty to the War Cripple." Its object is to get the public to thinking and planning to provide work for crippled soldiers who have been sacrificed for the good of their country. These folders can be distributed with your customers' passbooks or with their first-of-the-month statements.



AS SOON as the war ended some banks noticed that there were certain large deposits made in their savings departments of funds that apparently had been hoarded. A number of foreigners, not thoroughly versed in American ways, believed the German-made propaganda that while the war was on there was danger of the Government confiscating bank deposits. Such a statement was absurd on its face, but was well calculated to alarm the uninformed. It is a fact that even in peace times many persons foolishly distrust banks and run the great risk of acting as their own bankers. Another good reason for the right kind of bank advertising.



A BUSINESS EXECUTIVE quoted by the Business Training Corporation said: "In nearly all American business concerns the most neglected of the important sources of profits is the every-day cor-

respondence. Not one letter in ten is a builder of business. Compare present-day advertising with the copy you find in the magazines of ten years back. It shows us the difference between crude work and skilled work. An intensive study of psychology and marketing principles has revolutionized our methods, but in writing business letters our methods are still crude, futile and old-fashioned. To-day it is costing us at least fifty cents to dictate, type and mail every letter that goes out. And yet, the standard of most of our correspondence is pretty much the same as it was ten or twenty years ago." This is something that bankers would do well to think about.



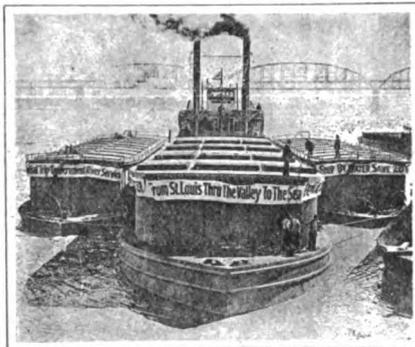
ADVERTISING MEN expect a considerable increase in the volume of advertising as part of the business activity which will characterize the period of reconstruction now at hand. This expectation seems to be borne out by facts in regard to the advertising situation gathered throughout the country by the Bureau of Advertising of the American Newspaper Publishers Association. It is predicted that within the next few months both general and local advertising will be in greater volume than has ever been seen before. Naturally, banks and trust companies will be interested in this stimulation of advertising effort, both because it means greater business activity and a consequent increased demand for banking service, but also because they, too, will need

to do more and better advertising.



SOME BANKS are advertising trade acceptances in a way that makes it appear that the chief motive back of the effort was that the bank would make some profit from the

use of the trade acceptance drafts. Of course bankers are in business to make money and nobody objects to that, but would it not be taking a better tack for the bank to urge the more general use of the trade acceptance because it would make for the



"Welcome"—River Transportation

The mightiest waterway in all the world—the old "Father of Waters"—is just now the scene of a significant, and all-important business drama.

For years, water transportation in America has been shoved to one side. But right now—the minute—down the bosom of the Mississippi, there approaches a modest fleet of full-laden barges which is scheduled to dock in New Orleans today. Unquestionably, this fleet is but the fore-runner of an ever-growing traffic, practically unlimited in its potentialities.

Down the Warrior River, also, already has come the collier New Orleans, laden with 1000 tons of coal—*River transportation is here!* And much credit is due those who have made it possible. We can hardly say too much for Mr. Sanders, the Federal Director, and for Mr. Brunt, the Traffic Manager, under whose supervision the new transportation is to be developed.

What this revival is going to mean to the whole Mississippi Valley, and to our own City of New Orleans in particular, can only be conjectured. And in a much larger sense, we can have but a faint conception of what it will mean in relieving the railroads, and thus releasing thousands of cars which are absolutely necessary for the transportation of those things which contribute directly to the winning of the war.

The Mississippi-Warrior River Lines are being installed as expeditiously as conditions permit. These lines propose to handle in- and out-bound tonnage for St. Louis and New Orleans—for the present, only to and from these terminals. Tariffs are being prepared by experts for submission to shippers and consignees at the earliest moment.

The first barge fleet left St. Louis for New Orleans on Saturday, September 26, and is due in New Orleans today. The up-river trip is scheduled to leave New Orleans Friday, October 11, and tonnage is solicited. Freight rates and further particulars may be obtained at Room 905 Whitney Building, Phone Main 5700.

In our judgment, this is the opportunity for the shippers of New Orleans to secure profitable co-operation which insensibly will prove of permanent and ever-increasing benefit to our community and to our country.

Hibernia Bank & Trust Company

Corondelet and Gravier
Resources more than \$40,000,000.00

The "Welcome to River Transportation" was very effectively used in New Orleans by the Hibernia Bank & Trust Co.

improvement of credit conditions and help business generally? Then the implication would be that the bank was not working for any little profit in the discounting of the acceptances, but was hoping to benefit by the general improvement of credit conditions.



A RECENT ISSUE of the *Wall Street Journal* contained a long letter from the president of a Philadelphia savings institution in rebuttal of certain specious arguments advanced by some other correspondent in criticism of savings banks and suggesting that people put their savings into Government securities instead of savings banks. Of course the said correspondent was an economic ignoramus and the savings bank president's answer was conclusive, but we submit that if the savings banks would only take the public into their confidence by advertising and explain the strength, service and necessity of savings institutions, in season and out of season, there would not be such ignorance on the subject as is so frequently displayed. A great public benefit is conferred by the effective advertising which has been done and is being done for Liberty Bonds, Thrift Stamps and War Savings Stamps. Our people are being educated not only in patriotism, but also in the true meaning of Thrift. Will it not be too bad if the coming of peace and the cessation of the intensive efforts to sell Government securities to the people, should likewise end

this means of popular education in thrift and sound investment? The trustees of mutual savings banks say they have no right to spend depositors' money for advertising, but isn't there some way that these semi-public institutions can be permitted to consider a reasonable advertising appropriation a necessary expense, the same as rent or employees' salaries? Increased deposits undoubtedly would pay for the additional cost, while the direct benefits to the community would be very great.



THE CAPITAL ISSUES COMMITTEE at Washington is asking the banks to help put unscrupulous promoters out of business. Many cases are reported where holders of Liberty Bonds are being persuaded to trade them for some alleged "security" offering higher returns or the chance of a speculative profit. Then the generally prosperous condition of the country, with plenty of money in the pockets of the people, encourages these harpies to ply their nefarious trade of separating the gullible from their funds. It is not only by spoken advice to the limited number who seek it that the bankers can help. They should address a larger audience through their advertising and thus warn and instruct the public, pointing out the pitfalls to avoid and the safe and sane path to follow in money matters.



SOME of the larger banks and trust companies have a plan in connection with

their advertising efforts which institutions not so large might follow to advantage. This is an advertising committee of officers. The advertising manager in such a committee has a helpful cabinet of officers, holding frequent meetings at which broader matters of advertising and new business policy are decided. When it is thought necessary or desirable, different officers or department heads could be invited to sit with the committee when matters are to be discussed of which they have special knowledge. All important copy should be O. K.'d by this committee before the advertisement is inserted in the newspapers or before the booklet is printed and issued.



BANKERS AND LIFE INSURANCE

THROUGH the courtesy of D. A. Reubel, publicity manager of the St. Louis Union Bank, there has been received a copy of a booklet issued by that institution, entitled "Why a Banker Should Encourage Life Insurance." The booklet contains the suggestions of Byron W. Moser, vice-president of the bank.

Some years ago the St. Louis Union Bank ran a series of newspaper advertisements urging the purchase of life insurance. Not a few bankers were disposed to look askance at the proposal, considering the life insurance company as a competitor of the savings department of the bank. As to the meeting-point be-

tween banking and insurance, Mr. Moser says:

The deposits of a bank and the prosperity of a bank are controlled entirely by the wealth of the community in which it operates. And the wealth of a community is in direct ratio to the amount of life insurance carried.

Furthermore, it is pointed out that life insurance is a potent means of educating people in the practice of thrift:

The man who has acquired the habit of thrift and who, in addition, applies his thrift habit for the future as well as for the present, that man each day becomes a better prospective bank customer, because he has learned the secret of the accumulation of money, and he must put that money in or through a bank in one way or another.

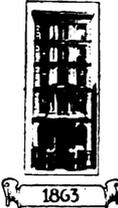


OH, YE OF LITTLE FAITH!

TO those who become discouraged because they fail to see results from their first venture in publicity, we commend this incident told by M. E. Holderness of the Third National, St. Louis, recently:

One day a man came into my office and laid a letter upon my desk. To the letter was pinned the clipping of a Third National newspaper advertisement that had appeared nearly two years ago and which I had forgotten. This letter was from a lady in California to her son in St. Louis, sending him \$1,000 and asking him to deposit it to her credit in the Savings Department. She stated in this letter she had kept that ad all the time and was taking advantage of its offer at this her first opportunity.

It is the constant recurrence of similar incidents that gives heart to the advertising man and keeps his work from being a drudgery. Advertising must be



1863

55 Years Old To-Day

Veteran of
the Western Financial World

Like a veteran warrior with many years of chivalric service behind him, and with confident eyes to the future, the Third National Bank of St. Louis stands to-day vigorous in its fifty-fifth year, proud of the part it has played in the development of the splendid city of St. Louis and the great Southwestern territory, with its large family of prosperous business men and women about it, and with a great circle of young people to whom it will point the way to success and happiness—helping, teaching, encouraging—and being foster financial father—a duty, an obligation, an opportunity for which it is profoundly thankful, on this fortunate birthday of its long career



BROADWAY & OLIVE

RESOURCES \$63,000,000.

National Bank Protection for your Savings



1918

Another effective use of a birthday anniversary in calling attention to age, experience and service

continuous, persistent, and consistent, for in its accumulative power lies the secret of its efficiency.



HOW BANKS ARE ADVERTISING

THE GUARANTY TRUST Co. of New York has just sent out another edition, enlarged and improved, of its very useful pamphlet on "Bank and Public Holidays Throughout the World." This book is said to be the first attempt to compile a list of holidays of all nations and it is now in use all over the world.

THE SUPERIOR SAVINGS AND TRUST Co., Cleveland, has been

running an excellent set of newspaper advertisements on the subject of savings and thrift. The ads, though comparatively small are well displayed.

THE DEMAND of the Comptroller of the Currency for exact figures in the statement of national banks concerning interest earned but not collected and interest and discount collected but not earned, has led a number of banks to send out information as to its methods of accounting in complying with this demand. The Hanover National Bank of New York issued a very complete pamphlet showing bookkeeping forms with description and instructions, the pamphlet also included

ing a useful interest table. The Northwestern National Bank, Minneapolis, sent out a description of a practical method of figuring interest and discount in compliance with the Comptroller's requirement, and many banks have responded to requests on the part of their correspondents for information of this sort.

THE CHATTANOOGA (TENN.) SAVINGS BANK sends out advertising envelopes for filing bonds, stock certificates, etc. They are used especially to advertise the bank's safe deposit vaults and advice for business needs.

THE PEOPLE'S STATE BANK, Detroit, has just issued a "business calendar" for 1919-20 for the United States and Canada showing in convenient form legal interest rates, holidays, maturity dates, and other information of this sort. The calendar is put up in attractive form and should prove a very satisfactory advertising plan.

UNION BANK AND TRUST Co., Helena, Mont., has issued a rural satisfaction to its growth in that time to total resources of business, and points with handsome brochure in commemoration of its 20th year in over \$6,500,000 and a body of patrons numbering more than 5,000.

THE HIBERNIA BANK AND TRUST Co., New Orleans, has sent out in very chaste form "In Flanders Fields: The Appeal, the Promise, the Fulfillment." These little poems, which have already had considerable vogue, except the latter, by Meigs O. Frost, which is new and copyrighted by the company, make a very strong appeal at this time.

THE THIRD NATIONAL BANK, St. Louis, printed some striking advertisements at the conclusion of peace. One was ready for the morning papers carrying the announcement of the

New Haven business men, get acquainted with the trade acceptance



Sooner or later you will be using the trade acceptance as a means of financing the sale of goods.

The movement for its general adoption in place of the open book account system of credit is steadily gaining momentum in this country. The war-time need for the most economical and efficient business methods is hastening this movement, which is backed by the Federal Reserve Bank and many business organizations.

The First National Bank strongly recommends the plan and would be pleased to explain this "bill of exchange, drawn by the seller on the purchaser of goods sold, and accepted by such purchaser," making it a piece of short-term two-name negotiable paper.

FIRST NATIONAL BANK
62 Church Street, Corner Crown

How an old New Haven bank pushes the trade acceptance

signing of the armistice, another is addressed "To Our Fighting Men and Victory," and still another "To Our Fair Women and Freedom."

THE IRVING NATIONAL BANK, New York, has issued a particularly useful map of Central and South America, giving statistics and details of area, population, etc., of the various countries. G. A. O'Reilly, Foreign Trade Representative for the bank, says in the letter accompanying the maps:

The chart and map have been produced with a definite intention of helpfulness toward the development of the foreign trade of the United States, and in the interest of future editions, we shall be glad to have your suggestion or criticism.

THE THIRD NATIONAL BANK, Scranton, Pa., announces its Fourth Annual Fruit Contest under the assembly of the Lackawanna County Horticultural Association. Special prizes were offered for apples and other fruits and their by-products, jellies, marmalades, etc.

There is creative reading as well as creative writing.—*Emerson*.

SPEAKING FRANKLY TO BANK PRESIDENTS

"SPEAKING FRANKLY TO BANK PRESIDENTS" is the title of a little book which Harvey A. Blodgett addresses to bank presidents, "because they are the final arbiters of bank policies; because there is urgent need of altering certain bank policies to meet rapidly changing conditions and impending needs."

While the little book is of course designed to advertise a private business, Mr. Blodgett makes a strong appeal for more and better advertising because it means more financial power, and financial power means success in achieving great aims.

This expresses the keynote of the appeal:

The key to this pressing situation is Bank Publicity. Mere "advertising" should be thrown into the discard where multitudes of useless traditions are now going. In the name of common sense, why should a Bank hang tenaciously to its old advertising traditions?

There have been two kinds of bank "advertising." The kind which "keeps the bank's name before the public," and which in truth doesn't influence the public at all, because it does not penetrate its consciousness.

And the kind which enlarges people's vision, inspires ambition and sets high standards of endeavor.

A well known Bank President recently said, "We can do wonders, we Americans, when inspired."

The high mission of Bank propaganda from now on is to inspire Americans to increase their financial power.



THE HOUSE ORGANS

The Wachovia Bank & Trust Co.'s *Solicitor* is running a series of biographical articles on its officers and directors.

A leading article in *The Exchange*, published by the Exchange National Bank and Trust Co., Tulsa, is "How the Exchange Trust Will Help Build Oklahoma."

With the Colors is the title of the news letter bulletin issued by the Publicity Department of the National City Bank,

Chicago, for the purpose of keeping in touch with the men of the bank overseas. *With the Colors* is a voluminous mimeographed monthly that is apparently filling its mission admirably.



A "BAGGAGE LETTER"

At the last meeting of the Financial Advertisers Association in San Francisco, Mrs. Germa of the Los Angeles Trust & Savings Bank, told of the bank's interesting experience with their so-called "baggage" letter:

When you come to Los Angeles, you will probably get a letter from the Los Angeles Trust & Savings Bank. It is possible that not all of you will know how you came to get that letter, but there is no reason why the banks in other cities shouldn't profit by my experience. It is what we call our "baggage letter." It is a letter of welcome which we send out to every person listed on the baggage list of the Los Angeles Transfer Co. We have a contract with the Transfer Company to supply us with this list every day. We also get the Sunday list. Many of our splendid accounts have been opened through the "baggage letter," which is simply a little personal message sent by Mr. Flint, our vice-president. People come up to Mr. Flint's desk bearing this letter and saying, "I got a letter from you and I came in to say I feel flattered; how in the world did you get my name?" And once in a while a fellow who doesn't want everybody back home to know he is in Los Angeles comes in and we have to show him we are pretty good fellows and it is all right, but it works out splendidly.

Here is a copy of the letter:

Whether you have come to Los Angeles to make your home, for a short visit, or have just returned from a vacation or business trip, we believe you will be interested in the enclosed booklet, outlining the many forms of financial service this large progressive institution affords.

The Savings, Commercial, Trust and Safe Deposit De-



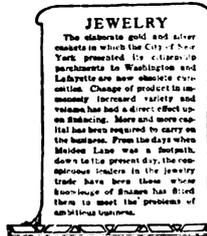
How to get more Working Capital

With prices up where they are now, it takes more working capital to run a business.

If your bank knows the conditions surrounding your business, it can appreciate whether added credit is warranted.

Close working association with its depositors has become characteristic of the Mercantile and an important factor in its credit extensions.

MERCANTILE TRUST & DEPOSIT CO.
115 BROADWAY
(Member Federal Reserve System)



No advertising is likely to attract more attention than one headed "How to Get More Working Capital"

partments of "THE BANK FOR EVERYBODY" offer a complete banking home, equipped to properly care for your every financial need.

Convenience of location, integrity of management, extent of resources and quality of service—all are reasons for choosing this as Your Bank.

Our officers at the New Accounts Department will be glad of an opportunity to demonstrate to you our ability to serve you well in every respect.

May we hope to see you soon?

P.S.—We have reserved for you a copy of our new map of Los Angeles. It is worth coming for.



Resolve to edge in a little reading every day, if it is but a single sentence. If you gain fifteen minutes a day, it will make itself felt at the end of the year.—Horace Mann.

ADVERTISING A NEW BUILDING

A NEW building with many unusual features was opened recently by those well-known allied institutions, the Mercantile National Bank and the Mercantile Trust Co., St. Louis. A special advertising campaign was entered into to obtain publicity for the new building and the exceptional service these institutions offer. Of the results obtained, John Ring, Jr., publicity manager, writes:

The basis purpose of this advertising was to impress upon the minds of St. Louisans a fuller appreciation of "Mercantile Service," as exemplified by our ten highly specialized departments and to win new accounts by portraying the superior service obtainable as a direct result of larger quarters, improved




Average Service Plus— That's Commerce Service

AVERAGE SERVICE + A + B + C + D + E—COMMERCE SERVICE

- A—Capital, Surplus and Profits of \$13,700,000 for the protection of depositors.
- B—Large loaning capacity, and the desire to employ it as freely as sound banking warrants.
- C—A par list that covers our section like a bankers' directory.
- D—Ambition to continue to grow, with knowledge that superior service is the governing factor in all sound banking growth.
- E—Cordiality and courteousness in relations with correspondents.

ASK THE BANKER WHO BANKS HERE

THE NATIONAL BANK OF COMMERCE IN ST. LOUIS

RESOURCES OVER \$35,000,000.00

JOHN C. LONDALE, President
W. B. COWEN, Vice-President
J. A. LEWIS, Vice-President and Cashier
R. F. McNALLY, Vice-President

For the Commission of the American Bankers Association in Chicago this bank has engaged the "English Room" of the Congress Hotel as headquarters. You are cordially invited to visit us there.

A simple problem in arithmetic

system, modernized equipment and increased facilities.

The results were far in excess of our most sanguine hopes.

By actual tally register count over 47,000 persons visited our building during the five and a half business days that constituted opening week.

New accounts fairly rolled in the first day and the second day, more on the third, still more on the fourth, while the fifth day's volume of new business broke all St. Louis precedents.

Various advertising media were used, including newspapers, billboards, display hangers, mailing folders, letters, picture slides and a film in some forty theatres.

The results more than justified our hard work and most conclusively proved that a well-planned opening week may be made a very profitable as well as popular event.



Thlile Clinger says that the reason she didn't last long as ladies' teller at the bank was because when Mrs. Pomperosity accused her of impertinence she told her to go chase herself.—Galveston News.

TRENCH-WAY ADS

Under shell fire—Wear Paris Garters. No metal can touch you.

To prevent gas attacks—Give the Boche no quarter. Then he can't work his meter.

For breakfast—Feed Fritz shrapnel. Shot from guns. There's a reason.

Extra attraction at the Theater of War. The Kaiser Kamerads in Their killing Kultur Komedy, "The Boomerang."—*The Camp Dodger.*



A "DIDN'T" BANK! Any small bank, preferably the little "Home Teller" of the Cleveland Trust Co.—which will hold the dime you *didn't* pay for car fares because some kind people brought you down in autos—or the dime you *didn't* pay for the cigar because the other fellow gave you one, or the dime you *didn't* spend for a soda because you just naturally thought you'd rather save the money. — "You" (Cleveland Trust Co.)

ILLUSTRATIONS IN BANK ADVERTISING

"Many good ideas for illustrations can be drawn from the subject of checking accounts and their numerous advantages. The subject of interest paid on accounts is a fruitful source from which to draw inspiration for illustrations. I have illustrated the strength and stability of a bank with a giant California redwood tree, a 42-centimeter gun, a British tank, a great fortress, the pyramids of Egypt, with the giant figures of Atlas, Hercules and Samson, with a great bridge and with a huge endless chain."—C. R. Stuart.

Books on Bank Advertising

- Bank Window Advertising.** By W. R. Morehouse. Illustrates and describes many displays which can be adopted by enterprising banks to an endless variety of subjects. Price, \$2.50, postpaid.
- Bank Deposit Building.** By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 250 pages. Price, \$3.00, postpaid.
- Bank Letters.** By W. R. Morehouse. Contains 82 actual letters reproduced by multigraph designed to meet every need of ordinary bank correspondence. Price, \$5.00, postpaid.
- The New Business Department.** By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.00, delivered.
- Pushing Your Business.** By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 200 pages. Price, \$1.50, postpaid.
- 2000 Points for Financial Advertising.** By T. D. MacGregor. Contains 2,000 suggestions for the wording of as many bank ads. Adapted to the use of commercial banks, trust companies, safe deposit companies and savings banks. 170 pages. Price, \$1.75, postpaid.
- Bank Advertising Plans.** By T. D. MacGregor. Describes hundreds of plans, other than newspaper advertising, which banks have successfully used in building business. 200 pages. Price, \$2.50, postpaid.

Banking Publicity

Special Section of The Bankers Magazine

FEBRUARY 1919

ADVERTISING SUGGESTIONS

FOR the benefit of its correspondent banks, actual and prospective, the Packers National Bank of Omaha has issued, through Bruce M. Bates, manager of the New Business Department, some valuable suggestions anent the advertising of banks, from which we quote as follows:

Experts in financial publicity have, after much study, reached this conclusion: Constructive bank advertising must take two primary points into consideration:

First: The building of your present business into better business, and

Second: A campaign to every particular far-reaching point from which new business can be secured.

ADOPT A POLICY

"The trouble with the business-getting policy adopted by many banks is that they have no policy, but pursue hit-or-miss methods, with the ultimate result that if they are making any profit at all, they are making too much profit out of a part of their business and losing it again on another part."

One of America's foremost advertising bankers has, in the above paragraph, expressed a thought that is in accordance with the belief of the executive in charge of most banks.

MEDIUMS

Mediums must be used that are best suited for a general and well-balanced growth—not an "all your eggs in one basket" policy. That takes but one angle into consideration.

Not calendars alone; not newspaper ads, nor letters by themselves, will show profits, but a happy combination of all, so distributed that each and every month of the year sees some bit of publicity sent

forth, which should show a well-rounded growth in any bank.

GENERAL PUBLICITY

Calendars have become a habit and have retentive value, but only to the extent of possibly sixty days.

Newspaper Space: Not the old formal name of bank and associated officers, but newsy ads, changed with clock-like regularity. Ideas to keep the thought of your institution before the mass of the people.

DIRECT PUBLICITY

Letters directly to the person or persons that you have in mind on subjects of interest to them will show results far in excess of the time spent to send them out. Some suggested subjects on advantages your bank has to offer: Inactive, checking, split and savings accounts for farmers and professional men; special attention to teachers, parents and children; safety deposit boxes; certificates of deposit.

Special campaigns, savings clubs, cow and pig clubs, corn shows, can all be used to advantage.



WHAT IS NEEDED TO DO THE RIGHT SORT OF ADVERTISING?

THE publishers of *The World's Work* have recently issued a good booklet on bank advertising, from which we quote the following:

A Definite Policy of Advertising. A banking institution should have just as definite a policy in regard to advertising as in regard to any other phase of its business—just as definite a policy as bankers expect to find in large manufacturing and selling corporations; as they do find, for example, in the Eastman Kodak Co. or Armour & Co. Bankers who are on the boards of big manufacturing and commercial con-

cerns know that an intelligent advertising policy is as necessary for the marketing of goods as a well organized force of salesmen. Such bankers will admit the wisdom of applying the same principle to their banking institutions. A wise policy of advertising will include the following:

(1) *A Budget* which will carry the work along on a yearly basis. Each banking institution must determine what its advertising costs should be. A percentage which would be high for one might be low for another. Statistics indicate that the average expenditure for advertising national banks is 2.1 per cent. of total earnings; for state banks, 2.8 per cent.; for trust companies and savings banks, 4.4 per cent.

(2) *A Department of Advertising* where an individualized advertising policy, coordinated with all the plans and traditions of the bank, may be developed and carried out; where the proper mediums may be selected and where suitable literature may be prepared for distribution. Such a department may be conducted by having an advertising manager giving his whole time to the work, or through an advertising agency, specializing on financial advertising, which will be, for all practical purposes, the bank's advertising manager. With such a department, all forms of graft advertising will naturally be eliminated and money saved for profitable advertising. Moreover, this departmentalizing of the work will take the advertising out of the hands of busy bank officials whose time can be better devoted to personal work in obtaining and holding business rather than in discussing miscellaneous advertising propositions.

Banking Publicity

Monthly Publicity Section
 THE BANKERS MAGAZINE
 253 Broadway, New York

FEBRUARY 1919

WAGES don't seem to be in any hurry to come down. It is believed that railroad wages are up to stay and that the scale of wages in that great industry sets the standard for other lines of activity. The bearing of this in the present connection is that the great mass of workers are able to save and deposit money if they are made to see that they ought to do so, and that's the business of bank advertising. The keynote of present savings advertising, it would seem, ought to be that thrift helps the saver directly by enabling him to accumulate funds and develop saving habits, and indirectly by helping along the general prosperity.

THERE'S a lot of truth in what Lewis B. Franklin, chairman of the War Loan Organization of the United States Treasury, told bond salesmen a short time ago. He said:

"In getting the people to buy Liberty Bonds, you have got them in the habit of buying other bonds, because they have acquired the habit of saving and they like it. They have found that saving is worth while because it gets them somewhere. People own securities today in the form of Liberty Bonds who never expected, before the United States entered the war, to own a bond in all their lives. In my

opinion, these Liberty Bond sales will result in the development of the biggest demand for all kinds of good bonds this country has ever known—because the people have learned how to save, and they like it."

This being the case, there is every incentive to advertise your Savings and Investment Departments more strongly than ever.

ONE OF THE cleverest retail advertisers in the country, after over thirty years' experience, is naturally a competent judge of many points that bother new advertisers. The president of this concern is of the opinion that the longer advertisements may more profitably be used in the evening newspapers, as he believes that in the evening the reader has more time and will absorb somewhat more detailed information from an advertisement than at other times.

THERE are different ways of arriving at how much a bank should spend for advertising. It is difficult to lay down any hard and fast rule, as conditions alter cases to such an extent. Various arbitrary formulas have been devised to determine the size of the advertising budget or appropriation. One of them is, one-tenth of one per cent. of the deposits for advertising expenditures annually. That seems like a good average for an old established institution. In any case, a definite plan of advertising ought to be adopted in order to justify the expenditure.



Our doors stand open to those needing financial advice

Whatever your problems—whether the best method of safeguarding your property for yourself and your dependents while you are living and after you are gone; how your affairs can be cared for during your temporary absence; how surplus funds can be utilized to the best advantage; how to make gifts most effectively to charities; these and any other matters our officers are always ready to discuss with you, giving you the benefit of their long experience.

When you call, ask for booklet "The First Step in Making Your Will."

BOSTON SAFE DEPOSIT & TRUST COMPANY
 100 Franklin—near Arch and Devonshire Streets

An invitation that sounds like the real thing

Analyze your field and study your prospective customer and fit your advertising to conditions as they exist. That way lies success.

ELEEMOSYNARY and other institutions of like character are often good prospects for trust company services. A dignified but strong letter to the president and board of trustees of such institutions, written by the president or trust officer, ought to get some results. The argument would be that it is more satisfactory to have the financial management of the institution in the hands of an experienced, impartial and state-supervised institution, a special advantage being the continuity of the term of service over a period of years.

CREATE a mental picture in the heading of your advertisement if you can and it will

add materially to its force. For example, a recent advertisement of the Boston Safe Deposit and Trust Co. bore the heading, "Our Doors Stand Open to Those Needing Financial Advice." How much more pleasing that heading is than the bald statement, "Financial Advice Given." Do a little experimenting on your own account. Take several bank advertisement headings of the stilted variety and transform them by conveying the same idea by means of a mental picture. This practice will prove rewarding if you ever write advertisements.



"WE NEVER have advertised," is the answer given by an officer of a century-old bank to a proposal to advertise the institution. Probably also they were among the last to introduce the telephone, typewriter and adding machine. In the meantime younger banks have forged to the front, largely by advertising and the progressive methods that are a concomitant of it.



THE NEW REVENUE LAW will exceed all other tax measures in the history of any nation and will create the biggest body of taxpayers, individual and business, in the history of the United States. Therefore the service of advising on tax matters, which most progressive banks and trust companies are giving to their patrons and friends, will become of increasing value to business men and will be appreciated by them. It makes a good advertising feature, and

A PROGRESSION OF SERVICE FOR OUR CUSTOMERS

Many a depositor has begun his connection with this bank by opening a small savings account. After accumulating a few hundred dollars he has gone a step further and transferred a part of his savings to a banking account, which enabled him to pay bills with his own checks.

When he could spare money for investment the Bond Department was at his service, affording him any information he needed, and offering him a selection of bonds best suited to his purpose.

The bonds and other valuable papers he could deposit for safe keeping in the safe deposit vaults of The Northern Trust Safe Deposit Company.

When he traveled his funds were safeguarded in the form of letters of credit, foreign drafts and travelers' cheques, issued by the banking department.

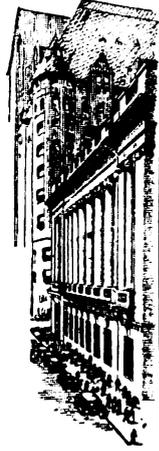
If he wanted to be away for a longer period, he arranged to have his property and his investments looked after by our trust department.

In his will the company is named executor and trustee, to administer it and to manage his estate for the benefit of the heirs.

The service of this company thus covered the main happenings in his career and followed his affairs all through life and long after his death.

THE NORTHERN TRUST COMPANY-BANK

CAPITAL \$2,000,000 SURPLUS \$2,000,000
NORTHWEST COR. MONROE & LA SALLE STS., CHICAGO



This Chicago institution is now doing some of the best publicity work in the city, using liberal newspaper space with excellent copy

should be offered in the spirit shown by the Metropolitan Trust Co. of New York, which says: "American business has met the tax demands made upon it by the war admirably, and is entitled to the utmost consideration by financial institutions in their offerings of advice in the preparation of tax reports."



HOLIDAY GREETINGS

THE CHRISTMAS AND NEW YEAR cards of the season have been particularly attractive and many of them show careful thought, fine taste and much originality. *Banking Publicity* acknowledges with hearty reciprocity the greetings of the following banks:

National Bank of Commerce in St. Louis.

Old State National Bank, Evansville.
Providence National Bank.
Bank of California.
Banco Commercial de Puerto Rico.
National Shawmut Bank, Boston.
Hibernia Bank & Trust Co., New Orleans.
Third National Bank, St. Louis.
First Bank & Trust Co., Cairo, Ill.
National Trust Co., Toronto.
Bluefield National Bank.
Irving National Bank, New York.
Union National Bank, Philadelphia.
Merchants National Bank, New York.
National Bank of the Republic, Chicago.
Federal Title & Trust Co., Beaver Falls, Pa.
Southwest National Bank of Commerce, Kansas City.
National Stock Yards National Bank.



When in reading we meet with any maxim that may be of use, we should take it for our own, and make an immediate application of it, as we would of the advice of a friend whom we have purposely consulted.—Colton.

HOW BANKS ARE ADVERTISING

PAPER AND INK are by no means the only vehicles of bank advertising. The cordial attitude of officers and staff in their dealings with the public is also good advertising. The Irving National Bank of New York understands this. For several years now at the holiday season it has held a reception to depositors in its banking quarters. It represents a friendly intention to maintain most pleasant and cordial personal relations with customers and other friends. On December 30 last the spacious quarters of the bank, extending through several floors of the Woolworth building, were thrown open to guests. An informal reception was held, refreshments served and everyone who wished had an opportunity to visit the different departments of the bank.

THERE ARE GREAT possibilities in the way of banker-farmer coöperation. The Corn Exchange National Bank of Philadelphia issued a booklet entitled, "What One Bank Has Done." It contains an account of the experience of the Plymouth County Trust Co. of Brockton, Mass., which saw its deposits increase from \$500,000 to over \$3,000,000 in five years largely through helping the farmer apply business methods to the business of agriculture.

THE FIDELITY TRUST Co., Kansas City, Mo., is another bank which has issued special instructions for "Unearned Interest and How to Handle It." This one is printed on a card suitable for hanging.

ANOTHER NEW FEATURE of the Commercial Service Department of the First National Bank of Boston is a complete translation service, of which customers doing foreign business are invited to avail themselves.

South Africa's New Spirit

In the short space of three years, South Africa's shipments to the United States increased from slightly more than \$1,000,000 to \$27,950,000. There is evident a new spirit in South Africa, which aims toward the great development of that country's abundant natural resources, a fact which will be important in post-war trade. There are, therefore, splendid opportunities in South Africa for American enterprise.



The National Bank of South Africa, Ltd., maintains over 300 branches in South and East Africa, which, together with its offices in New York and London, enable it to offer exceptional facilities to American business men and banks seeking to extend their South African business.

We shall be glad to furnish further information on request

National Bank of South Africa, Ltd.

New York Office, 10 Wall Street

R. E. Saunders, Agent

Head Office
Pretoria, Transvaal
E. C. Reynolds, General Manager

London Office
Circus Place, London Wall, E. C. 4
3 St. Swithens Lane, E. C. 4

Total Resources Over \$229,000,000

Much interest has been created in recent bank advertising by maps of distant lands, indicating broad service to customers

CALENDARS

Banking Publicity acknowledges with appreciation receipt of calendars for 1919 from the National Shawmut Bank, Boston; Union National of Philadelphia, Corn Exchange Bank, New York; Bank of Buffalo, N. Y.; Irving National Bank, New York. The latter gives valuable information regarding filing of tax returns and payment of taxes, which nowadays is the business men's and bankers' chief concern.



HOUSE ORGANS

A recent issue of *Woodlawn Bank Notes*, published by the Woodlawn Trust & Savings Bank, Chicago, takes the form of an Expense Account book, admirably arranged for keeping

the average household accounts from month to month. In the center of the book is a general classification of the expenses of the various months, all helping to a more systematic handling and accounting for the home expenses household funds.

A striking colored picture of Trinity Church and Broadway, "Christmas Eve at Old Trinity," appeared on the front cover of the December issue of the Metropolitan Trust Co.'s *Meteor*.



BE A "BULL"

"Some one has said, in the parlance of the Stock Exchange, 'Be a "bull" on America.' Make work, show evidence of faith in the future of this country. Our banks are more prosperous than they have been for many years; there is more bank remodeling

and new construction work needed than ever before. The sooner the work is begun, the sooner the bankers will evidence their faith in the future of this broad land of ours.

"The great part the bankers can take in the period of reconstruction to complement the admirable work they performed in war time will not be in solemn conclaves in closed directors' rooms. It will be in the open diplomacy of practical demonstration in the form of a new building erected now while the outlook to so many is uncertain; a building that will be not only a lasting asset to the bank, but a civic and a spiritual asset as well."—*Noble Foster Hoggson.*



FROM CURRENT ADVERTISING

Woodlawn Trust & Savings Bank, Chicago:

The bill collector has no terror for the man who saves his money. The man with a bank account needs to formulate no excuse with which to dodge the collector, usually because the collector never looks for him.

How is it with you?
Are you living square with the world or are you in debt?
Can you look a collector straight in the eye and pay him his due?
If you cannot, you need a savings account right now. A dollar or two a week deposited in this strong national bank will soon grow to such proportions that will satisfy any collector who has the right to call on you.
To get out of debt and stay out, you must save.

Metropolitan Trust Co., New York:

SUCCESS HINGES ON SERVICE
No matter what the line of human endeavor, service is the keystone of the arch of success. Many of our clients have found the banking and trust service of this company, and the intelligent co-operation of our officers an important factor in the progress and success of their enterprises.

Chattanooga Savings Bank:

To the end that our co-operation may be a source of help and profit to you the coming year, we solicit your further business, with the assurance that our watchword will be in the future as in the past—"Superior Service to You."

Garfield National Bank, New York:

THRIFT
means not only buying War Savings Stamps, but also the prudent

Franklin's Natal Day

will be observed

by offering to the public the new "FRANKLIN" War Savings Stamps of the United States Government



On Friday, January 17th, 1919

213th Anniversary of Franklin's birth

these new War Savings Stamps will be ready for distribution.

"All things are cheap to the saving, dear to the wasteful."—*Benjamin Franklin*

SAVE—BUY WAR SAVINGS STAMPS AT THE

Franklin Trust Company

46 WALL STREET, NEW YORK
166 MONTAGUE STREET, BROOKLYN
569 FULTON STREET, BROOKLYN
1001 WALLABOUT MARKET, BROOKLYN

Grasping an opportunity for interesting seasonal advertising

management of all your resources. The Garfield National Bank can assist you in these important duties.

Mercantile Safe Deposit Co., New York:

CONTINUITY

In the matter of safe deposit protection, service that fluctuates in value is no service at all. Years of protection might be lost in five minutes of negligence. That is why the Mercantile record of not one penny lost is significant. It means that one standard of safety has been maintained throughout every minute of forty-eight years.

Central National Bank, Oakland, Cal.:

UNTYING ONE BUSINESS KNOT

The opportunity came to two young Oakland business men to secure the control of a promisingly profitable business.

These young men were steady—dependable. Their experience was such as to help them make a success of this business.

But the financing of the business was a knotty problem. They needed help—and lots of it.

With the aid of this bank and sufficient backing of wholesalers, the business grew rapidly and has to-day a Bradstreet rating of Aa.

Possibly we can be of some service in helping you "build business." We'll be glad to talk with you at any time.

Old National Bank, Spokane:

Follow the trend of modern times by concentrating your financial business. The Old National and Union Trust are equipped to serve your every need, whether banking, trust or investment—

throughout your lifetime. And if you so desire, their service may be continued for the protection and benefit of your family.

Peoples Savings & Trust Co., Pittsburgh:

"DO NOT BE SURPRISED"

We read in an old almanac, "that the average value of articles manufactured in Pittsburgh for 1803 amounts to upward of \$350,000."

This institution began as humbly as the greatness of Pittsburgh, and since 1867, under the names of Peoples Savings Bank and The Safe Deposit and Trust Company of Pittsburgh, it has kept pace with Pittsburgh's development.

Central State Bank, Des Moines:

Maintaining a savings account makes your surplus grow in two ways—you save more money than you would otherwise, and your savings draw interest.

Bluefield National Bank, Bluefield, W. Va.:

THE HEALTH OF YOUR ASSETS

Mr. Business Man, are your assets in a healthy condition? That is a vital question for you to answer if you ever expect to need to borrow money at the bank.

We are prepared to diagnose your case. Come in and tell us your business symptoms.

Continental-Equitable Title & Trust Co., Philadelphia:

TRUST COMPANY SERVICE
WITH A FRIENDLY TOUCH
Continental-Equitable employees

know the value of a smile and a kindly spoken word in present day business transactions. There's a hundred such employees—at least one always ready to efficiently administer to your wants.



A SCHOOL BANK

Organize a school bank in your community and have the deposits made at your bank. It will be a lot of trouble, but perhaps, looking at it in a broad way and building for the future, it will be good advertising for you.

Facts concerning a school bank organized at Leonia, N. J., may be of interest in this connection. The Board of Education passed this resolution:

Resolved, That the supervising principal be and hereby is authorized and instructed to open an account for the Leonia Public Schools with the First National Bank of Edgewater, N. J., and to deposit therein all of the moneys received belonging to various school organizations, to various school organizations, together with the savings fund account deposited by the school children; such account to be in the name of the Leonia School Bank, and moneys deposited therein to be withdrawn only by checks signed by the bank manager and countersigned by the supervising principal. Be it further

Resolved, That the supervising principal shall appoint one teacher as bank manager and that the supervising principal be required to submit to the Board of Education each month a statement of the bank's business for the calendar month.

The newspaper account goes on to say:

Mrs. Nellie Gammon, one of the Commercial teachers, will serve as bank manager, and the students of the office and advanced stenographic classes will conduct the bank's actual business. The boys' manual training department will make all the furniture and equipment of the bank.

After January 1, 1919, all school funds will be taken care of through the school bank. This includes the funds of the school paper, Athletic Association and Book and Mask Club.

In addition the pupils of both schools will be encouraged to open savings accounts which will earn four per cent, payable quarterly.

In all respects the proceedings of the school bank will duplicate, as nearly as possible, those of a National Bank. The regulations governing the deposits of savings accounts will be announced later to the pupils and parents.

The Board of Education has a two-fold purpose in establishing the school bank. It will give the high school commercial department practical business experience and will serve as an encouragement for thrift and savings.

Wise Bees Save Honey — Wise Folks Save Money —



LAST DIVIDEND AT RATE OF

4 1/2%

INTEREST BEGINS

JAN. 10

A PROSPEROUS NEW YEAR

Is assured if you will start the New Year right by opening a Home Savings Bank Account. That's the first step toward success. The second is to add to it REGULARLY a definite part of your weekly or monthly income. You'll be surprised how much you can save if you try!

It's the habit that counts! And persistency in SAVING will find you with a snug SAVINGS ACCOUNT at the end of the year. Try it—start now. Any man from one dollar upward will open it here. Why not open a Savings Account for each of your boys and girls? You couldn't give them a better start on the road to success.

If unable to call—write for copy of booklet by mail.

Liberty Bonds Kept Free of Charge for Our Depositors

Our Resources are over \$30,000,000

Home Savings Bank

Incorporated 1869

75 Tremont Street, Boston, Mass.

Open daily from 9 A. M. to 3 P. M. Saturdays afternoons from 4 to 7, for deposits only.

When the conservative Boston savings banks use up-to-date copy in liberal newspaper space, bank advertising may be said to have won the last trench

PRODUCTIVE ADVERTISING POLICY OF A 24-HOUR BANK

By CHARLES ABBOTT GODDARD

AN advantage that a twenty-four-hour bank enjoys is that it has all the usual talking points used by banks in their advertising, plus others peculiar to an all-night and after regular banking hours service.

For that reason the Hellman Bank of Los Angeles plays up the "plus" part of its service. The publicity of the bank and its branches is under the management of Mr. D. R. Branham, who creates the campaigns personally. Aside from the policy of playing up the "plus" features Mr. Branham plans his advertisements in series. This is done in order that each advertisement will gain cumulative effect from its fellows in the series. A series is not run over two months; sometimes it runs for no longer than a month. The reason for this is that Mr. Branham feels that the series as well as an individual advertisement will "play out."

The series that is being run

as this is written is called the "IF" series and will make a run of about two months. Each advertisement preserves the continuity feature common to the Hellman series. Each advertisement deals with some emergency that impresses the advantages of the all night bank. These incidents are so common, so liable to happen to Mr. Average Man, that one or more advertisements of the series is bound to strike a responsive chord; perhaps will hit some experience that has befallen the reader.

Take the advertisement headed "If you get a telegram tonight that requires hasty preparation and the catching of the early morning train, will you have funds available immediately?" That is very human, isn't it?

Then there's the one that deals with the losing of the purse "tonight." Another, "If it required cash to close a deal tonight." Still another, "If the motor cop gets you tonight." Notice that the word "tonight" is used throughout to drive home the idea with full force.

If
you should lose your
purse tonight



and it contained
the price of your
evening's pleasure
—would the
situation be
embarrassing
—could you
conveniently replace
the amount?

Perplexing problems like
these never interfere with
HELLMAN BANK depos-
itors. A call—a wire to this
bank would relieve the most
difficult position.

**This Bank Is Open All
Night and Day.**

43 Thousand
Depositors



Hellman Bank
SIXTH AND MAIN

If
your husband
dies



Se il vostro marito morisse stanotte, il suo gen-
tore diventerebbero eredi della metà della sua pro-
prietà, con alcune condizioni.
Se non siete sicuri della vostra posizione, scrivete
o telefonate a noi di mandarci "Salient-Points Gov-
erning the Distribution of Property". Questo li-
brocetto contiene preziose informazioni e lo diamo
gratis. Esso vi dice come deve esser fatto un **TESTA-
MENTO**, e vi spiega molte cose che interessano
voi e i vostri. Non vi valpre di questo può costarvi
molto facilmente.

TRUST DEPARTMENT
Telefono Main 1702

**QUESTA BANCA E' APERTA
DI GIORNO E DI NOTTE**



Hellman Bank
SIXTH AND MAIN



SALIENT POINTS
Concerning the
Distribution of
Property

If
you get a
telegram
tonight



—that requires hasty preparation and
the catching of the early morning
train—will you have funds available,
immediately?

Neglect of overnight causes hundreds
each week to apply to this bank for
assistance.

The urgency of your case may be of
grave importance. Through the de-
pendable service of the Hellman Bank
its depositors are enabled to meet
every unexpected financial demand.

**This Bank Is Open ALL NIGHT
AND DAY.**



Hellman Bank
SIXTH AND MAIN

FIFTH AND MAIN
BRANCHES: SEVENTH AND SEVENTH

Some of the Hellman Bank ads that set people thinking

In order to get an idea as to how the advertising pulled an evening insertion of an advertisement of the series, under the title, "If your husband died tonight," was keyed. A book, not ordinarily asked for by the average person, "Salient Points Governing the Distribution of Property," was illustrated and readers were asked to call for the book. Over 180 persons called for the book.

Appreciating the cumulative effect still further, the bank divides its advertising between the morning and evening papers. It does not, however, alternate, as many advertisers do. It runs in the evening papers for six months and then runs in the morning papers. In this way the interest is not broken and the habit of reading the advertisements is more easily developed than if the chain were broken by more distant insertions.

The series that preceded the "IF" series was one that featured a fictitious military character, "General Thrift." This started out with teaser insertions and then brought out the "general." From his mouth came points about the services

of the bank. Several years ago the bank ran another fictitious character, "Mr. Thoughtful Business Man." He ran through quite a series and usually was shown in the act of telling a younger man or an associate about what some one feature of the bank had meant to him. The advertisements were real human interest pieces and had the effect of a third party boosting the bank.

The year ending with November, 1918, showed a gain of \$2,000,000 in deposits. In ten years the bank has gotten 43,000 depositors. In the Liberty Bond sales the bank has sold to 26,000 individual buyers, being second to the Security Trust and Savings Bank, which sold to 28,000. In the district there were in round figures 200,000 individual buyers. The bank has three branches and but recently remodeled the parent banking house. About 90 new accounts are opened each day, and about three-fifths of the bank's savings account business is done after the regular hours of the ordinary bank, that is, from 4 p. m. to mid-
night. The night business

is steadily increasing in volume and in proportion—showing the effect of the constant hammering on this service. The large room of the main house, at Sixth and Main Streets, on Saturday nights resembles a bargain day crowd. The effect of the service on the weekly pay envelope is readily seen. On the other hand, other classes drive up in numbers in cars at late hours.

In addition to newspapers the bank uses the billboards. These are painted on paper stock and give the bank some striking boards that are distinctly the bank's own advertisements. The work is done in the sign shop and duplicates of each design are economically done by the "shining through" process. By this method the original design is placed behind the blank sheet on which the duplicate is to be painted and before strong lights. The design shines through, enabling the painter to work quickly and accurately without having to trace or refer to a miniature design.

Member Federal Reserve System

To the Public:

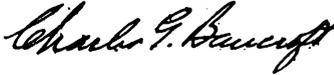
In less than five years the

INTERNATIONAL TRUST COMPANY

has increased the amount of its Deposits from under Seven Million Dollars to more than Twenty-two Million Dollars; it has increased the number of its Depositors from Fifty-five Hundred and Twelve to Seventy-four Hundred and Fifty-four (7454) in the Commercial Department, and Forty-six Hundred and Fifty-one (4651) in the Savings Department.

Through its Officers and their Assistants it has tried to do its full duty to the Country and the Community in times of Peace and War. During this period of Growth and Development, it has not paid out a single dollar in Commissions or otherwise to secure new business, but has depended entirely upon Quality of Service to produce results. It has never paid, nor does it propose to pay, higher interest rates on Deposits than are paid by other safe, sound, conservative banking institutions. Its Board of Directors is representative of the best business brains in Boston, and they are all vitally interested in the success of the Company.

If you believe in Democracy in Business—in supporting an Absolutely Independent Bank; in showing your approval of a policy which recognizes the duty owed by a Banking Institution to the Public, it is suggested that you become a Depositor in the International Trust Company.



45 Milk Street
115 Summer Street

President.

National, State and City of Boston Depository

An ad with dominant personality and strong appeal

PERSONALITY

After all it is personality that counts, and your personality is very much what you decide early in life it shall be. Personality embraces the qualities of neatness, cheerfulness, courtesy, alertness, patience, unselfishness and appreciation of human nature. These qualities spell efficiency, and, always, efficiency spells success.—*George M. Reynolds.*



ENTHUSIASM BORN OF FAITH

"A bank that is going to take up constructive advertising should enter the field with enthusiasm, determination and perseverance. Unless there is an enthusiasm born of faith in the bank's mission of public service and sup-

ported by ambition to widen its scope with every turn of the wheel, the great foundation stone is missing. Unless there is a spirit of determination and perseverance that will brook no disappointment, and a patience that is willing to wait for results, it were better the bank did not venture forth. Many banks have tried a little advertising and abandoned the policy because the results did not seem to follow fast."—*M. E. Holderness.*



"I saw some stock offered at one cent a share," said Mrs. Wombat. "Well?" "Would you invest?" "It's hard to tell about stocks. Some go up, others go down." "How can it go down at that price?"—*Louisville Courier-Journal.*

Books on Bank Advertising

Bank Window Advertising. By W. R. Morehouse. Illustrates and describes many displays which can be adopted by enterprising banks to an endless variety of subjects. Price, \$2.50, postpaid.

Bank Deposit Building. By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 260 pages. Price, \$3.00, postpaid.

Bank Letters. By W. R. Morehouse. Contains 82 actual letters reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Price, \$5.00, postpaid.

The New Business Department. By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.00, delivered.

Pushing Your Business. By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 260 pages. Price, \$1.50, postpaid.

2000 Points for Financial Advertising. By T. D. MacGregor. Contains 2,000 suggestions for the wording of as many bank ads. Adapted to the use of commercial banks, trust companies, safe deposit companies and savings banks. 170 pages. Price, \$1.75, postpaid.

Bank Advertising Plans. By T. D. MacGregor. Describes hundreds of plans, other than newspaper advertising, which banks have successfully used in building business. 200 pages. Price, \$2.50, postpaid.

SPECIAL OFFER

For a limited time we will present a copy of W. R. Morehouse's "Written Examinations for Bank Employees," free with every order for Mr. Morehouse's "Bank Letters."

A full description of the "Examinations" appears in May issue of **BOOK TALKS** and the "Bank Letters" are already being used to advantage by a steadily increasing number of bankers.

Five dollars for both "Bank Letters" and "Examinations." Order early.

THE BANKERS PUBLISHING CO.

253 Broadway, N. Y.

Banking Publicity

Special Section of The Bankers Magazine

MARCH 1919

ADVERTISING AS AN INVESTMENT

By LORING C. PEEDE

BY THE VERY NATURE of his profession, the banker is called upon to demonstrate conservatism in all of his judgments. Conservative estimates of values and conservative views on economic conditions are essential to the safe-guarding of the interests which he represents. At the same time, misapplication of conservatism to bank advertising is a serious reflection on the sound business judgment of many bankers.

In the first place banks, generally speaking, were about twenty-five years behind the times in waking up to the value of advertising as an investment for financial institutions. And now that the first principles have been accepted and the average modern bank is able to pass a reasonable advertising appropriation at its annual meeting, despite usual resistance on the part of the ultra-conservative members of the board, banks are still erring on the side of conservatism, as is evidenced by the style of advertising which many are electing to employ.

Many have yet to learn that an advertisement must be viewed through the eye of the prospective client and that advertising of interest to the professional banker is seldom of interest to the layman. Likewise the reverse is true. The advertisement which impresses the public is often odious to the banker. As long as banks insist on spending their appropriations in publishing advertising copy, written primarily to please and flatter themselves, so long will they continue to "misappropriate" the funds of their stockholders, and so long will the returns be dispropor-



We Are
Taking Our
Boys Back

THIS Company is taking back all employees who left for military service. They will return with increased efficiency, and, with our present well trained staff, better prepared than ever to render good service to our customers.

We are ready to go on with the business of peace, and invite the banking and trust business of those who believe that personal attention to their requirements will be of real value to them.

**FULTON
TRUST COMPANY**
OF NEW YORK

Established 1791
Member of Federal Reserve System
Singer Building
149 Broadway

"Taking Our Boys Back" is good patriotism and also good business

tionate to the investment.

Undeniably, the bank official has the right to pass on all copy to be used with a view to checking and protecting the policies of the institution and it is, moreover, his duty to do so, but it is also his duty to find skilled advertising men who can carry his message to the public in such a form that it will produce business and accounts for the bank fully commensurate with the money invested. In directing this work the official should be broad enough to completely smother his personal caprice and prejudice. Were the full weight of the combined criticism resulting from the preconceptions and prejudgments of a staff of bank officials to fall upon each piece of copy proposed by a live advertising manager, the results produced would doubtless resemble the remains of a village which had been visited by an earthquake, a cyclone and a shrapnel barrage.

There are throughout the country a number of banks that have grasped the full significance of advertising from the investment point of view and that not only devote their best thought and energies to this side of their work, but devise as well, intricate and practical systems for checking up the actual financial returns which their investments are netting them.

It is hoped that this brochure on conservatism will, therefore, be accepted as a bit of a prospectus in favor of moving the yearly advertising budget out of the speculative and into the investment class.



BECAUSE

THE SECOND NATIONAL BANK, Toledo, in a series of small but excellent newspaper ads gives the following reasons why various depositors came to that institution:

"Because I value the Advice of such an old and successful Bank."
"Because I have not forgotten the Good Turn you did me 40 years ago."
"Because so many Men who have done Big Things Bank Here."
"Because a Man is known by the Bank Account he keeps."
"Because you have made such a Success of your Business."
"Because you seem to appreciate my Business."



SIDELIGHTS ON ADVERTISING

THIS philosophical versification on the subject of advertising is culled from one of our country exchanges:

When the dust is on the counter and the cobweb's on the shelf, there's no one in the store but your own disheartened self, and your stock is getting shelf-worn, and everything looks stale, and bills enough are coming in to make a banker pale. Oh! then is the time a fellow is a feelin' kind o' blue, and is puzzled with the thought of the proper thing to do. In such a situation but one remedy applies. If you want to get the customers, you've got to advertise.

Banking Publicity

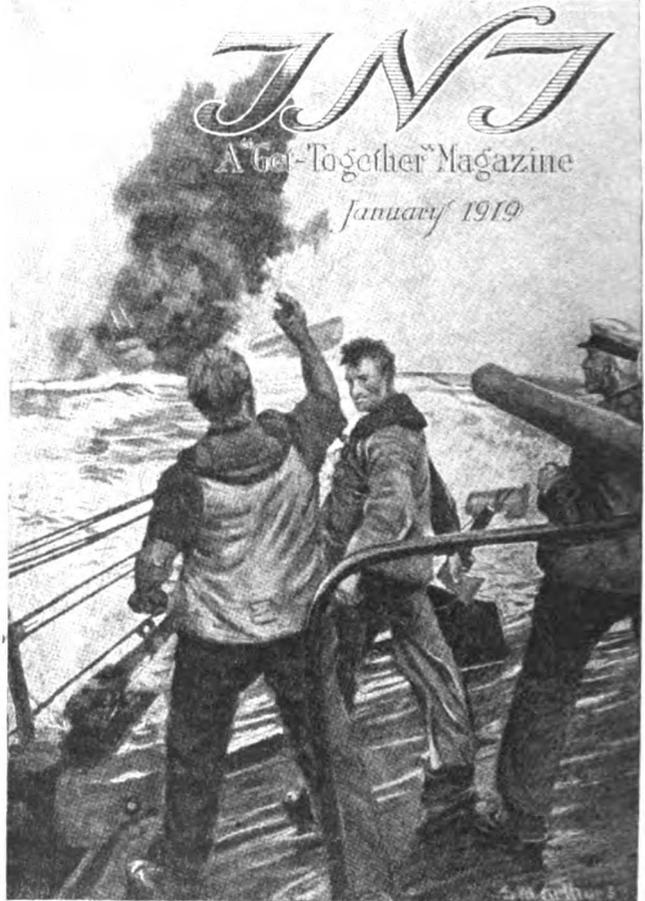
Monthly Publicity Section
 THE BANKERS MAGAZINE
 253 Broadway, New York

MARCH 1919

THE amount of bank advertising literature produced annually must be very large in the aggregate. Leaving the matter of quality aside it is very interesting to consider this subject from a quantity standpoint. How many million booklets, how many tons of circulars are put out every year by the thirty-odd thousand financial institutions in this country and Canada? Even if only every other ton of this matter receives a careful reading (which may be a high estimate) it cannot help but have a profound influence on the economic education of the people. We are thrifter and more systematic in our financial affairs than we would be if the banks were not so solicitous of our temporal welfare. The great aim of advertising banks ought to be to make their printed messages so attractive that they will be read and acted upon favorably.



PERSONIFICATION is a device sometimes used effectively in bank advertising. In the good old days before the Government took over the railroads and put a stop to the advertising efforts of the different roads, the classic illustration of personification in advertising was "Phoebe Snow" of the Road of An-



The striking cover of TNT, the new house organ of the Northern Trust Co., Chicago

thracite. Among the bank advertising characters now in the limelight are "Mr. Thrift" and "Miss Four Percent." The former works for a Western bank and the latter for a Southern institution. May their shadows never grow less.



THE COÖPERATION of bankers and farmers is an old but ever new topic. It looks as if this year there would be a plethora of some kinds of

food, but the world-wide needs are going to continue to be very great and we are still urged to stimulate production. Probably this year there will be more agricultural contests and exhibitions than ever under the auspices of banks in agricultural districts. Not the least important of the ways in which the bank can be of service to the farmer is in helping him keep his financial records by means of a checking account. There is

quite a movement to increase system on the farm and a bank account is one of the important means to that end.



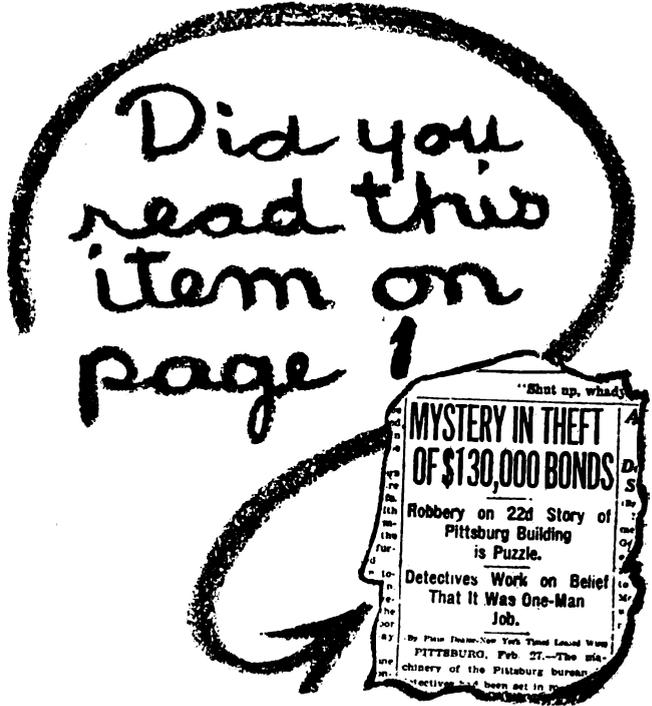
SAVING AND LIFE INSURANCE are both handmaidens of thrift. They are not competitive, but supplementary to each other. A Cleveland bank advertises a plan to make the payment of life insurance premiums easy. The plan is simply to deposit weekly in a savings account so that when the annual or semi-annual premium is due the money will be on hand to meet it. People are urged to pay the premium annually, taking advantage of the better rate secured in this way and also receive interest instead of paying it.



A CERTAIN New York City trust company used space in about sixty programs in one year. The money spent in that way might almost as well have been burnt up as far as any advertising benefit derived from such publicity is concerned. The only satisfaction is that perhaps some worthy causes were helped and some good depositors pleased. But it is too bad that such expenditures have to be charged up to advertising.



YOUR ADVERTISING space costs you a certain amount of money. You pay just the



PERHAPS the value of the securities now locked in your office safe doesn't run into such a big figure—but—
If you have \$1,000 worth or even \$100 worth, better put them in a safe deposit box in the strong vault at The Cleveland Trust Company. Here is provided every possible safeguard against theft or fire.
Today is the time—tomorrow may be too late!

The Cleveland Trust Company

Resources over \$63,000,000.

Another one of those "scoop" ads for which the news of the day furnishes so many good texts

same for it whether it is seen and read by all the readers of the paper or by only part of them. Your object then should be to endeavor to get as nearly 100 per cent. circulation for your advertisement as possible. Is it not reasonable to say that an advertisement read by 80 per cent. of the possible readers is worth twice as much as one read by only 40 per cent.? The answer is good copy. If you can't produce it yourself get somebody to help you who knows how to handle type, illustration and language to get the best possible results from these tools. The additional cost will be taken care of by the increased results from the advertising.



A GOOD MANY BANKS have not yet given enough thought to the importance of using a distinctive typo-

graphical style in their advertising. This means not only to use the same style of set-up and signature every time, but also to have a style that no other advertiser uses. That is what creates personality and atmosphere for the advertising with resultant benefit to the advertiser. It increases the value of the advertising space. That is, such a distinctive advertisement in five-inch double-column space may be worth as much as an ordinary advertisement using twice the space, the smaller advertisement having more pulling power per inch than the larger one, not so well planned and executed.



WILL THE COMING of prohibition help make bank advertising more resultful? We believe it will and are supported in our belief by Thomas H. Brewer, president, of the Fidelity National Bank of Spokane, who says: "On March 4, 1914, in the happy days of booze, Spokane's bank deposits were \$30,993,302. On March 4, 1918, they had grown to \$44,471,216. Bank clearings in 1917 over 1914 were an increase of 69 per cent. and bank transactions showed a jump of 73 per cent." Charles E. Marr, who operates six or seven busy groceries scattered over the city, says that "Easily fifteen per cent. of our fifty per cent. increase in trade over three years ago is due to prohibition."

36 Banks in 33 Cities
At Your Service For Foreign Trade

IF YOUR BUSINESS or branch office is located in any of the thirty-three cities of the United States and Canada shown below, and you desire to extend your market to the export field, you will find the officers of one of our stockholding banks ready to render you personal service. This close association is of the utmost advantage in promoting your trade relations abroad.

Imports and exports financed, drafts and letters of credit issued, bills of exchange negotiated and collected, acceptances given against shipments of merchandise, or any other foreign banking business transacted

American Foreign Banking Corporation
10 Wall Street, New York
ALBERT H. WOOD, Chairman of the Board
ARTHUR H. BLANK, Vice President
ALBERT G. FLETCHER, Vice President
ARTHUR H. WOOD, President
E. FRED ARDREY, Vice President
C. A. HARRINGTON, Cashier

How one company shows its chain of banks ready for service

HOW BANKS ARE ADVERTISING

A GOOD POINT is brought out in an advertisement of the Ladd & Tilton Bank, Portland, Ore., as follows:

A WONDERFUL THING is coming to this country as a result of war conditions. A nation that has borne the reputation of spendthrift, waster, has been learning to save. Even the little children set the example, and people who have never owned a bond in all their lives before proudly display their Liberty Loan buttons.

What an effect these habits of saving and thrift if persevered in after the war are going to have on our National life. How the percentage of paupers will decrease, and the number of charitable institutions lessen. The message which the banks have always tried to deliver to the people will at last have been heeded.

IN ANOTHER COLUMN is reproduced a map from the statement folder of the Mercantile Bank of the Americas, showing the graphic way in which the portions of the world in which the bank has branches and agencies is portrayed. Now that the United States is con-

ducting so large a part of the financial business of the world, the banker has to get out his geography frequently, and so the use of maps in bank advertising is becoming more and more common.

A NEW IDEA in bank advertising is a folder on one of the inside pages of which is tipped a photograph of Col. William Leckie, the new president, issued by the Bluefield National Bank of Bluefield, W. Va. "Introducing our new President, elected January, 1919," is the title on the front cover.

"AND IT CAME TO PASS" is the title of an advertising folder issued by the Seattle National Bank. The text of the folder is in Biblical style and recounts the doings of Ole of the Tribe of Hanson, Norseman. It is a clever and timely piece of work.

THE FIRST NATIONAL BANK of Boston has issued a special circular on the International

Trade Mark Registration Bureau of Havana, giving the full text of regulations as established by treaty between countries of the Northern Group of the Western Hemisphere. Proper care in the registration of trade-marks has much to do with increasing and holding our foreign trade, and this is a special feature of the Commercial Service Department of the First National Bank.

THE FIRST NATIONAL BANK of Berwick, Pa., has issued a booklet in commemoration of the fifty years of service as cashier of S. C. Jayne. The front cover bears this quotation from Longfellow: "We judge ourselves by what we feel capable of doing, while others judge us by what we have already done."

THE ADVERTISING MANAGER of the Cleveland Trust Co., Cleveland, O., was responsible for a very successful "scoop" ad which is reproduced in another column of this issue of *Banking Publicity*. The ad explains itself. A careful reading of the daily newspaper will supply any bank with plenty of material for advertising of this sort, which wins by its timeliness.

THE NATIONAL BANK OF COMMERCE in St. Louis, having added a trust department to its many forms of service, issues a little booklet entitled "A New Service From An Old Bank," explaining the aims and purposes of the department.

MEMBERSHIP in the Federal Reserve System is made much of by some banks in their advertising and it certainly is something worth talking about. The Citizens Bank of Metter, Ga., does it in this way:

FEDERAL RESERVE BANK MEMBERSHIP IS BEST PROTECTION

The management of the Citizens Bank, Metter, Ga., is approved by the Federal Reserve Bank, the strongest financial institution in the world.

The officers of this bank would naturally use every precaution, such as insurance and bonds, for their own protection, because they have their own money in it. Then the United States Government, the

county and city carry large accounts with this bank. They deposit here because they know it is safe.

To get an idea of what is behind the Citizens Bank, Metter, Ga., read the statement of the Federal Reserve Bank, Atlanta. The Federal Reserve Bank of Atlanta is the fountain head of all the member banks in this section. The Citizens Bank, Metter, Ga., after being examined by Government officials, was found to be in good condition and was the first bank in this section to be accepted as a member of the Federal Reserve Bank.

FROM THE STATEMENT folder of the National State and City Bank, Richmond:

WE WANT THIS BANK TO BE DIFFERENT

To breathe a different spirit, to reflect a different attitude than is said to prevail in some financial institutions.

We desire that this shall be a bank of willing, cheerful service—broad in its views, generous in its sympathies, helpful in its strength—conservative only when conservation is necessary to maintain that strength.

We want the conscientious interest that we hold for the welfare of our customers to be the magnet which will attract and hold the patronage of a discriminating and appreciative public.

We desire that this spirit shall prevail in every department and be reflected in the helpful attitude of every employee.

This has been our endeavor in the past. It will continue to be our aim and purpose in the future.

Training His Children to Be Good Business Citizens



ONE of our customers whose face we see regularly at the deposit window is a foreigner who has been in this country only a few years. Yet he has built up an enviable interest account for himself, and has started one for each of his several children. He brings them in regularly to deposit the money which they have earned.

This is the best business training which can be given to children. Are yours receiving it? We welcome such accounts. Start one now. You will be surprised to see how rapidly money accumulates when you deposit regularly.

UTICA TRUST & DEPOSIT COMPANY

Genesee, LaFayette and Seneca Streets

Starting the children in ways of thrift is the surest road to independence in later life

THE HOUSE ORGANS

GERHARD M. DAHL, vice-president of the Chase National Bank of New York, has an article on "The New Dollar Diplomacy," in the current issue of *The Chase*, the monthly publication of the Chase National.

THE HISTORICAL ARTICLES published in *The Metro Meteor*, the publication of the Metropolitan Trust Co., New York, have attracted much attention by their interesting composition and the excellence of their illustrations. The current issue contains "Notes on Early New York as a Shipping Port," by Norman Mason, one of the most interesting of the series.

DURING THE WAR TNT was supposed by the colored troops to stand for "Travel, Niggah, Travel," but in Chicago it stands for Northern Trust Company and the new house organ which was launched in January. The cover of the new publication is reproduced in another column, and the inside pages are editorially and typograph-



This map is part of a statement folder of the Mercantile Bank of the Americas, and a graphic portrayal of the geography of its service

ically worthy of that strong institution.

THE LIBERTY NATIONAL BANK, New York, is another of the banks that has found it necessary to establish a house publication, and the result is *The Liberty Torch*, of which Volume I, No. 1, was issued in February, 1919. This publication is unusually handsome typographically, and contains much interesting matter. Among the illustrations is one of Col. Harvey D. Gibson, president of the Bank and American Red Cross Commissioner for France, addressing a group of workers just arrived from America.

UNDER THE TITLE of *3rd District News*, the Hibernia Bank and Trust Co. of New Orleans is issuing a monthly house publication in the interest of its Industrial Branch.



SIMPLICITY AND RANGE

Among many recent testimonials in favor of the books of one of our most successful authors, we print the following:

Gentlemen:

I am pleased to enclose herewith my check covering balance due on my bill for books. These books are all splendid, but especially am I pleased with "The Practical Work of a Bank" and "Commercial Paper", their simplicity and wide range is so great.

JOSEPH P. CHAPMAN.
Waterloo, Ia., Feb. 26, 1919.

EVERYTHING IS NEWS TO SOMEBODY

A SENIOR OFFICER, said M. E. Holderness of St. Louis, in one of his recent addresses, once laughed at me because I appended the address to my bank advertisement. He said, "Do you suppose there is any poor simp in this neck of the woods who doesn't know that our bank has made this corner famous?" My answer to that unhappy question was this—I never ran one ad. after that without giving the exact location of the bank:

Everybody doesn't know that your bank is located at the corner of Goose and Spruce streets, everybody doesn't know that you will accept a checking account with a balance of \$100. Everybody doesn't know that you pay two per cent. on inactive balances or three per cent. on savings. Everybody doesn't know what a traveler's check is. Everybody doesn't know who your president is and why you pay him \$10,000 a year. Everybody doesn't know who your directors are, and why their connections make your bank a safe place to carry an account.

In fact, there is somebody to whom any information about your bank would be news.

THE PERSONAL EQUATION

THE PERSONAL EQUATION is something which cannot be disregarded in connection with bank advertising. Take directors, for instance. Usually they are considered one of the best assets of a banking institution. When you have a good board it ought to be featured in your advertising from time to time. We reproduce some good advertisements of that kind and commend them to the attention of other banks having a directorate of which they are proud and the individual members of which are prominent, successful and respected in the community.

On this same subject, the "Little Schoolmaster" in *Printers' Ink* the other day reproduced an Irving National ad. and added by way of comment:

What the Irving National Bank has done is not new; it has been done by banks before. But it is one of those simple, obvious things that ought to be done. The Schoolmaster believes, every time a bank falls back on the listing of its board of directors as the subject for an advertisement. The Schoolmaster refers to the matter of introducing each of the directors by mentioning his business connection.

There is nothing interesting, or calculated to inspire confidence about a mere list of names. Most of these names mean little, if anything to the average newspaper reader, or even to the average business man. But when the list is explained—the men introduced



LIBERTY TRUST & SAVINGS BANK

KEDZIE AVENUE & 15TH STREET
 CAPITAL & RES. \$20,000.00 SURPLUS \$80,000.00

OFFICERS	DIRECTORS
J. A. S. HILL, Pres. J. W. H. HILL, V. Pres. J. W. H. HILL, Sec'y J. W. H. HILL, Treas.	J. W. H. HILL, Pres. J. W. H. HILL, V. Pres. J. W. H. HILL, Sec'y J. W. H. HILL, Treas.

CHICAGO

TO LIBERTY LOAN BOND SUBSCRIBERS.

Millions of people have purchased Liberty Bonds on the Partial Payment Plan, and have discovered how easy it is to save SYSTEMATICALLY, week by week.

In this connection, and now at the dawn of the greatest era in our history, every citizen should start a permanent savings account.

Are you going to join the army of new savers?

James J. Hill, the great builder of the Northwest, once said, "If you want to know whether you are going to succeed - the test is easy. Are you able to save money? If not, drop out. You will surely lose. You may not think it, but you will lose as sure as you live."

Once get the saving habit and, unless you are an exception to the general rule, you will find that saving money is as easy as spending money.

The individual who has back of him a savings bank account, to be depended upon in any emergency, is morally, as well as financially, a better citizen than the one who lives from hand to mouth and cannot command capital.

If you do not possess one of our savings passbooks, open an account today, with at least \$1.00, and give us the pleasure of handing you a REAL SAVINGS BOOK, to start you on the road to success.

We welcome the opportunity of serving you.

Yours very truly,
W. R. Morehouse

AMH:SL

President.

Making the Liberty Bond buyer a permanent patron of the Savings Department—how one bank is working it out by mail

Sometimes you may need to borrow more heavily than usual in order to take advantage of the market.

If your bank already knows the conditions surrounding your business, it can intelligently and promptly act on your request for funds.

2. Large, sound customers may at times be slow in making payments.

This may leave you short of funds. If your bank already has a line on your customers and their business habits, it can act intelligently on credit asked under these circumstances.

3. With prices up where they are now, it takes more working capital to run a business.

If your bank knows the conditions surrounding your business, it can appreciate whether added credit is warranted.

4. Application to your bank for greater credit may mean that your business is in a bad way, or, quite to the contrary, it may indicate a healthy state of growth.

If your bank is in close touch with your business condition it knows promptly how to interpret requests for extended credit.

5. A well managed bank gets from many sources information which throws a helpful light on business and economic conditions.

If a bank is on close terms with its depos-

itors it can share this information and help them to decide business policies.

The success of the Mercantile Trust & Deposit Company, which has been marked, we attribute to three things:

1. Sound bank management.
2. A directorate of men who represent diversified lines of business and are thus able to sympathize with many business viewpoints.
3. A spirit of personal relationship between the bank and its depositors.

We cordially invite any business which seeks such a relationship to talk its affairs over with us.

We desire especially to establish relations with business of the sound progressive sort, in the growth of which we may have opportunity to assist, as occasion offers.

The officers of the bank will be found most easily reached for a personal interview without unnecessary formality.

Books on Bank Advertising

Bank Window Advertising. By W. R. Morehouse. Illustrates and describes many displays which can be adopted by enterprising banks to an endless variety of subjects. Price, \$2.50, postpaid.

Bank Deposit Building. By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 250 pages. Price, \$3.00, postpaid.

Bank Letters. By W. R. Morehouse. Contains 82 actual letters reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Price, \$5.00, postpaid.

The New Business Department. By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.00, delivered.

2000 Points for Financial Advertising. By T. D. MacGregor. Contains 2,000 suggestions for the wording of as many bank ads. Adapted to the use of commercial banks, trust companies, safe deposit companies and savings banks. 170 pages. Price, \$1.75, postpaid.

Pushing Your Business. By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 300 pages. Price, \$1.50, postpaid.

Banking Publicity

Special Section of The Bankers Magazine

APRIL 1919

IMAGINATION THE ADVERTISING MANAGER'S GREATEST ASSET

By FRANK WILSON, Publicity Manager Guaranty Trust and Savings Bank, Los Angeles

WHY IS IT that a feeling of distrust is aroused in the minds of many of our biggest business men at the mention of the word "imagination?" Is it because the word has lost its meaning? More probably because its meaning is not clearly understood, and imagination is deemed by many as suitable only for the "movie" director, scenarioist or fiction writer.

This is a most unhappy misconception. Imagination is a great force, one of the greatest. The advertising man uses it every day in the building of his copy. He rightly understands its power and trains his imagination to the highest degree of excellence and profits exceedingly by so doing.

A few minutes' study on the value of imagination will convince any intelligent mortal of the truth of the above statement and it is strictly in accordance with facts to state that the exceptionally classical advertisements of to-day are the result of the constructive imagination of their builders.

Imagination is purely a mental function and may be defined as "thought building"; in the beginning it is essential that the idea should be tested and proved unassailable in the mental furnace; when this is done, the thought-building can proceed in accordance with the laws of reason, one thought begets other thoughts—one mental image begets another mental image, and as these images are flashed across the consciousness they become fixed in the mind and are subject in their turn to the fires of reason. This

Your Wife's Welfare

YOUR wife is a good, capable housewife, but unless she is very much different from the average woman she is no different in the money-making instinct as you are in housekeeping ability.

When you have passed on and left her empty provided for with insurance and the fruits of your foresight, don't let her suffer from your lack of foresight.

By putting your estate in trust, you care for peace of mind and absolutely protect her from possible financial disaster.

The expense of your foresight is an slight compared with the benefits secured as to be almost negligible.

THE UNION TRUST CO.

OF PITTSBURGH

Capital & Surplus \$20,000,000

This makes a strong appeal to the married man

process is continued until some mental structure (or image) of outstanding merit is brought into prominence. Then comes the task of transferring the mental image to the actual or material hard-boiled facts, and the image born of the imagination is launched, as it were, in its completed form for the benefit of better business.

Imagination is a great force in every stage of advertising; it is of such vast importance that its usefulness cannot be over-estimated, and employers and all those concerned with that true progress of the world of business would be wise if they realized its power, and brought it more and more into the every-day problems of business.

To-day, more than ever, we need to develop our mental powers, to think big thoughts, to have great constructive imagination, in order that we may grasp the greatness of the tasks that are drawing closer every minute.

DOUBLE THEIR SPACE

AN APPRECIATIVE publicity manager of a well-known trust com-

pany in the Middle West writes this department as follows:

I wish to thank you for your kind words regarding this Company's recent newspaper advertisements in the Banking Publicity section of The Bankers Magazine. You may be interested to know that since your comment I have prevailed upon our officers to double our space.

STREET CAR ADVERTISING IN CANADA

ONE OF THE Vancouver banks has been running a series of educational advertising in the street cars, designed to stimulate savings deposit business. The manager of the bank thus reports his experience to the *Financial Post*, Toronto:

If a manager of a store were to advertise a certain article extensively, and that article had a phenomenal sale, without being able to trace the sales directly to the advertisement, he would have to conclude that a large percentage of the sales were the result of that advertising. I am in that position. Our savings deposit business has gone up in jumps during the last twelve months, and several factors have contributed to this.

One is, that each member of my staff, as well as myself, makes a practice of remembering the name of a customer—no small proposition in a down-town office of this size. I find that it goes a long way towards making a customer feel a personal connection with his banker, a relationship that will mightily increase the "goodwill" of the bank.

Another factor that has made for increased deposits is this: we have several large logging accounts in the bank here. On several occasions I have gone out to the logging camps, and personally met many of the loggers. In this way I have personally gotten many good savings accounts for the bank from prospects who had little banking experience and had always fought shy of any banking proposition.

Then there were our car advertisements. These were run in a series. The first a direct appeal to the hundreds making big wages in the shipyards to save it "while it was coming." Then I followed this up by others directed at particular industries—often mentioning the weekly total payroll, and suggesting the question of what percentage was saved, and banked.

As I said, our savings deposits have increased several hundred

(Continued on page 8)

Banking Publicity

Monthly Publicity Section
 THE BANKERS MAGAZINE
 253 Broadway, New York

APRIL 1919

A BOOST to advertising has been given by Director General Roger W. Babson of the Information and Education Service of the U. S. Department of Labor. He says that it is the desire of that department to stimulate business by suggesting to present advertisers that they increase their space, and to prospective advertisers that they bring their plans to a head and start advertising immediately.



IT IS A WISE PLAN to learn why accounts are being closed in your savings department, if such is the case. A New England banker does this by sending a personal letter to owners of closed accounts, enclosing a printed card containing several possible reasons for closing an account, and asking the erstwhile depositor to make a check mark against the particular cause in his case. Replies are being received from about one-third and in no case so far has the reason for closing been on account of discourtesy or lack of satisfaction with the bank. In most cases, being out of work or leaving town are the reasons assigned.



SPEAKING of unemployment, there is no disguising the fact that it is becoming more common in different sections of the country, and it is a fact that must be reckoned with in determining the line

63 YEARS OF SERVICE TO BUSINESS AND INDUSTRY

ON MONDAY, MARCH 31, 1896
 "THE PARK BANK" opened for business "at the head of Beekman Street, opposite the Park," said the newspaper announcement of that time.

ON MONDAY, MARCH 31, 1919

THE NATIONAL PARK BANK will have completed 63 years of banking service to the commercial establishments of New York City and of the UNITED STATES!

Starting out on its 64th year, this bank plans, by means of a series of advertisements in this and other newspapers, to keep the public informed concerning the constructive policies and the business services of this institution—which has been privileged to cooperate with so many successful commercial and banking concerns throughout the country, with mutual satisfaction and profit.



THE NATIONAL PARK BANK OF NEW YORK

Resources over \$250,000,000

A late comer in the newspaper advertising field, but making up for lost time in liberal space and excellence of copy

of argument or appeal to be used in bank advertising at the moment. The consensus of opinion seems to be that the period of readjustment and labor difficulties need not be a long one. This is the way such things work. The Norfolk & Western Railroad recently laid off about 1,000 at its Roanoke shops and on the division running up to the Pocohontas coal fields. The explanation was that the demand for coal had fallen off on account of the mild weather and the cessation of war industries. Therefore the

railroad was not as busy hauling coal as it had been for several years, so not as many men were needed. But as soon as our regular industries are able to take up the slack caused by the stoppage of war business, the demand for coal will revive and the railroad business will be better and men can be taken back. In the meantime, let banks advertise to induce workers to save money in season and out of season, so that they may always have something to fall back upon in times of adversity.

A BALTIMORE bank puts up a clever argument in one of its newspaper advertisements on the text, "Why we want many small business deposits." In brief, the argument is, "The more depositors we have the more business friends we shall have and the more avenues for obtaining new customers and friends. Also deposits distributed over a great many accounts are more likely to remain steady in volume than if distributed over a few big accounts."



THE CONTINUANCE of the strong W. S. S. advertising this year is helping along the whole thrift idea and ought to make savings advertising of banks more effective than it otherwise would be. We believe that was the case last year and there is no good reason why it should not be so now.



THE ASSOCIATED ADVERTISING CLUBS OF THE WORLD are making a strong fight against fraudulent advertisers, especially advertisers who are trying to extort money from the gullible for worthless investment propositions. Naturally bankers will want to support these efforts and it would be especially helpful if every bank advertiser in the country would run an anti-fraud advertisement in its newspaper space at least once a quarter. The Administrative Committee of the American Bankers Association has officially gone on record as commending the Associated Advertising Clubs of the World for their work along this line and the committee

has lent "its moral encouragement and support to the further progress of this campaign for truth in advertising."



ALL BOND DEALERS are confident of active markets in old and new bonds from now on and extensive advertising along these lines may be looked for. It will be educative advertising, and in our opinion it will have to be of a stronger type than the investment advertising which was done in pre-war days before we had become accustomed to the forceful advertising of Liberty Bonds.



BY THE WAY, this month sees the launching of the Victory Loan campaign and bankers will again, perhaps for the last time in this gen-

eration, have the opportunity to help their Government market these very necessary securities. Let us excel all previous records in the way we advertise these bonds. Perhaps we will need to, perhaps we won't, but in any event, let us do it.



ADVERTISING AS AN INVESTMENT

Advertising is an investment that yields a return in proportion to the skill with which it is planned and executed. If you have never thought of it in this light and would like confirmation, ask any great national advertiser what valuation he puts on his trade-mark and how much his advertising has returned in dividends.

THE FOREGOING paragraph is an argument put out by a leading advertising agency. It is cogent enough to interest bankers, as their case is no different in principle from that of the manufacturer.

A New Service by an Old Bank



TO meet the growing needs of both commercial concerns and individuals, and to aid in developing relationships between the United States and foreign countries, we are expanding the facilities of our FOREIGN DEPARTMENT to care for foreign banking transactions of every type.

A new feature of this department is the issuance of our own LETTERS OF CREDIT, payable in all parts of the world.

We shall also be glad to aid those traveling abroad by giving information about passports, procuring foreign money, reserving desirable steamship accommodations — in fact aiding the traveler in every possible way.

Whether or not you are our customer, we invite you to use the facilities of our FOREIGN DEPARTMENT.

The
FIFTH AVENUE BANK
of New York
530 Fifth Avenue, N. W. Corner 44th Street

Another New York bank that is late in starting, but has started right

HOW BANKS ARE ADVERTISING

A NUMBER of banks have adopted the slogan or trade mark, "The Home of Thrift." It may take its place alongside of "The Bank of Personal Service" as one of our most popular bank slogans.

WHERE A BANK OWNS an office building, the renting of it is often one of the tasks of the advertising department, and when the building is fully occupied, that fact can be used in the advertising of the bank. How one bank did it is shown in this advertisement of the Farmers and Merchants Bank, Stockton, Cal.:

ONE HUNDRED PER CENT.
RENTED

The Farmers and Merchants Bank Building Is 100 Per Cent. Rented

This practical evidence of Stockton's most development is, we must admit, most gratifying.

Our only regret is that we have not been able to accommodate numerous applicants for offices in the building.

Stockton and San Joaquin county are on the threshold of marked development and this institution stands ready at all times to play its part in helping our community grow.

THE FARMERS AND MERCHANTS BANK

THE **BLOTTER** is, par excellence, a good medium for a bank's neighborhood advertising. Here is the copy used on a blotter by the Minneapolis State Bank:

RIGHT IN YOUR NEIGHBORHOOD

In the Lake street district there is only one bank that is a member of the Minneapolis Clearing House Association. That institution is the Minneapolis State Bank.

It is one of the nine Minneapolis banks that have met all of the rigid requirements with which a bank must comply in order to be admitted to Clearing House membership.

If you desire to carry your bank account with a soundly managed, strong bank, open either a Checking or Savings Account with the Minneapolis State Bank.

Its location is convenient to you—right in your own neighborhood. Step in any time and make your wants known.

MINNEAPOLIS STATE BANK

IN HIS ANNUAL report to stockholders, the president of a large trust company calls attention to the result of new business

Your Banking Friends

BUSINESS friends are valuable to the business man in proportion as they help him to succeed in his own business.

Banking friends can be the most valuable of all business friends, because they have experience in many lines of commerce and industry that enables them to see the relation of one business to another, and their counsel and co-operation can frequently be of real service to the average business man.

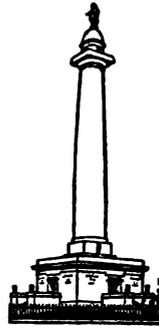
The officers of the National Union Bank wish to be considered the banking friends of our customers.

PHILLIPS LES GOLDSBOROUGH, President

NATIONAL UNION BANK

of Maryland

In the National Union there is Strength
Fayette near Charles



This Baltimore bank makes a good point

efforts in the changed conditions resulting from the war, as follows:

Whereas, in former years its most important features were the handling of the funds and trust accounts of large corporations, railroads, etc., a class of business which has been reduced, during the past year especial attention has been given to commercial and private business, with the result that 5,406 new accounts, bringing substantial deposits, have been added. The development of this new business has been an interesting feature of the year's activities, and we have now organized the necessary credit and service departments to handle it efficiently. The success of these efforts largely accounts for the increased number of new accounts and a volume of deposits to offset the losses incurred in the withdrawal of railroad, foreign government, and other business.

THE ROYAL BANK OF CANADA sought the coöperation of its shareholders in a dignified folder, the copy of which read as follows:

The Shareholders of the bank are its proprietors, and as such are respectfully reminded of their sentimental and financial interest in its growth. The progress of past years, and of 1918 in particular, has been highly gratifying, and the outlook is promising; but it lies in the power of the shareholders as individuals to enhance the success of future operations by diverting business to the bank. The growth of earnings is largely dependent upon increase of deposits, and any holder of shares can contribute to the bank's development and consequent increase in earning power by gaining new deposits for it through

personal effort. Co-operation with the board of directors and the officers of the bank in this respect is earnestly invited.

CONCERNING its trade letter, the Old National Bank of Spokane informs recipients:

The Trade Letter enclosed herewith is furnished without charge to the bank's customers and friends and will be mailed to any address upon request. The aim of the letter is to give business men a picture of existing conditions in the world of finance and industry. We will be pleased to receive suggestions and would appreciate a frank expression of opinion as to whether what we publish is of interest to you.

"A BANK'S GREATEST ASSET," according to an advertisement of the Chemical National Bank of New York, cannot be expressed in figures, but lies in its history of service and sound business principles.

FRANK N. SHULTZ, president of a bank in Wenatchee, Wash., hits the nail on the head in this signed advertisement headed "Requirements for a Winning Wenatchee":

Every good citizen has at heart the welfare of the community in which he lives. He wants it to grow and prosper and become a better place in which to live and do business. And in bringing about these conditions, every citizen has a duty to perform. Some may have larger opportunities than others, but all have a distinct part.

GLOOMY PESSIMISTS HEAVY HANDICAPS

That no community has a place

THE BANKERS MAGAZINE—BANKING PUBLICITY

for the "grouch," the "chronic kicker" or the "knocker" is commonly admitted. The pessimist is never the town-builder. The man who has faith in his town and its future; who carries about with him a cheerful spirit of optimism that encourages his weak-hearted neighbor; who lends his support to every movement for the up-building of his town along every worthy line; who will not admit there's a better place on God's green foot-stool in which to live; who will take time from his personal business to give to the town's development and who recognizes the fact that his individual prosperity links up with that of the town is the genuine town-builder.

COMMUNITY SPIRIT THE CHIEF FACTOR

The business or professional man who shuts himself within the four walls of office or store and gives no thought to the general business interests of the community is a liability, not an asset to that community. Wenatchee, fortunately, is not encumbered in that way. Our people are loyal, our business men unselfishly devoted to the interests of the city. Everywhere Wenatchee has the reputation of being an aggressive, busy city with a future. That future will be realized if, rising above immediate personal interests, every citizen and every firm unites whole-heartedly in a "bigger and better Wenatchee" movement.

THE OLD COLONY TRUST CO., Boston, has done a service by printing and distributing in pamphlet form the Constitution of the League of Nations and the entire text of the Lodge-Lowell debate in Boston.

To THE SUBJECT of "Wills" have been added recently two excellent booklets among others,— "The Twentieth Century Will," by the newly-organized trust department of the National Bank of Commerce in St. Louis, and "Why the Trust Company as Executor," by the Central Trust Co. of Illinois, Chicago.

FOR THE CONVENIENCE of the commercial traveler in Latin-America, the Irving National Bank, New York, has prepared a pocket edition of its Commercial Map of Latin-America. This edition gives in easily available form details concerning area, population, imports, exports, facilities of transportation, communication and commerce, elevation, distribution of products, rainfall and other forms of information relating to Latin-American trade.

A Suggestion as to Future Tax Returns

THIS COMPANY acting as agent can be of great assistance in making out Income Tax Returns during the year to come. Such an arrangement will furnish relief from detail and responsibility, and afford protection against loss. Through our Trust Department we:

- Assume the care of securities
- Collect interest and dividends
- Execute ownership certificates
- Remit or credit income
- Collect investments at maturity
- Furnish investment information
- Purchase and sell securities
- Render periodical statements

The varied facilities of our Trust Department are clearly set forth in a recently published book, "ESTATES AND TRUSTS," a copy of which will be sent on request.

UNITED STATES MORTGAGE & TRUST COMPANY

CAPITAL and SURPLUS \$6,000,000

55 Cedar Street

Branches at 75th St. Madison Ave. 128th St. at 75th Street at 86th St.

After this year's experience with tax returns, this ad ought to bring results

FROM CURRENT ADVERTISING

MERCANTILE TRUST AND DEPOSIT CO., New York:

The business errors we list below are quite familiar to you. They explain why willed property so often slips out of inexperienced hands.

Nine everyday business errors:

1. Neglecting to get receipts when bills are paid in cash.
2. Neglecting to keep receipts where they can be located.
3. Neglecting to check up items in current bills.
4. Inability to keep checkbook balanced.
5. Too easy optimism in starting credit accounts.
6. Careless handling of valuable business papers.
7. Signing documents without knowing their contents.
8. Tendency to establish living expenses which would exceed income and eat into savings.
9. Tendency to invest money on dangerous hearsay—without proper knowledge of facts.

You can insure sound, careful business management for your estate by appointing the Mercantile Trust and Deposit Company executor under your will.

LINCOLN TRUST CO., New York: SOLVING OVERPRODUCTION

While domestic buying waits cautiously upon a lowering of prices, American manufacturers can often find a ready market for their war-expanded output in the export field.

Among other things, our extensive foreign connections frequently enable us to refer to our

customers direct inquiries for goods from representative concerns in all parts of the world.

THIRD NATIONAL BANK, St. Louis:

BANKERS ARE REQUESTED

When your friends start to St. Louis—for a visit or to locate—give them letters of introduction to us. We will give them a genuinely friendly welcome, and reciprocate the favor.

UNION NATIONAL BANK, Philadelphia:

LET TIME WORK FOR YOU

Our Savings Fund Department was created to give a service which became urgent, where you can deposit your surplus funds. Do you have a savings account? If not, why not? The habit of saving was inspired by the sale of Liberty Loan Bonds, and it should be encouraged. We allow three per cent. on all saving accounts, and will be glad to have you and your employees open an account.



THE VICTORY LOAN

CITIZENS of America, attention! The eyes of the world are on the United States of America. Our wealth is the surprise of the age. The culminating miracle of the centuries is the immediate and hearty response to the call for billions. The miracle consists not in the fabulous amount of money represented in America's response, but in the fact that this money is not for the aggrandizement of our own country, not for

CAPITAL AND SURPLUS

THE Capital and Surplus of a Bank or Trust Company represents the investment of the stockholders in the institution.

The greater the percentage of capital and surplus to deposits the greater is the security for depositors. From the last published reports of State and National Banks the following figures are obtainable:

	Capital and Surplus	Deposits	Percentage of Capital and Surplus to Deposits
Marine Trust Company (Buffalo)	\$15,000,000	\$71,000,000	21.25
All other Buffalo Banks	14,385,000	162,276,000	14.80

The ratio of our Capital and Surplus to deposits is twice that of all other Buffalo Banks combined. Mr. Henry J. Auer, Vice-President or Mr. Percy W. Duesy, Secretary at our Head Office or the Managers of our Branch Offices will be glad to consult with you regarding the opening of an account.

THE MARINE TRUST COMPANY of BUFFALO

SIXTY-NINTH YEAR OF SERVICE
CAPITAL AND SURPLUS, FIFTEEN MILLION DOLLARS

A point that is not always strongly enough emphasized

commercial supremacy, not for power to command or control, but for the benefit and blessing of other nations. These billions have been raised to make righteousness a reality among the nations of the earth.

* * *

The Victory Loan is about to be launched. What shall be our answer to this call? Every condition of right and duty and honor demands that American citizens shall promptly take up this loan. New nations have recently arisen which will require protection and direction. Multitudes of people have been left hopelessly destitute, and this country is called upon to render governmental assistance entirely apart from voluntary philanthropic enterprises.

* * *

We are entering upon an era of great prosperity. We can safely venture, with the certainty of winning out. Remember, your investment introduces no hazard. Any bank will accept government bonds as collateral if money is desired. Any investment house will, in an hour's time, change your bond into money if the circumstances require it. There must be no failure, for failure would bring a shadow upon our national record. We will hold up our heads in self-respect by sustaining the Government in her present appeal. Our patriotism, our pride, and even our self-interest must insure the success of the Victory Liberty Loan of the United States.



PATRIOTIC SERVICE FOR AMERICAN BANKS

SOME BANKS are doing this with certain restrictions, for their depositors, but that is not enough. The present depositor is not the man you are looking for, but the non-depositor, the person who carries his money in a belt or stuffs it into a mattress or some other hiding place, is the one you must convince. The man who knows enough to keep his earn-

30



Number eight of a series

FARM and city seem to meet in the great Minneapolis fruit and produce district to which this is one of the gateways. Here business of enormous daily volume is transacted and from this center radiate communication lines directing purchases in producing localities far removed and redistribution over many states. The wholesale mercantile and produce firms of Minneapolis promptly responded to the government's appeal and from the beginning have given their full strength and influence to conservation of food and material and to other measures for the winning of the war.

The Northwestern National Bank MINNEAPOLIS.

Artist's sketch of one of the scenes in the commission new neighborhood.

Another good specimen of the constructive advertising of this progressive institution

ings in a savings bank is already converted to the gospel of thrift, but the hoarder, who has the frugal habits, but is ignorant or suspicious of the American savings banks, is worth cultivating.

If every bank in the country would give free care to the Liberty Bonds of small holders, whether depositors or not, such action would help float the loan to an appreciable degree, and would lessen the traffic in bonds that is tending to hold them below par.

Furthermore, it would draw to the bank many people who would otherwise never enter its doors, and once the shyness of the foreign non-depositor is overcome, the way is paved for future accounts.

ADVERTISING SAFE-KEEPING OF SECURITIES

A SERVICE rendered by most trust companies which is not advertised as much as it should be is that of custodian or the safe-keeping of securities, as it is usually called.

Following are some good points that could be brought out in advertising such a department:

Making investments and looking after investment securities is no small task even under the most favorable circumstances.

If your property is extensive, if your other business interests or the state of your health do not permit you to take personal charge of all the detail work in connection with such matters, or

THE BANKERS MAGAZINE—BANKING PUBLICITY

if you are planning to be away from home for a long period and want to be relieved of the care of your property, you will find the

SAFE-KEEPING SERVICE

of this trust company just what you need.

This service includes the safe-guarding of the actual bonds, mortgages, stock certificates, etc., in our vaults where they are not in danger of loss or destruction by fire, theft or carelessness.

It includes also the handling of details in connection with each separate document or security—such work as collecting and crediting to your account, or remitting to you, the income and principal when they become due; carrying out your orders touching the purchase, sale or delivery of securities on your account; and making out declarations of ownership in accordance with the Federal Tax laws.

On account of our exceptional facilities for obtaining information in regard to investments, we are not only in a position to give our clients sound advice along those lines, but we also strive to keep owners of securities informed as to called bonds; rights to subscribe to additional stock; extra, increased, reduced or passed dividends; receiverships; the appointment of protective and reorgan-

Hand in hand with Pittsburgh's progress since 1857

Just as the electric car displaced the horse car, so in business are old ideas yielding to new ideas every day.

A business usually progresses as the execution of that business have the power to assay things at their true worth to adopt things which are good—to discard those which are weak.

This institution owes its present position to a persistent endeavor to keep abreast of conditions.

PEOPLES AND TRUST CO.
INCORPORATED IN PENNSYLVANIA
HEAD OFFICE: 1000 MARKET STREET, PITTSBURGH, PA.

Pittsburgh, End of Sixth Street
Bridge in 1858

The era of new ideas

zation committees; and any other matters coming to our attention which have a direct bearing upon the interests of those whose securities we are holding in our safe-keeping department.

ADVANTAGES OF THE SERVICE

While the actual physical protection of your securities in our keeping is just as great as if you kept them locked up in your safe deposit box, there is also the additional advantage of availability at all times even if you are absent or incapacitated by illness. By mail or wire you can direct the sale of any of your securities or their withdrawal for use as collateral for a loan.

The most approved methods are used to insure the genuineness of instructions received touching the disposition of securities in our hands.

Our safe-keeping service is equally advantageous to firms and corporations as to individuals, as it saves them the expense of providing a place sufficiently safe for the storage of securities and possibly also the expense of bonding employees who might have the handling of the securities. By using our service a firm can have its investments as readily accessible to the proper officers as its cash on deposit in the bank.

CHARGES FOR THE SERVICE

The cost of the service rendered by our Safe-keeping Department can be stated only when we know about how much work to be called for in specific cases. Sometimes a flat charge of so much per annum is made; in others the charge is calculated of the securities left in our care.

In any event, the charges are moderate and the service very valuable. You are invited to confer with us personally or write for more definite information concerning how we can relieve you of a great deal of work and worry, which is unavoidable if you have the whole care of your own securities.



LETTERS TO DEPOSITORS

ONE OF THE FUNCTIONS of a bank's Publicity or New Business Department is to send out form letters covering situations that arise in connection with depositors' accounts, especially when an analysis of accounts is being made regularly.

Following are two letters which might serve as models, the first to accounts found to be profitable and the other to those of the opposite kind:

Letter No. 1

My Dear Mr. —:

By analyzing the accounts maintained with us by depositors we have found that some accounts are profitable and others are unprofitable. We are happy to say that the analysis shows that your account is a desirable one; that

To Provide Financial Security for Your Heirs

To secure for your wife, children or others, now partly or wholly dependent on you, permanent financial provision after your death, we recommend a Trust Fund established by Will.

The care of Trusts is the special business of the Brooklyn Trust Company, evidenced by the experience of more than fifty years.

Our Trust Officer will be glad to tell you about Trustships.

Brooklyn Trust Company
177 Montague Street
BROOKLYN

Head Office: Fulton Street and Bedford Avenue
Manhattan Office: W. 42nd Street and Broadway

The bridge is the connecting link



Barcelona

SECOND to Madrid, Barcelona is the largest city of Spain, and its most important mercantile, commercial and industrial centre. It is noted for its religious and educational activities. In 1910 the population of Barcelona was 547,000. The city is surrounded by many manufacturing suburbs and its commercial importance stems from the middle ages. Barcelona's aggregate foreign commerce in 1913 was \$4,977,000, consisting of \$2,841,000 imports and \$2,136,000 exports, and its total commerce amounted to about \$109,267,000 a year, of which \$79,428,000 were imports. Exports consist principally of wine, iron and manufactures and imports of grain, cotton, pearls and furs. During the year 1910 Barcelona grew in prominence as a seaport and a railroad centre because of its importance as the largest neutral port on the Mediterranean.

HANNEVIG & CO.

139 Broadway, New York.
Member Francisco Foreign Exchange Member Securities Letters of Credit

Information regarding foreign cities makes interesting copy



Off to South America

A YOUNG local business man recently went to South America. Before leaving he made an agreement with our Trust Department by which we relieved him and his family of all cares and anxiety regarding his personal affairs. The management of his entire property is left in our hands. We will collect all incomes, settle accounts, attend to property and repairs, and other details. He has arranged for a liberal allowance to be sent to his wife every month, and a portion of his income will be credited to his account, on which he will be able to draw drafts while he is abroad. He has the privilege of ending this trust at any time, or he may continue it until his death, in which case it provides for the disposition of practically all his property.

We can, in a similar manner, relieve you of the worries and cares of your property. Call upon our Trust Officers today. You will be under no obligation.

Guaranty TRUST & SAVINGS Bank
 Spring of 7th St. MEMBER OF THE **Los Angeles**
COMMERCIAL TRUST

A good pointer from the trust department

you maintain a balance sufficiently large to pay us for handling the details connected with your accounts and to allow us a little margin of profit. This letter has the object of telling you that we are glad from a business viewpoint as well as from the standpoint of sentiment to have your banking business.

The letter has another object also, namely, to let you know that we should be very glad to receive any personal trust business which you may have.

If you have made your will, naming an executor and trustee, it will be a very simple matter for you, by means of a codicil, to substitute this Company as executor and trustee.

If you have not yet made a will, we urge upon you the importance of doing so without further postponement, and we invite you to instruct your lawyer to write this Company into the will as executor and trustee.

If you feel that it is important that a friend or member of your family be appointed as executor and trustee, we invite you to name this Company as co-executor and co-trustee, in order that the friend or family member may be relieved of the burden of management, while at the same time being in close touch with all the affairs of the estate.

We believe that your dealings with us in the past have justified your complete confidence in us, and we therefore have no hesita-

tion in calling this matter to your attention. The undersigned, or some other officer of the Company, will be very glad to talk over with you, in strictest confidence, this important matter.

Very truly yours,
 PRESIDENT.

Letter No. 2

My Dear Mr. —
 We have just completed an analysis of the accounts of our depositors with a view of determining which accounts are profitable for us to handle and which are unprofitable.

It affords us regret to find that your balance has decreased to a point where it is not in itself profitable for us to handle, and we are writing you in all friendliness to ask if it will not be possible for you materially to increase your deposit so that our business relationship will continue to be mutually profitable as well as friendly and pleasant.

If it is not convenient for you to increase your deposit, will you not at least do what you can to send new business to us? You may be able to influence the placing of much larger business than your own with us and in this way make your connection with this Company much more valuable to us than the analysis of your account would seem to indicate.

We assure you of our appreciation of the business you have given us. We like to have you as a

customer, and we trust you will regard this letter as an evidence of that fact as well as of our desire to receive more business from you in the future than we have in the past.

Very truly yours,
 PRESIDENT.

Street Car Advertising in Canada

(Continued from page 1)

per cent. in a comparatively short time; we have used the daily papers, and the rural papers, and the street cars, and of the percentage of increase that can be credited to advertising—a large share must, I think, go to the cards in the cars.

THE NEW BUSINESS DEPARTMENT

"The New Business Department" is a delightful little book and will be worth a good deal to me.—*Guy C. Philips, Arkansas Representative, Mississippi Valley Trust Co.*

Books on Bank Advertising

Bank Window Advertising. By W. R. Morehouse. Illustrates and describes many displays which can be adopted by enterprising banks to an endless variety of subjects. Price, \$2.50, postpaid.

Bank Deposit Building. By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 250 pages. Price, \$3.00, postpaid.

Bank Letters. By W. R. Morehouse. Contains 82 actual letters reproduced by multigraph designed to meet every need of ordinary bank correspondence. Price, \$5.00, postpaid.

The New Business Department. By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.00, delivered.

2000 Points for Financial Advertising. By T. D. MacGregor. Contains 2,000 suggestions for the wording of as many bank ads. Adapted to the use of commercial banks, trust companies, safe deposit companies and savings banks. 170 pages. Price, \$1.75, postpaid.

Pushing Your Business. By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 200 pages. Price, \$1.50, postpaid.

Bank Advertising Plans. By T. D. MacGregor. Describes hundreds of plans, other than newspaper advertising, which banks have successfully used in building business. 200 pages. Price, \$2.50, postpaid.

Banking Publicity

Special Section of The Bankers Magazine

MAY 1919

THE "OLD BUSINESS" DEPARTMENT

IN *TNT*, the "Get-Together" magazine published by the Northern Trust Co. of Chicago, Frederick L. Varney writes on the "Old Business" Department. His remarks are short, but incisive. His knowledge of the situation is as evident as his enthusiasm, which is considerable. Witness the following fragmentary quotations:

A modern bank is a financial department store.

Anyone who knows banking knows that every bank has a New Business Department. Its function is to increase the bank's clientele. But this is not an article on the New Business Department—

A self-satisfied man, grown less liberal with flowers, chocolates, and theatre tickets shortly after being married to the lady of his choice, and by her chided for his changed attitude, replied with great conceit at the fancied wit of his remark, "You don't run after a car when you have caught it." Some banks and many business men adopt such an attitude toward their customers—toward the business they have already caught.

There is an "Old Business Department" in every bank. Every individual in the organization is a member of it; each one at times manager of it. When a customer steps inside the door and asks a question of any of us, we immediately and automatically become manager of the "Old Business Department."

If we are at all times our best selves in respect to courtesy, willingness, and helpfulness, when it is our turn to manage the "Old Business Department," the department will make good and immediately show the good results of our management.

From analysis of data and records of the bank, there is disclosed the fact that more than two-thirds of the bank's new business is developed through the recommendation of those already doing business with the institution.

There is little of greater importance to a bank or to anyone connected with it than the "Old Business Department," for what is the old business of a bank? Why, it's the whole works; it's nothing more or less than the bank itself.

Through your bank account
make your own efforts
more resultful

THE fundamental reason for the success of practically every Pittsburgh business that is succeeding, undoubtedly, is the character, initiative and ability of its founder, or of those who are now directing it.

But there are other reasons, and among the chief of them is a good banking connection. In the past eighty-seven years we have aided the success of thousands of Pittsburgh business men and concerns.

Today with our convenient location, modern equipment, efficient staff, experienced and able management, strong financial position and membership in the Federal Reserve System, we are better prepared than ever to give the kind of banking service that business men need and can profitably use.

FARMERS  DEPOSIT
NATIONAL BANK
PITTSBURGH, PENNSYLVANIA

The advantage of a good banking
connection

HONOR YOUR LOCAL HEROES

THIS YEAR, Memorial Day is bound to be observed more extensively in this country than ever before in our history, certainly more so than in any recent year. In the recent parade of the 27th Division in New York there was carried a large flag containing about 1,700 gold stars for the boys of that one division who had paid the last full measure of their devotion on the fields of France. Our casualty list is a large one and every section of our country has representatives on the roll of honor.

Banks and trust companies may well devote their advertising space on that day to a suitable tribute to their fallen heroes of their communities. Plan now to do it.

EFFECT OF THE WAR UPON ADVERTISING

THE *Business Digest* digests
Walter B. Cherry's *Printers' Ink* article on the effect of the

war upon advertising, as follows:

Dividends on good will are now about to be collected, for, when we review the war years, we find that advertising held its own remarkably well. So, apparently, the time to advertise is all the time—summer and winter; when it's hot and when it's cold, in season and out of season; in war and in peace. Advertise when you have no goods to sell, so your public will remember your goods when they are available. Advertise when you have goods to sell, to move the stock you have made ready to sell. Advertise regularly, steadily, persistently, intelligently, and this prescription taken faithfully will make poor business good, and good business better.

BEING FRIENDLY

A GOOD ARGUMENT in behalf of the souvenir or good will method of supplementing regular advertising is put out by the Walker-Longfellow Co., Boston. Here it is:

A pleasant smile—a friendly letter—a little gift—a remembrance; these things go far with customers, for customers, you know, are human.

The biggest bank's biggest depositor is human. The tiniest drug store's tiniest customer is human—you and I are human.

Let us admit and recognize this fact. Let us keep in touch, let us be friendly with our customers; not just at Christmas or on New Year's day—but all the time.

Customers are good fellows, all of them; occasionally a little exacting perhaps, just as you and I are apt to be, but everything considered they are pretty good chaps.

They give you orders—they help you pay your rent—they contribute towards your income—they keep your business running.

Of course you give your customers good service but your competitors offer them good service, too. So if customers stick by you—stick by them.

Think of them not as your customers, but as individual human beings—men who laugh and scold, who work and play, who have their pleasures and their grievances, their moments of sadness, their days of content.

Think of them as Bill and Sam and Dick—as individual units who help make up the world we live in.

And who buy their goods of you.

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE
253 Broadway, New York

MAY 1919

IT has been well said that there are just two ways of increasing business. One is to annex a little bigger fraction of the total amount of business that now exists, and the other is to go out and dig up business that never existed before. The first is competitive business, and the second is constructive business. Both are legitimate and good advertising helps them both.



BANKS wanting to advertise W. S. S. and their own savings departments can get a good deal of material from the Government Loan Organization. For instance, in the Second Federal Reserve District, there is issued a bi-weekly 4-page paper entitled, "The Victory Note," which is sent free to all workers of the Loan Organization in the District. It contains a lot of good snappy thrift talk and patriotic ideas.



BANKERS should be interested in advertising not only as it affects the development of their own business, but also as a factor in the business of merchants and manufacturers who are their depositors. The *Chicago Tribune* puts it this way:

"Bankers are often the Supreme Court which sits in judgment on advertising appropriations. They say to the merchant or manufac-

turer: 'You may advertise,' or 'You may not,' 'Curtail your advertising,' or 'Cease advertising.'

"Surely it is the duty of such a man who wields such a power to know advertising—to appreciate its relation to merchandising—to have a sympathetic understanding of its function in modern business—to realize the infinite variations possible in its application."



GOOD TASTE in the proportion, typography, and illustration of advertisements is a quality which every bank advertiser should endeavor to cultivate. Learn types,

Success for Young Men

MOST MEN are agreed on the underlying factors that contribute to making a young man successful.

Many very sound and plain statements about success have been made by men who were successful.

For instance, Jas. J. Hill, empire railroad builder, said:

"If you want to know whether you are destined to be a success or not, you can easily find out.

The test is simple and is infallible. Are you able to save money? If not, drop out. You will lose.

You may think not, but you will lose as sure as fate, for the seed of success is not in you."

With logical saving there should go hand in hand a sound judgment as to how you can benefit most as a result of your thrift.

We believe that to establish early in your life a deposit account with a bank such as ours, and through this relationship have it known that your account is acceptable, will mean for you a constantly increasing asset in your business life.

We have on our books the deposit accounts of many high-class and deserving young men and we are always glad to welcome others.

Why not come in and let us talk this matter over with you?

THE AMERICAN EXCHANGE NATIONAL BANK

128 Broadway

New York City

Total Resources over \$150,000,000

One of an excellent series of bank advertisements addressed especially to young business men, who, as many banks have found, are well worth cultivating

get familiar with the best forms of commercial art and try to get the best results from printer and artist by coöperating with them understandingly.



THE WORD "psychology" has been one to conjure with in advertising. It has also been abused more or less in that connection. But there is something to it nevertheless. For instance, take the matter of sending a letter to the stockholders of a bank urging their coöperation in getting new business. One bank which had been in the habit of sending such a letter with the dividend check came to

the conclusion that the letter wouldn't get much attention in competition with the check, so now it sends the letter a week or two after the dividend has been paid and has found it more resultful.



ONE OF the first things to do if you are planning a new business department (of course, after reading our book, "The New Business Department") is to decide on a system of cards for your central file and follow-up records. We recommend that you get the illustrated catalogs put out by the concerns that specialize in that sort of thing. Studying samples of what other banks have done and are doing along that line will certainly help you. An active, systematic mailing list and follow-up record as maintained on cards may be made an important factor in a bank's growth. The campaign for new customers is effective because it is intelligent, consistent and definite. The progress made with any given prospect can thus be definitely known, and that is a great advantage.



THE BANKER'S obligation to the community is something which should be kept in mind in all bank advertising efforts. A southern banker, Fred Collins, cashier of the Milan Banking Co., Milan, Tenn., puts it well in this way:

"I try to remember that the good-will of the community is the real asset; that our business comes from the



OHIO TO THE FRONT

In the new era of foreign trade expansion Ohio should have an important part.

To aid the manufacturers, merchants and producers of the Buckeye State to develop their import and export business is the aim of the First National Bank of Cleveland, the largest Bank in Ohio.

To Study Opportunities in Europe

American Foreign Banking Corporation

Foreign Department Services.

It is sending to Europe W. E. Guern, Director of its Commercial Service Bureau, who will study general business conditions and gather such special information as Ohio manufacturers request.

The First National Bank is a constituent member of the American Foreign Banking Corporation, which is owned and controlled by a few of the largest banks in the country, with resources of more than two billion dollars.

The Foreign Department of this bank has been developed under the management of J. G. Geddes, formerly of the Union Bank of Canada, and is able to offer the broadest foreign trade banking facilities possible.

Manufacturers, merchants, exporters and importers are invited to take up with our Foreign Department in person or by correspondence, their foreign trade problems.

A National Bank with an International Business

FIRST NATIONAL BANK
TRUST & SAVINGS Co.
847-302 Euclid Ave — near the Square
Cleveland

Combined Resources \$125,000,000

Meeting new conditions in Ohio

community and must continue to come from the community; that enlightened service to the community inevitably carries with it the right kind of service to the individual and carries with it the continued patronage of the community and the continued success of my bank."

THE USE of good paper stock and good printing puts life into your advertising matter. It makes your prospect glad to receive your literature and increases the probability of its receiving a careful reading. Extra expense in this matter is casting your bread upon the waters, and

the chances are you won't have to wait many days for it to return.



HOW BANKS ARE ADVERTISING

THE OLD COLONY TRUST Co.'s (Boston) Publicity Department has distributed approximately 40,000 copies of "The League of Nations" and 50,000 copies of "The Lodge-Lowell Debate." The Department announces a new edition of its booklet, "War Loans of the United States," which contains all the revisions in the matter of tax exemptions made effective by the new Victory Loan Act.

A FEATURE of the recent Second Anniversary Shareholders' Luncheon given by the Bluefield (W. Va.) National Bank was the menu printed on one of the customer's monthly statements. A complete list of the stockholders, as well as the officers, directors and employees was also printed with the menu.

AN INTERESTING new publication of the National Park Bank's Publicity Department is "Battle Fields of Yesterday," with maps, President Wilson's peace conditions, the Allies' armistice terms, etc.

THE AXE with which Abraham Lincoln did some of his rail-splitting was exhibited in a glass case in the lobby of the Third National Bank of St. Louis. It was borrowed from the owner, Mrs. Vandaveer, 98 years old, of Montgomery City, Mo. With the exhibit are several, Lincoln quotations on thrift.

THE FIRST NATIONAL BANK of New Haven, Conn., sent out a folder stating that it had over 10,000 depositors, but that "we are not too large to take a personal interest in the business and financial problems of those of our depositors who wish to consult us about them. It is the desire of the First National to

Plan and Act for the Victories of Peace

WITH the end of military struggle an accomplished fact, a new struggle looms before the Nation. To the problem of economic and commercial reconstruction the business men of America must address themselves with the same earnestness and vigor which they gave to our war program.

The thoroughness and promptness with which we apply ourselves now to foreign trade problems will, in great measure, determine our business future. Foreign countries have not failed to lay their plans for that commercial competition which must inevitably follow the cessation of hostilities.

This Company has already published, in a series of pamphlets, the results of a comprehensive study of the preparations which have been and are being made by other countries. These papers have now been collected into a booklet of 164 pages, which will be available for free distribution within a few days. We shall be glad to receive and place on file your request for a copy of this booklet.

The Guaranty Trust Company of New York, through its Foreign Department and Foreign Trade Bureau, is prepared to render a comprehensive service to manufacturers and merchants in the handling and extension of their international trade; and in assisting them in entering the foreign field.

Your inquiries as to how we can serve you will be welcomed.

Guaranty Trust Company of New York

140 Broadway

FIFTH AVE. OFFICE
1906 Ave. & 43rd St.
MADISON AVE. OFFICE
Madison Ave. & 60th St.

LONDON OFFICE
25 Lombard Street
E. C. 3, LONDON, E. C.

PARIS OFFICE
Rue des Saussaies, 1 & 3
TOULSE OFFICE
Rue Alsace, 1

Capital and Surplus \$50,000,000 Resources over \$600,000,000

In time of war prepare for peace

be a thoroughly helpful institution and it seeks your cooperation to that end. Let us get better acquainted to our mutual advantage in these times when every waste motion ought to be eliminated and all should get together to make permanent our personal local and national prosperity."

It received back one of them with this handwritten inscription:

May one of the 10,000 suggest that one or two seats be placed around in bank for those who have occasion to wait for a particular person in bank or for some matter that has to be looked up?

This suggestion was followed by the bank and a comfortable seat has been placed in the lobby.

THE GUARANTY TRUST Co. of New York calls attention to the public service of its Publicity Department in that it pre-

pares, for the benefit of customers and others, digests of State and Federal laws relating to taxation, governmental requirements, etc.; issues pamphlets on financial and economic subjects of timely interest, and furnishes information on business questions.

THE PEOPLES TRUST AND GUARANTY Co. of Hackensack, N. J., has issued a convenient income record book for the use of persons desiring to keep a careful record to enable them to make the filing of their income tax return next year as painless an operation as possible. The booklet contained some advertising of the company and an invitation to consult it in regard to investments.

THE HARRIMAN NATIONAL BANK put its shoulder to the merchant's wheel in a recent advertisement headed "Pay Your

Bills Promptly," in which it said, in part:

A large grocery house or dry-goods establishment, for example, deals with many more than 50,000 accounts, charge customers, whose aggregate of indebtedness at all times to the merchant runs into hundreds of thousands of dollars. Correctly multiplying these figures for the country at large, the hundreds of millions of dollars thus tied up would, if released by prompt payment of bills, release a corresponding amount of credit so urgently needed for the prosecution of the war. The actual saving in postage, letter writing, bookkeeping and other labor would be important.

THE NATIONAL BANK OF COMMERCE has put out an interesting aid for its friends in the shape of a guide for use in preparing income tax ownership certificates which are to be attached to coupons presented for collection. The guide reduces to tabular form the provisions of the law regarding such collection, and shows promptly the form required in each case and the manner of execution demanded.

THE POLICY of the First National Bank of Clarksville, Tenn., which is to develop the personality of every individual connected with the service of the bank and promote closer acquaintanceship between the bank and its patrons, is newly illustrated in a recent reprint in pamphlet form of a series of advertisements called "Who's Who in The First National Bank of Clarksville." This is in response to the gratifying interest of friends in the original advertisement series.

A LATE addition to the Library of Banking issued by the Cleveland Trust Co. is "A Brief History of Banks and Banking." The limitations of the booklet made necessary extreme condensation, but the effect is one of ease and adequacy and there is even room for an attractive advertisement of this company itself at the back.

SALTY BUT truthful legends of Old Boston are being perpetuated in the State Street Trust Co.'s issue, "Some Merchants

and Sea Captains of Old Boston"—"being a collection of sketches of notable men and mercantile houses prominent during the early half of the nineteenth century in the commerce and shipping of Boston." The chronicles are put together with taste, and are richly treated pictorially. What with the clipper ships and the old full-rigged verses, one can almost taste the mackerel sky.

IN THE 25th of the series of pamphlets published by the Irving National Bank of New York, the important idea developed is "the adaptability of the principle of coöperation in providing the necessary facilities, both at home and abroad, through which to build up American foreign trade and fiscal connections. The subject is not discussed as a theory, but from the standpoint of practical operation, based upon the distinctive policies which have been logically and successfully pursued by the Irving National Bank through its spe-

cialized departments dealing with foreign trade and banking service."



THE HOUSE ORGANS

OVER THE TRAIL is the name of a new house organ by the Live Stock State Bank, North Portland, Ore., creditable alike for its typography and the excellence of its editorial matter. "The Future of Live Stock Value" and "What Will the Post Bellum Cattle Market Be?" are indications of the value of this publication to its readers.

First Citizenship is the appropriate title of the new bank publication of the First and Citizens National Bank, Elizabeth City, N. C. Assistant Cashier Marshall H. Jones, the editor, has hit upon this excellent plan for securing a careful reading of his new bulletin:

As a stimulus to secure a more universal consideration and appreciation of the worth-while messages this little bulletin may carry, the bank will, after the publication of the first six issues,

Two Periods in One Bank's History

IN NINETEEN HUNDRED AND FOURTEEN, THE NAME OF KOUNTZE, long prominent in American finance, became actively identified with one of the oldest banks in commercial New York. This institution—now the Atlantic National Bank—has a history of no small interest to the New York merchant of today.

In 1839—90 years ago—there was organized for the convenience of New York business men of those days the Merchants Exchange Bank. This bank, which was nationalized in 1865, was closely associated with the great districts wherein the produce, shipping, shoe and leather, dry goods and hardware businesses were conducted. More than 30 years ago, Phineas C. Lounsbury, former Governor of Connecticut and a prominent shoe manufacturer, was elected to the presidency.

When the Kountze interests became identified with the bank, Governor Lounsbury was chosen chairman of the board and Herman D. Kountze president. The name was changed to the Atlantic National Bank. New Departments were added and others strengthened and enlarged.

The Atlantic National Bank seeks to serve the business man. It offers him facilities to meet his every banking requirement, both domestic and foreign. It fosters the spirit of constructive cooperation which in these rapidly moving times counts tremendously in the progress of American business.



ATLANTIC
National Bank
Broadway—Opposite City Hall

Historically interesting as well as good advertising copy

award a substantial savings account of \$10.00 to the man, woman, boy or girl, who submits the best short appreciation of some worthy influence this little bulletin has had. The rules of the contest will be published later, and the articles submitted in the contest will be published. Contestants will be required to state that they have kept up with the bulletin.

TNT, the new house organ of the Northern Trust Co., Chicago, is one of the best of the bank publications, editorially and typographically, perhaps because one special feature at least was borrowed from *The Bankers Magazine*.



FROM CURRENT ADVERTISING

GARFIELD NATIONAL BANK, New York:

A BANK'S VALUE

is measured by its usefulness to the community it serves. A neighborhood bank, giving personal attention to its clients and having the added advantage of being located in the heart of the world's greatest business district, asks you to test its usefulness.

CHATTANOOGA (TENN.) SAVINGS BANK:

UNCLE SAM'S ARMY OF SAVERS

Uncle Sam has the largest army of money savers in the world. Have you enlisted? Now is your best opportunity to become a money saver. When you have a surplus as a result of good prices, steady work or income from other sources, deposit a part of your money for future use or for an investment in property. Join the millions of people who belong to Uncle Sam's army of money savers.

HOW A THOUSAND DOLLARS WAS LOST

A man who received a legacy kept the money in his home until his death. At that time the administrator of his estate discovered that the money would have earned over a thousand dollars if it had been deposited in an interest-bearing account at the bank. This comfortable sum was lost as a result of the money being idle during its owner's life.

MONEY LOST BY FIRE

There is always danger of loss when money is kept at home. Money that has been destroyed by fire cannot be redeemed. In order to redeem currency, a mutilated bill must be sent to Washington and if there is enough of it left to identify it, the money will be redeemed. This is rarely possible in case of fire. Everybody who receives and pays out money should have a checking account

Home of the
Great National Bank
Oldest Bank Building
in America



Founded 1795
Rebuilt and completed
by Stephen Girard
1825 to 1831

Around Philadelphia

are some of the greatest of our country's new industries. Immense ship building yards at Hog Island, Cornwalla, Bristol, Gloucester, Camden and Chester; huge munition factories at Essington, Eddystone and Pennsgrove; tremendous steel mills at Newcastle and Claymont; fuel oil plants at Point Breeze and Marcus Hook—all of these emphasize the importance of Philadelphia as one of America's greatest business communities. It naturally follows that Philadelphia is one of the nation's greatest financial centers.

With resources of more than \$90,000,000, the Girard National Bank is in a particularly advantageous position to properly handle your Philadelphia accounts. We offer our facilities to the business men of America.

The Girard National Bank Philadelphia

JOSEPH WAYNE, Jr., President
EVAN RANDOLPH, Vice-President and Cashier ALFRED BARRATT, Assistant Cashier
A. W. PICKFORD, Assistant Cashier DAVID J. MYERS, Assistant Cashier
WALTER F. FRENCH, Assistant Cashier

Great industries need big banks and big banks beget great industries

and deposit all money received and pay all expenses by check. This plan is the surest and safest way of protecting money against loss by fire.

THE INCOME OF FARMERS SWELLS BANK DEPOSITS

Every year, when the farmers sell their produce, the volume of bank deposits is greatly increased. Those farmers who reap the harvest SHOULD have the largest bank accounts. It often occurs, however, that a farmer who has smaller fields and proportionately smaller harvests has the most money in the bank. Such a farmer deposits a part of all of his income and his constant depositing and plans for saving show large results. The thrifty farmer should have his money, just as he does his hay and grains. Begin now.

NATIONAL BANK OF THE REPUBLIC, Chicago:

Maintenance of individuality is an inherent principle.

THE NATIONAL BANK OF THE REPUBLIC

of Chicago organized, developed and conducted on the principle of constructive and conservative banking along progressive lines, has preserved its individuality intact during a period of over a quarter of a century when the tendency to consolidation has been general. It has gained a little each day in strength, in scope, and in the confidence of a public which has recognized the right relationship between service and recompense. With the co-operation of the friends it has made, to whom it acknowledges itself indebted for whatever success it has attained, it expects to continue to grow, both in its capacity and its opportunity to serve, and to that end invites the patronage to which it believes it has proved itself entitled.



Some folks pays dey bills wid cash, some wid checks, and some wid reluctance."—Cally Ryland.

CHEERY COPY

SAVINGS BANK copy must be cheery copy. It must appeal to the ambitious and hopeful side of human nature. It must depart from the formal, lugubrious, beware-ye copy that is so frequently used by savings banks in their appeals to a spendthrift public. How often do we see diagrams portraying such doleful facts as that only four men who are twenty-five to-day will be in independent circumstances when they reach sixty-five years of age. The natural optimism of human nature forbids that such arguments shall have a deep appeal. Prove to the average healthy man by irrefutable statistics that nine hundred ninety-nine men of his class out of each thousand will be in the poor house at sixty-five, and still, unless that man be in the dol-drum on account of a "hang-over" or a quarrel with his wife, he will proceed confidently and serenely on his way, in the innate disbelief that he, John Doe, being now of sound mind and ample funds, can possibly be among the nine hundred ninety-nine. — *John G. Lonsdale, in Financial Advertisers' Association Bulletin.*



REAL ESTATE LOAN ADS.

J. V. HOLDAM, advertising manager of the Chattanooga (Tenn.) Savings Bank, sends this department some sample

FOR SALE.—BEAUTIFUL RESIDENCE, formerly occupied by W. H. Payne, a real home (9) nice rooms, all modern conveniences. Grounds include four lots, 300 ft. front. Garden, fruit trees and berries. One must see this home to appreciate it. Call Mrs. W. H. Payne, Main 4256.

REAL ESTATE IMPROVEMENTS may be financed by means of a loan on the property.

THE CHATTANOOGA SAVINGS BANK
James Building

FOR SALE—REAL ESTATE—A good five-room home in Normal Park, North Chattanooga. Bath, electric lights, sewerage. Lot 36x114, on a good paved street. This place can be bought for \$2,200. — *Bank of*

real estate loan ads. which he scatters through the real estate

INTERNATIONAL BANKING

THE dawn of a new commercial era, finds The Bank of Pittsburgh N. A. well-equipped to assume a generous share of responsibility in supporting America's new position in world trade.

The enlarged capacity of Pittsburgh's industrial machine must find world markets to absorb increased output.

To buy and sell successfully in the marts of the world, business houses must have the support and cooperation of strong banks familiar with foreign trade practice and finance, and also familiar with local conditions and needs.

The Bank of Pittsburgh N. A. is a stockholder in the American Foreign Banking Corporation of New York, which was established by authority of the Federal Reserve Act for the specific purpose of developing foreign trade, and which embraces one leading bank in each large city in the United States.

The Bank of Pittsburgh N. A. is thus enabled to offer the business interests of this great producing Pittsburgh District all the facilities of seaboard banks and every service required in the financing of export and import trade.

We shall welcome an opportunity to discuss with you plans for developing your foreign trade.

The Bank of Pittsburgh N. A. National Association
Service - Plus
SINCE 1810

Pittsburgh ready to help along the great movement

advertising pages of the local papers. As eye-catchers, these ads. have been a great success.



DRIVES

The Liberty Loan man came the first.

With glue at his fingers' end,
So I pledged myself, till my bank-roll burst,
To the plea of—Lend! Lend! Lend!
Lend!

The War Work clarion was the next:

I'll be broke as long as I live,
Through the machinations of men whose text
Was simply—Give! Give! Give!

Yet these things are gone, so we'd best forget

What has passed. But my heartstrings break
When I think of the tax drive that we'll get,
To the tune of—Take! Take! Take!

—The Evening Post.

SYSTEMATIZE YOUR NEW BUSINESS EFFORTS

To organize and make effective your "new business" work, use

"THE NEW BUSINESS DEPARTMENT"

By T. D. MacGregor

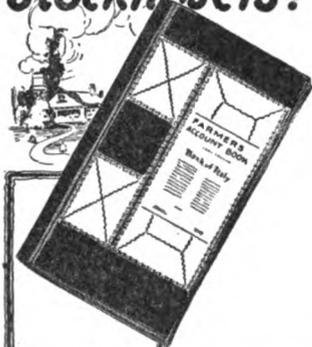
One large bank bought six copies of this handy book and uses it as the basis for all its new business efforts. Just as valuable for smaller banks.

Price \$1.00 postpaid.

BANKERS PUBLISHING CO., NEW YORK CITY.

Ask for circulars of MacGregor's other books, "Pushing Your Business," "2,000 Points for Financial Advertising," "Bank Advertising Plans," and "The Book of Thrift."

**Ranchers! Fruitgrowers!
Stockraisers!—call for this
valuable free
book.**



Partial Contents

- Crop Yields
- Stock Inventory
- Feed Inventory
- Receipts from Products
- Expenses
- Cash Paid Out
- Cash Received
- Accounts with Bank
- Accounts Receivable
- Accounts Payable
- Miscellaneous Information

The Bank of Italy is serving more ranchers, fruit growers and stock raisers than any other financial institution in California. This bank appeals to this conservative, thrifty type of men because of its great strength, superior facilities and far-reaching service.

Resources Over \$80,000,000.00
Nearly 150,000 Depositors
20 Banking Offices in 17 California Cities



Bank of Italy
SAVINGS—COMMERCIAL—TRUST

HEAD OFFICE SAN FRANCISCO

Literature that will help the prospective customer makes good advertising copy

EDUCATION

SOUND banking is not the result of chance. It is not conducted by guesswork nor can it be achieved by superficial knowledge of the subject. To win advancement it is not enough to be proficient in bookkeeping, accountancy and such limited phases of the routine work necessary in banking transactions. If a bank employee devotes himself solely to his routine duties, no matter how conscientious his services may be, he cannot visualize either himself or his work in their true importance in banking. Neither can he see clearly his own opportunities for advancement. It is only by broadening his vision and increasing his capabilities and un-

derstanding through continued education that he can do so.—*J. S. Alexander.*

HAVE YOU ever tried to cultivate your stockholders and induce them to become business-getters for your bank? Try a letter to them with your next dividend notice or check. It ought to be easy to convince them that by helping the bank they are helping themselves.

WOMEN CUSTOMERS usually are very loyal to the bank where they are treated right. For that reason it pays to make it pleasant for your women depositors. Don't make it too hard for them.

One of the best advertisements you can have for your bank is to have customers go out into the community and tell of the good treatment received at your institution.

A WOMAN BANKER'S CREED

Miss L. G. Jones, cashier of the National Bank of Cuba in New York—the first woman bank cashier in the metropolis—has this creed for success:

Work! Bank work is exacting. It requires the best of the capabilities the bank worker possesses. Subordinate self and outside interests for the interests of the bank. Too many women do not succeed in business because they do not take business seriously enough. To get to the top in banking women must have an aptitude, either natural or acquired, for figures and financial problems. Study every available source of financial information.

Books on Bank Advertising

- Bank Window Advertising.** By W. R. Morehouse. Illustrates and describes many displays which can be adopted by enterprising banks to an endless variety of subjects. Price, \$2.50, postpaid.
- Bank Deposit Building.** By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 150 pages. Price, \$3.00, postpaid.
- Bank Letters.** By W. R. Morehouse. Contains 82 actual letters reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Price, \$5.00, postpaid.
- The New Business Department.** By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.00, delivered.
- 2000 Points for Financial Advertising.** By T. D. MacGregor. Contains 2,000 suggestions for the wording of as many bank ads. Adapted to the use of commercial banks, trust companies, safe deposit companies and savings banks. 170 pages. Price, \$1.75, postpaid.
- Pushing Your Business.** By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 100 pages. Price, \$1.50, postpaid.
- Bank Advertising Plans.** By T. D. MacGregor. Describes hundreds of plans, other than newspaper advertising, which banks have successfully used in building business. 200 pages. Price, \$2.50, postpaid.

Banking Publicity

Special Section of The Bankers Magazine

JUNE 1919

BUILDING BANKS BY MAIL

THE VALUE OF THE LETTER WHICH GETS IN AT EXACTLY THE RIGHT TIME

By PAUL KEARNEY

The power of the postage stamp is amazing. In the year 1918 it earned for Butler Brothers \$8,100,000. In the same year the gross sales of two Chicago concerns amounted to about \$275,000,000. There are approximately 25,000,000 families in this country that buy merchandise without seeing a salesman!

Forty million letters are mailed every day in the United States. And those letters are building business. Are they working for you?

They should be if they aren't. For it is so easy to realize on the returns of good-will and publicity that the postage stamp can bring, it is a downright sin to miss those opportunities.

The fundamental truth of a mail campaign of any nature is that it pulls strongest when it hits the mark at the right time—the psychological moment. There is a point of contact for every approach. The man who connects delicately with that point forms a circuit from the other fellow's pocket to his own. The law of the line of least resistance isn't confined to the physics laboratory.

It is the law upon which this article is based. "Making it easy to buy" applies to the banking business as truly as it does to the dry goods field or the hardware line. The basis of that emotion, if it be such a thing, is making it easy to think about your institution. That is good-will. And good-will is the most valuable asset you have; more valuable, by far, than the building in which you work!

Here is a letter which meets

these requirements; it reaches the point of contact; it makes it easy to think about your institution; it creates the favorable impression essential to the satisfied supporter.

It goes to a family which has just been enriched by a new arrival:

It surely was a pleasant surprise to learn that the...family had recently been introduced to a new member. Congratulations are certainly in order.

One seldom connects a bank or a banker with such an occasion but, strange to say, it is in a semi-professional strain that this letter is written. You may have thought that First National service was restricted to grown-ups—but it isn't!

At least, it hasn't been since we ran across an idea that is too good to keep.

It originated with a lucky man like yourself who had just been presented with a "bouncing boy." He opened an account with his local bank, in the boy's name, and deposited ten dollars.

"His first present," was his explanation. "We'll continue dropping a little in every once in a while. When he needs it, he'll have something to start on."

Isn't that a splendid thought? We have never seen anything more practical or logical. That man started right at the beginning—he not only lays something aside for his son when it is easiest for him to do so, but he has also inaugurated a powerful object lesson in thrift. It won't take long for that youngster to appreciate it as he grows older.

The idea, we repeat, is too good to keep. Perhaps you can make use of it.

Considering the chances you have of making an immediate acquaintance, the certainties you have of creating a favorable impression of the quality of service you render, and the dollars and cents value of the personal publicity this man will lend your bank and its business-like methods, you can well afford to spend the ten or eleven cents this letter may cost.

Another opportunity for exactly the same kind of missionary work is offered by the family which has just moved into your town. Newcomers are not acquainted—consequently, they appreciate any friendly offices

anyone may perform in removing the coldness of a strange town.

This letter could hardly miss the point:

This is the very first opportunity we have had to drop in and say, "How do you do?"

Speaking strictly as neighbors, we are mighty glad to have you with us. We are all proud of Blankville, and it feels good to welcome you to a town you will be sure to enjoy.

From a business standpoint, at least for the present, we will be able to offer you considerable assistance in making your residence here convenient and pleasant. The First National Bank's service has been developed to the happy stage where its friends secure the maximum satisfaction on a minimum of effort.

We are located on the northwest corner of Fifth and North streets—right on the Putnam avenue trolley line. Nothing could please us more than a little informal chat with you when you find yourself completely settled.

With this letter (which is not intended to solicit immediate business) would go a little pamphlet or booklet containing such information as a stranger in your town would find invaluable. It might include a list of merchants of every description, provided the town is not too large. That, in itself, would be handy. But to broaden your service, suppose you included with this information the following data:

1. A list of the churches, with the names and addresses of their pastors and assistants, together with the hours of regular Sunday and week-day services.
2. A list of clubs, fraternal orders, and other socially active institutions.
3. A completely indexed list of hotels, restaurants, moving picture houses, theatres, libraries, amusement parks, lecture halls, schools, hospitals, garages, dentists, doctors (divided as to surgical, medical, osteopathic, etc.), taxi headquarters, livery stables, etc.
4. A list of trolley, railroad and bus lines, with a description of the routes, fares and an outline of some good pleasure trips.
5. Map of state, road map of county, and a series of five or ten desirable motor trips.
6. Emergency telephone numbers, to which are devoted a full page, including: Fire department, police department, health depart-

(Continued on page 6)

Banking Publicity

Monthly Publicity Section
 THE BANKERS MAGAZINE
 253 Broadway, New York

JUNE 1919

THE success of the Victory Loan, as well as that of the four preceding Liberty Loans, was due to many different factors, but we doubt if any class of our citizenship can lay greater claim to credit for that success than the bankers and the advertising men. It may not be generally known, but it is claimed for the profession of advertising that it employs more educated brains, directing the expenditure of more millions of dollars, than any other single profession in the world. In the past year or two many thousands of dollars of that money have been for the advertising of banks, and especially to advertise the willingness of those institutions to cooperate in the financing of the war.



BECAUSE art is becoming more and more a vital element in advertising it is very important for the advertising bank to select its illustrations with the same care as is exercised in regard to advertising plans and copy. It costs more to use good illustrations, but it is worth more, because it increases the number of readers of your advertisements by making them more attractive to the eye. But one can't be too careful about accuracy in pictures. A Pittsburgh bank

which used one of the official Victory Loan pictures in an advertisement of the notes was called to task by an ex-soldier because the picture showed American soldiers marching in a heavy rain with their rifles in the position of "right shoulder arms," whereas, under such weather conditions, the piece would be held in a way to prevent water from getting inside the gun and injuring it.



A VERY successful merchant, Tom Witten, president of the National Hardware Association, said: "I would just as soon lose the good will of my best customer as to lose the good will of the children." He found it profitable to employ extra labor to repair without charge all the crippled toy carts in town. His trade grew, for where the children went, there went the parents also. This is a good "hunch" for the banker. Why not make it easy for children to have a savings account at your bank? Some banks have a children's account window, with a step in front of it to make it easy for them to deposit.



ADVERTISING must not simply skim the surface; it must strike deeply and with conviction, says the *Ambassador*, the house organ of a paper manufacturing concern. This is a good thought. A shallow-minded woman, no matter how beautiful, gets

21 PERSONS WERE KILLED
 IN THIS WRECK!



HOW many of them had exercised the right to distribute their property as they desired?

By making a will you can exercise that right. Otherwise your property will be distributed according to law and those benefiting under the law may not be those whom you wish to receive your property.

Take the first step to-day—Now! Call or write for our WILL booklet which will enable you to quickly gather the information which your attorney will require to draw your will.

Consultations regarding a plan for the economical and effective administration of your Estate are invited with:

S. B. LETCHWORTH, Vice-President and General Counsel
 RUSSELL J. H. HUTTON, Vice-President

THE MARINE TRUST COMPANY
 of BUFFALO
 SIXTY-NINTH YEAR OF SERVICE
 CAPITAL AND SURPLUS
 FIFTEEN MILLION DOLLARS

■ A striking picture and a convincing argument

only surface attention, but add culture and personality to her beauty, and she leaves a lasting impression.



THE Americanization movement is a highly important one just now, and banks can have a hand in it if they will. For example, advertising space can be taken in foreign language newspapers and used to good advantage in giving the foreign born advice on such things as American securities, banking service, insurance, real estate, and home ownership.



IN URGING increased advertising effort at this time, the U. S. Department of Labor says: "Advertising must become the forethought of peace to insure prosperity. Advertising anticipates, ad-

vertising discounts, advertising compels. Advertising is the surest, quickest, and most economical selling force known to industry to-day. The power of an idea multiplied in millions of minds moves governments or goods, as the case may be."



SAVINGS inevitably increase the purchasing power of those who save. That is the answer that a banker should make to any local merchant who objects to savings advertising as likely to hurt his business. You do run across such individuals occasionally.



HERE is an illustration of the psychology of advertising: A set of gray enameled nursery chairs in a certain furniture store did not sell even at \$7.50 until a stencil of blue ducks waddling along the piece at the back moved them quickly. The electric toasters in another store weren't moving until they were taken from their orange-colored background and set with a dainty chinaware breakfast outfit on a mahogany tea wagon, and nicely browned slices of toast were poised on the top of them. Then they sold in a week. A new Italian depositor in a Chicago bank was taken in hand by an intelligent new business man, and was shown the big vault, the workings of the door with the time lock, and the piles of currency. This ocular demonstration induced

him to produce from somewhere on his person (the money was warm, the teller said) five hundred dollars additional, which he deposited in the bank.



HOW BANKERS ARE ADVERTISING

ONE OF THE BEST advertisers among safe deposit concerns is the Safe Deposit Co. of New York. It claims to be "First in the world—chartered 1861; first in experience—over fifty-eight years; first in ventilation." Concerning the latter feature, it advertises: "Having provided every security, we have added to the comforts of our patrons by installing a \$15,000 air cooling plant that effectively keeps the temperature of vaults and coupon rooms uniformly at 73 degrees Fahrenheit."

SOME BANKS make a feature of encouraging young business men. The Guaranty Bank &

Trust Co., of Beaumont, Tex., says in one of its advertisements: "The young men of Beaumont will be the builders of Greater Beaumont. We especially invite the banking business of young men, and assure you of friendly service and our hearty coöperation in all your meritorious business undertakings."

BANKS and trust companies in Cleveland recently ran a coöperative advertising campaign of thirty-six insertions of a half page each in the leading Cleveland dailies. The advertisements had such headings as these: "Listen, Elizabeth"; "Why Is a Bum?"; "Tame Your Wild Dollars"; "Do You Tempt Thieves?"; which are certainly unconventional, but the advertising was resultful.

SPEAKING of unconventionality, a certain New York trust company has started something new in the way of alliterative headings, and is apparently going bravely down through the al-

**Living in Westchester
Banking in
New York**

WESTCHESTER and Connecticut commuters find it especially convenient to have a personal checking account at our new Madison Avenue office at 40th Street—only a step from the Grand Central Station, near the subway entrance in 41st Street and only a block from the Park Avenue viaduct.

FRANKLIN TRUST COMPANY

There are advantages in having a New York bank account no matter where you live. Stop in and let us point them out to you.

Franklin Trust Company
Established 1888

Madison Avenue and 40th Street 46 Wall Street
BROOKLYN
166 Montague St. 569 Fulton St. 1001 Wallabout Market

Use of attractive copy in placing a new branch on the map

phabet. People are talking about the advertising, and, as the old saying is, better be damned than not mentioned at all.

THE National City Bank of New York has recently announced a plan for financing advertising in foreign countries, and from an article published in its house organ, *The Americas*, we quote the following extract:

The picture (the subject is motion pictures) is the most powerful factor in advertising. . . . We ought to have movie films of our normal manufacturers—the thousands of workpeople going in and out, the great plants, particularly our integrated, mechanically connected plants, the processes of a hundred kinds. Some of our individual manufacturers will make a world-market in that way.

THE Continental and Commercial National Bank and the Continental and Commercial Trust Company of Chicago have launched an extensive local and national advertising campaign. For this purpose the affiliated institutions are to be known as the Continental and Commercial Banks. A. D. Welton, formerly with the American Bankers' Association, is in charge of the advertising, and has the coöperation of two well-known advertising agencies—Edwin Bird Wilson, Inc., New York, in the national advertising, and Lord & Thomas, Chicago, in the local advertising. Among the points to be brought out in the advertising is the strong and strategic position of the Continental and Commercial Banks for the handling of local, national, and international banking of every description.

ROBERT S. BARRETT, commercial attache at Buenos Aires, in *Commerce Reports* gives this interesting account of how an American bank (presumably the National City Bank of New York) blazed an advertising trail in Argentina:

The marked success of an advertising campaign conducted by the Buenos Aires branch of an American bank was a surprise to the Argentine public as well as a shock to the dignity of many of the other banks. The results,

however, were more satisfactory, and other banking institutions have begun advertising on a small scale.

In October, 1917, the campaign was started, and within fourteen months, by means of newspaper and magazine advertisements, posters, window transfers, and signs in street cars and subways, appealing to workmen, children, and small investors, the depositors in the savings department numbered over 7,500, and the amount to their credit was about 4,500,000 pesos (\$1,912,500 United States currency).

Posters and signs were placed in the largest factories and an arrangement made with the manager of several to make their New Year presents to the employees in the form of saving accounts. Over fifty per cent. of the men kept the accounts in the bank, and a large number of those who drew them out are now reopening them.

A large increase noted at the end of 1918, when 1,640 new accounts were gained in December, was principally due to the distribution of small savings banks or boxes which were lent to those opening an account of 5 pesos or more, although accounts may be started with an initial deposit as small as 1 peso. Interest is paid at the rate of four per cent. per annum after sixty days, and is computed quarterly.

At first two men only were employed in the savings department, but this number has been increased to eleven. The accounts are kept by a modern card system, which enables the work to be handled easily and without loss of time.

Outside of the advertising that the bank is receiving, and the favorable results and prestige from a banker's point of view, the whole idea has been beneficial to the na-

tion, for it was impressed upon all, and especially upon the non-saving classes, the advantages of saving money. The plan is now being taken up by some other banks in Buenos Aires.

THE Guaranty Trust Co. of New York sent out a comparative yield indicator for use in the Victory Liberty Loan campaign. This device enabled one to tell at a glance the income value of tax-exempt securities as compared with those subject to the normal Federal income tax and surtaxes of 1919. By use of it the investor can determine, without calculation, the yield which would be required from fully taxable investments to give the same net return as tax-exempt investments.

THE People's Bank, Ltd., Hilo, T. H., Carol S. Reid, publicity manager, sends this department some excellent specimens of local newspaper advertising, showing that it is preaching the same gospel of Thrift and Patriotism that is being taught by the banks in other parts of the country.

THE American National Bank, Richmond, has sent out a little booklet entitled "Make Your Dollars Work," by Cally Ry-

"Has He Made Good at Home?"

EVERY stranger seeking to establish business relations with you must show that he has made good at home; must prove that he has the confidence of those people who have known him longest and most intimately.

If this bank, in soliciting your business, comes as a stranger, we should be put to the test. Do we pass it successfully in pointing out that more than one-fourth of all the banks in our Federal Reserve District carry accounts with us?

The National Bank of Commerce in Saint Louis

Resources over \$85,000,000.00

A good test of efficiency and service put in a catchy way

Liberty
Bonds
in a
"Pinch"

IT IS never necessary to sell Liberty Bonds to raise money on them. We will lend you a reasonable sum of money on your bonds at a fair rate of interest.

To sell them does not impair the safety or intrinsic value of Liberty Bonds, but it does help to depress the market price. It is therefore as much your patriotic duty to hold them as it is to buy them. If in need of money come to us.

Bonds lost or stolen can be cashed by the holder. We will keep yours in our vault without charge, if desired.

THE CHATTANOOGA SAVINGS BANK
Savings Commercial Trust

This is the kind of advertising that may keep many from sacrificing their Liberty Bonds

land, author of Aunt Jemimy's Bank Maxims, one of the latest of which is, "Folks 'lows dat money talks, but de onlies' word it ever say to dis nigger is—'good-bye.'"

THAT BANK ADVERTISING in Australia is quite up to date is shown by two interesting booklets just received from the Commonwealth Bank of Australia. One bears on the cover a map of Australia, with a cut of the bank building and "Our Service to You," and the other is of oblong shape, with the bank building shown in the ring of a large key bearing the legend, "The Master Key to Thrift."

THE First National Bank of Youngsville, Pa., is serving its farmer customers by sending a committee to Michigan to buy pure bred cows for the local dairymen.

A GOOD booklet is "A Little Journey Through the Chattanooga Savings Bank," showing the various activities of the bank and its various forms of service.

THE Luzerne County National Bank of Wilkes-Barre uses large space in the local papers to advertise the acceptance of Liberty Bonds at par or face value for deposit on savings accounts. The depositor agrees to leave the bonds on deposit at least one year and the bank pays three per cent. interest. This

is better than selling the bonds below par or exchanging them for worthless stocks. It is also one more instance of real service on the part of the banks to the public.

COMMEMORATING its one hundred and twentieth anniversary, the Bank of the Manhattan Co., New York, has issued a book containing more than four hundred autographs of leading citizens of New York at the close of the eighteenth century, these being reproduced in facsimile from the signatures of the original subscribers to the capital stock of the Manhattan Co. as signed by them in the original subscription book which was opened for public subscriptions April 22, 1799.

"WHY Not Own Your Own Home?" and "Once in a Lifetime" are titles of two good folders of the Commercial Savings & Trust Co., Toledo, the latter referring to the services of the trust department.

AN EXCELLENT new booklet of the Fifth Avenue Bank, New York, bears the title, "Wanted—Your Inquiry?" "The manner in which we meet customers' special inquiries gives the only true test of how we can serve them," and "Whatever your financial problems may be, inquire! For there lies our practical advantage to you," are quotations indicating on what grounds the booklet is built.

POST, SED NON PROPTER

LEON BOCQUERAZ, president of the French American Bank of Savings, San Francisco, takes exception to an item in the March issue of *Banking Publicity*, in which a Spokane bank president attributes to the coming of prohibition some of the heavy increase in bank deposits in that city.

Mr. Bocqueraz's letter follows:

Editor, "Banking Publicity":
Post, sed non propter.
This Latin saying, a warning against premature and rash conclusions, is suggested to me by the remarks of Mr. Thos. H. Brewer, which you reproduce in your March number. It is inferred that to prohibition is due the gratifying increase in deposits experienced by his bank during the past year.

California is not dry as yet and San Francisco remains very wet, yet our bank, during the past four years, can report at least as great a proportionate increase in deposits; as from \$6,040,649 to \$10,195,594. Other banks in San Francisco have done as well.

Post, sed non propter.
LEON BOCQUERAZ.



THE HOUSE ORGANS

Commerce Monthly is now the regular publication of the National Bank of Commerce in New York, its prototype of the same name now becoming *Commerce Comments*, and circulating exclusively among the bank's staff. The new publication is of ample page and large, handsome type, and the editorial excellence of the articles is in keeping with the standard of output established by this great institution.

Woodlawn Bank Notes, published by the Woodlawn Trust & Savings Bank, Chicago, devotes its current issue to a general banking guide, giving all kinds of useful information about the bank, and especially valuable to those who are opening a bank account for the first time.



PERSONAL

FRANK WILSON, advertising manager of the Scandinavian American Bank, Tacoma, has been elected president of the newly-formed Tacoma Advertising Club.

W. FRANK McCLURE, formerly vice-president and for eight years advertising director of the Redpath Chautauquas, has resigned to become manager of the advertising department of the Fort Dearborn National Bank and the Fort Dearborn Trust and Savings Bank, Chicago.



FROM CURRENT ADVERTISING

PEOPLE'S BANK, LTD., Hilo, T. H.:

ECONOMY IS NOT MEANNESS;
IT IS MANAGEMENT!

This bank takes care of your savings, pays good interest on your money, and when you get ready to invest your surplus, stands ready to give you unprejudiced advice as to how to put it out to the best advantage.

NATIONAL PARK BANK, New York:

The value of personal acquaintance and relationship between our officers and our customers has always been recognized by this institution. It was foreseen that as the bank grew larger the tendency might be to reduce business transactions to a mere mechanical routine, and thus lose this valuable personal contact. To overcome this possibility it has been our policy to keep in close touch with our customers and to ascertain and conform whenever possible to their requirements.

CHATTANOOGA (TENN.) SAVINGS BANK:

REAL SERVICE

Any bank can please that class of persons who drift about through life taking everything as it comes, but—

We are pleasing those who ap-

The Banker's Sixth Sense

Caution should always enter into the selection of investments.

In some proposed investments, less caution is needed than in others.

The purchase of a United States Government Bond does not require the exercise of much caution, as regards the security of the investment.

Individual requirements would investigate minor points, such as maturity, taxation or rate.

All intelligent persons would recognize immediately the matchless security of the investment.

Why?

Because a United States Government Bond is the direct obligation of the United States, a business establishment over a century old, enjoying the highest known commercial rating.

Caution should be used in exchanging the obligations of the richest country in the world, for speculative stocks of the unknown concerns, the values of which are based largely on expectations and comparisons.

The element of caution is peculiarly your banker's sixth sense.

This sixth sense is represented in the personnel of all of Page County's eighteen banks.

Page County Bankers invite the use of it.

Page County Banker's Ass'n.

A good piece of cooperative advertising by the Page County (Iowa) Bankers Association

preciate courtesy, accuracy, promptness, and personal attention.

Your account is solicited.

GARFIELD NATIONAL BANK, New York:

FORESIGHT

In business—preparing today to meet the needs of to-morrow—demands that your banking connections should be chosen with the future requirements of your business in mind.

OLD NATIONAL BANK AND UNION TRUST Co., Spokane:

CONCENTRATE

ALL YOUR MONEY MATTERS
It is the unmistakable tendency of the times for busy men to systematize their finances through concentrating them—selecting an institution as representative that has unlimited scope and will be equal to any contingency. Have you adopted this practical policy?



BUILDING BANKS BY MAIL

(Continued from page 1)

ment, gas and electric light company, hospitals, physicians, plumbers, clergymen, and others if necessary. In some cases it would be well to leave a blank space for the individual numbers, since a man's location in town will control the accessibility of doctors and similar individuals. Standard numbers could be printed in.

7. Points of interest, historical notes on town, publicity for local

manufacturing interests, facts and figures on school and other local activities.

8. Include standings of town in enlistments, Red Cross and Liberty Loan drives, if they are favorable.

9. Print excerpts from town, state and county ordinances pertaining to traffic and speed laws; school, election, and tax requirements, and any special regulations peculiar to the district.

10. Make the book pay for itself by selling a full-page advertisement to leading merchants in every line. You thus virtually recommend the best in each business—something the stranger will appreciate.

Although there is nothing particularly new or startling about this idea, it is advocated because so few banks make it work for them now. And it is a money-maker—for good will and public opinion are measured by the dollar mark.

Following this same trend of thought, you come to the "newly-wed" letter. Not original, it is true. Used by other business men, certainly. But none the less valuable for the banker, nevertheless. It might go:

You will hardly condemn our tardy congratulations and best wishes when you know that we preferred to wait until the flood of greetings had subsided a bit. The difference in dates works no dif-



Safeguarding Your Collections

Foreign Affiliations'

Banco Mercantil Americano de Cuba Havana

Banco Mercantil Americano de Colombia Bogota, Barranquilla, Cartagena, Medellin, Montalva, Girardot, Cali, Honda

Banco Mercantil Americano del Peru Lima, Arequipa, Chiclayo, Cuzco

Banco Mercantil Americano de Caracas Caracas, La Guayra

American Mercantile Bank of Brazil Rio, Pernambuco

National Bank of Nicaragua Managua, Bluefields, Leon, Granada

Banco Atlantida (Honduras) La Ceiba, Tegucigalpa, San Pedro Sula, Puerto Cortes

Also Agencies in

Buenos Aires, Chile, Costa Rica, Japan, Salvador, Philippines, Guatemala, England, Genoa, Italy

NO inconsiderable responsibility is attached to the collection of a foreign draft, and the bank which undertakes it assumes an important trust. The transaction often involves the diametrically opposed interests of buyer and seller, and the adjustment of contingent differences may be of such a delicate nature that the correspondent bank must needs display diplomacy.

IF the foreign bank in whose hands your collection documents are finally placed does not know you and has not your interests in mind, it is possible that in case of difficulties it will either fail to collect your draft or so offend your client that your future business relations will be jeopardized. In either case you would regret not having placed your documents where greater assurance to the protection of your interests could be expected.

THE foreign banks affiliated with and under the control of the Mercantile Bank of the Americas are not only conversant with local conditions in their respective countries but are, at the same time, naturally appreciative of the American point of view.

OUR banking institutions abroad endeavor to afford both the exporter and his local bank maximum service and protection.

Mercantile Bank of the Americas

An American Bank for Foreign Trade

Paris NEW YORK Barcelona
11 Blvd. Haussmann 41 Pine Street Canada, 2
Paid up Capital and Surplus, \$4,000,000



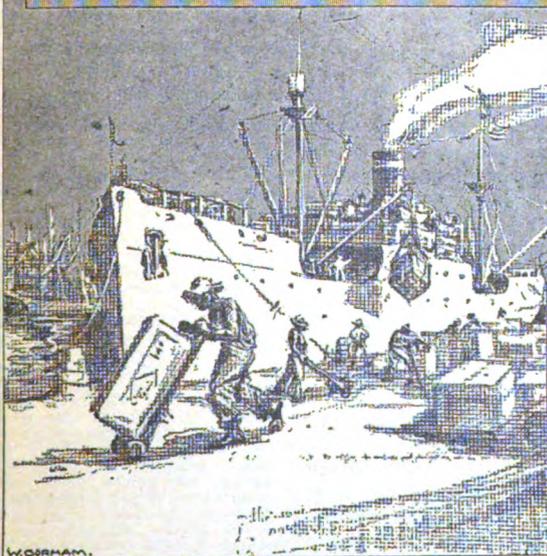
BANCO MERCANTIL AMERICANO DE CARACAS CARACAS



BANCO MERCANTIL AMERICANO DEL PERU LIMA



BANCO MERCANTIL AMERICANO DE COLOMBIA BOGOTA



WORMAN.

Combining good advertising copy with attractive illustrations and display

ference in the earnestness of the wish.

And we were a bit selfish—we thought we would have a better chance to be heard!

The fact that you are undoubtedly more settled now than you

were a month or more ago makes this the preferable time to suggest that you will find us ready and able to render a most convenient service in the banking line.

A checking account, for instance, will be as much to Mrs.

—'s convenience as to your own—we need not elaborate on that.

Your additional responsibilities, too, will make a Safe Deposit Box an actual necessity. If only used to protect your insurance papers,

the precaution would be invaluable.

These are small things, but important. Along greater lines we are just as well prepared to consult with you or offer advice on financial matters. There may be a time when you will see fit to borrow or lend money; to invest or sell your holdings.

In any of these cases we should feel happy to know that you felt at liberty to consult with us.

The fact that you will wait for a month or two before writing to this man will help you in just the manner your letter mentions—the flood of "greetings," which includes tons of advertising matter, will have died down to a mere ripple.

Commencement season could hardly be overlooked in this connection. The other business men do not overlook it—why not take some of the profits that exist? Here's how:

At this time next month your son will be slipping back into his room now and then to steal one more look at that diploma.

It is truly a "g-r-r-r-and and glorious feeling," as the cartoonist has it. And we don't blame you one bit for feeling just as proud of him as he does.

As a matter of fact, we share the feeling so thoroughly that the suggestion which follows rather takes the form of an obligation on our part to pass it along:

Why not start him in on a bank account?

Instead of spending the money you and "mother" had intended to use in buying one or more gifts, deposit it in his name, and present him with the bank book when the time comes. You might even include some other folks who you know are going to give something, too.

It will give him a substantial beginning and a first class object lesson in THRIFT. Is there anything more desirable?

We don't claim the ideas for our own. Other folks in other places use it. Some have made a PRACTICE out of it, adding a little more to the deposit whenever that seems easiest. Can you conceive of children, raised in that sort of environment, being spendthrifts?

You might talk this suggestion over with Mrs. (name). It is so splendid that we don't want to risk your missing it.

Perhaps this fond parent never thought of that! If he hasn't, he will surely consider it, for the thought is good. If he has, he will think just that much more of your methods—because you agree with him.

Another field, practically unworked from this angle, lies in your local high schools, academy, or other higher institu-

tions. You can easily find out when the Senior Class elects its officers, and you can at the same time learn the name and address of the president. A letter like the following ought to add to your acquaintances:

Things are probably beginning to hum, now that the new Senior Class officers have been installed under the direction of their capable President.

Busy days ahead! Lots of work and details for "the chief," making a complete organization a necessity.

Finances constitute such a mighty important item of that organization we are anxious for you to learn just how much we can help you in this particular respect.

A checking account, for instance, is one solution of money troubles. The First National has the facilities essential to such a service. Suppose you think it over and bring it up at the next executive meeting. The prominent advantages are:

1. Cash entries are made out when the check is drawn—not when the individual happens to remember that he paid out such-and-such an amount.
2. Stubbs always show your exact balance on hand.
3. No trouble with receipts; cancelled checks are legal receipts.
4. Unnecessary to handle cumbersome lump sums.
5. Your money earns — per cent interest, instead of lying idle.

You might drop in the next time you are in our neighborhood. And it might be well to bring your Treasurer along.

You can see, at a glance, that the actual cash profits from the sale of your services to this particular organization would not be great. But the good-will earned pays a powerfully large rate of interest.

The same idea can be applied to clubs, fraternal organizations, and other social institutions. It broadens your acquaintance!

In some cases, perhaps, you could in this manner solicit the business of the management committee handling some large affair—maybe a church bazaar, carnival, or a commercial convention. If the Chairman received this letter, you would profit thereby:

As soon as we learned that you had been chosen Chairman of the committee in charge of the _____ it occurred to us that the First National might be of assistance to you in taking care of some of the details of your work.

Handling the money usually re-

sults in considerable loss of time on the part of the Chairman of the average committee; the little bills and the small expenditures are the ones which cause the confusion.

You can reduce the labor and responsibility connected with this one item by opening a checking account and disbursing your cash by check!

The convenience of such a simple arrangement is extremely satisfactory—your cash entries, receipts, balance on hand, and other essential records are always easy to get at. Nothing goes astray and nothing is left to inexact memories or happy chance.

Of course there will be no charge for this little service. All we ask is that you call 8940 at your first opportunity. We'll fix up everything then.

So much for individual letters aimed at a specific contact point. They can't be beaten—they carry three possible profits: Immediate sale, personal publicity, good-will. And their effectiveness is increased one hundred per cent. over the general letter because they land at the right time—at the psychological moment.

Books on Bank Advertising

Bank Window Advertising. By W. R. Morehouse. Illustrates and describes many displays which can be adopted by entering banks to an endless variety of subjects. Price, \$2.50, postpaid.

Bank Deposit Building. By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 250 pages. Price, \$3.00, postpaid.

Bank Letters. By W. R. Morehouse. Contains 82 actual letters reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Price, \$5.00, postpaid.

The New Business Department. By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.00, delivered.

2000 Points for Financial Advertising. By T. D. MacGregor. Contains 2,000 suggestions for the wording of as many bank ads. Adapted to the use of commercial banks, trust companies, safe deposit companies and savings banks. 170 pages. Price, \$1.75, postpaid.

Pushing Your Business. By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 200 pages. Price, \$1.50, postpaid.

Bank Advertising Plans. By T. D. MacGregor. Describes hundreds of plans, other than newspaper advertising, which banks have successfully used in building business. 200 pages. Price, \$2.50, postpaid.

BOOK TALKS

Special Section of The Bankers Magazine

JANUARY 1919

BANK WINDOW ATTENTION GETTERS

ADVERTISING by means of window displays is becoming more and more common as modern bank buildings are equipped with windows that adapt themselves to this purpose. There is no reason why a bank should not profit by the crowds passing its doors, as well as the department store or the cigar store.

W. R. Morehouse, in his new book, "Bank Window Advertising," just issued from our book department, illustrates and describes many plans for increasing a bank's business by means of window displays and the publishers have already been surprised and gratified by the amount of interest shown in this subject.

Charles A. Goddard, writing from California recently, describes some new displays by one of the Los Angeles banks. That there is plenty of interest in anything that grows is shown by the number of passersby who stop to look into these windows.

In one window of each street on which the bank opens is a display of plates of growing seeds. These included lettuce, pumpkin, radish, alfalfa, sweet peas, clover and a number of others, all marked. Beside the seed windows is a double card. One side of it reads:

The development of these prize seeds requires daily attention and constant **ADDING of WATER** to insure a steady growth.

The other side of the card reads:

The development of your savings account likewise requires daily attention and constant **ADDING of MONEY** to insure steady growth.

In another window an attrac-

tion was a war map of Europe. Another window undoubtedly is responsible for the many requests at the information desk for a folder under the title, "Taxes." To attract attention to this window a half-dozen dummy hand grenades were shown. This card appeared in addition to one explaining the grenades:

DO YOU KNOW—

- when the first installment of the city and county taxes is payable?
- when the second installment is due?
- when they become delinquent?
- what the penalty is for delinquency?

THESE FREE FOLDERS GIVE FULL PARTICULARS. INQUIRE AT INFORMATION DESK.

The bank had two windows devoted to checking accounts when the writer visited them. One of these contained a card which explained that "A check's face value is determined by the written amount when the figures disagree." A pile of 8-page booklets bearing the title, "Checks and Deposits," was placed at either side of the card, and passersby were asked to call at the information desk for copies of the booklet. Another checking account window was arranged on another street. The card in this one read:

A few pointers on

C H E C K S

—and how to use them.

Properly executed and protected a check will save time and money and inconvenience in your business dealings.

—ask for booklet "Checks and Deposits" at information window.

HANDY WINDOWS IN THIS BANK

One feature of this bank's windows worthy of attention is their construction. Each window has a frosted glass panel inside. This panel is fastened to a cross-bar by brass rings. Thus it may be let hang per-

pendicular, parallel with the plate glass of the window, giving the stationary appearance common to many banks. This is desirable when no display is being used. When a display is to be put in the panel is turned back on the cross-bar which acts as a pivot. When the display is put in the panel is dropped down to an oblique angle and the two lower corners supported by small upright pieces. Many banks are up against it when displays are considered.



ACCRUED INTEREST ACCOUNTING

THE COMPTROLLER'S demand for an accurate accounting of interest collected but not earned, etc., has found many banks all at sea with regard to the bookkeeping methods to be adopted in order to provide a correct statement daily. This want has been admirably met by our new book, "Accrued Interest Receivable and Payable," by Howard M. Jefferson, auditor of the Federal Reserve Bank of New York. The little book, which sells for \$1, is one of our handy Bank Department Series and explains plainly and simply the methods of accounting necessary to accomplish the desired purpose. Forms in two colors show the bookkeeping method and in a very understandable way the whole matter is made clear. The demand for the book has already called for a third edition.



Reading furnishes the mind only with materials of knowledge; it is thinking makes what we read ours.—*John Locke.*

BOOK TALKS

* KEITH F. WARREN, Editor

Monthly Book Section

THE BANKERS MAGAZINE

253 Broadway, New York

JANUARY 1919

ONE EFFECT of the great war is going to be a renaissance of education. The spirit of inquiry is abroad. People and peoples are alert to-day as they have never been before. The period of reconstruction is going to be a period of study and investigation for progress and better methods. More than ever bankers will want to read and profit from the experience of others. The study of finance, economics and practical banking from now on will be more rewarding than ever.



THE GOVERNMENT has now removed all of the war-time paper restrictions as they applied to book publishers. The Bankers Publishing Co. is therefore prepared to go ahead with some plans temporarily interrupted by the governmental regulations and will have important announcements to make from time to time concerning new books of interest to bankers.

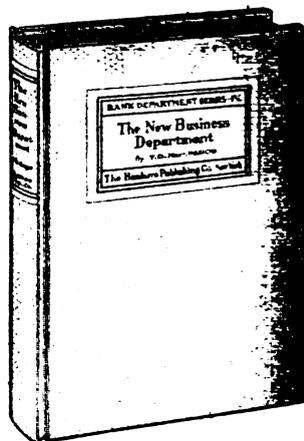


MANY BANKERS seem to be of the opinion that the end of the war and the return of bank men from service abroad will not mean the immediate dismissal of all the women who have been taking the place of male workers in the banks. Those who will stay are those who have shown natural aptitude in

the work and a desire to prepare themselves thoroughly for it. A woman who herself has succeeded in bank work is of the opinion that, given judgment, persistence and a willingness to learn, there is nothing to prevent women from rising to really important positions in banking if they work hard to get ahead.



THE HINGES of a door that is never used get rusty and the door opens hard when the attempt is finally made to use it. Imagine several doors before your mind, Mr. Banker, with these names over them: FINANCE, MUSIC, ART, LITERATURE, RECREATION. Undoubtedly in your case the one that opens most easily is that labeled "Finance." But if you close your mind to those other things their doorways will be increasingly hard to use. Perhaps after years of disuse it would be entirely impossible for you to use some of those "doors," and you would fail to get pleasure and benefit from them no matter how much you might want to do so. Of course, we are especially interested in the banker's reading. We do not maintain that it should consist entirely, or even largely, of books on finance and banking. We recommend likewise the masterpieces of general literature, past and present—poetry, fiction, history. There is such a thing as imagination in business and the successful banker has it, not to the extent of imagining security that does not exist, but the imagination pos-



The New Business Department

By T. D. MACGREGOR

Author of "Pushing Your Business," "2000 Points for Financial Advertisers," "Bank Advertising Plans," "The Book of Thrift."

THE "Intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keynotes of this book by T. D. MacGregor, the well-known writer on financial advertising.

This handy volume, the fourth of the "Bank Department Series," is largely the fruit of the author's having been for some time an important member of the Department of Publicity and New Business of the Guaranty Trust Co.

While some of the ideas and methods suitable for use in pushing the business of the largest trust company in the world—with resources of over \$500,000,000—undoubtedly would not be adaptable to the requirements of the average bank or trust company, still the principles and practice in general are the same no matter what the present size of the institution to be developed.

"The New Business Department" is unique in its field. There is absolutely no other published work on this subject. If you want to have a concise yet complete idea of how to conduct a Department in your bank, large or small, you will need this book as an inspiration and guide. It is worth many times its price—one dollar—to any bank or trust company that wants to make the most of its opportunities of development.

Bankers Publishing Company
253 Broadway, New York

Please send for free examination Mr. MacGregor's "New Business Department." After five days' examination I will either return or remit the price, \$1.00.

Name
Bank
Address

essed by the man of vision, the banker who can forecast the future success of an enterprise that is well founded and that has the elements of success in it.



“EXPERIENCE: in that all our knowledge is founded; and from that it ultimately derives itself,” said John Locke. Learning by the experience of others wherever it is possible to do so is one of the secrets of success in every line, but particularly in banking. And where can the experience of others be studied so well, so conveniently, so safely, so inexpensively as in books? That is the *rationale*, the *raison d’etre* of the Book Department of the Bankers Publishing Co. We are here to serve the bankers and others in securing any book they want. We publish a good many ourselves and can promptly secure those of other publishers. Do not hesitate to write us for advice in the matter of financial books. We are always glad of the opportunity to submit suitable lists for your consideration, without charge to you.



THERE IS every indication of a big boom coming in the advertising business. Some authorities are of the opinion that before this new year is very old advertising—both local and national—will be in greater volume than ever before. Bankers, in common with other advertisers, are taking up new advertising plans in earnest. For those who are looking into this matter with new or

Are You Prepared to Comply With the Comptroller’s Request for an Accurate Statement of Your Unearned Discount and Interest Earned But Not Collected?

The Comptroller of the Currency has given notice that beginning January 1, 1919, National Banks will be obliged to keep their books in such shape that accurate statements may be made as to unearned discount and interest earned but not collected.

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By W. R. MOREHOUSE

Assistant Cashier Guaranty Trust and Savings Bank, Los Angeles, Cal.: Vice-President Financial Advertisers Association

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BOOKS RECEIVED

COMMERCIAL BANKING PRACTICE UNDER THE FEDERAL RESERVE ACT. Revised edition. National Bank of Commerce, New York.

BIBLIOGRAPHY OF FOREIGN TRADE PUBLICATIONS. By Herbert Stanley Shuey, lecturer in commerce, University of California. The TenBosch Co., San Francisco.

BANK AND PUBLIC HOLIDAYS THROUGHOUT THE WORLD. Revised edition, 1919. Guaranty Trust Co., New York.

Shows principal holidays in all states and countries and is of particular interest to bankers, merchants and manufacturers having to do with international trade.

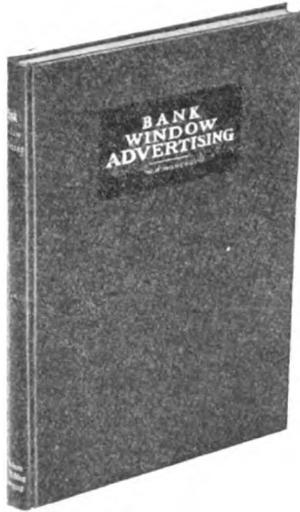
THE PROBLEMS OF PEACE. By William A. Gaston. National Shawmut Bank, Boston.

A study of the essential needs of Massachusetts during the reconstruction period.

LETTERS OF CREDIT. By Owen F. Hershey. Reprinted from the Harvard Law Review. American Steel Export Co., New York.



Reading without purpose is sauntering, not exercise.—*Bulwer-Lytton.*



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By W. R. Morehouse

Assistant Cashier Guaranty Trust & Savings Bank, Los Angeles; President Financial Advertisers Association.

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The Law of Bank Checks. By John Edson Brady. A complete explanation of the rules of law applicable to the issuance, delivery, transfer, collection, payment, etc., of bank checks and the rights and responsibilities of banks in dealing with these instruments. Full text of the Negotiable Instruments Law, now in force in 46 states, showing the changes made in the statute by the different states. Carefully indexed. 460 pages. Price, \$4.00, postpaid.

Bank Letters. By W. R. Morehouse, Publicity Manager of the Guaranty Trust and Savings Bank of Los Angeles. 33 actual letters, reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Special attention given to letters which build business for banks, create good will, and increase deposits. All the letters have actually been used and tested by the author and are the result of a long study of this important subject. Price, \$5.00, postpaid.

Commercial Paper, Acceptances, and the Analysis of Credit Statements. By William H. Kniffin, Jr. This is a thoroughly practical book, understandable alike by the banking student as well as the man higher up. Contains seventy pages of actual financial statements, some favorable, some unfavorable, with complete analyses printed on facing pages, explaining in detail why it is safe or unsafe to invest in the paper. 162 pages. Price, \$2.50, postpaid.

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Special Section of The Bankers Magazine

MARCH 1919

CARTER GLASS, THE STUDENT

OUR new Secretary of the Treasury, Carter Glass of Virginia, is a student as well as a politician. In fact, it is probably true that he is more of a scholar than he is a politician, or at least that his success is due more to his study and research than to any political strategy that has marked his career.

Primarily an editor and a publisher, rather than a banker, Mr. Glass has long been interested in financial and economic matters. When he was made a member of the banking committee of the House of Representatives, he began an intensive study of banking problems. It is said that for ten years as Congressman he never made a single speech in the House, but he was biding his time and adding to his wealth of financial knowledge by his extensive reading and research.

When President Wilson became President and Mr. Glass became Chairman of the Committee on Banking and Currency, the fruits of his long study began to appear. He and the President agreed that our currency system needed reforming, and Mr. Glass then began the preparation of a comprehensive currency bill to accomplish that purpose.

How well that has been done everybody now realizes. The Federal Reserve System will always be a monument to the foresight and studiously acquired wisdom of our present Chief Executive and Secretary of the Treasury.

When Mr. Glass took the floor of the House of Representatives on September 10, 1913, to expound the new currency measure, it was really an



Books for Soldiers

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epoch-making event in our financial history, but it also marked the triumph of a student, the consummation of a decade of intensive study of banking and financial problems.



REFERENCE LIBRARIES FOR BANK PEOPLE

IN New York there are a number of model financial reference libraries. Two of them are perhaps worthy of special description—the American Bankers Association Reference Library and that of the Guaranty Trust Co. The A. B. A. Library receives regularly all important financial and economic journals, including several British and one in the French language. Other information, chiefly statistical, can only be found in United States Government publications. Every effort is made to obtain all pamphlet literature published on current financial questions. Another source of knowledge is the books on

finance and allied subjects. All these numerous sources of printed matter are secured as soon as issued, so that the information on any subject is as complete as possible. The material, when received, is checked, read, selected, indexed, catalogued, clipped, filed or shelved, ready for reference when needed.

It might be interesting to mention a few questions, selected from the requests which have been satisfactorily disposed of within the last two months, which will indicate the scope of the subjects covered by the information in the Library:

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Pamphlets on acceptances.

Foreign exchange as related to imports; sample forms of documents.

Foreign exchange; material and list of books.

New business advertising for a women's department.

Credit statements; material.

(Continued on page 6)