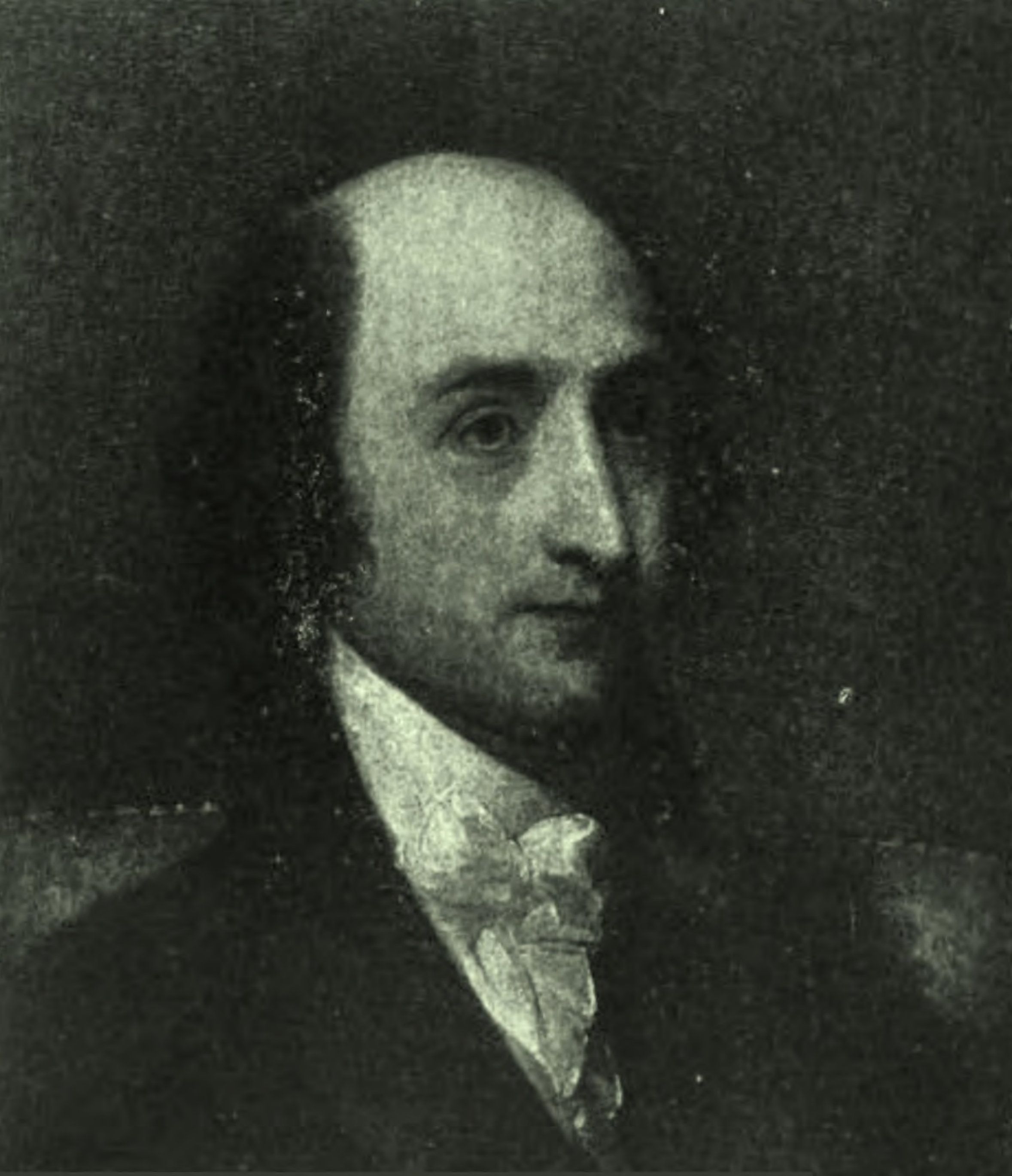

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THE NEW YORK SKY-LINE, 1909

A view taken from the East River. This section of the city includes New York's financial district.

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THE FINANCIAL DISTRICT OF NEW YORK

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR JULY, 1909 VOLUME LXXIX, NO. 1

FEDERAL INTERFERENCE WITH CORPORATIONS.

PRESIDENT TAFT'S special message to Congress on June 16 recommending a tax on the net income of corporations contains some points worthy of careful examination. After stating that he favored an income tax, but believed it impracticable without a constitutional amendment, the President says:

"I therefore recommend an amendment to the tariff bill, imposing upon all corporations and joint stock companies for profit, except national banks (otherwise taxed), savings banks and building and loan associations; an excise tax measured by two per cent. on the net income of such corporations. This is an excise tax upon the privilege of doing business as an artificial entity and of freedom from a general partnership liability enjoyed by those who own the stock. I am informed that a two per cent. tax of this character would bring into the Treasury of the United States not less than $25,000,000.

"The decision of the Supreme Court in the case of Spreckels Sugar Refining Company against McClain (192 U. S., 397) seems clearly to establish the principle that such a tax as this is an excise tax upon privilege and not a direct tax on property, and is within the Federal power without apportionment, according to population.

"The tax on net income is preferable to one proportionate to a percentage of the gross receipts, because it is a tax upon success and not failure. It imposes a burden at the source of the income at a time when the corporation is well able to pay, and when collection is easy.

"Another merit of this tax is the Federal supervision which must be exercised in order to make the law effective over the annual accounts and business transactions of all corporations. While the faculty of assuming a corporate form has been of the utmost utility in the business world, it is also true that substantially all of the abuses and all of the evils which have aroused the public to the necessity of reform were made possible by the use of this very faculty. If, now, by a perfectly legitimate and effective system of taxation, we are incidentally able to possess the Government and the stockholders and the public of the knowledge of the real business transactions and the gains and profits of every corporation in the country, we have made a long step toward that supervisory control of corporations, which may prevent a further abuse of power."

In effect this means that corporations as such are to be subject to a penalty. Let us see how this works out in practice. JOHN WANAMAKER, a corporation doing business in New York, would be taxed two per cent. on net income. Yet his competitors who are not incorporated would escape the tax.

Such a law would penalize corporations. We have had so much declamation against them that they are believed to be a growing evil to be curbed if not prohibited altogether. Yet corporate iniquities are but the sum of the iniquities of their shareholders.

If corporations are to be taxed and individuals engaged in the same business be exempted, serious injustice will ensue. But it is argued that the shareholders of a corporation enjoy immunities not granted to members of a partnership, and for this they are to be taxed. But the privileges which corporations enjoy are derived from the States and not from the Federal Government.

The truth is that extravagance partially begotten of the desire to have the Federal Government supervise everything and everybody has put the Treasury in a position where it must have more money. The square and manly fashion of meeting this result of folly and extravagance would be by reimposing the Spanish War taxes. But that might be politically unpopular. Corporations are objects of demagogic hatred; therefore, tax them. To see William H. Taft, a former United States Judge and now President of the United States, swayed by this prejudice is not an inspiring spectacle to those who had believed he might be looked to for the protection of just property rights.

That we need a proper appreciation of these rights at this time cannot be denied. In an address by Judge N. A. Stedman of Austin, Texas, before the last annual convention of the Texas Bankers' Association, some things were said so pertinent to the present situation that we reproduce them for the thoughtful consideration of our readers:

"That there is in our country among many people a want of appreciation of the rights of property and a dangerous tendency toward governmental interference with affairs that should be exempt from such meddling must be apparent to every thoughtful observer of the signs of the times.

"It is so much a part of the enlightened thought of our day, that it is the right and duty of the Government to control and regulate certain affairs, having relation to the public, of certain corporations, that any man who contests such a governmental function proves himself to be a back number.

"Still, there is an obvious distinction between authorized regulation and unjustifiable meddling and between regulation of any kind and destruction.

"The fact that the public is not entitled to act as general manager of any kind of business owned by private individuals, though in the capacity of stockholders, should never be forgotten; and of equal or greater importance is the truth that regulation does not mean or warrant destruction.

"The time is ripe for all classes to give attention to a correct understanding of the rights and duties of public service corporations and to seeing that they are justly treated. These corporations have no vote of their own, and in many localities their advocacy of any man for official position would mean his defeat. Hence, persons in the choice of whom they have no voice fix the taxes on their property, impose upon them heavy expenses in the way of regulative legislation, really or ostensibly designed to promote the public safety and convenience, and establish their rates.

"If the Government, in any of its departments, legislative, judicial or executive, is disposed to commit injustice to natural persons, responsibility to constituents is a shield of protection, but this safeguard is not vouchsafed to the corporation. They are subject to all sorts of unjust suspicion and distrust, created by the demagogue, so that when they render statements exhibiting their financial condition they are accused of juggling figures. Only the most enlightened public sentiment, pervaded with the spirit of the Golden Rule, can prevent the infliction upon them of the most grievous wrongs, the perpetration of which must ultimately be calamitous to society as a whole."

WHAT specious reasoning is this to which President TAFT resorts:

"If, now, by a perfectly legitimate and effective system of taxation we are incidentally able to possess the Government and the stockholders and the public of the knowledge of the real business transactions and the gains and profits of every corporation in the country, we have made a long step toward that supervisory control of corporations which may prevent a further abuse of power."

The propriety of Federal regulation of certain public service corporations transacting inter-State business is not open to question. But what right has the Federal Government to interfere in any way with the ordinary business corporations of the country? If corporations are evil *per se* as some doctrinaires seem to think, then the Federal Government may begin a policy that will lead to their suppression on the ground that they are inimical to the public welfare.

Let no one imagine this to be a question to be jauntily considered. It is a matter of the gravest public concern. It marks the beginning of a policy of Fedral supervision of business and the breaking down of State control. Carried to its legitimate conclusion, ultimately every bank will be a national bank, every trust company a Federal trust company, every savings bank a postal savings bank (administered by the local ward politician) and corporate business of every kind regulated from Washington.

This will be taking the control of all these matters out of the hands of the people of the States and placing it under the domination of the Federal Government. And if abuses develop, as they must, it will be practically impossible to correct them.

The surrender of the supervision of corporations by the States to the Federal Government would be an inestimable public calamity. The people of the States should insist most determinedly upon keeping corporations (except those of a semi-public character engaged in inter-State transportation, etc.) absolutely under their own control.

PRESIDENT TAFT bears such a high reputation for candor that no one would like to suspect him of duplicity in dealing with public questions. Yet, on its face, what he says with respect to an income tax appears more ingenious than ingenuous. He must know that a constitutional amendment is a practical impossibility. He may be entirely right in saying that an income tax, recently declared unconstitutional by the United States Supreme Court, could not be expected to run the gauntlet of that court now.

Were an income tax practicable, it would be less objectionable than the proposed corporation tax, for it would fall upon individuals and corporations alike.

The proposal to tax corporations while exempting individuals in the same line of business curiously illustrates the growth of prejudice against the corporate form of doing business. That this proposal should be made by a President of the United States, who has been universally lauded for his mental balance and judicial temperament, shows how far the demagogue has succeeded in fanning the fires of prejudice.

From the Boy Orator of the Platte we should have expected such a message, but not from WILLIAM H. TAFT.

There is one exigency in which such a corporate tax as is now proposed would be entirely unobjectionable—in time of war, when other considerations must give way to those of defending the nation's life. That exigency does not exist now.

THE admission of CHARLES W. MORSE, the ex-financier, to bail after a long confinement in prison brings to mind the law's delays against which "Hamlet" exclaimed. To the lay mind it would seem that if MORSE was entitled to bail now he was equally entitled to it immediately after his conviction. Should the case be decided in his favor finally, a substantial denial of justice would result from the refusal to admit him to bail at an earlier date.

Either the courts are so burdened with work or are so leisurely in their methods of procedure that the prompt administration of justice is greatly hindered.

We are not seeking to determine the justice of the verdict against MORSE, nor even to question the wisdom of the court in refusing bail when first asked, but a delay of so many months in coming to the decision at last reached seems to warrant the inference that our courts do not move with the celerity that might not unreasonably be expected.

Our whole system of administering justice would gain by a lopping off of many of the technicalities that now give rise to interminable delays in reaching a final adjudication of matters submitted to the courts.

IN an address at the last annual convention of the Missouri Bankers' Association, C. H. HUTTIG, president of the Third National Bank, St. Louis, thus explained the reason for certain phases of the country's financial and commercial situation:

"That a redundancy of money and an over-supply of bank credits exist throughout the country is well known, but the causes for this surplus are not so easily understood or explained.

"The transition from the extremely tight money conditions of the panic to an enormous excess of loanable funds at exceedingly low interest rates in the short period of six months is one of the most interesting phenomena of our financial history. It goes without argument that fundamental economic causes were at work to produce this radical change.

"The two most important of these were, first, the lowering in the prices of securities and commodities, and, second, lessened activity in commerce—both tending to reduce the requirements for credits and money. This being true, too much significance cannot be attached to the influence of the volume of money on credits, and the effect of credits and money on all prices.

"Our present situation is, therefore, explained by the plethora of loanable funds, brought about by the reduced prices of many commodities and securities and by a lighter turn-over of goods. To these causes should be added the very potential one of an immense output of gold on a constantly increasing scale.

"There is still another very important factor which must be given full consideration in passing on the influences that work for changes in the times. It is the conversion of liquid wealth into fixed capital investments, and I will endeavor to explain what is meant thereby.

"One of the most significant factors in producing prosperous conditions is a period of railroad construction, erection of houses, office buildings, road improvements, harbor expenditures, etc. These constitute what is commonly designated capital investments. Many people have an erroneous idea of the true nature and of the effect of these investments on a community and country. They argue that as the same volume of money continues to exist no actual conversion of wealth occurs. One must look deeper into the subject to get the real facts. In periods of very active building operations an increased percentage of the country's labor is employed in the manufacture of materials to be used in connection therewith. There results a corresponding decrease in the amount of labor in the production of consumable wealth, such as the products of the farm.

"Now, by way of illustrating and emphasizing the important effect of an undue proportion of labor expended on the non-consumable wealth, let us assume a case which, while wholly improbable, illustrates clearly the point under discussion. Suppose the labor of all sorts employed in this State was confined to railroad construction, road building, the manufacture of building and other materials used in the erection of houses, bridges, etc. In the course of months there will have been produced fixed, inconvertible, non-consumable wealth at the expense of the production of those things which are consumable, with the result that all foodstuffs would be quickly consumed, and all of the cash of the State would have to be sent beyond its boundaries to purchase the necessities of life. The opposite results would naturally be secured if all the labor of the commonwealth was concentrated on developing, say, for instance, agricultural products. This would be followed by an extraordinary increase in the money or cash holdings of the people of the State, and a consequent depreciation in property values because of the neglect thereof.

The point is further illustrated by the condition of the manufacturer who has expended too large a portion of his capital in plant and machinery, leaving his working capital inadequate for a normal and healthy conduct of his business. He is thus forced to secure the requisite working capital by borrowing, and when his indebtedness becomes out of healthy proportion to his quick assets he has put his entire business in jeopardy, especially in times of money stringency and panic."

Regarding the currency, Mr. HUTTIG said:

"Many of our bankers attribute the cause of the recent panic troubles to the fact that we have an inelastic currency system. One of my own arguments before the Banking Committee of the House of Representatives at Washington, in December, 1906, was to the effect that if we did not secure a reform in our currency our prosperity would culminate disastrously; that we had an inadequate supply of money to take care of the big volume of business, also to furnish the requisite funds for crop-moving purposes. I still am of the opinion that our currency system is in sore need of correction; that flexibility (I mean by this expansion and contraction in its volume) is most desirable and necessary; but I do not believe a widely fluctuating quantity of bank notes is a remedy for an over-extended credit situation, bringing about an unhealthy proportion of credits to the country's basic money.

"The issuance of bank notes to meet an extra money demand affords relief in that direction, but it also has the effect of producing a still greater disproportion of the aggregate liabilities of the banks of the country to the total volume of gold and silver. It is therefore clear that the only real money we have is our gold and the bullion value of our silver, and that in the last analysis all of the deposits of the banks—in fact, all of the credits of the country—must rest on this foundation of gold and silver."

FRESH issues of capital securities for the first six months of 1909, according to the compilation made by the New York "Journal of Commerce," will approximate $1,000,000. As SHY-

LOCK remarked of his three thousand ducats, " 'Tis a good round sum."

With the growth of the corporation method of doing business, we may expect to see before long a material increase in the purchase of bonds by private individuals. The banks have already become heavy purchasers of such securities, but their absorptive powers are not unlimited.

The buying of bonds by individuals will not be done direct, but through the banks, as a rule. Sometimes the buyer of bonds draws his deposit from a local bank and sends it away in the purchase of bonds, a proceeding which the bank may not like. But where the bank owns the bonds it sells to its depositor, this loss may be avoided, for in this case the depositor will pay for the bonds with a check on his bank, but actually no withdrawal of funds takes place. The bank has merely converted an investment into cash and has made a profit in the transaction.

If individuals shall become large buyers of bonds, as now seems probable, the natural avenue for making such investments is through the banks and trust companies, and banking-houses that give special attention to investment securities.

BOND departments promise to become important adjuncts of trust companies and of the larger banks. Speaking of this comparatively new department in an address before the convention of the Tennessee Bankers' Association, GEORGE B. CALDWELL, manager of the bond department of the American Trust and Savings Bank, Chicago, said:

"The bond department I have left until the last. It is one of the newer departments and one of all the rest I should be best able to discuss with you. The bond officer is, to the extent of the purchase of bonds by the company, or accepting the same as collateral to loans, one of its chief credit men. His duty is to secure for his company complete and accurate information upon the status, legality and security of all bonds, either corporate or municipal, that the company have offered. He is in constant touch with such securities, makes careful investigation through expert appraisers, engineers and legal talent, and recommends to his executive committee or board of directors such bonds as he believes are safe; following their approval the securities are purchased, frequently in large amounts, thus securing to the trust company the most advantageous price. When purchased, these securities are held as a part of the company's assets, until they are either sold or mature, and are paid. There is a large and growing demand for securities of an institution which is known neither to buy nor sell a bond which it cannot recommend.

"When investors learn how much care is exercised in preliminary investigations by experts and attorneys before a bond officer recommends a security to his own company, little remains for him to do but review such reports, decide what he prefers to buy, clip the coupons and collect the interest thereafter. In the case of a mortgage and a great many other forms of investment a great many things must be watched constantly to avoid the impairment of the security. Especially are bonds preferable to real estate in the matter of convertibility."

COTTON as one of the great staples of the country constitutes an important source of national wealth. Changes have taken place of late in the method of marketing it, with a result of increased profits to the planters. These changes were referred to as follows by President HARDING of the Alabama Bankers' Association at the convention held a short time ago in Mobile:

"Notwithstanding the progress that has been made in manufacturing and in the development of the mineral wealth of our State, agriculture still continues to be our most important industry, and cotton is still the principal money crop.

"In recent years there has been a noticeable and gratifying change in the methods of financing this important product. Banks have become accustomed more and more to assist in making the crop by advancing money secured by crop liens, and mortgages on live stock and lands, but have heretofore usually been insistent upon a sale of cotton as soon as it was ready for market. In other words, while they have been willing to assume all the risks incident to the production of a crop of cotton, they have in general shown no disposition to carry the cotton after it was actually in hand and had become the most immediately convertible of all commodities.

"As a result, it has been the custom to market the cotton crop during a period of three or four months, resulting in a congestion of transportation facilities, the railroads being unable to furnish adequate cars and motive power, and a complete derangement of local money markets; banks in some cases straining themselves to the utmost to handle the large accumulations of cotton forced on the market, shipping in millions of dollars from the middle of September until Christmas, and then shipping all this accumulation of currency back again to the money centers immediately after Christmas, and it has frequently happened that cotton would reach its lowest price at the time when the greatest amount of it was in the hands of the producers; an advance being scored after the farmers had sold out.

"Up to a few years ago this rush to market was to a large extent necessary by reason of the lack of storage facilities, but recently these conditions have been greatly improved. Much credit is due to the organization known as the Farmers Union, for this change. They have built warehouses all over the State and have encouraged the members of their organization to market their cotton gradually.

"A meeting of the executive committee of your association was held in Birmingham in September last, and your members were advised by the committee to do all in their power to aid producers of cotton to withhold a part of their crop from the market, and I believe that as a result of such action in this and in other States, much money has been saved to Southern farmers and merchants.

"There is no reason why the cotton season should not be made to extend over a period of nine or ten months of the year. This would tend to make banking operations more uniform, and would avoid the great plethora of money in the early spring, and the corresponding depletion of reserves later on in the season. Cotton mills would not be forced to borrow large sums of money with which to buy the particular grades of cotton they use before it is all shipped out, and dangerous fluctuations in the price of cotton would be avoided.

"A few years ago the range of prices in cotton amounted to nearly forty dollars a bale during a single season, but for the last two or three years it has not exceeded ten dollars per bale. All the arguments are in favor of the gradual marketing of cotton, and while the price of this commodity, like that of all others, is subject to the fundamental law of supply and demand, that price can be maintained more steadily, and at a higher level, by systematic regulation of the supply, so that it may be held back when there is a temporary lull in the demand, and offered for sale only as the market is able to absorb it.

"A difference of two cents per pound in the selling price of cotton means a difference of twelve million dollars in the money circulation in Alabama during a single season, and it certainly is a duty that the banks owe to themselves, as well as to their customers, to do all that they legitimately can in helping to market our most important crop to the best advantage.

"The manner in which our banks generally responded to the resolutions of your executive committee asking that the farmers be extended aid in holding cotton is very gratifying to the members of the committee, who feel that results have vindicated the wisdom of this course, and hope that the same assistance will be rendered again next season."

What has been done with respect to cotton is being used to assist in marketing various other crops to the greatest advantage. Of course, the producers reap the most benefit from this arrangement, but the banks share in it.

LAST month we commented on the Boston system of clearing country checks, and expressed the opinion that if this system were extended throughout the country it would be comparatively easy to induce Congress to authorize the issue of credit currency by the banks. For the real problem in the issue of such notes lies in the creation of adequate redemption machinery, and if there were in operation a system for promptly clearing country checks like that in existence at Boston, it would not require a financial expert to see how easily notes might be redeemed through this instrumentality.

Commenting on this question in a recent letter to the editor of the MAGAZINE, a well-known banker and authority on clearing-house matters says:

"My personal judgment has always been that the Boston system is natural and ideal; neither do I think that there are any very great difficulties in the way except those which arise from the prejudices and selfish feelings of bankers.

"I cannot imagine any method of collecting country checks which would be more in the interests of safe banking than the Boston system.

"So far as its application to the collection of bank notes is concerned, I cannot see that the question admits of any argument. The Suffolk Bank system was a simple and practicable one and the same system would operate today."

If it is true, as above stated, that no method of collecting country checks would be more in the interests of safe banking than the Boston system, and that the only great difficulties in the way of its adoption are the prejudices and selfish feelings of bankers, should not the Clearing-House Section of the American Bankers' Association take up the matter with a view to removing these prejudices and overcoming the selfish feelings of bankers who stand in the way of adopting a device so obviously in the interest of sound banking?

Here and there a bank undoubtedly makes the present clumsy system augment profits. We asked a banker in one of the large cities recently if he did not experience great difficulty in making collections during the 1907 panic. He replied that there was considerable difficulty, but that his bank made money out of it.

The advantage of a system like that operating in Boston might be divided up a little more evenly between all the banks and the business community, but would not the banking institutions of the country, as a whole, profit immensely by whatever would increase their efficiency?

COUNTRY check collections were admirably discussed by E. A. MADDOX, cashier of the Fayette County Bank of Somerville, Tenn., in an address delivered at the last annual meeting of the Tennessee Bankers' Association. In closing his address, Mr. MADDOX said:

"The country check may have an insignificant appearance, its chirography and autograph may be serrated and unsteady. It may have a modest and retiring appearance, it may not be a thing of beauty, but it is a joy forever, and it performs a most important function in carrying on and building up the commerce of the world, and we cannot progress without it. The country check, therefore, is not a thing to be despised or belittled. It hails from the rural district, which is the foundation of all wealth; for when the crops fail the entire business world is shaken.

"The country check comes from the district remote from the turmoil and clash of capital, where sport and gambol the real lambs, and not the lambs of Wall Street. It is usually genuine, almost always good for its face value and is signed by a class of yeoman who are the 'bone and sinew of the land.' It is therefore noble, it is patriotic, it is the acme of good business, it is magnanimous for the bankers of this country to use every effort to stand as a unit in encouraging the use of the country check and thus build up and increase the business of our grand and glorious country."

CHINA appears just now to be attracting exceptional attention as a field for enterprise and the investment of capital. Although the oldest of civilized countries, its modern development has but just begun.

Quite recently a group of the best-known American capitalists applied for participation in a loan to the Chinese Government, and the same group, according to reports, will send an agent to China to investigate the opportunities for profitable investment in that country.

Perhaps the Chinaman may wonder why the capitalists of the world are so eager to lend him money. Is it merely because of the desire to reap the profits that may arise from the transaction, or is this willingness to advance funds for the development of the Empire but a cloak for political designs? Undoubtedly the United States has no thought of becoming a spoliator of Chinese territory; but this country does not wish to sit idle and allow other nations to get such a grip on Chinese finances as to be in a position to intervene in the country's affairs. If that game is to be played, the United States will take a hand, not as an aggressor against China nor in a spirit of antagonism to any other nation, but purely for the protection of its own interests.

At our doors almost, in Mexico, Central and South America, are opportunities for our capital and enterprise perhaps equal to anything China can offer.

As the American branches out more and more into the foreign field, we shall have brought home to us in a practical fashion the advantages that would be afforded by the organization, under a Federal charter, of an International American Bank with adequate capital and equipment for handling international banking and financial transactions.

ANOTHER strong condemnation of the city banks' practice in paying interest on deposits appears in the annual address of President DOMINICK of the Missouri Bankers' Association:

"And may I here give it as my opinion that the weakest place in American banking, as in American politics and in American society, is in our American cities—in our great commercial and clearing centers? Our panics originate in our cities. In its flow money congests in our cities and chokes up the arteries of trade, and in its ebb they are drained dry.

"One of the worst practices in banking to-day is the custom city banks have of paying interest to country banks on current daily balances subject to check. I well know the custom is tenaciously held to and is probably here to stay for some time to come, but there is a great element of weakness and danger in it nevertheless.

"When the crop movement is over and there is little activity in trade the country banks build up their balances in the city banks in order to get interest. It is usually at the time the city banks need them the least. The city bank feels that it must get loans or investments to offset the interest it is paying. It may be spurred to take something it would not take if it were not paying interest on these deposits. In due time the crop-moving period returns and the country bank needs its money at home, and the city bank is called upon to repay, and thereupon withdraws its credits extended to jobbers and others who possibly have in the meantime unduly expanded their operations, and it is inconvenient for them to respond. One credit withdrawal always cancels another, and often several of them, and a shock is given to business."

This evil might be much reduced were the surplus currency retired when not needed. Bank notes based upon a strong coin reserve, and subject to commercial redemption, would not be deposited with city correspondents, but would be paid off and cancelled like bank checks.

LITERATURE relating to banking and currency problems has vastly increased in volume of late years and greatly improved in quality. We believe that if many of the addresses made before bankers' conventions in the last five years could be circulated among the voters generally there would be such a demand for sensible currency legislation that Congress could not resist it.

There is no lack of sound banking literature, but no means of distributing it where it will do much good. To send an address on credit currency to a banker would be very much like sending religious tracts to a society of the sanctified. The bankers are already converted. We need to call sinners, not the righteous, to repentance. We have always believed that by proper systematic effort the American Bankers' Association and the several State associations could do much to secure the publication of banking literature in the newspapers and periodicals of general circulation. They could also greatly help the cause of sound currency legislation by circulating such literature among bank directors and business men generally. Had this work been done a dozen years ago, we should not have been humiliated by the passage of the ALDRICH-VREELAND bill for inflating the currency.

ONE of the strongest addresses on the currency that we have seen for some time was made before the last annual convention of the Kansas Bankers' Association by Mr. ARTHUR REYNOLDS of Des Moines, Iowa. Mr. REYNOLDS is president of the Des Moines National Bank, a member of the Currency Commission of the American Bankers' Association and chairman of the Association's Federal Legislative Committee. This address was marked by a forceful advocacy of sound principles relating to currency and banking, and is especially adapted for general circulation by reason of the simplicity and clearness of the terms employed to express the author's meaning. The professional writer on banking and currency is apt to employ habitually expressions which are too technical for the comprehension of those not familiar with banking and currency terminology. This fault has been carefully avoided by Mr. Reynolds.

Though condemning postal savings banks and the guaranty of deposits as being unsound in principle, Mr. Reynolds pointed out how savings deposits could be made safe. "I have," he said, "a very warm spot in my heart for the day laborer. The man who wields the pick and hammer—the power that moves the universe—he who is able to save but a few cents a day, I can understand that when a bank failure occurs, involving this class of depositors, accompanied as it usually is with despondency, misery and heartaches, that popular opinion should be moved for their protection. I have always deplored any losses suffered by this class of our people, and believe they should be fully protected.

"In December last, as chairman of the Federal Legislative Committee of the American Bankers' Association, I presented to the Monetary Commission of Congress a method which it seems to me will accomplish the desired result, without injecting into our financial system features novel in form and of questionable efficacy, such as have heretofore been tried and have proven unsuccessful. I suggested that national banks (they being the only banks under the supervision of the general Government) be permitted to establish savings departments, segregating the assets and limiting the investment to the highest-grade securities known, such assets to be held at all times for the protection of such deposits.

"This would afford the protection now accorded to deposits in mutual savings banks in New York, and the New England States. These banks have been a bulwark for the working man and a boon to the country.

"If savings deposits were protected in this manner, and it must be admitted that the savings of the laborer is very largely placed in savings accounts, I believe that but very little would be heard of the postal savings bank, and this plan of handling savings accounts affords to me a solution of this vexing question, along lines fundamentally correct. The laborer should be protected, and the banker can afford perfect protection in the ordinary course of his business.

"The matter of separating savings accounts in national banks is up for serious consideration, and it must be remembered that national banks now hold about $350,000,000 of such deposits, and in a few years will have a half a billion of such accounts. There is also at this time a movement to secure uniform State laws looking to the same end in State and savings banks, and at least two States have such laws at this time, California being the last one to pass such a law at a recent session of its State Legislature."

This method is simple, sensible and sound, and involves no departure not approved by experience. Savings deposits, rightly handled, can be made absolutely safe, and the proper way to effect this desirable end is exactly as Mr. Reynolds suggests.

ON the subject of the currency Mr. Reynolds said so much that was good that we fear to begin to quote, hardly knowing where to stop.

Of a bond-secured currency he said: "There should be no connection between the banking business and the price of bonds. To issue notes secured by bonds will cripple the lending power of banks in that a premium above the principal will be tied up, particularly if the bonds are purchased as they probably would be in times of stress. In addition there is the question of the safety of an issue of notes on a deposit of bonds. The free banks of issue of 1852 of Indiana were all secured by bonds. These banks all failed in 1857, and the loss to the holders of this bond-secured currency was very great.

"It seems to me unwise and dangerous to disregard the fundamental principle and time-honored practice of national banks, of keeping their assets as liquid as possible through short time loans, and this, no doubt, in a measure, accounts for banks not having availed themselves of the new law. They should not, in my opinion, be encouraged to invest their commercial deposits in long time bonds."

And of an emergency currency:

"It is impossible to conceive how a banker could allay the insatiable desire to secure his money, which had seized a depositor, who had lost confidence, by attempting to pay out a high taxed emergency currency over his counter. It would place the depositor on notice that the bank was in close quarters and would augment the trouble. It would be like attempting to stop a locomotive by opening the throttle."

Of reserves, this:

"It would seem there might with profit be some readjustment of that part of the reserve carried by our banks in the form of book credits, for while under normal conditions of business and credit they can be used to acquire reserve, yet when the banks are considered collectively, the acquisition of reserve of any one bank in this manner is only accomplished by a depletion of that of others."

Illustration of the difficulty experienced in correcting redundancy in the bond-secured bank-note circulation is thus cited from the history of the crisis of 1893:

"The steps necessary to retire national bank notes are a deposit of lawful money equal to the amount to be retired with the Treasurer of the United States. The bonds are then redelivered to the banks and must be sold. If now the amount of bonds offered at any one time is excessive, the price declines and loss results. Should the banks who have issued the notes at a time when public necessity demanded relief be expected to assume such a burden as this? I think the answer is plain.

"The experience of the financial stringency of 1893 which paralyzed the business of the country for a long period is now a matter of history and furnishes some light on the subject.

"During the early part of that year, the New York Clearing-House banks carried a large excess of reserve above their legal requirements, which in June amounted to a surplus of over $20,000,000. During June and July of that year the banks lost about $34,000,000 of their cash resources and hence at the close of the latter month were short $14,000,000 of reserve. This condition rapidly improved in the following months until February of the succeeding year when the same banks held $110,000,000 of surplus reserve. During the same time the national bank notes in circulation had increased about $30,000,000, and if it had been possible some portion of this enormous increase would have been retired, but for the reasons before stated, retirement did not occur and the over issue has been maintained. Had this increase in the bank circulation been in the form of credit notes, as soon as the point of redundancy was reached and the people commenced to deposit them in the banks, the bank receiving them would have sent them in for redemption, and thus forced their retirement. Opposed to this principle, review in your minds the fact that the New York Clearing-House banks with a surplus reserve of $110,000,000, clearly indicating an abnormal business situation, were unable to compel any retirement whatever."

* * * * * *

"From such premises the conclusion is warranted that under the existing system, bond-secured circulating notes can be increased if there is no hurry about the matter, but are not retired. It is true that redemption is continuous, but redemption and retirements are not synonymous under our present methods, for the same, or new notes, are immediately returned to the issuing bank by the Department when redemption is made.

"To a sober, sane, thinking people, to a generation of the brightest minds the world has ever produced, I appeal to you, is it not strange, aye, beyond comprehension, that the financial hopes of this great progressive people should be built upon such an irresponsive, unscientific currency system?

"Instead of a credit currency secured by a gold reserve which would be retired as the gold is shipped out of the country, the gold being decreased and compelling retirement, our enormous exportation of gold since the beginning of 1908 has not had any effect whatever upon our bond-secured notes."

Mr. Reynolds, after citing freely from the history of credit currency, says:

"To become familiar with the financial history of our own country is to settle forever affirmatively the question of the safety of such note issues, which can be verified by the history of credit currency in Scotland more than two hundred years, in France for more than one hundred years, and in Canada for more than forty years.

"In the operation of credit notes the selfish desire to make money must necessarily be one of the most important features. It settles the question of the necessity for a tax and also that vital question of prompt redemption.

"If a banker can make money on his note issue, he will certainly forward every note of another bank which comes into his possession promptly, so he can issue one of his own at a profit. This eliminates the necessity of a tax, except, perhaps, to create a guaranty fund, and will insure that when a note has left the pockets of the people, it is soon lodged with the bank, and is on its way to redemption. Hence the law of demand and supply regulates the amount of notes a bank can keep in circulation. The demand must be created in advance of the issue of the note, hence, there can be no inflation."

The clear statement of sound principles made by Mr. Reynolds, which we can quote only in a fragmentary form, should be placed in the hands of every bank director in the country. Education in correct principles relating to the currency must of necessity precede right action on this subject by Congress.

FRENCH investors will have an opportunity now to deal in shares of the United States Steel Corporation, which have been listed recently on the Paris Bourse by a syndicate composed of Messrs. J. P. Morgan & Co. of New York and Messrs. Morgan, Harjes & Co. of Paris. Actually, it is stated, the shares themselves are not listed in Paris, but the shares have been deposited with the Bankers Trust Company of New York and certificates issued against them. It is these certificates which have been admitted to the Bourse.

The method of dealing in stocks on the Paris Exchange, particularly if securities are foreign, is a very complicated one, and this has tended to shut out our stocks from the French market. The identity of language and considerable similarity in methods of trading make London the best market for "Americans," but the French field is worthy of closer attention than it has ever received. The amount of funds available for investment in France seems inexhaustible. We are probably getting less than our share of capital from that direction, partly as the result of our own indifference, although the habits of the French investor and the laws governing foreign securities have constituted no inconsiderable barriers in gaining access to the French market.

The placing of Steel on the Paris Bourse may mark the beginning of a movement to broaden the field of American investments in a most important direction.

THAT was a fine tribute which Mr. N. W. HARRIS recently paid to his late partner, ELMER E. BLACK. Mr. HARRIS, speaking to the employes of the New York office of N. W. HARRIS & Co., said:

"I want to say that no man in my employ ever held a higher place in my esteem than Mr. BLACK. He was loyal and generous and was willing to help anybody who came to him needing help, the members of the firm, his associates and strangers too. I have seen him again and again turn in his chair and say 'Good morning' to an office boy when he brought in the mail, and it didn't seem to make any difference how busy he was. I want you all to remember that."

"If I could speak in twenty languages," once declared President GEORGE G. WILLIAMS of the Chemical National Bank of New York, "I would preach politeness in them all."

The older bankers of the country—those in the higher official positions especially—have learned the wisdom of being courteous. Here and there a clerk or junior officer may fail to see the importance of it. It may be answered that it is easy to be courteous in an easy position and on a big salary. But the clerk or junior officer who lacks politeness will probably never reach these coveted positions, because he is wanting in a quality essential for them.

Besides, a discourteous clerk or officer is the worst possible advertisement for a bank. He is undoing the work of those who are striving to build up the bank's reputation and business.

In one of the very large and strong banks of Chicago politeness seems to pervade the very atmosphere of the place. Every clerk and officer appears to have become imbued with this spirit, and this fact has probably contributed in no small degree to the bank's remarkable success.

The quality which Mr. HARRIS emphasized in speaking of his late partner is a most important one, decidedly so in these busy times when overwork is often made the excuse for brusqueness. What was said of Mr. BLACK by his friend and business associate shows that one may always find time to be courteous.

JACOB H. SCHIFF, the well-known international banker, who returned from Europe recently, had the following to say regarding our defective currency system:

"Much confidence is being expressed everywhere in TAFT's Administration. It is particularly hoped that, with the tariff out of the way, the solution of the currency problem will be sought with energy, for it is already feared that unless this question is promptly dealt with, we shall only be again heaping up new fuel which in times to come will bring on another conflagration.

"As the first step toward this, the immobilizing of capital through the enormous absorption of new securities in the United States and the simultaneous heavy gold export is being pointed to. While, with a sound system we should be in a position to reduce the volume of the currency to the decreased needs of commerce and industry, as it is, the large surplus of paper currency not now needed can only be employed in securities purchased, or it must displace our gold by driving it to other countries; in fact, both are being done, and after a while we start to pay the penalty. The report of the Monetary Commission is, part of it, eagerly looked for."

Immense as are the resources of the United States, and with tremendous ability to progress in spite of unfavorable circumstances, we cannot forever defy the teachings of experience. Paper currency not based upon coin, and not subject to the test of daily redemption in gold, constitutes a grave menace to the financial and commercial health of the country. In addition to some 600 or 700 millions of bond-secured bank notes, the business stability of the country is threatened by the possibility of issuing 500 millions more of bank notes unsupported by a dollar of coin reserves.

It is not believed that the bankers of the country will imperil the business situation at any time by resorting to the dangerous expedient of taking out emergency currency. But the knowledge that this wretched remedy is available constitutes a direct incentive to further inflation.

The amazing thing is that the United States, in many respects the most progressive country in the world, should cling to currency superstitions long discarded by other less progressive countries.

Mr. Schiff's warnings are timely, and they should be heeded.

WITH the help of a confederate inside one of the London banks a peculiarly audacious swindle was recently perpetrated.

By means of a forged letter of advice, prepared by the clerk working from the inside, some $11,000 was collected from the branch offices of a London bank.

In getting the money the name of D. S. Windell was used, which being interpreted is seen to bear a close resemblance to D— Swindle.

On being arraigned in court, the perpetrator of the fraud said: "It was the devilment of the matter—the excitement, the ingenuity, the humor, the almost impossible success to crown it—which urged me to attempt the fraud." Humor has odd ways of manifesting itself. Doubtless for some time to come "Mr. Windell" will have less excitement and more time for reflection.

ENGLISH bankers are alarmed, and not without reason, at the growing requirements of the budget. A protest has been drawn up, and signed by a number of men well known in the financial world, pointing out the possibly serious future effect of putting such heavy burdens upon the nation's wealth. The protest did not seem to impress the Chancellor of the Exchequer.

There appears to be a world-wide disposition on the part of governments to spend increasing sums of money, either on their armies and navies or upon schemes of a more or less socialistic character. And in the absence of some heaven-born source of income, it seems to be certain that the more expenditures the more taxes. Yet here a curious trait of human nature displays itself—the same people who are clamoring for an extension of governmental activities, with the large addition to public expenditures inevitably entailed, clamor just as loudly for a reduction of taxation.

If public outlays go on increasing, either there must be added taxation or an issue of loans to meet the new demands. But the levying of exceptional forms of taxation and the issue of bonds in time of peace both tend to impair a resource that nations need to keep in reserve for times of emergency. Replying to suggestions of this nature, the British Chancellor of the Exchequer has said that an emergency may include preparation for war as well as war itself. This may not necessarily be interpreted to mean that Great Britain is now making special preparation for war, but that she means to be always ready.

In seeking to raise large sums by taxing wealth, Great Britain may somewhat lessen that security that capital has always felt in that country, inasmuch as the taxation may finally become so burdensome as to compel capital to go to other countries where taxation is not so burdensome. It requires care sometimes not to kill the goose that lays the golden eggs.

PAYMENT of high interest rates on deposits was severely condemned by Superintendent WILLIAMS of the New York State Banking Department in an address delivered before the recent annual meeting of the New York Savings Banks Association. He said:

"A knowledge of the general conditions throughout the State compels the conclusion that the greatest offence to economic principles and sound banking lies in the payment of high interest rates. This evil results, as I have frequently stated before, from improper competition and an unreasonable desire for quantity rather than quality."

Mr. WILLIAMS said that the affairs of the savings banks of the State were administered by boards of trustees competent to determine the proper rate of interest to be paid depositors, taking into consideration the absolute safety of the principal and the maintenance of the proper surplus reserve.

While the savings banks and discount banks differ widely in their functions, both classes of institutions are subject to the same difficulty in paying high interest rates to secure deposits, namely, a tendency to reduce the safety of loans and investments; for in order to get a high yield to enable the bank to pay a high rate of interest, loans and investments must be made that are not of the strictly gilt-edged class. But some advantage attaches to big deposit totals, the most obvious being the ability to reduce the proportion of expenses. It does not always follow, therefore, that in using a good interest rate as a magnet to attract deposits a bank must of necessity reduce the quality of its loans. The large amount of business done may so lessen the proportion of expense as to offset the necessity of obtaining higher returns from loans and investments. Prudent bankers will determine this problem always with a view of maintaining safety.

But undoubtedly, as a general rule, the payment of high interest rates tends toward undesirable banking, and Mr. WILLIAMS, as was to be expected, gave his voice in favor of the safer course.

If all the savings banks could be managed with the same degree of skill and get exactly the same returns on their investments, they might all pay precisely the same dividend rates. Unfortunately, this is impracticable. And the fact that a few banks in a particular city pay four per cent. makes it almost obligatory for the others to pay the same rate. If they pay less, they may see their deposits dwindle to an extent that will make it difficult to meet expenses and pay even a lower rate.

Reserve banks would probably be in much better shape for discharging their duties if they allowed no interest at all on deposits. This would enable them to keep their reserves up to a much higher point than is now possible, and to select their loans with greater care. Without concerted action on the part of reserve banks no change in present practices can be had, and we see no prospect that the banks will act together in the matter.

THE BID FOR THE SURPLUS.

A Story of Parallel Hazards and What They Proved.

By B. C. Bean.

I.

THE Mannings had been the financiers of the western State to which they emigrated, ever since it was carved out of the Northwest Territory. True, they had had the reputation of being old-time financiers—of keeping to the good in the old when the good in the new may have been better—yet no Manning's name had ever been associated with a deferred payment or a moment's delay.

So, when Henry Manning, after a few years' financial apprenticeship, had been given charge of a bank in a prosperous country town of some fifteen or twenty thousand inhabitants, he felt the responsibility of successful forebears, whose financial principles, though sound, had never been tested in the crucible of modern business conditions. The young man would have been left to his own resources had he himself not recognized the full value of an older and more experienced head for counsel. So it was in no sense of intrusion that, every week, one of the older house of Manning dropped into the bank in guise of adviser—a sort of balance-wheel to the younger man's natural sympathy with the more rapid spirit of modern business-getting.

"On the principle of tackling the hardest and most disagreeable job first," the older banker was saying, "suppose we lay the worst ghost at once—not an intangible, theoretical ghost, but the actual flesh-and-blood entity that seems most insidious."

"No need of consulting records or balance sheets to learn what that is," said the younger man, half-laughingly. "It's the menace of the tapering surplus. The younger business men want greater profits than those offered by a large bank balance. They hate to have a single dollar 'lie idle.' Take our list of individual accounts. These accounts show increase in number, and decrease in the size of the balance. There's Henderson & Smith's account that—five years ago—used to be good for a standard average balance of $5,000, day in and day out. Sometimes it was down to around the $1,000 mark, but more likely it had a figure 'six' or 'seven' heading it. Now, that account, in the face of their business having doubled and trebled, is kept closely around $2,500. Indeed, I have often told Smith that if he devoted one-tenth part as much energy to boosting his sales as he does to keeping his bank balance stationary, that he'd be a John Wanamaker by this time."

The older man studied silently as the younger man talked on.

The other businesses in town, it was evident, indicated plainly the same condition. Baker, butcher, and candle-stick maker, all seemed to cling to the doctrine of the small balance, yet not a depositor was "hard up." They were good business men, too good business men ever to run short or miscalculate, yet to shade balances seemed to be the order of the day.

Interrupting his brown study, the older man said quietly, "What becomes of the rest of the money?"

II.

Smith, of the firm of Henderson & Smith, was willing to talk. Indeed, it struck the younger Manning as rather incongruous that he had never before thought to invite Smith in and get the latter's views on business, socialistic and crazy-quilted though those views might be.

Yes, Smith would talk, did talk, and was talking. The fact that the older financier, as well as the younger manager of the bank, was present deterred him not one whit.

"Now, about this question of bank balances that you have raised here," Smith was saying. "You say, and say truly, that Henderson & Smith do not keep any large—or even proportionate—amount of money in the bank. It's true—and why shouldn't it be true? We men have got to keep every dollar we have, earning. Of course, we determine in our own minds the amount of money that the bank is entitled to on balance, in return for the favors that we get from the institution. These favors are: The care and custody of our money, first; next, the friendship and counsel of the banker; and, lastly, the influence on our credit that a bank balance has—and it's the latter principally that influences us. We have determined, my partner and I, that the accommodations you extend to us warrant your having $2,500, and $2,500 you have. If it isn't enough, we have to discover that fact from the restrictions that you place on our credit, or through other indirect means. No banker that I ever heard of makes an out-and-out bid for a larger balance in exchange for a greater credit. Many business men seem to think it shows ability to jockey around—"

"The business man puts his money—deposits it on an account against which he cannot check—with the man who promises greatest dividends."

This dissertation was all very well as furnishing a line on what the business public of the city expected of a bank, but it was not touching the subject which the Mannings of the First National of Manningville meant to cauterize.

The older financier asked quietly, as though the matter were of minor importance: "And what do you business men do with the rest of your money—your surplus funds over and above the $2,500 to be kept in the bank?"

Smith did not dodge the issue. He realized that he had talked to suit himself for the last quarter of an hour; now he was willing that his hearers should shape the conversation.

"Invest it, I'd say, if I had to answer in a word or two. But it needs more than a phrase of explanation. Take this town. What's been the development of interest facilities, not in the banks alone, but in the whole range of businesses?"

Smith looked questioningly from the younger to the elder Manning. Neither replied.

"I'll tell you," said Smith, vouchsafing his own answer and striking the table in front of him with his fist, "as far as the banks have been concerned, interest rates have gone lower and lower, and the conditions under which interest will be paid have grown harder and harder to meet. There are seven banking institutions and one trust company in the city. The First National—your First National—pays interest alone on savings and time deposits; at the other extreme stands the Trust Company, paying interest as well on daily balances. Then, too, you go down to the Manningville Trust and tell the vice-president that you have a few thousands in cash, and he will bid for it. Sometimes he'll give you four and one-half per cent. a year—he has offered me as high as six per cent. on a year's deposit, interest forfeitable if withdrawn before due.

"So much for the banks—the business man thinks of them, in connection with his surplus, only as short-time custodians—in their original banking function. Now for the other options: About five years ago our local enterprises commenced to build up, incorporate, and bid for money. One of the first men to hazard a considerable sum in these new stocks was a relative of mine, Lem Smith, who sold his farm, first putting the money into the bank and eventually risking $4,800 of it in gas-plant stock. This now brings him thirty per cent. every year and has given him a reputation for financial ability and foresight, as well. Now, as you well know, there are a half-dozen manufacturing enterprises of this kind in the city, which have absorbed extra capital and taught the business man and investor to sniff at a low rate of interest.

"Now we come to the root of the matter. These local stock buyers are continuous, enthusiastic advertisements as to the profits to be derived from the exercise of good judgment in purchasing corporation stocks. A man will take his three per cent. income from your savings department as a matter of course, and never think of saying a good word for the bank from which he gets it. But when he gets ten or fifteen or thirty per cent. from an enterprise that local, non-participating capitalists have told him was bound to be a failure, he is a permanent booster for the form of investment which has proved a dividend-payer for him.

"The romance of business—the example of our leading financiers—tends to drive the young man from the safety and assurance of a three per cent. to the uncertainty and hazard of bigger dividends. So—and now I specifically answer your question—the business man puts his money—deposits it on an account against which he cannot check—with the man who promises greatest dividends."

Even the older financier's countenance betrayed the fact that he was beginning to see things slightly different. "And who will bid highest?" he asked.

"Manifestly," said Smith, "the fakir — the financial irresponsible — the shrewd yet mercenary promoter. But their appeals are so powerful—so interwoven with logic and prejudice—with conservative figures and phenomenal 'estimates'—that even the coldest-blooded calculator in business cannot help but be moved.

"And the persistence with which those who bid for that surplus, work! Ask the postmaster what is a conservative estimate of the number of letters from outside promotion concerns that comes to the 'investor's list' of Manningville citizens. And the response: Tell me, did you ever list up the vouchers and draft register of your patrons, showing funds sent for investment out of the city? Why, the draft record of any bank, and still more the express and post office registers of outgoing funds, tell a most suggestive story of opportunity lost by the bankers of the city.

"Of the business men's surplus of the city of Manningville, what percentage do the bankers bid for? And what per cent. do they get? Perhaps one—at the outside, five—per cent. The rest is turned over to the tender interests of the plausible stranger in New York or New Mexico who can write the most alluring letter—play up the most appealing talking points—in his bid for 'country money.'"

"Yet all you local dealers are yourselves making a bid for 'stay at home money'—you are advising your patrons every day to build up the community by spending their money here," interrupted the young banker with some heat.

"Indeed we are; and that shows the very illogicalness of our position. Our surplus—the business man's surplus—should be kept at home. The bankers—the financiers, not the tradesmen—are the ones to keep it here. Then, why don't you bid for it?"

III.

Spurred by Smith's pregnant query, "Why don't you bid for it?" the bankers of Manningville were meeting in social and executive session to thrash out the question of keeping local money where it belonged—in the city first, and next in the custody of the various financial institutions. No business men were present. Smith, however, had an able spokesman for the business men's side, in the person of young Manning, who had come to say, not that all the fault for the small surplus was on the shoulders of the business men, but that the bankers themselves must take at least a fair share of the responsibility. His first plan was to address the meeting himself, make the opening argument, condense Smith's voluble remarks and arrange them logically and put them before the assembly as the business creed —prejudiced though it might be—of a man who, having made a success in his business, lacked only the investment sense. Then, these trenchant thoughts once before the city financiers, a wealth of acquiescence and suggestion would undoubtedly follow.

But matters so shaped themselves that Manning was to be one of the junior speakers. Harris, of the Harris National, whose avowed policy was that

"Manning's task was to present in a fellowship meeting an unpleasant subject."

of the traditional banker who stands as a type in so many minds—the banker of the old school who supports the eternal rightness of traditional banking methods, be they what they may—made the opening address.

Harris's introduction was that of a tribute to the greatness—the integrity —of the banking profession. Touching on the high standing of those guardians of the public's wealth, he paid—from out of his own wide experience—tribute to the greatness of the financial institutions of the nation—the State—the community—the city of Manningville. Shading into his argument, it was due to the wisdom, the foresight, the liberal and broad-minded intelligence on the one hand, and the financial conservatism on the other, of fellow bankers like those gathered about the festive board, that the banking business of this great country was in this splendid condition. In closing, Harris's peroration strongly brought out the conclusion that the financial institutions of the city of Manningville had but to maintain their previous high standard of commercial integrity—to keep to the beaten track—in order to make present idyllic conditions permanent.

While Manning was hesitating how to present his mustard seed of thought, other speeches followed. In more ragged and less eloquent periods—for Harris was by far the most accomplished after-dinner speaker present—the remaining bankers on the programme stuck to the same text as had the conservative Harris.

Manning's task, then, was that of diplomacy and difficulty. He was to present in a fellowship meeting an unpleasant subject—to drag in the skeleton at the feast—to plead the case of an absentee—to allege the inefficiency of his fellow guests. He did this by giving with deliberation and even hesitancy—as though the answer to the problem was still in doubt in his own mind—a concise summary of Smith's talk and the conclusions he himself had drawn. As he spoke, he anticipated the final attitude of his hearers. They would diplomatically sidetrack an unpleasant subject introduced in a gentlemen's meeting by a young, inexperienced enthusiast, mildly deplore his critical tendency—which tendency, unless carefully restricted and circumscribed, might lead even the best men astray—and disband without discussing the very topic which had caused the meeting to be called.

All this was done. The troubles of Smith were sidetracked, the skilful Harris having safely turned the switch.

IV.

After Manning's failure in his attempt to introduce the discussion of new banking methods among his fellow bankers, he was in the bank one afternoon when Smith came in to buy a five-hundred-dollar draft payable to an out-of-town promotion concern.

"Still depositing your surplus with strangers, I see," said Manning casually to his talkative customer. "Our chat the other day didn't wean you away from your old habits, evidently."

"No," said Smith, "though, as I remember it, I was the one who did the talking. This draft is first payment toward an investment that certainly promises well. The incorporators claim the stockholders will make a profit of twenty per cent., though I think that somewhat overdrawn. But, even with the risk I am taking, I will be well satisfied if returns run up to fifteen per cent."

"Say," said Manning, struck by a sudden impulse, "let's go halves on this proposition. You are always sending away considerable money 'for investment.' While I don't mean to be impertinent or to spy upon a customer who comes in legitimately to buy a draft, yet you can invest that money to better advantage nearer home, don't you think so?"

"Perhaps I can, but echo answers 'where'?" said Smith. "You will give me three per cent. if I put it on savings deposit—but that won't boost me very far up the financial ladder."

"No, I will do better than that. I'll meet the competition of the world. The assistant cashier is writing you a draft for five hundred dollars. Make it two hundred and fifty and put the other two hundred and fifty on a special account, and, as you speculate with your surplus throughout the year, put half of all your proposed investments on that special account. Then, at the close of the year I will duplicate all profits that you have made from your outside investments."

At this, Smith called to the employe writing the draft. "Hold on a minute, here seems to be a protected hazard in speculation—and in a responsible financial institution, too. That's something new to me, and I tell you it appeals." Turning to Manning, "Let's get that proposal of yours down in black and white."

Into the office they went and jotted down the essentials of the proposed contract, to cover this ground:

When a particularly alluring "investment campaign" threatened to coax the money out of Smith's reserve, he was to divide his customary appropriation in half, sending one-half away and placing the other on special deposit at the bank. At the expiration of a year the first accounting was to be made. Accrued interests of stocks that paid were to be equalled by the bank. Assessments, if any, were to be paid from the interest fund. So far all was easy. When it came to stock valuations, however, there was some difficulty in drawing an equitable agreement. As Smith explained, it was often difficult to determine stock values, particularly on the

"I have practically forfeited $1,500 at least, to pay myself four and one-eighth per cent. more than your savings rate."

semi-wildcats, which he intimated were his favorites. But finally the agreement was drawn, covering a wide range of probabilities, and for the opening transaction, the special account of Smith was credited $250, and $250 sent on its way to the promoter in the metropolis.

As time went on, the growing column of entries began to worry Manning. Suppose that Yukon-Columbia, a mining stock that proved a prime favorite of Smith's, should make a sensational advance, as some mining stocks had done? The assurance with which Smith dropped into the bank from time to time, bringing the profits of his local business, dumping half into the maw of the brokers and placing the other half on the special account, began to alarm Manning. When, after six months, the deposit figures stood at $1,250, Manning began to feel somewhat the outside viewpoint—the smallness of the $12.50 that the special account approximately had earned, compared with that unknown, yet alluring amount that the stock purchases might accumulate.

As the end of the year began to draw to a close, Manning had philosophically decided to stop his worry—take his loss, whatever it might be, on the special account—and charge it to his individual experience. It would save speculation and brain-wear. Anyhow he stood to learn. For the future he would not mix up any more with speculation, even in a spirit of bravado—or education, either.

V.

Then came the time of reckoning. Smith was on hand with his bundle of "securities," a few scattering interest checks and a bale of letters. The aggregation made three piles on the table in the president's room. The certificates—composite parts of the capital stock of corporations organized in the four corners of the nation—made an imposing array. Smith's outlay of $2,000 had secured corporate wealth—paper figures—aggregating a sum, which, considered seriously, made the surplus of the Manningville First National insufficient to make good the hasty proposition of its president.

Manning glanced at the pile of checks clipped together. There seemed to be a number of them, a gaudy one for $100 resting ostentatiously on the top.

Exhibit three was made up of a number of letters from the different companies issuing the stocks. What their contents told, Manning could only guess.

"Like to compromise this little gamble of yours?" Smith asked facetiously. "Suppose you make it a straight fifty per cent. for interest, and we will destroy the agreement. Let you off cheap," he continued, with a note of interrogation.

"No," said Manning, "our agreement will hold if it bankrupts the institution."

Quickly they checked up the stock and dividends. Figures showed that the $2,000 invested by Smith had yielded $142.50, 7⅛ per cent. on the investment. Such was the first showing—that of interest. Assessments, probable in some cases, had not had time to accumulate. Stock values, there were none. For of the bale of gaudy stock, but perhaps one-fourth was salable under even the most favorable conditions. One of the letters in answer to Smith's inquiry seemed to sum up the situation perfectly. This communication ran: "We are in business to sell stock, not to buy; but would be pleased to list your holdings on a fifty per cent. commission basis if you must sell. Only unforeseen and unavoidable conditions have caused the issue you hold to depreciate in value."

"Looks as though my seven and one-eighth per cent. income had been bought pretty dearly, doesn't it?" Smith said, as he looked at the maze of figures arrayed on the sheet in front of him. "I have practically forfeited fifteen hundred dollars, at least, to pay myself four and one-eighth per cent. more than your savings rate."

"Yes," replied Manning. "But we've both learned—and what's well worth while, too. For you know now where not to put your funds, and from this experience I see a talking point which makes this institution the future home of the business man's surplus—all of it, not a mere remnant. Ours has been a speculation that has paid—and paid big."

NEW $10 COUNTERFEIT.

A DECEPTIVE counterfeit $10 national banknote, bearing the portrait of William McKinley, has been discovered, and the Secret Service is endeavoring to trace its origin.

The counterfeit is viewed by the officials as one designed with great cleverness. The note is on the Citizens' Central National Bank, of New York City, of the series of 1902, and, apparently, is printed from lithograph plates on two pieces of paper between which silk threads have been distributed. The numbering is poor, the figures being irregular in size and alignment, but the pink seal is excellent, both as to color and workmanship.

A DAY AT A LONDON BANKING OFFICE.

From the Scottish Bankers Magazine.

MANY of the banks do not open their doors to the public until ten o'clock, and in their number the Scottish banks are included, but there is of necessity a great deal of preliminary work that must be done. The mail bags are the first consideration, and all the energies of a large number of the staff are brought to bear upon them in order that the mass of correspondence may be distributed to the various departments and dealt with in good time.

With the advent of the managers comes the opening of the strong rooms. It may here be said that these in modern banks are practically impregnable. There are doors within doors, and safes within safes, and all that human skill and ingenuity can devise has been lavished on their construction. The robbery of banks' strong rooms is a favorite subject with the writers of fiction, but in the region of fact it is unknown.

The joint presence of usually three or four members of the staff, each having custody of one key, is necessary before access can be obtained. The cashiers' boxes and all other boxes and securities required during the day, so far as is then known, are brought out and distributed, everything taken out being entered in the strong room registers kept for this purpose. At the close of business it falls to the officials who lock up the strong rooms to see that everything entered in the registers as having been taken out during the day is properly accounted for.

The Managers' Duties.

The multifarious duties of the managers may be said to commence with the opening of the strong rooms. The important part of the morning's correspondence is then laid before them, and their attention directed to any special matters. Immediately after the official opening hour the stream of callers begins, and in the forefront come the bill-brokers and stockbrokers, each one a living illustration of the adage, "Time is money." In order that the managers may be able to deal promptly with these gentlemen it is essential that before the opening hour a carefully prepared forecast of the day's receipts and payments, and (so far as is practicable) for some fourteen days or so onwards, be placed in their hands, so that they may be able to lend or call in money from the brokers as occasion requires.

The manager has an available surplus for the day of say £100,000 which he is able to lend. When money is in good demand this is a very easy matter, for there is then a full attendance of brokers, and the amount is speedily absorbed. The sum is divided amongst the brokers in amounts of £10,000 and upwards for the day, or fixed for a few days, and any fixtures maturing are renewed. The process is reversed when the forecast shows the day's balance to be adverse to the bank. The rate of interest is regulated by the ordinary laws of supply and demand. When money is easy, bankers are practically compelled to accept the rate offered by the brokers, as the latter hang well together and it is difficult to break rates. It is when money is in demand, or looks like getting dearer, that managers are afforded an opportunity of displaying their powers of diplomacy, as regards fixing the rate, and their acumen in judging the period for which the money is to be lent. On Thursday mornings rates are usually quoted subject to alteration should there be a change in the Bank of England rate. When there is a glut of money brokers are conspicuous by their absence, and the lenders have to seek the borrowers. A securities room official is usually instructed to go from broker to broker and offer the money on current terms. It sometimes happens that money is quite unlendable, or will only be taken by the billbrokers bv way of re-discounts, *i. e.*, the banker discounts to the broker a parcel of the latter's discounted mercantile bills.

Safeguarding the Loans.

Advances to billbrokers and stockbrokers are always on loan account—current accounts, when kept, being used merely for cross entry and interest purposes. A letter of indemnity in general terms is taken from the billbrokers, whereby they accept full responsibility for all bills in the hands of the bank, held as security for their loans, whether endorsed by the broker or not. Stockbrokers' loans are turned over at each account, and a letter of hypothecation is taken, giving a full list of the securities and their values at the price of the day.

It is of the utmost importance that the assets of the bank be kept in as liquid a condition as possible, and to this end a large floating surplus, amounting from one to several millions according to the magnitude of the bank (over and above investments in gilt-edged securities, advances, and cash on hand), is lent to the billbrokers and stockbrokers at call or short notice. A large balance, from £100,000 and upwards, is also maintained at credit of current account with the bank's clearing agents.

Billbrokers' loans are from day to day, or are fixed for a few days, and loans to stockbrokers are fixed from account to account. In security the billbrokers hand in neat packets of fine paper, each containing bills amounting approximately to £5,000 or £10,000, in exchange for which they are given a check upon the bank's clearing agents. The packets of bills are returned on repayment of the loan, or are replaced by others should the bills mature during the currency of the advance. The stockbrokers' loans are made against the delivery of first-class stocks and shares, upon which it is stipulated that a sufficient margin must at all times be maintained.

It will be seen that the position of manager of a Scotch bank in London is more onerous than would appear to the casual observer. He has not only to watch over the affairs of his own clientele, but he has in addition to safeguard the larger interests of the bank generally, and to keep his chiefs at Head Office informed of all matters of interest. In fact, he has to have his finger constantly upon the pulse of the money market, and to be prepared to act quickly and effectively in any emergency.

Securities Department.

The securities department is a most important one, and is sometimes very aptly termed the "House of Lords." It is to this department, more than to any other, that managers look to keep them informed, particularly regarding the position of loans, and the securities held against these. All payments are made here against stocks, shares, and other securities, and careful watch must be kept upon the markets, especially during such troublous times as have recently been experienced, to see that the stipulated margins are maintained upon the securities held against advances.

Settling day on the Stock Exchange is the day of all days when the securities department might well put up the sign "This is our busy day," for on it payment is made for all stocks and shares bought or sold during the preceding fourteen or nineteen days' account. In the afternoon there is always a hurried rush of hatless stockbrokers bearing huge piles of bonds and shares, for which they demand a check in no uncertain voice; and there is the aftermath of entering up securities and checking valuations. Needless to say, the personnel of this department consists of picked men, and it should be the ambition of every junior to obtain entry into it, as the experience to be gained will be of the greatest advantage to him in the future.

In the larger London banks the cashiers are divided into two sections, the receiving cashiers and the paying cashiers. These again are subdivided, each cashier having affixed to his desk certain letters, A-D for instance, so that customers whose names commence with these letters go to him only, thus preventing any undue crowding.

The Scottish banks have, of course, no right of issue in London. Bank of England notes only are used, and gold forms a large circulating medium. Scales are in universal use, and are of great value to the cashiers in the issue of gold, as double counting is rendered unnecessary. The London cashier pays all checks at sight, and he has, therefore, to acquire a greater knowledge of customers' accounts and signatures than is the case in Scotland, where checks are first passed by the ledger-keepers.

Reference is made when necessary to the signature-books and calendars of balances, but on busy days there is little time for this. The detection by the highly trained cashier of the forged or unauthorized signature and counterfeit coin, no matter how skillfully made, is almost a matter of instinct, and indeed is little short of the miraculous. Coupons are in most banks received only up to 2 p. m., and are in few cases paid at sight. The usual practice is to issue call tickets, which allow the paying bank three clear days in which to examine the coupons at their leisure. As a rule, coupons are neither received nor paid on Saturdays.

The issue of new capital by prosperous undertakings, and the flotation of new companies offering golden opportunities to the investor, always entail a large amount of work upon the cashiers, more especially when the shares are quoted at a premium before the lists are closed. Then is seen the rush of eager "Stags," anxious to lodge their applications in time, and not infrequently the aid of the police has to be invoked to regulate the long line of applicants.

Preventing Forgeries.

Check-books are only issued to the customer personally or upon his written order. In the latter case he is advised by letter that a check-book has been delivered, and an opportunity is thus afforded him of giving the bank timely warning should the order be a forgery. A case in point recently occurred in one of the Scottish banks. A check-book was obtained upon a forged order by a letter-box thief, who disarmed suspicion by paying in for the customer's credit a dividend warrant abstracted from a stolen letter from the client to the bank. In accordance with the rule, due notice was sent to the customer that a check-book had been issued, with the result that, when a skillfully forged check for a large amount was presented later for payment, the thief was neatly caught, the client having warned the bank by telegram.

As the Scottish banks are excluded from the London Clearing House, checks drawn upon them have to be presented by the other banks at the counter. The custom is to present them by means of walk clerks, who leave their bundles of checks with a slip showing the total amount in a wire cage or box on the counter, marked "Bankers' Charges," and call later in the day for payment. This is made by way of transfer check drawn upon the Bank of England, only small amounts being paid in cash.

The receiving cashiers examine all payments made to them for credit of customers, but enter in their books only the name, total amount of credit, notes, coin, and any checks drawn on their own banks. The credit slips and checks are then passed on to the waste book clerks to be dealt with. The waste books show at a glance the full particulars of each credit, and are divided into columns giving the name of customers, amount of credit, checks on clearing banks, checks, etc., not clearable, notes, coin, checks on own bank, and totals paid in to the Bank of England or other banks acting as clearing agent. At the close of business these books are balanced with the receiving cashiers' books, and slips are passed through the latter debiting the clearing agents with the totals paid in during the day, and uncleared vouchers account with the total amount of checks, etc., passed to that department. After being entered in the waste books the town clearing checks are arranged in the order of the different banks and are listed, and the total agreed with the waste book. They are then paid in at the bankers' department of the Bank of England. Although this appears to be a very simple operation, it calls at all times for very smart and accurate work, for if there is any slackness the result is that checks miss the clearing, and have perforce to be held over until the following day.

Method of Handling Checks.

Checks, etc., received from the head offices and branches are dealt with separately, and the branch totals are entered in the remittance book under three heads—town checks, country checks, and bills. Vouchers remitted under the first head are separated into clearing and non-clearing, and the former are listed and paid into the Bank of England. At certain times of the year, such as at the quarters, and particularly in the beginning of January and July, when dividend warrants are very numerous, the charge to be made up and balanced will frequently number many thousands of vouchers, and it will be seen that the task demands both speed and accuracy. The modern calculating machines, by means of which long columns of figures are totalled automatically, are of great service in this connection, and entirely obviate the endless checking of additions that had formerly to be faced.

English country checks are paid into the Country Clearing House through the Bank of England. As the doors of the Country Clearing House are closed at 12.30 p. m., and on Saturdays at 11.30 a. m., it is necessary to use every effort to get checks paid in in time, as otherwise a day is lost. Customers' accounts are credited with the proceeds on receipt of payment, free of charge.

All checks and other vouchers which cannot be passed through the Town Clearing-House go to the Uncleared Vouchers Department to be dealt with. In the Uncleared Vouchers books the checks, etc., are entered according to the district in which they are payable, and are sent out for collection by walk clerks, or are in some few instances collected by post. The walks are arranged in such a way that they radiate in all directions from the bank doors, so that there is no overlapping. The walk clerks list in their notebooks all the vouchers payable in their district, agree the amounts with the Uncleared Vouchers clerks before departure, and account to them for the total on their return. These young gentlemen carry their vouchers in a wallet or case to which a chain is attached. The latter is then fastened round their body, or attached to their wrist, to prevent a thief possessing himself of their valuable charge by a sudden snatch. It speaks volumes for the care and astuteness of these young clerks that, despite the army of known thieves in London, one so seldom hears of a robbery being effected from them. It is apparent that with the immense crowds which so frequently gather in the streets of London, on the occasion of visits of royalty or notabilities, Lord Mayor's shows, unemployed, suffragette, and other processions, great care is necessary if they are to return safely with their collections. The recent establishment of the Metropolitan Clearing House has greatly diminished the numbers of checks which have to be collected by walk clerks, and the former practice of sending suburban checks by post is now, happily, entirely discontinued. Checks for the Metropolitan Clearing are paid into the Bank of England at 10 o'clock and on Saturdays at 9 a. m.

The Bill Office.

Bills remitted by branches are dealt with by the Bill Office. This department also attends to all foreign bills for collection or sale, customers' bills for discount or collection, and to bills left for acceptance. Notaries' clerks call at the close of business each day and are handed any unpaid bills. These are recorded in the notaries' books, and are again presented for payment. If still unpaid they are noted or protested as the case requires, and are returned to the bank on the following morning.

Scotch and Irish checks are passed through the bills lodged book, and the proceeds are credited to the customers' accounts when received, less the usual commission.

The current account ledgers are divided into sections according to the needs of the branch, and present no features differing greatly from the practice in Scotland, except that accounts are not docketed at the close of the bank's financial year. It is the practice to charge the customer a yearly commission when the balance maintained at credit of the account is insufficient to recompense the bank for the trouble and expense involved in keeping it.

The writing up of the customers' pass-books provides work for a large number of the junior clerks. The pass-books are written up entirely from the credit slips and paid vouchers, and are agreed with the ledger before delivery to the customers. All paid vouchers are returned to the customer from time to time in a pocket of the pass-book provided for the purpose.

The correspondence department is a large and important one, and on foreign mail days, Stock Exchange settling days, and other special days, may be said to be one of the busiest in the bank; and, as a great deal of their work has to be done after the doors are closed and other departments have finished, the men in it are usually the last to leave. Shortly before 6 p. m., numbers of bank messengers, bearing sacks of letters and accompanied by a clerk as bodyguard, may be seen hastening through the numerous courts and alleys of the city on the way to the nearest post-office. Many of the larger banks, however, have pillar-boxes in their own establishments, which are cleared in the usual way by post office officials.

DEPOSIT GUARANTEE, TEXAS STYLE.

SINCE it was the somewhat disagreeable duty of this newspaper to show Senator Bristow, of Kansas, that statutes for the guarantee of bank deposits were either a premium on bad banking or humbug, and that the Kansas plan was humbug, Texas has passed a deposit insurance law. This has received the blessing of William Jennings Bryan. This is the more generous of Mr. Bryan, as it is almost exactly what he did not demand in the campaign of 1908.

His idea of deposit guarantee was generated by the runs upon financial institutions during the panic of 1907. Like most of his ideas, it was not a reasoned conclusion, but something which had appealed to a sympathetic temperament and a warm imagination. The only legislation of the kind was the law of Oklahoma, and that was paraded as an example of what was wanted. The essence of it was that immediately upon the failure of a bank, the depositors should be paid in full.

As a device for stopping a panic nothing short of this could be of the slightest value. A prolonged official receivership as in the Texas law, even with payment in full at the end of it, would not allay financial excitement in the slightest degree. The issue of notes of indebtedness by the official receiver, as the Kansas plan proposes, would be equally vicious, and would simply flood the market with wildcat currency at precisely the wrong time for such an operation.

The Texas deposit insurance law is by no means a bad law, except in the respect that it is superfluous. One thing at least it does not do. It does not even try to guarantee deposits in the sense understood by Mr. Bryan or his leading counsellor in that matter, Governor Haskell of Oklahoma. The Texas law provides that the state banking institutions shall pay:

(1) One per cent. of the daily average deposits of the year preceding.

(2) One-quarter to one per cent. of daily average deposits until a reserve fund of $2,000,000 be reached.

(3) Emergency assessment, if necessary, to replenish this fund, to be collected to the extent of two per cent. of average deposits, but not more.

This fund has the same old stage army quality. It is to be paid to a banking board which redeposits it in the same banks. It is nearly as impressive as the return of the soldiers in "Faust," where the military contingent looks as big as an army corps, until you realize that every sixteenth soldier has a darn in his tights in exactly the same place.

If the Texas banks want to insure each other, it may do good and cannot do much harm. There is not the slightest need for a statute to enable them to do so, and in respect of providing any real guarantee of bank deposits the Texas law is humbug.—*Wall Street Journal.*

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

PROMISSORY NOTE INDORSED BY DIRECTORS—WHEN PRESENTMENT AND NOTICE OF DISHONOR NOT REQUIRED.

LUCKENBACH vs. McDONALD et al.

UNITED STATES CIRCUIT COURT, E. D., PENNSYLVANIA, OCTOBER 9, 1908.

Where a promissory note executed in the name of a corporation as maker is, in effect, for the accommodation of the directors, who indorse the same, the case is within those sections of the Negotiable Instruments Law which provide, that presentment and notice of dishonor are not required in order to charge an indorser where the instrument was made for his accommodation.

THIS suit was brought by the executor of the payee of a note for $10,000, dated July 2, 1903, payable four months after date, to the order of the testator, at Philadelphia, with interest, against the defendants as indorsers. The note is as follows:

$10,000. Philadelphia, Pa., July 2, 1903.
Four months after date I promise to pay to the order of Lewis Luckenbach ten thousand dollars, at 1336 Beach St., Philadelphia, without defalcation, for value received.
Holden Regealed Ice & Machine Co.,
Henry J. Kunzig, Prest.
Frank J. McDonald, Secy.

Said note was indorsed as follows:

Henry J. Kunzig.
Frank J. McDonald.
Sommers J. Smith.

At the trial of the case the uncontradictory evidence disclosed that the ice machine company had no assets whatever with which to meet its indebtedness, and that it was engaged at the time in the execution of two contracts which were considered valuable. The board of directors consisted of Henry J. Kunzig, Frank J. McDonald, Sommers J. Smith, and Franklin S. Horn. All these men were large stockholders, very much interested in the completion of the contract. They found it necessary to borrow money to continue the work, and Lewis A. Luckenbach was appealed to for aid. He loaned them $10,000, taking the company's note, with the understanding that Kunzig, McDonald, and Smith should indorse the same, which they did. The note was executed without authority of the board of directors, and signed by Kunzig as president and McDonald as secretary. McDonald never met Luckenbach, but was represented by Kunzig, who transacted the matter and secured the loan, went to New York, received the check and the note from Mr. Luckenbach, brought them to Philadelphia, where the note was executed by Kunzig as president and McDonald as secretary, and indorsed by Kunzig, McDonald, and Smith in accordance with the arrangement made by Kunzig. Kunzig, McDonald and Smith were the three active directors and conducted the business of the company. The company had no other assets whatever, excepting the patents, upon which they could not realize, and the consideration for the contracts which were being executed by Kunzig, McDonald, and Smith with the money borrowed from Luckenbach. When the note came due the indorsers were aware of the fact that there were no funds to pay the note, as they were the parties who were superintending the work of the company. It was not presented for payment, nor was there formal notice given either to Kunzig, McDonald, or Smith of its dishonor. The plaintiff claimed at the trial of the case that he was not required to present the same for payment, nor give notice to the indorsers, to enable him to recover.

The court directed the jury to render a verdict in favor of the plaintiff, first, because the note was made for the benefit of the indorsers; and, secondly, they were officers of the particular institution that was to pay it when it came due, and to whom it had to be presented for payment, and who knew all about it. They knew there were no funds to pay it, and had all the knowledge that could have been given to them by a protest in the regular way. The court having refused to direct a verdict in favor of the defendants, in accordance with their motion, all the evidence taken at the trial was duly certified and filed as part of the record, and the defendants in due time moved the court for judgment *non obstante veredicto.*

Holland, *D. J.* (omitting part of the opinion): At the argument on this motion it was urged that under the negotiable instrument act of Pennsylvania of May 16, 1901 (P. L., 206), the defendants could only be held as indorsers under section 63 of the act, which provides:

"A person placing his signature upon the instrument other than as maker, drawer or acceptor, is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be found in some other capacity."

If there was no other evidence in the case except the note itself, with these defendants appearing as they do upon the back of the note as indorsers, of course, this section would apply, and they could not be held in any other capacity. It would then have been necessary for the plaintiff to prove presentment and notice. But this section has no application, because the uncontradicted evidence, aside from the note, shows that the case falls within sections 80 and 115 of the negotiable instrument act. It is provided in section 80 that:

"Presentment for payment is not required in order to charge an indorser where the instrument was made or accepted for his accommodation, and he had no reason to expect that the instrument will be paid if presented."

And section 115 provides that:

"Notice of dishonor is not required to be given to an indorser in either the following cases: * * * (2) Where the indorser is the person to whom the instrument is presented for payment; (3) where the instrument was made or accepted for his accommodation."

The evidence shows that the indorsers were the real parties in the transaction, and the name of the ice company was only used for the purpose of carrying out the transaction between the indorsers and the lender. The plaintiff, if he had endeavored to present the note at maturity, would necessarily have presented it to either Kunzig or McDonald. These men knew there were no other parties who could pay the note but themselves in any capacity, and they had all the information which they could have received if every formality required by the law had been complied with. For these reasons the motion for judgment *non obstante veredicto* is overruled.

BILLS OF LADING—RIGHTS OF PERSONS MAKING ADVANCES ON.

FRANKLIN TRUST CO. vs. PHILADELPHIA, BALTIMORE & WASHINGTON R. R. CO.

SUPREME COURT OF PENNSYLVANIA, JUNE 23, 1908.

The master of a vessel or the agent of a common carrer has no authority to issue bills of lading for goods which have not been received; and if such master or agent

fraudulently or inadvertently issues a bill of lading for goods which have not been received he cannot be considered as acting within the scope of his authority, and the bill of lading so issued is void.

This is so though the bill of lading is in the possession of a bank which has advanced money thereon in good faith.

THIS action was brought by the Franklin Trust Company against the Philadelphia, Baltimore & Washington Railroad Company to recover damages for loss occasioned upon bills of lading which represented no goods delivered to the carrier, and upon the faith of which the trust company had made advances.

POTTER, *J.* (omiting part of the opinion): Of course, if the bills of lading upon which this suit is based were all forged or altered, they are invalid, and no recovery whatever can be had. But another question is raised in this case, and that is as to the effect upon the liability of the defendant company of non-negotiable bills of lading in the hands of a third party who was misled by them, and where the bills of lading were issued through the negligence or mistake of the agent, when no goods were actually delivered to the company for transportation. It is contended by counsel for appellee that in such case the defendant company would be estopped from showing that the goods were in fact received for transportation, and in support of this view the decision in Brooke vs. New York, etc., R. R. Co., 108 Pa., 529, is cited. In that case, however, it does not appear that the bill of lading was non-negotiable; but at any rate the transaction arose in the State of New York, and the decision avowedly followed and was controlled by the law of New York. But the view taken of this question by the courts of New York is directly opposed to the overwhelming weight of authority, which holds that the master of a vessel or the agent of a common carrier has no authority to issue bills of lading for goods which have not been received; and that as a consequence, if the agent of the carrier fraudulently or inadvertently issues a bill of lading for goods which have not been received, he cannot be considered as acting within the scope of his authority, and the bill of lading so issued is void. The decisions of the English courts are uniformly to this effect, and hold that, even as against a bona fide consignee or indorsee for value, the carrier is not estopped, by the statements of the bill of lading issued by the agent, from showing that no goods were in fact received for transportation. The same rule applies in Canada, and it is the established doctrine of the Supreme Court of the United States and of the Federal courts, and in many of the State courts. There has been much conflict over this question, but over and over again it has been pointed out in the decisions that a bill of lading partakes of the nature both of a receipt and a contract to carry; and in so far as it is a receipt it has always been held that it was not conclusive, but was open to explanation as between the original parties. In the present case the bills of lading were not negotiable instruments. The defendant company took the pains to limit its responsibility as regards third parties by printing across the bill the notice that it was "Not Negotiable."

But, aside from that fact, bills of lading do not occupy the position of bills of exchange or other commercial paper. This court, speaking by Thompson, C. J., in Empire Transportation Co. vs. Steele, 70 Pa., 188, said: "Lord Loughborough, in Lichbarrow vs. Mason, 6 East, 21, delivering the opinion of the Exchequer Chamber, held that the indorsement of bills of lading had never been regarded in the commercial world as resting on the footing of bills of exchange or other strictly commercial paper, that inquiry was a duty, and consequently that the indorsee took such paper on the credit of the indorser. So in the case of Kingsford vs. Merry, 11 Exch., 577. In Mechanics' Bank vs. New York & New Haven R. R. Co., 13 N. Y., 599, and in Brower vs. Peabody, 13 N. Y., 121, the same thing is contended, in the principle announced that a bill of lading is a mere symbol, its delivery or negotiation produces no greater effect than would the delivery of the goods it represents, and that the right conferred by the indorsement will be limited to that which might have been exercised by the indorsee, had the goods themselves been transferred, instead of the bill." And in the opinion of the Supreme Court of the United States, in Friedlander vs. Texas, etc., Ry. Co., 130 U. S., 416, 9 Sup. Ct., 570, 32 L. Ed., 991, it is said: "Bills of exchange and promissory notes are representatives of money, circulating in the commercial world as such, and it is essential, to enable them to perform their peculiar functions, that he who purchases them should not be bound to look behind the instrument, and that his right to enforce them should not be defeated by anything short of bad faith on his part. But bills of lading answer a different purpose, and perform different functions. They are regarded as so much cotton, hay, iron, or other articles of merchandise, in that they are symbols of ownership of the goods they cover."

In Bank of Batavia vs. N. Y., L. E. & W. R. R. Co., 106 N. Y., 195, speaking of the liability of the common carrier upon a bill of lading, the court says: "If he desires to limit his responsibility to the named consignee, alone, he must stamp his bills as 'Non-negotiable'; and where he does not do that he must be understood to intend a possible transfer of the bills, and to affect the action of such transferees." This would seem to be an intimation that the New York courts would not hold the carrier estopped from showing the truth with regard to the non-delivery of the goods when a bill of lading stamped "Not Negotiable" was found in the hands of a third party. But, however that may be, in view of the fact that this case is to go back for another trial, we have called attention to these authorities, in order that the decision in Brooke vs. New York, etc., R. R. Co., 108 Pa., 529, 1 Atl. 206, 56 Am. Rep. 235, may not be regarded as declaring the law of Pennsylvania. It is conclusive only as to its own facts, and as applying to them the law of the State of New York, where the transaction occurred. It is not to be regarded as decisive of the law of Pennsylvania in a case where by mistake or fraud a non-negotiable bill of lading is issued, when no goods have been received for shipment and the bill of lading is transferred to third parties. In such case the question is to be regarded as at least an open one in Pennsylvania.

In the present case, the judgment of the court below is reversed, and a *venire facias de novo* is awarded.

IRREGULAR INDORSER—AGREEMENT TO BE BOUND OTHERWISE THAN AS INDORSER.

MERCANTILE BANK OF MEMPHIS vs. BUSBY et al.

SUPREME COURT OF TENNESSEE, SEPTEMBER 30, 1908.

The provision of the Negotiable Instruments Law that a person, not otherwise a party, who places his signature upon the instrument before delivery is liable as an indorser, creates only a *prima facie* liability, and as between or among the immediate parties it may be shown by parol evidence that they were to be liable as makers.*

Where a number of stockholders indorse before delivery a note made for the benefit of the corporation, the note may be regarded as made for their accommodation, so that notice of dishonor is excused under that provision of the Negotiable Instruments Law, which dispenses with notice where the instrument was made or accepted for the indorser's accommodation.

McALISTER, *J.:* The original bill herein was filed on the 23d of May, 1906, against B. I. Busby, C. D. Williford, C. B. Blackburn, and H. L. Williford, on the following note:

"$9,000. Memphis, Tenn., Sep. 2, 1905.

"Six months after date I promise to pay to the order of myself Nine Thou-

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* The reasoning by which the Court reaches this result is strained and very unsatisfactory. The conclusion is directly in conflict with that reached by the Supreme Court of Ohio in Rockfield vs. First National Bank, reported in the Bankers Magazine for April, 1908. The opinion in the latter case contains a very clear and lucid exposition of the subject. It does not seem likely that the very lame reasoning of the Tennessee Court will be received with favor outside of that State.

sand Dollars at Mercantile Bank, value received. B. I. Busby."

The note had the following names indorsed on the back thereof in the following order, viz.:

"B. I. Busby.

"B. I. Busby Co., by B. I. Busby, Pres.

"C. B. Blackburn, Laconia, Ark.

"H. L. Williford.

"Pay American Exchange National Bank, New York, N. Y., or order.

"Mercantile Bank of Memphis, Tenn., W. A. Smith, Cashier, C. H. Raine, Pres."

There was a credit of $1,000 on this note dated April 5, 1905, and this suit was brought to recover the balance due, with interest.

The bill showed that the note was presented for payment at the Mercantile Bank, where it was payable on March 2, 1906, and payment refused, whereupon notice of non-payment was given to the various parties. The notice to C. B. Blackburn was deposited in the post office at Memphis, Tenn., on March 2, 1906, addressed to E. B. Blackburn, Laconia, Ark. On June 26, 1906, the defendant C. B. Blackburn filed an answer denying his liability as indorser on said note for the reason that notice was not given him of the protest of said note for non-payment, and also setting up other defenses in his answer, which it is unnecessary to mention. It was averred in his answer that the protest was invalid, and that due notice had not been given him. Defendant Blackburn insisted that he had not resided at Laconia, Ark., for five or six years, but that he had been a resident of Doran, Phillips county, Ark. The answer averred that the notice of protest was addressed to him at Laconia, Ark., and that the first notice he had thereof was "some weeks thereafter when the same was found by respondent at the house where respondent's wife lives in the city of Memphis, and where respondent stays when in said city." The answer further avers that said notice was mailed "to respondent from Laconia on March 2, 1906, by a relative living at Laconia." The answer denied that complainant was the legal holder of the note or was entitled to maintain an action thereon. On the 12th of July, 1906, by permission of the court an amended bill was filed, wherein it was alleged that:

"The B. I. Busby Co. was a Tennessee corporation, in which B. I. Busby, C. D. Williford, C. B. Blackburn, and H. L. Williford were all largely interested. That such parties desired to raise money for it and for their own benefit. With this in view the note in question was made in the form in which it appears. All of the indorsements thereof were made before the note was attempted to be used, and, after being so completely executed, the same was discounted by complainants. The money so borrowed went into the business of B. I. Busby Co., in which the various parties were interested."

The theory of the amended bill is that each and all of the parties to said note are equally bound thereof, and that no protest was necessary and no notice of non-payment had to be given. On August 27, 1906, C. B. Blackburn filed an answer to the amended bill wherein he admitted that he had been a stockholder in the B. I. Busby Company, but claimed that he was not otherwise interested therein, and insisted he was an accommodation indorser on said note. The answer denied that C. B. Blackburn had ever waived protest and notice, or admitted liability on the note after it fell due.

The Willifords also filed their answers to the bill in which they claimed to be accommodation indorsers on said note. Proof was taken, and on the hearing the chancellor decreed:

"That the $9,000 note is unpaid, except that $1,000 was paid thereon on April 5, 1906, and that another payment of $2,301.16 was made thereon September 5, 1907, which payments are admitted by complainant. This last payment was a collection made of the Columbia Star Milling Co. vs. B. I. Busby, before mentioned. Thereupon it is held and decreed as follows:

"(1) That the $9,000 note before mentioned was given for a debt or obligation and for the benefit of the B. I. Busby Co., a corporation in which the said B. I. Busby, C. D. Williford, C. B. Blackburn, and H. L. Williford were stockholders.

"(2) That B. I. Busby, C. D. Williford, C. B. Blackburn, and H. L. Williford were all in law joint makers of said $9,000 note and all liable therefor, and no protest of same was necessary.

"(3) That the negotiable instruments law of Tennessee did not change or affect the liability of the parties to the $9,000 note, but all the parties are liable thereunder as above stated."

It was therefore held and decreed that the Mercantile Bank of Memphis have and recover of B. I. Busby, B. I. Busby & Co., C. B. Blackburn, and H. L. Williford the sum of $6,359.75, said amount being the principal and interest now due on the $9,000 note as aforesaid. The judgment was against all of said parties jointly and against each of them severally. It should have been stated that no decree was pronounced against C. D. Williford for the reason he had been adjudged a bankrupt in the District Court of the United States for the Southern District of New York, and discharged from all debts due by him on April 26, 1907, and that thereby he was discharged from all liability on the $9,000 note in suit.

The defendant Blackburn appealed from the decree of the chancellor, and has assigned numerous errors, most of which are based on the action of the chancellor in sustaining the exception of the complainant to certain questions and answers in the deposition of C. B. Blackburn. The main assignment of error, however, is that the chancellor erred in rendering a decree for complainants against the defendant Blackburn and in refusing to dismiss the bill as to him.

The main inquiry presented on the record is whether or not the defendant Blackburn was a joint maker of the note in question, or whether he was an accommodation indorser in the sense of the law merchant. A history of the note in suit will throw much light on this question. The record discloses that the predecessor of the B. I. Busby corporation was the B. I. Busby Company. This company was a firm composed of C. D. Williford and B. I. Busby. As already stated, it was succeeded by the B. I. Busby Company, corporation, chartered in February, 1904. The stockholders and their holdings were as follows:

C. B. Blackburn	$5,000.00
B. I. Busby	2,500.00
C. D. Williford	2,500.00
H. L. Williford	9,100.00

It appears that the B. I. Busby Company as a firm owed a $12,000 note to the Mercantile Bank which was indorsed by the Agar Packing Company. The corporation B. I. Busby Company took the stock of goods that Busby and Williford had, drays, mules, accounts, etc., and assumed this indebtedness of the firm. It appears that, when the corporation took over the assets and assumed the debts of the firm, the indebtedness was explained to the stockholders of the corporation. It appears that the note in question was gradually reduced by payments made by the corporation and renewals to $9,000. It appears that a directors' meeting of the B. I. Busby corporation, November 12, 1904, B. I. Busby, C. B. Blackburn, H. L. Williford, C. D. Williford, and J. S. Hampton were present. The president explained the note of $12,000 indorsed by the Agar Packing Company, stating that it was simply the renewal of one he had formerly carried with the same indorsement, and that it was for borrowed money from the Mercantile Bank. He stated that it could not be expected that the Agar Packing Company would again indorse this paper. It thus appears that C. B. Blackburn, the defendant, was present at the directors' meeting when the nature of this obligation was explained. It appears that another directors' meeting was held January 14, 1905, at which meeting C. B. Blackburn was present. The president stated that he did not want to again ask the Agar Packing Company to indorse this paper. Blackburn in his testimony does not deny that he was present and knew of this announcement. We think from Mr. Blackburn's cross-examination it is evident that he understood that all the notes which had been given in renewal from time to time of the original Agar Packing Company notes, and which were indorsed by the various stockholders of the B. I. Busby Company, corporation, bound all the indorsing stockholders equally. This is our conclusion of the nature of this transaction from an examination of the record. Under the authorities in this State prior to the passage of the negotiable instruments law in 1899, the parties being liable on said note as joint makers were, of course, not entitled to notice of protest and non-payment (Bank vs. Jefferson, 92 Tenn., 537; Assurance Society vs. Edmonds, 95 Tenn., 53; Logan vs. Ogden, 101 Tenn., 392; Bank vs. Lumber Co., 100 Tenn., 479). In this view of the case, it is an immaterial consideration that the notice of protest was sent to C. B. Blackburn at Laconia, Ark. It is insisted, however, on behalf of the defendant, that this rule has been changed by our negotiable instruments act of 1899 (Laws 1899, p. 152, c. 94), and now a party to an instrument who is not a maker, drawer, or an acceptor is an indorser, and therefore entitled to notice of dishonor. The contention is that when a person's name appears on the back of a note, whether as a regular indorser or as an irregular indorser, he is to be held strictly as an indorser and in no other capacity, unless he clearly indicate by appropriate words written on the note his intention to be bound in some other capacity. The particular sections of the negotiable instruments act relied on are as follows:

"Sec. 63. A person placing his signature upon an instrument otherwise than as a maker, drawer, or acceptor, is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity.

"Sec. 64. Where a person not otherwise a party to an instrument places thereon his signature in blank, before delivery, he is liable as indorser in accordance with the following rules:

"(1) If the instrument is payable to the order of a third person he is liable to the payee and to all subsequent parties.

"(2) If the instrument is payable to the order of the maker or drawer or is payable to bearer, he is liable to all parties subsequent to the maker or drawer.

"(3) If he signs for the accommodation of the payee he is liable to all parties subsequent to the payee."

It is argued that, under the express language of section 63 of the negotiable instruments act, C. B. Blackburn must be deemed to be an indorser of the note in question because there were no written words attached to the indorsement indicating his intention to be bound in some other capacity. It is said this result inevitably follows "unless he clearly indicates by appropriate words," etc.

It is insisted that this construction is reinforced by the language of the succeeding section 64.

(Counsel cites Thorp vs. White, 188 Mass., 333, 74 N. E., 592, also the case of Downey vs. O'Keefe [decided in 1905], 26 R. I., 571, 59 Atl., 929.)

On the other hand, it is insisted on behalf of the complainant that the negotiable instruments act merely defined what kind of instrument creates a *prima facie* liability as indorser, and that the real contract can be shown now just as it could have been shown before the act was passed.

In Bunker on the Negotiable Instruments Law, the author, after referring to section 66 of the negotiable instruments law of Michigan (Public Act 1905, p. 399, No. 265), which is the same as section 64 of the Tennessee act on the same subject, says:

"This section was construed by the Supreme Court of New York in Kohn vs. Consolidated Butter & Eggs Co., 30 Misc. Rep., 725. But the case was outside of the statute, in that it was alleged that the maker made and delivered the note to the payee and that thereafter the other defendants indorsed the note."

McAdam, Judge, said:

"The true intention of indorsers as between themselves can always be shown by oral evidence. To go further, and decide that the statute intended to create an incontestible liability against irregular indorsement would be to impute to the legislative wisdom a design repugnant to every notion of judicial procedure, especially in a provision enacted in the interests of law reform."

The case of Corn vs. Levy, 97 App. Div., 48, is cited for the proposition that in the State of New York liability created by the negotiable instruments law is simply *prima facie*.

That was an action upon a promissory note brought against the executors of the first accommodation indorser by the second accommodation indorser who had been compelled to pay a judgment recovered against her upon the note by the payee named therein. The complainant alleged the making and delivery of a note to Kate A. Weichel, which before its delivery to her was first indorsed by the defendant's testator, and then by the plaintiff for the accommodation of the maker. It then alleged presentment, non-payment, and notice thereof to each of the indorsers; next that thereafter the payee sued the plaintiff as indorser of the note, notice of which action was given to the defendants, and a judgment therein was recovered against the plaintiff for the amount of the note, interest, and costs, which was paid by her. The sum so paid she seeks to recover from the defendants on the indorsement by their testator. Said the court:

"It was formerly the rule in this State that, in the absence of any further agreement, such an indorser would not be liable to the payee of the note. To establish its liability, it had to be shown that he had indorsed the note for the purpose of giving the maker credit with the payee. Phelps vs. Vischer, 50 N. Y., 69. The same would formerly have applied to the plaintiff, whose liability would spring entirely from a special agreement on her part (beyond that which the law implied upon the mere fact of the indorsement) that such indorsement was for the purpose of giving the maker credit with the payee. * * *

Section 114 of the negotiable instruments law of 1897 (Laws 1897, p. 734, c. 612) provides that, where a person not otherwise a party to an instrument places thereon his signature in blank before delivery, he is liable as indorser to the payee, and to all subsequent parties, if the instrument is payable to a third person. Before that provision was enacted, a third party could not be charged as an indorser of a promissory note before delivery, unless the complainant alleged that the indorsement was made in order to give the maker credit with the payee, or that the party indorsed the note as surety for the maker. The omission of such an allegation was held to be a fatal defect in an action to charge such an indorser. The necessity of an averment to that effect appears no longer to exist. However, in view of the plain language of section 114 of the negotiable instrument law, it seems to require nothing more than the simple fact of the indorsement to render the defendant *prima facie* liable in such a case (McMoran vs. Lange, 25 App. Div., 11).

The cases of Thorpe vs. White and Downey vs. O'Keefe are cited by counsel for appellant as announcing a contrary rule. In Thorpe vs. White (June 19, 1905), 188 Mass., 333, it appeared:

"The defendant Hannah C. Hand irregularly became a party to the promissory note set forth in the bill of complainant, as before delivery she signed her name in blank on the back of an instrument of which the defendant White was the maker and the plaintiff the payee (Du Bois vs. Mason, 127 Mass., 37).

The court said:

"According to the law relating to negotiable promissory notes before Statutes 1898 (Laws 1898, p. 502, c. 533) took effect she was liable as a promissor between herself and the plaintiff, although entitled to notice as if she were an indorser when the note was not paid at maturity by the maker [citing cases]. But, after the negotiable instruments act became operative, the distinction was abolished, and the effect of her signature was to make her an indorser as to all parties."

In Downey vs. O'Keefe (January 18, 1905), 26 R. I., 571, the court said:

"Action on a note by Michael R. Downey against Joseph O'Keefe and another. The note was as follows:

"'$275.00 Providence, March 18, 1899.

"'Six months after date we promise to pay to the order of Michael R. Downey Two Hundred and Seventy-five Dollars at his office, No. 712 Banigan Building, with interest at 5 per cent. per month, value received.

"'Joseph O'Keefe,
"'Dennis J. O'Conner.'

"Upon the back was the signature of John McCann. It was shown in evidence that the note was signed by the makers and delivered to one Hart, the agent of the plaintiff, who took it to McCann, and procured his indorsement. The executor of McCann resisted the suit, and prays for a new trial on the ground that his testator was a mere accommodation indorser, and did not sign until after the delivery of the instrument. * * * It has been uniformly held in Rhode Island until the passage of the negotiable instrument act (Pub. Laws 1898-99, p. 222, c. 674), which does not apply to instruments before July 1, 1899, that one who indorses a note payable to another before its issue is liable to the payee as a joint maker [citing authorities]. It makes no difference whether the signature is actually indorsed upon the note before or after it comes into the possession of the payee, if it is part of the agreement that the note shall be so indorsed to be acceptable [citing authorities]."

We do not think these cases necessarily decide that under the negotiable instrument law an instrument under circumstances like these renders the party absolutely liable as indorser, since no special agreement was shown.

We are of opinion that the real contract between the parties can be shown now as fully as it could have been shown before the passage of the negotiable instrument act, and that, as between the immediate parties, it is not necessary that the indorsement should be accompanied by appropriate words in writing, showing an intention to be bound in some other capacity.

As to innocent holders for value, the rule, of course, would be otherwise, and the statute would apply.

So far from an intention manifested by the Legislature to destroy this well-established rule we think section 63 of said act, providing that the person is to be deemed an indorser unless by appropriate words he is bound in some other capacity, is but a legislative recognition of the rule prevailing at the date of the passage of the act.

There is another reason why notice of dishonor of the note in suit was not necessary to be given the defendant C. B. Blackburn. Section 115 of the negotiable instruments act provides that:

"Notice of dishonor is not required to be given to an endorser in either of the following cases:

"1st. Where the drawee is a fictitious person or a person not having capacity to contract, and the endorser was aware of the fact at the time he endorsed the instrument;

"2nd. Where the endorser is the person to whom the instrument is presented for payment;

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

In our opinion the facts disclosed in this record show that this note was in reality executed for the benefit of every person whose name appears on it. As already stated, it is established in proof that this was an obligation of the B. I. Busby corporation, and that these parties were all stockholders and directors, and that the note was executed for the purpose of renewing an outstanding indebtedness of the corporation. It is in proof that the B. I. Busby corporation received all the assets and assumed all the liabilities of the firm of B. I. Busby & Co. Our conclusion on this branch of the case is that C. B. Blackburn was not entitled to notice of dishonor, since he was a joint maker and equally interested in the note with his co-makers and indorsers. We have also considered the questions made on the alleged alteration of the note, its cancellation, etc., but do not find these assignments of error well taken. It results that the decree of the chancellor must be in all respects affirmed.

CHECK PAYABLE TO ORDER OF FICTITIOUS PAYEE.

BOLES vs. HARDING.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, FEB. 25, 1909.

Under the Negotiable Instruments Law a check cannot be treated as drawn to the order of a fictitious payee, and hence payable to bearer, unless it is shown that the maker knew of the fiction.

THIS action was brought on a check alleged to have been executed by Edgar Harding and William Whitman, doing business as Harding, Whitman & Co., on the National Union Bank of Boston, payable to the order of the New England Freight Directory, for $20. Plaintiff further alleged that the New England Freight Directory indorsed the check and delivered it to plaintiff, for which plaintiff paid $20; that the check was presented at the National Union Bank within a reasonable time and in the usual course of business; and that the bank refused to pay the check and assigned as cause therefor that defendants had requested them not to pay the check when presented.

Defendants in answer alleged, in addition to a general denial, that if they drew a check payable to the order of the New England Freight Directory, as alleged, the check was obtained fraudulently and without consideration; that they stopped payment on the check while it was still in the hands of the person or persons to whom it was by them delivered; and that, if plaintiff received the check for value, he received it after payment had been stopped thereon out of the usual course of business, and with knowledge of, or cause to know of, the fraud by which the check was obtained by defendants and the lack of consideration therefor. Defendants also denied the genuineness of any and all signatures and indorsements on the check and demanded that they be proved.

BRALEY, *J.:* It is sufficiently plain that the defendants issued and delivered the check to an imposter who falsely claimed to represent an association of "freight handlers" to which they wished to make a donation. But while not conceded, the undisputed evidence would support a finding that the plaintiff was a holder for a valuable consideration, without notice or knowledge of any facts which would impair its validity. If this were the only defense, it would follow that upon proof of their signature he could recover, although between the original parties the check was procured through fraud and misrepresentation, as the defendants were estopped from denying the existence or the capacity of the payee to indorse. (Pettee vs. Prout, 3 Gray, 502, 63 Am. Dec., 778; First National Bank of Rochester vs. Harris, 108 Mass., 514; Robertson vs. Coleman, 141 Mass., 231; White vs. Dodge, 187 Mass., 449; Fillebrown vs. Hayward, 190 Mass., 472, 480, and cases cited; Rev. Laws, c. 73, §§ 18, 25, 69, 74; chapter 173, § 86.)

But if there was evidence of the signature of the makers, the issuance of the check and the good faith of the plaintiff, the answer having aptly raised the issue, there could be no recovery without proof of the genuineness of the indorsement by the payee, for until this appeared the check would not have been negotiated, and the exceptions fail to disclose any testimony from which this essential fact could have been found. (Bryant vs. Abington Savings Bank, 196 Mass., 254; True vs. Dillon, 138 Mass., 347; Estabrook vs. Boyle, 1 Allen, 412; Dana vs. Underwood, 19 Pick., 99; Rev. Laws, c. 173, § 86.)

The plaintiff, however, relies upon the well-settled rule that where an instrument containing all the other elements of negotiability is knowingly made payable to the order of a fictitious or non-existing person, the instrument becomes negotiable without indorsement, and is to be treated as if in terms made payable to bearer. (Dana vs. Underwood, 19 Pick., 99; Bryant vs. Eastman, 7 Cush., 111; Shaw vs. Smith, 150 Mass., 166, 167; Gibson vs. Minot, 1 H. Bl., 569; Gibson vs. Hunter, 2 H. Bl. 187, 288; Bennett vs. Farnell, 1 Camp. 130, 133, note, 180.)

In England since the bills of exchange act of 1882 (St. 45 & 46 Vict. c. 61, § 7, subd. § 3) proof of knowledge by the maker who issues the instrument that the payee is fictitious or non-existent is not required. A lawful holder may treat the instrument as payable to bearer, whenever it appears that the name of the payee is inserted merely as a pretense, without any intention that payment should be made in conformity with the promise, whether the name be that of an existing or a non-existing person. (Bank of England vs. Vagliano Brothers [1891], A. C. 107, 153; Clutten vs. Attenborough [1897], A. C. 90.)

But under our negotiable instruments act, formerly St. 1898, p. 494, c. 533, § 9, now Rev. Laws, c. 73, §26, as well as at common law, while the same rule as to what constitutes a fictitious payee obtains, the bearer as such cannot recover unless it is shown that the maker knew of the fiction. (Gibson vs. Hunter, 2 H. Bl., 187, 288; Phillips vs. Mercantile National Bank, 140 N. Y., 556; Shipman vs. Bank of State of New York, 126 N. Y., 318; Armstrong vs. Pomeroy National Bank, 46 Ohio St., 512.) If the element of knowledge is wanting there is no estoppel, although the fact that the payee is fictitious may have been fully established. The issue is one of fact, upon proof of which, by force of the statute the instrument becomes payable to bearer.

But the plaintiff having declared only upon the check as payable to order, it becomes unnecessary to decide whether there was evidence which warranted a finding in his favor, as this issue was not open. The third, fifth and seventh requests, that upon the evidence the plaintiff could not recover, should therefore have been given.

Exceptions sustained.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

PRINCIPAL AND SURETY — BANKS AND BANKING—CREDITING CUSTOMER WITH AMOUNT OF NOTE—DISCOUNT —COLLATERAL SECURITY — SEPARATE INSTRUMENTS — SURETIES IN DIFFERENT AMOUNTS — CONTRIBUTION BY SURETIES.

OSTRANDER VS. JARVIS. (18 O. L. R., p. 17.)

A bank, wishing to close an account on which a balance of $1,000 of advances to the customer remained unpaid, took a joint and several demand note for $1,000 of the customer and another as surety, payable to it, with interest and credited the customer's account with its face value, writing the word "disc." before the credit entry:—Held, that it was open to the bank to show that the note was in fact taken by it as collateral security merely, and not in payment of the balance due so as to release the accommodation makers of two other notes held by it as collateral security in respect to the same account.

Sureties by different instruments for the same principal debt are liable to contribute in proportion to the respective amounts for which they have agreed to be sureties.

A person as surety made a note for $3,000 to be held by a bank as security for advances to be made to a customer, and the ultimate balance thereof, and two others, as sureties, made a joint and several note for the like amount and for the same purpose, and another, as surety, made a note for $1,000 for the same purpose:—

Held, that they were liable to contribute respectively in the proportion of three-sevenths, three-sevenths and one-seventh of the ultimate balance requiring to be paid off.

THIS was an appeal from the judgment of His Honor, Judge Morrison, Judge of the County of Prince Edward, in this action, which was a high court action tried before him by consent of parties under the Act, 6 Edw. VII., ch. 20 (O). The action was brought under the following circumstances:

One W. T. Scott opened an account at the Metropolitan Bank at Picton with a view to obtaining advances, and deposited as collateral security a promissory note of the defendant, Jarvis, for $3,000, in favor of the Metropolitan Bank, and declared by letter of hypothecation of same date to be intended to secure the said account and the ultimate balance thereof. Later on, the bank manager being dissatisfied with the account, Scott got his father and mother-in-law, Hiram and Frances Ostrander, to sign a joint and several note for $3,000, payable to his order, which he indorsed over in like manner to the Metropolitan Bank, to be held as additional collateral security for advances made or to be made to Scott, and the ultimate balance thereof, a similar letter of hypothecation being taken at the same time from Hiram and Frances Ostrander. The account went on, but the bank manager again became dissatisfied, and, in May, 1908, demanded from Scott that the account should be closed, the balance then being $1,000, represented by two demand notes of Scott for $500 each. Scott then brought his brother-in-law, Everett Ostrander, the son of Hiram and Frances Ostrander, to the bank, and these two made a joint and several promissory note payable on demand for $1,000 in favor of the bank, and delivered the same to the bank manager. No letter of hypothecation, however, was taken in connection with this last-mentioned note. Afterwards Scott paid $250.00 in all in respect to this last-mentioned note, and then the balance of $750.00 and interest was, on August 28, 1908, paid by Frances Ostrander, as it would appear, out of the common purse of the Ostranders, who all worked on the same land, the account, however, standing in the name of Frances Ostrander in the Metropolitan Bank.

Hiram and Frances then commenced this action against Jarvis, claiming contribution from him as a surety with themselves in respect to the ultimate balance of $1,000 due from Scott to the bank at the time the said $1,000 note was taken.

The bank account of Scott showed on its face an entry to the credit of the account of $1,000 at the time the note of Everett Ostrander and Scott was taken with the word "disc." before it.

The learned county court judge, at the trial, added Everett Ostrander as a party plaintiff, and held that, as a fact, the bank took the $1,000 note of Everett Ostrander and Scott merely as additional collateral security, and gave judgment in favor of the plaintiffs against Jarvis for one-half the said sum of $750, with interest, as contribution due from him as surety.

JUDGMENT (SIR JOHN BOYD, *Chan.;* BRITTON and MAGEE, *J.J.*)*:* The judgment of the court was delivered by Boyd, C., holding that there was enough on the evidence to justify the finding that the bank took the $1,000 note of Everett Ostrander and W. T. Scott as security merely, and proceeding as follows: The principle of contribution among co-sureties does not rest on contract, but upon principles of equity, which may be modified by the extent to which each has engaged himself. As put by the Lord Chief Baron Eyre, in Dering vs. Lord Winchelsea, 1 Cox, 318, at p. 321: "It is clear that one surety may compel contribution from another towards payment of the debt to which they are jointly bound. On what principle? Can it be necessary to resort to the circumstances of the joint bond? What if they are jointly and severally bound? What difference will it make if they are severally bound, and by different instruments, but for the same principal and for the same engagement? In all these cases the sureties have a common interest and a common burden; they are joined by the common end and purpose of their several obligations, as much as if they were joined in one instrument, with the difference only that the penalties will ascertain the proportion in which they are to contribute, whereas if they are joined in one bond, it must have depended on other circumstances."

In the report given in 2 B. & P., at 273, this last sentence is thus expressed: "They are bound as effectually qua contribution as if bound in one instrument, with this difference only, that the sum in each instrument ascertains the proportions, whereas if they are all joined in the same engagement, they must all contribute equally."

The text in Bosanquet and Puller's report makes plain what should be the proportion to contribute in this case: There was, first of all, Jarvis liable as surety to the extent of $3,000; Ostrander, husband and wife, liable for $3,000; and the last surety, Everett Ostrander, liable for $1,000; the total sum of all the common suretyship as one debt was $7,000, and the sets of sureties should be liable in sevenths, according to the proportion of the amounts in which they engaged themselves—*i. e.*, for husband and wife, three-sevenths; for Jarvis, three-sevenths; and for Everett, one-seventh. The judgment should be to this extent modified, and make Jarvis liable for three-sevenths of the sum paid by Mr. Ostrander. The appeal with this change should be dismissed with costs.

GUARANTEE BY WIFE FOR HUSBAND'S LIABILITY — PLEDGING PROPERTY AS COLLATERAL — SEPARATE ESTATE — CONVEYANCE BY WIFE IN SATISFACTION OF LIABILITY.

STUART vs. BANK OF MONTREAL (Supreme Court of Canada; not yet reported).

THIS was an appeal to the Supreme Court from the judgment of the Court of Appeal for Ontario dismissing an appeal from the judgment of Mr. Justice Mabee dismissing the wife's action against the bank under the following circumstances:

A customer of defendants, wishing to obtain further advances for a company in which he had largely invested, offered his wife's, the plaintiff's, name as guarantor. She, at her husband's suggestion and request, signed a guarantee for a large amount, and, in consideration of so doing, was given certain shares in the company, of which their son was manager, which shares, however, were apparently of no real value. Subsequently she increased the amount of her guarantee, and also assigned certain mortgages to the defendants, and mortgaged all her real estate to them. In 1904, with full knowledge of what was then the situation, she surrendered to the defendants all her real and personal property in settlement of her guarantee, and the defendants discharged her husband from all liability. On the strength of this settlement, the defendants changed their position in many respects. The plaintiff was a woman of intelligence, but of no experience in business matters, and at the time she signed the guarantee in 1896 she had a very imperfect knowledge of her husband's affairs. She took no independent advice, and stated at the trial of this action that she would have refused to do so, and alleged that she was in no way under the control of her husband, and had been in no way misled by him, but had exercised her own free will throughout. There was no element of fraud or bad faith in the transactions in question, but, on the contrary, the most absolute fair dealing by all concerned.

JUDGMENT (SIR CHARLES FITZPATRICK, *C.J.;* DAVIES, DUFF and ANGLIN, *J.J.;* IDDINGTON, *J.*, dissenting): The only question argued before us on this appeal was whether conveyances or securities given by a married woman of or upon her separate property to or for the benefit of her husband can be upheld as against her in the absence of independent advice before executing the documents, the beneficial assignee having knowledge at the time of her marital relations. Or, put it in another way, whether under English authorities the wife stands towards her husband within those confidential relationships which, in cases where conveyances or securities are made or given by one to the other for the benefit of the other, the law, on grounds of public policy, requires shall have the protection of independent advice in order to be upheld. In the case of Cox vs. Adams (35 Can. S. C. R., 393), this court had to consider the question very fully. A majority of the court, of which I was one, was, after full consideration of the authorities, of the opinion that the wife was within those confidential relationships and gave judgment accordingly. Mr. Justice Sedgewick, while expressly concurring in the opinions delivered by Mr. Justice Girouard and myself, held also that the securities in question in that case were avoided as against the wife by fraud, and, because of this, an attempt has been made in the courts below to distinguish Cox vs. Adams, from the case now before us, where no fraud is charged. But that additional ground adopted by Mr. Justice Sedgewick for the conclusion he reached cannot, in my judgment, weaken the authority of that case or make it less binding upon us than it, otherwise, would be. The learned justice fully agreed with the ground on which Mr. Justice Girouard and I, myself, rested our judgments, that the wife was within those confidential relationships.

In the determination of this appeal, we are, I think, concluded by Cox vs. Adams. In that case, at page 415, Davies, J., says:

"I rest my decision upon the principle that both the wife and daughter, at the time they signed the notes sued on, stood towards E. S. Cox in the position of parties having confidential relationship with him; that the law, on grounds of public policy, presumes that the transaction was the effect of influence induced by these relations, and that the burden lay upon Walmsley, the indorsee of the notes and the beneficial plaintiff in the action, who took them with notice, and full knowledge of the relationship of showing that the makers had independent advice."

The principle thus enunciated formed the basis of the judgment of Girouard, J.; and, notwithstanding the acute critical examination to which the observation of Sedgewick, J., has been subjected, I cannot bring myself to doubt that, upon the same ground, that learned judge also proceeded. It is true that the judgment of Sedgewick, J., and, perhaps, also that of Girouard, J., rested upon another ground as well; "it is," said Lord Macnaghton, in New South Wales vs. Palmer (1907, A. C.), at page 184, "impossible to treat a proposition which the court declares to be a distinct and sufficient ground for its decision as a mere dictum because there is another ground upon which, standing alone, the case might have been determined." Some question is raised whether we are entitled to disregard a rule of substantive law constituting the *ratio decidendi* of a previous decision of this court. This court is, of course, not a court of final resort in the sense in which the House of Lords is; because our decisions are reviewable by the Privy Council; but only in very exceptional circumstances would the Court of Exchequer Chamber or the Lord Justices, sitting in appeal (from which court there was an appeal as of right to the House of Lords), have felt themselves at liberty to depart from one of their own previous decisions. That is also the principle upon which the Court of Appeal now acts; Pledge vs. Carr (1895, 2 Ch. —); and the Court of Appeal in any province where the basis of the law is the common law of England, would act upon the same view. Quite apart from this, there are, I think, considerations of public convenience too obvious to require statements which make it our duty to apply this principle to the decisions of this court. What exceptional circumstances would justify a departure from the general rule, we need not consider; because there is, in the circumstances in which Cox vs. Adams comes to be applied in this case, nothing in the least degree exceptional. Mr. Shepley, with his usual candor, admitted frankly, what indeed is indisputable, that under the rule laid down in the passage quoted above from the judgment of Davies, J., the appellant must succeed.

The appellant seeks to be relieved

from liability upon a guarantee given by her to the Bank of Montreal. The evidence establishes the following material facts: The bank did not, in any sense, seek to have the plaintiff brought into its transactions with her husband. Its manager, however, knew that it was his wife whom John Stuart procured to become his guarantor and that Mrs. Stuart assumed liability in reality for the benefit of and as surety for her husband and without any personal gain or advantage to herself. She knew that the purpose of the guarantee was to render her, to the extent of her separate estate, personally liable for a large sum of money which the bank proposed to advance to the sulphite company, in which her husband was interested, and she intended that the bank should act upon her guarantee and advance the money. She was in nowise under the control of or influenced by her husband in the transaction, but exercised her own free will. She says that if her husband had suggested her taking independent advice, she would have refused to consult any other person; and she repudiates the idea of any misrepresentation or deceit. She was not misled in any way and fully understood the nature of the transaction. On the other hand, notwithstanding Mr. Shepley's contention to the contrary, the only possible conclusion upon the evidence is that she had not, in fact, independent advice. The circumstances do not support the plea of laches urged by the respondent. The question, therefore, is squarely presented for decision, whether this latter fact alone, in the absence of fraud or undue influence and of any misunderstanding on her part, enables the appellant now to successfully repudiate her liability to the bank.

This question, which the judicial committee, in Turnbull vs. Duval (1902, A. C., 429, at p. 434), treated as not settled and expressly left open, was, it is contended by the appellant, definitely decided in her favor by this court in Cox vs. Adams (35 Can. S. C. R., 393), in 1904. If it was, and if this court is bound to follow its own previous decision, this appeal must succeed. The respondent contests both propositions.

I entertain no doubt whatever that the judges who composed the majority of this court in Cox vs. Adams intended to formulate, and did, in fact, formulate, as the basis of their judgments, the propositions that the relation of husband and wife is one of those confidential relations in which, on grounds of public safety, the law presumes that an obligation contracted by the person assumed to repose confidence for the person in whom confidence is assumed to be reposed, has been procured by the undue influence of the latter, and that he, or any person claiming the benefit of the transaction with notice of the relationship, can rebut that presumption only by proving that the obligor had, in fact, independent advice.

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.

FORGED INDORSEMENT—LIABILITY OF BANK FOR PAYING.

PITTSBURGH, PA., MAY 29, 1909.

Editor Bankers Magazine:

SIR: A depositor in this bank who could not write was induced by his daughter to draw a check payable to her credit. It appears that the daughter could not write her name, and the witness, who was a stranger to the bank, as well as the payee, witnessed the mark. Some months afterwards when the account was balanced, the maker claimed that the check was stolen and the indorsement a forgery. The check was presented at the counter, duly endorsed by the payee and witnessed properly. The teller did not know the party who presented the check, and required him to be identified. These people live at a considerable distance from the bank, and the bank was not notified that the check was lost or stolen, if this was so, and had the party presenting it identified. The signature was O. K. The party making the mark and the mark was identified, no complaint arising on this. The main question we desire to ask is, if the bank is liable upon false indorsements, when it has no knowledge of the check being lost, or any knowledge whatever of such transaction. In our opinion, since the daughter induced her old father to draw the check, there has been no forgery other than to beat her father out of the $45. The check was dated May 10, 1908, and not presented at the bank's counter until the 16th of the same month, which was ample time in which to have given the bank notice of any certificates forgery and the like.

CASHIER.

Answer: We understand that the check was made payable to the order of the drawer's daughter, and that the latter never indorsed the same, either by placing her mark thereon or otherwise. On this state of facts it is plain that the bank cannot charge the check against the account of the drawer. The rule of law in such cases was thus explained by the Court of Appeals of New York. "The relation existing between a bank and its depositor is, in a strict sense, that of debtor and creditor; but in discharging its obligation as a debtor, the bank must do so subject to the rules obtaining between principal and agent. In disbursing the customer's funds, it can pay them only in the usual course of business, and in conformity to his directions. In debiting his account it is not entitled to charge any payments except those made at the time when, to the person whom, and for the amount authorized by him. It receives the depositor's funds upon the implied condition of disbursing them according to his order, and upon an accounting is liable for all such sums deposited, as it has paid away without receiving valid direction therefor.

"The bank is from necessity responsible for any omission to discover the original terms and conditions of a check, once properly drawn upon it, because, at the time of payment, it is the only party interested in protecting its integrity, who has the opportunity of inspection, and it therefore owes the duty to its depositors of guarding the fund intrusted to it, from spoliation." (Crawford vs. West Side Bank, 100 N. Y., 50.) And in Citizens National Bank vs. Importers and Traders National Bank (119 N. Y., 195), where the latter bank had paid a draft upon the forged signature of the payee, the court said: "We must regard the paper as never having been paid by the defendant to the order of the plaintiff [the drawer], for the rule is well and long established that a forged indorsement does not pass a title to commercial paper, negotiable only by indorsement, and the payment by the drawee, although in good faith, of a draft so affected, is no payment at all as to the true owner. It was the defendant's business to see to it that its depositor's moneys were expended according to its directions, and every expenditure was at the defendant's risk of the direction being valid and of the indorsement conveying title to the holder being genuine." Where a check has been lost it is customary for the drawer, when he learns of the fact, to give notice to the bank, and stop payment; but he is not under any legal obligation to do this, for he has a right to assume that the bank will not pay the check unless it bears the genuine indorsement of the payee. Moreover, in the present case, the drawer's contention seems to be that payment was made before he knew that the check had been lost.

INDORSEMENT OF NOTE OR STOCK CERTIFICATE DEPOSITED AS COLLATERAL.

RICHMOND, VA., May 20, 1909.

Editor Bankers Magazine:

SIR: I am a regular reader of your magazine, and enjoy your publication very much. We have had some controversy recently in regard to a matter which if you will kindly advise me on I shall be under obligations to you. I contend that when a note is put up as collateral that endorsement of the note is not necessary for the reason that the man's signature on the collateral note gives instructions as to disposition of collateral in case note is not paid, and this means an endorsement. I contend the same in regard to stock put up as collateral. There is no use for endorsement as the party making the note says if this note is not paid this collateral is turned over to the bank, and these instructions amount to a conditional endorsement. If this is not the case, a party would have no security if collateral was turned over to a party not financially and morally responsible.

ASSISTANT CASHIER.

Answer: Where certificates of stock are deposited as collateral security, they should be in such form as to be good delivery, that is to say, in such form that a purchaser thereof could acquire a good legal title to the same upon delivery. If, for example, they have been issued to John Jones, they should be accompanied by a proper form of assignment, either on the back, or a separate paper; for without such assignment the person purchasing the same from the bank could not have a transfer made upon the books of the corporation, or new certificates issued therefor. It is true that without such an assignment, the purchaser would acquire a good *equitable* title to the stock, and would have the right to demand that the pledgor give an assignment, but until such assignment should be given, the corporation issuing the stock would not be bound to make the transfer. In the same way, if the collateral should consist of commercial paper, it should be indorsed in such a way that the legal title could be acquired by the purchaser in case it should be sold by the pledgee. Thus, if it should consist of notes made by A, payable to the order of B, those notes should be indorsed by B, so that the holder might demand payment thereof or further negotiate them. But except so far as may be required for passing the legal title to the collateral, it is not necessary that it should bear the signature of the person making the note to the bank. If, for instance, A should deposit as collateral a note made by B, payable to the order of C, and indorsed by C in blank, it would not be necessary that such note be further indorsed by A.

TRYING TO KILL THE GOOSE IN MASSACHUSETTS.

A VERY rich man lived in a little New England town. He was poor when he came there a young man. But by inheritance and in other ways he became very wealthy and his possessions rolled up into many millions. He bought real estate in his own State, and also in the States adjoining; and he had a beautiful country place and castle; with thousands of acres in still another New England State. In the little town where he lived he built at his own expense many miles of fine highways, and gave to the town a high school, a library, and a town hall. He was an eminently desirable citizen—openhanded and public-spirited. His fame went out, and many good people were attracted to the town where he lived, and settled down there. He improved all of his own real estate, and thus added to the value of property adjoining and near belonging to his neighbors.

The town assessors took all this into consideration, and assessed him a reasonable sum, which he was perfectly willing to pay—although the assessors knew that his property was worth very many times more than they assessed it at. Things went on for years harmoniously.

Now, in the legislature of the State where he lived, the politicians were browsing around to find some way to make themselves more popular with the people who cast votes, and because there were more poor people who voted than rich people, they mummed together to see how they could make themselves solid with the greatest number of voters, so that their names would go out as defenders of the toilers, and thus they would be sent back each year to the little warm political nests, which were very dear to them, and without which they would not be able to keep body and soul together. And last year they consorted, and got up a very strict and very drastic inheritance tax law, and they put the power of enforcing this in all parts of the State in the hands of the tax commissioner. And the tax commissioner looked out on the State, and he saw where the very rich man in the little town was not assessed as much as the law allowed. And so he insisted that the town assessors increase his assessment up to the full limit. And it so happened that the tax thus proposed amounted to more than the whole amount of all the taxes on every one else in the town.

The neighbors—and the assessors—insisted that this was too much, and that if the rich man paid it, it would amount to one-fifth of his whole income.

But the tax commissioner insisted—and the rich man heard about it, and so after some discussion of the matter he quietly moved out of the town, and took up his residence in one of his country houses, in the adjoining State. And now the State where he once lived cannot collect his former tax, amounting to $65,000 a year, and has lost besides the benefit of his influence and public gifts.

This teaches that the Goose who lays the golden eggs is not so much of a goose after all; and that political nests are not good places in which to hatch out wisdom.—*J. S. Bache & Co., Weekly Financial Review.*

THE INTEREST RATE AND NEW YORK CITY BONDS.

As Discussed at the Annual Meeting of the New York State Savings Bank Association, held at the Chamber of Commerce, New York, May 27, 1909.

THE State of New York has reason to be proud of her savings banks and the men who manage them. No more representative body of men gathers than that which assembles annually in the Chamber of Commerce, New York, to discuss the affairs of the 138 savings banks which hold deposits to the enormous sum of a billion and a quarter dollars, belonging to two and three-quarter millions of peoole.

The present excellence of the savings bank law of New York is due in no small measure to the good work of this association, and the fact that many of the freak measures that periodically aopear in the legislative halls at Albany are "summarily executed" is due also to the vigilance of this body of men.

The most important topics discussed at the meeting held on May 27 last were the interest rate 'and New York city bonds. For some time past the advisability of reducing the interest from four to three and one-half per cent. has been discussed and in some quarters strongly advocated, but at this writing it is doubtful if any change will be made in the July dividend. During 1908 all the savings banks of Greater New York, save one, paid four per cent. "straight" and the one bank paid three and one-half and four per cent. It has been prematurely announced in the public press that no change would be made at this time, but the straws would seem to indicate that the wind was blowing in that direction and a reduction may be expected before long.

The Interest Rate.

At this meeting opinion was divided. William P. Sturgis, of the Dime Savings Bank of Williamsburgh, Brooklyn, strongly advocated a general agreement among the banks to put the rate at three and one-half per cent., while Charles A. Miller, of the Utica Savings Bank, president of the association, did not believe unanimous action could be obtained among the banks, although in his opinion "it is far safer and sounder to work on a three and one-half per cent. basis than on the prevailing rate of four per cent., and it is not possible for all banks to continue to pay the present rate while money conditions are as unfavorable as to-day."

Clark Williams, State Superintendent of Banks, made an appeal for a general lowering of rates not only by savings banks, but by other banks. He deprecated the paying of four per cent. on savings accounts by banks other than savings institutions, and said:

Deposits are still a liability and should not be recklessly solicited or procured by the offering of high interest rates at the sacrifice of safety. The practice of this offense to the principles of sound banking is indulged in by banks of discount, State and national, as well as by trust companies, largely through the instrumentality of their so-called interest departments.

I am not impressed with the argument that because certain banks are paying at the rate of four per cent. all should, or, conversely, because certain banks are paying at the rate of three and one-half per cent., but I do believe that, so far as the savings banks are concerned, the affairs of each are administered by trustees who are competent to discharge the duties imposed upon them by that trust. It is for the trustees to determine themselves the proper rate of interest to be paid to depositors. It is most unfortunate that interest departments have been permitted to develop not only in State banks but in national banks and trust companies. This is an improper incursion on the field of savings banks. If at this time conditions are such that they cannot be abolished, they should be properly controlled. There is no economic reason why national banks and trust companies should pay four per cent. because savings banks do.

I consider it my most pressing duty to effect a general reduction in the rate of interest in our institutions throughout the State, not only in the interest of the corporations themselves but also in the interest of those who have intrusted their funds to them.

In connection with the proposal to reduce interest rates in savings banks, it is well to remember the diminution in safety balances. I believe this matter is one that it is proper for you gentlemen to pass upon. The savings bank is a semi-philanthropic institution, and no one but the depositors should make any profit out of it.

Touching upon the same subject in his opening address, Mr. Miller stated that while the deposits in these banks had grown from $617,089,448 to $1,396,443,327 in ten years, the increase had, in a large measure, been caused by an increase in the average amount of deposits, and not altogether by an increase in the moneys deposited by the thrifty poor. He said he hoped the day would come when the association would undertake the task of keeping out improper accounts. The failure to do this would ultimately result, he feared, in the task being taken up in an unfriendly way by the Legislature. It was desirable to consider, he said, whether large deposits represented investment rather than savings accounts and a source of weakness rather than strength in any period of stress. Mr. Miller deprecated competition for investment deposits by means of too high interest rates or undue advertisement.

New York City Bonds.

The matter of New York city bonds has been a frequent topic in financial circles during the past few years and is not a new subject, but it is of special importance at this time in view of the proposed increase in the debt limit, attended by a like increase in bond issues. It will pay the municipality to give good heed to the opinions of the representatives of this vast aggregation of wealth, for when they are in the market they make for activity, and, when out of it, for stagnation. The address of Edgar J. Levy, president of the Title Insurance Company of New York, was so eminently practical and of such excellence that it is given herewith in full. Mr. Levy said:

The savings banks of New York State own nearly $150,000,000 of New York city bonds. This represents just about one-fourth of the city's net funded debt. It also represents nearly one-tenth of the total assets of the savings banks. No other creditor-class holds anything like so large an amount of the city's obligations, and, with the exception of real estate mortgages, no other one class of security is held by the savings banks to anything like the same extent. The relation of debtor and creditor between New York city and the savings banks is therefore one of unusual intimacy and importance, and neither party to this relation can afford to remain indifferent to the attitude and the policies of the other.

If the credit of New York city should become seriously impaired and the market value of its bonds should continue to decline, such a misfortune would materially affect the financial condition of the savings banks. And, on the other hand, should the savings banks, from motives of prudence, decide in the future not to become purchasers of city bonds, or to purchase them in much smaller quantity than in the past, the deprivation or restriction of the city's best market for its bonds would influence its fiscal operations in no small degree.

It is only within recent years that any serious discussion has been heard concerning the intrinsic merits of New York city's bonded obligations. Previously, their merits had always been taken for granted. With a limited output and a constant demand, these bonds far outranked in popularity and in price the most gilt-edged railroad bonds, and their fluctuations were mainly a reflection of the ease or scarcity of money. More recently, however, a greatly increased supply has been coincident with a reduced demand, due partly to the legislation enlarging the scope of savings bank investments and partly to a change in the method of raising state revenue, which rendered these bonds no longer available to trust companies as a tax-exempt security.

Owing to these and to other causes, to which brief reference will be made, New York city bonds have depreciated enormously.

In order to measure the full extent of this depreciation, it is not necessary to go back more than twenty years. In 1889, New York city sold about nine millions of dollars of two and one-half per cent. 20-40-year consolidated stock at prices ranging from par to 101½. This represented the high water mark of New York city's credit. In 1907, the low water mark was reached, when four and one-half per cent. 50-year bonds sold at a shade over 102, or on a 4.39 per cent. interest basis. By co-ordinating and comparing these two sales, it will be found that the price which the city was made to pay for the use of money had increased in the interim about seventy-seven per cent. An examination of the prices realized by the city for its bonds in the last twenty years shows that the depreciation has been gradual, but substantially constant.

It is true that depreciation in the value of municipal bonds has been a world-wide phenomenon; but in the case of New York city, this movement has acquired a peculiar significance because of the fact that whereas in former years the bonds of the metropolis commanded a higher premium than those of any other city in America, this distinction has now been wholly lost. In fact, it is not only the bonds of other large cities, like Philadelphia, Baltimore, Cincinnati, Minneapolis and Buffalo, which are sold on measurably better terms than those of New York, but the same is also true of many small towns and villages.

Conditions affecting the price of city bonds—conditions of all kinds—market or natural conditions, legislative or artificial conditions, and political or sentimental conditions—are so different now from what they were twenty years ago, that the comparison with the sales of 1889 possesses little more than historical interest. The practical banker of to-day is more concerned about the future of New York city's credit than its past.

And as to that future, there are in plain sight to-day influences which to the thoughtful are disquieting. It is not that any holder of New York city bonds has cause to-day to fear the loss of either principal or interest, if he holds his bonds to maturity. Such a possibility is entirely too remote for serious consideration. But ad interim marketability is a factor which influences most investors, and even where investment is of such a permanent character as it is with savings banks, the element of marketability and marketable price cannot be ignored.

The student of municipal finance, undertaking an inquiry into the causes of the decline in New York city's credit, as measured by the selling price of its bonds, would first be struck by the abnormal increase in the city's debt in recent years. On January 1, 1898, the date of consolidation, the net funded debt of the city was $232,248,785.89. On May 1, 1909, the net funded debt was $603,187,850.87. During the ten years preceding consolidation, the average annual issues of consolidated stock were $12,289,480, which with an average population of 1,758,010, amounted to $6.99 per capita. The average annual issues of corporate stock since consolidation have been $45,150,907, or $11.94 per capita.

These figures are impressive, but not necessarily alarming. Every intelligent observer knew that consolidation would inevitably bring about some such result, and if the extent of the increase of the city's indebtedness has somewhat outrun expectations, there is still no question about the city's ability to care for its existing indebtedness. The really disquieting feature in the present situation is the proof which is to be found on every side that the city's recent financial excesses have superinduced a flippant attitude of irresponsibility on the part of the public and a large part of the public press towards the question of the city's obligations. The constitutional amendment enlarging the city's debt limit, which is to be voted on by the people next fall, was opposed by the Chamber of Commerce with practical unanimity, and for reasons which appealed to the common sense of every conservative man. It subsequently passed the Assembly by a vote of 126 to 13, largely, if not mainly, because of a skilful appeal to prejudice made on the ground that its passage would strike a blow at the so-called "traction interests." It seems likely to be adopted next fall by a popular vote in somewhat similar ratio, and the New York city majority for it will probably be obtained by creating a vague impression in the minds of many voters that its adoption means "sending the traction thieves to jail," or restoring transfer privileges on the surface railroads, or providing free rides on some new municipal subway.

Few realize the extent to which the constitutional barrier to excessive municipal debt has been weakened in recent years. Soon after consolidation, the constitution was amended so that the debts of the counties comprised within the territorial limits of the city of New York should not be counted in estimating the city's debt. Under this provision, over twenty-one million dollars of county debt—which is, of course, a debt of every citizen of New York city—is now excluded.

In 1903, the law regulating the city's sinking funds was amended so as to bring about a reduction in the provision made for the redemption of the city debt, which now amounts to about $15,000,000 annually. In itself, this amendment to the law was justified; but taken in connection with the breaking down of the constitutional barrier, it has helped to accentuate the growing weakness of the city's financial position.

By the constitutional amendment which took effect on January 1, 1906, all indebtedness incurred by the city for water purposes subsequent to January 1, 1904, was similarly excluded. Under this provision, about $40,000,000 of water bonds are now excluded in computing the city's debt limit, and the enormous bond issues which the city will have to make for the new Catskill water supply will be—for constitutional purposes—as though they did not exist.

But for every practical purpose, this new forthcoming water debt will produce its full effect upon the finances of the city. These bonds will have to find purchasers and the principal and interest of them will have to be raised by taxation. And now it is proposed to exclude from constitutional computation additional classes of city bonds, presumably to the end that the city may build subways of such an impracticable and unprofitable character that private capital cannot be induced to touch them.

The flippancy with which the constitutional debt limit is treated by a part of the press leads me to wonder why it was ever incorporated in the constitution. If it is not to be allowed to operate when the shoe pinches, of what use is it? At other times, it is unnecessary; and it would seem that at the very time when its provisions can take effect and become of practical value, then it must be stretched—and restretched again, as often as new opportunities arise.

. . . Municipal socialism involves public expenditures on a scale so vast as to make the budgets of the past seem insignificant in comparison. These gigantic expenditures mean either a crushing burden of taxation, felt immediately by incorporation in current tax levies, or postponed in part by public borrowings. The latter is the method sure to be preferred by municipal socializers; because higher tax bills spell higher rents; and, slow as the average rentpayer is to appreciate that he does pay taxes in the shape of rent, sooner or later the truth is apt to dawn upon him, that there is no profit in a man's trying to lift himself up by his own boot-straps. But in the case of public borrowings, the evil day of reckoning is postponed. The voters of New York city think very little of the loss of a million dollars a year in operating the municipal ferries, because the loss does not appear in the budgets, but is concealed in the bond transactions of the dock department. And in like manner those gentlemen who insist that our future subway construction should be undertaken solely with a view of its social consequences,—such as a pre-planned distribution of our congested population,—and not at all from the standpoint of profitable or self-supporting operation — these gentlemen count upon concealing the economic effect of their social experiments by a profligate use of the city's credit.

But in one sense, these gentlemen are counting without their host. The sale of city bonds implies buyers for them; and the question of price is also involved. The attractiveness of utilizing the city's credit when the interest rate on its obligations was two and one-half per cent. is diminished when that rate becomes four per cent.; and as that rate continues to rise, the popularity of its use—or rather, abuse—will decline correspondingly. How will you gentlemen controlling the savings banks of this state regard a doubling, or a trebling, of the city's debt? Is it not true that the excesses of municipal socialism are likely to be regulated and controlled to no small extent by the increasing unwillingness of investors to buy municipal bonds?

Addresses were made by John H. Johnson, president of the Peninsular Savings Bank of Detroit, on "Savings Deposits,"and E. P. Maynard, comptroller of the Brooklyn Savings Bank, on "The Relation Between Dividends, Surplus and Deposits." The new officers of the association are:

President, Thomas M. Mulry, Emigrant Industrial Savings Bank; vice-presidents, Walter Trimble, Bank for Savings; Charles B. Hanaman, Troy Savings Bank; William Felsinger, New York Savings Bank; secretary, Jonathan B. Currey, Metropolitan Savings Bank; treasurer, Samuel D. Styles, North River Savings Bank. William G. Conklin, Franklin Savings Bank; W. P. Sturgis, Dime Savings Bank of Williamsburgh, and E. P. Maynard of the Brooklyn Savings Bank, were elected members of the executive committee.

THE BY-LAWS OF A SAVINGS BANK AND WHAT THEY CONTAIN.

THE MANAGEMENT OF THE BANK.

By W. H. Kniffin, Jr.

THE by-laws of a savings bank are of more importance than at first sight they would seem to be. In fact, no single feature of savings bank management should receive more careful thought than the rules and regulations under which the affairs of the bank are conducted.

The law generally allows a wide latitude, and banks are permitted to make their own regulations, limited only by the law of the commonwealth. As long as a bank works in harmony with the law, it may make all reasonable rules, but *they must be reasonable.*

There is a marked similarity in the by-laws of these institutions, caused no doubt by banks using each other's by-laws as models in framing their own; but usually some slight difference will be found, due to individual tastes and opinions.

The By-laws Before the Bar.

As long as no question arises in banking procedure, the rules and regulations may seem of little moment, but once litigation begins, as it has frequently in the past, these rules will be strictly and literally construed.

We have seen that the act of making a deposit in a savings bank and accepting a pass-book constitutes a contract—a valid and enforceable contract between the bank and depositor.* This contractual relation is represented by the pass-book and this instrument in all cases contains the conditions of the agreement. Many banks issue the complete by-laws in pamphlet form, thus acquainting the depositor with the full details of the management; but that part which immediately affects the depositor is sufficient to satisfy the law. But whatever this contract may be, the courts will hold strictly to the letter of the agreement, as in all matters of contract. If the bank promises to use its "best efforts" to prevent fraud and loss, the court will ask "Did it use its *best efforts?*" If only ordinary care is promised, only ordinary diligence will be expected. Due care should therefore be taken that the by-laws are plain, explicit and just to both parties interested.

In the preparation of this part of the series, upwards of one hundred sets of by-laws have been carefully read, in order to get a composite set of rules that will be representative of the American savings bank. Where differences exist they have been noted by repeating the subject in its altered form.

The Conduct of the Bank.

We shall first consider the management of the bank. This resolves itself into three departments, administrative, executive and clerical. The general administration is entrusted to a board of trustees. This body is created at the time of organization by the granting of charter by the department of state that has charge of banks and banking, usually the Banking Department or the Department of State. Thereafter the board of trustees is generally self-perpetuating.

The executive work of the bank devolves upon committees and officers. The committees have general oversight of the business, but the conduct of the bank really rests upon the officials. While the duty of investing the funds and making loans is a function of the finance or funding committee, and the periodical examinations are made by auditing or examining committees, the executive work falls to the attending officers.

From the early days of savings banks in this country, it has been the custom to appoint "attending committees" whose duty it has been to attend the bank in person, and supervise the actual work of the institution; not only to supervise it, but do it. This was true of the Bowery Savings Bank of New York during its early history, and many others. With the growth of savings banks and the practice of making the president a salaried officer, this custom has become obsolete in many places, and where it is still provided for, perfunctory at best. Many banks still embody this in their by-laws, the intent being to acquaint the full membership, by rotation in office, with the practical workings of the bank. It is an excellent idea, but in many places quite impossible to operate successfully.

The executive officials consist of a president, treasurer and secretary, and in larger banks a comptroller. Some banks combine the secretary and treasurer; others have both; while some add a cashier, whose duties are similar to the comptroller's. The clerical force of the large city banks may be said to begin with the comptroller, or cashier who acts as the administrative head of the accounting system, followed by the chief bookkeeper or auditor, tellers, ledger clerks, assistants, filing clerks, etc., down to the janitor and night watchman.

The matter which follows is intended to give a composite set of by-laws. Some of the paragraphs in small type are in a sense a duplication, but with different

* See full discussion in BANKERS MAGAZINE for April, 1909.

wording and at times an enlargement or a contraction of the main section. The aim has been to give a variety of ideas on each subject, so that a bank seeking to change its rules may have a wider field from which to choose than if the rules of a single bank were to be taken as a guide.

MANAGEMENT OF THE BANK.

Trustees.

1. NUMBER. This bank shall be under the management of twenty trustees (New York). (The number varies according to locality, running from seven up to fifty, but usually under twenty.)

2. RESPONSIBILITY. (a) The trustees undertaking their duties without the expectation of emolument, and pledging themselves to an upright and conscientious discharge of them, are not to be held responsible for any losses which may happen from whatsoever cause, except their willful, corrupt misconduct; in which case those trustees only who were present, and guilty of such misconduct, shall be answerable for the same (Mass.). (b) No officer or trustee shall be responsible for any loss whatever, except what may happen from his own willful and corrupt misconduct (Mass.). (This is in keeping with law—the next two are not.) As no trustee can receive any compensation for his services, none of them shall be responsible for any loss whatever (New York). The directors having undertaken to transact the business of the corporation without pay or reward, neither they or any member of the corporation will be liable for any loss or losses which may occur (Conn.).

3. DUTIES. Two members of the board of trustees other than the members of the board of investment shall visit the bank monthly and inspect the books relating to the deposits and withdrawals, and their findings shall be recorded in a book kept for that purpose (Mass.). Note: The by-laws of the Bank for Savings, the oldest New York savings bank, require substantially the same. It was the intent at the beginning (1819) that the trustees should supervise the bank in person, rotating in this work, and this practice still obtains, although since the making of the president's office a salaried one, the work of the trustees in this regard has been more or less perfunctory, but it is still a part of the bank's management.

4. TRUSTEES' REMUNERATION. No trustee shall receive directly or indirectly any pay or emolument for his services except for such services as shall be rendered continuously or periodically in a distinctively defined function imposing duties and responsibilties relating to the administration of the bank in addition to those which devolve by law or otherwise upon the board of trustees as a whole (New York).

5. TRUSTEES NOT TO BORROW. No trustee or employe shall borrow directly or indirectly, any of the funds of the bank nor become surety or guarantor for any loan from the bank, nor shall any loan be made which is secured by any mortgage on any real estate in which at the time of the loan any such person has any beneficial interest (New York).

6. ATTENDANCE AT MEETINGS. (a) If any trustee fails to attend the meetings of the board or perform any of the duties devolving upon him as such trustee for six successive months without having been previously excused, the office of such trustee shall immediately become vacant (New York). (This follows the New York law literally.) (b) Any trustee omitting to attend the regular meetings of the board for six months in succession, may thereupon, at the election and discretion of said board, be considered as having vacated his place, and a successor may be elected to fill the same (Maine). The judges of the District Court of Allegheny county may, at any time, for due cause, remove any trustee, on proper notice to such trustee, and affording him an opportunity to be heard in his defense (Penna.).

GENERAL AUTHORITY OF THE TRUSTEES. The trustees may, by vote of the majority of the whole number, at any time pay off any or all of the depositors, or divide the whole of the property among the depositors in proportion to their respective interest therein, upon giving three months' notice thereof, and they shall also be at liberty to refuse any deposits at their pleasure.

Meetings of the Board.

REGULAR. There shall be stated meetings of the board of trustees on the second Thursday of every month, to be held at its banking rooms, or such other place in the City of New York as the president or a majority of the trustees may direct, if for any reasons it becomes necessary to change temporarily the said place of meeting (New York).

MEETINGS—HOW CALLED. (a) By depositing notice to them in the post office at least six hours before the meeting (New York). (b) The secretary shall seasonably notify the members of all meetings of the corporation (N. H.). (c) A written or printed notice for each meeting shall be sent to each manager (Pa.).

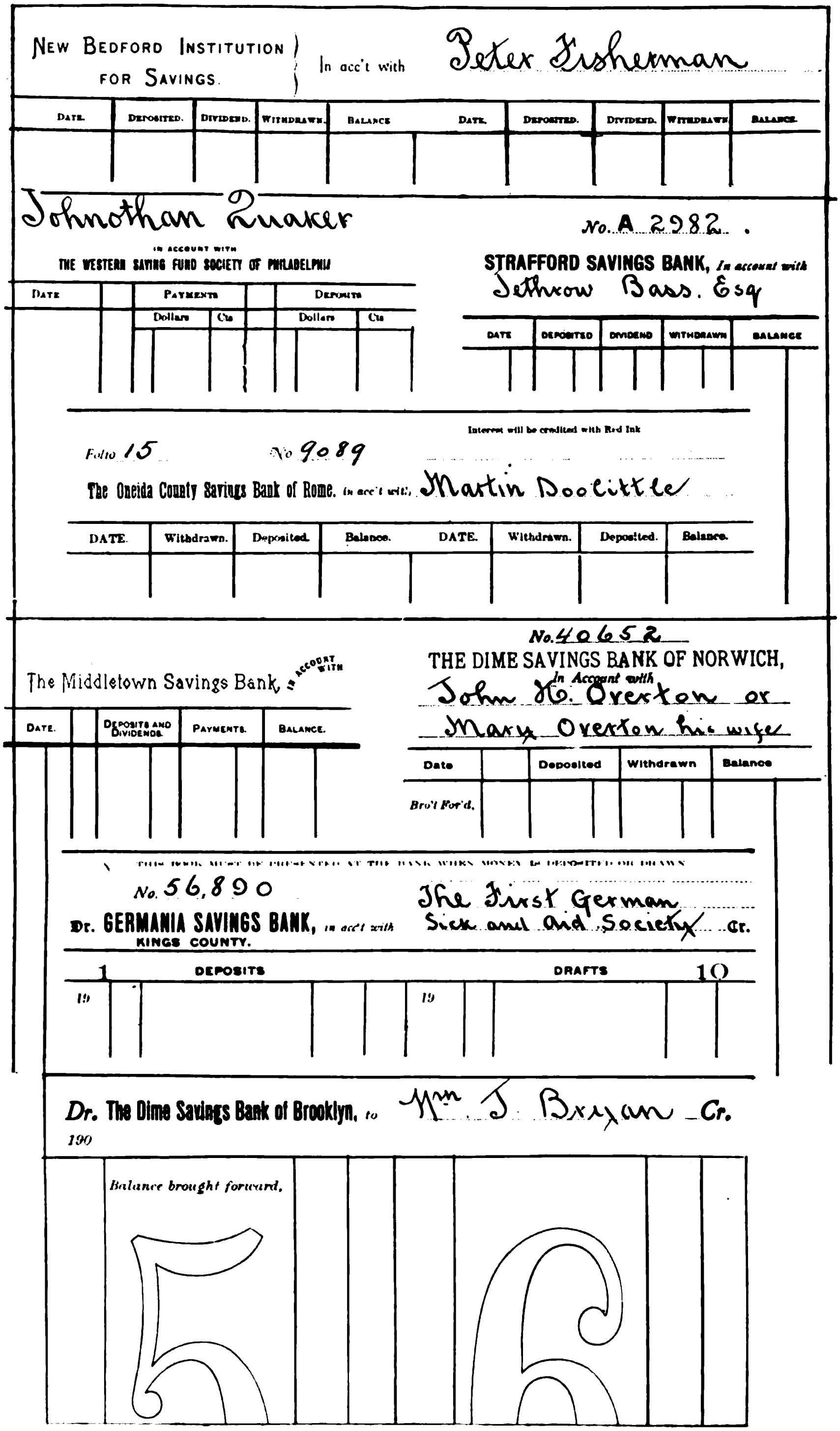
SPECIAL MEETINGS. (a) Special meetings may be called by three of the trustees by giving twenty-four hours' written or printed notice of the same (New York). (b) Special meetings may be called by the president or secretary, or upon request of five trustees (New York). (c) Special meetings may be called by the president, of which twenty-four hours' notice shall be given, or by either of the vice-presidents, or three of the trustees, of which forty-eight hours' notice shall be given. Notice of special meetings shall be given in writing, and left at or mailed to the residence or place of business of each trustee, stating the object of the meeting (New York).

QUORUM. A quorum at any regular, special, or adjourned meeting shall consist of not less than seven trustees, of whom the president shall be one; except when he is prevented from attending any meeting by sickness, or other unavoidable detention, when he may be represented in forming a quorum by the first vice-president, who, in case of his absence from like cause, may be represented by the second vice-president, but less than a quorum shall have power to adjourn from time to time, or until the next regular meeting (New York). Five members shall be a quorum to transact ordinary business, but for the election of executive officers, filling vacancies, either in the executive officers or in the board or altering the by-laws, two-thirds of the board shall be present (North Carolina).

ORDER OF BUSINESS. At all stated meetings, the following shall be the order of business:

1. Reading the minutes of the last stated, and any subsequent meeting of the board.
2. Reading the minutes of the funding committee.

A Group of Pass-books, Plain and Ornamental.



A Collection of Pass-book Title Pages—no two alike.

3. Treasurer's report and general statement.
4. Reports of committees.
5. Unfinished business.
6. Communications from banking department.
7. New business.

MINUTES OF THE MEETINGS. The secretary shall attend all such meetings, keep a record of the doings of the same, and perform such other duties as may by law be required of him. The minutes shall be read previous to adjournment and also at the next regular meeting for approval.

VACANCIES—HOW FILLED. (a) Every vacancy among the officers or trustees of the institution, whether occasioned by death, resignation or otherwise, and every vacancy to occur by reason of a resignation to take effect at a future date which has been accepted by the board, shall be filled by ballot at any stated meeting of the board; but no election to fill such vacancy shall be held without three days' written or printed notice given to the trustees, specifying the vacancy to be filled, excepting that if at a stated meeting when such notice has been given, an officer is elected to fill a vacancy, and another vacancy is created to take effect then or thereafter as a result of such election, such resulting vacancy may be filled at the same meeting without further notice. A majority of all persons present and voting shall be necessary for a choice at all elections, and at least eleven affirmative votes shall be necessary for the election of any trustee or other officer of the board (New York). (b) After proposals of names for new trustees or for the filling of vacancies, the president shall appoint a committee of five to consider the propriety of electing the proposed members and report to the board at the next meeting (New York). Names of proposed trustees must be presented at a regular meeting (New York). No name shall be presented to the board of trustees to be acted upon for membership until such name shall have been referred to the executive committee and reported upon at the next regular meeting (New York). Each name proposed must be on a separate piece of paper and signed by a majority of the trustees (New York). The names of all persons intended to be proposed at any meeting as members of the corporation shall be posted in the president's office for two weeks at least before such meeting (Mass.).

OLDEST NEW YORK BANK PASSES ITS 125th ANNIVERSARY.

AN event of unusual interest occurred on July 9, when the Bank of New York, without any special observance, completed the 125th year of its existence, having been opened for business June 9, 1784.

It has the distinction of being the oldest bank in New York State and with one exception is the oldest in the country. The Bank of North America, located at Philadelphia, surpasses it in that respect by three years.

Alexander Hamilton, the first Secretary of the Treasury, drew up the bank's constitution and was one of its first board of directors. General Andrew McDougall was the first president and William Seton the first cashier.

The Bank of New York has made very few changes of location. Originally at No. 67 St. George's Square—afterwards Franklin Square—it was moved three years later to No. 11 Hanover Square.

In 1797 a building was begun on the present location—corner of Wall and William Streets—which was opened for business April 23, 1798. Owing to the prevalence of yellow fever in the lower part of the city, the bank moved, temporarily, on September 23, 1799, to a building in Greenwich Village, where it remained until the following November.

In August, 1822, a recurrence of the epidemic caused another removal to Greenwich Village, where the bank remained for a short time.

In 1865, the Bank of New York took out a national bank charter, merely adding National Banking Association to its name, thus preserving its old title but indicating the fact that it was henceforth to be a national institution. The present building was erected in 1857 and enlarged in 1879.

Not only has the Bank of New York had a very long and honorable history, but it is to-day one of the strong and progressive banks of the country. Its capital is $2,000,000; surplus and undivided profits, $3,408,356; and deposits, $29,883,908.

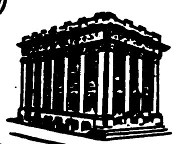
The present officers and directors are as follows:

Officers: President, Herbert L. Griggs; vice-president, John L. Riker; cashier, Charles Olney; assistant cashiers, George P. Hall, Joseph Andrews, and Clifford P. Hunt.

Directors: Herbert L. Griggs, president; John Crosby Brown, of Brown Brothers and Co., bankers; Henry D. Cooper, of Jas. F. White and Co., dry goods; Daniel A. Davis; Anson W. Hard, of Hard and Rand, coffee merchants; Charles D. Leverich; William J. Matheson; D. O. Mills; John G. McCullough, ex-Governor of Vermont; Anton A. Raven, president Atlantic Mutual Insurance Co.; William A. Read, of Wm. A. Read & Co., bankers; John L. Riker, vice-president; George L. Rives, lawyer; Henry C. Swords, president Fulton Trust Co.

On June 8 occurred the death of Gustav Amsinck, who had been a director since 1879.

TRUST COMPANIES



Conducted by Clay Herrick.

INTEREST RATES.

THE question of interest rates, as discussed at the recent meeting of the New York Savings Bank Association, is evidently one of as great interest to trust companies as to savings banks, and to other parts of the country as well as New York. It has been repeatedly pointed out in these columns that there are parts of the country in which trust companies are holders of the largest portion of savings deposits. Moreover, while it may true that in theory the fact that savings banks pay four per cent. interest is not a sufficient reason why the other institutions which take savings deposits should pay that rate, as a matter of fact, competition compels them to do so; and it is a safe prediction that in any community where some strong institutions pay interest on deposits at the rate of four per cent., the majority of institutions will do likewise. The only practicable way to limit the rate is by agreement, formal or tacit, on the part of at least all the stronger institutions.

The fundamental question is whether the four per cent. rate is in harmony with sound banking principles. If it is, the depositors ought to have it; they are entitled to as large a return for their money as safety will permit. But, allowing for exceptions in some communities in which local conditions are peculiarly favorable, undoubtedly the consensus of opinion of the great majority of sound bankers is that the present rates are higher than is justified by absolute safety. If this opinion is correct, then the rates ought to be lowered, not so much in the interest of the corporations themselves, as in the interest of the depositors, who, after all, are more concerned as to the safety of their funds than about the interest they receive on them.

It is a fair question whether bankers do not overestimate the effect which a reduction of interest, in a reasonable amount, would have upon the public. While it is true that few people will deposit their money at three per cent. in places where the majority of the institutions are paying four per cent. for savings deposits, the reason is that they consider four per cent. a safe rate *because* they find practically all the banks paying that rate. In many communities there are a few institutions which offer higher rates than four per cent.—some paying five per cent. and even six per cent. for long time deposits; yet these institutions receive comparatively little patronage because people instinctively feel that a concern paying higher than the usual rate cannot be as safe as the others.

As a matter of fact, the public accepts the judgment of the banks as to what is a safe rate. They argue that if the banks generally pay four per cent. interest, they can afford to do so; that they wouldn't do it if they couldn't afford it. In other words, by the general practice of paying four per cent. interest the banks say to the community: "This is a safe rate; we can pay it with absolute safety, and with profit to our stockholders." In this view, if four per cent. is not a safe rate, then the banks are lying to the people about it, and the question becomes one of morals as well as of economics.

In New York City the rate on mortgage loans runs as low as four and one-half per cent. Safe bond investments paying more than four per cent. are rarely, if ever, to be found. Even the uninitiated public must be able to see that the margin for the payment of four per cent. interest on savings deposits is exceedingly small. If the rate on deposits is maintained, the temptation is inevitable to seek investments that will increase the margin. That means but one thing—the temptation to unsound banking. That temptation ought to be removed.

In communities where safe mortgage loans may be made at from five per cent. to six per cent., and in sufficient amounts, the problem is somewhat changed. Yet even in such cases some of the funds must be invested in bonds paying, if safe, about four per cent. or less. Unless, therefore, the proportion of local loans at high rates can be kept high, there is a question whether four per cent., even in these communities, is not too high a rate.

The problem is one which deserves and should receive the conscientious consideration of bank and trust company men throughout the country.

THE TRUST COMPANY CHECK PROBLEM IN NEW YORK.

SINCE the withdrawal of the trust companies of New York City from the clearing house, in 1903, the problem of clearing their checks has been of increasing difficulty. Since that time the aggregate deposits of trust companies in Greater New York have increased from $741,000,000 to $1,168,000,000, or about fifty-eight per cent. Meantime the chief cause of friction between the banks and trust companies, so far as clearing privileges were concerned, has been removed, for the trust companies are now required by statute to carry as large a cash reserve as the State banks.

Several solutions of the problem have been proposed. That of organizing a separate clearing house, which would be possible, seems by general consent to be deemed unadvisable. A committee of the bankers advocates the establishment of a special department of the clearing house for the handling of trust company checks, while trust company men have proposed the organization of a bank for trust companies, to be a member of the clearing house and to take care of trust company checks. Neither plan has yet received general approval.

The plan for a special bank for trust companies has the support of a number of prominent trust company officials, including so prominent and conservative a man as Edward S. Marston, president of the Farmer's Loan and Trust Company. Clark Williams, Superintendent of Banking, is also understood to favor the project.

It is to be hoped that the matter will be pushed with energy and with a spirit of willingness to compromise on some plan which will be fair to all. The present method of collecting checks over the counter is crude in the extreme; it was abandoned by the banks more than half a century ago, at a time when the volume of business was far less than that of the trust companies to-day. The objections to the present plan are not confined to its clumsiness, but include the effect upon the general public in times of panic of seeing a line of messengers waiting to collect checks. The matter is really one in which the public, aside from bankers and trust company men, have an interest, since the steady course of business may easily be disturbed under the present system.

OHIO TRUST COMPANIES AND BANKS.

FOR the first time in its history, the State of Ohio has an official compilation of statistics regarding its banks and trust companies. The first annual report of the State Superintendent of Banks and Banking, B. B. Seymour, has recently been issued, giving returns of November 27, 1908. The third call of the Department was made for April 28, 1909, at which date the total resources shown are $462,259,8[illegible], of which the incorporated banks contribute $192,095,846, the unincorporated banks $33,409,088, and trust companies $23[illegible]-

	Incorporated banks	Unincorporated banks	Trust companies
Total deposits	165,632,495	$29,356,521	$195,849,618
Savings deposits and time certificates	116,088,002	10,085,308	131,916,123
Trust deposits	....	....	4,070,702

764,935. The returns of national banks are, of course, not included. The deposits are shown in the accompanying table.

The resources and the deposits of the trust companies thus exceed those of all the other banks, except national banks, in the State.

THE CENTRAL TRUST CO. OF NEW YORK.

A RECORD stock dividend of two hundred per centum, made by the Central Trust Company of New York early in June, has attracted wide-spread interest. It is said to be the largest trust company dividend on record, though dividends of three of the national banks of New York have exceeded it. The First National Bank holds the record, with a stock dividend of 1900 per cent. in 1901, by which its capital was increased from $500,000 to $10,000,000. The Chase National declared a stock dividend of 400 per cent. in 1[illegible]6, and the Chemical National one of 9[illegible] per cent. in 1907.

The Central Trust Company was established in 1875 with a paid-up capital of $1,000,000. Since that time it has paid dividends, not including the present one, of $13,155,000; while its surplus and profits, accumulated entirely from earnings, amounted on April 28, 1909, to $15,579,700. It is one of the companies which has enjoyed a remarkable increase of deposits since the panic of 1907, the increase being from $42,137,580 on August 22, 1907, to $84,353,900 on April 28, 1909—over 100 per cent.

MEXICO AS TOURED BY HOBOES.

THE tourist season in Mexico is gradually waning, and the citizen of the United States living here, while regretting the departure of the sometimes trying but always opulent tourist, is happy in the thought that his exodus will also mark the flight of the American hobo.

No spot on the globe is safe from the invasion of the tramp if it be accessible by rail, and Mexico City, although many leagues from the border of the United States, is no exception to the rule. He crosses the Rio Grande at El Paso, Eagle Pass and Laredo. A knowledge of Spanish, while helpful, is by no means a necessity, as his victim is invariably one of his own countrymen.

"'Scuse me, mister, I'm a 'Merican citizen. Kin yer stake me to a piece of change?"

This is his usual salutation, and you turn and discover a scarecrow that puts to shame even the Mexican peon.

Hand him a little change and follow him. He will lead you into the native quarter and disappear into a saloon bearing perhaps over the door, "Bueno Tiempo de Jesus," and this is likely to be in Holy Ghost street.

Here he may obtain for less money than anywhere else on earth a varied assortment of drinks that will make a man go home and rob his own trunk and think he is getting away with it. For Mexico is undoubtedly the paradise of the thirsty man.
—*New York Herald.*

LEADING BUSINESS MEN OF JAPAN WILL VISIT THIS COUNTRY IN SEPTEMBER.

THIRTY leading business men and trade experts of Japan, their wives and families, will arrive in Seattle on the steamship Minnesota from Yokahama on September 2.

As guests of the Associated Chambers of Commerce of the Pacific Coast, they will visit the principal Coast cities, and elaborate preparations are being made for their entertainment. The delegation will also tour the Eastern States, visiting every important manufacturing center east of the Rocky Mountains. Hospitality is promised by the Boston and New York Chambers of Commerce and the Pennsylvania Railroad system.

The President and Secretary of State Knox are taking a personal interest in the visit of these Japanese business men, as likely to promote a better understanding between the nations. Secretary of Commerce and Labor Nagel will assign five experts in different commercial lines to accompany the party on its tour.

The Japan Society of New York will also entertain the visitors.

PRACTICAL BANKING

BANK CREDITS.—SOME PRINCIPLES GOVERNING LOANS.

By P. M. Robinson, Vice-President Union National Bank, Clarksburg, W. Va.

A banker's duty is first to his depositors, then to his stockholders, then to his borrowers, his community and so on. No use should be made of money deposited which has not in mind the return of it, and that within such time as the depositors may want it. It is important to be loyal to stockholders; it is more important to be loyal to depositors.

The trustee character of the banker should never be lost to sight, no matter how large a profit may tempt. As the sentinel of a king, or a watchman at the dykes, let him be faithful.

And so the first thing to be considered by a banker or a director in making a loan is whether it is safe. If it is not, there is nothing further to consider.

But this use of the word safe does not mean absolutely certain—it means only reasonably certain. Government bonds are not absolutely safe, but they are reasonably certain. Mining stocks, dishonest men, excessive loans, or what is known as moral risks are not reasonably certain. Formerly a loan secured by three names of property owners was considered the standard, and it really is one of the best, but it may be no safer than single name paper. Circumstances have so much to do with each case that no fixed rule may be made. When deciding what is reasonably safe, the conscientious banker or director who has had experience, who makes careful investigation and who does not permit any consideration of gain, or loss, any hope of favor or fear of displeasure to influence, may confidently trust his judgment. Rarely will he err. The one thing to keep uppermost in his mind is how he will get his money back under any reasonable contingency.

It is manifestly impracticable to attempt to name a list of safe loans, but the losses of bankers in the past may be considered.

Paper Must Be in Proper Form.

The paper offered should be in proper form. Sometimes losses occur because of omissions, or errors in drawing the note. If there is collateral attached, it should be in due form and properly assigned. Losses from these causes, however, are rare.

More danger lies in forgery. In many cases it is not practicable to know whether all the signatures to a note are genuine, but if there is any doubt and it is important, the fact should be ascertained. Sometimes forgery is the last resort of persons formerly of high character and standing, who have been brought to financial extremity and despair. A man whose word was unquestioned in his community for a lifetime left a note in a bank at his death and investigation then revealed that the names of endorsers were forged. The character of the man was such that no suspicion was ever entertained by the bank. A recent bank failure in Pennsylvania disclosed large sums of bogus paper represented to purchasers as rediscounts by the bank of notes of substantial farmers. Bonds, stock, bills of lading, warehouse receipts and other collateral are sometimes forged.

Character of the Borrowers.

Then there is the character of the borrowers. There are some persons who may be classed as undesirable to whom any advance sooner or later results in loss. These are the dishonest, the incompetent, the reckless, the extravagant, the debt-laden, the smooth and attractive stranger. "One cannot touch pitch without being defiled." When any applicant for a loan is known to be in this class, he should be let alone, no matter how alluring his proposition —and generally their propositions are alluring. In this connection, there is suggested what are called political banks, which juggle for public deposits and incur political obligations to meet which the funds of the bank are jeopardized. The numerous failures of this kind of institution lately have revealed immense losses and disgraceful methods. The devious ways of politics are not compatible with the straight and narrow way of the banking business.

What might be called friendship loans frequently lead to disaster. A desire to favor, or a fear to displease occasionally causes a banker or a director to approve a loan which his judgment rejects. It is well to recollect the words of Appleton, "No expectation of forbearance or indulgence should be encouraged; favor and benevolence are not the attributes of good banking; strict justice and a rigid performance of contracts are its proper functions." Of the same character are loans made when the judgment gives way to anxiety to get more business. A banker conducted his business on the good fellow principle, gave liberal credits and bestowed favors freely. Of course he was popular and had the largest business in the town, but his losses took all his profits and at last most of his capital.

Neglect causes losses in banking as in all other fields of endeavor. There is a saying, "A stitch in time saves nine." It might be amended to read, "Often a note placed in the hands of the bank's attorney would save many renewals and a loss." Prompt action at the first appearance of distress saves many loans which would otherwise be lost. When a failure occurs, the community is generally amazed at the magnitude of the liabilities. Debts grow fast. A customer may be good when he secures a loan and bankrupt when he renews it. The banker ought to have a kind of wireless telegraph apparatus in his office to catch all the financial news of his community, bounding energy to act promptly and a firm mind to stand true to his convictions.

Lack of Information.

The chief cause of losses is lack of information. Credit is one of the most changeable, delicate and intangible of commercial problems, and fullest information should be obtained and carefully analyzed before reaching conclusions. Numerous methods exist to ascertain the business character and financial standing of those who desire credit, but none wholly satisfactory. The American Bankers' Association for some years has been considering plans for acquiring accurate and complete information. All facts possible should be ascertained from public records, statements of condition, business history, opinions of others, inspection of property, conversation of applicant, general conditions of his line of business and so on. Is he honest, is he capable, what is he worth, what will he do with the money, will he be able to pay? Is the banker confidently assured in his own mind just how he will get his money back, no matter what contingency may arise?

The big losses, the losses which break banks, blacken honored names, bankrupt communities and cause self-destruction are caused by excessive loans and generally to a few persons. One thousand dollars might be loaned with entire safety where it would be folly to loan five thousand. Loans should be well distributed and never allowed to become bunched in large amounts to few persons. A customer continues to obtain advances till a reasonable limit is reached, then in an emergency the banker lays aside prudence to extend a little more credit, the danger limit is passed and the banker sees a loss unless his customer can be restored. Further advances are made, the business grows worse, the banker becomes reckless, fraud, deception, even forgery, perjury and theft are resorted to, and when some small accident reveals all, there is failure and dishonor of shocking magnitude. Generally, some officer, director, or customer of commanding influence causes these results in endeavoring to build up some personal venture. It is the record of nearly all bank failures that the cause was excessive loans and to a few persons.

A Michigan bank with $225,000 deposits failed, and it was found that of this sum the president had borrowed $180,000! Another bank, with $85,000 capital, closed its doors because two or three of its officers tied up $300,000 of its funds in their personal enterprises. The City of Glasgow Bank made excessive advances to three or four firms closely allied. In a short time the bank found itself in the power of these firms and was obliged to make further advances, or suffer great loss. Both customers and the bank became reckless, enlarged their operations to immense magnitude, and extended their business over the world. When the failure came, their liabilities were sixty millions, all the country was horrified, numbers of respectable families were reduced to poverty and suicide and madness followed.

Availability of Loans.

But in the banking business, it is not sufficient that the loans be reasonably safe—they must also be available. All the securities of a bank might be good, and yet the bank be compelled to close because of lack of ready funds. Good bonds are safe but least salable when money is most needed. When money is abundant, bonds are high, when it is scarce they are low. Municipal and railway bonds, real estate mortgages, loans used as capital, would be reasonably safe; but they would not be sufficiently liquid to constitute all the investments of the bank. Loans to farmers, merchants, manufacturers and others, who make up the regular customers of a bank, should not comprise all the loanable funds because, in the country particularly, such loans are not immediately collectable in times of need without great distress to the community. If a regular customer is asked to pay a loan before it suits his convenience he feels aggrieved, and concludes something must be wrong with the bank.

The funds of a bank may be of varying degrees of availability. Some must be cash in the vault, some cash with reserve agents, some loans payable on demand, some loans maturing at various intervals, and some may run for an indefinite time.

The banker decides what proportion of his funds may be invested in the different securities after considering the general condition of business, the condition of his own community and the condition of his bank. He may decline to make a loan to a customer when it is perfectly good and at the same time buy commercial paper, or loan to a broker. The reason is that conditions may not warrant an increase of long time loans, but permit of those which may be available at any time. At certain seasons and under certain conditions deposits continue to rise, and at other seasons and under other conditions they continue to fall. At all times, and under all conditions, the bank must pay the checks of depositors.

Because of these reasons, a banker must carry large cash or deposit reserves, or purchase in addition to the commercial paper received over his counter, commercial paper of various maturities through his correspondents, or a note broker, or loan to stock brokers on listed collateral at short time, or demand.

It is true that a banker may provide available funds by the sale of securities, or rediscounting with his correspondents. These are methods, however, which should not be used under ordinary conditions, but reserved for the last resort in times of extreme need.

Profits To Be Looked After.

While loans should be safe and available, they should also be profitable. Profit is the principal object of banks and bankers and a large surplus and large dividends are the final proofs of good management and the great joy of the profession. It doesn't matter if the sowing, the tending and the reaping bring sweat to the brow and exhaustion to the body, so the harvest is abundant;

and likewise it doesn't matter if ceaseless care weighs heavily, intricate questions sorely fatigue the mind, and conclusions rob the nights of rest, so there is a big surplus at the end of the year. Profit is as the victory to the general, the prize to the artist, or the gold to the prospector.

But let the profit come without taint. Recently there has appeared in some cities a practice of charging a bonus in addition to the legal rate. This may be well enough for private bankers, who reorganize and promote, but it will in the end bring loss to commercial banks which depend on deposits for success. Extortion killed the goose that laid the golden egg.

Good rates are, of course, desirable. When money may be loaned at six per cent., it would be improvident to place it at a less rate. But don't be greedy—be patient. Simple interest seems a slow way to make money, but if the impatient banker or director will look at a compound interest table, he will discover that a bank which makes only ten thousand dollars a year more than its expenses and dividends, will in forty years accumulate a surplus of one million six hundred and forty thousand dollars. Few persons who talk about big profits do any better than that.

All the funds should be kept working all the time. More than the necessary cash reserve should not be permitted to lie idle. When a reasonable limit is reached, on what is known as permanent loans, and loans to regular customers and to others in the community, more readily available funds may be invested in commercial paper purchased through correspondents, or note brokers, or loaned to stock brokers on listed collateral at demand. It is the opinion of good bankers, who have had much experience, that, subject to wise precautions, these loans are generally safer than customers paper. The advantage of investing what might be termed secondary reserves in this way rather than keeping large balances on deposit is that they are just as available and much more profitable.

More than the usual rate is obtained without any suspicion of usury by loaning to customers who keep part of the money on balance, or to persons who are induced to become customers by making the loan. Indeed, granting a line of credit is one of the well established methods of acquiring new business. Instances have been known where a loan made to a customer remained in the bank, now in the name of one customer, now in the name of another, until long after the note was paid. Loans to customers are generally the most profitable.

Making Loans at Home.

It is to the advantage of a bank to keep all the funds it can in its own community. Next to loans to its own customers loans made to other persons in the same community are of most profit, because the funds, in one way or another, come back again. Money sent to distant centers benefits those centers, but not the bank which sent it, unless it soon comes back with a large increase.

A large part of the success of a banker lies in his skill in making loans which bring back not only themselves but more money. Like the old time merchant princes who sent out those cargoes to many ports which brought back still more valuable cargoes, the astute banker sends out his money not only for the good rate it earns, but that it may bring back more money and so on to the great wealth of his business. He studies the possibilities of his community, its men and its resources. Within the bounds of safety, he encourages the establishment of those industries which develop resources and bring wealth. Men of the right sort are encouraged to undertake business ventures which they can manage profitably. The more money the customers of a bank have the more the bank will have. In this field lies the reward for the banker of genius as compared with the commonplace banker who never thinks of anything but interest.

Cardinal Principles of a Good Loan.

And so we see the cardinal principles of a good loan are safety, availability and profit. The ability to know and obtain such loans for his bank is the ability which every banker should cultivate. It brings rewards. As an example of successful management, there is in New York a bank which pays annual dividends of one hundred per cent., has accumulated a surplus twenty times the amount of its capital, and one hundred dollars' worth of its stock sells for four thousand dollars. Few banks have done so well, but any directory will show many in all parts of the country where sound management has built up very profitable business. And there is reward for the banker as an individual. A banker came up from the ranks and became conspicuously capable. The other day the President invited him to become Secretary of the Treasury, but he preferred to remain with his bank and his directors in appreciation increased his salary from $35,000 to $50,000. A young bank clerk went out of a Pennsylvania town some years since, acquired more and more skill in his profession and recently was made a partner in one of the largest private banking houses in this country. All may not have such rewards, but any one who looks at his securities and feels sure they are safe, available and profitable may have a satisfaction which will give content by day and rest at night—and money or place can do no more than that.

NATIONAL IRRIGATION CONGRESS.

BANKERS, railroad presidents, scientists, experts on reclamation of arid and swamp lands, deep waterways, forestry, good roads and home-building will have places on the program in preparation for the National Irrigation Congress, at its seventeenth session in Spokane, August 9 to 14. R. Insinger, manager of the Northwestern & Pacific Hypotheekbank, who is chairman of the board of control, says there will be from 4,500 to 5,000 accredited delegates from various parts of the United States and representatives from Canada, Europe, the South American republics, China and Japan. It is expected also that President Taft and several members of his cabinet will be in attendance.

Among the speakers already assigned are James J. Hill, chairman of the board of directors of the Great Northern Railway Company; Howard Elliott, president of the Northern Pacific Railway Company; N. W. Harris, banker, Chicago; F. H. Newell, director of the Reclamation Service; N. W. Halsey, banker, New York; John Barrett, director of the International Bureau of the South American Republics; Dr. George B. Angell of Michigan; Gifford Pinchot, chief of the Forest Service; Alva Adams, former Governor of Colorado; United States Senator Cummins of Iowa, Governor Gilchrist of Florida, Governor Willson of Kentucky, Governor Paterson of Tennessee, and United States Senator Jones of Washington. There will also be Governors and Congressional Representatives from various parts of the East, South and West.

The primary objects of the Congress are to save the forests, store the floods, reclaim the deserts and make homes on the land. It is purposed to demonstrate to the West the possibilities of this development and to show to the East and South the importance and value of this work to the entire country.

HEAVY LOSSES IN WALL STREET.

INVESTIGATING Wall Street, Governor Hughes' committee found plenty of difference of opinon about remedies, and even about facts, but some of the testimony to which they listened has a decided general interest for the country. A Stock Exchange member of forty years' standing stated that every one who enters Wall Street, except as a broker, loses. In a partnership contract to preclude a junior's speculating, this man made a bona fide offer of $5,000 for the name and address of every verified winning customer of any Wall Street house—provided only that the customer had so traded for two years as to make his account an "active" one. Another, for twelve years a member of a prominent brokerage house, stated that in all this time, after very broad operations, not a single customer ever took out a dollar of net winnings. An ex-broker stated that a ten-year search, covering scores of trading friends and acquaintances, as well as the records of five brokerage houses and one bucket shop, failed to find a single net winner. Most brokers estimate that between ninety and ninety-eight per cent, of customers lose. As practically every marginal trader loses, every bucket-shop and Wall Street house has a complete new list of customers in from three to five years.—*Collier's Weekly.*

STATE BANKERS' CONVENTIONS FOR 1909.

July 8- 9. North Dakota; Minot.
July 15-16. New York; Lake George.
Sept. 7- 8. Pennsylvania; Bedford Springs.
Week of Sept. 13. American Bankers' Association; Chicago.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE RESERVE PROBLEM IN ENGLAND.

THE recommendations of the Banking and Currency Committee of the Association of Chambers of Commerce in England, which were outlined in the New York BANKERS MAGAZINE for May, have been under general discussion in financial publications. The "London Bankers' Magazine" for May commends some of the propositions and condemns others. It declares that "never for a moment, throughout the long period of gold reserve controversy, has the stability of any of our banks or of our banking system been called into question." Regret is expressed that the Bank of England was not represented on the committee, because "the Bank of England is so clearly the pivot of the whole machinery of the money market that it seems almost impossible that anything but chaos can result if the schemes propounded are not such as will be heartily endorsed and initiated by the Bank of England, in conjunction with the joint-stock banks." Cordial endorsement is given to a recommendation of Mr. E. H. Holden, of the London City and Midland Bank, that when bank reports are made they should state separately the amount of gold and silver held by the reporting bank and the amount of Bank of England notes.

The annual review of the proportion of cash to deposits made by the "Bankers' Magazine" throws some interesting light on the development of recent years. It is stated that the amount of gold coin held on June 30, 1907, by the banks of the United Kingdom was £33,296,802. Taking the returns as made by the various banks, which included under one item cash in hand, balance at the Bank of England, and money at call, it appears that there has been a slight increase both in amount and in proportion to deposits during the past three years. The figures available for the close of the year are as follows:

CASH RESOURCES OF BRITISH BANKS.

Year.	Deposits.	Cash, etc.	Proportion of Cash, %
1906.....	£954,925,638	£261,637,514	27.4
1907......	957,968,263	263,650,601	27.5
1908......	989,007,223	274,140,135	27.7

A still more marked improvement is indicated by comparisons of cash in hand and at Bank of England for the twenty odd large banks which make a practice of separating this item from other cash items. In this respect during the eleven years beginning with 1898, the cash held has increased seventy-five per cent., while liabilities have increased fifty-eight per cent. The cash reserve has risen in proportion to deposits and note circulation from fourteen per cent. in 1899 to sixteen per cent. in 1908. It is noted that between 1902 and 1909 no fewer than twenty-four banks which had not published accounts amalgamated with banks which did so.

THE CREDIT FONCIER OF FRANCE.

THE appearance of the annual report of the operations of the *Crédit Foncier,* or the land mortgage bank of France, indicates the enormous volume to which the operations of such an institution attains in Europe, and perhaps points the way for an ultimate development of the same sort in America. The method pursued by the bank is to make loans on real estate and take a mortgage therefor, but to sell these mortgages in the form of uniform long time bonds of the bank for even amounts, instead of selling an entire mortgage to an individual investor. The business of 1908 was not as large as that of 1907, but new loans amounted to 236,745,155 francs ($45,700,000), while repayments reached 82,307,670 francs, leaving the net increase in business at 154,437,485 francs ($29,800,000). The net increase in 1907 was 196,715,247 francs ($38,000,000). The obligations of the *Crédit Foncier* at the close of 1908 were 2,006,303,004 francs ($387,200,000) on account of mortgage obligations and 1,712,122,483 francs on account of municipal obligations. The last issue of bonds, in January, 1909, was 350,000,000 francs in the form of bonds for only 250 francs. The small amount required to purchase a single bond, in view of the fact that payment was required only in installments, drew out 1,350,181 bidders for more than ten times the number of bonds which were offered. The *Crédit Foncier* has a reserve which now amounts to 256,757,432 francs ($49,550,000), and holds considerable amounts of short time paper.

A special meeting of the shareholders was held after the regular meeting on April 3, which passed upon plans of development presented by the governing board. These plans contemplate the extension of operations to Tunis, the continuance of the charter of the corporation until December 31, 2007, and an increase of capital from 200,000,000 to 250,000,000 francs as soon as the outstanding bonds reach twenty times the nominal capital. The existing provision in regard to the life of the corporation, which was voted on June 21, 1882, fixed its expiration at December 31, 1980.

CONSOLS AND RENTES.

AN interesting exposition of the reason for the wider distribution among the French people of French national securities than of consols among the British people, has been made recently by the "London Times." The "Times" has been stimulating a movement, not a new one, for bringing into use in regard to consols the common form of transfer and registration by certificates as in the case of commercial companies. It is pointed out that in France rentes are, if the owner desires, registered and the dividend paid on presentation and stamping of the certificate at the Ministry of Finance in Paris, or at any of the General Treasuries in the departments. To this is attributed, in part at least, the fact that the small investor in France has a liking for rentes which in England is not manifest in regard to consols. The following figures for 1907 afford striking evidence of this:

	Accounts Open.	Aver. Amt. of Each Acct.
Rentes	4,631,857	£191
Consols	144,398	3,684

Again, whereas for the respective years 1898 and 1907 the yield on consols at then market prices was £2 10s. and £2 19s. 6d., the yield on rentes was £2 19s. 6d. and £3 3s. 6d. The fluctuations in price, too, have in the ten years been much more marked in the case of consols than in that of rentes, the extreme variation being respectively 32⅜ and 10. The greater stability of the French funds is, no doubt, contributed to by other factors; but if, as there seems good reason to suppose, the fact that the holdings of them are so widely spread has a powerful steadying effect, any steps which the British Government might take to raise consols in the estimation of the small man should surely be welcomed by bankers, who in recent years have had to write off such large sums for depreciation.

THE HONG KONG AND SHANGHAI BANK.

THE report of the Hong Kong and Shanghai Banking Corporation for 1908 shows an increase of over $74,000,000 in deposits and current accounts, carrying the total on December 31, 1908, to $298,578,701 (silver). Commenting upon this growth and the condition of the bank as affected by the unfavorable situation of silver in the Orient, the "London Bankers' Magazine" for May says:

"To some extent the growth may be the result of the depreciation in silver, as merchants and others who have free balances are indisposed to draw them home at the present ruinous exchange. Silver is always a difficult article to prejudge, but it is clear that this policy has not been successful up to the present, for those who have waited for a change for the better have found the position grow worse. Still, apart from this consideration, there are indications of larger transactions being carried through. Thus bills payable, at $15,500,000, are much in excess of the two previous years, and are only exceeded by the years when business was affected by the Russo-Japanese War. The holding of cash is important, the management always making the amount held bear a high ratio of the liabilities to the public. Bills discounted, loans and advances have risen some 19,000,000 in the twelve months to a total above 120,000,000, and the increase is the largest shown in any instance set forth in the table. Bills receivable are also exceptionally high at 162,750,000, being some 54,000,000 above those at the end of 1907.

"The low price of silver has had the effect of fostering the export trade of China, which sadly needed a stimulus, but at the same time the import trade has suffered severely from the rapid depreciation in the dollar and tael, with the result that there has been considerable trouble amongst the houses who do this class of business. To a great extent this difficulty has been surmounted, but in all probability it has affected the profits of the past half year, although they are by no means unsatisfactory. At $3,638,000 they show an increase of $493,000, which enables the directors to declare a dividend of £2 per share upon the increased capital, and also to add a bonus of 5s. per share. Remembering that the capital was recently increased by fifty per cent., the shareholders are doing very well to have so good a distribution, and it looks as if the old rate of dividend will soon be paid upon the enlarged capital. In addition, $500,000 is added to the Silver Reserve Fund, which now amounts to $14,500,000, or only $500,000 less than the paid-up capital. There is also a sterling reserve fund of $15,000,000 invested in sterling securities which are worth more than this value."

THE BANK CONTROVERSY IN HUNGARY.

THE contest for an independent Bank of Hungary reached such an acute stage that it resulted on April 26 in the resignation of the Hungarian Cabinet. Much anxiety and confusion resulted, although the bourse of Buda-Pesth received the news with an upward movement in securities. The outgoing Cabinet was headed by the eminent economist and financier Weckerle and had been a ministry of conciliation. Under its ministrations Hungary had entered upon the path of constitutional law and the adjournment of irritating questions. The progress was not satisfactory to the Independence Party, which has been growing in strength in Hungary. This party desires that the privilege of the Austro-Hungarian Bank, which expires on December 31, 1910, shall not be renewed, but that an independent Hungarian bank shall be created, linked, however, by special conventions, with the Austrian Bank at Vienna. Two members of the Hungarian Cabinet, Francis Kossuth and Count Apponyi, went to Vienna on

April 25 to present these views strongly to the Emperor. Francis Joseph, according to the Vienna correspondent of "L'Economiste Européen" of May 7, assured them of his sympathy and confidence, but refused to sanction the project of a separate bank. He admitted that Hungary had the same right as Austria to an independent state bank, but believed that for the moment it would be dangerous to make any movement against the solidity of the Austro-Hungarian Bank, the tested support of the credit of the empire. He urged, therefore, that the plan of the creation of an independent bank be renounced for some time to come. The result was the resignation of the Cabinet.

THE BANK OF NORWAY.

THE annual report of the Bank of Norway for the operations of 1908 deals with the recent increase of capital as well as in volume of business. During the year the capital was carried upward from 15,500,000 crowns ($4,150,000) to 19,000,000 crowns, under the authority granted by the renewal of the charter in 1900 for an ultimate increase to 25,000,000 crowns. Of the new capital there still remains to be paid in 2,750,000 crowns, but the premium charged upon the new shares has added to the surplus, which now stands at 9,910,446 crowns ($2,600,000). The profits of 1908 were 2,217,776 crowns, of which the state received 465,000 crowns and the shareholders a dividend of nine per cent. on the nominal capital. The evolution of the principal items of the accounts of the bank during the past thirty-three years is indicated by the following table:

PAYING THE BALKAN INDEMNITIES.

AN interesting account is given by the Vienna correspondent of the "London Economist," in the issue of May 15, of the manner in which the recent heavy transfers of funds were made, which grew out of the readjustment of political relations among the Balkan states. He says:

"Yesterday (May 10) the Austro-Hungarian Finance Department paid the indemnity for Bosnia to the Turkish Government. Payment was made in gold in Constantinople through the Ottoman Bank. The forthcoming returns of the Austro-Hungarian Bank will show the amount advanced by the Notebank to the syndicate of banks headed by the firm of Rothschild. The total sum amounts to 28,000,000 crowns ($5,600,000), two-thirds of which are short bills on London. As much again has been provided by the Austrian Bodencreditanstalt in foreign countries. It is of some importance that a financial operation of this magnitude could be carried out without having the slightest damaging effect upon the price of currency. On the contrary, gold has been poured into the Austro-Hungarian Bank in unusually large quantities during the last weeks.

"The Bosnian loan, which is to provide for the indemnity, will not be issued until all the legal formalities have been accomplished. The banks which have effected the payment are, of course, entitled to the first right upon mediating the loan. In the agreement between the syndicate and the Austro-Hungarian Bank the condition stands foremost that if cash payments were decreed for Austria the banks must immediately repay the advances in gold."

ACCOUNTS OF THE BANK OF NORWAY.

(In crowns = $0.268.)

Dec. 31.	Notes in Circulation.	Metallic Reserve.	Discounts.	Deposits.
1885	37,147,456	28,675,610	23,275,493	6,653,796
1890	49,670,702	38,895,523	25,979,248	6,879,364
1900	65,611,696	36,502,201	48,007,067	6,120,663
1905	65,664,540	37,779,045	40,787,656	9,980,919
1906	68,935,018	46,657,080	41,439,433	10,422,715
1907	73,483,136	48,451,754	45,438,191	9,480,855
1908	72,813,000	41,868,000	42,608,000	8,463,000

ITALIAN RAILWAY BONDS.

THE Italian Government has begun to issue bonds to fulfill the heavy task which it assumed when it took over the principal railway lines of the country three years ago. The Italian correspondent of the "London Economist," in the issue of May 15, declares that the recent issue of three and a half per cent. bonds at 102 has met with success. The total issue amounted to 150,000,000 lire ($29,000,000), but as 30,000,000 lire were acquired by the Governmental Deposits and Loans Bank (*Cassa depositi e prestiti,* which is similar to the Prussian *Seehandlung),* and another 35,000,000 lire were acquired by the issuing banking syndicate, the true amount offered to the public was only 85,000,000 lire ($16,400,000). The whole of the amount offered was subscribed, and it appears that the public applied for some 99,000,000 lire, so that the subscriptions over 5,000 lire will have to be reduced by fifteen per cent. In some official quarters it was believed that the subscriptions would have been double or treble the amount offered. But the railway bonds, though offered at 102, are as yet not widely known by the Italian capitalist in search of gilt-edged security; they prefer Consols (*rendita*) at 105. As this issue is only the first of a long series of issues necessary to finance the state railway administration, the capitalist in due time will familiarize himself with the new bonds, which are, under another name, amortisable Consols.

PRESSURE ON AUSTRIAN SAVINGS BANKS.

THE added burden which is imposed upon a government which maintains an elaborate system of savings banks without a large cash reserve, has been illustrated by the recent history of the savings bank system in Austria. In the height of the anxiety regarding the Balkan position, the Austrian Government had to face an awkward run upon the savings banks of the country. People became nervous and withdrew heavily, and at the same time the Reservist troops required money before leaving the various districts. One savings bank near the Alps had to pay out 2,250,000 crowns ($450,000) in one day, and another, in Bohemia, had to borrow 1,250,000 crowns from the Austro-Hungarian Bank to meet the calls upon it. Even in Vienna the withdrawals exceeded the deposits, although not to any great extent. Gold was mostly wanted, which showed that the depositors desired either to use or invest this money in foreign countries. The scare is now over, and things have returned to their normal conditions, but for a time the difficulty was of some gravity in view of the importance of the Austrian savings banks. Owing to the manner in which they allow transfers to be made, these banks play a very important part in Austrian business, and their methods are being copied in Germany and France and more or less commended in America.

THE RUSSIAN PEASANT BANK.

IT is gratifying to discover, midst so many signs of poverty and disturbance in Russia, that the Russian Peasant Land Bank is making steady progress. A correspondent of the "London Standard" states that it is somewhat remarkable that, while one hears of chronic famine in at least one-third of the governments of European Russia and the dire impoverishment of the peasants in as many more, the Peasant Land Bank shows unmistakable prosperity. According to data for the period between November 3, 1905, and January 1, 1909, no fewer than 5,223 landed estates were purchased at a total cost of £63,137,986 ($307,800,000), the aggregate area of these estates being 5,913,520 dessiatines (the dessiatine equals 2.60 acres). During the same period the bank sold to the peasants in parcels of greater or lesser extent 18,305 estates of an aggregate area of 752,198 dessiatines for £7,855,399; that is, at the average price of about $50 per dessiatine, at the same time granting loans to the purchasers to the total amount of £7,517,307, or $48.75

on every dessiatine. The total sum of the advances made by the bank to peasant holders during the period above mentioned was £31,094,623. It is significant that while the Peasant Land Bank is so prosperous, the nobles' bank, the Banque de la Noblesse, created by Alexander III. for the financial salvation and economic rehabilitation of the impoverished nobility, is more or less insolvent. The greater part of the Peasant Land Bank's purchases are from semi-bankrupt noble land owners.

SECURITY ISSUES IN GERMANY.

THE issues of new securities in Germany have recovered from the low level of 1908, but are still below the high totals of 1906 and 1907. The complete figures for the issues of the three months ending with March showed a total for 1909 of 297,757,336 marks ($70,715,000), as compared with issues in 1908 of 250,009,300 marks and in 1907 of 397,358,300 marks. The most significant fact, however, is the increase in March over previous months, the figures of new issues having been in March, 1909, 122,664,200 marks, as compared with 83,772,000 marks in March, 1908. The issues of January, 1909, were 98,599,586 marks, an increase of only about 5,000,000 marks over January, 1908, while the issues of February, 1909, were 76,493,550 marks, an increase of less than 4,000,000 marks over the same month in 1908.

A NEW DEPARTMENT ADDED TO THE ATLANTA CLEARING HOUSE.

THE system of clearing out-of-town checks recently adopted by the Atlanta Clearing House has marked a new era in banking in the South.

A committee composed of Messrs. Joseph T. Orme, vice-president of the Lowry National Bank; Geo. R. Donovan, cashier of the Atlanta National Bank, and A. P. Coles, cashier of the Central Bank & Trust Corporation, have had in charge the matter of arranging the details of the new system, and J. M. Thomas as cashier of the clearing house has the active management of the corps of clerks employed.

Under this plan all cash checks on points throughout the State of Georgia, with the exception of Savannah, Augusta and Macon, are each day sent to the clearing house and from there mailed to the respective points for collection and returns. In this manner each bank will receive for collection the checks drawn upon themselves.

The Atlanta Clearing House has received scores of letters from banks throughout the State approving of their plan and agreeing to co-operate with them.

Under this method a great deal of labor, stationery and postage will be saved both for the country banks and the Atlanta banks. This system has worked admirably in Boston, where the clearing house handles all checks on the New England points, with very few exceptions.

The rates of exchange charged by the country banks on these collections as a rule have been quite satisfactory. The volume of business handled through the clearing house in this manner is very large, amounting to several hundred thousand dollars a day, or nearly one hundred million dollars per annum.

The plan is an entirely practicable one, and the Atlanta banks are very well pleased with its operation up to the present time and consider it a permanent arrangement.

Col. Robert J. Lowry, president of the Atlanta Clearing-House Association, expresses himself as highly pleased with the operation of the new system and stated that he believed it would be thoroughly approved of by all country banks when its workings were fully understood by them. He also stated that his bank had received numbers of letters from their country correspondents and many personal calls from the officers of banks in different part of the State who also were pleased with the idea of being able to handle this class of business so economically to themselves.—*Southern Banker.*

COST OF PANAMA CANAL.

ACCORDING to a news dispatch from Washington, the Panama Canal has cost to March 1, $146,220,259, as follows:

French franchise	$40,000,000
Paid Colombia	10,000,000
Civil administration	2,679,514
Sanitation	8,194,330
Engineering and construction....	42,103,416
Municipal improvements	6,332,553
Plant account	36,910,446

VIRGINIA BANKERS' ASSOCIATION.

FEW places in the country offer a more delightful or more suitable place for holding conventions than the Hotel Chamberlin at Old Point Comfort, Va. It was at this famous resort that the bankers of Virginia held their sixteenth annual convention on May 20, 21 and 22.

JOSEPH STEBBINS

President Bank of South Boston, South Boston, Va., and former President Virginia Bankers' Association.

The convention was one of more than ordinary interest, for the bankers of Virginia are discussing important changes in their banking law, and this matter was very fully considered at the recent convention. Sentiment in favor of adequate legislation and effective State supervision or banking was practically unanimous. The only point on which there was any division of opinion was as to whether it would be wiser to gain the desired end by making some necessary amendments of the present banking law, or to enact an entire new code in relation to banking. Under the direction of a committee of the Virginia Bankers' Association, such action will be taken as seems best calculated to secure what the bankers are working for, namely, effective legal regulation and supervision of banking.

As a matter of fact, although the provisions of the present banking law of Virginia are exceedingly simple, the banks of the State have made a good record; but some improvements in the law are thought desirable, and the bankers of the State are working earnestly and carefully to secure wise legislation.

The conventions were presided over by Joseph Stebbins, president of the Bank of South Boston. In his annual address President Stebbins said in regard to the membership of the association:

"The membership of the association has reached its high-water mark, and more banks have been admitted to membership during the year than in any previous year during its history; the number admitted being twenty-four, bringing the total membership to 307 of the 335 banks and banking firms doing business in Virginia; and if energy, persistency and tact will avail anything, our secretary will have them all enrolled in a short time."

He gave the following facts regarding the material progress of Virginia:

"The Commissioner of Agriculture in his last bulletin—No. 44—gives a comparative statement of the acreage and value of farm products in Virginia in 1900 and 1908.

"In 1900 the acreage in cultivation was

N. P. GATLING

Secretary Virginia Bankers' Association.

4,040,339 and value of crops produced $129,-104,000, and in 1908 the acreage was 3,301,-500 and value of crops produced $204,000,-000. Thus with a reduction of eighteen per cent. in the acreage in cultivation from 1900

Hotel Chamberlin, Old Point Comfort—Headquarters Virginia Bankers' Association.

Albert D. Graham of the Citizens' National of Baltimore, H. S. Zimmerman of the Mellon National of Pittsburgh, Wm. S. Hammond of the First National of Baltimore, and Alex. D Cambell of the Hanover National of New York.

John M. Miller, Jr., Vice-President and Cashier First National Bank, Richmond, and Julien H. Hill, Assistant Cashier National State Bank of Richmond.

to 1908, there was an increase of fifty-eight per cent in value of crops produced.

"The value of the corn crop alone in Virginia in that period has increased from $10,300,000 to $30,000,000, or about 200 per cent. This increased prosperity of the farmers is reflected in the number of new banks organized in the small towns and increase in the deposits of country banks."

POSTAL SAVINGS BANK.

President Stebbins had the following to say regarding the proposal to establish a Government postal savings bank:

"In my humble opinion, this measure is a menace to the banking interests of the country and should by all means be defeated. It is a dream of idealists and, no doubt, well-meaning, but mistaken, philanthropists, and has never been asked for

Mr. Moore of New York and Mr. Cocke of Roanoke, Va.

Mr. Applegate of the Hanover National, New York, and Mr. Fitzwilson, Assistant Secretary American Bankers' Association.

Mr. Wolfe and Mr. Lynn of the American National Bank, Washington.

or desired by those for whose benefit it is intended; a scheme to make the thriftless frugal; an effort to engraft on our republican government a system which is only applicable to monarchies, which use it for the purpose of obtaining a market for the bonds which represent their indebtedness (a function which the national banks perform for our Government); to extend the functions of the Federal Government into spheres properly occupied by the State or corporate and individual efforts; to enter into competition with local banks for deposits and to take from local banks the money which is now employed for the development of their communities and deposit it in depositories designated by the Postmaster-General.

"It is vicious, in that it exempts such deposits from taxation, thus depriving the States and municipalities of the revenue from the money of their citizens; in making such deposits free from garnishment or legal process, thereby encouraging the dishonest to secrete money which otherwise

Albert D. Graham, Vice-President and Cashier Citizens' National Bank of Baltimore and O. B. Hill, Cashier American National Bank of Richmond, just leaving Hotel after Morning Session.

might be secured by creditors in discharge of their debts.

"Not only is there no demand for it, but there is no necessity for it, for in addition to the savings banks the great majority of the national and State banks have savings departments or issue time certificates of deposit bearing interest. It is an error to say that there is lack of banking facilities, for even in the newly-settled portions of our country, banks are established as fast as there is any demand for them.

"It reverses the method which has ob-

P. M. POLLARD
Cashier Petersburg Savings and Insurance Co., Petersburg, Va.

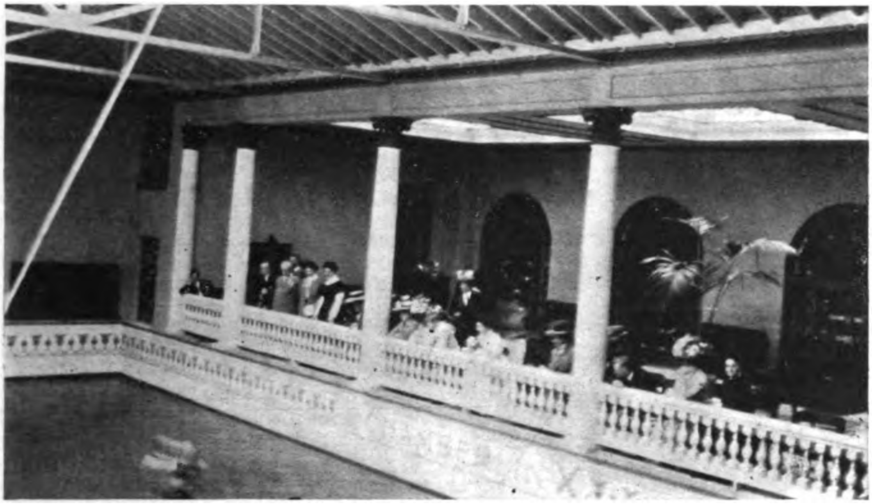
Group of Delegates and Visiting Ladies at the Chamberlin.

THOMAS B. McADAMS
Cashier Merchants' National Bank, Richmond.

GEO. A. SCHMELZ
Of Schmelz Bros., Newport News, Va.

Albert D. Graham, Vice-President and Cashier Citizens' National Bank of Baltimore and Mrs. Heyworth E. Boyce of Baltimore.

A Convention Visitor.
(Walter F. Albertsen. Cashier National Copper Bank, New York.)



Group of Bankers and Visitors—The Atrium, Hotel Chamberlin.

tained of assimiliating our foreign population and educating them to be good American citizens, under a realization of the superiority of our institutions, but seeks to engraft on our institutions for their benefit the methods of our old world —a *quasi* admission that the banking systerms of the countries from which they came are superior to our own."

While condemning legislation for the guaranty of bank deposits, President Stebbins thought the public demand for such legislation was something not to be wholly condemned, but that it should be reasoned with patiently. He said:

"It is useless for us to shut our eyes to the fact that on its surface it is very plausible and appeals strongly to the masses of the people who have an idea that in the administration of the business interests of the country they are not getting a square deal. However that may be, they are honest at heart and amenable to reason. Much that has been said and written, both in favor of, and against this measure, has been overwrought and better calculated to excite the prejudices than convince the judgment; and if legislation of this character is to be halted where it is and discouraged in the future it cannot be accomplished by sneers, sarcasm, invective and abuse but by cogent arguments which appeal to the reason, intelligence and sound common sense of the people.

"I have great confidence in the practical wisdom and honesty of the American people; they may go far astray for a while, but will ultimately get back into the right paths."

On the subject of banking legislation in Virginia, President Stebbins declared that the "present laws on the subject of banking are so meagre and fragmentary that Virginia needs a complete, up-to-date, code of banking laws which will meet present conditions and provide for future contingencies."

The programme of the convention included the following features: Address, "State Bank Examinations," by H. N. Phillips, cashier Peninsula Bank, Williamsburg;

Group of Bankers and Visitors.

Report of State Bank Committee, by W. B. Vest of Newport News; address, "Community Interests," by W. S. Witham of Atlanta, Ga.; address, "The Banking Department of the State of New York," by Clark Williams, superintendent New York State Banking Department; address, "A Currency System," by B. Estes Vaughan, president First National Bank of Lexington; address, "Some Banking and Currency Problems of To-day and To-Morrow," by Elmer H. Youngman, editor BANKERS MAGAZINE.

On the evening of May 21 a banquet was given at the Hotel Chamberlin. Hon. John S. Wise of New York was the principal speaker. President Stebbins acted as toastmaster.

The following officers were elected to serve for the coming year: President, Henry A. Walker, cashier National Valley Bank of Staunton; vice-presidents, E. P. Miller, cashier First National Bank of Lynchburg; H. N. Phillips, cashier Peninsula Bank of Williamsburg; W. M. Addison, cashier National Bank of Virginia, Richmond; Julian P. Burke, of Burke and Herbert, Alexandria; J. W. Miller, cashier People's Bank, Pulaski; secretary, N. P. Gatling, Southern representative Merchants Bank of Philadelphia, at Lynchburg; treasurer, Julian Hill, assistant cashier National State Bank, Richmond; attorney, George Bryan, Richmond.

HIS TREASURY.

I hain't been storin' shekels to a very great extent,
That is, no more'n' needful to the years of life's descent,
An' I haven't tried to fix it, now that life is on the wane,
So's the joy of cuttin' coupons beats the joy of cutting grain.

But there ain't no use denyin' I've been miserly in ways,
A-hordin' up of something for the interest-payin' days,
A-storin' up of friendships an' old pictures of the times
When the bells of happy moments rang their most melodious chimes.

An' as now I turn the pages of my record an' I see
How the profits of remembrance bring their riches unto me,
How the gold of glad communion, and the coin of goodly deeds
Have the power of earnin' pleasure that the bus'ness sort exceeds.

I never breed an envious thought of modern millionaires,
For mine's a treasury of good more bounteous than theirs,
It brings me peace and happiness their riches cannot buy,
An' sets the bow of promise in my sunset gilded sky.

—*Boston Globe.*

CARD INDEXES FOR AMERICAN CONSULS.

AMERICAN consuls all over the world are to be supplied with a card index system of catalogues and literature of every manufacturing concern in the United States, as a result of an agreement reached recently between the State Department and the Department of Commerce and Labor. The arrangement is in line with the administration's policy of placing this country's commerce in the first rank through a reorganization of the Consular Service. The service recently was shaken up, and now the administration is preparing to furnish the new men the necessary material with which to produce results.

American consulates receive annually many queries as to manufactures in various lines. The usual course in such cases is to pass the inquiry on to Washington, which in turn advertises it to the trade, and thus gives any manufacturer interested an opportunity to correspond. But this method has been found to involve so much time that the buyer in numerous instances has purchased elsewhere before he gets information about American goods.

William Harper, who evolved this plan, was Chief of the Bureau of Information of the Philadelphia Museums for six years following its organization in 1894, and in that capacity visited virtually all of the American consulates in the world in the course of the years 1898-1899.

One of the conditions of the service is that it is free to any and all manufacturers in the country. No fee is to be charged for the service in sending out cards to the consulates. All that is required of the manufacturer is that he print his cards in the language of the country to which they are sent, and in a prescribed and uniform size for assembling.

INVESTMENT FOR INDUSTRY.

EVERY indication points to the present season as one of large investments in the direction of industrial expansion. The East is catching the spirit of the West and is again beginning to branch out.

Not for several years has there been so much activity in the western railroad world in the way of construction of branch and feeder lines opening up new country to profitable settlement, and the business men of western cities are showing their faith by a building programme which, taken altogether, is unprecedented.

In years past, first one city and then another has forged ahead, but at present the building is noted in every city in the great West, and the structures as a rule are of a type superior to those of previous years.
—*Omaha Bee.*

ALBERT GALLATIN.

By David Dangler, M. A.

A SUPPLY of tea, an exceptional education, and an intense love of liberty, were the possessions with which Albert Gallatin landed on Cape Ann, a little more than a year before the Yorktown victory. The tea proved a sorry investment, but the cultivated mind and sturdy principles of liberty were to carry this Genevese lad of nineteen to high honors in his chosen land.

As a boy he had known Voltaire, had read Rousseau, and been a thinking witness of that oligarchic system under which his government labored. It is not difficult to picture the young man with his keen, intellectual face—far removed from betrayal of emotional feeling—discussing philosophy with his fellows, or his own future plans with devoted relations. The war into which he had come did not attract him. He spent the time in Boston and a wild frontier post for three years, when he turned southward to join in that land speculation which was impelling men beyond the Alleghanies.

Early in his career Gallatin met three men whose attitude toward him means much. General Washington saw the young foreigner in a western cabin and was so impressed by the quick, clear judgment which he expressed concerning a road location, that he desired him to become his land agent. Another promising offer which Gallatin declined came from John Marshall, who, appreciating the legal possibilities of the young mind, welcomed him into his law office in Richmond. From Gov. Patrick Henry Gallatin accepted a commission for the location of a tract of western land.

Experience on the Frontier.

The period of Gallatin's life spent on the frontier has been criticised by those who feel that he should have engaged his talents at once in the keener intellectual life of a great city. But from living in the rough western country, he no doubt gained a habit of grappling with obstacles which no city life could have bestowed. His closest political friend of the future was a young man of foreign birth who later became Secretary of Treasury. Alexander Dallas had sought his fortune successfully in the cities, as had Alexander Hamilton, the first of our great foreign-born secretaries. Like Washington and Robert Morris, Gallatin found his land investments unprofitable. He wrote in later years: "It is a troublesome and unproductive property which has plagued me all my life. I could not have invested my patrimony in a more unprofitable manner." And yet we find his little home at New Geneva exerting an influence upon him, which made it always the lodestone of his future plans. From his neighbors of Western Pennsylvania he received his start in public affairs.

First Appearance in Politics.

Gallatin first appeared politically in the Harrisburg convention, which met in remonstrance against the Constitution as proposed. He received early that schooling in minorities and oppositions in which so much of his life was to be played. After being overruled, he had the rare ability to throw himself whole-heartedly into the will of the majority. At this time he played an unfortunate part in the Whiskey Rebellion, but a part which was potent in bringing it to a close. For three years he served in the Pennsylvania Assembly and always in a party minority. His name had become widely known, owing to his election to the first National Congress as Senator and subsequent disqualification on account of technicalities of citizenship. From this time on to the days when his ideas regarding free trade provoked Henry Clay, his foreign birth was made the subject of bitter ridicule. It may have been the one cause of his never reaching the Presidency.

When in 1795 he was again sent to the National Government—this time in the lower house—he was peculiarly well fitted for considering the perplexing questions which arose before that body during the next six years. The estimation of his own powers quoted from a memoranda of this period seems fair in the light of others' expression: "My advantages consisted in laborious investigation, habits of analysis, thorough knowledge of the subjects under discussion, and more extensive general information, due to an excellent early education, to which I think I may add quickness of apprehension and a sound judgment."

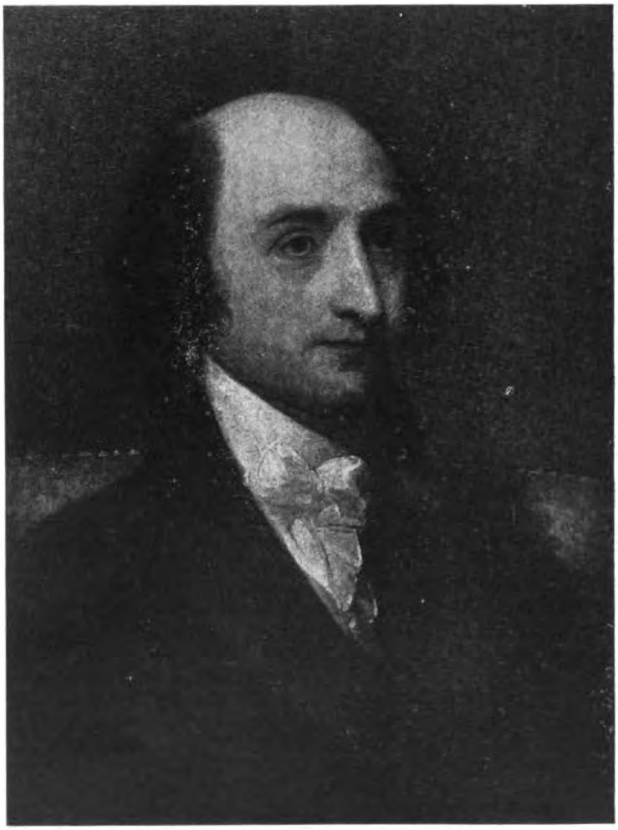
Gallatin became the recognized leader of the Republican party in the House. He had familiarized himself with questions of revenue and expenditure, and demanded from the Treasury yearly itemized reports. He had organized and made efficient the Standing Committee of Ways and Means. He had taken a stand in opposition to all foreign political intercourse, except in so far as trading required.

Becomes Secretary of the Treasury.

When Jefferson chose his first cabinet, Gallatin was the logical choice for the Treasury. The mighty scheme of finance which Hamilton had set in motion required at this time a master-hand or the entire machinery would collapse. Gallatin had opposed practically all that Hamilton believed in. Yet he came to the Secretaryship with a remarkable knowledge of its requirements, and a resolve to guide the Government out of debt, subordinating to this end all else. Mere manipulation of financial machinery was not attractive to Gallatin; he wished to be the helpful statesman. To insure the execution of the Administration's plans peace was essential. In natural course, he opposed army and navy appropriations while debt hung over the country. How far it is wise to prepare for war by military expenditure in time of peace, is a question still unsettled. In spite of the War of 1812, our country has always leaned toward Gallatin's theory. A favorite doctrine of his, and one that he had embodied in Jefferson's first message, was the necessity of specific appropriations.

The eight years of Jefferson's administration were a triumph of Gallatin's energy. His plans for the extinction of the public debt by 1817 promised to be justified. The purchase of Louisiana had been assumed without embarrassment, and the fifteen millions of additional debt had been met, mainly by a new six per cent. stock, and by a six per cent. loan and specie payment.

During all of Gallatin's cabinet service he had been hampered by petty feeling and incompetency in other departments. That Jefferson maintained a high regard for him, is testified by the words he uses respecting Gallatin's retention of the office for the succeeding eight years: "I should certainly consider any earlier day of your retirement as the most inauspicious day our new Government has even seen." Madison appreciated his remaining in the office. Difficulties closed in upon him—a party, with a wavering policy; a Congress which voted expenditure without providing means for raising funds; and a determined set of enemies in the Senate and cabinet. Then the need came of a peace commissioner in Europe. He saw the opportunity, turned over the well-ordered affairs of the department to a subordinate, and for two years made that dignified and difficult struggle



REPRODUCED THROUGH THE COURTESY OF MESSRS. HOUGHTON, MIFFLIN & CO

ALBERT GALLATIN.

for peace which ended so creditably by the Treaty of Ghent, "his special work and peculiar triumph."

Ability for Diplomatic Work.

For diplomatic work Gallatin had a natural gift and an exceptional training. His seven years in France as minister were full of pleasurable and useful occupation. As Minister to St. James, he had an opportunity to associate with his friend, the noted financier, Alexander Baring. When at length he came home, it was not to seek the anticipated seclusion of his New Geneva home. Amongst his correspondence we find letters from John Jacob Astor, who with Stephen Girard and David Parrish had given such substantial support in times of the country's financial need. Astor had wanted him to become a partner in his great commercial enterprise, offering him exceptional inducements. Gallatin had declined this, but in 1832, he accepted the presidency of the National Bank of New York—afterwards to become the Gallatin National Bank—to which Astor had furnished capital on condition of Gallatin's assuming its presidency. The suspension of payment which the bank was obliged to announce in 1837 was inevitable amid the universal crash of our country's banks. To the conservative old banker this was a bitter experience, and he was foremost in his efforts to resume specie payment.

A work which absorbed him in these later years was ethnology. Scholars are ever paying fresh reverence to his research work in the Indian languages. His interest in public affairs remained lively. It seems quite fitting that his last public address should be a bold remonstrance, in the interest of freedom, against the annexation of Texas. A curious testimonial to his powers when eighty-two years of age comes as an offer of the Secretaryship of the Treasury by President Tyler. He regarded it as an "act of insanity," and declined. In his eighty-ninth year he died, the last of the long-lived, democratic, triumvirate.

Contributions to Financial Literature.

In The Bankers Magazine for August, 1882, appeared an article treating upon Gallatin's objection to a currency of bank notes. It was based upon that celebrated essay which Gallatin had published in 1831, —"Considerations upon the Currency and Banking of the United States," and shows his insight into still unsolved financial problems.

Gallatin's life may be studied with profit from as many viewpoints as his life had activities. Our interest now lies mainly with finance. The essay of 1831 cost its author three months of arduous study, and remains to-day a standard on its subject. He styles himself an "ultra-bullionist" and makes a powerful plea for a bimetallic currency. He wished the paper currency to be limited to notes of $100, issued by the Government. His appreciation of Ricardo's system is interesting, finding in it as he did the essentials of that system which eleven years later England adopted under the Peel Law. As proposed by Gallatin, it provided for a legal tender consisting of the Bank of England notes, secured by gold bars and payable on demand. A portion of the notes, estimated at forty million pounds, was considered necessary for constant circulation, and was unsecured. Gallatin wrote to Macon in 1830 the following: "I am no friend either of our banking system generally or to a paper currency of any kind. Had I my choice, I would prefer a pure metallic currency and private banking-houses, as in London and on the Continent of Europe, who might with perfect freedom receive money on deposit, discount notes and deal in exchange, but not issue bank notes or in any other respect interfere with the currency, and I would wish that the Government should neither restrain them in other respects nor grant them any privilege whatever." Practical experience proved to him the need of a National Bank—a need which both Jefferson and Madison failed to apprehend. Of the bank stock, Gallatin held but ten shares and could write, "from it, or from any other bank, I have never asked or received any favor whatever, not having ever had a note discounted in the course of my life."

Gallatin's life was full of strange anomalies and great lessons. Bred for a career in European capitals, he sought the frontier wilds. Determining on a life of secluded land development, he became a center of political life. For many years an opponent of measures giving stability to the Executive, he was called to the cabinet when centralized power was most needed. Regarding war as a paramount evil to the new States, he had to shoulder the responsibilities in great part of a war for which he had opposed suitable military preparations. Diplomatic relations had been deplored by him, yet he filled with credit to the nation the highest posts. Then came his fight for the retention of that National Bank, which he had once felt to be a monarchial mistake. The dearly-fostered plan of his Secretaryship had eluded him. He left the cabinet with the public debt risen high—the reduction of which, as he tells us, had been the principal object of bringing him into office. Notwithstanding the many apparent waverings of his course through life, Albert Gallatin remains an example of magnificent consistency. His perseverance in effort for high ideals has few parallels. The young Swiss gentleman had come to this country when it was in a formative period, and had thrown the whole of his wonderful genius into establishing a government which should be unencumbered by debt.

PRACTICAL LEGAL POINTS FOR BANKERS.

Part of an Address by Virgil M. Harris, Trust Officer Mercantile Trust Company of St. Louis; Delivered Before the Missouri Bankers' Association at its Annual Convention, May 6, 1909, St. Joseph, Mo.

WHAT I have said to other conventions of bankers, I now say to you, and it is this: that the law is not an exact science, nor is medicine or theology, for the best physicians in the land tell us that there are in all materia medica only a few remedies which can be relied upon; and the religious denominations are divided into hundreds of sects following doctrines or opinions of as many philosophical or theological teachers; nor can the law be commercialized, for with the evolution of the sciences and commerce, it is ever changing and ever shifting. Nothing is ever decided until it is rightly decided.

However, there are some principles and decisions of every-day importance to bankers, which are comprehensible to laymen and fairly well settled by our courts, and it is with some of these that I shall now deal.

(The subjects discussed are given below, with an outline of what was stated concerning each:)

1. The Proposed New Laws.

(a) An act to punish derogatory statements affecting banks.

(b) An act to punish the giving of checks or drafts when the person so giving shall not have sufficient funds for the payment of the same.

(c) An act fixing the liability of banks to depositors for payment of forged or raised checks, and requiring such errors to be reported promptly.

(d) An act to authorize banks to make payment to the survivor of joint depositors, and also giving the right of access to the survivor of joint renters of safe deposit boxes.

(e) An act to authorize banks to make payment of deposit to beneficiary in case of the death of the trustee.

(f) An act to authorize banks to make payment of deposits in trust on trustee's signing and using same words in which the deposit was made.

(g) An act concerning notaries who are directors, stockholders, officers, or employes of banks.

(h) An act with reference to instruments payable at a bank; confining the authority of the bank to pay to the day of maturity.

These laws merit serious consideration, and most of them are recommended by the American Bankers' Association and have been adopted in several States; they have been presented to our Legislature at its present session, and most of them have been, or will be, adopted.

2. Notice.

(a) There are a variety of notices which may affect the banker.

(b) Of paramount importance is a notice, in writing or verbally, to the effect that funds deposited to the credit of one person actually belong to another: upon such notice, it is the duty of the bank to withhold payment for a reasonable time to enable the party giving the notice to assert his rights in court. It should be kept in mind that the claim must be one of ownership and not of debt. It is the law of this State, and the general law of the land, that, upon receiving such a notice, the bank is required to hold the funds for a reasonable time. It may be asked: If such a notice is given by an irresponsible person, should it be respected? It is sufficient to say that the law will not punish a banker for doing that which the banker is required to do.

(c) A notice to stop the payment of a check, or notice as to the death of a depositor. Idle rumor and gossip, and newspaper notices, do not constitute proper notice; but it is the duty of every banker upon receiving notice by word of mouth, or in writing, to act prudently, and it is generally best to accept such notice as a proper notice. The bank can always protect itself by proper action.

I saw the other day a decision where an officer of a bank was at a banquet, and there a depositor notified him that he wanted payment of a certain check stopped: the banker forgot to stop payment, and the bank was held liable.

(d) Knowledge by a banker may be notice; and if he permits a deposit of funds in the name of one person, when he knows they belong to another, he is liable for such funds in a suit brought by the true owner.

3. Paper Signed or Endorsed "Trustee," "Administrator," Etc.:

(a) Wherever paper is offered which bears a signature of one acting in a fiduciary character, the scope of the authority of such person should be definitely ascertained before acting upon such paper.

(b) An administrator never has the right to borrow money or to sell paper: his authority must come from the Probate Court.

(c) An executor may, or may not, have power, depending upon the terms of the will under which he acts.

(d) A guardian or curator receives his authority from the Probate Court.

(e) A trustee may be vested with innumerable powers, and they may vary greatly in character. The only safe rule in dealing with a trustee is to carefully inspect the instrument or decree of court whereby he obtains his authority.

4. Telegraph and Telephone.

(a) The courts of justice do not ignore the great improvements in intercommunication afforded by the telegraph and the telephone: the natural operation and uses of these instrumentalities are facts of which the courts take judicial notice: the use of electricity has become indispensable: conversations conducted through the medium of the telephone do not differ in their essential character from other communications: in law they have the same legal effect: the instrument merely enables the parties to carry on conversation at a greater distance than under ordinary circumstances: the fact that the voice is not identified does not render the conversation inadmissible.

(b) The telephone should not be used in taking acknowledgments or affidavits.

(c) Notices received by telephone or telegraph deserve the same attention and consideration as those given in writing or by word of mouth.

5. Dower and Curtesy:

Dower: The life interest which a surviving wife has in the real estate of her husband: this interest is the use of a third for her life, and attaches at the moment of marriage or the subsequent acquisition by the husband of the real estate, and continues thereafter during the life of the wife.

During the husband's life, it is inchoate, a mere right or possibility, but it is a right, however, which the courts will protect. The husband cannot deprive her of it by conveyance to a third person, or by his last will. The law of dower has been in force for nearly a thousand years, and has always been highly favored; it is an old saying that the law favors life, liberty, and dower. A divorce granted to the husband deprives the wife of her right of dower, as it does the husband of curtesy.

Curtesy: The life interest which a surviving husband has in the real estate of his wife: It is a law of great antiquity, traces of it being found in the earliest English history. The birth of a living child is necessary to establish curtesy; it is enough that it lived for a moment after its birth. Accordingly, it is said that curtesy is due rather to being the father of an heir than as widower of an heiress.

Curtesy extends to the use of the whole estate during the life of the husband.

6. Loans and Collections:

(a) Loans to corporations should be made to such only as have authority to borrow, and only for corporate purposes. Corporations and partnerships, as a general rule, have no authority to guarantee by endorsement, or otherwise, debts for the accommodation of others.

(b) Banks should refuse collections to which are attached onerous conditions, such as the payment of money upon the delivery of a deed which gives a good title, or the delivery of a deed if taxes are paid, or the payment of money where some question of law or some intricacy is involved. In the matter of collections, the bank should confine itself to the collection of money, and not assume responsibilities out of the ordinary.

In the handling of collections, the general rule and the safe rule, is to send the collection directly, and not by circuitous route. It is always a dangerous method to send a collection to the bank upon which it is drawn.

7. Collateral:

It is the duty of the pledgee to use reasonable care and diligence to make collaterals available, and he is bound to use proper exertions to render the collaterals effective. If through his negligence or wrongful act or omission, the collateral is lost, he is accountable and liable to the pledgor.

(a) He must protest paper.

(b) It is his duty to demand payment as the collateral matures.

(c) It is his duty to collect interest and dividends, and to notify the debtor if same are not paid.

(d) It is his duty to foreclose a mortgage, provided he has the power to do so.

(e) If collaterals are worthless, the law does not require the doing of a useless thing, and under such circumstances, no steps need be taken on such paper.

(f) Whether the pledgee has used proper diligence is a question of fact.

8. Privacy and Silence:

In banking, as in other vocations, silence is often a virtue: if a mistake has been made, if an officer or clerk is short in his accounts, the prudent course to pursue, is to keep the matter quiet rather than to take the advice of others, unless it be your attorney. It will frequently develop that moneys may be recovered, if the matter is kept quiet, while if it becomes public property, this may be impossible. The relation of the banker and his depositor, while not confidential from a point of law, should be confidential in practice. The nature of one's account, the amount of his indebtedness, or the character of his collateral, should be matters which are inviolate. The banker should disclose this information only upon a proper order or in court.

9. Checks and Receipts:

(a) A bank is liable for the failure to pay the checks of its depositors, when there is money on hand for that purpose; and the rule is, that the smaller the check refused, the larger the damages. Checks should be paid in the order in which they are presented, and where a number of checks are presented through the clearing-house, the total of which exceeds the balance on deposit, the whole number should be refused.

(b) Where the amount of a claim is unliquidated, that is to say, where it is not fixed or determined to be a specific amount by contract, or where a dispute has arisen with regard to the amount that is due from one party to another and the debtor tenders a check to the creditor upon which, or in connection with which, there is a written statement that the check is to be in full settlement, if the check is accepted by the creditor and cashed, it amounts to a complete accord and satisfaction, and the creditor cannot thereafter maintain any suit against the debtor for any balance which he may claim to be due him upon such account.

But where the amount is fixed and determined by contract, and is not called in question by reason of any disputed offset, the sending of a check for a less amount with the statement written thereon that it is in full settlement, will not amount to an accord and satisfaction, even if the creditor collects the check: for, in such cases, there is no account stated between, nor meeting of the minds of the parties, with an intent on the part of each to settle a disputed claim: and the acceptance of part of the money which is due him by the creditor, will not preclude him from maintaining a suit for the balance.

10. Wills and Probate:

Every man should make his will, and it should be done timely and deliberately. A prominent legal writer says: "It is astounding how frequently from indolence, procrastination, or superstition, men will postpone this needful act until the last. Some, like old Euclio in Pope, with the ruling passion strong in death, can not endure the thought of parting with their possessions, even post mortem, and die intestate. Few testators know their own minds, and a death-bed will is as sorry a substitute for a carefully prepared instrument, as a death-bed repentance is for a well ordered life."

THE ADMINISTRATION.

MR. TAFT'S administration of the Government thus far has revealed calm, judicial methods which are having a most favorable effect not only throughout the United States, but in foreign countries, and a continuation of these methods will undoubtedly create a more and more favorable impression of American institutions. The unrest and socialistic tendencies in other countries have already turned the attention of foreign investors toward American securities, and they are beginning to look upon this as the most conservative country in the world. All this is due to the attitude of the Administration, and this if continued—as it undoubtedly will be—will draw added millions of the old world into American investments. The beneficial effects of such investments in increasing our prosperity can hardly be estimated.—*J. S. Bache & Co., Weekly Financial Review.*

DUMMY DIRECTORS.

AN observant newspaper reader has contributed to one of our metropolitan contemporaries some excerpts from the testimony in a trial in court at a suit involving certain acts of a former bank president, the witness having been a director of the institution whose affairs were mismanaged. The testimony is singularly interesting:

Q. You were frequently overdrawn yourself when you were a director? A. Yes, sir.

Q. Do you know of any by-laws of the bank prohibiting any salaried officer from borrowing money? A. No. sir; I never read the by-laws.

Q. Never knew there were any? A. No, sir.

Q. Did you take an oath every year as a director? A. Yes, sir. I thought it was a form. I took an oath to perform my office to the best of my ability and in accordance of the laws of the nation.

Q. But you didn't read the by-laws? A. I didn't think it necessary.

Q. Did you read the national banking laws? A. No. I don't suppose I would have understood them if I did.

It is more than likely that similar testimony would be elicited by the examination of almost any director connected with a bank whose affairs had been mismanaged.

It is pretty safe to assume that where directors have knowledge of national banking laws and are familiar with the by-laws of their banks, there is no mismanagement of the finances such as involve criminal prosecutions. Banks with dummy directors do not always go to the wall, but in periods of financial stress they are weak and dangerous links in the chain which binds together our national integrity.—*Rochester Herald.*

CURRENT OPINION

ALLEGIANCE TO HUMANITY.

ON May 21, 1909, the Right Hon. James Bryce, British Ambassador to the United States, spoke before the Fifteenth Annual Lake Mohonk Conference on International Arbitration, on the subject of "Allegiance to Humanity." Extracts from his address follow:

Is not the fault, then, in ourselves, that we are too ignorant about other nations, too neglectful in not trying to understand them and to put ourselves in their place? Is not this one chief cause of the atmosphere of suspicion which characterizes the relations of the Great Powers, and leads them to go on creating the enormous armaments and levying the enormous taxes under which their people stagger? Would not a better knowledge by each nation of the other nations do something to dispel these suspicions? Every nation must of course be prepared to repel all dangers at all likely to threaten it. But it should also try to ascertain whether the dangers it is told to provide against are real or illusory, and it should try to enter into the position of other nations and ask whether it may not be exciting in their minds a mistaken impression of its purposes. Suspicion breeds suspicion; and nations have sometimes come to fear and dislike one and another only because each was incessantly told that it was disliked by the other. . . .

Our country is not the only thing to which we owe our allegiance. It is owed also to justice and to humanity. Patriotism consists not in waving a flag but in striving that our country shall be righteous as well as strong. A state is not the less strong for being resolved to use its strength in a temperate and pacific spirit.

It was well said recently by Mr. Root that there ought to be, and there was gradually coming to be, a public opinion of nations which favored arbitration and would condemn any Government which plunged into war when amicable means of settlement were available. May we not go even further, and desire and work for the creation of a public opinion of the world which has regard to the general interests of the world, raising its view above the special interests of each people? Are we not carrying our national feeling to excess when we think only of the welfare, only of the glory, of our own nation? Is it not the mark of a truly philosophic as well as of a truly religious mind to extend its sympathy and its hopes to all mankind? Would not the diffusion of such a feeling and an appreciation of the truth that every nation gains by the prosperity and happiness of other peoples be a force working for peace and good will among the nations even more powerfully than all our arbitration treaties?

EUROPE STILL CONCERNED ABOUT OUR CURRENCY.

JACOB H. SCHIFF, who arrived June 4 aboard the Lusitania after a six weeks' trip in Europe, discussed briefly the financial conditions here and abroad.

Speaking of affairs in this country, he said:

Much confidence is being expressed everywhere in the Taft Administration. It is particularly hoped that, with the tariff out of the way, the solution of the currency problem will be sought with energy, for it is already now feared that unless this question is being promptly dealt with, we shall only be again heaping up new fuel, which in times to come will bring on another conflagration.

As the first step toward this, the immobilizing of capital through the enormous absorption of new securities in the United States and the simultaneous heavy gold export is being pointed to.

With a sound system we should be in a position to reduce the volume of the currency to the decreased needs of commerce and industry; as it is, the large surplus of paper currency not now needed can only be employed in securities purchased, or it must displace our gold by driving it to other countries; in fact, both are being done, and after a while we shall have to pay the penalty. The report of the Monetary Commission is, because of this, eagerly looked for.

THE SALOON CONDEMNED.

COMMENTING on a recent address by Professor Munsterberg, "Collier's Weekly" says:

Professor Munsterberg spoke in Boston not long ago, and people all over the country would naturally suppose, from the press accounts, that he made an onslaught on Prohibition. As a matter of fact, he merely stated certain considerations on both sides, and also stated other evils, which ought to be taken into account while considering the general subject. In the "Ladies' Home Journal," for March, the professor declared that there was no more degrading and no more atrocious insult to civilized life, than the American saloon. He pointed out that it poisoned the social atmosphere of the masses, led the working man to squander his savings, and the healthy man to devastate his energies. He spoke of political corruption and of the thousand paths from the saloon to the penitentiary. He said there might be disagreements as to whether strict prohibition, or education toward temperance, would prove the more reliable method, but that there could be no disagreement about the fact that the saloon must be wiped out. "It is a blessed movement which now turns with overwhelming energy against the horrors of this evil and unites the clean minds of the whole nation in an untiring fight against this source of infection." From which it would appear that supporters of the saloon can derive but little comfort from Professor Munsterberg.

WHAT ARE DEPOSITS?

COMMENTING upon the ambiguity of statements which set forth, in figures, the actual deposits that national banks may have received in a given time, the New York Journal of Commerce and Commercial Bulletin says:

The common hazy notion about bank deposits is reflected in a statement sent out from Washington that "during the present fiscal year the national banks of the country have received in individual deposits $4,286,060,384, which is more than a billion and a half dollars in excess of the entire outstanding money supply of the United States." What is meant by the banks having received that amount during the fiscal year? They are receiving and paying out great sums every day and nobody can tell what their receipts in individual deposits amount to in a year. But, according to the reports of the Comptroller of the Currenecy of the condition of national banks on the 28th of April, they held on that date $4,286,060.384 in individual deposits. How much they had received in a year was unknown and unascertainable.

But what has this to do with the "outstanding money supply"? The dispatch referred to seems to imply that individual deposits consist of money, and that is a notion that many people have difficulty in keeping out of their heads. They really consist of credits to depositors and nothing else. Depositors may deposit money, or drafts and notes to be collected, or they may borrow of their bank and have the amount credited up to them to be drawn upon at their convenience. All the deposits become credits after the bank has received them. It owes the several amounts to depositors and will have to pay in money so far as that is demanded, but no money in a bank of deposit and discount belongs to the depositors. It is all the property of the bank.

The bank is required to keep on hand a reserve of cash sufficient to meet demands for payment in money. This may be one-fourth as much as the deposits or it may be considerably less, according to the location of the banks. When individual deposits in national banks largely exceeded $4,000,000,000, and were one-third greater than all the money supply of the country, the banks held less than $900,000,000 in reserve money, and that was an unusual proprtion. These facts are elementary, but their restatement may be justified by the confusion of mind so often displayed as to the meaning of bank deposits.

URGES UNIFICATION OF BANKING INSTITUTIONS.

IN an address made at the annual banquet of the National Association of Manufacturers, held recently at the Waldorf-Astoria, New York, Congressman Charles N. Fowler, of New Jersey, said in part:

What we want in this country is a free interchangeability between bank book credits and bank note credits, the latter being redeemable in gold at bank note redemption agencies, precisely as the notes of the 500 banks of New England were redeemed at the Suffolk Bank in Boston before the war, if we hope to have the most economical and efficient bank currency in the world.

If the banks of the United States were bonded together to co-insure all of their bank credits and the supervision and responsibility were thrown directly upon the banks, the savings accounts, which now constitute a part of almost every bank's business, would be in proper securities for trust funds and would not be diverted to commercial uses or speculative purposes. The division line between the investment fund and the commercial fund of the country would be recognized and strictly observed.

High finance and wild speculation would have to be carried on outside of the national system, while within it the commerce of the United States would find its complete defense and protection and the people absolutely protected against loss.

If all the legitimate corporate banking institutions were so associated and bound together by a contribution of five per cent. in gold of all their deposit and note liabilities, we should have a gold reserve and rediscount fund passing the billion-dollar mark, and the United States would soon lead the world in banking facilities and financial strength.

COINAGE OF U. S. MINTS.

THE coinage executed at the mints of the United States during May, 1909, aggregated $26,650,000, as follows: Gold, $25.577,500; silver, $1,029,000; minor coins, $43,500. This is exclusive of 450,000 peso pieces for the Philippine Islands.

INVESTMENTS

Conducted by Franklin Escher.

GOLD PRODUCTION AND SECURITY PRICES.

WE mentioned last month the growing interest being taken in the question of the influence of the constantly increasing gold production on security prices. No longer confined to the lecture room, the subject is one which is now engrossing the attention of practical banking men all over the country, and is being widely discussed in all the financial publications which deal with the broad economic factors influencing the price of securities.

Briefly stated, the claim of the new school of "gold-depreciation" theorists is that as more and more gold is produced, an ounce of gold will buy less and less wheat or corn or cotton—in other words, that where formerly a bale of cotton was equal in value to two and one-half ounces of gold, as more gold is produced it will need perhaps 3 ounces of gold to buy the bale of cotton. Prices of commodities being thus forced up, the argument runs, a speculation in these commodities is engendered which ties up the available capital supply and makes money rates rise. Rise in money rates naturally reacts upon the price of securities bearing a fixed rate of interest.

This is the outline of the theory. It has been held by economists in the universities for a good many years, but it is only lately that it has been taken up seriously and generally by practical banking men and large holders of securities. Nor can it be said that close study of the question has caused any considerable degree of alarm as to the future of bond prices. Admitting the truth of the general principles involved, there are, nevertheless, influences bearing on the situation which to the practical mind seem entirely to deprive the factor of rapidly increasing gold production of its terrors as a destroyer of security values.

The Theory and the Fact.

Extraneous influences seem, indeed, to have sadly deranged the working out of the theory regarding the influence of gold production on commodity prices. In my article on the subject in the May edition of "Moody's Magazine" it was shown how periods of increasing gold production have by no means been always marked by rising commodity prices. Between 1891 (the time when gold production began really to rise rapidly) and 1896, for instance, Bradstreet's index number *fell* from 8.1382 to 5.7019. That was during a six-year period when the world's production of gold was *increasing* from 131 million dollars to 211 million dollars.

Here, evidently, is the best kind of an example of the strength of outside influences in shaping commodity prices. The gold-depreciation theorists are right enough in their contention that an increased output of the precious metal *tends* to put up the price of commodities, but the facts, as opposed to the theory, show that outside influences have been of more than sufficient weight to nullify the tendency. Take, for instance, the whole period between 1891, when gold production began rapidly to increase, and the present time. What is the actual record of commodity prices in relation to gold production? On January 1, 1891, Bradstreet's index number stood at 8.1382. On January 1, 1909, it stood at 8.2631, a gain of only one and one-half per cent. In the meantime gold production had jumped from $131,000,000 in 1891 to $430,000,000 in 1909.

So that the fact that the gold output is on the increase does not by any means prove that further rise in commodity prices is inevitable.

How Interest Rates Are Affected.

Turning now to the question of the relationship between commodity prices and interest rates, what reason is there to believe that rising commodity prices mean a higher level for money? According to the claim of the "gold-depreciation" theorists, whenever prices of wheat or cotton or steel or any great staple are rising, the resulting speculation ties up so much money that interest rates rise rapidly. That there is a good deal in this idea is something which must, in all fairness, be admitted. The claim, however, that a rise in the price of even the more important staples is enough to put interest rates up all over the world, and keep them up, is something which is by no means borne out by the record of the past. Money rates are most certainly influenced by periods of speculation, but a rise in the price of general commodities by no means indicates a period of speculation sufficiently deep or broad to exert any such world-wide effect.

A Practical View.

It is a question, indeed, with a good many practical-minded holders of securities whether the increase of gold production in its plain everyday effect of "more money for the use of trade" does not outweigh all other roundabout considerations such as greater demand for money arising from stimulated speculation. Even allowing that as more gold is produced, commodity prices tend to rise and that speculation is encouraged, the plain unvarnished fact remains that the more money you dig up out of the ground, the more money you have for the use of trade. Four hundred and thirty millions of dollars of new gold brought into use in 1908 may be made the basis of all kinds of credits, but after all there are $430,000,000 more of gold with which to carry on the world's business. I put the question up to a merchant recently, who, while professing to know but little of economics, is considered a man of extraordinary business sense. "It seems to me," he said, "that there's little necessity for making so complicated a matter of this question of gold production and interest rates. The more of anything I produce, the less I can expect to get for it. I realize that gold isn't copper or silver, but the principle remains just the same—the more gold I produce the less I can expect to get for its use—the lower interest rates are bound to go. Look at interest rates now and fifty years ago, when there wasn't anything like the proportionate demand for capital there is now. Was there any one and two per cent. money then? Why is money so much cheaper now? Because there's so much more of it."

Judging from the lack of concern with which the largest holders of securities view the increase in gold production, that is the view *they* take of it. Somehow, there has always been present a demand for all the gold produced—despite the 300 per cent. increase in the past eighteen years, the bogy of overproduction has never amounted to much. The civilization of the world is going forward at a great pace, and more and more gold is all the time being required for bank reserves and the arts. Demand from these sources seems likely to absorb surplus supplies for a good while to come. In the meantime the question of increasing production is being made the subject of tremendous discussions among the theorists; but practical bank men, having carefully looked into the matter, have mostly decided that it is lacking in any element of danger to security prices.

EUROPE AND OUR BONDS.

INTERRUPTED somewhat by the financial disturbances of the past two years, the effort to establish more of a market for American bonds in Europe has been fully resumed. The Pennsylvania, it will be recollected, and the New York, New Haven & Hartford managed to force their way into the French market a few years ago and sold some big blocks of bonds, but outside of that the Continent has not taken any great amount of our securities, en bloc, for a good while back. But now, from all accounts, the interest of the French, German and Dutch investor is beginning to awaken to the profit possibilities of American bonds, and some pretty large blocks of the new issues are being taken by the foreign bankers for distribution among their clients. How the foreign investor, generally, regards American securities is set forth in the following statement, which a banker of international prominence has prepared for the Investment Department of THE BANKERS MAGAZINE:

WILLIAM J. WOLLMAN'S VIEWS.

William J. Wollman, of J. S. Bache & Co., recently returned from a trip abroad. He states that the change in the attitude of European bankers and investors towards the Americans and American securities is surprising.

"At the time of the financial crisis in the year 1907," said Mr. Wollman, "Europe lost faith in the management of our corporations, but the quick return to conditions more nearly normal, in most cases without interruption of dividends and interest disbursements, has won respect and aroused a feeling of greater confidence in the solid foundation and inherent strength of the management of our institutions.

"In the past two years it has been very noticeable that the 'middle classes' of Europe have been buying our securities and putting them away. The larger income return makes its appeal to them and the demand is increasing for all of our better securities. It is really remarkable to note the familiarity of the people with our various stocks and bonds. In London, as a rule, you hear more American securities talked of and discussed than any other securities traded in on their Stock Exchange. It is surprising the activity displayed in London beginning three o'clock, which is the opening of our market (10 o'clock New York time). On active days many of the brokers remain in their offices until eight or nine o'clock in the evening, which gives them sufficient time to get the results of the close of the New York market.

"The best cable and telegraph service will probably be found in America. In France they are very far behind in this respect. Very often when bankers in Paris want to communicate with London they will do it via New York, as they claim that they can save considerable time by cabling in this roundabout way.

"The recent reduction in the postage rate between the United States and England and Germany will do much to acquaint Europeans with our securities, as it will enable us to circularize those countries at a very moderate cost. All this will tend to bring our countries closer and closer."

From what Mr. Wollman says, the prospects for making a good market for American bonds among the middle-class European investors seem to be excellent. That is the object which has been sought all along, and its achievement will mean much in the way of the development of our secondary railway systems. From the standpoint of the American banking house or railroad which has securities to sell, it is a fortunate thing that the new taxes in France are operating strongly toward driving French capital into foreign enterprise. A proportionate amount seems likely to find its way into American bonds.

THE MAIN INFLUENCE.

THE clearing up of the business situation leaves the money market the main influence on bond prices. What will money rates do during the second half of 1909?—answer to that question would be the solution of the problem of future bond prices. One thing is certain; prices of the highest grade bonds have been steadily influenced upward by the extraordinary cheapness of money, and will with difficulty be maintained when the inevitable change from present conditions comes. Easier money than we have had for the past year and a half is impossible—a change from present conditions means higher rates.

Predicting the course of the money market is a hazardous business, but at a time when money rates are so all-important in their influence on bond prices, it is decidedly well worth while for the holder of securities to consider carefully the factors which bear on the future interest rate. Looking at the matter very broadly, the point of greatest importance is the great increase in the loans of the banks all over the country and the replacing of the huge amount of gold we have exported, with national bank notes. So great has been the volume of unused capital up to now that the development of these conditions has gone on with almost no visible effect on money rates. An underlying situation has been created, however, which contains all the elements necessary to bring about a decidedly firmer money market this fall.

Europe's vast supplies of accumulated capital, however, may be expected to act as a balance and prevent anything like a money stringency. The whole world has been impressed with our recuperative ability and our credit abroad has been strengthened and improved. At a price we shall be able to borrow almost unlimited sums on the European markets this fall.

INDUSTRIAL BONDS IN FAVOR.

UP to within a couple of months ago some astonishingly low prices for industrial bonds still prevailed, but that is a condition which has largely been rectified of late by greatly increased interest in this class of security. At the same time, with all the advance which has taken place, there are still a number of good industrial bonds selling at a price to net the buyer as large a return as can be obtained by buying the preferred industrial stocks of recognized standing.

With the business outlook as it is, there is no doubt that the better class of industrial bonds are a most attractive form of investment. If there is one fact about the industrial history of the great crisis of 1907 which stands out prominently among the others, it is that the big industrial companies made a marvellous showing of strength, recording a surprisingly low mortality. And this is the kind of a fact which impresses itself most upon the investor's mind. For a long time after the panic —in fact, until just recently—a great many well-informed buyers of bonds shook their heads and said, "No, I don't want to consider buying any industrial bonds, thank you. I know that most of the big companies made a good showing in the depression, but they're not out of the woods yet. Wait and see how they stand the after-effects."

That question has been answered during the year's second quarter, and in a way to encourage the most optimistic views of the industrial future. Tangible evidences of improvement are to be found on all sides—the outlook is for a period of great commercial activity. Under the circumstances it is no wonder that investors are turning eagerly to industrial bonds and that the bankers handling them have made big profits.

THE SO-CALLED "REINVESTMENT DEMAND."

TWICE every year a great point is made of the influence on the investment markets of the January and July disbursements, and twice every year holders of securities are disappointed that prices are so little influenced by this "reinvestment" demand. As a matter of fact, nothing like the full amount of coupon and dividend money disbursed at the year's beginning or in July finds its way back into the security markets; and, furthermore, what reinvesting is done is scattered over a very considerable period of time.

With regard to its effect on security prices this latter point is most important. Bond dealers declare that they can feel the influence of anticipatory buying all through the month of June, while, on the other hand, the buying movement runs along all through July. Some buyers, aiming to get in ahead of their neighbors, borrow the money to make their purchases and then pay it back out of dividend and coupon money. Others figure that the better plan is to wait until the dealers, who have stocked up with bonds in anticipation, have worked them off at high prices and are willing to have quotations go down again, so that they can take on a fresh supply of wares. In any case the effect is to greatly prolong the period over which the purchases are made, and to render their visible influence much less than if the buying were concentrated on a shorter period. The bond dealer who wants to take advantage of the "reinvestment demand" nowadays must lay in his supplies far in advance and be willing to carry them well past the time when the actual disbursements are made.

NEW FACTORS IN THE BOND MARKET.

COMPARING present prices with the high level of several years ago and commenting on the probability of this level being again reached, Messrs. Lee, Higginson & Co. of Boston say in a recent circular:

It is clear, then, that to-day's prices of standard bonds are substantially below the quotations attained during the years from 1899 to 1902.

But history has the perplexing habit of not repeating itself, and it is unsafe to reason that, because the prices of the better class of interest-bearing securities were much higher during this previous period of dulness, they are certain to reach again the same high level. The high prices for this preceding period may be regarded perhaps as quite as abnormal as the lowest prices touched in recent years. A number of new factors certainly have entered into the present situation:—

(1) The large supply of short-term obligations issued during the last three or four years lessen the funds going into long-time securities, and also affect the market, because it is known that, when they come due, there are likely to be further substantial issues of long-time securities.

(2) There has also been an increased supply of well-secured equipment obligations which compete with railroad bonds.

(3) During recent years convertible bonds have been issued in large amounts, and, as they afford reasonable safety with speculative possibilities of profitable conversion, they have attracted a large number of investors.

(4) During the last half-dozen years the bond market has much broadened. Many investors, who six or eight years ago confined their investments entirely to steam railroad securities, to-day are buying the bonds of the stronger industrial corporations, and particularly have been attracted by the safety and comparatively high yield of public service corporations.

(5) There is also at the present time a well-grounded opinion that general business is recovering, perhaps not rapidly, but steadily, and that banks and investors are likely before long to encounter substantially increased demands for the purpose of financing industry. This last consideration is the most important factor of all, and cannot be definitely determined.

Our feeling, on the whole, is that we are not likely, during the next year or two, to attain the high prices for bonds reached in the years 1899 to 1902. At the same time so many of the conditions which caused that rise are now operative that we do expect to see some further advance in prices, and it is our opinion that the present prices of interest-bearing securities are not abnormally high, and therefore we believe that investors are justified in buying securities at to-day's level of prices.

We think that the broadening of the market, which has been in progress so notably during the last five or six years, will continue at least for a number of years, and that this will tend to advance the price of bonds of the better class of street railway and electric light companies. We know of no bonds so attractive from the point of view of security and relatively high income yield as the bonds of well-managed street railway and electric light companies, earning two or more times the interest charges and issued with due regard to the life of the franchises.

SHORT-TERM INVESTMENTS.

TO the man who believes that money rates will be decidedly higher in the fall, the short-term notes and equipment trusts offer an attractive field for investment. At the basis on which these securities are selling they differ but little from loans made at the time money rate, on which the lender is at any time able to call in his money. A rise in money rates will, of course, affect the price of these short-term issues, too, but to nothing like the same degree to which it will affect long term bonds. The investor who buys short term notes now, therefore, keeps his money employed, but has it in a position where, if the rise in money he is looking for materializes, he will be able to make a favorable switch into a long-term issue. It is the realization of the possibilities of this operation which is responsible for a good deal of the recent buying of short notes.

THE BONDS OF MERGED ROADS.

THE public has made money in bonds since the panic, and investors in general have become keenly alive to profit possibilities. They have seen the bonds of several roads which have been merged into larger systems increase greatly in value, and are not overlooking the chance to put themselves in the way of getting the benefit of similar developments.

Investing for profit as well as income is becoming more and more general, and a great deal of attention is being paid to the possibilities of mergers and combinations which will favorably affect the bonds of the smaller roads taken in. The air is full of deals and rumors of deals, some of which are too silly to deserve notice, but others of which are in the way of being consummated. It is certain that the day of the small, independent railroad is over and that it is but a matter of a very few years before the last minor system will have been absorbed. There is at the time of writing just one north-and-south independent left in the Middle West and everything points to the absorption of this road, before very long, by one of the great systems of the North. The completion of the Panama Canal will make a Gulf outlet imperative for every one of the great transcontinental roads—long before the Canal is finished, it may be assumed that every possible line to the Gulf of Mexico will have been appropriated.

Among the high-interest-bearing securities being offered to investors, irrigation bonds play a prominent part. The following comes to us from an expert on these securities:

IRRIGATION BONDS.

By Ralph H. Hess.

CURRENT interest in matters pertaining to the conservation of our natural resources and the reclamation of waste lands has, incidentally, focused public attention upon the recent development of irrigation in the arid country. The popular press has widely discussed the significance of the rapid increase in the number and magnitude of reclamation projects, and financial journals have occasionally commented on the growing importance of the new class of securities arising out of reclamation activities. Unfortunately, financial writers have quite inadequately, and, at times, erroneously defined the qualities of such issues as media of investment.

The problem of reclamation and theory of irrigation district finance, briefly put, is as follows: Arid lands are worthless without water for irrigation and works for conveying it to the fields. Home-seekers in the West are usually without considerable capital and are, therefore, unable to finance the extensive reclamation projects necessary to bring the land under cultivation. The irrigation district, as originally defined by the Wright Law in California, and as recently provided in the somewhat improved laws of most irrigation States, is an organization of owners of contiguous lands which it is proposed to irrigate. The district is organized as a quasi-municipality and is authorized by State laws to issue bonds by district referendum, such bonds to be secured by prior liens on the lands to be benefited by the projects which they are to finance.

Such a scheme of finance is justified in theory and is practically sound when the project is properly conceived and carried to completion within the proposed period. If, for any reason, the available water supply or the productivity of the land is miscalculated, if the magnitude of the undertaking is misjudged and sufficient time or funds for its perfection not provided, if the management of the enterprise falls into unskilled or unscrupulous hands; in fact, if any one of the many unforeseen contingencies should arise and the project thereby fail of completion within the specified time, the lands and canals pledged to the bondholders remain barren, the settlers are probably unable to respond to a tax to meet the interest or principal and the bonds depreciate to the paper on which they are printed. It is obvious, therefore, that irrigation bonds of the so-called *municipal variety* are subject to the operation of value-determining factors of intangible and indeterminate qualities, and that their ultimate payment depends, not on the original and permanent value of pledged securities nor on the earning capacity of an established industry, but on the successful completion of a combined structural and economic enterprise.

The irrigation bond of the second type is the product of a somewhat advanced but no more certain step in the development of irrigation finance. In order to accelerate the settlement of unoccupied lands and to encourage their reclamation by State and private enterprise, an act was passed in 1894 which is designated as the "Carey Act." By the provisions of this law and a subsequent amendment, the Federal Government agreed to transfer to the several arid States such unappropriated lands as lay within their respective boundaries, to the extent of not to exceed one million acres to each State, provided that the States should previously arrange for and supervise their reclamation, and thereafter contract for their sale to *bona fide* settlers in tracts not to exceed 160 acres to any one person.

Promoters were not slow to take advantage of the provisions of the State and Federal laws described above, and corporations were rapidly organized for the purpose of appropriating water-rights in State streams and undertaking the reclamation of available public lands. Such operations involved the filing upon alleged unappropriated waters of public streams for purposes of irrigation, the preparation of plans for the ditching of such waters to the lands to be irrigated, the accumulation of capital sufficient to construct the proposed system of canals, the construction of the works, and the final transfer of the lands reclaimed to settlers at the nominal price of fifty cents per acre, plus a per-acre charge sufficient to cover the cost of reclamation. The fifty-cent charge goes to the State and the manner of its final disposition is provided by the Federal statute. The cost-of-reclamation charge constitutes the expenses and fruits of enterprise which go to the construction company. It is presumed that this charge shall be *sufficient to cover the cost of construction;* but the limits of such factors of cost as dividends and salaries are nowhere defined. The charges for construction have, I believe, been uniformly $40 per acre. The cost of Government construction by the Reclamation Service, undertaken eight years later when the easiest projects were already pre-empted by companies operating under the Carey Act, and when the cost of labor and materials were fifteen to twenty per cent. higher, have averaged twenty-five to thirty-five per cent. less per acre. In this form of enterprise we discover the source of our second class of irrigation bond, *i. e.*, the so-called *corporation* or *Carey type* of bond.

The foregoing is sufficient to suggest the distinctive features of the respective securities of the two types of irrigation enterprise which are at present marketing bonds; namely, the *coöperative district,* provided for by State laws and primarily conceived by the Wright Law of California, and the *temporary construction company* (an investment corporation) which operates under the Carey Act, subject to the nominal supervision of the Federal Government and the more or less direct surveillance of State officials.

That there is a considerable element of risk in irrigation enterprise is universally admitted. The diffusion of responsibility and absence of personal liability is bound to augment the chances of failure in any undertaking. If a district project fails, the resident farmers are individually responsible and liable and therefore stand to make good the outstanding bonds or lose their lands. If, as is often the case, their lands are unimproved, the failure of the undertaking will disposses them of nothing of value. In the case of the Carey project, the protection of official responsibility must be recognized; but, in the States, official responsibility seldom extends beyond a period of two years, and by the time a project is launched, exploited and abandoned the official who approved the plans is not only beyond recourse to bondholders, but probably beyond political censure for misfeasance in office. In financial matters, the judgment of a State engineer may not always be trustworthy, and the aggressive and optimistic spirit frequently prevailing on the industrial frontier may easily gain the well-meant but unjustified approval of a temporary servant of the State.

It is to be understood that we are discussing the initial characteristics of irrigation bonds, which refer, of course, to their attributes as investments *at the time of their issue and sale,* and not merely to their potentialities *upon the successful culmination of the enterprise* which they are made to finance. The investment qualities of any mortgage bond depend, primarily, on the original and permanent values of the properties pledged, and such values must be actual and residual, and not merely potential and conditioned upon the expected results of a developmental undertaking. To the extent to which bonds are issued beyond the known and realizable assets of the issuing corporation, they partake of the nature of debentures or preferred stocks and are burdened with such proportion of the total risk as is their volume of the total investment.

In the light of a careful analysis, it is difficult to reconcile irrigation district bonds, as a class, with the standardized conception of municipal bonds. The bonded indebtedness of a recognized municipality is usually limited by law to a small percentage of the assessed valuation of the property within the municipality and is strongly safeguarded by being confined to the actual tax-paying ability of the population. This qualification may be true of the higher class of district bonds, but certainly not of the arid-district and corporation types. For this reason, it would seem that the more or less current term "municipal," when applied to such securities, is a misnomer.

We now have fairly before us evidence sufficient to justify a summary estimate of irrigation bonds as an investment proposition. Enough has been said to reveal the fact that the tangible values which are pledged in support of current issues of irrigation bonds are, in the case of the corporation type of bonds, practically negligible, and in cases of district issue are without any recognized standard of quality or excellence. It further appears that established earning power and demonstrated taxable ability, as bases for the assumption of fixed charges, are likewise subject to serious limitations in the field of irrigation finance.

There is no doubt that the mortgage feature of irrigation bonds is largely fictitious. That which is usually hypothecated in support of such bonds is of value only in the presumed realization of a probable future condition, and the readiness with which these securities are being issued and the apparent absence of a proportional issue and sale of capital stock surely indicates that the principle of debt financiering which requires the amount of borrowed funds to be within the minimum value of tangible capital properties is being grossly violated. It, therefore, emerges that subscribers to corporation capital do not assume the legitimate risk of reclamation ventures, but shift a part thereof to the bondholder, whose main security is confidence in the success of the undertaking. For this reason, irrigation bonds, with the exception noted, should not be more highly regarded than preferred stocks in an unestablished industrial plant, and interest bearing preferred stocks have been outlawed by the statutes of several States.*

Being virtually analogous to interest-bearing preferred stocks in potential industries, irrigation bonds are not well adapted to the direct investment of the private savings of those who desire to avoid risk-carrying securities and who are without the opportunity or technical knowledge which will permit them to accurately estimate the character of the enterprise and the quality of its management. On the other hand, the bonds in question pay a high rate and, on the whole, represent undertakings of glowing possibilities. For this reason, they present an attractive field for such investors as desire to assume somewhat more than a bondholder's risk at a specified rate somewhat above that of a standard mortgage loan. They should be especially desirable to those who may possess a personal and technical knowledge of the field and management of the undertaking.

In the foregoing, the writer is not to be understood as taking exception to the most eloquent portrayal of the achievements and potentialities of reclamation enterprise and irrigation agriculture. Certainly there is no form of industry now being developed in America that will more quickly assume an independent and profitable basis and ultimately add more to the national dividend than will the farming of reclaimed lands. There is no doubt that, for a long time to come, every dollar invested in the improvement of the arid wastes of our West will be returned by the soil many fold; but these facts should be given no bearing in an analysis of the technical features of irrigation securities of the borrowing variety. We are concerned only with the nature of such securities as the market affords to the bond purchaser who is not a risk-taker nor a promoter, but a lender of money on adequate security. Theoretically, the bond buyer is not interested in the success or failure of the enterprise to which he lends his funds, and he has no desire to share in the gains or losses which may accrue to the borrowing company. The reliable mortgage bond always carries with it sufficient security to guarantee the unqualified payment of interest and principal when due. The unqualified payment of any funded indebtedness can only rest upon tangible and convertible pledges, established earning power, or predetermined contributory ability.

* Wisconsin Laws of 1907, Ch. 576.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to June 23.]

Quoted by Judson G. Wall, broker and dealer in investment securities, 10 Wall street, New York.

STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
Alabama 4s, 1956	104½-105½	3.75
Georgia 4½s, 1915	104½-105½	3.60
Massachusetts 3½s, 1940	99 - 99½	3.53
New York State 3s, 1959	103¼-103½	2.88
So. Car. 4½s, 1933	104 -105	4.10
Boston 3½s, July, 1929	96⅞- 97¼	3.70
N. Y. City 4½s, Nov., 1917	104 -104½	3.85
N. Y. City 4s, Nov., 1957	100½-101¼	3.93
N. Y. City 3½s, Nov., 1954	90 - 90½	3.96
N. Y. City rev. 6s, Nov., '10	103⅞-104⅛	2.80

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	99	99⅜	4.30
Am. Cig. B 4s, Mar. 15, '12	98	98⅜	4.60
Am. Loco. 5s, Oct., '10	100¼	101	4.20
Am. Tel. & T. 5s, Jan., '10	100⅝	100⅞	3.25
Atl. Coast L. 5s, Mar., '10	100¾	101⅛	3.31
"Big Four" 5s, June, '11	101½	101¾	4.07

	Bid.	Asked.	Approx. Yield.
B., R. & Pitts. Equip. 4½s.	100½	102	4.00
Chic. & N. W. deb. 5s, '09.	100¼	100¾	3.13
Del. & Hud. 4½s, July, '22.	103	103½	4.15
Int. R. T. 6s, May, '11....	103¼	103½	4.15
Int. R. T. 5s, Mar., '10....	100⅝	101	3.48
K. C. R. & L. 6s, Sept., '12.	100	100¼	5.90
Lack. Steel 5s, Mar., '10...	99½	99¾	5.37
Louis. & N. 5s, Mar., '10..	101⅛	101⅜	2.94
Lake Shore 5s, Feb., '10...	100⅝	100⅞	3.50
Mich. Cen. 5s, Feb., '10....	100⅝	100⅞	3.50
Minn. & St. L. 5s, Feb., '11.	99⅝	100	5.00
N. Y. Central 5s, Feb., '10.	100⅝	100⅞	3.50
N.Y.C. Eq. Tr. 5s, Nov., '10.	100⅞	101⅛	4.15
N.Y.C. Eq. Tr. 5s, Nov., '12.	102⅜	102¾	4.15
N.Y.C. Eq. Tr. 5s, Nov., '14.	103⅝	104⅛	4.15
N.Y.C. Eq. Tr. 5s, Nov., '16.	105	105½	4.15
N.Y.C. Eq. Tr. 5s, Nov., '19.	106¼	107¼	4.15
N.Y.N.H.&H. 5s, Jan. 9, '10.	100⅝	100⅞	3.24
N.Y.N.H.&H. 5s, Jan., '11.	101⅜	101⅝	3.87
N.Y.N.H.&H. 5s, Jan. 9, '12.	102	102¼	4.03
Norf. & West. 5s, May, '10.	101⅛	101⅜	3.35
No. American 5s, May, '12.	99½	101	4.62
Penn. R. R. 5s, Mar. 15, '10.	100¾	101⅛	3.40
Pub. Ser. Cor. 5s, Nov., '09.	100¼	100⅝	2.92
St. L. & S. F. 5s, Jan., '11.	98¾	99½	5.33
St. L. & S.F. 4½s, Feb., '12.	96½	97½	5.55
S.A.L. rec. cfs. 6s, June, '11.	100¼	101	5.40
S.A.L. rec. cfs. 5s, Jan., '12.	99⅞	100½	4.35
Southern Ry. 5s, Feb., '10.	100⅜	100⅝	3.82
†Southern Ry. 6s, May, '11.	100⅞	101⅛	2.62
Tidewater 6s, June, '13.....	102¾	103	5.15
Pitts., Shawmut & North. rec. ctfs. 5s, Jan., '14....	99	100	5.00
Wabash 4½s, May, '10.......	99½	100	4.50
Westinghouse 6s, Aug., '10.	100⅞	101⅛	4.65

† Have been called for Nov., 1909.

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western	12	17
Atlanta & West Point	150	154
Atlantic Coast Line of Conn.	280	300
Buffalo & Susquehanna	25	33
Central New England	7½	15
Central New England, pref.	15	25
Chicago, Indianapolis & Louisville	48	55
Chicago, Ind. & Louisville, pref.	70	78
Cincinnati, Hamilton & Dayton	45	65
Cincinnati, Ham. & Dayton, pref.	65	75
Cincin., N. Orleans & Tex. Pac.	110	125
Cincin., N. O. & Tex. Pac., pref.	106	110
Cincinnati Northern	38	45
Cleveland, Akron & Columbus	68	75
Cleve., Cin., Chic. & St. L., pref.	103	105
Cripple Creek Central	34	36
Cripple Creek Central, pref.	53	60
Delaware	77	81
Des Moines & Ft. Dodge, pref.	80	90
Detroit & Mackinac	35	45
Detroit & Mackinac, pref.	89	95
Grand Rapids & Indiana	43	47
Georgia, South. & Florida	30	40
Georgia, South. & Flor., 1st pref.	93	96
Georgia, South. & Flor. 2d pref.	73	80
Huntington & Broad Top	5	10
Huntington & Broad Top, pref.	15	20
Kansas City, Mexico & Orient	9	11
Kansas City, Mex. & Orient, pref.	17	23
Louisville, Henderson & St. Louis	12	15
Louisville, Hend. & St. L., pref.	34	36
Maine Central	195	205
Maryland & Pennsylvania	22	24
Michigan Central	150	170
Mississippi Central	56	58
Pitts., Cin., Chic. & St. L., pref.	116½	120
Pere Marquette	25	27
Pere Marquette, 1st pref.	60	62
Pere Marquette, 2d pref.	38	41
Pittsburgh, Shawmut & Northern	2	5
St. Louis, Brownsville & Mexico	125	...
St. Louis, Rocky Mt. & Pac., pref.	40	46
Seaboard Company	19	21
Seaboard, 1st pref.	42	50
Seaboard, 2d pref.	38	40
Spokane & Inland Empire	50	60
Spokane & Inland Empire, pref.	60	70
Texas Central	35	50
Texas Central, pref.	75	82
Virginian	27	32
Western Pacific	30	34
Williamsport & North Branch	1	3

GUARANTEED RAILROAD STOCKS.

	Bid.	Asked.
Albany & Susquehanna	275	300
Allegheny & Western	142	150
Atlanta & Charlotte Air Line	190	...
Augusta & Savannah	112	115
Beech Creek	98	102
Boston & Lowell	226	228
Boston & Albany	230	232
Boston & Providence	296	298
Camden & Burlington County	140	145
Catawissa	114	120
Cayuga & Susquehanna	222	232
Cleveland & Pittsburgh	175	180
Cleve. & Pittsburgh (Betterment)	98	102
Columbus & Xenia	200	210
Concord & Montreal	170	180
Concord & Portsmouth	170	185
Connecticut & Passumpsic River	135	146
Connecticut River	253	265
Dayton & Michigan, pref.	180	190
Delaware & Bound Brook	195	205
Detroit, Hilsdale & Southwestern	98	102
East Pennsylvania	135	140
Elmira & Williamsport, pref.	130	140
Erie & Kalamazoo	240	250
Erie & Pittsburgh	152	160
Georgia Railroad & Banking	258	263
Grand River Valley	122	130
Hereford	86	94
Illinois Central Leased Lines	99	103
Jackson, Lansing & Saginaw	90	95
Joliet & Chicago	170	175
Kansas City, St. L. & Chic., pref.	135	145
Lake Shore & Mich. Southern	305	315
Little Miami	210	215
Louisiana & Missouri River	165	174
Mine Hill & Schuylkill Haven	120	130
Mobile & Birmingham	70	80
Mobile & Ohio	84	88
Morris & Essex	182	185
Nashville & Decatur	185	190
New Hampshire & Northampton	104	107
New York, Lackawanna & West	125	135
North Carolina Railroad	163	170
North Pennsylvania	200	210
Northern R. R. of N. H.	145	150
Northern R. R. of N. J.	85	95
Norwalk & Worcester, pref.	201	210
Ogden Mine R. R.	95	102
Old Colony	196	199
Oswego & Syracuse	223	230
Peoria & Bureau Valley	185	195
Philadelphia & Trenton	245	260
Pitts., Bessemer & Lake Erie	34	36
Pitts., Bessemer & Lake E., pref.	72	74
Pittsburgh, Ft. Wayne & Chic.	174	176
Pittsfield & North Adams	127	134
Pittsburgh, McKeesp't & Yiough	127	135
Providence & Worcester	265	280
Rensselaer & Saratoga	195	200
Rome & Clinton	135	142
Rome, Watertown & Ogdensburg	125	130
Saratoga & Schenectady	168	176
Southwestern of Georgia	112	115
Troy & Greenbush	175	185
Upper Coos	135	145
Utica & Black River	175	185
Utica, Chenango & Susquehanna	150	155
United N. J. R. R. & Canal	253	255
Valley of New York	123	130
Ware River	160	175
Warren Railroad	175	185

BANK AND TRUST COMPANY STOCKS.

Corrected to May 20, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	170	...
Amer. Exchange Nat. Bk.	10	250	255
Bank of America.........	26	575	590
Bank of the Manhattan Co.	12	330	...
Bank of the Metropolis..	16	375	410
Bank of N. Y., N. B. A...	14	325	335
Bank of Washington Hts.	..	265	...
Battery Park Nat. Bank..	..	130	...
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	...
Century Bank	6	160	170
Chase National Bank.....	6	300	...
Chatham National Bank..	16	285	300
Chelsea Exchange Bank..	..	175	200
Chemical National Bank..	15	420	430
Citizens Central Nat. Bk.	6	155	160
Coal & Iron Nat. Bank...	10	250	270
Colonial Bank	10	375	...
Columbia Bank	12	375	425
Corn Exchange Bank......	16	330	340
East River Nat. Bank....	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4,000	...
Fifth National Bank......	12	300	...
First National Bank	32	800	...
Fourteenth Street Bank..	10	140	160
Fourth National Bank.....	8	220	...
Gallatin National Bank..	12	340	355
Garfield National Bank...	12	275	...
German-American Bank..	6	135	...
German Exchange Bank..	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	270
Hanover National Bank...	16	540	...
Importers' & Traders' Nat. Bank	20	535	550
Irving Nat. Exchange Bk.	8	185	...
Jefferson Bank	10	180	...
Liberty National Bank....	20	530	...
Lincoln National Bank...	8	400	440
Market & Fulton Nat. Bk.	12	255	265
Mechanics' Nat. Bank....	12	255	260
Mercantile Nat. Bank.....	4	180	190
Merchants' Ex. Nat. Bk....	6	165	175
Merchants' Nat. Bank....	7	160	165
Metropolitan Bank	8	185	182
Mount Morris Bank.......	10	250	...
Mutual Bank	8	290	310
Nassau Bank	8	205	...
Nassau Bk. of Commerce..	8	186	189
Nat. Butchers' & Drovers'	6	140	155
National City Bank	10	340	350
National Copper Bank....	8	245	255
National Park Bank.......	16	465	475
National Reserve Bank....	..	140	147
New Netherlands' Bank..	..	200	...
N. Y. County Nat. Bank..	40	765	...
N. Y. Produce Ex. Bank...	8	167	175
Night & Day Bank	..	200	240
Nineteenth Ward Bank...	15	...	425
Northern Bank	6	105	120
Pacific Bank	8	230	250
Peoples' Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	610	635
Seaboard National Bank..	10	360	...
Second National Bank....	12	350	...
Sherman National Bank..	..	140	...
State Bank	10	240	...
Twelfth Ward Bank......	6	...	150
Twenty-Third Ward Bk...	6	150	...
Union Ex. Nat. Bk........	10	190	195
West Side Bank	12	500	...
Yorkville Bank	16	450	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	..	310	330
Bankers Trust Co.	16	660	700
Broadway Trust Co.	6	130	140
Brooklyn Trust Co.	20	400	...
Carnegie Trust Co.	8	...	195
Citizens' Trust Co.	..	125	...
Central Trust Co.	60	2850	...
Columbia Trust Co.	8	230	250
Commercial Trust Co.	..	140	150
Empire Trust Co.	6	230	250
Equitable Trust Co.	16	460	480
Farmers Loan & Trust Co. (par $25)	40	1275	...
Fidelity Trust Co.	6	200	210
Fifth Avenue Trust Co...	12	...	450
Flatbush Trust Co.	8	205	215
Franklin Trust Co.	8	190	205
Fulton Trust Co.	10	245	...
Guaranty Trust Co.	20	680	700
Guardian Trust Co.	..	150	175
Hamilton Trust Co.	10	265	275
Home Trust Co.	4	105	115
Hudson Trust Co.	6	165	...
International Bank'g Corp.	4	100	...
Kings Co. Trust Co.......	12	475	...
Knickerbocker Trust Co...	..	340	350
Lawyers Mortgage Co.....	12	300	310
Lawyers Title Insurance & Trust Co.	12	230	240
Lincoln Trust Co.	..	145	155
Long Is. Loan & Trust Co.	12	295	305
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	20	740	780
Metropolitan Trust Co....	24	500	...
Morton Trust Co.	20	450	500
Mutual Alliance Trust Co.	8	120	130
Nassau Trust Co.	8	160	175
National Surety Co.	8	175	190
N. Y. Life Ins. & Trust Co.	50	1100	1125
N. Y. Mtg. & Security Co.	10	190	200
New York Trust Co.	32	565	...
Peoples' Trust Co.	12	290	310
Standard Trust Co.	10	315	350
Title Guar. & Trust Co...	20	500	510
Trust Co. of America.....	8	365	385
Union Trust Co.	50	1230	1300
U. S. Mtg. & Trust Co....	20	435	445
United States Trust Co...	50	1175	1200
Van Norden Trust Co.....	12	260	300
Washington Trust Co.	12	390	410
Windsor Trust Co.	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Namt.	Div. Rate.	Last Sale.
Atlantic National Bank	6	140
Boylston National Bank	4	103¼
Commercial National Bank	6	140

Name.	Div. Rate.	Last Sale.
Eliot National Bank	8	212¼
First National Bank	12	328
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants National Bank	10	233
Metropolitan National Bank	6	122
National Bank of Commerce	6	170
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	305¼
National Union Bank	7	180⅛
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	120
Peoples' National Bank, Roxbury	6	130
Second National Bank	10	227⅜
South End National Bank	5	104½
State National Bank	7	165¼
Webster & Atlas National Bank	7	160¼
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	390
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	160
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110⅛
New England Trust Co.	15	309
Old Colony Trust Co.	20	615¼
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid	Asked.
Bankers National Bank	8	199	202
Calumet National Bank	6	150	...
Commercial National Bank	12	306	309
Continental National Bank	8	302	...
Corn Exchange Nat. Bank	12	388	393
Drovers Deposit Nat. Bk.	10	218	225
First National Bank	16	440	445
First Nat. Bank of Englewood	10	235	250
Fort Dearborn Nat. Bk.	8	185	190
Hamilton National Bank	5	133	137
Live Stock Exchange Nat. Bank	12	252	262
Monroe National Bank	4	125	131
Nat. Bank of the Republic	8	198	202
National City Bank	6	174	176
National Produce Bank	..	129	...
Prairie National Bank	..	138	...

CHICAGO STATE BANKS.

	Div Rate.	Bid	Asked.
American Tr. & Sav. Bk.	8	243	...
Austin State Bank	..	270	...
Central Trust Co.	7	166	168
Chicago City Bank	10	163	178
Chicago Savings Bank	6	135	141
Colonial Tr. & Sav. Bank	10	189	192
Drexel State Bank	10	174	181
Drovers Tr. & Sav. Bank	8	180	190
Englewood State Bank	6	110	114
Harris Tr. & Sav. Bank	8	298	...
Hibernian Banking Assn.	8	209	212
Illinois Tr. & Sav. Bank	16-4ex.	505	520
Kenwood Tr. & Sav. Bk.	7	120	122
Lake View Tr. & Sav. Bk.	5	109	111
Merchants Loan & Tr. Co.	12	394	399
Metropolitan Tr. & S. Bk.	6	117	121
Northern Trust Co.	8	303	320
Peoples Tr. & Sav. Bk.	8	160	175
Prairie State	8	250	...
Pullman Loan & Tr. Bank	8	175	...
Railway Exchange Bank	4	115	...
Security Bank	..	148	154
So. Chicago Sav. Bk.	6	124	129
State Bank of Chicago	12	395	405
Stock Yards Savings Bank	8	215	...
Union Stock Yds State Bk.	6	124	130
Union Trust Co.	8	350	...
Western Tr. & Sav. Bk.	6	148	153
Woodlawn Trust Co.	6	124	126

ONE VAULT THAT OVERFLOWED.

BY direction of the Treasurer of the United States, Edwin U. Curtis, Assistant Treasurer at Boston, on May 29 transferred 1,000,000 silver dollars from the Sub-Treasury to the vaults of the National Shawmut Bank, just across Water st.

As the vaults of the Sub-Treasury in the Post Office Building were overcrowded, the Treasury Department of the Government decided to place this number of silver dollars on deposit with some national bank in Boston. Upon receiving word that it was to be the custodian of this fund the Shawmut bank built a special safe within the deposit vault.

The handling of the money required the services of sixty men, six policemen and three wagons. The silver coin was in 1,000 bags. The weight was thirty-two and a half tons.

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the every-day work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America: but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

MEXICO AND HER RAILROADS.

WRITING in the "American Review of Reviews," for June, on the finances of Mexico, Charles F. Speare relates in an interesting manner the story of the Mexican railroads and the liberal concessions granted them. That part of his article on the government and the railroads follows:

No commercial conquest, however, that the Diaz administration has made compares with the control obtained over the most important railroad lines in the Republic. The story of this conquest is one of the most fascinating and romantic in the history of finance. It marks an epoch in the movement toward government regulation or control of railroad lines.

Mexico's leading men were keen enough to see that the railroads of the country, controlled by foreign capital and operated by Americans were extracting all they could from the Republic and giving back as little as was politic. They were wasteful of capital in directions that served no public good, and left them poor for those developments that were legitimate and would have been beneficial to the shippers and the traveling public.

In 1902 a start had been made through an investment of $4,500,000 in the narrow gauge Interoceanic Railway running from the City of Mexico to Vera Cruz. A year later stock control of the National Railroad of Mexico, one of the main arteries of traffic from the American border to the City of Mexico, was obtained by giving up $5,000,000 gold. This line was operated under government supervision three or four years before the idea was suggested of merging into one organization four separate systems, with a com-

The National Palace, Mexico City.

bined trackage of 7000 miles, or about 70 per cent. of all of the mileage in the Republic. This action was precipitated by the attempt of American interests to secure control of the Mexican Central, which was then nearly bankrupt.

Out of this idea has grown the government system of railroads, which penetrates practically every part of the Republic, serving all of the important centers of traffic creation in the interior and extending its spurs to the Gulf ports and to the ports that have just been opened on the Pacific side. By what almost seems to be a process of financial legerdemain the government secured control of this vast system, with an annual earning capacity of $30,000,000, and an authorized capitalization of $650,000,000 at practically no outlay of money. It bartered its original investment of $4,500,000 in the Interoceanic for stock in the National Railroad, with $5,000,000 gold as a bonus, which gave it control of both lines, the National having previously bought a majority interest in the Interoceanic, and also controlling the International.

Then, when the great merger was proposed, it still further exchanged its securities for those of the Mexican Central, and, in addition, caused to be created a large amount of common stock of the National Railways, or merger company, which it took for itself, and which gives it voting power and control. Having placed its guarantee behind one class of bonds of the new organization it demanded, as a quid pro quo, a block of bonds which was nearly equal in value to the amount originally invested in the Interoceanic and in the National Railroad.

It can almost be said, then, that Mexico paid not a centavo for her present railroad possessions. It is true that she gets no return from them now, and may not for years. But she will, at least, see to it that the railroads are properly administered and operated, and that when new lines are constructed they will go into regions that need them and not track through desert places already occupied by parallel lines. I have recently made a study of this situation in Mexico, and am convinced that the plan is one of the most ingenious as well as practicable in existence, and that it goes a long way to solve the problem of how to mutualize private investments in and state administration of railroads. The government is not meddling with the operations of its railroads. It allows the officers of them to do their work as they judge best. So far as I have been able to discover there is no suggestion of politics in the organization or of an effort to mould the views of the employes to fit any particular political body. Just how rapidly this situation will bring about the Mexicanization of the railroads is a question. I should think it would depend largely on efficiency.

LATIN AMERICA DISPLAY AT THE SEATTLE EXPOSITION.

WHEN the exhibit of the Bureau of American Republics arrived in Seattle, Wash., it was found that the space allotted it was too small to provide room for a display as planned, but owing to its importance space was provided in the government building.

The exhibit forms a very important part of the Alaska-Yukon-Pacific Exposition, which is now open. It was sent from Washington, and is so arranged that it will no doubt attract great attention from all visitors to the exposition.

It was at first feared that the exhibit would have to be sent back to Washington, but officials would not hear to such an idea, and as quickly as possible room enough for its display was secured in the government building.

MEXICAN COINS AND MEXICAN PETROLEUM.

GEORGE F. WEEKS, of Torreon, Coahuila, Mexico, writes a very interesting letter to the New York "Sun," which was printed as follows:

In a recent issue of The Sun the editor of the coin query department says that the Mexican peso passes on the border for fifty cents gold but is really worth only about forty-five cents. Up to within the last two or three years the Mexican peso contained more silver than did the American dollar. These overweight coins have been called in and a new coinage issued, the weight of which is as near fifty cents gold as is possible, allowing for the fluctuations of the bullion market. An interesting feature of the silver coinage of Mexico is the fact that if you seek to bring any considerable quantity of pesos from the American side into this country you will be charged a good rate of duty thereon, while if you bring nothing but half dollars there is no duty. For something like a year it was my regular duty every fortnight to bring from Eagle Pass, Tex., to a point this side of the river several thousand dollars for the payment of a gang of workmen. The customs officers on the Mexican side of the river always examined the sacks of coin to see if they contained any pesos, for the purpose of levying duty thereon. I was never able to learn the reason for this discrimination.

In the same issue of The Sun to which I have already referred is an article about the danger of the importation into the United States of petroleum from Mexico. There does not seem to be much ground for apprehension on this score. All the petroleum produced in Mexico finds a ready sale in that country, and it is impossible to obtain any in the market. I know of a concern that has tried for nearly three years to obtain a supply for a certain purpose but has so far been unable to do so. The price of crude petroleum in this country is far higher than in the oil fields of the United States. All the talk about the danger of flooding the markets of the United States with Mexican petroleum is not well founded, at least so far as present oil development is concerned.

ARGENTINE NATIONAL FINANCES.

CONSUL-GENERAL Alban G. Snyder, of Buenos Aires, contributes the following review of financial conditions in Argentina:

The Argentine's national finances are in a reasonably good condition, as is demonstrated by the state of the national debt and by the gold reserves held to secure the paper currency in circulation.

In spite of the fact that the estimates framed by the respective ministers of finance during latter years have been largely exceeded, owing to supplementary votes taken subsequent to the passing into law of the budgets, the national debt, though heavy in relation to the population, has been reduced upward of $20,000,000 gold since December 31, 1905. It now stands at slightly over 900,000,000 pesos, or approximately 150 pesos per head. This reduction has been obtained by means of ordinary amortization and by the payment out of current revenues of some 68,000,000 pesos voted by Congress for public works and other special objects in respect of which emissions of bonds were authorized and taken into account.

The budget law of 1907 was re-enacted for 1908, with the comparatively trifling additions in the form of supplementary votes, while the estimates for 1909, now before Congress, show an increase of 4,000,000 pesos over the expenditure sanctioned for the previous year, which amounted to 232,645,000 pesos. With this annual increase in expenditure there has been a proportionately greater augmentation of revenue; and as this process is likely to be repeated in the coming financial year, a sum of 15,000,000 pesos has been set down to be paid out of ordinary revenues for the first quota of the cost of the proposed new armaments, which project, involving an outlay of some 150,000,000 pesos over a period of six years, has recently been passed by the House over the Senate's objections and become a law.

A further sign of prosperity is the ever-increasing accumulation of gold reserves held by the Caja de Conversion in guarantee of the paper and nickel currency in circulation. The gold in possession of the national treasury amounts to $125,000,000, or with the conversion fund to fifty-eight per cent. of the total value of the outstanding currency, calculated at the rate of conversion, now practically fixed, of forty-four per cent.

The conversion fund (established in 1890 by law for the further guarantee of the paper currency), which was entirely used up during the period of trouble with Chile, has since been reconstituted out of general revenues and now reaches the respectable total of $24,500,000 gold.

MESSAGE OF THE PRESIDENT OF COLOMBIA.

On the occasion of the opening of the special session of the Colombian Congress, which met in Bogota on February 22, 1909, to consider the budget for the fiscal year 1909, the treaty celebrated by the Colombian Legation in Washington with the United States and Panama, and sundry other subjects, President Reyes stated that the relations of his government with foreign countries continued friendly and cordial, and especially was this true with respect to the government of Venezuela, which had recently repealed the decrees shutting out the commerce of Colombia through the ports of the Zulia and Orinoco.

The credit of the republic abroad continues stable. The interest on the foreign debt has been paid regularly, and will continue to be paid promptly as it falls due.

The Department of Public Instruction is endeavoring to extend the public-school system in all parts of the country, and is giving particular attention to the rural schools of the republic. The Department, which has under its charge and supervision all the normal schools that formerly existed, has decreed the establishment of five new normal schools, and has founded the National School of Commerce on the most modern and up-to-date basis.

The budget for the present fiscal year, which will be presented to the Congress in detail by the Secretary of Finance and of the Treasury, amounts to $16,600,000.

The commerce and industry of the republic are being constantly developed, as is proved by the increase in the receipts of the public revenues. In 1908 the exports of Columbia exceeded the imports by $1,484,852.82.

The Girardot Railway has connected at Facatativa with the Sabana Railway, and this line will soon be opened to the public. It is hoped that the Pacific Railway will reach Cauca Valley some time during the next year. The Port Berrio Railway continues in course of construction, and is being pushed forward to Medellin Valley as fast as possible. Construction has again been commenced on the Port Wilches Railroad.

The Central Highway of the North, which has been completed for a distance of more than 250 kilometers, is being extended to Piedecuesta. The highways in the Medellin Valley are being repaired, and the government is active in the construction and repair of public roads in the various departments of Colombia.

ARGENTINA.

OVER 1,000 miles of railroad were built in Argentina in 1908, and concessions were granted for the construction of over 3,000 miles more. Though 1907 showed a marked increase in railroad earnings over 1906, yet the record for 1908 exceeded 1907 by twenty per cent.. Out of $101,391,000 earnings the profits were $40,-023,000, or about five per cent. on the $788,-964,116 capital invested.

Imports were $268,119,705 and exports $387,429,983, giving the republic a favorable balance of $119,000,000. In ten years imports have increased $150,000,000 and exports $200,000,000, says "La Prensa." The total foreign trade of 1908 exceeded that of 1907 by nearly $200,000,000.

Argentina ranks third in the number of cattle, 29,116,625 head. Russia leads with 91,000,000 head, and the United States follows with 69,000,000 head. The value of Argentina's cattle is $928,685,834. Argentina is also third in horses, with 7,531,376 head, worth $205,826,834. Russia has 22,-000,000 and the United States 21,000,000. Sheep numbered 67,211,754, worth $287,359,-076, exceeded only by Australia's 83,000,000.

Cereal products exported in the first nine months of 1908 reached a value of $213,-465,029, and animal products $77,402,506.

Another evidence of Argentina's growth in agriculture was the importation in 1908 of farm machinery and implements to the tune of $8,831,512, of which the United States supplied $4,976,788.

Immigration in 1908 passed all previous records. There were 265,000 immigrants, of whom 107,357 were Spaniards, 78,947 Italians and 6,780 Russians. Only 326 were from North America.

MEXICAN NOTES.

—$24,000,000 of National Railways of Mexico four and one-half per cent. prior lien sinking fund gold bonds were recently offered to the public by the well-known banking firms of Kuhn, Loeb and Co., Speyer and Co., Ladenburg, Thalman, and Co., and Hallgarten and Co.

These bonds are part of a total authorized issue of $225,000,000, of which $89,-225,077 have been issued. The bonds are practically a prior lien charge on the entire Mexican Central Railway system (about 3,510 miles), and are a charge on the National Railroad Company of Mexico system (about 3,477 miles), subject to outstanding indebtedness of about $50,289,000.

The prior lien four and one-half per cent. bonds rank before the $160,000,000 authorized amount of general mortgage 4s, guaranteed unconditionally as to principal and interest by the Mexican Government.

—With the absorption of the Banco de Oaxaca by the Banco Oriental de Mexico, S. A. of Puebla, which has also absorbed the Banco de Chiapas, the branch of the United States Banking Co., S. A. in Oaxaca, under the efficient management of F. W. Strong, will be in a stronger position than ever. Since Mr. Strong was placed in charge the deposits have doubled, which is the best possible proof of his good management.

—Brand new silver pesos, with the date 1909 on their face, are being circulated in Mexico City, and have attracted some attention among the tellers of banks.

The 1909 pesos are the same as the old pesos, but this is the first time in more than two years that the government has coined any silver pesos.

The present coinage of pesos is due to the low price of silver, which makes it possible and profitable for the government to coin silver.

When silver was above fifty cents the government lost on every silver pesos that it coined, as their face value was only fifty cents, American money, while the intrinsic value was more than fifty cents.

Owing to the continued low price of silver the banks expect to see a great deal of the new money in circulation before the end of the year. A sudden increase in the

Castle of Chapultepec, Mexico City.

price of silver would put an end to the coinage of the silver pesos.

—The traffic of the Tehuantepec National Railroad, which spans the Isthmus of Tehuantepec, has increased so enormously that plans have been adopted for doubling the capacity of the docks at the ports of Salina Cruz and Coatzacoalcos.

It is stated that more than $20,000,000 will be spent in the proposed improvements.

—With the object of increasing trade between the Far East and the Latin American republics, Senor Martin de Sola, Mexican Consul at Shanghai, China, will tour all republics of South and Central America and the West Indies. Senor de Sola has been for eighteen years a resident of the Far East.

—W. C. Bond of Vancouver, B. C., is at the head of a syndicate of Canadians who are arranging to establish a colony of 10,000 Canadians upon 1,500,000 acres of land which they have purchased in the State of Guerrero.

The Mexican Government has granted the syndicate a subvention of $3,000,000 for irrigation purposes, to be paid when the land is reclaimed. The owners of the land have made provision for establishing a special steamship service between Canada and the port of Zihuatanejo.

—The Oaxaca bank, which has been merged with the Oriental Bank of Mexico, will be a branch of the latter, and Jose Rivero Collado, who has been connected with the Spanish Bank of Discount of Mexico City has been named as manager for the new branch in Oaxaca.

—Consul Lewis Kaiser, of Mazatlan, reports that on April 20 the newly finished branch of the Southern Pacific R. R. Co., called the Cananea, Yaqui River and Pacific R. R., was opened to regular general traffic with great ceremonies and enthusiasm. The Wells-Fargo Express Company has also opened an office at Mazatlan.

—With the object in view of later establishing a branch banking establishment in Mexico City, the Yokohama Species Bank has sent a representative to Mexico in the person of N. Iwayama, who will study thoroughly the financial condition and methods of Mexico, and will probably remain in the republic for a couple of years in order to be thoroughly posted as to the advisability of his firm's entering the banking business here.

In order to pursue his investigations, the newly arrived commissioner will immediately dedicate himself to the acquirement of the Spanish language, and as there are a comparatively large number of his countrymen in Mexico City, he has thought it best to study in Puebla, where he will be obliged to practice Spanish continually.

The Yokohama Specie Bank is the second most important institution of its kind in the Japanese empire. Its paid up capital is 24,000,000 yen, and its accounts are guaranteed by the Japanese government.

—On May 25 the general ordinary meeting of shareholders of the National Bank of Mexico was held at the rooms of the bank in the City of Mexico.

For the year 1908, a dividend of $20 per share was declared and $500,000 added to the extraordinary reserve fund.

The balance-sheet for December 31, 1908, showed that the National Bank of Mexico had on that date a capital of $32,000,000; circulating notes, $35,699,797; reserve fund, $27,300,000; current accounts, $194,142,919; total resources, $300,583,846.10.

At the meeting of the shareholders on May 25, the following directors were re-elected: Don Sebastian Camacho, Don Felix Cuevas, Don Julio Limantour, Don Pablo Escaudon, and Lic. Don Luis Elquero.

GENERAL NOTES.

—A cable from Buenos Ayres gives the following report of the Banca de la Nacion Argentina at April 30: Capital, $110,203,941 currency, equivalent to £9,697,946 sterling; deposits, $2,367,802 gold and $274,526,603 paper, both equivalent to £24,631,901 sterling. The discounts and advances were $3,195,583 gold and $250,872,320 paper, both equal to £22,175,880 sterling. The reserve of cash on hand amounted to $18,172,292 gold and $108,242,154 currency, both equal to £13,159,767 sterling. The cash in hand therefore represents over fifty-three per cent. of the deposits.

The conversion fund existing at date in the Banco de la Nacion Argentina is $28,000,000 gold and in the conversion office $168,473,830 gold, equivalent to £39,294,766 sterling, which sum serves exclusively to guarantee the total circulation in currency of nickel and copper—$675,880,944 paper, equivalent to £59,477,523 sterling. The reserve is thus sixty-six per cent. of the total currency, and compares with sixty-five per cent. for March, 62.84 for February, and 61.18 for January.

—At the opening of Argentina's Congress, May 15, President Alcorta read his message, in which it was shown that the prosperity of the Argentine Republic is established on a firm base. The President announced that he would shortly submit for the ratification of Congress a contract for the construction of a new cable line direct with Europe. He declared that the relations of the republic were amicable with all other countries, and that within a short time an arbitration treaty between the United States and Argentina would be submitted to the House.

The message added that the economic and financial situation was highly satisfactory, because of what had been accomplished in 1908, which closed with the revenue exceeding the estimates of the budget by 40,000,000 piasters paper. The internal debt on December 31, 1908, was 105,540,700 piasters paper and 38,198,800 piasters gold. The external debt on that date amounted to 341,743,608 piasters gold. The sinking fund for the conversion of the money on April 30, 1909, amounted to 168,536,793 piasters in gold, representing sixty-six per cent. of the circulation.

The land under cultivation in 1908 with wheat, linseed and oats represented 8,230,000 hectares, the production being 4,400,000 tons of wheat, 1,086,000 tons of linseed, 850,000 tons of oats. The number of immigrants entering Argentine Republic in 1908 was 255,710, of which 170,298 remained there. The total mileage of railways now amounts to 15,353 miles, with a thousand miles under construction.

—Ambassador Nabuco of Brazil has sent to Secretary of State Knox an invitation from the Brazilian government to the United States to participate in the fourth Latin American medical congress to be held in Rio Janeiro from August 1 to 9, and also to the international exposition of hygiene in the same country September 10 to 30 in conjunction with the national congress.

—The message of President Gomez of Venezuela was delivered to the Congress May 29. It said among other things:

> You will win glory if you pass agricultural, mining, colonization, credit and fiscal laws which will render fruitful the efforts that the Government is making to develop the country by the aid of serious immigration and industrial enterprises. It is necessary to establish agricultural mortgage banks to bring capital into the country and to reduce the rate of interest.

It is desirable to avoid other and greater evils. I have obtained the consent of Holland to a change in her attitude toward Venezuela and to the enforcement of the protocol of 1894. I sent a confidential agent, who concluded a protocol on April 19 last.

The United States, after withdrawing its legation from Caracas, came to believe in the present administration's declared purposes and sent a peaceful envoy, who arranged a protocol on February 13 which terminated the differences between the two nations and will prove to you how earnestly the Government upheld Venezuela's honor.

It was one of my first acts to open communication between Colombia and Venezuela. Colombia has just sent a special plenipotentiary to negotiate a treaty of navigation and commerce pursuant with the agreement of December, 1905. I believe the treaty will be submitted this session.

The friendly arrangement of one of the French difficulties and the present state of the negotiations with that nation raise the hope of the early re-establishment of official relations.

Our friendship with Germany is constantly becoming firmer, as is proved by the treaty of friendship, commerce and navigation signed on January 28.

The acceptance of the award in the matter of the Caracas water works terminated the difficulty with Belgium.

The relations with England are good. I call special attention to the representations of the British Minister to the State Department regarding the surcharge on goods imported from neighboring colonies, which Congress should settle.

There has lately been a discussion between our chancellery and the Italian legation of the questions arising from the mixed commission, which acted in conformity with the Washington protocol of 1903. The spirit of justice with which the chancellery is considering these questions leads to the hope that Italy will receive favorably Venezuela's contention.

I am pleased to inform you that Venezuela has liquidated the debts due to England, Germany and Italy under the Washington protocol, the sum amounting to 17,-835,159 bolivars (about $3,567,000). She has since paid to unsecured nations the sum of 5,995,742 bolivars (about $1,199,000).

—A decree of December 31, 1908, issued by the President of Bolivia, permits the exportation of gold coins from the republic, on and after January 1, 1909, free of export duties.

The combined profits of the National, Argadona, Industrial, and Mercantile Banks of the Republic of Bolivia in 1908 were Bs. 2,053,000 ($821,000).

—Consul Jose de Olivares writes from Managua, under date of April 17, concerning the financial situation in western Nicaragua, that exchange has increased to 1,100 per cent., which is 550 points above the normal rate. The consul comments:

> The foregoing rate of exchange, however, is merely nominal, as even at that high figure foreign currency and drafts are not available. Business is completely paralyzed in all branches of commerce, and the seriousness of the situation, which has been steadily growing from bad to worse, can not be overestimated. Practically no orders for foreign merchandise are being placed by local importers, a majority of whom are experiencing difficulty in meeting their financial obligations.

—The Government of Colombia has extended for a period of two years the concession authorizing the Patia Syndicate (Limited) to dredge for gold in the Patia and Telembi rivers. The company proposes to increase its capital to £50,000 and to vigorously carry on the work of dredging for gold in the beds of the rivers named.

This district lying east of the Cauca River has but recently attracted the attention of American capitalists and miners, but there seems every reason to believe that the locality is rich in quartz deposits and that it will prove one of the best regions of Colombia.

One point advanced in favor of this region is that while much of the placer ground along the streams was worked by the Spaniards in the seventeenth and eighteenth centuries they apparently paid little attention to its quartz deposits.

Most of the ledges discovered by American miners show oxidized quartz on the surface with free gold, but as depth is attained the ores become base, running usually to sulphides. Even of these, the general run will show thirty to forty per cent. of amalgamating gold which can be saved on the plates with a stamp mill, but the bulk of the values can be saved only by a concentrating process, usually indicating the use of the cyanide system.

—The balance sheet of the Bank of the Republic Uruguay on December 31, 1908, showed a profit of $1,020,212 for the year's transactions, which represents approximately sixteen per cent. on the paid-up capital of $6,500,000.

Of the reported profits $102,021, or ten per cent., was added to the reserve fund and a similar amount applied to payment of the bonus shares, the remainder, or $816,-159, accruing to the Government as sole shareholder by way of dividend.

Out of the latter amount $470,000 is deducted for the service of the loan of 1896, and $50,000 for the fund for the Legislative Palace, the remainder being assigned as paid-up capital to the bank.

—Employes actually at work in building the Panama Canal number 26,835, as shown by the report of the chief quartermaster for April. Of this number, 4,355 are "gold" employes, and the remainder are on the "silver" or labor roll. The Panama Railroad force numbers 6,078, and the railroad commissary force 786. Thus the total number at work both on the canal and railroad is shown to be 33,699.

The new Peruvian Ministry is composed as follows:

Premier and Minister of the Interior—Dr. Rafael Villanueva.

Minister of Finance—Augustin Delatorre-Gonzalez.

Minister of Justice—Dr. Matias Leon.

Minister of War—Colonel Ernesto Zapata.

Minister of Public Works—David Matto.

No Minister of Foreign Affairs has yet been appointed.

—President Taft on April 19 made the following nomination:

Envoy Extraordinary and Minister Plenipotentiary to Chile—Thomas C. Dawson of Iowa.

Mr. Dawson has been in the diplomatic service since 1891, when he was appointed Secretary of the Legation in Brazil. He has since served in several South American countries, and has been Minister to Colombia since 1907. He is a native of Wisconsin, where he was born in 1867.

SCHOOL AND SAVINGS BANKS IN THE UNITED STATES AND CANADA.

J. H. THIRY, of Long Isand City, N. Y., has compiled a table of statistics regarding the operations of school savings banks up to January, 1909.

The system is now in operation in twenty-four different states of the Union, comprising 114 cities, which support a total of 1,163 schools. The scholars of these schools have saved $1,609,431.35, but have withdrawn $3,864,526.62, and their balance of January 1, 1909, was just $744,904.73.

NATIONAL BANKS LOSE GROUND IN OKLAHOMA.

OWING to the Oklahoma deposit guarantee law, which went into effect in February, 1908, there has been a decrease in the State during the past year of sixty-seven National banks. The statement of the 242 National banks, as given by the reports of condition on April 28, 1909, show a decrease in loans and discounts since the last call (Feb. 5, 1909,) of $635,300 and a decrease in the same item as shown a year ago (May 14, 1908,) of $1,085,890.

Individual deposits show a loss of $721,-973 since the last call, but a gain of $651,-339 over a year ago. Total resources show a loss of $3,060,865 since the last call, and a loss of $2,422,356 over a year ago.

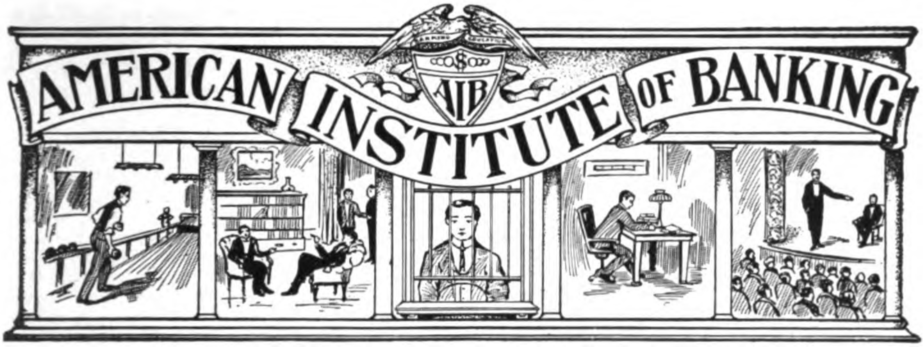
TREASURY REVENUES.

GOVERNMENT revenues continue to show improvement and the Treasury situation no longer gives concern to the officials. Revenues for the eleven months have caught up with the revenue of the eleven months of the last fiscal year and will exceed them for the full fiscal year. The Treasury working balance is $40,000,-000, a tidy sum, and is now likely to grow each month. As now viewed there will be no necessity to call in any of the $63,000,-000 on deposit in the national banks.

For May, Treasury receipts amounted to $53,350,000, nearly $11,000,000 greater than last May. The expenditures were $58,800,-000, or $4,000,000 greater than last May.

For the eleven months the receipts were $546,360,000, or only $17,000 less than for the corresponding eleven months of the last fiscal year.

Expenditures show a greater disproportion, being for the eleven months $644,200,-000, or $34,000,000 greater than for the eleven months of the last fiscal year.



THIS department is conducted in the nterests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter wil appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

CREDIT CURRENCY AND POSTAL SAVINGS.

Extracts from the Minneapolis-Chicago and Nashville-Chattanooga Debates.

THE Minneapolis Chapter team, supporting the negative of the question: "Resolved, That it would be to the best interests of the country to allow national banks to issue credit currency," was awarded the decision in the debate with Chicago at Minneapolis May 15.

Nashville won the debate with Chattanooga at Nashville, May 18, supporting the negative of the question: "Resolved, That the postal savings bank would be for the best interest of the South."

Following are brief extracts from all of the speeches in these two debates:

MINNEAPOLIS-CHICAGO DEBATE.

Elasticity Needed.

Ralph R. Sleeper, Aff.:

Are we so fond of a Government debt as to believe that we should keep it always increasing so as to have something on which to base our note circulation, or are we not ready to accept a currency which is based upon the true American industry and enterprise of our manufacturers, merchants and farmers? We have accepted it as the basis for the issue of over ninety-five per cent. of our paper money. Are we afraid that this strength that has made us the great nation that we are, cannot stand the strain of the other five per cent.? We might protect the abuse of this power of issue by every good safeguard that we know of. We might establish a guaranty fund, or we might require a deposit of a portion of a bank's ordinary assets. But, let us have a currency which is issued and redeemed by our banks, and therefore, elastic. Let us have a currency secured by the credit of American industry and, therefore, sounder than the currency of any other nation in the world.

Low Discount Rate.

Harold W. Dorn, Aff.:

In the fourth place a credit currency results in a low discount rate. The banker is enabled to extend his loans, under the name of notes, to the limit, or as near it as temporary conditions allow. By using these instead of metallic currency, he makes a saving of from two to one to four to one in actual investment. With our free banking system, he is competing in the selling of his additional credit all the time with his brother bankers, and the result is a saving to all borrowers. In whatever country note issue is restricted, interest rates are driven higher than they should be. Canada, for instance, though a new country, has a lower average rate than we do, because of her credit currency, expanding to meet her needs.

Economic Principles.

Benjamin B. Bellows, Aff.:

We have all seen the great need of some form of elastic currency. We have seen the total failure of all bank notes based upon bonds, or other assets not easily convertible into cash, to answer our needs. We have seen other countries, having banks which show more failures than our national banks, adopt credit currency in one form or another with great success. Then why should we, the greatest commercial nation on the globe, continue a system of currency that is the laughing stock of financiers of the world, just because there is always that class of men who fear to tread in any path but that made by his father? I dare say that it will not be long before even the politicians at Washington will see that credit currency has been forced upon us by the natural demands of the laws of nature, and they will then give us a law based purely upon economical principles.

A Gold Basis.

L. E. Wakefield, Neg.:

Any correct system of credit currency must be based on a foundation of gold. This is the case with deposits. Under proper banking methods, deposits cannot expand without a proportional increase of the gold reserves of the banks. This furnishes the natural and necessary check to inflation. It would be utterly impossible for any central authority to intelligently fix and regulate the reserves required by each of our 7000 individual national banks against such credit currency as they might issue. The general credit situation could in no way be regulated by increasing or diminishing the reserve requirements of all the national banks, for it would be impossible to enforce an order from a central authority directing 7000 banks to increase the percentage of their reserves by reducing their loans, discounts and deposit liabilities.

Reserves That Are Not Reserves.

Gray Warren, Neg.:

The chief weakness of our present banking system is the provision in regard to reserve deposits, which piles reserve on reserve in central reserve cities until, as we have seen in the crisis of 1907, when a real emergency arises, these reserves are not reserves at all, because they may in a day become unavailable. The increase in cash reserve of country banks from six to ten or fifteen per cent. would not assist the bank much when it had a large demand for return of its deposits. What such a bank needs is a safe reserve in cash, and a further reserve with a bank where it is surely available at any time in currency. This would be the case with reserve deposits in a central bank.

The Central Bank Abroad.

J. G. MacLean:

We do not claim that the central bank will do away with liquidation or re-adjustment; for we well know that whenever the limit is reached in credits in proportion to the reserve money on which all credit is based, there will always be liquidation and re-adjustment. But we do maintain that under the operation of the central bank liquidation and re-adjustment will be gradual, and not in the form of a panic; for the central bank will act as a sort of safety valve. This is proven by the operation of the central bank in foreign countries, and it is fair to assume that if it works in that manner there, it will also work the same way here.

NASHVILLE-CHATTANOOGA DEBATE.

Put Idle Money At Work.

W. R. Snyder, Aff.:

The banking district in all Southern cities is circumscribed by four or five blocks, and the factories are all outlying. The banks close before the workmen get through their day's toil and secure their wages. The passage of a postal savings bank bill would give to every postoffice where it is established a postal savings bank, where the people living in the neighborhood could deposit their savings. Not more than $100 could be deposited by any individual in any calendar month. It would affect only the small depositor and not the man of money. It would give an outlet where an outlet is needed, and put money into channels of commerce that now lies stagnant.

Reach A New Class.

S. A. Strauss, Aff.:

The establishment of this system would place at the disposal of the public the working machinery of the Postoffice Department, with 60,000 branches reaching all sections of the country. We are creatures of habit, and the system would permit a child of 10 to start an account. This saving habit thus fostered would grow, and help the children to realize the value of economy. The Government does not propose to compete with the banks; it would reach a class that would never be reached by the banks, and through depositing the money thus garnered would place it into circulation through the channels of the banks.

We Do Not Need It.

Drew Rowen, Neg.:

The postal savings bank system would not enable the use of deposits for furthering enterprises and encouraging development. By it the money is deposited in national banks, taken away from the community from which it emanated, the bank must deposit securities with the Government, and the Government holds a first lien on its assets. In other words, the regular depositor holds a second mortgage on his own money to protect the postal savings bank investor. Why should we have what we do not need? B. E. Walker, president of the Bank of Commerce of Canada, said that America does not stand in need of it; notwithstanding the fact that all foreign countries have the system, and America, the only country that has not got it, is the Mecca for the poor and downtrodden of Europe.

Would Curtail Credit.

Andrew Dorris, Neg.:

The pocket is the most sensitive nerve a man has.

It is the question of security that the advocates of the system harp on most strongly. Statistics show that the loss through failures or insolvency of banks in the South is less than one-two hundred and fiftieth of one per cent.—that only one out of every 546 banks fail. The postal savings bank system is an octopus that would reach out its tentacles to suck the capital from the country and take it to the money centers. Rural districts would be bled of their capital; investments and enterprises would be cut off; the money would be withdrawn from circulation in the communities in which they are needed most and building and industries would suffer in consequence.

It would result in the depletion of money in the outlying districts and a curtailment of credit.

TACOMA-SEATTLE DEBATE.

TACOMA CHAPTER'S meeting on May 10 was enlivened by a debate upon the question: "Resolved, That the adoption of a postal savings bank syestem in the United States is desirable." The decision was unanimously in favor of the affirmative. This debate served as a preliminary to the big debate, which was held in the Seattle Chapter rooms on the evening of May 14. The same question was debated, Tacoma taking the affirmative. The judges decided unanimously in favor of the Tacoma team after hearing their strong arguments, which were as follows:

First: The insufficiency of established commercial banks to meet public needs.

Second: The results of the postal savings banking system in foreign lands.

Third: Postal savings banks would act as feeders to establish institutions.

Judges of the contest were Mr. J. D. Moyers, of Seattle, Mr. H. A. Freeman, of the Lumbermans National Bank of Portland, Ore., and Mr. G. H. Raleigh of the Bank of California, Tacoma.

About forty-five members of Tacoma Chapter attended the smoker and stag party given by the Seattle Chapter. The Tacoma boys went over in a parlor car chartered from the Interurban Electric line. The debate, which constituted the chief entertainment, was followed by a luncheon and a delightful musical programme given by the Ralston Glee Club of Seattle. The affair was a great success anl all attending appreciated the hearty efforts and good fellowship existing between the two chapters.

VIRGIL W. FELL, *Secretary.*

Second Avenue, Seattle.

TRANSIT DEPARTMENT.

By Edw. F. Schoeneck, Corn Exchange National Bank, Chicago.

DID you ever stop to think what it means to handle the enormous amount of out of town items that are deposited daily with the Chicago banks. Some transit departments handle both incoming and outgoing mail and from the time the first batch of letters is received in the morning until the last have left the office at the close of business each day, it is one continual movement of one of the busiest departments of a bank, particularly so in the larger ones.

When you realize the vast amount of territory over which the items are scattered and the many different arrangements you must have to take care of the same to see that you have collected them in the best way possible and know that you have received returns, it is wonderful and best appreciated by those who understand that part of the bank and who realize what it means to have the business safely handled. When you consider that in the regular course of business you receive all kinds of items payable anywhere as far west as the Pacific Coast and to the Atlantic, from the Gulf of Mexico and up through the Canadian country, and handle all this in the quickest and best way, it certainly does mean much to the banks that handle a large amount of business yearly, when they analyze the same and find that it has been carried through without loss. From my experience in handling these transit items, I have observed that there are many opportunities for negligence if you don't select good banks when routing your items, and it therefore seems to me that this should be given first consideration and the question of how cheaply you can collect the items second consideration, for I believe that if you want good banks to handle your business, you must pay for good service.

Many interesting things come up daily in connection with this work and to carry the business along from day to day and not have any complaints from your customers, would of course mean a well regulated department with a good system to handle the business. It is a department where the clerks must be careful and it means a great deal of trouble sometimes to educate these clerks so as not to have any mistakes. You have to handle your country friends somewhat different from the city customers, and where you happen to have two or more banks in a certain town, you must be on the lookout constantly to keep them all satisfied. I have often heard the remark that the transit department is one of the hardest worked departments in the big banks, but I have found the work very interesting and I am sure those who have "graduated" from this department can look back and say that the experience has proven of benefit to them.

ADDING MACHINE CONTESTS.

A Number of Interesting Ones Have Been Held Recently.

THE Burroughs Adding Machine Co. has furnished us with particulars of a number of interesting contests held under the auspices of various chapters recently.

The Baltimore Chapter held an adding machine contest in its room over the Calvert Bank, Thursday evening, April 15. There was an especially large gathering of the members, owing to the fact that a new Board of Governors was being elected. At the close of the polls, the contest began. There were in the neighborhood of forty-five or fifty contestants. One hundred checks, totaling $24,297.60 were used by each contestant. First prize, $15, was won by Mr. W. B. Thurston, Jr., of the Merchants National Bank, time, two minutes and eight seconds. Second price, $10, was won by Mr. J. S. Bozman, of the National Union Bank, time, two minutes and twelve seconds.

Several of the boys listed the checks, but incorrectly, in less than two minutes time. A special contest was held between the five speedy men, including the prize winners. This special contest was won by W. L. Watson of the Third National Bank, who correctly listed the checks mentioned above, in one minute and fifty-one seconds. He received a special prize of $5. An "Old man's" contest, to which members who had not handled adding machines within three years, were eligible, was a special feature. R. S. Mooney of the Merchants National Bank, ran the above mentioned checks through, and obtained the correct total in two minutes, fourteen seconds, winning the "booby prize," a roll of narrow blank paper. This he turned over to the president of the Chapter, not for its intrinsic value, but that it might be stored away with other articles of sentimental value in the archives of the Chapter.

An adding machine contest characterized the Buffalo Chapter's meeting for the month of March. It was not confined to members alone, but irregular contestants were permitted to enter and manipulate the keys, which met with the cheerful approval of all concerned, the contest was highly successful and the most enthusiastic of the season. Various local banks were represented in the contest. The sincerity and keen desire to do their utmost was most pronounced by the twenty contestants being fully alive and active to their obligations, holding the spectators in suspense as to the probable winner. The results accomplished were most favorable and encouraging, thus surpassing last years' record. Time consumed was comparatively short for 250 checks, first prize being awarded to J. J. Lauren of the Marine National Bank, time 4:01 1-5; second prize, Charles Jacoby of the Power City Bank, Niagara Falls, N. Y., time 4:03 4-5; third prize to H. W. Machemer of the Bank of Buffalo, time 4:12 3-5 respectively.

An adding machine contest took place at the smoker given by the Omaha Chapter on March 16. Each bank in the city was represented and 250 checks and drafts were used in the contest. It was won by Nickle, of the Omaha National, in 4:44; Gates, U. S. National, second, time 4:45; Bruett, First National, third, time 5:18.

The speed contest held at Providence, R. I., April 21, resulted as follows: First, O. S. Sherman, Merchants National Bank, 1:40; second, H. M. Durfee, United National Bank, 1:49; third, H. H. Helzen, Industrial Trust Co., 1:50.

BANQUET AT NASHVILLE.

THE Nashville Chapter held its first annual banquet May 19.

The tables were spread in the reception rooms of the Duncan Hotel and were decorated with beautiful flowers and artistically-arranged lights. A delicious supper was served to the fifty-odd guests present, everything being provided to make the feast one to be remembered by all who were fortunate enough to attend.

Folowing the banquet proper there was the proverbial "feast of reason and flow of soul," over which President Frank K. Houston presided.

Many were the toasts, which met with

responses sparkling with wit, eloquence and forceful thought, the enjoyment of the company being attested by their hearty applause. The following were the regular speakers of the evening, together with the toasts to which they responded:

"The Future of the Chapter," Douglas Wright; "Success of the First Year," Chas. H. Wetterau; "Any Old Thing," Murphy Webb; "The Girl of the Golden West," Chas. Puryear; "Opportunity," W. R. Snyder, Chattanooga; "Money Talks," Warren Sloan; "Public Debts," Harry Williamson; "The Ladies," Bradley Curry.

NEW OFFICERS.

FOLLOWING is a list of Institute Chapters together with their respective officers so far as elected and reported:

Appleton—W. J. Kowalke, president; R. L. Hatch, vice-president; J. I. Monaghan, secretary and treasurer.

Atlanta—A. M. Bergstrom, president; J. C. Fields, vice-president; J. H. Freeman, secretary; P. L. Blackshear, treasurer.

Augusta—Jos. P. Bartley, president; Geo. T. Bates, secretary and treasurer.

Baltimore—R. B. Cox, president; J. Custis Handy, vice-president; Grayson Ray, secretary; John Broening, Jr., treasurer.

Boston—Chas. B. Wiggin, president; T. Abbot Goodhue, vice-president; Leonard L. Titus, secretary; A. T. Spring, treasurer.

Buffalo—Norman A. MacDonald, president; Edw. A. Duerr, vice-president; Geo. G. Kleindinst, secretary; A. J. Hall, treasurer.

Chattanooga—L. G. Brown, president; D. H. Griswold, vice-president; W. R. Snyder, secretary; J. A. Campbell, treasurer.

Chicago—Lester B. Brady, president; H. R. Wheeler, vice-president; W. F. Rowe, secretary; John F. Yokum, treasurer.

Cincinnati—H. J. Mergler, president; J. P. Brewster, vice-president; B. Keam, secretary; J. Edw. Sohn, Jr., treasurer.

Cleveland—W. R. Green, president; Hotation Ford, vice-president; L. J. Kaufman, secretary; F. L. Frey, treasurer.

Correspondence—Fred. I. Kent, president; Antrim H. Jones, vice-president; Geo. E. Allen, secretary; Alfred M. Barrett, treasurer.

New Officers Chicago Chapter.

From left to right, top row—LESTER B. BRADY, President; JOHN F. YOCUM, Treasurer; ROBERT I. SIMONS, New Member Executive Committee; W. F. ROWE, Corresponding Secretary. From left to right, lower row—C. R. WHEELER, Vice-President; RAYMOND R. OLSON, Financial Secretary.

A Prominent A. I. B. Man, Edmund S. Wolfe of Washington, D. C., President of the Washington Chapter.

Denver—W. O. Bird, president; H. H. Brooks, vice-president; H. M. Sammis, secretary; P. A. Simpson, treasurer.

Detroit—Sam'l R. Kingston, president; W. E. Bullard, vice-president; F. J. Niedermiller, secretary; W. H. Farr, treasurer.

Fort Smith, Ark.—E. Penninger, president; O. A. Brooks, vice-president; Geo. F. Storms, secretary and treasurer.

Fort Wayne, Ind.—Edward Detzer, president; Geo. Waldschmidt, vice-president; Geo. A. Bitler, secretary; Otto W. Scheuman, treasurer.

Hartford—A. D. Johnson, president; N. W. Larkum, vice-president; S. G. Pierce, secretary; W. S. Sherwood, treasurer.

Head of the Lakes—H. C. Matzke, president; C. E. Lonegren, vice-president; A. W. Taylor, secretary; Henry E. Grieser, treasurer.

Indianapolis—R. C. Smith, president; A. C. Wood, vice-president; J. V. Coffield, secretary; R. G. Summer, treasurer.

Jackson—B. H. Blalock, president; A. R. Dodson, vice-president; T. I. Taylor, secretary; D. P. Walker, treasurer.

Kansas City, Mo.—C. A. Huff, president; Geo. H. Buecking, vice-president; J. D. Bjorkman, secretary; W. H. Potts, treasurer.

Los Angeles—Chas. G. Greene, president; John Burbow, Jr., vice-president; Leroy H. Civille, secretary and treasurer.

Louisville—John T. Bate, president; Jos. M. Zahner, vice-president; J. Dudley Winston, secretary; F. Wm. Lensing, treasurer.

Memphis—L. C. Humes, president; Frank Bragg, vice-president; Ernest Oppenheimer, secretary; R. S. Scrivener, treasurer.

Minneapolis—E. S. Jones, president; J. G. Maclean, vice-president; H. C. Libby, secretary; S. A. Gile, treasurer.

Milwaukee—G. G. Fischer, president; F. E. Bachhuber, vice-president; P. A. Loew, secretary; F. K. McPherson, treasurer.

Nashville—Frank K. Houston, president; W. R. Anderson, vice-president; J. J. Heflin, secretary; C. H. Wetterau, treasurer.

New Orleans—V. L. Bernard, president; W. J. Billow, vice-president; J. J. Kenny, secretary; N. J. Barrios, treasurer.

New York City—Wm. M. Rosendale, president; R. W. Brett, vice-president; Wm. Clements, secretary; H. M. Baldwin, treasurer.

Oakland, Cal.—Frank M. Cerini, president; Harry L. Anderson, vice-president; Kenneth A. Millican, secretary; John S. Killam, treasurer.

Oshkosh, Wis.—Tom Spalding, president; W. A. Ihbe, vice-president; L. A. Gunz, secretary; Ben Krippen, treasurer.

Philadelphia—John C. Knox, president; Wm. S. Evans, vice-president; Frank C. Eves, secretary; Walter T. Pratt, treasurer.

Pittsburg—F. T. Loeffler, president; E. B. Coll, vice-president; B. O. Hill, secretary; A. G. Wells, treasurer.

Portland, Me.—A. M. Wright, president; F. H. Fleming, vice-president; J. W. Bickford, secretary; G. W. Gammie, treasurer.

Providence—Gilbert A. Harrington, president; C. L. Eddy, vice-president; A. M. Mitchell, secretary; Andrew Winsor, treasurer.

Richmond—D. E. Mountcastle, president; Clinton L. Williams, vice-president; A. K. Parker, secretary; G. H. Bates, treasurer.

Rochester—W. D. Biven, president; D. M. Rose, vice-president; Judson A. Shaw, secretary; Fred Mutchler, treasurer.

San Diego—L. J. Rice, president; Milton H. Epstein, vice-president; Chas. Holzman, secretary; C. B. Whittlesey, treasurer.

Salt Lake City—J. H. Patrick, president; L. C. Van Voorhees, vice-president; G. H. Butler, secretary; R. R. Sharkey, treasurer.

San Francisco—Geo. L. Woolrich, president; Wm. A. Day, vice-president; R. C. Gingg, secretary; W. B. Compton, treasurer.

Savannah—R. J. Taylor, president; C. E. Stanton, vice-president; Valmore W. Lebey, secretary; Jas. M. Doyle, treasurer.

Scranton—L. A. Howell, president; J. D. D. Gladding, vice-president; E. R. Kreitner, secretary; E. H. Hausser, treasurer.

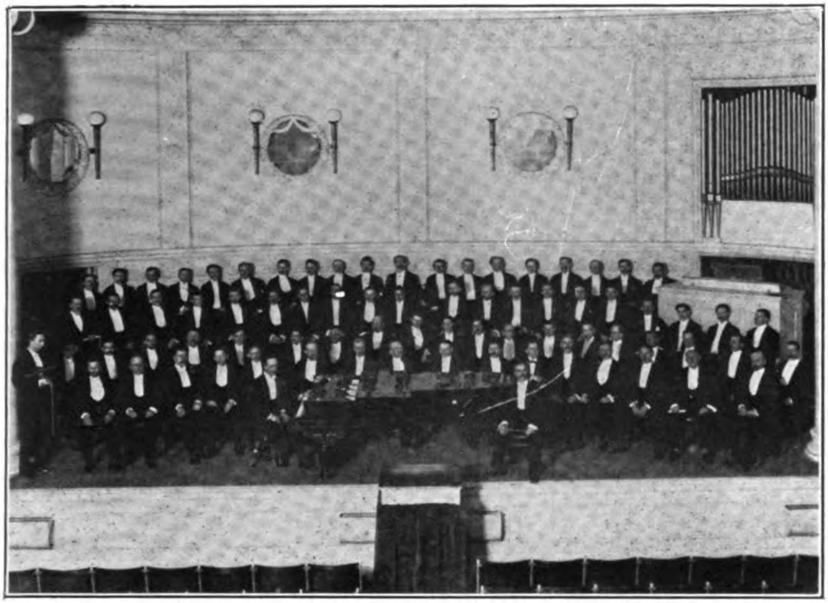
Seattle—B. W. Pettit, president; Homer C. MacDonald, vice-president; C. A. Bemis, secretary; A. C. Kahlke, treasurer.

Shreveport, La.—C. F. Haywood, president; D. W. Dupree, vice-president; C. E. Featross, secretary; E. A. Conway, Jr., treasurer.

Spokane—Jos. Bailey, president; A. S. Lindblad, vice-president; Thos. Roholt, secretary; W. H. White, treasurer.

Springfield, Mass.—Harold E. White, president; Geo. J. Clark, vice-president; J. Watts Wood, secretary; Harry Wells, treasurer.

St. Louis—Byron Moser, president; John F. Wieser, vice-president; Justin Ruenheck, treasurer and secretary.



New York Banks' Glee Club.

St. Paul—Harry R. Fairchild, president; John McGillick, vice-president; Theo. L. Lee, secretary; Geo. L. Stensgard, treasurer.

Tacoma—C. A. Brower, president; M. H. Janes, vice-president; V. W. Fell, secretary; R. Jennings, treasurer.

Terre Haute, Ind.—Robt. Nitche, president; W. A. Wilson, vice-president; W. S. Pearce, secretary; R. H. Rhyan, treasurer.

Tidewater—R. G. Lowe, president; J. B. Dey, Jr., vice-president; A. S. J. Gammon, secretary; L. T. Ironmonger, treasurer.

Valley—Hartwick Stang, president; John A. Brog, vice-president; O. E. Olen, secretary; E. J. Kuehl, treasurer.

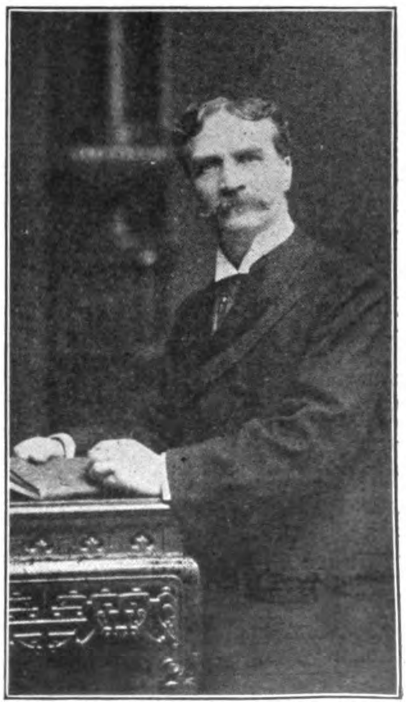
Washington—E. S. Wolfe, president; A. B. Claxton, vice-president; R. F. Miller, secretary; H. V. Hunt, treasurer.

A UNIQUE MUSICAL ORGANIZATION.

A Club of New York Bank Clerks Organized in 1878, Still Banded Together.

THE New York Banks' Glee Club was organized in 1878 in the New York Clearing House at the suggestion of Mr. Camp, then manager, who greatly enjoyed listening to the singing of the clerks who remained after making their clearings. Mr. Grant of the Irving National Bank volunteered to drill them, and a concert was soon given to invited friends by the club of twenty-seven members. The following notice appeared in one of the papers the next morning:

"The New York bank clerks have organized a glee club, and no one has a better right to do so, for the range of their notes exceeds that of any other person's outside of the Treasury Department. The original idea of its members, namely, of giving free



Conductor H. R. Humphries.

concerts to bank clerks and their friends, has been carried out, the expenses for same having been defrayed by subscriptions from banks, bankers, bank officers and directors. The concerts are given at Carnegie Hall to crowded houses, and reserved seats are at a premium before the night of the concert."

The conductors of the Glee Club have been Carl Bergstein, W. R. Chapman, Richard Henry Warren and H. R. Humphries. The last named has just completed his twenty-fourth year in this work, and it is largely due to his ability as a teacher and director that the glee club enjoys its present enviable reputation; the club being considered, by the critics, to be second to none in this country.

The officers of the club are: Hon. J. Edward Simmons, president; Hon. H. W. Cannon, vice-president; R. R. Moore, treasurer; executive committee, Edwin A. Lahm (Citizens Savings Bank), secretary; George B. Schneider (Commercial Trust Co.), corresponding secretary; A. F. Tretheway (Lincoln National Bank), librarian; Winthrop C. Sibley (Chatham National Bank), chairman.

The club has sung on many important occasions, notably the opening of the New York Clearing House, the New York State Bankers' convention, and banquets of the different bankers' association groups.

NEW YORK CHAPTER NEWS.

AT the annual election, held June 10th, after a dinner at Cavanaghs, West 23rd street, the Board of Consuls of New York Chapter, representing the banks in Greater New York, elected William M. Rosendale, of the Market and Fulton National Bank, president. R. W. Brett, of the Chemical National Bank, 1st vice-president; H. Kinsly, of the Williamsburg Savings Bank, 2nd vice-president; William Clements, of the Dry Dock Savings Bank, secretary; H. M. Baldwin, of the Title Guarantee & Trust Co., treasurer; A. L. Kley, of the Citizens' Central National Bank, librarian; C. W. Cary, of the Metropolitan Trust Co., chief consul; and C. M. Becannon, of the Garfield National Bank, secretary of the Board of Consuls.

The convention delegates left for Seattle Tuesday, June 15th, in special cars attached to the "Lake Shore Limited," at 5.30 P. M. These cars made up a special train at Chicago, going via Chicago, Milwaukee & St. Paul R. R. and Northern Pacific R. R. to Seattle.

New York Chapter will resume its classes in Commercial Law, Practical Banking and Political Economy in October at its rooms at 109 East 22nd street, New York.

O. H. Cheney, Deputy Superintendent of Banks, addressed the meeting and said that the department was pleased with the ability and character of the men of New York Chapter that had entered the State service last year as examiners.

THE BANK CLERK.

The bank clerk is a happy hunch,
  He works from ten to three;
He gets an hour and a half for lunch—
  Now that sounds good to me.

In state he stands behind the scenes,
  Mid stacks of gold immense;
But often the money in his jeans
  Makes a noise like thirty cents.

Ledgers and journals are his best friends,
  The adding machine is a chum,
And he finds it best for his private ends
  To hustle and make it hum.

Although his hair may grow quite gray,
  And his form become quite bent,
He knows some day, if he pegs away,
  He'll be the president.

Year after year finds him on deck,
  To shuffle out the tin;
But when old Death presents his check
  He promptly cashes in.

And when he comes to heaven's gate
  And wants to get inside,
Saint Peter says: "You'll have to wait
  You're not identified."

—H. C. Hurst, in *Chicago Banker.*

A. I. B. NOTES.

THE Washington bank clerks have organized a baseball league and are playing a regular schedule of games.

Charles H. Worden, first vice-president of the First National Bank of Fort Wayne, Ind., has been chosen a "fellow" of the Institute.

The out-going treasurer of the Chicago Chapter reported the largest sum that has ever been turned over to a new treasurer by an old one. This was made possible by businesslike and practical administration. The Chapter show and the annual athletic meet both showed good profits, while the annual banquet reported quite a large deficit, due to high cost of serving and other causes.

The amendment to the constitution providing for the notification by mail of all members at least a week in advance of any future changes in the constitition, amendments to be passed by a two-thirds vote of the members present at the meeting forming a quorum, was passed unanimously.

The Seattle Chapter gave its second annual show May 21 and 22. "The Adorable Fritzie," by O. L. Jeancon, who also staged the piece, was the offering, and every opportunity for comedy and musical ability was afforded by the three-act comedy.

WM. M. ROSENDALE
President New York Chapter.

The principal characters were enacted by the following: C. Rowel Marshal, Irving Bogardus, Harry Colwell, O. L. Jeancon, Miss Edith McClaire, Miss Jacque Casad and Miss Alta Daly.

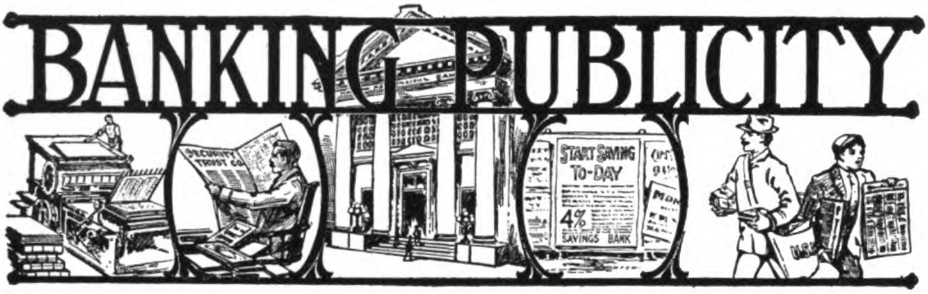
"The Gulf States Banker," a new paper published at New Orleans, under the editorial direction of R. S. Hecht, has this to say about the Institute in the South:

Of the fifty chapters now in existence the East and Middle West claim by far the largest proportion, while but very few chapters are to be found south of the Mason and Dixon line. This is, no doubt, partly due to the fact that we have fewer large cities where successful chapters could be organized, but partly also to the lack of the necessary propaganda by men experienced in this work.

We could readily mention half a dozen cities in our Southern States which are easily large enough to support first-class chapters and where there are many ambitious men who would quickly realize the benefits which chapter work brings with it.

The usefulness and value of a membership in the Institute is recognized by every bankman who has ever given the matter any attention, and every progressive bankman in the South should be a member. Former President Hulbert once said: "The man who refuses to join this work advertises himself as an unambitious man; he shuts the door of opportunity in his own face."

Nor are the benefits of the organization confined to the bankman of the larger cities. Of course, where chapters have been organized the educational work is being done by means of regular study courses, lectures, debates, etc., but the bankman in the smallest country bank has the same opportunity for improving himself by belonging to the correspondence chapter and by following the study courses offered by the Correspondence School extension.



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing-house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 90 William Street, New York.

Conducted by T. D. MacGregor.

POTENT POSSIBILITIES IN BANK ADVERTISING.

By Harvey A. Blodgett.

AFTER some years' observation of the devious ways in which the banker has been separated from his advertising appropriation, I cannot blame him if he manifests some diffidence when an advertising subject is broached.

A bank officer remarked to me the other day, "The reason such large sums are wasted in bank publicity is that bankers as a rule do not understand the art of advertising." Perhaps this is so, and I can assure you that no investment of time can bring you greater returns than time given to a study of the principles of advertising as related to the business of banking. Not only will you be spared financial losses from ineffectual ventures, but your advertising outlay will be returned to you many-fold.

Harvey A. Blodgett.

The main trouble with bank publicity has been that bankers have not expected, have not demanded enough tangible, definite returns from it. They are too prone to look upon advertising expenditures as a sort of gamble. They have not fully realized the great possibilities which lie in well directed advertising effort.

The banker who expends any sum on a publicity project has a right to expect that it will return in profits several times the amount of its cost. He should require that his advertising expenditures shall become a permanent asset—an investment which shall pay dividends for years to come.

In the modern business institution, the promotion department has become a most important feature.

Tradition no longer requires that the banker shall wait supinely for patrons to come to him, and there is no reason why every bank, large or small, should not have its promotion department. Indeed it is fast becoming the rule rather than the exception for the large city bank to have its advertising manager, who devotes his time to the making of new clients through the powerful agency of the printed word.

What the banker wants to know when you talk advertising to him is, "What are the profitable methods, and what the unprofitable? Cut out generalities and come to the point." There's the answer to his own question,—"Cut out generalities and come to the point."

A True Story.

Let me tell you a true story: A banker in a certain town, at the end of the year, found a sum charged to his advertising account, amounting to, say, two hundred dollars. He recalled that he had carried a standing card in his newspaper, or perhaps when he had time, supplied changes of copy, the like of which wouldn't produce the slightest effect on his own mind had its appeal been directed at him. He had also bought some calendars on which the name of his bank was linked with a beautiful picture. He recalled, too, that he had given away various trinkets with the name of his institution on them.

His expectation, naturally, had been to coin dividends from the good will created by this desultory method. His realization—two hundred dollars on one side of the account, with an interrogation, or, perhaps, an exclamation point staring him in the face from the other.

His competitor went at it differently. He appropriated two hundred dollars for advertising, and set a mark, preceded by a dollar mark, to which that two hundred must increase his deposits. He said to himself, "There are a lot of people around here who haven't an over supply of confidence in banks, and who have an under supply of knowledge of what banks are for. There's a whole lot more money lying loose around here than the deposits of these two banks. There's business to be made, but the people will have to be shown. This two hundred is not going to pay for any glittering generalities or baubles. There are some *points* to the banking business, and the people must be made to see them."

So he fired with good aim broadsides of well selected ammunition, of which he had a great plenty, at the *hearts* of the same desirable citizens who were cherishing the trinkets bestowed by the other bank. Each shot carried some information about his institution, its resources, strength, or some one of its specific services. He used only one missile at a time, so that his shot might not scatter.

When banker No. 2 balanced up at the end of the year, he tried to find that advertising appropriation, but he couldn't. It had been absorbed and wiped out long ago by the increase in his profits.

The wide difference between the two methods illustrated is obvious. It is the difference between aimless, pointless publicity, and advertising with definite purposes in view.

In the final analysis, good bank advertising is telling the story of your business to people who don't know it, and ought to. It is throwing your services, coupled with your bank's name, into the limelight by methods which will make good possible clients who have stood aloof from you, desire an alliance with your institution.

There will always be a diversity of opinion concerning the best methods of advertising a bank, and I do not wish to exploit any particular one. All will agree that the local newspaper, if provided with live copy, is one of the best, if not the very best medium for the bank to use. It is not complete, however, without the aid of other more personal methods, which are generally termed "direct advertising."

The banker who would advertise for business should always remember that *there's little use in holding up the bank's name to the eye by any means that does not at the same time carry a message to the heart.* You can point with mute and dignified eloquence to your name in print, but the public will pass doggedly on, intent on its own concerns. Let your advertising demonstrate to your public that it is your business to help their business, and you awaken forthwith an eager interest.

People "Want to Be Shown."

It takes more than a business card, a standing ad., or a souvenir, to sell a banker an adding machine, an automobile, or a bill of bank supplies. He wants to be shown. By the same token the clients he seeks want to be shown.

The first necessity in successful advertising is to have a plan. As well board a train with no destination in view, paying fare from station to station, as to try to advertise without knowing what you are traveling for and where you are going to get off.

An advertising campaign should be planned in advance, and every step in it formulated with proper regard for sequence and system.

You cannot tell your story all at once, so you must do it in installments. Give a person one thing to think of at a time, and he can turn it over in his mind. Give him a dozen and they will become as a confusion of tongues.

If there is no immediate response to your argument of to-day, you may be certain that it will leave its impression like the image on the undeveloped film, which will be developed later into a tangible reality.

Advertising when done by plan has great cumulative force. In our subconscious minds there linger now minute impressions unconsciously made by certain advertisements which will some day be quickened into desire, resulting in action, when we see again an advertisement of the same article. It is your advertisement of to-day or perhaps of to-morrow, which prepares many minds to respond to your advertisement of next week.

This reminds us that if we want a crop of business next fall, we must sow our seed now and ardently cultivate it through the growing season.

As we look this subject straight in the eye we become greatly impressed with the fact that the banker has a wealth of material for his advertising copy.

He can exploit, with a never ending variety of argument, the advantages of being a bank depositor. There are many reasons why a bank draft is the best form of exchange, and they can't all be told in one ad. His certificates of deposit have peculiar advantages to the short time investor who wants to place his money safely where he can get it just when he wants it.

He can teach, but he shouldn't preach, the thrift that will save many a soul from drifting through life without an anchor to windward. None better than he can teach the value of a commercial credit, and how it may be acquired by the everyday individual, who knows not that such a blessing lies within his reach.

It would, indeed, take too long to run the entire gamut of possibilities in the banker's advertising copy, and we must stop at one great end which he should ever keep in view, that of creating an abiding faith in the bank, its officers and its methods of doing business, so that patrons of fair weather will stand by it steadily in foul.

The Results of Advertising.

Let the banker who does not believe in the potent possibilities of bank publicity consider how he and his family are paying daily tribute to the persistent advertiser. How were the old-fashioned oat meal and corn meal mush displaced from his table by prepared breakfast foods? How did the well known brands of flour, baking powder and soap find their way into his household? Why do so many men find it necessary now to shave with a safety razor, when a generation ago it was unheard of? What created the enormous demand for the proprietary articles we hear so much about? WHAT MAKES HIS NEIGHBORS SEND THEIR SAVINGS TO THE BANKING BY MAIL INSTITUTIONS?

Why not say, "If others can create appetites and conjure necessities into existence by advertising, I can use the same powerful agency to get people into the banking habit?"

We read recently that the "little savers" of France are not only willing and able to take all the bonds of their own nation, but that they hold over six billions of the bonds of other countries. What a lesson for this spendthrift nation!

But who will lead in the teaching of it? Must it be left to pulpit, school and press? What a mighty influence in stimulating thrift could our twenty thousand banks have, if they would all devote a liberal share of their advertising to intelligent, forceful "MONEY TALKS," directed to the millions in whose hands are the reservoirs of wealth. Would it pay? Would it pay to gather into the channels of trade that vast invisible supply of money now skulking in tea-pots, stockings and baking powder cans?

Would it pay to make two or three, or four bank depositors and patrons where one exists now; creating new business, rather than wresting business away from a competitor?

Are there not thousands of desirable citizens right around you who know too little of the blessings of thrift and the privileges of a banking connection?

Well, how are you going to get them if you don't show them that the shortest road to affluence leads straight through your door? There's tremendous latent power in that advertising appropriation of yours, and no community is so saturated with the banking habit that the right kind of missionary work will not give birth to a broad, useful knowledge of banking methods, and create an ever increasing trend of new faces to your door.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

CASHIER Charles B. Wright of the Citizens State Bank of Crystal Lake, Ill., writes:

I have been an interested reader of your department in The Bankers Magazine, and have gained much valuable information from it. I notice that you ask that your readers submit to you samples of their advertising for your criticism and I am sending you under separate cover a scrap-book in which I keep a copy of all matter put out by us.

If this is of interest to you, I would be pleased to have you look over the matter in it and give me your opinion as to the value of the reading matter and the typographical work. I must ask that you take good care of this, as it is the only copy I have of what has been used. I will enclose postage to pay for its return to me, and would ask that it be returned as soon as convenient to you.

The copy is the work of the writer and the form in which it appears was worked out under his direction. I have tried to put into practice the information that I have gained through your department and other similar sources.

The community in which we are doing business is a thrifty agricultural one, but it is a hard matter to get the people in it to understand that it is to their interest as much as ours, that they keep their money in the bank.

You will find in the envelope attached to the first leaf of the book, a series of articles that we ran last year. These may seem a little crude for a bank advertisement, but I think that they answered a good purpose in getting the facts that I wanted to impress in such a form that they were easily understood. Since last fall, those sketches have been given up and the matter has been changed to the more dignified form which you will find pasted in the book.

The monogram which appears in all of the later work, and which also appears in our letter head above, was designed by me and appears on all of our supplies and on every piece of printed matter that we put out.

In addition to this advertising, we are using a little monthly paper, and in that we have two columns each time of our own original matter. I think that this little magazine is working well for us.

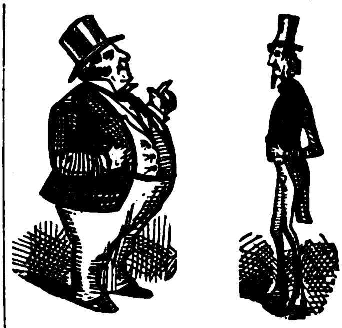
You will notice that in our advertisements we are working on a different line from most banks, in that we do not advertise very strongly that we are paying interest on deposits. Along about the first of the year, we opened up a savings deposit department and for a short time featured that in our copy, but only long enough to give that a start. We are working with the idea that we can get the business about as well by appealing to some other motive for doing business with us than merely the idea of being paid for it. For that reason you will find that the motives to which our appeal is made are those of convenience, safety, the value of our backing, and even pride. None of these things cost us three per cent., and I am inclined to believe that they are almost as effectual in bringing in the business. The consequence is that although we pay the same rate of interest as all the rest of the banks in this county (our bank is the only one in this town, however), we are paying interest only on about one-third of our deposits and are getting the rest for nothing, while with the banks in other towns near us the proportion is about reversed.

It may be that a little later we may feature the savings department a little stronger in our advertising, but as long as the deposits keep coming in on the present basis I do not see the advisability of changing.

You may notice that part of the copy reads for the Citizens State Bank of Nunda. This town was called Nunda up to last year and the name was then changed to Crystal Lake and we changed our name to correspond.

We reproduce a sample of the series of bank talks that Mr. Wright refers to. The first glance at the grotesque figures of "Glad" and "Glum" which appear at the top of each article would lead one to expect a humorous dialogue on the Weber and Field order. But instead, these talks consist of good hard common sense, every one of them bringing out a strong talking point of a bank's service to the individual and the business community.

These mythical conversations are well



Glad—"Hello, Glum, I hear you are hard up and want to borrow some money. What has happened to you?"

Glum—"I am not hard up and nothing has happened to me. I could use some money to good advantage if I could get some, and I have spoken to two or three of my friends to see if I could not borrow a little from them, but I don't see how you got onto it."

Glad—"I have heard a dozen people say that you are trying to raise some money, and it is being talked all over town. Everybody is getting afraid of you, and some of the parties who are holding your notes are talking of making you pay up. I would not have my affairs discussed the way yours are for anything."

Glum—"That is all very well for you to say, for you never have to borrow; you always have plenty of money on hand for any deal that you want to make. No one ever hears of your borrowing. They all say, 'Glad has money in the bank.'"

Glad—"You think that I never have to borrow any money just because you never hear of my doing so. The fact is, however, that I very often borrow; but when I do, I go to the Citizens State Bank of Nunda and get what I need. Any business that I do with them is kept private and confidential, and no one has a chance to discuss my affairs the way they do yours. I do all of my business through the bank. When I have more money than I need I leave it with the Citizens State Bank, and when I need more than I have on hand I go to them and borrow. It is the easiest and best way in the world to handle your affairs."

Glum—"I never went to the bank because I never did any business with them and I have an idea that they won't let an ordinary fellow like me have anything."

Glad—"You can get what you want of them. Of course a bank has to be particular about its loans, and that is all right. It is always understood that if the bank will loan a man money that he is all right and it gives him a better standing in the community. There are two things that are sometimes said about certain people that are considered as giving them a good standing in their community. 'He has money in the bank.' 'His note is good at the bank.' Get in line, Glum, and be happy."

"Before and After Using."

written and give "Glad" and "Glum" distinct personalities. Strangely enough, however, old "Glum" does not seem to profit very much by the profound wisdom of his friend "Glad," because in each new ad. he bobs up with some new financial difficulty which could have been obviated if he would only consent to start an account at the Citizens State Bank.

It is true these impossible pictures do not add any dignity to the advertisements but they probably have some attention value. The question which the advertiser must answer for himself is whether or not such illustrations cause the reader to come to the advertisements in the proper frame of mind to take them seriously as a whole and to act upon the suggestions made in them.

Over 90 per cent

of the grain harvested in this country is bound by harvesting machines and less than ten per cent of it is bound by hand. What do you think of the ones who are so far behind the times as to be binding by hand?

Over ninety per cent of the population of this country can read and write, what do you think of the other small proportion that can not?

Over ninety per cent of the business of this country is done by bank checks instead of the handling of money because it is the safest and most convenient way of doing business. There is no reason why ninety-nine per cent of the business should not be done in this way.

The few people who are not using the conveniences offered by a bank such as this, are placing themselves in the same class as the ones who are not up to date in other respects.

If you do not understnd doing business in this way, call to-day and let us explain to you how simple it is.

CITIZENS STATE BANK

CRYSTAL LAKE, ILL.

Little to Criticise Here.

On the whole, we believe that that style of advertising is a good kind for a bank not to use, and apparently Mr. Wright has come to that conclusion, too, as the samples of the later advertisements of his institution are of an entirely different character. The samples shown in the scrap-book are excellent in subject matter and typographical arrangement. A great variety of topics is handled in an interesting and dignified manner. One of this new series of advertisements is likewise reproduced. The good points of this ad., typographically, are: Ample space (2 columns by 6 3-4 inches); liberal white space margins; good readable type; just the right amount of display type; large lower case letters instead of all caps in the leadline and the use of a trademark emblem.

The trademark emblem cut could afford to be somewhat larger in proportion to the size of the ad. and the typographical balance would have been better with the cut in the middle at the top instead of in the corner.

The boldface, lower-case heading is better than caps, because 95 per cent. of the letters in ordinary reading are lower-case ones and the eye is more accustomed to them. Similarly, it would have been better in this ad. to have indented the paragraphs as the eye is used to starting to read each paragraph a short distance in from the margin. A little more careful proof-reading would have caught the letter omitted from the word "understand" in the last paragraph.

This bank is using a good little folder showing how three per cent. compound interest will make weekly savings of from one to ten dollars grow in from one to twenty years, but so far has not featured its saving department very much. We believe that many country bankers will be interested in what Mr. Wright says about getting deposits without laying a great deal of stress upon the matter of interest—getting the savings class of depositors to become customers of the regular commercial banking department.

Additional information on this advertising is furnished by the following later letter from Mr. Wright:—

I have your letter of the 2d inst., enclosing a copy of your comments on the samples of our advertising as same will appear in the July number of the Bankers Magazine. I am also in receipt of the scrap book that you returned to me.

I note with interest your comments on the advertising that we have done and am pleased that my efforts in that line are considered worthy of some degree of favor.

I expected that you would rather disapprove of the "Glad" and "Glum" articles and your opinion of them coincides largely with my own. I realized that they were somewhat crude, but it was an effort on my part to bring the matter that I wanted to present down to so simple a form that it would be easily understood by people who are not up on the niceties of literary or typographical work.

I had intended to convert "Old Glum" into becoming a depositor in this bank and then cover the same ground again as he began to find the benefits that we could give him, but I began to get tired of him and about that time I had become interested in the better forms of advertising as set forth in your department, and without waiting to convert him or kill him off, as would perhaps been the best thing to do, I changed my form of copy.

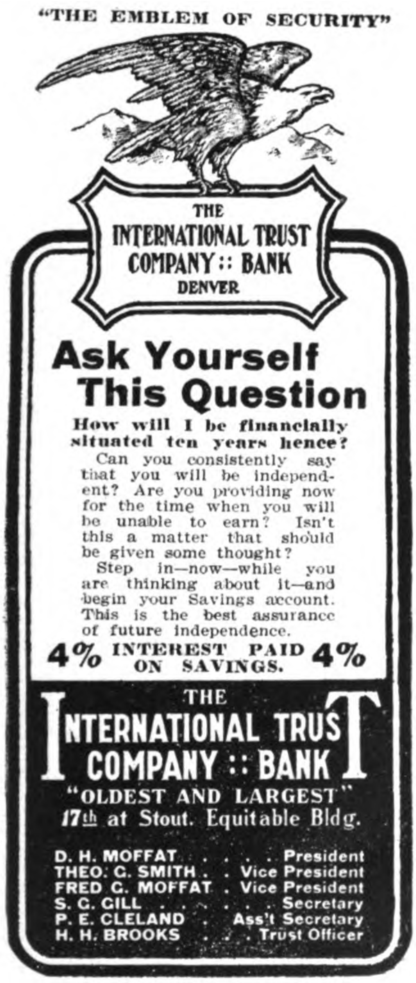
I find it a very hard matter to keep my copy up to the standard that I wished and was beginning to get a little discouraged and feared that I was about to run out and that I was beginning to play out. For that reason I am especially pleased that the one you selected for your example was the next to the last one that I had written.

Thanking you for the consideration that you have given to this matter and for the prompt return of my scrap book, I am,

Very truly yours,

CHAS. B. WRIGHT, Cashier.

We are not disposed to criticize the ads. of the International Trust Company of Denver very much, because the ultimate test of every advertisement is results and we are assured by the Publicity Department of this institution that these ads., a specimen of which is reproduced, proved very effective. Publicity Manager A. L. Callopy says:



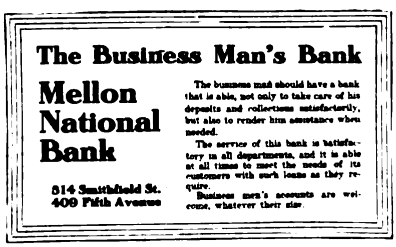
You Can't Get Away From This.

I am in receipt of the May issue of the Bankers Magazine and take this opportunity to express my appreciation of our favorable mention therein. I also note the criticism of various bank advertisements and I desire to compliment you in the work.

Herewith I am sending you a few proofs of advertisements written and designed by this department. They have proved to be very effective, but are sent to you for criticism if you find space in the next issue. I am also sending you a copy of our emblem recently established by this department. These ads. are of an educational nature, intended to push the savings department only.

However, in considering any advertisement, no matter how successful it may have proved, it is always fitting to inquire if the advertisement could not have been strengthened or improved in some way so that it could be made even more effective. Now, the first impression one gets from looking at this ad., is that there is more bang than biff to it. The screaming of the eagle perched on the trapeze at the top of the ad., it seems to us, is likely to drown out the feebler tones of the copy below. Then the name of the institution appears twice conspicuously, two different catch phrases are used, and "4 per cent." is repeated. All this, we feel like saying with Artemus Ward, is "too much." Nevertheless, there is no gainsaying the fact that this is a conspicuous ad. There is no doubt that it stands out like a house afire wherever it appears, and the copy, when you finally get down to it, is quite action-compelling.

H. B. Powell, Jr., advertising manager of the Mellon National Bank of Pittsburgh, writes:



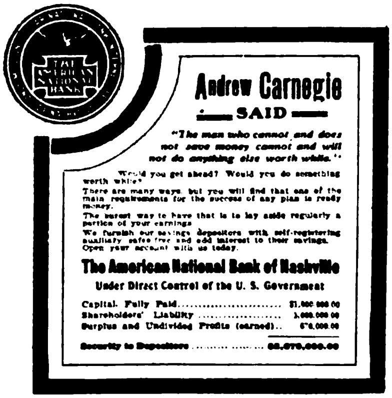
Neat and Effective.

I read with much interest your comments on current financial advertising in the Bankers Magazine, and I should like to have you take a shot at the new form of advertising we are using in the local papers. I am enclosing a copy of an advertisement that appeared recently in our Pittsburgh papers.

This three-column x four-inch ad. speaks for itself. It is neat, attractive and to the point. Large lower case blackface letters make an ideal display head, the contrast with the type of the text matter of the ad. being very pleasing. Here's a good model for all students of bank advertising.

N. P. Lesueur, cashier of the American National Bank, Nashville, Tenn., in sending us some newspaper ads., one of which is reproduced, said:

A few days since we sent you copies of advertising we have been using, and are enclosing you herewith three of our latest from which you will see that we have improved somewhat upon those sent you.



This is Good Advertising.

This ad. is an improvement over the one reproduced on page 1003 of the June issue of the MAGAZINE. That ad. was all inclusive. This one hammers good and hard on one point.

"We are opposite New Orleans, on the right bank of the Mississippi River. You are invited *to drop in.*"

That is the very dignified invitation that a small Louisiana bank prints on its statement folder.

When will some bankers learn that levity in advertising is not compatible with the best ideals of banking?

A small Michigan savings bank breaks forth in this paean of joy at the approach of Spring:

When the Leaves Come Out

And the birds begin to sing, every man with an ounce of ambition takes another hitch at his suspenders and starts out with a new hope. He plants a tree here, a shrub there, and sows tested seeds, in the perfect assurance that with careful cultivation rich will be the harvest. A few good dollars planted in this good bank, fertilized by three per cent. interest—which we supply—will grow far beyond your most sanguine expectations. Try it.

Yes, we would like to try it, but supposing we belong to the suspenderless half of the community, how are we going to take "another hitch"? A figurative expression, of course, but just the same we believe that the writer of this ad. ought to take another hitch at *his* suspenders and start off on a different tack—less "hot air," and more facts, figures and sound argument.

Vice-President Charles McKee of the State National Bank, Little Rock, Ark., writes:—

Some time ago we were solicited for an ad. in the "Cage," a High School Annual. We told the students that we would give them an ad. if they would write it. We offered a prize of $5.00 for the best ad., and $3.00, $2.00 and $1.00 for the next best ads.

Enclosed find the prize winner, which I think is unique for a school magazine.

In this connection, I wish to say that we make free use of the publicity department of your most excellent magazine, adapting some of the ads. contained therein to our business. We only use these, however, when we run short of copy. We enclose you a few of our original efforts. The stenographer and vice-president try to keep up this important part of the business.

The prize-winning ad. referred to reads as follows:

CAN YOU READ THIS?

AERARIUM.

This, in the Latin tongue is,
"A place filled with money"
Perhaps Caesar was President of such a Bank
And Brutus deposited his savings there every Saturday night.
But ours is,

THE STATE NATIONAL BANK.
CORNER FIFTH & MAIN STREETS.
L. W. Cherry, President.
$500,000.00
Chas. McKee, Vice President.
W. W. McLaughlin, Cashier.

This in itself is not much of an argument for the State National Bank, but the pedantry and mild humor of it will appeal to High School students. We imagine the main value of this scheme lay in the interest and discussion aroused by the prize contest.

The ads. that Mr. McKee and his stenographer got out are more to the point. The copy of the three ads. reads as follows:

KNOWLEDGE BEGETS CONFIDENCE.

First. We make five annual reports to the Comptroller of the Currency, which reports must be published to the world.

Second. We try to explain our methods and facilities to the public through advertising.

Third. We stand ready to explain fully to those interested in minutest details of our business.

Fourth. When you know us well, we believe, you will do business with us.

OUR STATEMENT.

We are proud of it. It shows for itself. The Comptroller, Mr. L. O. Murray, has called for a detailed statement from every National Bank in the United States at the close of business, April 28th, 1909. The correctness of these statements must be sworn to by an officer of the Bank, attested by three directors and published in local papers.

We invite the public to a careful examination of our statement, which appears elsewhere in this paper. Tell us what you think of it and of the rapid and solid growth of the State National Bank.

BOND DEPARTMENT.

In the past sixty days this Bank has bought four issues of bonds, aggregating $85,000.00. Two issues of School Bonds and Two Issues of Street Improvement Bonds. We are in the market for the best issues of Bonds for paving, sidewalks, sewers, water, light, school, fencing, drainage, levees, roads and other bonds of legally organized Taxing Districts.

Write to us or send for one of our blank Bond Statements.

About the only criticism of these ads. is in regard to the headlines. They are too general.

"WHY YOU CAN TRUST US" is a better heading than "KNOWLEDGE BEGETS CONFIDENCE," although that is not a bad one.

"OUR STATEMENT SPEAKS FOR ITSELF" is a better heading than "OUR STATEMENT."

"WE BUY BONDS" is better than "BOND DEPARTMENT."

If possible, it is always a good plan either to make a complete or definite statement in the display heading of an ad. or say something unusual or startling enough to make people read the ad. A complete statement in the head, with the name of the institution, makes a complete ad. in itself, whether the reader peruses the whole copy of the ad. or not.

F. D. Conner, advertising manager of the Guardian Savings and Trust Co., of Cleveland, Ohio, writes:—

In the June number of the "Bankers Magazine" I was particularly impressed with your first remarks under Advertising Criticism. I have always said that there was no argument simply in the publishing of a bank's name, and very little more in the mere fact of the mentioning of the Officers and Directors of a concern. Of course, it is well to know who the men are that are back of the institution, but there is very little "reason why" in it.

I also argue that the financial man is to a large extent familiar with the personnel of a banking institution any way, and the rank and file do not care a rap, but "What can that institution do for me?" is the question.

There is one subject which is of great importance to me and that is the hoarding of money. I have endeavored through my advertising to dissuade the public against home-made banks and have offered many reasons in the line of education to induce such people to deposit their money in a good bank. Our papers record incidents almost daily of loss occurring where money was hidden in "an old shoe". I often take these clippings immediately, while the incident is still fresh in the minds of the people, and re-construct them into an "ad.", probably using the same headlines.

The thing we are after is the money that is not in circulation. We discourage withdrawing from one good bank to place in another.

I feel that the hoarding of money is a far greater detriment to the country at large, than the occasional failure of some bank.

I guess I had better stop right here, for when I get warmed up to some of these things I never know when to quit, and I do not want to tire you in this, my first introduction.

ABOUT BANK ADVERTISING.

In speaking of bank advertising in Atlanta, Ga., the "Constitution" of that city says:—

Banks of Atlanta are generally adopting the metropolitan method of advertising their advantages and facilities. This is an excellent policy and it is in the direction of progress. Money is like any other commodity requiring primarily that it shall be surrounded by safeguards as nearly infallible as possible. It then seeks to go out and fructify the waste places, exacting a perfectly legitimate return for a perfectly legitimate rental.

Twenty-five years ago the custom of advertising would have set the average bankers gasping. To-day they accept it not only as a matter of course but invoke the power of the printed word and of the broad circulation as first aids in their plans of promotion and development.

Writing in "Printers Ink," Leon F. Titus, cashier of the First National Bank of Traverse City, Mich., said:—

The question has often arisen as to just how much newspaper advertising by banks is read by the general public, and we have often asked ourselves if we are getting any results from these ads. or if people read them at all. We conceived the idea during the last few months of writing representative people in certain different classes to ascertain the percentage of people who read the display ads. of the local banks.

The result was rather surprising to ourselves to find the large percentage of people who did read them. I was particular to select from each trade or profession people who represented the different classes of such trade. We sent out 25 letters as follows:

Four to merchants and business men; four to professional men; four to wage-earners; four to salesmen; four to farmers; five to women.

We received replies from all but one. From the twenty-four replies we found the results to be as follows:

12½% read the bank statements (but do not read advertisements).
50 % show that the ads. are read regularly.
8⅓% read ads. once a week.
12½% read ads. occasionally.
12½% read ads. seldom.
4 1-6% never read them.

It might be of interest to you to know the results. It has been to ourselves and we have more faith in the display ads., than we had before we made the trial.

SOME AD MATERIAL.

HERE are two genuine news items which banks could use to advantage in their advertising:

FOUND $20,000 IN A BED.

Burglars In Seattle Suburb Hit Upon Hiding Place for Treasure.

SEATTLE, Wash., June 1.—Mrs. George Shea of Duluth, Minn., who is visiting her sister, Mrs. John English, at Alki Point, a suburb of Seattle, has reported to the police that she has been robbed of $20,000 in currency.

Mrs. Shea's husband, who intended to follow her from Duluth, and buy property here, shipped the money to her by the Great Northern Express Company, which delivered the package to her on Thursday. She intended to put the money in a bank at once, but for various reasons put it off. Yesterday she and her sister decided to visit Seattle to see the decorations. She hid the $20,000 between the sheets of a bed. On returning home at night she found that burglars had ransacked the house and stolen the treasure.

A Stocking Was the Savings Bank.

PATERSON, N. J., May 25.—That penchant for placing things in their stockings, which is typical of some of the female sex, was the direct cause of Isaac Simon, of No. 564 Main street, losing a roll of money amounting to $160. Thieves entered the Simon home some time after the midnight hour and made a general clean-up, going from one room to another until they had collected $4.56 in a pocketbook, a check for $2.72 and about $25 worth of jewelry, and finally struck the sleeping apartments of the Simons', where hung the stocking bulging out with bills. The latter was the receipts from the Simon establishment, which is a dry goods store conducted on the first floor of No. 564 Main street. The entrance to the rooms upstairs was gained by slipping the catch on the rear windows and after that the rest was easy. Simon some time ago insisted that his wife put the money in a safe deposit vault, but the latter thought it was safer with her, and today she is convinced that a stocking is not quite as strong a resisting force as an iron-bound bank, no matter how you may look at it. The police were notified of the robbery and started out to run the culprits down.

SOME GOOD PHRASES.

CONNECTION with a bank with a career of 128 years is not an experiment.—*The Bank of North America, Philadelphia.*

The result of good service is constant growth.—*City Trust Co., Boston.*

Cultivate the saving habit. It may change your whole life for the better and make great things possible to you.—*United States Savings Bank, Detroit.*

Saving comes chiefly as the result of avoiding wasteful expenditures. This bank has prepared a household expense account book which should help any one to save enough out of what is ordinarily wasted in daily household expenses to maintain a savings account of liberal proportions. Copies furnished free on personal application.—*Harris Trust & Savings Bank, Chicago.*

The strength of a bank is measured by the quality of its investments—not the amount of its deposits.—*The Racine (Wis.) City Bank.*

A NEW ADVERTISING BOOK.

William Borsodi Gets Out a Helpful Publication on "Financial Advertising."

"FINANCIAL ADVERTISING" is the title of a new book, edited and compiled by William Borsodi, of New York. It is a collection of words, phrases, illustrated advertisements and financial talks as successfully used by banks, trust companies and other financial institutions. It is arranged so as to facilitate the expression of ideas and assist in the preparation of attractive financial advertising. The book is a store-house of valuable ideas of bank advertising especially advantageous to savings banks, but also helpful to trust companies and commercial bank advertisers. Its suggestiveness is a strong feature of its value, as any person reading it cannot help receiving suggestions that will lead to original ideas on his own part. The bank man who prepares his own copy frequently runs dry and needs something of this kind to turn to. This book is full of hints, and ought to prove first aid to any intelligent bank advertiser. The book is part of a larger scheme of advertising being, in part, extracts from a large work, "The Advertiser's Cyclopedia of Selling Phrases," which was reviewed in this department of the MAGAZINE last month. There are 124 pages in the book. It is well printed, thoroughly illustrated and substantially bound in cloth. The price is $2.00. The Bankers Publishing Company will be pleased to forward a copy of the book, postage prepaid, to any person upon receipt of price.

Good Illustrated Copy.

BANK BOOKLETS.

A Few of the Month's Interesting Productions.

SOME people say there isn't much romance in business, but the Guardian Savings & Trust Co., of Cleveland, has published a booklet containing a delightful short story entitled, "Her Guardian," which proves that there can be romance in business literature at least. The story is as good as the average magazine short story and the plot is a simple one, namely, a handsome young man who is appointed guardian of an attractive young heiress naturally falls in love with her. In developing the little romance, the writer very cleverly works in some interesting details concerning the operation of a trust company in the handling of estates and tells an interesting incident to illustrate the value of safe deposit vaults. The booklet is admirably printed and the front cover is ornamented with a colored portrait of the fair young heroine of the tale. We have no doubt that the Guardian Savings & Trust Co. will find that there will be a great demand for this beautiful little brochure, especially among its women customers and their friends. Mr. F. Dwight Conner is the advertising manager of this institution.

In regard to this booklet, Mr. Conner says:

I am receiving letters and verbal comments which are very encouraging, and I believe the booklet is going to be in large demand.

I did not write the story. It was written here by a friend of mine; however, the general points were furnished and several changes made by me in order that the story would link up with our institution in all of its details. A large number of the marginal illustrations were pen and ink sketches from the exterior and interior of our building. I only mention this in order that you may better appreciate the individuality of the booklet.

"Facts" is the title of a valuable booklet, issued by the Middlesex Title Guaranty & Trust Co. of New Brunswick, N. J. It is a very complete and well presented argument concerning the importance of the proper guaranteeing of real estate titles.

"Wills & Trusts" is the title of the booklet issued by the Commercial Trust Company of New Jersey, Jersey City. It contains a vast amount of valuable information on the subject indicated by the title.

The Chelten Trust Co., of Germantown, Philadelphia, has reprinted in booklet form a paper on "The Importance of the Last Will and Testament," by Virgil M. Harris, trust officer of the Mercantile Trust Company of St. Louis, delivered before a convention of the Missouri Bankers' Association.

The Commercial National Bank of Chicago has done something distinctly new for banks in issuing and giving away, with its compliments, a booklet containing the revised rules of the game of golf as approved by the Royal and Ancient Golf Club of St.

Enterprise in the New State.

Andrews and amended by the United States Golf Association. The 48-page booklet contains a little advertising matter of the Commercial National Bank on the cover and several of the inside pages.

The Springfield Five Cents Savings Bank of Springfield, Mass., has issued a well printed booklet containing its April 12th statement and a copy of the by-laws of the institution.

The Hibernia Savings & Loan Society of San Francisco has issued a new banking by mail booklet. It is printed in two colors, red and green. The front cover is ornamented by a fine cut of the society's building, and the back cover contains a representation of a United States mail sack.

The Commonwealth Title Insurance and Trust Co. of Philadelphia has issued an attractive little booklet containing its statement and other facts concerning the institution. The booklet is printed in two colors and ornamented by several good vignetted half-tone cuts showing the interior and exterior views of the building, safe deposit vaults, etc.

The convention number of the "Progressive Banker," published by the employes of the City Bank & Trust Co., of Mobile, Ala., is an especially interesting number, as it contains a number of views of Mobile and the full programme of the Alabama Bankers' Association convention of May 11th and 12th.

The Union Trust Company of New York has reprinted in booklet form the article by its Vice-President, George Garr Henry, entitled, "Bank Investments," which appeared in the May number of this MAGAZINE. This article is an authoritative, practical and interesting one. In its attractive and handy reprint form we have no doubt that it will be in great demand by bankers everywhere.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

THE First National Bank of Northfork, West Virginia, printed a recent statement on a large enameled card bearing an artistic drawing of a beautiful woman's head. The card is suitable for a wall poster.

The American Commercial Bank of Newark, N. J., gets out a card folder giving some good banking hints to customers, but its advertising value for the bank is detracted from by the fact that the small ads. of a dozen or so of the neighborhood merchants likewise appear on the card.

The same criticism can be made of a booklet entitled "Banking Hints to Bank Customers" issued by the Easton Trust Company of Easton, Pa. While the running of such ads. in a bank booklet defrays the expense of its publication it lessens its value by dividing the attention of the reader.

The First National Bank of Gouverneur, N. Y., makes good use of a post card by printing its statement on the space allotted for correspondence on the front, and on the back an ad. of its safe deposit vault, illustrated by a suitable cut. This bank's statement indicates that business is good in Gouverneur, "The Marble City."

Cashier W. W. Smith of the First National Bank of St. Cloud, Minn., sends us a copy of his bank's latest statement and calls attention to a short talk about bank statements appearing on one of the pages. The article is as follows:

> Complying with the law governing all national banks, a detailed report of conditions is rendered the Treasury Department, through the office of the Comptroller of the Currency, five times each year. This "call" comes at unknown dates to the banks, and its truthfulness and accuracy are sworn to by the cashier and three of the directors. The purpose of this is three fold; first, to acquaint the Government with the condition of the bank; second, to acquaint the public and its patrons with the standing of the bank; third, to keep the bank on its guard to meet the requirements of the law. A bank that encourages publicity manifests its readiness for inspection. This bank goes further than its requirements, in that its by-laws provide for an examination, by a committee from the board of directors, four times each year. The national bank examiner also examines the conditions twice each year, so that eleven times each year the affairs of the First National Bank of St. Cloud are thoroughly inspected by parties other than the officers.

Different copy is used on this page of the statement folder with each call of the Comptroller.

E. E. Shepard, cashier of the Second National Bank of Winona, Minn., writes us:

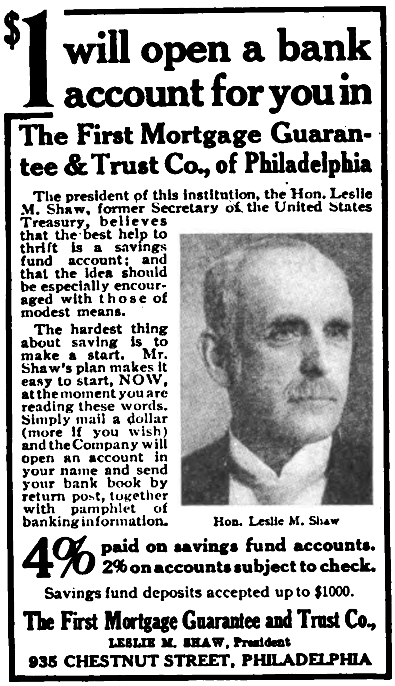
> Having received much benefit from the Banking Publicity Department of your magazine, but never having contributed anything for criticism or as a suggestion, permit me to enclose herewith a sample of a novelty advertisement which we have been using this spring and which has met with unusual favor. Winona has a membership in the Minnesota-Wisconsin League for the first time and the unusual interest arising from that fact has created a great demand for the little schedules.

This baseball schedule and score card is printed on a piece of celluloid of size suitable to go into a vest-pocket notebook. The score card can be used for any number of games as pencil marks can be easily erased. This little novelty will delight the Winona fans we are sure and ought to be a good ad. for the Second National.

The Hobart Trust Company of Passaic, N. J., issues a handy compendium of useful information in the form of a booklet giving facts about mails, steam railroad and trolley schedules, fire alarms, etc. It should contain more advertising matter of the institution itself.

The Planters National Bank of Richmond, Va., is very timely in its advertising, taking advantage of current events to emphasize its claims. On May 25 at the time of a cotton convention in Richmond it ran a large ad. strikingly ornamented by a picture of full blown cotton and headed "Welcome, Members of the Cotton Convention."

The First Mortgage Guarantee & Trust Co., of Philadelphia, Leslie M. Shaw, president,



Magazine Copy.

dent, is going after banking-by-mail accounts. One of its first ads. is shown herewith.

The Commercial National Bank of Syracuse is running a series of advertisements to explain its bank statement. It explains "circulation" as follows:

This bank has issued its national bank notes, which are in circulation, to the amount of almost three hundred thousand dollars, and while it is liable for its national bank notes outstanding, yet it has deposited with the United States Treasury a fund for their redemption equal to five per cent. of their value and it has U. S. bonds deposited with the Treasurer of the United States Treasury equal to their full value.

The Bloomfield Trust Company of Bloomfield, N. J., uses a well printed letter folder to give its statement figures and tell some of the advantages of a check account.

Under the title of "What the Los Angeles Trust Company Can Do For You" that company reprints in leaflet form a series of good advertisements of the institution which appeared in two Los Angeles dailies.

The First National Bank of Billings, Mont., sends out an interesting little portfolio of views of Billings, "The Sugar City of the Northwest."

The Security Safe Deposit Company of Brooklyn, N. Y., and the Fidelity Trust Company of Milwaukee, Wis., are among a number of banks which are using a stock folder to advertise safe deposit service, entitled "Secur~y For Valuables."

The Northern Trust Company Bank of Chicago suggested in a recent ad. that visitors to the Seattle Exposition this summer carry their funds in Northern Trust Company travelers' checks. Now is the time to advertise travelers' checks.

BORDER DESIGNS.

A Defence of the Standing Border Cut in Bank Advertising.

IN response to the invitation extended last month, Voorhees & Co., of New York, furnish us with their views on the standing border cut idea, as follows:

We believe that the use of a strong border design, with the name of the bank at the top, in white letters, black background, or the reverse, is attractive. It is eye-compelling—and that is one of the important things in a bank ad. It is necessary to catch the eye of the reader at first. Then, of course, the wording, or body of the announcement, must be strong enough to hold his attention—and convincing enough to make him become more interested.

We do business with banking institutions throughout the United States, Mexico, and Canada.

We are much in favor of emblem or trade-mark cuts—they carry individuality and become a part of the institution using them. Therefore, we are constantly adopting for a great number of our clients this emblem idea.

Border designs we use, too. Many banks like them—and, one thing is certain, it makes the ad. stand out very conspicuously. Readers of newspapers and magazines will be more apt to SEE such ads. before they come across plain set-up ads. One of the first things a man wishes to know before doing business with a financial institution, is the name of the bank. What bank is it? Then, its strength and safety are important.

We have had very favorable comment from our clients who use these border designs—and they give good satisfaction. The headline, of course, and body matter in the mortise, should be terse and convincing, and both headline and body matter should be changed very frequently. Another good reason for using made-to-order border designs, is that some newspapers do not have a variety of rules for borders, and when lengthened and patched up by the ordinary method in vogue, they look out of symmetry, and do not present a pleasing appearance. The artistically designed mortised border gives a uniformity that makes for harmony and a well balanced effect. The border is one of the chief adornments of the ad., and it can be made in such a realistic way that it becomes a word picture.

NUMBER OF NATIONAL BANKS.

IN a statement issued June 1 at the office of the Comptroller of the Currency, it is stated that during the month of May fifty applications to organize national banks were received. Of the applications pending, forty-seven were approved and three rejected. In the same month, twenty-four banks, with total capital of $1,540,000, were authorized to begin business, of which fifteen, with capital of $390,000, had individual capital of less than $50,000, and nine with capital of $1,150,000, individual capital of six being $50,000 or over.

The total number of national banks organized is reported as 9,422, of which 2,496 have discontinued business, leaving in existence 6,926 banks, with authorized capital of $945,516,775, and circulation outstanding secured by bonds $656,268,268. The total amount of national bank circulation outstanding is $688,183,115, of which $31,914,847 is covered by lawful money of a like amount deposited with the Treasurer of the United States on account of liquidating and insolvent banks and associations which have reduced their circulation.

A SOUTHERN BANKER OF REPUTE.

JOSEPH G. BROWN, the subject of this sketch, was born in Raleigh, N. C., on November 5, 1854, and has lived there all his life. He was educated in the private schools of Raleigh—at Lovejoy's Academy and under Capt. J. J. Fray and spent a year and a half at Trinity College. Shortly after leaving college he entered the Citizens' National Bank as runner, served temporarily in every position in the bank; for several years as teller, then as cashier until 1894 when he was made president, succeeding Dr. Wm. J. Hawkins.

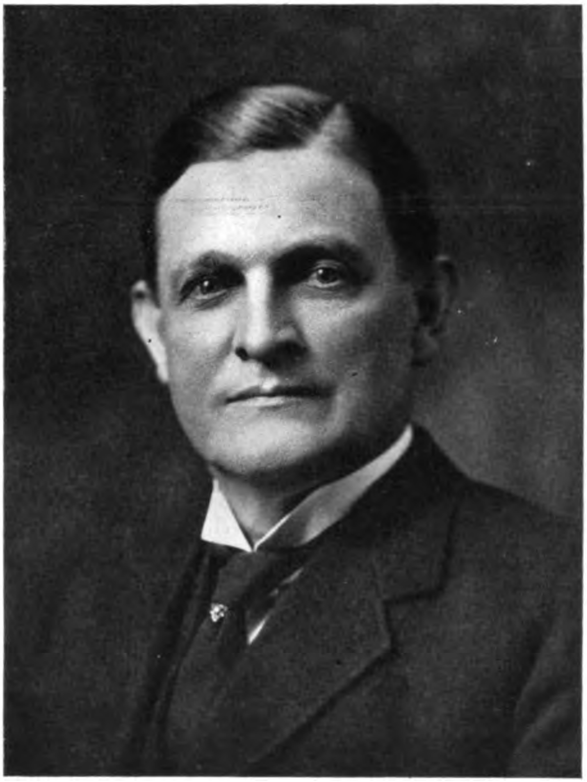


PHOTO BY LIPPINCOTT, NEW YORK.

JOSEPH G. BROWN

President Citizens' National Bank, Raleigh, N. C.

When Mr. Brown became president of the bank its deposits were $333,000. They are now more than $1,000,000, and the assets aggregate more than $1,500,000. The capital of the bank is $1,000,000 and, although it has paid a dividend of ten per cent. per annum, its surplus is more than $150,000 with other undivided profits of $25,000.

Mr. Brown is the president of the Raleigh Clearing-House Association. He is an ex-president of the State Bankers' Association, has served as vice-president and for three terms as member of the Executive Council of the American Bankers' Association. He is the president of the Jefferson Standard Life Insurance Company, which has a capital of $250,000 and surplus of $250,000, and, although less than two years old, has insurance on its books amounting to $7,500,000. In these two organizations alone, Mr. Brown represents more than $2,000,000 of capital.

He is the vice-president of the Atlantic Fire Insurance Company and is identified in various ways with many local enterprises of this city. For more than twenty-five years he was treasurer of the City of Raleigh. He is a member of the Commission to erect the new municipal building. He was the chairman of the Committee on Reorganization of the Chamber of Commerce and its first president, serving for two years under the new regime. He was president, and is still a member of the Governing Board of the Associated Charities of the city of Raleigh and was elected by the Legislature as a member of the State Board of Charities.

Mr. Brown has gained quite a reputation as an orator, for on a number of occasions he has been one of the speakers at the various state conventions and each time he has made an inspiring address, full of wit and wisdom.

BANKING AND BUSINESS SYSTEM

A NUMERICAL SYSTEM OF HANDLING TRANSIT ITEMS.

As Used by the Hibernia Bank and Trust Co., New Orleans, La.

By Roy W. Johnson.

PERHAPS no part of the business of a modern bank entails more work and more worry than the handling of transit items. The necessity of maintaining a constant check upon all items passing through the bank, and of an arrangement whereby the payer and endorser of any individual item can be traced at any time, has stood in the way of the adoption of any short and easy method of handling these items. The old methods were intricate and involved, but it seemed that safety could only be secured by such means. In the old days we had the book register with a wealth of intricate detail, the writing of which was only preliminary to the writing of the cash letter, which was sent with the items for collection. As the banking business grew, however, and the number of separate items increased every day, new systems had to be adopted to prevent the transit department from swamping the rest of the bank.

The National Bank of the Republic, Chicago, evolved a system whereby the cash letter could be made out on loose leaf sheets, with the Burroughs machine to list amounts and the typewriter to insert payer and endorser, thus making duplicate and triplicate copies with two operations. This represented a still further saving of time, but a system was desired whereby the work could be done on one machine. Too much time was wasted in taking the sheets from adding machine to typewriter, besides the danger of mistakes in writing the wrong names after the amounts listed by the Burroughs.

L. M. Pool, vice-president, and A. Luria, manager of the transit department of the Hibernia Bank & Trust Co., New Orleans, have developed a method whereby both payer and endorser can be indicated by number, this result being obtained by the use of the "batch" system, with which some bankers are already familiar.

Workings of the "Batch" System.

When the mail is received, instead of checking each individual letter to prove that the footing is correct and that the amounts of the checks tally, the mail is checked in batches or sections. Just as soon as the mail is opened at the receiving desk it is sorted and distributed to the different departments. Letters containing local items go to the mail teller, letters containing items drawn on points outside of the city and received for immediate collection go direct to the transit department. These letters are then marked off with respect to special instructions: "no protest signs," "papers attached," "wire payment," etc. They are then separated according to national banks and state banks, and the items are rolled in the letters and passed to the batching desk.

A batch may consist of the contents of one letter, or of twenty: the size being gauged by a certain number of items. The aim is to handle about the same number in each batch, it being immaterial how many batches there are.

The total of the remittances of the national banks is quickly obtained on the Burroughs, the totals of the state banks' remittances is added on the machine, and the totals added together. The items contained in the individual letters comprising the batch are then distributed according to ledger divisions to which they are to be charged. A recapitulation on the Burroughs of the totals of these divisions of the batch gives the same total as the total of the remittances previously obtained. This proves without any further check that the contents of the letters comprising the individual batch is correct. Thus the checking of the letters at the time received is rendered unnecessary.

The batches are consecutively numbered each day. For example, we will call a batch, number 4. Each check in this batch is endorsed with a rubber stamp which bears the batch number, 4, and at the same time the incoming letter is stamped with the number. As the batches run consecutively, correspondents or depositors receive their number according to the time the mail is received or the deposit made. A certain correspondent may be in batch 4 to-day, and in 44 to-morrow. The date alone makes the distinction between the batches.

After the mail has all been received and proved, the items are sorted according to cities and towns on which they are drawn, and a remittance letter covering each town is written in triplicate on a Burroughs transit machine. The original goes to the bank to which it is addressed, the triplicate is filed as a check against possible loss of duplicate which goes into a file arranged by towns and sub-divided by banks, where it remains until the remittances are received. It is then removed, the amount of exchange written upon it, and the checks sent in payment separated into their proper divisions: that is, those on the local city, those on New York, St. Louis, Memphis and various points.

The amounts on the duplicates are run up on the settlement sheet by the Burroughs, the exchange charged on each duplicate. The checks of the various divisions are also run through the Burroughs and the total exchange plus the total of the checks must equal the total amount of the duplicates paid. That proved, a special number is placed on the backs of the checks, which forms the endorser number in reforwarding those same checks through the department. Each section or division of the transit department has a special number used only on checks received in payment of items sent through that particular section.

The advantage of this filing system is that one can see at a glance the amount that is outstanding in any city, or any bank in any city. This valuable information cannot be obtained so quickly in any other way, and the system forms also an excellent tracer by which to keep track of the time it takes to make remittances.

In the remittance letter, each correspondent in a certain town has a different number. In cities which possess a clearing-house, the banks are given their clearing-house number, and in towns where there is no clearing-house they are given number in rotation according to the dates of their organization. The only typewriting done is in placing the name of the correspondent at the top of the letter, the payer's number, batch number and amount being listed simultaneously on the Burroughs transit machine.

When it comes to the endorser, the batch number will suffice, for in case of any claim of error it is necessary to go back to the original letter from the correspondent anyhow, to see if there has been an error in transcribing.

For instance, if it is necessary to locate the endorser of a check for $73.88, from batch number 4, batch sheet 4 of the day mentioned is consulted. It contains letters, we will say, from six different correspondents, and by referring to the original entries—the letters from the banks themselves—we find the item for $73.88 was received from the City Bank & Trust Co., of Mobile. If by any chance, several items of the same amount from different banks should be listed in the same batch, the system works out, for any banker knows that there is very small chance that any letter should contain items of the same amount on the same town.

In case the entire remittance letter of checks is lost, it is only necessary to turn to the copy of the remittance letter filed in the department. This copy shows the number of each correspondent, and also gives the batch number, by which the entire list of items can be identified from the original remittance letters. From this list the date and disposition of every item can be checked back against the incoming originals.

So much for a brief description of the system.

Advantages Gained.

In handling this system the clerk is furnished with a chart showing the local clearing-house banks, and also an alphabetical list of the towns in which the bank using the system has regular correspondents. These, as explained above, bear numbers arranged according to dates of organization. Thus, in handling any check, the clerk can tell at a glance the correspondent's number, and it is found that he rapidly becomes as familiar with these numbers as the bookkeeper with the ledger folios of active accounts.

Over and above the saving of time and work in the use of this system, it will be readily recognized that it prevents any item leaving the bank without endorsement, as the operator is compelled to ask for any missing endorsement in order to get the batch number.

For the rapid and successful operation of this system, the Burroughs transit machine is, of course, a necessity. While the number 9 Burroughs, so commonly used in banks, is a great help, it will not do so well as the transit machine, because it will not do so many things. The transit machine is arranged to print in three sections simultaneously. The right hand section adds and lists up to $9,999,999.99, the center section lists up to 99, and is used for printing endorsers' numbers, while the left hand section, used for listing the payer's numbers, lists up to 99. These three times, payer's number, batch number and amount are set into the machine at one time, and printed with one movement of the handle, or, in the case of the electrically operated machine, by a slight pressure on the touch bar by which the motor is operated. Keys are furnished for marking items with the usual X (no protest), B-L, P-a, or any other abbreviation which may be desired.

The Burroughs Adding Machine Company of Detroit, Michigan, have prepared sample sheets, etc., showing the operation of the numerical transit system, which they furnish free to bankers.

The adoption of this numerical system indicates that bankers are awake to the needs of modern short systems in the conduct of their business. In these days it is not easy to find a bank which does not use one or more Burroughs machines; in fact, the volume of business carried on by the banks to-day could scarcely be transacted in twice the time without them. It is a very hopeful aspect of modern banking that bankers are coming to realize the application of short cuts in their profession, and to see that safety and conservative business does not necessarily demand long and involved processes. Safety is a prime essential in a bank, certainly, but the fact that a system is short does not invariably indicate that it is dangerous. By means of this numerical transit system two clerks can do the work which would occupy four with the old system, and the possibility of error is reduced in like proportion. Errors increase in proportion to the number of men handling a given item, and cheap help is unprofitable when accuracy is essential. As Thos. P. Phillips, president of The Federal Trust & Savings Bank, Chicago, puts it:

"It is the man who uses system in his business, and therefore does business with least cost and least effort, who shows the profit at the end of the year. And it is the man who uses system in his business, and therefore knows the details, who is able to develop his business to its greater possibilities."

UNEMPLOYED MONEY IN FRANCE.

IN France the accumulation of unemployed money is so immense that the natural current would be for money to leave France, but for the moment that natural tendency has been counteracted by the revival of apprehension. As soon, however, as confidence recovers there must inevitably be a dispersal of much of the unemployed money in France. There is little inclination among the well-to-do classes in France to invest at home. It is unfortunate for the country that it should be so—unfortunate economically as well as politically. But the fact is so, and while the fear of Socialism continues as great as it is at present there is little probability that there will be a very largely increased investment at home. Therefore it is reasonable to anticipate that there will be a large investment abroad, and particularly in London.—*London Statist.*

AMERICAN CHURCHES.

IF you were to capitalize the American Church at $12,000,000,000 you would be within the facts. Moreover, these billions are in the class of "gilt-edged securities"—real estate in the leading business centers of our greatest cities, buildings rated among the architectural triumphs of the day. To maintain the activities of the American churches demands a weekly expenditure of $10,000,000. In other words, a yearly total of over $500,000,000 must be raised to balance the debit and credit columns. To approach the subject from still another view-point, the American people spend nearly $1,500,000 every day for the development of their religion. Nor is this surprising; for the American Church, all denominations included, represents an empire greater in population than the Republic of France or the Kingdom of Italy. Its constituency is five times the present population of the original thirteen States.—*Hugh C. Weir in Putnam's for June.*

A POINT WITH A HOOK.

SENATOR LODGE, in defending the high tariffs of the Payne-Aldrich bill, referred sarcastically to the writings of Mr. Andrew Carnegie favoring lower duties. "Mr. Carnegie," said the Senator, "seems desirous of applying to his successors a principle very different from that under which he accumulated his own fortune."

This is a good shot at the belated tariff reformer, Carnegie, of course; but it is no defense of high protection. On the contrary, there is a hook to the point. In this bit of sarcasm the Senator called attention to one of the greatest evils of high tariffs —the ability of a few men to amass hundreds of millions at the expense of the people.

Under a proper adjustment of the tariff, such fortunes as those of Carnegie and Rockefeller would have been utterly impossible.—*Kansas City Times.*

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE FRANKLIN NATIONAL BANK OF PHILADELPHIA.

EARLY in the present year the Franklin National Bank of Philadelphia purchased and occupied the splendid building (shown in the accompanying illustration) which stands at the northeast corner of Broad and Chestnut streets.

Modern Sky-Scraper Home of the Franklin National Bank of Philadelphia, at Broad and Chestnut Streets.

Philadelphia may be said to have two financial centers; the oldest and first "moneyed district" being located downtown where the Stock Exchange and a number of banks and trust companies hold forth. But the newer financial center is at Broad and Chestnut streets, and the Franklin National has been particularly fortunate in securing such an eminently desirable location for its future home.

Office of the President

Banking Department from the Cashier's Office.

Just at present it has the distinct advantage of being the only "up-town" national bank, or, rather, the only one in the vicinity of Broad and Chestnut streets. Many of the trust companies of that part of the city find it convenient to deposit a part of their funds with the Franklin National Bank.

In less than nine years the Franklin has developed a wonderful business, and to-day it is said to be the largest national bank in America for its age. And the growth has been consistently steady, as the following figures will prove:

	Deposits.
Sept. 5, 1900	$6,734,934
Sept. 30, 1901	11,235,014
Sept. 15, 1902	13,737,939
Sept. 9, 1903	15,221,126
Sept. 6, 1904	23,290,615
Aug. 25, 1905	26,057,304
Sept. 4, 1906	25,404,842
Aug. 22, 1907	25,708,709
Sept. 23, 1908	32,119,293
Feb. 5, 1909	31,142,679
April 28, 1909	33,425,746

With these figures it is interesting to note how the bank's profits have increased and to determine that it is only necessary to examine the following table, taken from reports to the Comptroller on the same dates as those given above:

	Surplus and Profits.
Sept. 5, 1900	$1,016,958
Sept. 30, 1901	1,132,046
Sept. 15, 1902	1,326,696
Sept. 9, 1903	1,493,056
Sept. 6, 1904	1,619,620
Aug. 25, 1905	1,730,123
Sept. 4, 1906	2,020,138
Aug. 22, 1907	2,304,651
Sept. 23, 1908	2,404,571
Feb. 5, 1909	2,451,944
April 5, 1909	2,471,881

Officers' Quarters—No Artificial Light Needed Here.

In 1901 the bank paid a dividend of six per cent. out of the earnings of the first year of its existence. The rate was increased to nine per cent. in 1902, then for three years it was ten per cent., the next eleven per cent., while in 1907 and 1908 the dividend was twelve per cent.

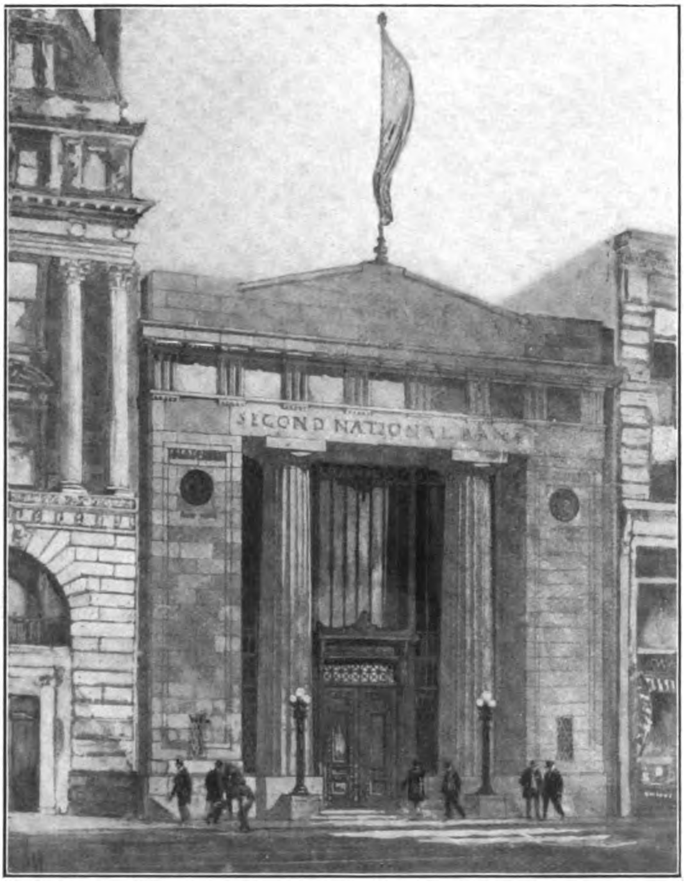
On May 1, 1909, the Franklin National paid its stockholders $70,000, being a semi-annual disbursement of seven per cent., an increase of one per cent. over the previous dividend. It is now on a fourteen per cent. basis.

In 1904, the Franklin purchased the entire foreign business of the long-established house of Peter Wright and Sons, since which it has direct correspondents in all the important cities of the world.

Comprising the board of directors of the Franklin National Bank are twenty-one of

Philadelphia's most successful capitalists and business men, and it is to their concerted efforts in behalf of the bank that its present showing can be attributed. The roster is as follows: Samuel T. Bodine, James C. Brooks, John H. Converse, Tho. DeWitt Cuyler, George H. Frazier, William F. Harrity, Edward B. Smith, Henry Tatnall, Levi C. Weir, J. R. McAllister, Frederick L. Baily, Effingham B. Morris, Edward T. Stotesbury, Henry C. Frick, Percy C. Madeira, John B. Thayer, E. P. Passmore, J. A. Harris, Jr., John Hampton Barnes, Morris L. R. Clothier, C. S. W. Packard.

The executive officers of the bank are: J. R. McAllister, president; J. A. Harris, Jr., vice-president; E. P. Passmore, cashier; assistant cashiers, Charles V. Thackara, L. H. Shrigley.



Proposed New Building for the Second National Bank, Paterson, N. J.

A NOTABLE addition to the fine bank buildings near New York City will be the new building now being erected for the Second National Bank of Paterson, N. J.

The imposing front shown above will be entirely of granite and the classic design lends itself well to the purpose, and fairly represents in its massive and dignified appearance the institution it will in the near future house.

The architects are Chas. Edwards of Paterson, and Tracy, Swartwout & Litchfield of New York, associated, and the entire matter is in the hands of Hoggson Brothers of New York, contracting designers and bank experts.

Condensed Statement of the

National Bank of Commerce

KANSAS CITY, MO.

At the Close of Business April 28, 1909

RESOURCES

Loans and discounts		$11,984,438 08
Overdrafts		9,785.91
Real estate, furniture and fixtures		517,573.52
United States bonds		1,905,000.00
Premium on United States bonds		51,200.00
Other bonds, stocks and securities		3,783,101 60
5 per ce .t redemption fund with United States treasurer	$ 80,000.00	
Cash in vault	3,490,048.26	
Sight exchange	6,569,768.53	10,139,816.79
		$28,390,915.90

LIABILITIES

Capital	$ 2,000,000.00
Surplus	250,000.00
Undivided profits	127,223.59
Circulation	1,596,000.00
Deposits	24,417,692 31
	$28,390,915 90

The above statement is correct. JAMES T. BRADLEY, Cashier.

M
NB

The Bank of Personal Service

The

Merchants National Bank

of Philadelphia

F. W. AYER, President
WM. A. LAW, Vice-President
THOMAS W. ANDREW, Cashier
W. P. BARROWS, Asst. Cashier

Capital, Surplus and Profits, $1,850,000

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Notice has been given by the Coal and Iron National Bank of New York that a special meeting of the shareholders will be held July 14, to vote on the proposition of increasing the bank's capital stock from $500,000 to $1,000,000, divided in shares of the par value of $100 each, and for the further purpose of authorizing a special pro rata dividend of $500,000, to be paid from the bank's surplus fund and not from current earnings; the proceeds to be used in payment for the additional shares of capital stock to be issued.

—The United States Mortgage and Trust Company has increased its dividend rate frim twenty per cent. to twenty-four per cent. annually by the declaration of a semi-annual dividend of twelve per cent. payable June 30. In his report to the directors, President Cornelius C. Cuyler announced that during the last six months deposits have increased over $10,000,000, to $40,000,000.

Secretary Carl G. Rasmus has been elected a vice-president along with Calvert Brewer, who has been treasurer. Frank J. Parsons succeeds the former in the secretaryship and Joseph Adams has been made treasurer. Both were assistants in the offices they now occupy. The new assistant secretary, Victor Ehrlicher; was formerly manager of the company's Seventy-third street branch. Henry W. Hadley, who has been many years with the company, is the new assistant treasurer. The present complete list of officers is as follows: Cornelius C. Cuyler, president; John W. Platten, first vice-president; Calvert Brewer, vice-president; Carl G. Rasmus, vice-president; Frank J. Parsons, secretary; Joseph Adams, treasurer; Henry L. Servoss, assistant treasurer; T. W. B. Middleton, assistant secretary; Victor Ehrlicher, assistant secretary; Harry W. Hadley, assistant treasurer.

—Albert H. Wiggin, vice-president of the Chase National Bank, has been elected a director of the Lawyers' Title Insurance and Trust Company.

—The Bank of Montreal, whose representatives in New York have occupied a floor in the Redmond Building, at 31 Pine street, has bought a home of its own at 64 and 66 Wall street. This property, consisting of a twelve-story building on a plot 50 by 100, was purchased by the bank from the Fifth Avenue and Eighteenth Street Realty Company, of which Henry Corn is president. Negotiations were conducted through Eidlitz & Hulse, attorneys, of 31 Nassau street.

The bank's new home is on the north side of Wall street, between William and Pearl streets, in the block with the Central Trust Company and the New York Life Insurance and Trust Company, and diagonally opposite the old Custom House, now occupied by the National City Bank. According to report, the price paid for the property was about $800,000.

The bank will move into the building as soon as the necessary alterations can be completed. These changes will include the remodeling of the ground floor stores into a suitable banking room and the construction of a vault.

—At the annual meeting of Group Eight, New York State Bankers' Association, held at the Clearing House on May 21, the following officers and members of the executive committee were elected:

Frank A. Vanderlip, president of the National City Bank, chairman; Henderson M. Wolfe, vice-president of the Northern Bank, secretary and treasurer.

F. B. Schenck, president of the Liberty National Bank; Stuart G. Nelson, vice-president of the Seaboard National Bank; John C. McKeon, vice-president of the National Park Bank; C. H. Imhoff, vice-president of the Chatham National Bank; R. W. Poor, president of the Garfield National Bank; H. A. Smith, vice-president of the National Bank of Commerce, and H. B. Fancher, cashier of the Fifth Avenue Bank, were elected to the executive committee.

—Those interested in the formation of the New Audubon National Bank, to be located in the Washington Heights section of the city, at a meeting held June 7, voted that the presidency of the institution should be tendered to David S. Mills, formerly of the Columbia Trust Company.

After the adoption of articles of association and other documents as required by the national banking laws, a committee was appointed to acquire a suitable site on Broadway. It is understood that the committee will secure property at the corner of 145th street. The new bank will have a capital of $200,000, with an original surplus of $50,000. The stock is now being subscribed for at $130 per share, provision being made for initial expenses in the way of office necessities and facilities.

The organizers of the new bank are Jacob Erlich, Reginald P. Bolton, L. J. Halle, Emil Schwartz and D. S. Mills.

—Judge Elbert H. Gary, chairman of the finance committee and of the board of directors of the United States Steel Corporation, and John Claflin, president of the H. B. Claflin Company, and of the new United Dry Goods Company, have been elected to the directorate of the Astor Trust Company. The trust company already has among its directors a number of men affiliated with the Morgan banking interests.

—Eyer and Company, dealers in railroad bonds, located at 37 Wall street, have recently found it necessary to very materially enlarge their quarters on account of a greatly increased business.

—William G. McAdoo, president of the Hudson & Manhattan Railroad Company, was elected a director of the Lincoln Trust Company at a special meeting held June 2.

—At a meeting of the Central Trust Company stockholders, June 4, it was voted to increase the capital stock from $1,000,000 to $3,000,000, effective June 28, as recommended by the directors at a meeting on May 18.

—Sidney Z. Mitchell has been elected a member of the directorate of the Mercantile National Bank. He is president of the Electric Bond and Share Company, and chairman of the board of the American Gas and Electric Company, and is identified with a number of the subsidiaries of the General Electric Company.

—In commemoration of the second anniversary of the opening of the bank, the trustees of the Home Savings Bank of Brooklyn were tendered a banquet, on the evening of May 20, at the Hotel Astor, by E. H. Hazelwood, counsel for the bank.

Covers were laid for fourteen, and those present were: George H. Gerard, Charles A. Miller, Marshall W. Gleason, John W. Burr, Louis Stern, James T. Kelly, Frederick Holthausen, John J. Cashman, Henry C. Fischer, J. Roscoe Hazelwood, Patrick J. White, Wm. H. Meserole and W. H. Kniffin, Jr.

—Daniel J. Schuyler, Jr., has been elected a director of the Colonial Trust & Savings Bank.

—Frank A. Vanderlip, president of the National City Bank, gave his annual outing to the members of the City Bank Club on Saturday, June 19, at his place at Scarborough-on-the-Hudson. The members of the club with their families to the number of several hundred traveled to and from Scarborough by a special train which left New York at 2.30 in the afternoon and returned in the evening. Athletic games, a vaudeville entertainment, and a lawn supper were provided for the club.

—August Zinsser, Jr., has been elected president of the Yorkville Bank, to succeed the late Reinhold Vander Ende.

—The Franklin Trust Company has completed arrangements for the establishment of a new branch in the heart of Brooklyn's shopping center. Through Mooyer & Marston, the company has obtained a twenty-one-year lease of the property at No. 569 Fulton street, near the new home of the Dime Savings Bank, from George C. Keep of Poland Springs, Me.

The property comprises a four-story building, on plot 25x150, running through the block to De Kalb avenue. The company will erect a handsome banking building on the De Kalb avenue frontage, and extensively remodel the present building for its own occupancy as a subsidiary of the main branch in that borough, at Clinton and Montague streets.

—On May 1, the Savings Bank Section, having moved into the office fitted up for it by the American Bankers' Association in the Hanover National Bank building, it became necessary to secure additional space to take care of the Legal Department which had previously been occupying the office prepared for the Savings Bank Section. A fine suite of offices has been secured contiguous to the main offices of the association, and General Counsel Paton is now comfortably located in his new quarters. The new suite of rooms acquired also provides additional space for other departments, which was greatly needed owing to the increase in the work of the association.

—Robert E. Dowling and Alwyn Ball, Jr., have been elected to fill vacancies on the board of the Guardian Trust Company, and Robert C. Lewis, formerly treasurer of the Lincoln Trust Company, has been elected first vice-president of the Guardian Trust Company.

NEW ENGLAND STATES.

—The Merchants' Association of Boston, the Chamber of Commerce and the Board of Trade have united to form the Boston Chamber of Commerce. The association has a membership of 3,000 and an income of $100,000 a year.

—The Lincoln Trust Company of Boston has secured a charter and will begin business about Oct. 1 in Dewey square, with Josiah H. Goddard of the South End National Bank as president and Edward H. Hatch, formerly vice-president of the National Bank of the Republic, as vice-president.

—Control of the New England National Bank of Boston has passed to the Commonwealth Trust Company, which is already made up of several institutions.

The capital of the trust company will be increased. The New England National was organized in 1813, and is the fourth oldest bank in the city. It has a capital of $2,000,000, while that of the Commonwealth Trust Company is now $1,000,000.

—On the evening of May 19, occurred the annual meeting of the Bank Officers' Association of Boston, and the occasion was marked by a large attendance, over 900 assembling for the yearly reunion.

A collation was served before the businees meeting, at which many men prominent in banking in Boston were seen.

After the business session those present enjoyed a vaudeville entertainment.

The following officers were elected: President, Herbert D. Heathfield; vice-presidents, Charles H. Marston and Llewellyn D. Seaver; directors (for three years), Bertram D. Blaisdell and Albert E. Gladwin; trustee (for three years), Frederick W. Rugg; treasurer, Robert E. Hill; secretary, Edwin A. Stone; auditing committee, George F. Very (for three years), Lloyd A. Frost (for two years), Olaf Olsen (for one year).

—At the annual meeting of the North End Savings Bank of Boston, June 16, Vice-President William G. Shillaber was elected president, to succeed the late Clinton Viles. The number of vice-presidents was increased from two to three by the election of Charles E. Wiggin, Carleton E. Noyes and Frederick O. North.

Robert J. Dunkle, Luther M. Merrill, Luther T. Harrington, Pierce Bufford and John S. Richardson were added to the list of incorporators.

—The trustees of the Mechanics' Savings Bank of Springfield, Mass., held a special

meeting June 15 and elected Isaac E. Sawyer, the assistant treasurer, as treasurer, to fill the vacancy caused by the resignation of Charles B. Prescott. Mr. Sawyer came to the Mechanics' bank three years ago from the Holyoke National Bank, where he had served for twenty-five years, fifteen as teller. The office of assistant treasurer will be dispensed with. Mr. Prescott has been treasurer of the Mechanics' bank ever since it was organized thirty-seven years ago, and in honor of his long and faithful service to the institution a committee was appointed to draw up suitable resolutions, which will be presented to him.

—Authority has been granted the following men to organize the Broadway National Bank of Chelsea, Mass.: Herbert E. Davison, Willard Howland, Alton E. Briggs, Charles H. Faunce, and Henry Cardy. It is the intent of those interested to offer the stock, par value $100, first to the citizens of Chelsea in order if possible to have the new bank wholly supported by local capital.

—The proposal to increase the capital of the Springfield National Bank of Springfield, Mass., from $250,000 to $500,000 was ratified by the stockholders, and the new capital paid in on June 1. Through the issuance of the additional stock, the surplus has also been increased to $500,000, besides which the bank has undivided profits of about $75,000.

—The annual meeting of the Westfield Savings Bank of Westfield, Mass., was held June 2. The report prepared by the treasurer, Velenus W. Crowson, shows assets of $2,952,798 and deposits of $2,690,708. The increase in deposits over last year was $114,000. The officers elected were as follows: President, Lucius F. Thayer; vice-presidents, Charles F. Austin, Edward T. Fowler, Charles H. Snow and Henry M. Van Deusen.

—During the months of July and August the Gardner Savings Bank of Gardner, Mass., will remain open on Monday evenings from 6 to 8 o'clock, for the convenience of those who wish to make deposits. No money will be paid out during the evening hours. By this arrangement the bank hopes to build up its deposits, as many of the factories of the city pay their employes on Monday, and these workers, it is believed, will deposit a part of their earnings on that night.

—At a meeting of the directors of the Blackstone Canal National Bank of Providence, R. I., held June 14, the resignation of Oren Westcott, who has been cashier of the bank for over forty years, was accepted, and Albert R. Plant was elected his successor.

Mr. Westcott is one of the best-known bankers in New England.

—The Montpelier (Vt.) Savings Bank and Trust Company is the first banking institution in the State to reduce its interest rate to depositors from four per cent. to three and one-half per cent., to take effect after July 1. The banks in Vermont have been at odds among themselves over this matter. Some of them are able to pay four per cent.; others are not fairly able to do so, but are compelled to by their stronger competitors—probably at some risk to the integrity of the former institutions. Now that one bank has taken the lead, others may follow its example.

EASTERN STATES.

—On June 8, the selection of Joseph W. Marsh to succeed the late Mark W. Watson as president of the Exchange National Bank of Pittsburgh, was announced.

Mr. Marsh has had an enviable record as vice-president and general manager of the Standard Underground Cable Company, and about a year ago became prominent before the general public as the leading associate of the merchandise creditors' plan for the rehabilitation of the Westinghouse Electric and Manufacturing Company. His efforts and influence had much to do with the success of the plan and he was elected a director of the reorganized company. He was until recently a director of the First National Bank of Pittsburgh and had been a director of the Exchange National Bank for about seven years before his election to the presidency.

Andrew Long, who has been cashier of the Exchange National Bank of Pittsburgh more than forty years, has sent his resignation to the board of directors. He is president of the Pittsburgh Clearing-House Association, a director of the Exchange National, and will continue his service on the board.

JOSEPH W. MARSH
President Exchange National Bank, Pittsburgh.

The Exchange National is the second oldest banking institution of Pittsburgh in existence to-day, having been organized as a State bank in 1846, and taking out a national charter shortly after the passage of the first national bank act. It has always been known as one of the soundest and most conservative banks in the city and has never had a breath of suspicion or scandal of any sort connected with it.

According to its last published report the bank had total assets of $4,945,271 and a surplus and undivided profits fund of $871,503.

—The directors of the Braddock (Pa.) National Bank have declared a stock dividend of 100 per cent., amounting to $100,000, payable out of the undivided profits. This increase will give the Braddock National a total capital of $200,000 and surplus fund of $500,000. The capital and surplus have all been earned with the exception of the original $100,000 paid in by the stockholders when the bank was organized. On July 1 next the institution will have been in operation twenty-six and one-half years, and on that date will pay its fifty-third semi-annual cash dividend, the bank having paid dividends from the start.

—Charles S. Calwell, cashier of the Corn Exchange National Bank of Philadelphia, Pa., had the additional title of second vice-president given to him on June 1, by the board of directors.

—Deposits of the Girard Trust Company of Philadelphia exceeded $40,500,000 on June 2, which total is the highest in the company's history.

—The Franklin Trust Company of Philadelphia, which opened new offices, June 14, at Fifteenth and Market streets, is known as a "day and night bank," keeping open until 12 o'clock at night and opening at 8.30 in the morning.

Stedman Bent has been elected a member of the Franklin's board.

—The new Pennsylvania State Bank of Philadelphia, capital $50,000, was granted a charter at Harrisburg, June 11, and opened for business June 14. For the first time the complete list of incorporators appeared. Most of those named are directors of the Franklin Trust Company, whose building at Tenth street and Columbia avenue the new bank occupies. The incorporators follow: H. E. Woodman, P. J. Baral, Walter Whetstone, Charles Henderson Supplee, George B. W. Wells, Henry Brandle, H. G. Peddle, John J. Caine, H. H. Sheip, C. A. Harris, Jr., John Knoell, R. H. Hood, David Stewart, J. H. McNeal, J. S. Cochran and C. E. Stone.

—Louis M. Childs has been elected president of the Montgomery Trust Co. of Norristown, Pa., to succeed Dr. John N. Jacobs, who recently retired.

John J. Corson has become vice-president of the institution. While a merger of the company with the Montgomery National Bank is understood to be contemplated, no definite arrangements to this end have as yet been arrived at.

—Barker Gunmere has been elected president of the Trenton Trust and Safe Deposit Co., of Trenton, N. J., succeeding the late Hugh H. Hamill. Barker Hamill, son of the deceased president, was made secretary and treasurer.

—Banking and Insurance Commissioner Lewis of New Jersey has approved the charter of the Clinton Trust Co. The company has an authorized capital stock of $100,000, and is to operate a trust company on Clinton street, Newark.

—The Columbia National Bank of Buffalo, N. Y., is preparing to issue $300,000 of new stock, the shareholders having recently voted to increase the capital from $700,000 to $1,000,000. The stock has all been sold at $350 per share, and is being paid in at the present time. The premium of $250 per share will be placed to surplus, so that in addition to a capital of $1,000,000, the bank will have a surplus of $1,750,000, besides undivided profits of about $100,000. It is expected that the increase will be approved by the Comptroller of the Currency on July 2, at which time the enlarged capital will become operative.

—On October 1, 1902, the National City Bank of New Rochelle, New York, succeeded the City Bank of New Rochelle, which had at that time deposits of $397,398 and resources of $515,299. The following table will show the National City's rapid growth from that day to this:

	Deposit	Total Resources
April 28, 1903	$537,165	$687,029
April 28, 1904	706,420	932,759
April 28, 1905	1,045,832	1,275,894
April 28, 1906	1,591,794	1,846,153
April 28, 1907	1,882,212	2,176,950
April 28, 1908	1,795,764	2,228,336
April 28, 1909	2,250,991	2,752,338

MIDDLE STATES.

—W. J. Klingenberg, who has been connected with the First National Bank of Chicago for eighteen years, has been elected president of the Sheridan Trust & Savings Bank of Sheridan Park, Chicago, a charter for which was issued in February. The other officers chosen for the new institution are W. G. Arnold, vice-president, and E. J. A. Gold, cashier. D. B. Scully has been elected chairman of the board of directors. The bank has been organized with a capital of $200,000 and a surplus of $20,000.

—Richard J. Collins has been elected a director of the Union Trust Co., of Chicago, succeeding the late Fred C. Kimball.

—David B. Gann has been elected a director of the Monroe National Bank of Chicago.

—At the beginning of business on June 3, the deposits of the Commercial National Bank of Chicago were something over $50,000,000. This is the highest they have been in the history of the bank, although on several occasions the deposit account has reached $42,000,000.

The Commercial National Safe Deposit Company, seventy-five per cent. of whose stock is owned by the Commercial National Bank, has increased its capital stock from $2,000,000 to $2,200,000.

—Following the recent death of H. A. Haugan, who had served as president of the State Bank of Chicago since it was organized as the firm of Haugan & Lindgren, in 1879, the directors met and elected L. A. Goddard, then serving as vice-president, to the office of president.

Henry A. Haugan, the son of the former president, was elected vice-president, while C. Edward Carlson was made assistant-cashier. H. G. Haugan, a new director, was added to the board.

At a special stockholders' meeting, held June 9, it was voted to increase the State Bank's capital from $1,000,000 to $1,500,000, and the additional stock will all be taken up by the present stockholders on or before July 8.

L. A. GODDARD
President State Bank of Chicago.

L. A. Goddard, the new executive, is a native of Marion, Ill., where the years of his boyhood and early manhood were spent.

He began his career in finance by embarking in private banking in a small way in Marion; this business he conducted with success about twelve years. In November, 1890, he started the First National Bank at Mt. Carmel, Ill., and was its president.

His abilities had in the meantime attracted the attention of financiers of the state metropolis, and on August 1, 1892, he accepted an invitation to come to Chicago as cashier of the Fort Dearborn National Bank.

In January, Mr. Goddard was elected vice-president of the bank, but still discharged the duties of cashier at the earnest request of the directorate. By its unanimous choice in January, 1903, he was elected president of the bank, which office he resigned in June, 1908, to become vice-president of the State Bank of Chicago and share with Messrs. Haugan and Lindgren in its management.

From small beginnings, under a continuous and conservative management, this bank has grown to be one of the large banks of Chicago, with assets exceeding twenty-two millions of dollars.

—A. M. Rode has been elected cashier of the Railway Exchange Bank of Chicago, succeeding Daniel Peterson, resigned, and R. B. Upham, assistant-cashier, succeeding the late R. C. Outcalt.

—At the annual meeting of the Chicago Stock Exchange, Frederick D. Countiss was elected president and David R. Forgan treasurer for the ensuing year. There was no opposition ticket in the field. Mr. Countiss is a member of the firm of S. B. Chapin & Co. He has been a member of the Exchange since 1896.

—Decatur, Ill., has been awarded the honor of entertaining the Illinois State Bankers' convention this year, and the dates set are October 12 and 13.

—The Metropolitan State Bank of Minneapolis, Minn., doubled its capital stock on May 20 to $200,000. The proposition was ratified at the annual meeting in January, at which time steps were also taken toward the conversion of the institution to the national system. The application to organize under the Federal laws was approved by the Comptroller of the Currency the previous month, and it is expected that the bank will begin operations under the name of the Metropolitan National about July 1. In its statement of Feb. 5 the institution reported aggregate deposits of $329,848. V. H. Van Slyke is president, M. R. Waters vice-president and C. F. Wyant, cashier.

—Reporting for April 28, the Security National Bank of Minneapolis, Minn., shows loans and discounts of $12,278,274, a surplus and undivided profits fund of $1,223,001, deposits of $16,330,237, and total resources of $19,051,839.

—Walter S. Denning has resigned as treasurer of the Citizens' Trust Co. of Milwaukee, Wis., to become manager of the newly established bond department of John E. De Wolf. Mr. Denning was assistant-treasurer of the state of Wisconsin in 1905 and 1906, and for the past two years had been in charge of the bond department of the Citizens' Trust Co.

—Mainly for the purpose of dispelling an impression that it is a private institution, the Marquardt Savings Bank, Des Moines, Ia., by vote of its stockholders, has changed its name to the Commercial Savings Bank. The officers of the bank, which was organized in 1891, when G. W. Marquardt was one of its founders, are G. D. Ellyson, president; D. F. Witter, vice-president, and J. H. Hogan, cashier.

—A charter has been granted to the Joplin Trust Co., of Joplin, Mo., capitalized at $250,000. The directors are: W. S. Sanford, G. S. Clemens, R. S. Hagar, C. E. Marr, W. S. Paul, D. E. McDowell, J. C. Finke, Thos. Douglas, Jas. F. Gallagher, A. S. White, Henry J. Millar, all of Joplin; W. R. Morgan, Nevada, and Ernest A. Peters and John B. Christensen, St. Louis.

—The Bankers' Trust Company of St. Louis has increased its capital stock from $500,000 to $1,000,000, in accordance with action taken recently by the board of directors.

The company is a holding company and

has stock in about sixty banks in various cities and towns in the South and West. The capital is increased to expand the business, by purchasing stock in additional institutions in this part of the country. The management has decided also to give more attention to the handling of loans and commercial paper.

—The last official statement of the National Bank of Commerce, Kansas City, Mo., published April 28, shows deposits of $21,417,692; a surplus of $250,000; undivided profits of $127,223, and total resources of $28,390,915.

These figures represent a return of prosperity to an institution which failed in 1907 and which was subsequently reorganized with W. P. Ridgely, then Comptroller of the Currency, president. Within a short time Mr. Ridgely was succeeded by David T. Beals, who was succeeded last April by J. W. Perry of St. Louis.

Under Mr. Perry's leadership the National Bank of Commerce is rapidly returning to its former size and strength.

—The Fidelity Trust Company of Indianapolis has been incorporated under the laws of the state of Indiana, with an authorized capital stock of $500,000, and will immediately issue $150,000, the remaining $350,000 in stock to be issued as the business of the company develops. The present officers are: William M. Fogarty, president; John B. Ittenbach and Geo. E. Feeney, vice-presidents; Thomas B. Fulmer, secretary-treasurer; J. Albert Smith, trust officer.

—W. M. Pence is president of the Citizens' State Bank of New Castle, Indiana. The other officers are: E. S. Bouslog, vice-president; D. W. Kinsey, cashier; Thomas B. Millikan, assistant-cashier. According to its last published report the bank has more than one million dollars of resources.

SOUTHERN STATES.

—The directors of the Alexandria (Va.) National Bank have chosen T. C. Smith, cashier of that institution, a vice-president. The officers are now as follows: C. E. Nicol, president; W. B. Smoot, John A. Marshall and T. C. Smith, vice-presidents.

—This is a reproduction from the architect's drawing of the new bank and office building which the First National Bank of Fort Worth, Texas, has erected at considerable expense. The main banking room is located on the ground floor, while the floors above are arranged and fitted out as offices.

New Home of the First National Bank of Fort Worth, Texas.

According to the last available statement of this bank, its capital stock is $500,000, surplus and net profits $362,766, deposits are $3,192,381 and resources $4,100,498.

M. B. Loyd is president; W. E. Connell and R. D. Gage, vice-presidents; T. W. Slack, cashier, and H. I. Gahagan, assistant cashier.

—A four-story building, to cost in the neighborhood of $40,000, will be erected by the Mechanics Savings Bank, a colored institution of Richmond, Virginia.

The banking rooms will be on the main floor and will be fitted out in modern style. The bank's officers are: John Mitchell, Jr., president; Hezekian F. Jonathan, vice-president; T. M. Crump, secretary, and Thomas H. Wyatt, cashier.

—Secretary of State Cook has allowed the Bank of Talbotton, Talbotton, Ga., to amend its charter, decreasing its capital stock from $30,000 to $25,000.

—The Eastern Shore Banking Co., Inc., of Keller, Va., has been organized to succeed the Bank of Keller, Inc. It is to have a capital stock of $50,000 and will do a banking business both at Keller and Painter. The new bank at Painter is now open for business. The following officers were elected: G. Walter Mapp, president; Edwin T. Powell, vice-president, who, with the following, make up the board of directors: W. B. Mapp, S. W. Ames, L. J. Kellam, S. O. Nock, S. D. Rulen, J. H. Turner, John T. Mears, C. E. Nicolls, C. D. Eichelberger, G. T. Wescott, C. C. Perdue, W. H. Hatton, C. H. Rogers, A. T. Hickman, Roy D. White, L. C. Mears, J. E. Ralph, A. W. Mears.

—The First National Bank of Athens, Ala., the oldest financial institution of that city, has just doubled its capital, going from $25,000 to $50,000. The bank has been a success under the management of the Frost brothers, former Tennesseans. The president of the bank is editor of the Shelbyville Gazette of Shelbyville, Tenn., and his two younger brothers are cashier and vice-president, respectively.

—S. H. L. Cooper has resigned his position as vice-president of the First National Bank of Shreveport, La., having been appointed a National Bank Examiner in the Pittsburgh district of Pennsylvania. A. H. Chalk, formerly assistant-cashier, succeeds W. J. Bayersdorffer, who succeeds Mr. Cooper.

The First National Bank of Shreveport, La., at the close of business April 28, reported deposits of $2,605,436, and total resources of $3,861,788.

With the changes made, the executive staff now stands as follows: Andrew Querbes, president; W. T. Crawford and W. S. Penick, Jr., vice-presidents; W. J. Bayersdorffer, active vice-president, and A. H. Chalk, cashier.

—The new Phoenix Savings Bank and Trust Co., of Columbia, Tenn., has been granted a charter under the new state law and is one of the first to voluntarily assume the stockholders' double liability provided for in the act. The institution's banking room is in the building of the Phoenix National Bank, and though not in any way a part of that bank, it has the same officers and directors.

—The First State Bank of Rogers, Texas, has advised the Banking Department that it desires to avail itself both of the mutual guaranty plan and the security bond plan of protection for its depositors, and asks if it may do so under the law. It has been informed that it may do so.

It should be understood that all these notices from banks as to the intentions in the matter of guaranteeing depositors are entirely informal and unofficial. The guaranty law will not become effective until Aug. 9, and then the stockholders of each bank must decide which of the plans they will adopt. It is not likely that the stockholders of any bank have yet passed upon this matter, and if they have done so the action taken would not be binding, since the law has not yet taken effect.

—For April 28, the Merchants' and Planters' National Bank of Sherman, Texas, reports loans of $1,603,096, capital $600,000, surplus and profits $162,729, deposits $1,954,025, and total resources of $3,023,155.

—The Merchants National Bank of Houston, Texas, is one of the most progressive banks in that city. Its board of directors is composed of some of the most prosperous and substantial business men of Houston.

J. T. McCarthy, of this bank, assumed the cashiership on the fifteenth day of last July, at which time he acquired a considerable block of the stock. Since that date the bank has shown great progress, having more than doubled its deposits in a little over four months.

Mr. McCarthy began his banking career as office boy, twenty-seven years ago, in the Texas Bank & Trust Co., of Galveston, and remained with that institution something over twenty-five years. He was born in Galveston, about forty years ago, and has one of the largest lists of person ac-

J. T. McCARTHY
Cashier Merchants' National Bank, Houston, Tex. Chairman District No. 1, Texas Bankers' Association.

quaintances of any banker in the state of Texas.

The progress of the Merchants National since he assumed the cashiership speaks for itself. Beginning with July 15, 1908, the bank, with Mr. McCarthy as cashier, has increased its deposits as follows:

July 15, 1908	$990,550
Sept. 23, 1908	1,413,828
Nov. 27, 1908	2,051,522
Dec. 31, 1908	2,084,974
April 28, 1909	2,348,701

WESTERN STATES.

—A new bank, the Merchants Loan & Trust Co., with a paid-up capital of $100,000, will open in Rapid City, S. D., on July 1. The incorporators are: Charles E. Hatcher of Marshalltown, Iowa; George H. Randall, Charles A. Seeley, Thomas Sweeney, Dwight B. Ingram and Philip L. Randall of Rapid City and Charles C. McMurry of Lake Preston, Minn.

—At the annual meeting of the shareholders and directors of the Stock Growers Bank of Fort Pierre, S. D., it was decided to increase the capital from $25,000 to $50,000.

—The Cairo, Neb., State Bank has increased its capital stock from $10,000 to $25,000, with $15,000 paid up, no change being made in the officers.

—E. T. Rice, for eighteen years cashier of the Citizens' State Bank, at Bancroft, Neb., has resigned. C. Arthur Dailey, who has been assistant-cashier for six years, has been elected to fill the position. Mr. Rice will move to the Pacific coast.

—The newly organized Hemingford, Neb., Loan and Trust Company has elected Harry E. Jones, president, and Keith L. Pierce, secretary. The company has incorporated for $25,000.

—The State Bank of Hartford, Ark., has been organized and will open as soon as it completes the construction of its building at the corner of Broadway and Main street. Following are the officers and directors of the bank: Bennett Brown, president; John Brown, vice-president; Carey Holbrook, cashier; Robert Boyd, C. C. Woodson, Bennett Brown, William McKinley and John Brown, directors.

—It is the intention of the directors of the Merchants Bank of Salt Lake City to make their institution the strongest in the city, and to that end they have voted an increase of $150,000 in capital, or from $100,000 to $250,000. The number of directors has also been raised from seven to fifteen.

—The name of the State Bank of Kansas City, Kansas, was recently changed to the Exchange State Bank, to avoid confusion with names of other banks in its locality. By unanimous vote of its stockholders the institution has decided to avail of the depositors' guaranty law. The bank was organized four years ago. It has a capital of $100,000, and under date of March 16, 1909, reported surplus and undivided profits of $27,654, deposits of $664,982, and total resources of $792,768. C. K. Wells is president and C. N. Prouty is cashier.

—Alton, Kansas, now has but one bank, the City Bank having sold to the First State Bank, the amount involved in the sale being about $120,000. The new bank will increase its capital stock to $40,000.

—The Citizens Bank of McCook, Neb., opened June 10 as the Citizens National Bank of McCook, by telegraphed authority from the Comptroller at Washington. It has a capital stock of $50,000 and a surplus of $25,000. This is McCook's pioneer bank and now changes from a state to a national institution.

PACIFIC STATES.

—The First National Bank of Okanagan, Wash., is the conversion of the Okanagan Valley Bank, organized as a state bank in 1906. The directors are: Charles Ostenburg, W. E. Kirkpatrick, of Okanagan; Howard Babcock, and J. S. Richert, of Sisseton, S. D., and Harry J. Kerr, who is cashier and active manager of the institution, as he has been since its organization as a state bank. Mr. Kerr before organizing the Okanagan Valley was for four years cashier and manager of the Citizens' State Bank, White Rock, S. D. Mr. Ostenburg is president and Mr. Kirkpatrick vice-president.

—W. F. Paull, for two years trust officer of the Union Savings Bank and Trust Company of Seattle, has been made cashier of the new United States National Bank of Aberdeen, Wash., which proposes to open for business July 1. This institution succeeds the Union Bank and Trust Company of Aberdeen and will have a capital of $100,000.

—Formal announcement is made of the organization of the Benton County National Bank of Prosser, Washington, with $25,000 capital, with officers as follows: President, G. W. Hamilton; vice-president, E. L. Stewart, and cashier, C. R. Harper.

—The First State Bank of Vale, Oregon, has been succeeded by the United States Bank of Vale, with $50,000 capital.

—Charles G. Green, who resigned the vice-presidency of the First National Bank of Long Beach, Cal., has been elected cashier of the Merchants National Bank of Los Angeles. Mr. Green, who was formerly connected with the Los Angeles Trust Company, is president of the Los Angeles Chapter, American Institute of Banking. Upon his retirement from the active management of the First National, at Long Beach, he was succeeded as vice-president by the cashier, A. R. Collins.

—One year ago, on June 1, the First Trust and Savings Bank of Oakland, Cal., commenced business in the First National Bank building, and the record of its growth as set forth in the following table has been extremely gratifying to the management. Governed by the same conservative board of directors as the First National Bank of Oakland, the new institution has secured the full confidence of the public:

Deposits.

June 1, 1908	Opened for Business
July 1, 1908	$161,577.30
Aug. 1, 1908	255,482.03
Sept. 1, 1908	299,841.59
Oct. 1, 1908	397,008.69
Nov. 1, 1908	423,831.22
Dec. 1, 1908	509,417.79
Jan. 1, 1909	581,101.85
Feb. 1, 1909	673,073.85
Mch. 1, 1909	723,408.25
Apr. 1, 1909	767,043.99
May 1, 1909	800,126.98
June 1, 1909	871,138.38

—To provide for its increased business, the Milwaukee, Oregon, State Bank has decided to increase its capital stock from $10,000 to $25,000.

—C. F. Hunt has been appointed fourth vice-president of the Anglo and London-Paris National Bank of San Francisco. Mr. Hunt was formerly an assistant cashier of the London-Paris National and had been continued in that capacity when the Anglo and London-Paris was formed in April.

CANADA.

—Since the end of April, 1908, the aggregate deposits of the Imperial Bank of Canada have increased from $30,150,000 to $36,-000,000, a gain of about twenty per cent., and the circulation has increased over $200,-000. Ordinary discount loans have increased from $23,862,812 to $26,571,958, a gain of close on twelve per cent. The net profits for the year, after allowing for all bad and doubtful debts and the expenses attendant on opening new branches, amounted to $743,524, which provided the dividend of eleven per cent., $549,539, a credit of $69,-921 to bank premises account, and an increase of $124,036 to profit and loss, making the total to that account $599,978. The premium of $34,242 on the new capital stock has been added to the rest account, making a total of $5,000,000, equalling the paid-up capital of the bank.

The Imperial Bank has completed arrangements for the opening of branches in Ontario at the corner of Queen street and Palmerston avenue, Toronto, and at Palgrave; in the province of Quebec, in St. John street, Upper Town of Quebec, (sub-branch); in Saskatchewan at Wilkie and Moose Jaw; in Alberta at Edmonton West (sub-branch); in British Columbia at Fernie, New Michel and sub-branches at Fairview, Vancouver and Hastings street (Vancouver).

—K. W. Blackwell, president of the Montreal Steel Co., has been elected a director of the Merchants Bank of Canada.

—R. W. Travers, manager of the Brockville branch of the Bank of Montreal, has been appointed manager at Peterboro.

—G. V. J. Greenhill, manager of the Windsor, Ont., branch of the Merchants Bank of Canada, has been promoted to the managership of the Hamilton branch, and George Carruthers, formerly manager of the Ingersoll branch of the same bank, takes charge of the Windsor branch.

—In its last annual report the Quebec Bank states that after paying the regular dividends and transferring $5,000 to the pension fund, a balance of profits amounting to $39,671 has been carried forward.

Deposits last year aggregated $9,185,963, and discounts $9,350,042, an increase in the former item of $585,129 over the figures of the previous year. The bank's capital is $2,500,000.

BANKS CLOSED AND IN LIQUIDATION.

ALABAMA.

Clarksville—Bank of Coal Hill in hands of a receiver.

KANSAS.

Caldwell—Caldwell National Bank; in liquidation, June 15.

MONTANA.

Baker—First Bank; consolidated with Baker State Bank.

OKLAHOMA.

Calvin—Citizens National Bank; in liquidation, May 29.

Frederick—City National Bank; in liquidation, June 15.

Mulhall—First National Bank; in liquidation, Feb. 15.

Okmulgee — Okmulgee National Bank; in liquidation, May 17.

Sallisaw—First National Bank; in liquidation, May 18.

Sulphur—First National Bank; in liquidation, May 12.

Talihina—First National Bank; in liquidation, May 14.

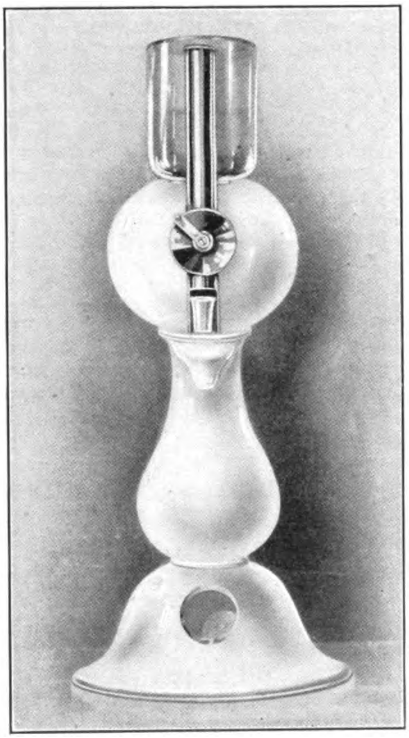
Wakita—First National Bank; in liquidation, June 2.

WITH BANKERS MAGAZINE ADVERTISERS.

SANITARY OFFICE APPLIANCES.

A PROMINENT trust company of New York has recently adopted individual drinking cups for the use of its employes and patrons. This is one of the most progressive steps yet taken in the equipment of banking rooms with sanitary appliances.

The move follows closely upon similar action of the Lackawanna and other railroads, where individual drinking cups are supplied in the coaches.



The Lackawanna Railroad in its recent folder says:

The greatest achievement of science in the opening decade of the twentieth century is the awakening of the people to the fact that most human diseases are preventable. Recent investigations show that there are few dangers within the reach of the traveling public to-day, so grave in a health sense as the public drinking cup.

Of its new "dainty white drinking cups" the folder says:

These cups when once drawn forth and used, cannot be replaced but must be discarded or carried away. They are in the exact form of a drinking glass, are stiffened by a coating of parrafine and, being manufactured automatically, are untouched by hands until they reach those of the drinker.

The method of dispensing cups is through a vendor. The cups are stacked upside down in a dust proof glass tube. The drinker turns the handle, and one cup is automatically dropped down, filled with cold water. The stand to which the vendor is attached is finished with porcelain, giving it a very sanitary appearacne. There is a five-gallon bottle of water, inverted, on top of the cooler, and a reservoir into which the waste water runs. The fountain can be made to work with or without a coin in the slot arrangement.

The committee of one hundred on national health, of which Prof. Irving Fisher of Yale University is president, has strongly endorsed these individual drinking cups and vendors, and the executive secretary, Prof. J. Pease Norton of 69 Church street, New Haven, Conn., has arranged for the sale and distribution of the same through the Sanitary Department of the Committee.

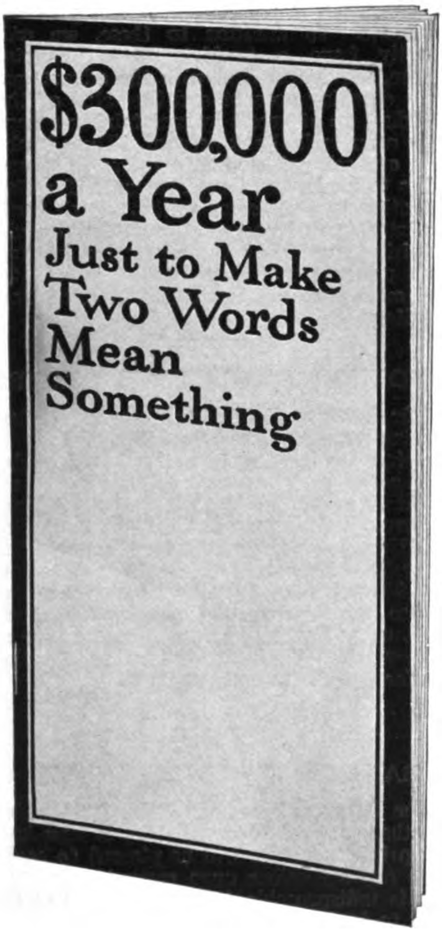
The time will soon arrive when all first class institutions will have their offices equipped with these sanitary devices, as all Board of Health officials and Tuberculosis Societies are agreed that the common drinking cup is one of the most dangerous of public evils. The extent of communication of disease through its use is simply appalling.

$300,000 A YEAR, JUST TO MAKE TWO WORDS MEAN SOMETHING.

THAT is the title of a "somewhat different" advertising booklet gotten out by the Burroughs Adding Machine Company of Detroit, Michigan. It is different because it discusses things seldom touched upon in the ordinary folder or booklet in treating of the broad business policy of the Burroughs Company.

It shows that the pre-eminently successful business is built upon the service it can render to its customers and clients, and that the "old user"—the man who has already bought the product, whether it be adding machines or automobiles—has first claim upon the company's attention.

The first duty of a concern, according to the writer of this booklet, is to so conduct its business that the users of the product will say: "This company takes care of me." It is not enough in these days merely to *sell* the product. It must stay sold, and in



order to insure this the company must insure to the user the continued use of his purchase. He must be absolutely satisfied, and he must stay satisfied.

This policy, of course, necessitates a great deal of expense, and a lot of trouble. Three hundred thousand dollars represents the amount it costs the Burroughs Company annually to insure this service to the owners of Burroughs Adding and Listing Machines. That this is a profitable expenditure is the conclusion of the booklet, for it makes the satisfied user say two words of recommendation to the prospective purchaser of an adding machine, and the "two words mean something."

A book of this kind is more than an advertisement for Burroughs machines—it is an interesting contribution to the science of business management, and contains the gist of a philosophy of business ethics. The man or the corporation which gives the best service is successful. Shoddy goods bring dissatisfaction, and a dissatisfied purchaser is a constant advertisement for somebody else.

The responsibility of a concern does not end when the order is filled, or even when the goods are finally paid for. It owes to the customer that the goods shall be as they are represented to be, and not only that, but that they shall give service and satisfaction continually, without interruption.

Perhaps three hundred thousand dollars will not come back the first year nor the second, but that it is an investment which pays dividends the success of the Burroughs Company proves.

The accompanying cut gives an idea of the appearance of the book. The cover is printed in red and black, and the whole book is in harmony. Many of the points made are illustrated by line drawings, calculated to enforce the point made by the author—to stick the barb in a little deeper, as it were.

The book is written in the well-known style of the author of "Financial Advertising," and any banker who has read Mr. Lewis' book knows that the points will be made in effective and picturesque style, and that there will be little left of the shoddy manufacturer, who thinks only of to-day's profits while the future is allowed to take care of itself.

The booklet will be sent freely for a request sent to the Burroughs Adding Machine Company, Detroit.

GONE ABROAD.

MR. H. RUSSELL VOORHEES, traveling manager for Voorhees & Company, specialists in bank advertising, of New York, sailed for Europe on the "Mauretania," June 16th. He goes abroad on a business trip—and will visit all important foreign cities.

PUBLISHERS ANNOUNCEMENTS

A NEW BOOK ON TRUST COMPANIES.

FROM time to time we have made announcements concerning the progress in the preparation of Clay Herrick's "Trust Companies." In fact, we have made so many promises on this book that we are afraid some of our friends have come to the conclusion that the book was never going to appear. The delay on the book has been due partly to the thoroughness with which the author has gone into every feature of the subject. However, we are now able to announce positively the very early appearance of this long expected work. As we are going to press with this issue of the magazine, the book is in the hands of the binders and in the course of a few days completed copies will be issued and we will begin to fill the many advance orders, some of which we have had in hand for several months. The book contains over 400 pages, is thoroughly illustrated and so handsomely bound that it will be an ornament for a desk or library shelf. As far as the subject matter is concerned, there is no doubt at all that this work is the most complete, authoritative and practical book ever written on this subject. Mr. Herrick is connected with the Cleveland Trust Company, which is one of the largest and in many respects most successful trust companies in existence. We are sure that every reader of the BANKERS MAGAZINE who has read Mr. Herrick's articles in the Trust Company Department of the magazine and derived pleasure and profit from them will hasten to secure a copy of this work. The price is $4.00, postage prepaid.

BANK BOOKLETS.

The publicity department of this company now has quite a complete assortment of advertising booklets for banking institutions. Those already off the press are the following: "Some Ways to Save Money," a booklet for savings banks and savings departments of other institutions; "Managing Your Property," a booklet for trust companies; "Protecting Your Valuables," a booklet for safe deposit departments or institutions; "The Reasonableness of Banking by Mail," a booklet for institutions which desire to solicit out-of-town personal accounts. In addition to these, we will shortly issue a booklet for commercial banks, which will deal with the advantages of a checking account and the value of the building up of credit by maintaining a regular commercial bank account. These booklets are sold at moderate prices in quantities to banks and trust companies for distribution in their communities. Each book contains several pages set aside for the advertising matter of the particular institution using them. Each booklet is sold to not more than one institution in any given territory.

ANOTHER LARGE BOOK ORDER.

The Bankers Publishing Company is becoming more and more the recognized headquarters for banking literature of all kinds. Not a few banks are now commissioning us to fit them out in the matter of a working library. This is true not only of banks in the United States but in foreign countries as well. Last month we received an order for $75 worth of banking books from the Banco de Sonora of Chihuahua, Mexico. This, we understand, was as a nucleus for a library which the bank is planning to build up for its officers and employes.

BANKERS MAGAZINE INDEX.

The BANKERS MAGAZINE index for the six months, January to June, 1909, is now being printed, and we will be pleased to send it to any subscriber upon request. The index is indispensable in case you are planning to have your magazines bound.

MORE GOOD WORDS.

In writing to the editor of the BANKERS MAGAZINE in regard to the publication of an article, Mr. P. M. Robinson, Vice-President of the Union National Bank, Clarksburg, W. Va., writes: "I shall consider it an honor to have the article published in the BANKERS MAGAZINE, which easily stands at the head of the banking publications."

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR | AUGUST, 1909 | VOLUME LXXIX, NO. 2

A CENTRAL BANK SYSTEM—HOW IT MIGHT BE FORMED WITHOUT THE HELP OF CONGRESS.

FIRST.—Organize in New York, St. Louis and Chicago, simultaneously, three banks—each of which shall be called The Central Reserve City National Bank, adding to the title the name of the respective cities. The capital of the New York institution to be $25,000,000, and that of the Chicago and St. Louis institutions to be $10,000,000 each.

Second.—Organize in each of the reserve cities a bank to be called The Reserve City National Bank, adding the title of the respective cities. The capital of each of these institutions to be not less than $1,000,000, and more than that in cities having a population of 500,000 or over.

The stock of all these various institutions is to be held by the same shareholders, but a majority of the shares shall be vested in the board of directors of the three institutions first named, and no sale of stock shall be made that would change the controlling interest.

The holding of the stock in the manner indicated would insure the choosing of directors of the highest standing. The management of the banks really being entrusted to the three central reserve city banks would guarantee uniformity of methods and a system of accounting and inspection that would assure safety.

The business of banks of the character above described would be chiefly in handling the accounts of other banks and rediscounting commercial paper and acceptances for them.

A system of banks so controlled would be under the best management attainable, and having large capital they would be in a position to exercise a healthful influence on banking and commerce and would be prepared to render substantial aid to other banks, and also to assist the general money market in times of stress.

This plan provides for a system of central banks with co-ordinate institutions—not branches—and has the advantages of the branch bank system without being in any way open to the charge of monopoly. The minority of the shares would always be distributed among other banks or the general public, and the extension of this system would be limited strictly to the reserve cities, and there could be but one such bank in each of these cities.

Furthermore, it gives to the banks named the value of a recognized trademark, the names alone rendering it impossible for any other banks to be organized with the same title, and the system of control above outlined would bring about a standard of banking that would greatly strengthen the confidence of the public in the banks of the country and thus tend to prevent panics.

It would not be necessary, in carrying out this plan, to organize new banks in all cases, as existing institutions might be converted into reserve city banks.

A central bank of this character could be put in operation without waiting for any act of Congress, as it in nowise conflicts with any of the provisions of the National Banking Act. To make the organization effective it would be necessary that the banks should be organized simultaneously and that the ownership and control of them should be and remain, as nearly as possible, in the same hands.

The proposed banks would have exactly the same powers of issue as other national banks now have. These central banks provide an institution ready at hand whenever Congress shall consent to permit the issue of bank circulation upon general assets without the deposit of special bond security. Some of the best banking authorities object to the issue of asset notes by our scattered banking institutions, and the above form of bank organization offers a ready means of overcoming this objection.

THE foregoing suggestions were formulated some three or four years ago. They might be made of some practical importance if our American financiers were less prone to await legislative action before taking action along new lines.

There is nothing particularly new in the organization of these banks; they are not greatly different from banks already existing; but they would possess some advantages, the most important being the identity of names and management.

We do not know whether the bankers really want a central bank or not. If they do, we have shown them a way to get it without waiting for an act of Congress.

While we do not believe in a central bank of the semi-political kind which Congress may be asked to authorize; one formed on the lines above suggested, it is believed, would be more efficient and less objectionable.

LAMENTATIONS for the good old days were indulged in by C. A. JOHNSTON in an address delivered before the recent Convention of the Louisiana State Bankers' Association. Mr. JOHNSTON is president of the First State Bank of Columbus, Miss. The subject of his address was "Character by Legislation." We give space to some of his remarks showing how life's pleasures are being gradually cut off by legislative enactment:

"Ah, how time and legislation change the customs and thoughts of people. New Orleans was first discovered by Captain Lafitte, who made it the port of entry for his piratical craft, the good ship, so well sailed and so well named—The Satan. This was his refuge and safe harbor for his crew and plunder. He joined Old Hickory in its defense, and you search in vain for a monument to his memory, for the relationship is disavowed.

"Later the Louisiana Lottery made this its home, and New Orleans became the depository of the floating, speculative capital of the continent. And I want to say that I know scores of prosperous business men who got their start, their stake, from the Louisiana Lottery. I know of freed farms and happy homes where abide contentment and plenty, put there from the same source. I have never seen a man or family it hurt financially, morally or otherwise. It may have had its sins, but I cannot recall a single benefaction, or philanthropist that can equal its record for good.

"This accumulation here of capital soon made the city rich and bad. Then the old aristocrats formed a jockey club, built a race track, and on it the finest strains of America's finest horses contested. There are those yet who thrill at the memory of the race between Boston and Lecompte. Thousands in the later days grew mad over the lightning speed of McChesney.

"Betting was, to many, an auxiliary to the sport, as wine is to a banquet. Neither did it lead to thieving any more than dinner drinking to drunkenness. Racing, too, brought other thousands of good, bad and indifferent, all depositors and spenders of money. The city got gayer, badder, if you please, it came to be the winter home of the idle rich, indeed, the Paris of America. There were no walls, no gates, handing the keys to Rex was a perfunctory formality, for the city was—wide open.

"So much wealth, so much prosperity, so much human happiness could but excite envy in the hearts of those whose only business is to regulate the affairs of others.

"People will be amused. Legislate one form out, and another takes its place, and generally on a lower plane. When the Sunday amusement bill gets through, you must abandon opera, and turn to the wall the pictures of Patti, Neilson and Constantine; in its stead the Salvation Army will beat its bazoo on the neutral ground by day, and desecrate the hallowed auditorium of the French Opera House at night.

"In Mississippi legislation has covered every possible phase of human action. Our code reads like the front part of the Bible, where legislative conceit was exhausted meeting the ingenuity of God's favored people.

"One cannot bet, speculate, intoxicate, or stay out late. No child may labor, and to their glory be it said the men will not. Only our women and negroes work. Trade, transportation, corporations, every solid interest is overseed by a commission. The home has been invaded. Mother's jurisdiction over her own flesh and blood has been taken away. Father's control of his boy or his girl has been removed, and foster parents provided by law from among those who never felt a mother's love, or bore a father's responsibility. Now we are sitting up late in the enforcement of the laws. Especially are we interested in the art of 'collecting back taxes.' All property, persons, or corporations that might, could, would—no matter about should—are assessed and re-assessed.

"I spent a part of last summer in Saratoga. It is called a village, but it has the biggest and best hotels of the cities. In the old days it was the summer resort of the wealth and beauty of the South, especially New Orleans.

"People went there for the rarity of the air, the exhilaration of the effervescing waters, and a little moral relaxation. Last season was a failure. An enormous falling away in the attendance. The well borers had nearly ruined the springs in their greed to make more springs, but little politicians of the Legislature under the drive of the preachers and reformers had ruined racing and the speculative feature of the place."

After declaring that we have too many laws, Mr. Johnston thus concluded his lament:

"We all take life too seriously, we stint and strive to save, devote our time to doing penance, being good in preparation for a life to come. We pass this very garden of Eden, this real heaven, making sacrifices, omitting opportunities, leaving the sweet flowers of pleasure unplucked, the bounty of nature untouched, all—all for an ethereal dream of a future that may never come. Let us live in the open where the birds sing, where the air is redolent of nature."

Though the "good old days" are gone, Mr. Johnston should take heart. True, the Louisiana Lottery no more offers its munificent prizes to the poor and thrifty, but the bucket shop and numerous other forms of gambling yet flourish. Horse racing is falling into disrepute, but one may still bet on a thousand and one things which, if less exciting, are just as effectual in separating the fool and his money. Prohibition extends its sway over a continually-widening area, but most people—even bankers sometimes—find abundant opportunities for slaking their thirst.

Piracy as a pastime is no longer safe; even smuggling is growing more and more difficult each year. Still, one may have a fairly good time. In the language of that touching poem, by our luminous though misguided contemporary, "The New York Sun":

"We may be happy yet,
"You bet!"

Laws may be viewed in two ways: as a coercive moral power, and as declaratory of changes in public opinions and habits which the majority have already adopted. If the reform measures alluded to above are the result of a genuine improvement in public morals, they are hardly to be deplored, but are rather an evidence of progress. However, Mr. JOHNSTON's rebuke to those who are over-enthusiastic in reforming the world by statute was by no means lacking in timeliness. He spoke eloquently and forcibly for the development of character by the observance of honesty and truthfulness and by home training. Shrieking appeals for more and more legislation to make the world honest and virtuous are less effective than these tried, old-fashioned methods of character building.

OWING to the fact that its business promised to increase more rapidly than the law permits, one of the big New York insurance companies recently dismissed 1,000 of its agents. Business that costs too much to get is not worth having, and it was on this principle that the New York Legislature limited the new business which life insurance companies might take on annually. Other reasons perhaps prompted the enactment of the restriction, but doubtless the chief one was that a great deal of the new business was obtained only by making too great an outlay to procure it.

This is practically the objection urged against the payment of interest by banks to obtain deposits.

But people have more or less fear of big financial institutions, and a law limiting their aggregate resources may yet be forthcoming. CAESAR liked men who were fat, but the American legislator often views fat financial institutions with distrust.

KANSAS has taken a step in the direction of bank management by the State in one of the amendments to the banking law providing that "Any officer of any State bank who may be found by the Bank Commissioner to be dishonest, reckless or incompetent, shall be removed from office by the directors of the bank upon the written order of the Bank Commissioner."

This places in the hands of the Bank Commissioner the power of determining whether a bank is being managed in a dishonest, reckless or incompetent manner, and when he so decides the directors must remove the offending officer. That is an extension of the powers of State supervision, and while open to objection in that it may possibly result in an arbitrary use of power and that it also takes away, in a measure, the freedom of control which banks have heretofore exercised, it may, if wisely employed, do much good.

The tendency toward a stricter supervision of banking by State and Federal authority is growing. Experience may show that some of the recent laws were unnecessary, and that they interfere with the freedom of banking more than is desirable. But where such interference cannot be shown, every safeguard thrown around the business of banking should be welcomed, and will be, we are sure, by the banks as well as by the business community generally.

WHETHER we shall get currency legislation of the right kind, or whether we shall simply have a sugar coating of the Aldrich-Vreeland ideas on bank currency, will be determined largely by the attitude of the bankers of the country in the next two years.

A significant change has taken place in the last ten years among bankers with regard to credit currency. From a position of hostility the bankers have come to be favorable by a preponderating majority. At the Denver Convention, the vote was unanimous, or practically so.

But the currency legislation of the country will not be determined by the bankers alone. It will be necessary to carry on a campaign of education among all classes of voters. For this work the bankers, by their special knowledge of the subject, are well equipped. They will have to do missionary work, however, not only among their depositors but among those who are strangers to bank books and bank checks.

AN echo from the "rich men's panic" of 1907 comes from Newport, where, according to newspaper reports, tradesmen are having great difficulty in collecting their bills from the multimillionaires who pass their summers at that attractive and expensive resort. As a means of enforcing payment of their claims, some of the Newport merchants are threatening arrest of the delinquents. It is said the Rhode Island law authorizes imprisonment for debt if the person who swears out the writ will pay the debtor's board at the jail, amounting to thirty cents a day. Such form of punishment would doubtless prove effectual. Palates accustomed to truffles, ortolans and paté de foie would soon tire of the plain and homely fare furnished at thirty cents per day.

The rich are proverbially slow pay. Some way it seems much more laborious to pay a bill with a check than to plank down the ready cash. The poor and middle classes, being obliged to pay cash, are the ones on whom tradesmen always rely. But, nevertheless, the rich are good customers, even though very slow about paying. They know this well enough, too. One of the Newporters, when pressed for payment of an account, very promptly transferred his trade to New York. Others threatened to follow his example.

While the rich do not exactly belong to the anti-paying fraternity, they seem disposed to defer the payment of their bills to the very last day of grace. They regard tradespeople with bills as one of the petty annoyances that should not be allowed to mar the pleasure of the wealthy do-nothings.

BRILLIANT financial schemes are being born in these swelling times. One of the latest is a syndicate of surety companies to guarantee deposits in the national banks. It may prove practicable, and would certainly be more likely to succeed than if any company single-handed should undertake this latest form of insurance.

BELLAMY in "Looking Backward" declared that the trusts would finally become so numerous and powerful that the people in self-defence would have to form a single gigantic trust to absorb all the others; in other words, that production and trade would have to pass into Government hands.

Perhaps the surety companies may be able to carry out their scheme of insuring bank deposits. Possibly, however, the obligations assumed will be so great that people will demand that the insurers themselves be insured. Will this lead to the Government being called on as a final resort?

NICE questions of diplomacy and banking may grow out of the attempt of the present régime in Turkey to obtain the considerable sums of money which the ABDUL HAMID, the late Sultan, is believed to have had on deposit in the banks of New York. If the money stands to the individual credit of the former ruler it is difficult to see how the present Government can get hold of it, unless ABDUL HAMID should be found in a condescending mood and willing to sign checks. Should he refuse, no doubt strong persuasive measures might be adopted by his captors. But at present he seems to have the whip-hand.

According to a newspaper dispatch relating to this matter, it is stated that Great Britain has always made it a point of honor that Government protection shall be extended in every possible way to the right of safe deposit in British banks. About the hardest thing in the world is to get money out of an English bank, once deposited there, except on the check of the man who deposited it. That has been one of the sources of confidence in English depositaries. Rulers all over the world, great speculators, criminals of various sorts, revolutionists, people of large wealth living in countries where political conditions are insecure, have for generations been accustomed to deposit their surplus cash in British banks, confident that it will stay there till they call for it. Diplomats say that if the amounts and owners of this kind of deposits in British banks were known, the whole world would be astounded, and there would be scandals in half the countries.

It is said that the United States has not had occasion to make a national policy as to such things, and the question may prove highly interesting, whether this Government shall encourage New York banks to hold on to their ABDUL HAMID deposits, or to turn them over to the Turkish Government on a proper showing that they really ought to go to that Government. In recent years no small amount of money has come to American banks in this and related ways. Americans handle investments in vast sums for royalty and nobility in many European countries, and the safety deposits of great people have to some extent come along with this business. South and Central Americans, indeed, have not much favored United States banks with this sort of business, being uncertain whether this Government would adopt the British plan or not. The decision which may have to be reached in the Turkish case therefore promises to be of large importance.

Despotic rulers whose seats of power are somewhat wabbly can take time by the forelock and lay by snug sums in foreign depositaries where they may be available for use should it become necessary to resort to flight. The shady financier or the politician who has exploited the community may get his winnings secretly stowed away beyond the reach of those who seek to call him to account.

Probably the former Sultan of Turkey, accustomed to live luxuriously, will be exceedingly reluctant to give up his hoarded millions. The New York banks will no doubt promptly pay to the authorized person, but they need not be expected to have any interest in hurrying a decision of the controversy. While the disputants wrangle, they have the money.

ABOVE all the tariff discussion, the wrangling over schedules, the arguments for and against the Federal plan to supervise corporations, rises a hopeful note of promise for the future. The American farmer, who has more than once brought the country out of the slough of despond, has been hard at work putting in a big corn acreage which now promises the biggest yield ever known. If this promise shall be fulfilled, and if the other crops now growing do not meet with unforeseeable accidents, the country should experience next fall and winter a sense of quickened prosperity, whatever the outcome may be regarding the tariff and the Federal scheme of supervising the corporations.

While we are inclined to be optimistic, we cannot, however, lose sight of the possibilities of mischief that may grow out of currency legislation at the regular session of Congress. There is little evidence of sound currency opinion in Congress, and the legislative program will be directed by the same forces that shaped the Aldrich-Vreeland iniquity.

The bankers and business men of the country need to be alert in preventing the solid progress of the country from being halted by another inflation scheme.

SPEAKING at the annual convention of the Minnesota Bankers' Association, President JOSEPH CHAPMAN said:

"The fact that a larger percentage of people in the United States are living in the cities and towns than are found in the rural communities is one worthy of serious consideration and study by such an organization as the Minnesota Bankers' Association. It is to you gentlemen largely that the father of the young man living in the country comes to for advice as to what school or college the boy is to attend or what profession he should follow, and it is your duty to be so advised and posted regarding conditions in the cities that you can intelligently advise that father whether it is to the boy's interest to leave a farming community, where the chances are that in five or ten years he can own a farm and be worth from $10,000 to $50,000 by intelligently farming the land, or whether he should go to the great cities and become the future motorman and street-car conductor.

"The future of any nation depends largely upon the training and instruction received by the youth. The fact has been called to my attention, and I now wish to impress it upon your minds, that the common-school system of the State of Minnesota does nothing to encourage any boy or young man to remain on the farm. The subject of agriculture is absolutely ignored. The papers are full of the success of such men as Mr. ROCKEFELLER, Mr. CARNEGIE, Mr. HILL, Mr. ROGERS, and the impression is conveyed to the boy in the country school that it is only the failures who remain on the farm; that the boy of brains must go to the city to make his future.

"I do not want to be misunderstood as saying that no country boys should come to the cities, but I do think it is time that they should be advised that it is only the very small percentage of young men who can climb to the top of the ladder in our great cities, while it is a fact that every young man of capacity and industry can amass a competency on the farms."

Since farther back than we can remember the delights of city life vs. those of the country have formed the subject of many a rural debate. Plato and his pupils used to haggle over it at Athens and Cicero and Antony frequently discussed it over a stein of Anheuser-Busch in the Forum Romanum. Yet, they did not settle it; and so the discussion goes on.

The countryman used to be regarded almost universally as a boor and an ignoramus. But for dense ignorance there are city chaps who can take all prizes.

There are two respects in which the countryman has the advantage. He has pure air and food that is fit to eat. With the improvement in mail service and the extension of trolley lines, farm life has been relieved of much of its former isolation. Better means of cultivation have also lightened the farmer's labors and enhanced his profits. He has more time for enjoyment and for reading, and improves his opportunities.

Great as are our cities, the strength of America lies in its farms and rural homes. "Back to the land" is well enough. For the average boy, "Stay on the land" would be better.

WHILE the character of bank reserves is of great importance, we doubt very much that it would be wise to place all banks under Federal supervision in order that uniform provisions might be made with respect to the kind and amount of reserves to be held by the banks.

Primarily, where does the fault lie as to the kind of money in which bank reserves are now kept—with Congress or with the banks? With Congress, indisputably. For that body has stubbornly perpetuated the full legal-tender silver dollar, the greenbacks, and has refused to sanction the issue of credit bank notes. But for this action by Congress, there would be nothing available as bank reserves except gold coin and gold certificates, for it is hardly conceivable that any bank would hold credit bank notes as reserves more than it would bank checks.

Congress is not only at fault in providing improper kinds of money which may be used as bank reserves, but it has forced the use of silver as reserves upon the national banks by forbidding a national bank from belonging to any clearing-house association whose rules prohibit the use of silver in this manner.

Now, with this record, unless Congress shall change its policy, we do not see that anything is to be gained, so far as relates to an improvement in the kind of money used as reserves, by turning over the regulation of all banks to the Federal Government. Something would be gained, however, by compelling all banks to keep a reserve of some sort, and to this extent Federal supervision might be beneficial.

Before the proposal to turn all banks over to the Federal Government shall be worthy of serious consideration, Congress should show that it has some conception of its duty toward the banks and the public by getting rid of the legal-tender notes, silver dollars and silver certificates, and the bond-secured bank notes, all of which are employed as bank reserves and none of which are fit for this purpose. When this is done it may be worth while to seek to have the States pass some uniform legislation on the subject of bank reserves.

It would conduce greatly to business stability were it possible to have all the bank reserves kept in gold and silver. An important step would be taken toward attaining this end if Congress would retire the legal tenders and silver dollars and replace the bond-secured bank notes with credit bank notes. Then, without bringing the State banks under Federal control, these institutions would, of necessity, keep their reserves more largely in gold than they do now.

A second important step could be taken by requiring the reserve city banks and perhaps all national banks, to keep their reserves in gold; and by degrees the States might be made to see the wisdom of requiring the State banks, and trust companies doing a commercial business, to conform to the same rule.

EXCELLENT as the National Banking Act undoubtedly is in its main features, its recent history compels us to regard with disfavor any suggestion for placing all banks under Federal regulation. Within a generation hardly any important alterations have been made in the law. The one conspicuous change made—that of reducing the minimum capital from $50,000 to $25,000—was hardly in the direction of strengthening the system.

In the meantime, what has been the history of the banking law of New York, upon which the National Banking Act was largely modelled? It has been repeatedly amended, and in material respects only recently. And the result has been that institutions organized under the law have in ten or fifteen years grown to proportions almost equalling those reached by the national banks in over forty-five years.

No; the Federal Congress has failed utterly to grasp the banking needs springing out of our vast increase of industry, commerce and population. It has blindly and stupidly adhered to a system of currency that greatly hampers business, and has done nothing to afford the banks increased facilities for serving the public. And the result has been that a new class of institutions has arisen to meet the demands which Congress failed to recognize.

And the situation could not well be different. Congress is a large body, and necessarily moves slowly. Besides, banking legislation is peculiarly open to hostile political attack. This applies more to bank legislation by Congress than by the States. Political capital is pretty apt to be made out of banking legislation by Congress, but hardly anybody pays attention to the banking legislation enacted by the States.

Then the conditions prevailing in the various parts of the country differ so widely that a uniform system of banks, however beautiful it may be theoretically, might be much less serviceable to the public than the several varieties of institutions now existing.

While we believe most profoundly in the desirability of having the bank reserves kept in gold, and favor all wise measures for supervising the banking business, we have seen nothing that leads us to conclude that these ends, important as they are, justify so revolutionary a proceeding as placing all our banks under Federal control.

WE had always supposed that the Aldrich-Vreeland currency law must have had somebody's approval besides that of those who had bonds to sell. All the bankers and currency experts that we knew anything about were outspoken in opposition to it, yet we always thought it must have had support somewhere. At last the cat is out of the bag. Here is the whole story, taken from a newspaper dispatch dated Washington, June 26:

"Under the same conditions I would do it again," said General Jacob S. COXEY, at the Capitol yesterday. He was replying to a question as to whether he had any regrets over bringing his so-called Coxey's army to Washington in 1894.

" 'It is just fifteen years since I came to Washington at the head of the army,' he said, 'and I would do it again under similar provocation.'

"Speaking of his reasons for marching his followers to the capitol city, Mr. COXEY declared that Congress had recognized the soundness of one of his contentions by passing the Vreeland-Aldrich currency bill. He referred to his demand for the issuance of non-interest-bearing bonds, and said that this demand had been met in the emergency currency bill.

" 'But,' he said, 'the banks and not the people get the benefit of the provision.' "

"Coxey's currency" would be an entirely appropriate name for it should any of this "money" ever be issued.

But there is a serious phase to this matter. The same man whose financial theories are condemned by practically everybody who has ever studied the problem at all, and supported by the eminent reformer COXEY, is now in control of the committee destined to shape our currency legislation in the near future. Ignorance rather than intelligence has directed the financial legislation of the country for nearly fifty years. Are the bankers and business men of the United States going to continue to permit the Coxeyites to shape the action of Congress in regard to banking and currency? The country very much needs something better than this, but does it deserve it? Not while bankers and business men hold their hands and merely look on and grumble. Unless they are up and doing, they may get more Aldrich-Vreeland measures, worse, if possible, than the one they already have.

IN an address on "Bank Advertising," delivered before the last annual convention of the California Bankers' Association, Mr. F. W. ELLSWORTH of the First National Bank of Chicago had the following to say:

"It was not so long ago that banks considered it undignified to solicit business in any way. To-day the bank which has the same conception of the word, and refuses to exert itself to secure customers, is either standing still or losing ground, with the chances larger in favor of the latter condition."

Undeniably, this is true, whether all bankers are pleased with the changed conditions or not. Exertion for new business may, indeed, become overexertion, and then the bank pays too dear for its whistle. But legitimate means of adding to a bank's business by advertising or other proper form of bidding for popular favor can be defended upon many grounds.

Is it better, for example, for reputable savings banks to advertise their facilities for taking care of people's money, returning it when wanted with interest, or to allow the savings of the thrifty to be hidden away in the ground, in the unused stove or in various hiding-places, to be lost, stolen or destroyed? Should the banks refrain from advertising while every get-rich-quick scheme under the sun is trying to entice the people's money away from them? Shall the bucket-shop be allowed to put forth its glaring announcements while the bank or bond-dealer with safe and sound securities to sell keeps silent?

Those who do not favor bank advertising must answer these questions affirmatively—but there are precious few such banks in the country.

The bank, a beneficent institution, in its competition for the public's money, comes into conflict with schemes of all kinds, ranging from the hazardous and visionary to those which are swindles pure and simple. The promoters of these dangerous and dishonest schemes do not spare their use of printers' ink. It is their chief reliance. While the banks cannot, and should not, go to the same lengths in advertising their business, they can at least place before the people in a clear, intelligible and attractive form the inducement which the bank offers in the way of safety and service. Then, if people lose or waste their money by putting it into foolish and reckless schemes, the banks will at least have offered them the choice.

The growing popularity of banking, the wonderful development of savings accounts in particular, indicate that the educational advertising which has been done by the banks of late has begun to bear solid fruit.

MR. ELLSWORTH's address dealt with

a number of phases of bank advertising, and was especially valuable as representing the experiences of one identified with one of the largest and most successful banks of the country.

THE able report made by the committee appointed by Governor HUGHES to investigate the New York Stock Exchange ought to lead to some improvement in the methods of trading on the Exchange. In fact, improvements will probably be made by the Stock Exchange itself without waiting for the enactment of new laws.

The report consists more of analysis of methods than of recommendations, but this was necessary in order to furnish a clear understanding of the problems to be met. The reforms urged seem well calculated to bring about better methods of trading, and are sound and well-considered. Nothing less, of course, was to be expected from a committee of such high character. We regret our inability to present the report in full. What the committee says with respect to the advertising of speculative ventures seems to us especially pertinent:

"A large part of the discredit in the public mind attaching to 'Wall Street' is due to frauds perpetrated on the small investor throughout the country in the sale of worthless securities by means of alluring circulars and advertisements in the newspapers. To the success of such swindling enterprises a portion of the press contributes.

"Papers which honestly try to distinguish between swindling advertisements and others may not in every instance succeed in doing so; but readiness to accept advertisements which are obviously traps for the unwary is evidence of a moral delinquency which should draw out the severest public condemnation.

"So far as the press in the large cities is concerned the correction of the evil lies, in some measure, in the hands of the reputable bankers and brokers, who, by refusing their advertising patronage to newspapers notoriously guilty in this respect, could compel them to mend their ways, and at the same time prevent fraudulent schemes from deriving an appearance of merit by association with reputable names.

"Another serious evil is committed by men who give standing to promotions by serving as directors without full knowledge of the affairs of the companies, and by allowing their names to appear in prospectuses without knowing the accuracy and good faith of the statements contained therein. Investors naturally and properly pay great regard to the element of personal character, both in the offering of securities and in the management of corporations, and can therefore be deceived by the names used in unsound promotions.

"For the regulation of the advertising evils, including the vicious 'tipster's' cards, we recommend an amendment to the Penal Code to provide that any person who advertises, in the public press or otherwise, or publishes, distributes or mails, any prospectus, circular, or other statement in regard to the value of any stock, bond, or other securities, or in regard to the business affairs, property, or financial condition of any corporation, joint stock association, copartnership or individual issuing stock, bonds or other similar securities, which contains any statement of fact which is known to such person to be false, or as to which such person has no reasonable grounds for believing it to be true, or any promises or predictions which he cannot reasonably justify, shall be guilty of a misdemeanor; and, further, that every newspaper or other publication printing or publishing such an advertisement, prospectus, circular, or other statement, shall, before printing or publishing the same, obtain from the person responsible for the same, and retain, a written and signed statement to the effect that such person accepts responsibility for the same, and for the statements of fact contained therein, which statement shall give the address, with street number, of such person; and that the publisher of any such newspaper or other publication which shall fail to obtain and retain such statement shall be guilty of a misdemeanor."

Printers' ink has many beneficent uses, but may also be used to deceive the unwary. Perhaps no worse use can be made of it than in heralding to the unsophisticated the numerous hazy speculative schemes that border so closely upon downright swindling as to make the distinction an exceedingly fine one.

"Oh, yes," say the wise ones, "if people are such fools as to lose their money in that way, let them do it." But the committee does not take that view. The pity of it is that these get-rich-quick schemes draw a large part of their support from people who can least afford the loss that almost invariably follows "investment" in them.

We are bound in truth to say that the banks—the savings banks specifically—have done but little, by attractive advertising of their own, to stem this flood of newspaper exploitation of cheap schemes.

ADDRESSING the Michigan Bankers' Association at its last annual convention, JAMES B. FORGAN, president of the First National Bank of Chicago, called attention to the possibility of a tendency developing in the public mind to place too much faith in the power of legislation to correct defective banking methods. While favoring wise bank regulation by public authority, Mr. FORGAN pointed out that in the end the success or failure of a bank, as of other business enterprises, must be determined by the capacity of its management.

We are a great people for remedying everything wrong by statutory enactment. One of the latest of the multiform schemes proposed is the corporation tax, not designed primarily for the purpose of raising revenue, but for bringing the corpotations under Federal regulation. They have been subject to legislative regulation by nearly half a hundred States, but they need more laws for their control, therefore put a Federal tax on them, and, ultimately have Congress grinding out new laws for them, and put Federal officials in control of their affairs.

If we are to have bank inspection that trenches upon the management, such examination, if made by anybody, ought to be made by bankers themselves. A good rule to observe would be one which regards the management of the banks as the functions of their officers and directors, not of the Government.

BIG deposit totals are the goal toward which many ambitious bank managers are forever pressing. Yet, big deposits do not always mean big dividends. It all depends upon how much its costs to get these deposits and to hold them. Still, the banker who hankers after swelling deposit totals cannot be severely censured. He merely reflects the spirit of the age in which we live. The man with the big automobile, the big house, the big bank roll—the man who kills big game—dazzles our admiration and commands our applause.

Up to a certain point the struggle to build up deposits is a costly process; but with that point once passed, the deposits become so large, and the expense proportionately smaller, that the bank can gradually see an enhanced profit, and sometimes may change its methods toward greater conservatism, "scorning the base degrees by which it did ascend."

Some banks that have never succeeded in obtaining big deposit totals often have considerable compensation by proclaiming their large surplus, the high proportion of capital to deposit liabilities and the very satisfactory dividends declared.

There is no gainsaying the fact, however, that size commands respect in regard to a bank just as it does in relation to most other things. To explain why this is so would be to tell why day is day and time time. We suppose the blame for this—if any blame there be—should be shifted upon the shoulders of that convenient scapegoat, the public. If everybody thought just as much of a little bank as of a big one, many a weary bank manager who now sits at his desk devising schemes whereby to augment his gross deposits would be lying on the sand at Atlantic City or fishing in the Michigan lakes.

VARIOUS plans have been put forth for organizing a central bank, one of the latest being that offered by GEORGE M. REYNOLDS in an address before the Iowa Bankers' Association. Mr. REYNOLDS is president of the American Bankers' Association and also president of the Continental National Bank of Chicago.

Instead of suggesting that the bank be owned by other banks, he would prohibit the latter from owning any of the stock. He favors selling the stock to the public, and suggests that in order to make the shares attractive the Government should guarantee a moderate dividend. He does not propose to deposit all the bank reserves with this central bank, but only the deposits of the three reserve cities. The Government funds are also to be deposited with it. Upon the gold accumulated from these deposits, notes would be issued in equal amount. Authority is also to be granted the bank to issue credit notes.

Doubtless in proposing that the shares of the central bank be held by the public instead of by the other banks, Mr. REYNOLDS has sought to avoid the political hostility that might be aroused if the banks were allowed to be the principal or only stockholders.

If a central bank shall finally be the plan evolved by the Aldrich-Vreeland Monetary Commission, great care will have to be taken not to disturb the existing relations between the banks and their reserve agents. That point was clearly perceived by Mr. REYNOLDS and his proposals contemplate a minimum of interference with these relations.

The student of American political history will watch with interest the contest provoked when the central bank proposal gets into the arena of practical politics. It may go through with flying colors, and it may be the one issue needed to galvanize the dead Democracy into life.

ONE part of the Wall Street investigating committee's report deals with the difference that exists between the kind of speculation carried on by those who have some knowledge of the game and have the capital and skill required to play it and that carried on by the novice. The report says:

"A real distinction exists between speculation which is carried on by persons of means and experience, and based on an intelligent forecast, and that which is carried on by persons without these qualifications. The former is closely connected with regular business. While not unaccompanied by waste and loss, this speculation accomplishes an amount of good which offsets much of its cost. The latter does but a small amount of good and an almost incaculable amount of evil. In its nature it is in the same class with gambling upon the race-track or at the roulette table, but is practised on a vastly larger scale. Its ramifications extend to all parts of the country. It involves a practical certainty of loss to those who engage in it. A continuous stream of wealth, taken from the actual capital of innumerable persons of relatively small means, swells the income of brokers and operators dependent on this class of business; and insofar as it is consumed like most income, it represents a waste of capital. The total amount of this waste is rudely indicated by the obvious cost of the vast mechanism of brokerage and by manipulators' gains, of both of which it is a large constituent element. But for a continuous influx of new customers, replacing those whose losses force them out of the 'Street,' this costly mechanism of speculation could not be maintained on anything like its present scale.

"The problem, wherever speculation is strongly rooted, is to eliminate that which is wasteful and morally destructive, while retaining and allowing free play to that which is beneficial. The difficulty in the solution of the problem lies in the practical impossibility of distinguishing what is virtually gambling from legitimate speculaton. The most fruitful policy will be found in measures which will lessen speculation by persons not qualified to engage in it. In carrying out such a policy exchanges can accomplish more than legislatures."

"SHALL we continue to offer and pay four per cent. interest on deposits, even though that should mean a sacrifice of our surplus and a disregard of all the principles of sound banking?" This is the question which many of our banks are asking themselves at the present time, for competition with them has become so keen that very often reckless inducements are offered in the endeavor to attract new business.

Clark Williams, New York State Superintendent of Banks, addressed the New York State Bankers' Association in convention at Saratoga Springs, July 16, upon this very question, and we give here, in full, his warning upon the payment of excessive rates of interest.

"As we well know," said Mr. Williams, "the practice is due largely to improper competition and a desire for large figures, in disregard of conservative, sound, paying banking. Invested capital is entitled to a reasonable return, and the banking community, yes, and posterity, can properly expect increasing strength in every institution having the people's money in its care, under either State or national supervision.

"Is it possible to earn a respectable dividend, to set aside a reasonable surplus, to pay your expenses, to maintain your legal reserve, and to pay interest at four per cent. on your money, if you are doing a conservative loan and investment business?

"There are those who reply to the logic of the proposition by broadly denying the right of supervising officers to interfere with their policies in the conduct of their banking business, and some openly state that they do not propose to observe such suggestions of the Comptroller of the Currency or of the Superintendent of Banks, but will run their business without outside interference and as they please; and, gentlemen, in this to a certain degree they are right. We in the Banking Department do not approve of that measure of paternalism which would presume to dictate policy in the conduct of the banking business of the institutions under our supervision, and we have been most particular to avoid it; but when a policy becomes so extended and of such a character as to jeopardize the soundness of some of our banks, it is obviously our duty to make every effort for its correction.

"As a result of the general discussion of the interest rate on the occasion of the recent convention of the savings banks, it might be inferred that they were the greatest offenders. These mutual institutions face a somewhat different problem. With due regard for soundness and surplus, there are a few that might safely pay four and one-half per cent. There are others that could properly pay four per cent., but the greater number should pay three and one-half per cent.

"The greatest offenders are among our national and State banks of deposit and discount, which pay these rates on daily or monthly balances in open account. The trust companies are offenders equally with the banks if these rates are paid on such accounts. The device commonly employed to announce the character of this business is the 'interest department.' The law prohibits to them the use of the word 'savings.' Can you tell me of a single institution operating such a department in this State which would not use this word to describe its business if it were lawful to do so? Was it not the legislative intent to restrict this business for the protection of the public and to safeguard the institutions chartered to care for the savings of the provident poor? There might be justification for the existence of such 'interest departments' in institutions serving communities without savings bank facilities, but in such cases the segregation and proper investment of these funds should be required. If I were asked what thing embodied the greatest offense to the safe, conservative banker, without hesitation I should reply 'that sign, interest department; four per cent. paid on deposits whether large or small.'

"It seems to be the opinion in certain communities that coercion or concerted action is necessary for the general reduction of the interest rate. With this opinion I cannot agree. There are those in nearly every community who selfishly confine their vision to the four walls of the institution whose affairs they administer, and who are chronically opposed to general movements for the public good.

"I believe it to be the duty of the directors of every financial institution to determine for themselves, without coercion, the question of the interest rate to be paid on deposits; and as directors acting independently, there is but one question I would put to you. Will your institution be any stronger, or any cleaner, or any sounder, or in any way more properly profitable to your stockholders if you reduce your rate of interest? If you determine that your institution would be any stronger, any cleaner, any sounder, or any more properly profitable, then, gentlemen, it is your duty, and you should have the courage, to adopt the more conservative course for the sake of the institution under your control and for the public good.

"I believe that evidence of such conservatism will appeal to your patrons and will result in advantage to every corporation adopting this policy.

"Gentlemen, my plea is for the strong surplus, and banking for quality rather than for quantity, and that the effort should be not only to get the money, but to be sure that you can pay it back.

"I feel confident that the members of your association will join me in the hope that the day of high interest rates on deposits is coming to an end.

"Providence is blessing us with a period of prosperity, and it behooves us as good bankers in availing of our experiences, to maintain our reputation for sound banking throughout the state of New York."

As representing the loose and dangerous notions prevalent with regard to the taxation of wealth, we quote the following from a signed article by former President Roosevelt, in a recent number of "The Outlook":

"The multi-millionaire is not *per se* a healthy development in this country. * * * If his fortune is the result of great service rendered, well and good; he deserves respect and reward for such service—although we must remember to pay our homage to the service itself, and not to the fortune which is the mere reward of the service; but when his fortune is passed on to some one else, who has not rendered the service, then the nation should impose a heavily graded progressive inheritance tax, a singularly wise and unobjectionable kind of tax."

Now, this view proceeds upon the theory that the great fortune itself is an evil. But it is not necessarily so. Conceivably, a great fortune like that of the late Russell Sage, put to wise and beneficent service to the community, may be of immense benefit to the public.

Mr. Roosevelt does not seem to regard taxation as a means to be employed solely for procuring revenues to meet the necessary expenditures of government, but as an instrument to be employed in redressing social inequalities. Wealth is not only to be made to contribute its due share to the maintenance of the State, but it is to be reduced, scattered and perhaps destroyed at the behest of the doctrinaire whose theorizing leads him to see in it something that is a menace to the well-being of the community.

Under the wise and energetic direction of Mr. John Barrett, Director of the International Bureau of American Republics, the movement for establishing an American bank in the Latin-American countries has gained strong support, which promises to take practical shape in the near future in forming the organization of such an institution.

A bank of this character is not needed to furnish local banking facilities in any of these countries, but to assist American trade and enterprise. It is believed that a bank operating with American capital, and manned by American officers, would in many cases be more helpful to our commerce and enterprise than either the local banks or the great English, French and German institution. Generally, the local banks in Latin America are large concerns, ably managed. This may be said also of the foreign banks doing business there. But it is doubtful if any of these institutions are as well equipped for extending our trade or as favorably disposed toward it as an American bank would be. Besides, if our banking capital desires to embark in the search for profit in those countries, it should be accorded equal privileges with the banking capital of France, Germany, Belgium, Holland and Great Britain. That it has been debarred from those countries is the fault of ourselves, not of our Southern neighbors.

We ought at least, under suitable regulations, to permit persons who may wish to incorporate a bank to do business in Latin America to have a Federal charter. That would give the institution more prestige than it could have if incorporated under State law.

It is to be hoped that American capitalists may take up this enterprise and carry it through to a successful issue, and if the assent of Congress is required that it may be speedily obtained.

AN OPTIMIST.

A. Barton Hepburn, president of the Chase National Bank, thinks we "will soon have such progress as will make what we used to call 'boom times' look like normal." As a cheerful prophet Mr. Hepburn stands first, with no second in sight.—*New York World.*

BANKING IN ST. LOUIS.

A Brief Survey by the Editor of The Bankers Magazine.

IF any word could fittingly describe the characteristic of banking in St. Louis, that word, I believe, would be "stability." Banking is conducted on sound lines in the majority of American cities and towns, but of the larger cities, with the exception of Baltimore, perhaps none can show quite such a conservative record as St. Louis.

Whether the banking traditions that have governed the city for so long were derived from the thrifty French who were among the pioneer settlers of the Mississippi River trading-post or from the Germans who constitute so large a portion of the population of to-day, does not matter much so far as regards existing conditions. One finds, however, that the Germans (who seem to have a native aptitude for scientific banking) are prominent in the control of banking in St. Louis to-day.

Very early in the history of banking

HON. DAVID R. FRANCIS

Former Governor of Missouri; ex-Secretary of the Interior. Head of the Banking-house of Francis Bros. & Co.; Vice-President Merchants'-Laclede National Bank.

Mercantile Trust Company Building, St. Louis.
(Home of Mercantile Trust Company and Mercantile National Bank.)

St. Louis Union Trust Company.

in Missouri this trait of conservatism was manifested. In Knox's "History of Banking in the United States" it is declared of the Bank of the State of Missouri: "The management was conservative—too conservative to suit the business men of St. Louis." * * *

"Although the Bank of the State of Missouri was established to provide the people of the State with a sound currency, it did not sufficiently perform that duty. It was too conservative and cautious. * * * The currency it supplied was good enough—almost too good, for it was esteemed better than gold, but there was not enough of it."

And from the same authority (Knox's History) comes the following remarkable tribute to the early State bank currency of Missouri:

FESTUS J. WADE

President Mercantile Trust Company; President Mercantile National Bank, St. Louis.

"In the wild, reckless period, when almost anything in the shape and appearance of an engraved bill with the name of a bank on it was good enough to buy public land with, and good enough, therefore, for all other purposes—and in the later period, when other Western States authorized banks to issue notes based on various kinds of bonds, with the place of redemption out of the way and difficult of access—sometimes in a forest or swamp—the Legislature of Missouri refused to charter institutions to multiply such currency within the limits of the State. Although the first two pioneer banks came to an end, the first in three years and the second in five years, through mismanagement, their notes were maintained at par to the end. The notes of the Bank of the State of Missouri, which followed them, were preferred to specie, in New Mexico, Utah and on the Pacific Coast, and the same high character marked the issues of the system of banks authorized by the general law of 1857."

C. H. HUTTIG
President Third National Bank, St. Louis.

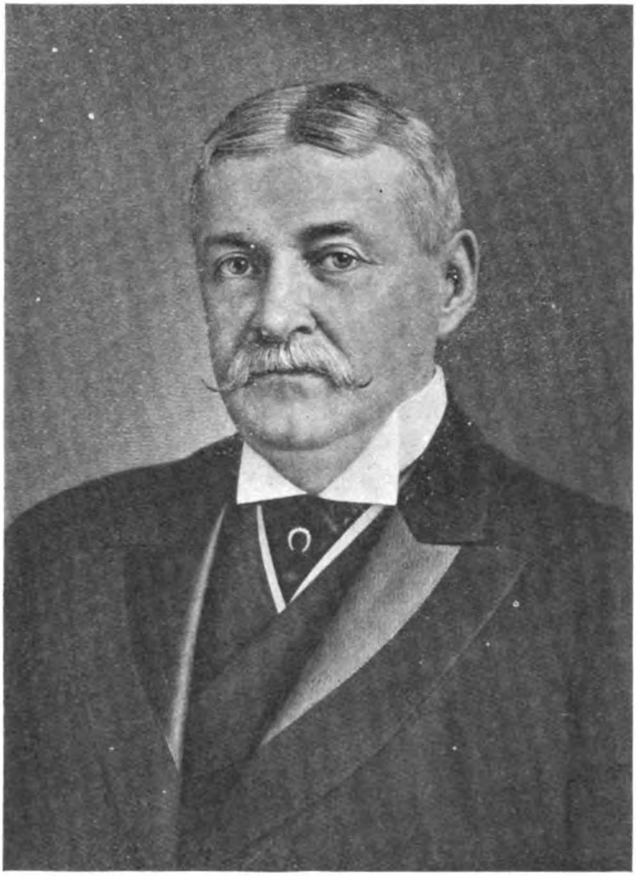
B. F. EDWARDS
President National Bank of Commerce, St. Louis.

Survival of Sound Banking Traditions.

The sound banking practices begun in the early history of the State of Missouri and the City of St. Louis have survived unto this day. But as this is not a panegyric but aims to be a truthful record, it must be said that a number of so-called "savings banks" which had been bidding rather too strongly for deposits by the payment of high interest rates went down never to reappear in the panic of 1873. In the twenty-seven years from 1872 to 1898, inclusive, the number of banks was reduced from fifty-eight to twenty-one; but since 1898 there has been an increase, the clearing-house now reporting a total of thirty-four.

While the banking traditions of St. Louis are perhaps ultra-conservative, and although the same spirit may be clearly discerned to-day, there is a disposition among many of the more modern institutions to break with the old order of things when necessary to make progress along safe lines. This contest—if such it may be called—between the old spirit of conservatism and the modern spirit of progress probably tends to produce that fair average between excessive progress and undue restraint which will enable the St. Louis banks to be sure they are right before going ahead. Their history shows they have

National Bank of Commerce, St. Louis.



JULIUS S. WALSH
Chairman Board of Directors Mississippi Valley Trust Company, St. Louis.

Mississippi Valley Trust Company, St. Louis.

generally been right; the figures shortly to be presented will show that they have gone ahead.

Big Banks and Others.

In studying banking in St. Louis one is naturally attracted by the most conspicuous bank—the National Bank of Commerce—whose balance-sheet foots up over $90,000,000. A hundred-million bank in St. Louis—and the Commerce is headed for that figure—is much more remarkable than it would be in Chicago or in New York, because St. Louis ranks much below either of these cities in population.

But while the National Bank of Commerce is a very large and strong institution and has had a remarkable growth, one must not overlook some of the smaller banks which have special claims to notice. There is the Boatmen's—but one year younger than The Bankers Magazine; the Bremen, an old bank with a big surplus in proportion to capital, and its stock selling at about the top notch; and the Franklin, earning very satisfactory profits—to mention no others.

BRECKINRIDGE JONES
President Mississippi Valley Trust Company, St. Louis.

Clearing-House Precautions Looking to Safe Banking.

The St. Louis banks have adopted the plan of clearing-house examinations, originated by Chicago, and it is working out excellently. It is an additional precaution against incompetent or reckless banking, showing that the banks of St. Louis are ready to adopt a well-considered measure for enhancing the safety of their business—an evidence of progressiveness of the wiser sort.

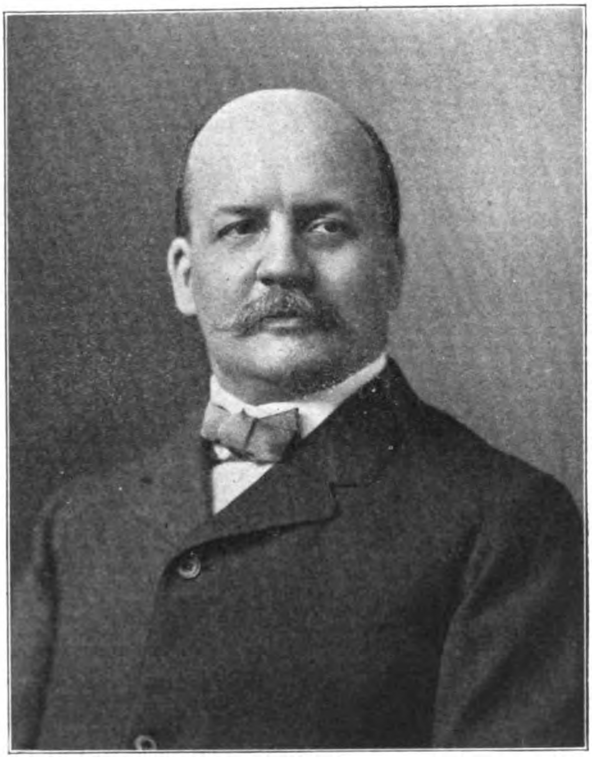
St. Louis Banks Solid in Time of Panic.

They tell you in St. Louis that no panic ever originated there; that the effects of panic are shorter-lived than in the other large cities. They might with truth say that in the panic of 1893 no banks failed, and that no clearing-house certificates were issued, nor were there any bank failures in the 1907 crisis. In the latter year certificates were issued, because experience had shown that policy to be wisest.

It is certainly worth mentioning that out of a total of 1,016 banks in the State of Missouri there was but a single failure in the panic of 1907.

Ultra-Conservatism Giving Way to Safe Progress.

Banks represent the sum of the character of their officers and directors. If any criticism might be made of the average St. Louis banker it would be exactly that quoted above—he is too conservative. Now, even in banking, that quality may be carried too far. I think some banks in St. Louis—several of them, in fact—have carried it too far, and the growth of the banks and of the city has been retarded in consequence. To keep the assets of a bank small and safe, is good banking; to make them



WALKER HILL
President Mechanics-American National Bank, St. Louis.

grow to large proportions and still maintain the same standard of safety, is better banking. I believe that institutions like the National Bank of Commerce, the Mercantile Trust Company, the Third National Bank, the Mississippi Valley Trust Company, the Mechanics'-American National and others, are leading the way in this broader field of banking without sacrificing the sound and safe principles upon which banking in St. Louis has always rested. And this aggressiveness has become indispensable in banking, as it has in manufacturing and in merchandising. The bank that does not push ahead falls behind, and a city whose banks are not progressive along wise lines will find its industry and commerce decaying.

Mechanics-American National Bank, St. Louis.

The St. Louis banks are growing—not in size alone, but in strength, and the commerce of the city is developing year by year.

What the people of St. Louis were capable of doing was abundantly shown in the World's Fair of 1904, commemorating the centennial of the Louisiana Purchase. But almost equally instructive was the aftermath of that event. These great exhibitions have not infrequently caused an unhealthy "boom" in real estate values and subsequent depression. St. Louis had neither experience. Real estate values were not inflated, nor has there been any depression since the Fair. That event undoubtedly benefited the city financially as it did otherwise.

H. P. HILLIARD
President Central National Bank, St. Louis.

PORTRAIT BY STRAUSS, ST. LOUIS.

J. A. LEWIS
Cashier National Bank of Commerce, St. Louis.

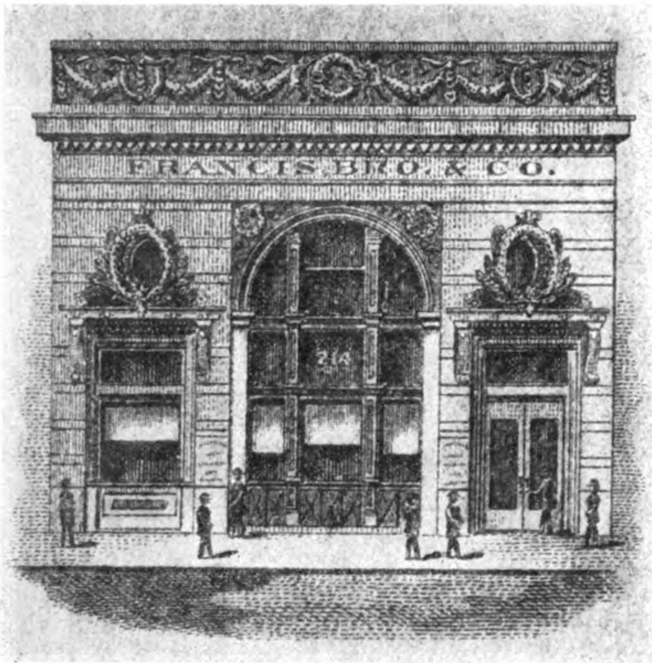
Personnel of the Banks.

What an important part of a bank are its officers and clerks—those who meet the public, from the bootblack to the man of millions—and make or unmake the bank's reputation. Were it possible to make a composite photograph of the bankers of St. Louis, exhibiting the average of their temperaments, probably the result would be an individual possessing about the qualifications usually associated with success in banking. The Pittsburgh banker is more cordial, the New York banker icier.

The St. Louis banker has pride in the record made by the banks of his city, and realizes that the conduct of his own institution must be such as will reflect no discredit upon that record. This spirit is general. It operated strongly in favor of the system of clearing-house examinations. The fact is here recognized that a city may undeservedly get an unfavorable banking reputation through the mismanagement of a very few small and unimportant banks. St. Louis has an honorable banking reputation, well deserved, and means to try to maintain it.

Bank and Trust Company Buildings.

The bank buildings of St. Louis, as may be seen from the accompanying illustrations, are generally large and modern. In point of size the National Bank of Commerce and the Third National are in the lead—both of these being new buildings. Soon the Mechanics'-American National will have what will be practically a new home, at Broadway and Locust, diagonally across the street from the present location. The Merchants'-Laclede National has a very handsome home. Generally the trust companies have buildings of a distinctive banking type, like those of the Mercantile Trust Company, Mississippi Valley Trust Company, and St. Louis Union



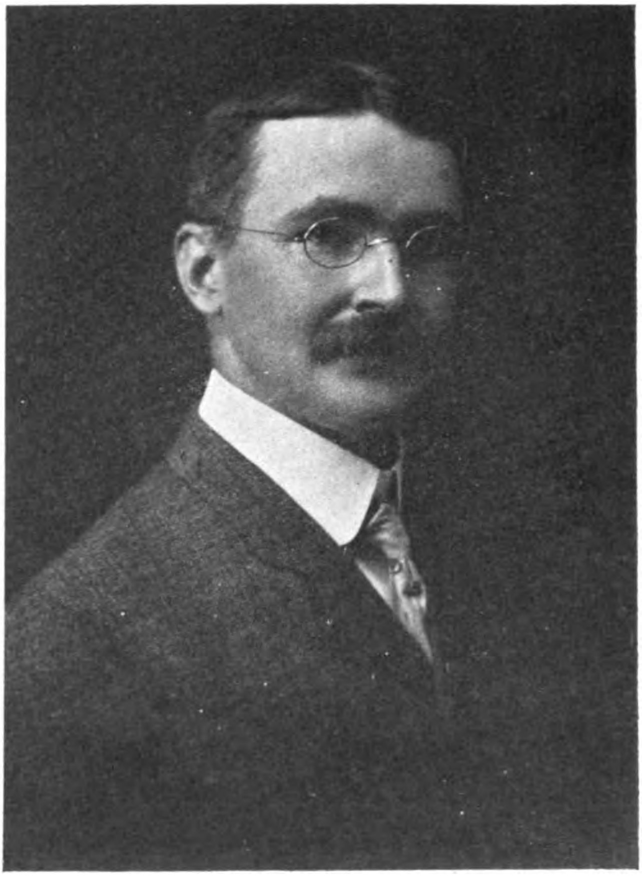
Francis Bro. & Co. Building, St. Louis.

Trust Company. The State National, Central National and the other banks are all well housed.

Commerce and Industry.

As banking bears such an intimate relation to commerce and industry, the fol-

Paved streets, miles	581.47
Paved alleys, miles	172.70
Public sewers, miles, to January, 1909, 648.22; cost	$16,259,628
Conduits for underground wires, miles	194
Water supply, capacity gallons per day	160,000,000
Water supply, average daily consumption	68,960,000
Receipts for water licenses.....	$1,830,870



A. N. EDWARDS

President Commonwealth Trust Company, St. Louis.

lowing facts, taken from the annual statement of the Merchants' Exchange of St. Louis, will be found of interest:

ST. LOUIS IN 1908.

Area, square miles	62½
Population	750,000
Real estate and personal, assessed value	$524,302,020
Bonded debt	$18,344,178
Houses erected during 1908, 9,119, cost	$21,190,369
River front, miles	19
Public parks, number 27; acres.	2,318
Public schools, 1908, number 105; teachers, 2,116; scholars, 92,765; cost	$11,560,534
Union Station, 32 tracks, covers acres	11
Railroad lines terminating in St. Louis	26
Street railroads, miles, single track, city, 348.41; county, 107.46	455.87
Passengers carried	310,589,278
Municipal revenue, year ending in April	$8,502,067
Death rate per thousand, basis 1908, 722,200 population	13.56
Post office, cash receipts	$3,974,834

Post office, pieces of mail originating in St. Louis	309,155,738
Tonnage, total tons received	23,871,102
Tonnage, total tons shipped	15,772,898
Manufacturers, product	$314,185,326
Bank clearings	$3,074,806,759
Banks and trust companies, capital, surplus and profits	$84,212,110
Tobacco, manufactured 1908, lbs.	72,759,588
Tobacco tax paid	$4,452,219
Grain receipts, bushels	70,967,740
Flour manufactured, barrels	965,832
Flour received, barrels	2,763,700

Dry goods and notions	$65,000,000
Millinery	6,000,000
Vehicles and implements	16,000,000
Plumbers' and steamfitters' supplies	7,500,000
Groceries and kindred lines	70,000,000
Boots and shoes	53,000,000
Tobacco and cigars	45,000,000
Hardware, shelf and heavy	37,000,000
Woodenware	18,000,000
Lumber	47,000,000
Candies	5,500,000
Beer, 3,194,520 barrels	22,361,640

Commonwealth Trust Company, St. Louis.

Public elevators, 8; capacity, bushels	7,000,000
Private elevators, 31; capacity, bushels	5,125,000
Lead received, pigs	1,998,370
Revenue from harbor fund	$135,364
Zinc and spelter slabs	3,776,260
Cattle received, number	1,293,564
Hogs received, number	3,199,922
Sheep received, number	724,781
Horses and mules received, number	120,853
Cotton receipts, bales	675,842
Coal (all kinds) received, tons.	7,365,091

Sales.

Clothing	11,500,000
Furniture and kindred lines	22,700,000
Stoves, ranges and furnaces	5,000,000
Electric supplies, machinery and lamps	10,000,000
Paints, paint oils and white lead	12,000,000
Saddlery and harness	3,250,000
Hats, caps and gloves	4,200,000
Drugs and kindred lines, including proprietary goods, druggist sundries and chemicals	19,000,000
Glass, plate and window, ornamental	3,000,000

Clay products	4,500,000
Furs	7,500,000
Railway supplies	15,000,000
Trunks and bags, etc.	2,500,000
Steel castings and foundry and machine shops products	18,500,000
Wool receipts. 1908, 23,123,340..	6,500,000
Hides, receipts 1908, 70,587,900..	11,500,000
Carpets and kindred kinds	5,250,000
Railroad and street cars manufactured, value	9,000,000
Paper, stationery and envelopes	9,000,000
Dry plates	1,750,000
Glass and queensware	2,125,000
Bakery products	7,000,000
Tin and enameled ware	5,500,000
Soap and candles	9,000,000

The St. Louis Clearing House.

Mention has been made already of the system of examining the banks under the direction of the clearing house.

In the "Financial Review for 1908," published in the annual report of the Merchants' Exchange, W. W. Hoxton, the manager of the St. Louis Clearing-House Association, has the following to say in regard to this important work:

By far the most notable incident in our local financial affairs during the past year,

WM. H. LEE

President Merchants'-Laclede National Bank, St. Louis.

was the establishment of the Bank Examiner's Department of the St. Louis Clearing House. Following the lead of Chicago in this matter, the committee of management, early last year, picked from the ranks of the national bank examiners, and forthwith employed, Mr. Clifford E. French, a man thoroughly qualified by temperament and experience for the arduous work assigned to him. Mr. French resigned from the Government force, and immediately organized a capable corps of examiners, which, with Mr. French at its head, works only at the behest of the clearing house, under the supervision of the committee of management. As to the thoroughness and efficiency of these examinations, I have only to refer the reader to any officer of his own bank or trust company.

affairs of any institution, he sends a copy of his exhaustive report to the president of that institution, and notifies all the directors of his action, requiring from them a written reply to such notice. If he finds nothing to criticise, he so notifies the chairman of the clearing-house committee, and the report is treated and filed as a confidential document, accessible only to the

Merchants'-Laclede National Bank, St. Louis.

The examiner is given due latitude in the conduct of his work, and while it is possible that he may be sent to a particular institution, the rule is, that he shall go whither he listeth, and, of course, unannounced. There is the understanding, however, that he must examine, at least once a year, all the banks and trust companies having clearing-house connections—a total, at present, of forty-eight. When the examiner has completed his scrutiny into the

examiner. If, however, he finds any matters which, in his judgment, require correction, he is at liberty to lay these matters before the committee.

Several other cities have followed the lead of Chicago and St. Louis, and employed special clearing-house examiners—thus adding another expression to an unmistakable national feeling which is leading, without doubt, to better business methods, and a higher ideal of corporate management.

CLEARINGS, 1899 TO 1909, WITH PER CENT. OF INCREASE OR DECREASE.

1899	$1,638,384,203	+12.58	Increase
1900	1,688,849,494	+ 3.11	"
1901	2,270,680,216	+34.54	"
1902	2,506,804,328	+10.39	"
1903	2,510,479,245	+ 0.12	"
1904	2,793,233,918	+11.27	"
1905	2,899,798,979	+ 3.79	"
1906	2,972,653,307	+ 3.83	"
1907	3,165,619,327	+ 6.10	"
1908	3,074,806,759	— 2.87	Decrease
1909 (estimated)	3,200,000,000	—	

It is interesting to note that the clearings reached a total of a billion dollars for the first time in 1890, and have not since fallen below that figure.

Ten Years' Growth of Banking.

From statements furnished by W. W. Hoxton, manager of the St. Louis Clearing-House Association, the accompanying information was obtained respecting the banking situation in St. Louis ten years ago, and at the present time:

CAPITAL, SURPLUS AND UNDIVIDED PROFITS AND TOTAL DEPOSITS OF THE ST. LOUIS BANKS, DECEMBER 2, 1899.

NAMES.	Capital.	Surplus and Undivided Profits.	Total Deposits.
National Bank of Commerce	$5,000,000.00	$3,286,308.79	$24,345,956.25
Third National Bank	1,000,000.00	276,774.88	10,821,828.23
Merchants'-Laclede National Bank	1,400,000.00	232,990.19	9,465,861.93
Continental National Bank	1,000,000.00	405,485.13	9,503,674.52
Boatmen's Bank	2,000,000.00	822,497.19	8,312,934.33
State National Bank	2,000,000.00	481,223.15	6,588,748.37
Mechanics' Bank	1,000,000.00	572,678.46	5,532,417.10
Fourth National Bank	1,000,000.00	796,601.90	4,633,410.96
German Savings Institution	250,000.00	514,080.67	5,164,602.32
American Exchange Bank	500,000.00	392,078.43	4,199,102.69
German-American Bank	150,000.00	880,609.26	3,636,207.16
Franklin Bank	600,000.00	121,364.62	3,622,864.86
Lafayette Bank	100,000.00	454,667.85	2,544,098.97
Northwestern Savings Bank	200,000.00	91,043.05	1,800,339.08
Bremen Bank	100,000.00	221,709.55	1,340,471.91
International Bank	200,000.00	83,164.38	991,957.68
South Side Bank	200,000.00	51,225.49	777,676.21
Jefferson Bank	100,000.00	36,144.37	444,146.54
Southern Com. and Savings Bank	100,000.00	12,352.11	276,485.71
Total	$16,900,000.00	$9,732,999.47	$104,002,783.82

CAPITAL, SURPLUS AND PROFITS AND TOTAL DEPOSITS OF THE ST. LOUIS BANKS, JUNE 23, 1909.

BANKS.	Capital.	Surplus and Profits.	Deposits.
Boatmen's Bank	$2,000,000.00	$1,709,864.47	$12,928,619.98
Central National Bank	1,000,000.00	35,961.79	7,959,250.21
German-American Bank	1,000,000.00	636,968.40	5,857,359.77
Franklin Bank	600,000.00	674,698.17	6,375,470.87
German Savings Institution	500,000.00	1,332,353.02	9,239,444.41
International Bank	200,000.00	221,107.58	2,715,336.16
Merchants'-Laclede National Bank	1,700,000.00	1,806,673.22	15,261,035.85
National Bank of Commerce	10,000,000.00	8,263,861.64	63,079,356.46
South Side Bank	200,000.00	211,563.89	2,661,476.38
State National Bank	2,000,000.00	776,293.05	10,800,880.11
Third National Bank	2,000,000.00	2,280,392.45	32,338,562.62
Mechanics'-American National Bank	2,000,000.00	3,004,677.78	29,872,222.94
Bremen Bank	100,000.00	517,744.97	2,671,374.99
Cass Avenue Bank	100,000.00	33,885.07	899,963.49
Chippewa Bank	100,000.00	30,219.91	502,155.03
City National Bank	200,000.00	53,479.43	1,066,346.66
Grand Avenue Bank	100,000.00	10,823.48	599,638.30
Jefferson Bank	200,000.00	20,281.22	1,075,645.07
Lafayette Bank	100,000.00	988,903.75	4,444,792.54
Lowell Bank	100,000.00	14,822.78	325,741.88
Manchester Bank	100,000.00	100,783.92	1,066,859.20
Mercantile National Bank	1,500,000.00	526,566.33	3,974,533.70
Northwestern Savings Bank	200,000.00	447,080.97	3,174,677.44
Scruggs-Vandervoort-Barney Bank	5,000.00	2,859.80	203,071.28
Southern Commercial and Savings Bank	100,000.00	131,345.69	1,319,464.91
Union Station Bank	100,000.00	10,915.86	333,877.63
Washington National Bank	200,000.00	14,516.08	953,485.03
Lemay Ferry Bank	25,000.00	8,195.86	233,918.94
First National Bank, Wellston	50,000.00	30,847.78	639,105.07
State Bank, Wellston	50,000.00	14,652.97	283,967.50
Totals	$26,530,000.00	$23,909,341.33	$222,857,634.42

G. W. GARRELS
President Franklin Bank, St. Louis.

CAPITAL, SURPLUS AND UNDIVIDED PROFITS AND TOTAL DEPOSITS OF THE ST. LOUIS TRUST COMPANIES, APRIL 30, 1902.*

	Capital	Surplus and Undivided Profits.	Total Deposits.
Mississippi Valley Trust Co.	$3,000,000.00	$4,335,084.79	$24,542,236.99
St. Louis Union Trust Co.	5,000,000.00	4,007,602.33	21,830,103.84
Mercantile Trust Co.	1,500,000.00	2,179,477.30	8,369,434.81
Lincoln Trust Co.	2,000,000.00	1,633,923.83	4,217,483.09
Commonwealth Trust Co.	1,000,000.00	1,086,507.31	1,541,238.71
Colonial Trust Co.	1,500,000.00	1,521,881.67	1,016,943.59
Missouri Trust Co.	1,927,500.00	286,465.27	806,850.27
Germania Trust Co.	836,730.00	840,047.15	785,598.53
American Central Trust Co.	999,650.00	504,101.91	807,585.29
Total	$17,763,880.00	$16,395,091.56	$63,917,474.12

CAPITAL, SURPLUS AND PROFITS AND TOTAL DEPOSITS OF THE ST. LOUIS TRUST COMPANIES, JUNE 23, 1909.

	Capital.	Surplus and Undivided Profits.	Total Deposits.
Commonwealth Trust Co.	$2,000,000.00	$503,425.96	$1,893,180.96
St. Louis Union Trust Co.	5,000,000.00	6,957,388.56	23,307,666.20
Mercantile Trust Co.	3,000,000.00	6,648,528.19	19,769,246.31
Mississippi Valley Trust Co.	3,000,000.00	5,394,307.32	18,220,118.92
Total	$13,000,000.00	$19,503,650.03	$63,190,212.39

* Reports of the trust companies were not made to the clearing-house prior to this time.

RECAPITULATION OF CAPITAL, SURPLUS AND UNDIVIDED PROFITS AND TOTAL DEPOSITS OF ST. LOUIS BANKS AND TRUST COMPANIES ON DATES NAMED.

	Capital.	Surplus and Undivided Profits.	Total Deposits.
Banks:			
June 23, 1909	$26,530,000.00	$23,909,341.33	$222,857,134.42
Dec. 2, 1899	16,900,000.00	9,732,999.47	104,002,783.82
Increase	$9,630,000.00	$14,176,341.86	$118,854,350.60
Trust Companies:			
June 23, 1909	$13,000,000.00	$19,503,650.03	$63,190,212.39
April 30, 1902	17,763,880.00	16,395,091.56	63,917,474.12
Increase	*$4,763,880.00	$3,108,558.47	*$727,261.73

* Decrease.

PHOTO BY REMBRANDT, ST. LOUIS.

RUFUS J. LACKLAND

President Boatmen's Bank, St. Louis.

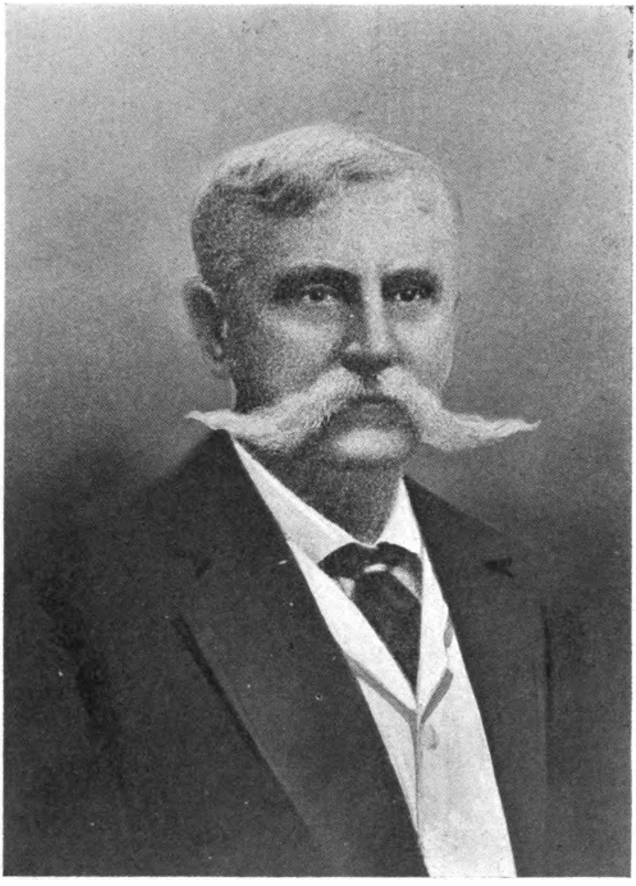
While comparisons of this character have a certain value, they are not to be taken at their face. For example, in these tables, it will be noticed that from 1899 to 1909 the number of banks increased from nineteen to thirty, while the number of trust companies decreased from nine to four. This partly explains why the deposits of the banks have largely increased while the deposits of the trust companies have about stood still. But another fact must be borne in mind. The country is now going through a period of depression, and while this condition tends to swell the bank deposits (particularly those representing out-of-town bank balances), it operates to reduce the deposits of trust companies, especially those representing savings accounts.

The trust company in Missouri is a modern financial institution, the first one in the State having been organized in St. Louis in 1889. For some years thereafter the companies multiplied more rapidly, perhaps, than was desirable, but more recently several consolidations and eliminations have taken place and the trust companies of the city are now among the largest and strongest financial institutions there.

In the last ten years the total deposits of the banks have increased by over $118,000,000 and the combined capital, surplus and profits have increased more than $23,000,000.

Growth as a Central Reserve City.

As St. Louis is one of the three central reserve cities of the United States, sharing that honor with New York and Chicago, a statement of the condition of the St. Louis national banks as reported by the Comptroller of the Currency on December 2, 1899, and on April 28, 1909, should be of interest. Herewith is such a statement:



WM. H. THOMSON
Cashier Boatmen's Bank, St. Louis.

Third National Bank, St. Louis.

CONDITION OF THE NATIONAL BANKS OF ST. LOUIS, AS REPORTED BY THE COMPTROLLER OF THE CURRENCY, DEC. 2, 1899.

RESOURCES.

Loans and discounts	$49,377,450.20
Overdrafts	53,683.93
U. S. bonds to secure circulation	2,970,000.00
U. S. bonds to secure deposits	1,400,000.00
U. S. bonds on hand	3,560.00
Premiums on U. S. bonds	87,206.35
Stocks, securities, judgments, claims, etc.	4,270,937.32
Banking-house, furniture and fixtures	758,000.00
Other real estate and mortgages owned	81,920.85
Due from other National Banks	9,444,677.05
Due from State and private banks and bankers	1,505,883.13
Due from approved reserve agents	....
Checks and other cash items	149,309.39
Exchanges for clearing-house	1,999,869.50
Notes of other National Banks	73,315.00
Fractional paper currency, nickels and cents	2,056.63
Specie	7,816,948.85
Legal-tender notes	3,637,881.00
U. S. certificates of deposit for legal-tender notes	940,000.00
Five per cent. redemption fund	124,200.00
Due from U. S. Treasurer	9,000.00
Total	$84,706,899.30

LIABILITIES.

Capital stock paid in	$11,400,000.00
Surplus fund	2,618,500.00
Undivided profits, less expenses	2,860,884.04
National bank notes outstanding	2,467,035.00
State bank circulation outstanding	....
Due to other National Banks	17,417,791.51
Due to State and private banks and bankers	10,225,396.15
Due to approved reserve agents	....
Dividends unpaid	43,641.00
Individual deposits	36,282,137.81
U. S. deposits	1,375,033.76
Deposits of U. S. disbursing officers	....
Notes and bills rediscounted	....
Bills payable	....
Other liabilities	15,480.03
Total	$84,706,899.30

CONDITION OF THE NATIONAL BANKS OF ST. LOUIS AS REPORTED BY THE COMPTROLLER OF THE CURRENCY, APRIL 28, 1909.

RESOURCES.

Loans and discounts	$124,960,277.74
Overdrafts	41,966.32
U. S. bonds to secure circulation	17,172,290.00
U. S. bonds to secure deposits	907,500.00
Other bonds to secure U. S. deposits	684,060.02
U. S. bonds on hand	512,980.00
Premium on U. S. bonds	178,968.76
Securities, claims, judgments, etc.	9,382,239.83
Banking-house, furniture and fixtures	1,772,385.02
Other real estate and mortgages owned	219,712.96
Due from other National Banks	27,909,633.54
Due from State and private banks and bankers	7,500,149.08
Due from approved reserve agents	....
Checks and other cash items	143,156.83
Exchanges for clearing-house	2,578,124.25
Notes of other National Banks	547,175.00
Fractional paper currency, nickels and cents	9,620.93
Specie	27,089,023.15
Legal-tender notes	5,866,762.00
Five per cent. redemption fund	711,064.50
Due from U. S. Treasurer	222,502.50
Total	$228,409,592.43

LIABILITIES.

Capital stock paid in	$20,600,000.00
Surplus fund	11,950,000.00
Undivided profits, less expenses	5,335,006.78
National Bank notes outstanding	16,914,480.00
State bank circulation outstanding	....
Due to other National Banks	63,769,738.81
Due to State and private banks and bankers	27,201,590.41
Due to trust companies and savings banks	4,454,062.57
Due to approved reserve agents	....
Dividends unpaid	17,337.25
Individual deposits	75,638,695.94
U. S. deposits	1,181,500.46
Deposits of U. S. disbursing officers	....
Bonds borrowed	1,137,386.10
Notes and bills rediscounted	....
Bills payable	....
Reserved for taxes	108,975.00
Other liabilities	100,819.11
Total	$228,409,592.43

From these official reports of the Comptroller of the Currency are derived the accompanying facts regarding the progress of the national banks of St. Louis from December 2, 1899, to April 28, 1909:*

RECAPITULATION OF THE CAPITAL, SURPLUS AND PROFITS, DEPOSITS AND TOTAL RESOURCES OF THE NATIONAL BANKS OF ST. LOUIS—DECEMBER 2, 1899, AND APRIL 28, 1909, WITH INCREASE.

	December 2, 1899.	April 28, 1909.	Increase.
Capital	$11,400,000.00	$20,600,000.00	$9,200,000.00
Surplus and undivided profits	5,479,384.04	17,285,006.78	11,805,622.74
Individual deposits	36,282,137.81	75,638,695.94	39,356,558.13
Bank deposits	27,643,187.66	95,425,391.79	67,782,204.13
Total resources	84,706,899.30	228,409,592.43	143,702,693.13

While no analysis of these figures seems necessary, it may be said that they represent a satisfactory rate and character of growth. The substantial increase of individual deposits indicates enlarged local prosperity, while the large additions to the bank deposits show that St. Louis is growing in importance as a banking reserve center. And concurrently with the enlargement of their liabilities to the public, the St. Louis banks have strengthened their capital equipment, the national institutions increasing their aggregate capital, surplus and undivided profits from $16,879,384.04 on December 2, 1899, to $37,885,006.78 on April 28, 1909.

Here, as in other large cities, a tendency appears to affiliate the business of a trust company with that of a national bank. The Mercantile Trust Company and the Mercantile National Bank are under one roof and one management, and I expect to see this example followed. For local business the trust company form of organization possesses some advantages; but for doing business with out-of-town banks the national bank is the better equipped. Where a national bank and a trust company are combined, they possess the advantages of both forms of bank corporations.

The figures given show that the banking business in St. Louis within the past ten years has grown largely, and the figures, as well as the character of the bankers of the city, justify the statement that it has grown safely. While the trust companies have obtained a large share of the banking business, of savings accounts especially, the national banks appear to be holding their own.

Just now St. Louis is preparing to celebrate the one hundredth anniversary of its incorporation. For the first hundred years of its existence a record of achievement in manufacturing, commerce and all that constitutes the solid and orderly progress of a community can be shown of which any city might well be proud. The business men of St. Louis have shown their capacity to carry forward their enterprises safely and successfully, and have also proved their ability to do great things when occasion requires. In this work they have been sustained by banking institutions as carefully and wisely directed as banks are anywhere.

* The complete report for June 23, 1909, was not available at the time this was written.

BRANCH BANK EXTENSION IN CANADA.

By H. M. P. Eckardt.

According to Houston's Bank Directory, which is the recognized authority on statistics of branch bank establishment in Canada, the chartered banks opened twenty-three new branches in May, 1909, and closed three—the net increase in number of banking offices, therefore, was twenty. At the end of May the total number of branch offices owned and operated was 2,043, of which 938, or a little less than half were located in the single province of Ontario. Quebec had 315; the three Western provinces—Manitoba, Alberta, and Saskatchewan—all combined had 445; British Columbia had 109; Nova Scotia, New Brunswick and Prince Edward Island had 183; and the Yukon District three. The total for Canada was 1,993. In Newfoundland the Canadian banks have five branches, and in the United States, the West Indies, Mexico, Cuba, Porto Rico, Bermuda, and in London, England, they have altogether forty-five more—making up the grand total of 2,043.

Monthly Increases.

The net increase in May was somewhat larger than in the months immediately preceding, as will be seen from the following table covering the five completed months of the current calendar year:

	Branches Opened.	Branches Closed.	Net Inc.
January	13	3	10
February	13	5	8
March	24	9	15
April	15	2	13
May	23	3	20
	88	22	66

Thus, at present, the banking offices are being increased at the rate of slightly over thirteen per month, say 157 per year. During a period of very prosperous trade the pace will be faster, and, as may be supposed, it was slower during the period of extreme depression immediately following the 1907 panic.

At the head offices, and throughout the branch systems of the various banks this department is watched with the closest interest and attention. All the officers and clerks from the general manager down to the juniors clearly understand that in the systematic extension of the network of branches lies the chief chance of building up the resources and power of the bank. They all see, as well, that the more branches are opened by the bank the better are the chances for promotion and increased pay. Therefore, every addition to the list of branches is hailed with great satisfaction by all ranks of the service, not less because it conduces to added power and glory for the bank than because it may mean an immediate step up the ladder of success, an immediate rise in pay.

How Branch Locations Are Selected.

The department is usually run by the general manager. At the head office the officials keep a sharp lookout for places suitable for opening. Competition in planting branches in the new towns springing up along new lines of railway is exceptionally keen. It is especially desired to be the first bank in such a place and early information as to the town site is prized highly. Then, in addition to the look-out kept at head office, all the branch managers are on the watch for suitable places in their respective districts. No matter how small the place may be, if it contributes any business of consequence to a branch located near by, it will be given a branch office if it is thought possible to earn a trifling profit. And if the place is growing, a branch will probably be run at a loss for a while for the sake of the footing to be obtained by an early start.

Meeting the Banks Half-Way.

Occasionally it happens that the business men of a small town are strongly desirous of having banking competition. They may have a bank already, but think it charges too much, or restricts them too severely in their borrowing. In that case they have to choose which of the dozen and a half banks they will approach. If a particular institution has a number of offices in the district and is well and favorably known, that doubtless will be chosen. A deputation of business men will go to the nearest branch and interview the manager or to the head office and see the general manager. They will explain that they want more banking competition and say that if this bank will open a branch there it will do a good business.

The branch manager, or the general manager if it be at head office, will then ask for particulars of the amount of business of all kinds done there—the manufacturers, how much do they borrow? the farmers, how much grain is shipped out annually, how much cheese, butter, etc.? If possible, it is desired to know how much the existing bank has on deposit and how much on loan. Then if it transpires that there is an opening there, the bank officials will take steps that will actually ensure to them a fair share of the business.

Fixing the Conditions.

The general manager may say to the deputation, which, of course, will be composed of substantial business men, "If we open a branch there we will want to be guaranteed a certain amount of business. It won't suit us at all if you people use us merely as an engine or tool to beat down the rates of the other bank, without giving us your custom. Will you yourselves sign an address to us asking us to open and pledging your accounts to us? If you will do that and agree to use your influence on our behalf we will open at once." Quite probably they will acquiesce, and save themselves the trouble of going to another bank on the same errand.

Branches in the Large Cities.

A careful examination of the list of new branches established shows them to be in all sorts of places. Thus a considerable number represent new offices opened in the large cities. The large banks spread their offices into every part of the big cities. Toronto has over one hundred; Montreal has about the same. One bank has fourteen branches in Toronto, another eleven. In Winnipeg, Ottawa, Calgary, Hamilton, Vancouver, and the other larger cities also there are branches spread into all business sections and into the residential parts as well. Then the smaller cities and towns are constantly getting fresh competition through the establishment in them of offices by banks that were not previously represented. But the bulk of the new offices go into the small hamlets of 200 population and upwards. Quite often buildings are erected in them that quite outclass anything previously existing.

Competition Is Keen.

The branches shown in the tables as closed represent establishments in small places which failed to pay expenses after a trial. Usually the bank officers come to the conclusion that the prospect of growth or of increased business are poor. The closing of a branch, however, does not always mean that the locality is not expected to prosper. Sometimes it happens because the bank that closes was not able to get any kind of a foothold, or any share of the business held by a well established and popular rival.

HIGH SCHOOL BANK A SUCCESS.

STRATFORD, which has the distinction of having the only real high school bank in Iowa, has decided to continue the business through the summer months. Miss Clarice Swedlund has been elected cashier. Upon the closing day of school the bank had been operated sixty-four school days. It had sixty-six depositors and there was $250.59 on deposit. Stratford had but 600 population. Superintendent Remsburg, who originated the idea of the bank, urged the depositors to earn the money deposited. Depositors carry regular printed checks, and the business is conducted in the same manner as by large banking institutions.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

IRREGULAR INDORSERS — NEGOTIABLE INSTRUMENTS LAW.

WALKER vs. DUNHAM, ET AL.

ST. LOUIS COURT OF APPEALS, JAN. 26, 1909.

The rule which formerly prevailed in Missouri, that a person not the payee indorsing a note before delivery is to be deemed a joint maker, was abrogated by the Negotiable Instruments Law.

The statute applies to a note made and delivered after the statute took effect, though given as a renewal of a note made before that time.

THIS action was brought upon a note in the following form:

"Rolla, Missouri, July 13, 1906.

"One year after date for value received, I promise to pay to the order of J. Ellis Walker, one hundred and ten dollars, at the National Bank of Rolla, with interest from maturity at the rate of eight per cent. per annum.

"Alonzo Dunham."

On the back of this note appeared the signatures of John W. Cooper, J. A. Watson, Wm. J. Salts, A. B. Hale, David E. Cowan, O. P. Margedant.

The defendant Dunham made no answer, but the others defended upon the ground that there had been no presentment of the note for payment and no notice of dishonor given to them.

At the conclusion of the evidence the appellants asked the court for the following declaration of law: "Under the provisions of section 63, p. 251, Acts 1905, a person who places his signature upon the back of a note is deemed to be an indorser unless he clearly indicates his intentions to be bound in some other capacity, and is not liable upon the note unless the same is duly presented, demand of payment made thereon of the maker, protested for non-payment, and notice thereof given; and in this case it appearing that the defendants only signed the note by placing their names on the back thereof, and gave no indication of being bound otherwise than indorsers, and no demand, protest, or notice of non-payment being shown, the finding should be for the defendants." The court refused this declaration and appellants duly excepted.

Thereupon the court of its own motion gave the following declaration of law: "Prior to the passage of the act of 1905, regarding negotiable instruments, a person who wrote his name on the back of a note before delivery, of which he was neither the payee or indorsee, was held prima facie to be a maker, and not an indorser. The mere signing the note on the back imports that he was a maker. He could show by extrinsic evidence that he was an indorser only, but the signature itself made him a maker. Section 63, p. 251, Acts 1905, provides that 'A person placing his signature on an instrument other than as maker is deemed to be an indorser unless he clearly indicates by appropriate words his intention to be bound in some other capacity.' There is no significance given by this section as to where he signs it.

"If the Legislature had intended by this section to make a person who signed on the back of a note an indorser, it could have done so with fewer words than were used and in unmistakable terms. While it is true that the courts usually adopt the construction of a law that has been given it by the courts of a State from which it is adopted, this rule should be subject to the limitations of our own laws existing at the time of the passage of the act. At the time of the passage of this act a person who signed his name on the back of a note, as these defendants have signed, was a maker. The meaning of the term 'maker,' as used in section 63, should be construed by our laws existing at the time. Repeals or change of laws by implication are not favored, and it is a settled rule that the prior law is to be upheld if the two acts can subsist together.

"To supplant an existing law, a subsequent statute must be clearly repugnant thereto. As section 63 does not change the law then existing as to who are makers of notes, and as these defendants would be makers under the law existing at the time of the enactment of said section, they are still makers, and no protest or notice of nonpayment was necessary to make them liable on the note."

Reynolds, *P. J.:* The two questions for determination in this case are, first, whether section 63 of the act of the General Assembly of this State, approved April 10, 1905 (Laws 1905, p. 251 [Ann. St. 1906, § 463]), known as the "Negotiable Instruments Act," abrogates the rule, theretofore announced by our courts, that persons not payees in the bill, indorsing their names on the back of it, were prima facie joint makers; and, second, whether, if the negotiable instruments act does change the law as theretofore declared by our courts, in this respect the provisions of this new act apply to this note made July 13, 1906, in renewal of a note for the same amount made July, 1903. It is to be observed that, prior to the passage of the negotiable instruments act of 1905, we had no statutory law on the subject, our law governing it resting upon the decisions of our courts under their construction of the "law merchant."

Our negotiable instruments act of April 10, 1905, is entitled "An act relating to negotiable instruments, to revise and codify the law concerning the same and to establish the law uniform with that of other States on the subject." Section 195 of the act (Ann. St. 1906, § 463) declares that its provisions do not apply to negotiable instruments made and delivered prior to the passage thereof. Section 196 declares that any case not provided for in the act shall be governed by the rules of the law merchant, and section 197 repeals all acts and parts of acts inconsistent with the act. In 1842 the question as to whether a person not the indorsee or payee, but writing his name on the back of the note in blank, is to be held as maker and may be sued as an original promisor, whether the note is negotiable like an inland bill of exchange or not, came before our Supreme Court and was determined in the case of Powell et al vs. Thomas, 7 Mo., 440, 38 Am. Dec., 465. Judge Scott, who delivered the opinion, states that it is a case of first impression in that court, and that it must be admitted it is not without its difficulties. But following Moies vs. Bird, 11 Mass., 440, 6 Am. Dec. 179, and Baker vs. Briggs, 8 Pick. (Mass.), 122, 19 Am. Dec. 311, as well as the New York courts our Supreme Court held, in this Powell case, that the person so indorsing a promissory note in blank is a joint maker. This has been followed by our Supreme and Appellate Courts without question from that time on. The latest decision that has come to our attention, made prior to the enactment of the law of 1905, being that of First National Bank of Kansas City vs. Guardian Trust Co., reported in 187 Mo., 494, 86 S. W. 109, 70 L. R. A.

79, decided by the court in banc, and which, at page 519 of 187 Mo., at page 115 of 86 S. W. (70 L. R. A. 79), cites Powell et al. vs. Thomas, *supra,* and the cases following that in support of the rule.

As was true in the Powell case as to the question then before our Supreme Court, being one of first impression in that court, so also is this question in this case, now before us, under the negotiable instruments act, so far as we are aware, one of first impression before any of our appellate courts.

It is a matter of common knowledge to the profession that there was no uniformity of decision on this proposition among the courts of the several States, some following one rule, others another. As we have seen, our Missouri courts followed those of New York and Massachusetts in adopting the old rule. Both of these States, along with more than thirty other States of the Union, have adopted this negotiable instruments law, all substantially in the same language as contained in the one adopted by our State. In point of fact, it is a matter of common knowledge that this law is the result of the labors of the members of the American Bar Association to produce uniformity between the laws of the different States concerning negotiable instruments, and members of that association have taken up the matter before their respective State Legislatures and secured the adoption of this law by those States. This section of the law has been before the appellate courts of New York and Massachusetts, the decisions of whose courts, as we have seen, were accepted in 1842 by our Supreme Court in fixing the rule of our State; and it has also been before the appellate courts of several other States, in which States the rule adopted in Missouri had prevailed, and in all of them it is recognized that the one prominent motive which led to the enactment of this law was the desire to establish a uniform law on the subject of negotiable instruments throughout the United States. Wherever these acts have received judicial interpretation, this purpose has been recognized; in fact, that purpose is set forth in the very title of the act itself. It is stated to be "to establish and codify the law concerning negotiable instruments and to establish a law uniform with that of other States on the subject." In all the courts of the States before which this law has come under consideration, it has been held that the law, and especially what are sections 63 and 64 of our law, has changed the rule of decision theretofore in force in those States. The latest case that has come to our attention on the subject is that of Rockfield et al. vs. First National Bank, 77 Ohio St., 311, decided December 17, 1907. This was a case in the Supreme Court of Ohio, on error to the Circuit Court of Clark County. The decision of the Circuit Court of Clark County, reported 28 Ohio Cir. Ct. R., 720, is correctly cited by the industrious counsel for respondents as holding that the negotiable instruments act does not change the former rule as to the liability of parties signing on the paper who were neither makers nor payees thereon. The learned counsel, however, were doubtless not aware of the fact that the decision of the Circuit Court in this very case was reversed by the Supreme Court of Ohio, in 77th Ohio St., *supra,* and the sections here under consideration, namely, sections 63 and 64, were held by that court to have abrogated the rule theretofore in force in that State. All the questions concerning the effect of this new law on the old rule are so fully discussed and the authorities so thoroughly collated in this Ohio Case that we consider it unnecessary to go into an elaborate discussion of the subject, it being sufficient to say that the view taken by the Supreme Court of Ohio of this particular provision, in holding that it abrogates the rule formerly in force, seems to us the correct view. Decisions to the same effect have been rendered by the courts of other States which before the act had held to the rule prevailing in this State, and these sections 63 and 64, or similar ones, have been held to revoke the rule formerly prevailing in their States by the Supreme Court of Rhode Island, in Downey vs.

O'Keefe, 26 R. I., 571; by Massachusetts, in Thorpe vs. White, 188 Mass., 333, and Bank vs. Law, 127 Mass., 72, and Toole vs. Crafts, 193 Mass., 110; by North Dakota, in Farquhar Co. vs. Higham, 16 N. D., 106; by New Jersey, in Gibbs vs. Guaraglia, 67 Atl., 81, and Wilson vs. Hendee, 66 Atl., 413; by Florida, in Baumeister vs. Kuntz, 53 Fla., 340; by New York, in Far Rockaway Bank vs. Norton, 186 N. Y., 484; by Iowa, in Vander Ploeg vs. Van Zuuk, 135 Iowa, 359.

In Far Rockaway Bank vs. Norton (decided December 21, 1906), the Court of Appeals of New York, at page 485 of 186 N. Y., says: "The note was given in renewal and to take up an earlier note also indorsed by the defendant. To establish the fact that the defendant had indorsed the note with the purpose of giving the maker credit with the payee, proof was given tending to show that, default having been made in the payment of the earlier note, notice of protest thereof was given to the defendant. It is urged that the evidence as to the protest of the earlier note was not of a proper character. It is unnecessary to consider this question, for since the enactment of the negotiable instruments law (Laws 1897, p. 719, c. 612) the law obtaining in the case of such indorsements as that made by the defendant has been radically changed. Prior to that time the indorser was presumed to be a second indorser and not liable to the payee, though it was competent for the payee to prove *aliunde* that the intention of the indorser was to give the maker credit with the payee (Bacon vs. Burnham, 37 N. Y., 614; Coulter vs. Richmond, 59 N. Y., 478). Section 114 of the negotiable instruments law (Laws 1897, p. 734, c. 612) prescribes a different rule. It is enacted that: 'Where a person, not otherwise a party to an instrument, places thereon his signature in blank before delivery, he is liable as indorser in accordance with the following rules: (1) If the instrument is payable to the order of a third person, he is liable to the payee and to all subsequent parties.' This note was made in December, 1898, and, therefore, the proof offered by the plaintiff was not necessary to maintain its cause of action, and the error, if error there was, was immaterial."

This section 114 of the New York law is identical, in substance, with section 64 of our negotiable instruments law, and section 113 of the New York law is the same as our section 63. Following the construction placed on the effect of these sections, as changing the old rule, by the courts of New York and Massachusetts from which we obtained our old rule, and the courts of the other States named in which that rule also prevailed, we hold sections 63 and 64 of our negotiable instruments law abrogate the rule heretofore in force in our State as to the liability of parties on negotiable instruments. The law of 1905 was in force at the time the note in controversy was executed, and, governed by the provisions of that law, the appellants here, except the maker of the note, Alonzo Dunham, are liable on the note as indorsers and not as joint makers. We are led to this view of the case not only by the weight of authority and the plain reading of our own law, but by the further consideration that the change in the law made by the negotiable instruments act in this respect is eminently a wise one. We agree with the statement made by a commentator on this law (Crawford's Annotated Negotiable Instruments Law, 3d Ed.), where he says in a note to his section 114, at top of page 84, that "when a plain man puts his signature on the back of a negotiable instrument he ordinarily understands that he is becoming liable as an indorser; and if he puts it there before the instrument is delivered, he usually does so for the purpose of giving the maker or drawer credit with the payee or other person to whom it is negotiated."

We are further led to hold these sections as abrogating the former rule for the reason that to do otherwise would be to separate our State from all the great commercial States in the Union on this matter of commercial law, a matter of vast importance to all our people. To hold that these sections, particularly section 63, did not govern in our State because, before its enactment, our courts had held otherwise, would be to perpetuate that very confusion and dissimilarity between our law merchant and that of the other great commercial States, to obviate which is stated in the title of the act itself is one of the objects of its enactment. Missouri is too important a State, in her great commercial, industrial, and mercantile interests, to be fenced off from the other great States of our Union by a construction that would leave her people vexed with the very trouble her lawmakers were endeavoring, and, as we think, successfully, to end.

It appears in the opinion of Chief Justice Cullen, in Far Rockaway Bank vs. Norton, supra, that the note in suit was given in renewal and to take up an earlier note, also indorsed by the defendant, but that the note in suit was made after the enactment of the negotiable instruments law, and the Court of Appeals of New York held in that case that the negotiable instruments law, having been adopted prior to the making of the renewal note, controlled it. This is a recognition of the general common-law rule that the payment of a debt by a note extinguishes the debt (Byles on Bills [Sharswood's, 7th Ed.], pp. 240, 390). To the same effect, also, see 2 Daniel's Negotiable Instruments (5th Ed.), §§ 1266 and 1267, in which latter work, however, the rule as to payment of one note by another is correctly said to rest chiefly in the intention of the parties to the transaction. In the case at bar the old note, according to the undisputed testimony, was given up by the holder to the maker when the new note was executed and delivered. That extinguished the old note. While there is conflict in the cases as to the effect of renewals, all hold, so far as we are aware, that if the intent is to extinguish the one by the other, then the renewed note is treated as a new transaction on a new promise. Furthermore, in the note under consideration, two new indorsers, in addition to those who had been on the first one, appeared, and it was in law a new contract with different parties.

In the brief filed in this case, the argument is made that if section 63 of the negotiable instruments act is held to apply to the note in suit, then, as the first note was given prior to the enactment of the negotiable instruments law of 1905, to change the rights of the parties to that note by this new law is an impairment of the obligations of the contract and unconstitutional. If that question had been properly raised on the record in this case, we would have no jurisdiction over this case; but such a question cannot be injected into the record by brief and for the first time before this court. Furthermore, holding that the old debt was extinguished by the new one disposes of that proposition as made in the brief and in the instruction. The declaration of law asked by appellants was substantially correct; those given by the court are, for the reasons above set out, erroneous.

The judgment is reversed, and the cause remanded. All concur.

SUIT UPON CHECK—RIGHT OF BANK TO SUE ANY OF THE PARTIES THERETO.

CHOTEAU TRUST & BANKING COMPANY vs. SMITH, ET AL.

COURT OF APPEALS OF KENTUCKY, APRIL 21, 1909.

A bank which has become the holder of a check in good faith may sue any or all of the parties thereto at its election.

This right is not affected by any custom among bankers to look to the indorser of a dishonored check, if he is solvent, rather than to the maker.

On October 31, 1906, C. T. Smith gave to H. B. Kinsolving a check for $380 on the Deposit Bank of Sadieville, Ky. Kinsolving indorsed the check to J. B. Dunn, and Dunn indorsed it to the Choteau Trust & Banking Company. The check when presented for payment was protested by the direction of Smith, and the Choteau Trust & Banking Company brought this suit against Smith to recover on the check in the Scott circuit court. W. A. Hinton on his petition was made a party defendant to the action. He and Smith in defense of the suit charged that the check had been obtained by fraud, and denied that the bank was a bona fide holder for value. By an amended answer they pleaded that the bank was fraudulently conniving with Kinsolving and Dunn to assist them in collecting the check and to use the name of the bank as plaintiff for the fraudulent purpose of preventing them from relying upon their defenses to the paper as against the original payee. The case was heard before a jury, who entered a verdict in favor of the defendants. Judgment was entered on the verdict, and the plaintiff appealed.

In October, 1906, the Howey Realty & Financing Company had a sale and drawing of lots at Choteau, in Indian Territory, and ran an excursion from Lexington, Ky., out to the drawing; the realty company paying the expenses of any person who bought ten lots at $45 each. Kinsolving was an agent of the company. Smith and Hinton were on the train. On the way out Kinsolving persuaded Hinton to buy ten lots. His traveling expenses were deducted from the amount the lots cost, and Hinton then got Smith to give Kinsolving his check for $380, as Hinton was in some doubt that he had this much to his credit in bank. When they got to Choteau, and Hinton saw the lots, he became dissatisfied and demanded the return of his check. In the meantime, however, Kinsolving had indorsed the check to Dunn, and Dunn had indorsed it to the plaintiff. When Kinsolving refused to return the check, Smith telegraphed the bank at Sadieville not to pay it, and for this reason the check was not paid when it finally reached there.

Upon the trial the defendant called a number of Kentucky bankers who testified that by the usual course of banking, when a check which has been received is dishonored, the bank would look to the person who had indorsed the check to pay it, if he was solvent, rather than to the maker.

Hobson, *J.:* It is evident from the proof that the bank was a holder of the check for value; but it is insisted that its not looking to Dunn for the money, and insisting on collecting it from Smith, is evidence that it is no longer a holder of the paper for value, and that the suit is brought under an arrangement with Dunn to defraud Smith and Hinton, by depriving them of their right to show the check was obtained by fraud. Section 3720b, subsecs. 51, 52, 56, 57, Ky. St. (Russell's St. §§ 1920, 1921, 1925, 1926), provides as follows:

"The holder of a negotiable instrument may sue thereon in his own name, and payment to him in due course discharges the instrument." Subsection 51.

"A holder in due course is a holder who has taken the instrument under the following conditions: (1) That the instrument is complete and regular upon its face. (2) That he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact. (3) That he took it in good faith and for value. (4) That at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it." Subsection 52.

"To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith." Subsection 56.

"A holder in due course holds the instrument free from any defect of title of prior parties and free from defenses available to prior parties among themselves, and may enforce payment of the instrument for the full amount thereof against all parties liable thereon." Subsection 57.

As the plaintiff is a holder in due course, it has a legal right under the statute to enforce payment of the instrument for the full amount of it against all parties liable thereon. When the plaintiff has the right to sue all or any of the makers of an instrument at his election, the person who is sued cannot complain that others equally liable are not sued. If six persons sign a promissory note, and the payee sues one of them, he cannot complain that suit was not brought against the other five. The exercise of a legal right cannot be made the basis of a defense to an action. If Dunn is good, and Smith has to pay this check to the bank, he can then sue Dunn for the money which he has paid; but he cannot demand of the bank that it shall forego its action against him, and bring an action against Dunn before it requires him to pay the debt. The purpose of the statute is to give the holder of the paper an election as to whom he will sue. A large part of the business of the country is done on checks. Checks are taken as money, and pass from hand to hand as such, because it is understood that an innocent holder can enforce payment against the maker without regard to any defense he may have against the payee; but if the rule were laid down that the banks who cash checks must in the first place look to the indorser, or that their failure to look to the indorser is evidence of a fraudulent conspiracy, the whole value of checks for commercial purposes would be destroyed, and the manifest intention of the statute would be defeated. We had a similar question before us in Sabel vs. Planters' Bank, 110 Ky., 299, 61 S. W., 367. The bank there had cashed a draft to which a bill of lading was attached as security. The drawee refused to accept the draft and then undertook to attach the goods covered by the bill of lading, insisting that the bank was not a holder for value and was only prosecuting the suit to cut off his defense against the drawer. It was held that the attachment could not prevail. To hold that the failure of the bank to follow the custom of looking to the indorser is evidence of a fraudulent conspiracy with him to defeat the equities of the maker would be to require the bank to follow the custom in order to be safe in its suit, and the result in the end would be practically to deny to it the right to look to any or all of the parties at its election. The statute is only declaratory of the common law and the rule heretofore in force in this State: "A bona fide holder for value of negotiable paper is one who has acquired title in the usual course of business, for a valuable consideration, in good faith, from one capable of transferring it or from one in possession of the paper with an apparent right to transfer it and without notice or knowledge of defenses or circumstances which should put him on inquiry." 7 Cyc., 924. "Defenses available against the real party in interest may be set up, although the action be brought by a nominal party." 8 Cyc., 25. "The real party in interest is the person beneficially entitled to the proceeds of the bill or note. As a rule, the holder is presumptively the owner, and as such is the real party in interest and entitled to bring suit." 8 Cyc., 69. "At common law the holder of a bill might bring several simultaneous actions against all or any of the prior parties liable to him. He could not, however, maintain a joint action against parties severally liable. By statute in many of the United States, in England, and in Canada the holder of a bill of exchange or promissory note may bring suit against the drawer or maker, acceptor or indorser, any or all, in the same action." 8 Cyc., 92.

If the purchaser of the paper is a bona fide holder for value when he acquires it, he may enforce the payment of the paper, unless the defendant pleads and shows that he is not the real party in interest. If the defendant here had pleaded and shown that the bank had no actual interest in the collection of the note, or that it was simply bringing the action in its own name for the benefit of Dunn, who had already paid back to it the money it had paid him, the principle relied on by counsel would apply; but there was an entire failure to establish anything of this sort, and, on the conclusion of the evidence, the court should have instructed the jury peremptorily to find for the plaintiff.

Judgment reversed, and cause remanded for further proceedings consistent herewith.

STOPPING PAYMENT OF DRAFT —RIGHT AS AGAINST BANK WITH WHICH PAPER DEPOSITED.

MURCHISON NATIONAL BANK vs. DUNN OIL MILLS COMPANY.

SUPREME COURT OF NORTH CAROLINA, MAY 21, 1909.

Where paper is transferred to a bank by restrictive indorsement, as "for deposit" or "for collection," the instrument is taken and held by the bank as agent for the indorser and for the purpose indicated, and subject to the right of the indorser to arrest payment or divert the proceeds in the hands of any intermediate or sub-agent who has taken the paper for like purpose and affected by the restriction.

The drawer of a draft, by appropriate words appearing upon the paper, or by agreement outside of the instrument may likewise restrict his obligation, and retain the right to arrest payment. This right is not affected by the fact that the amount of such drafts are usually entered subject to check, where it is shown to be the custom or agreement to charge back such amount against the depositor in case the paper is not paid on presentation.

Where the restrictive nature of the indorsement appears upon the paper, this right can be made effective in the hands of any holder, and through any number of subsequent indorsements; but where it arises by reason of extraneous facts, it can be made available as between the original parties and subsequent indorsers who take for collection only, or who take with notice of the original restrictive agreement.

On February 4, 1904, the defendant company drew a draft as follows:

"$286.00. Dunn, N. C., February 4, 1904. Dunn Oil Mills Company. Three days sight pay to the order of Merchants' & Farmers' Bank, Dunn, N. C., two hundred and eighty-six and 00-100 dollars. Invoice No. 1072. January 13, 1904. Value received and charge the same to account of Dunn Oil Mills Company. McD. Holliday, Treasurer. To C. R. Adams & Co., Four Oaks, N. C. No. 576."

Across the face, at the end, were the words: "No protest. Tear this off before presenting"; and also on the face were stamped the words, "Cash item. Do not hold. If not paid on presentation return at once." On the back were the words, "Pay to the order of any bank or banker. Merchants' & Farmers' Bank, Dunn, N. C. V. L. Stephens, Cashier." This paper was drawn pursuant to a custom and understanding between defendant company and the Merchants' & Farmers' Bank of Dunn that the amount was to be entered subject to check, and charged back in case same was not paid or collected. This draft, so indorsed, was forwarded to plaintiff bank on February 4, and entered as cash item to credit of Merchants' & Farmers' Bank, subject to check.

There was evidence, on the part of plaintiff, tending to show that, under this indorsement, the plaintiff bank became the owner outright of the draft, and the holder of same in due course. There was also evidence, on the part of defendant, tending to show that the draft was forwarded to plaintiff bank for collection, and under an arrangement that same was to be charged back against the Merchants' Bank in case same was paid or collected. The evidence further tended to show: That the Merchants' & Farmers' Bank, the original payee of the draft, failed on or about February 9, 1904, owing the defendant company a large balance, over $6,000, and that at the time this indorsement to plaintiff bank was made, and during the entire period covered by this transaction, the Merchants' & Farmers' Bank was largely indebted to plaintiff bank, to the amount of some thousand dollars, and was so indebted at the time of the failure; that C. R. Adams & Co., the drawee, was indebted to the defendant to the amount of the draft, and payment of same was stopped by defendant after failure of Merchants' & Farmers' Bank, and amount was recharged to Adams on May 29, 1904.

On issues submitted, the jury rendered the following verdict: "(1) Is plaintiff the owner of the draft is sued upon? Answer: Yes. (2) What amount, if any, is the defendant indebted to plaintiff on account of draft sued on? Answer: $286." There was judgment on the verdict for plaintiff, and defendant excepted and appealed.

Hoke, *J.:* Where a draft or bill is

transferred to a bank by restrictive indorsement as "for deposit" or "for collection," the instrument is taken and held by the bank as agent for the indorser and for the purpose indicated and subject to the right of the indorser to arrest payment or divert the proceeds in the hands of any intermediate or subagent who has taken the paper for like purpose and affected by the restriction. Boykin vs. Bank, 118 N. C., 566; Bank vs. Hubble, 117 N. Y., 384; Balback vs. Frelinghuysen (C. C.), 15 Fed., 675; Tyson & Rawles vs. Bank, 77 Md., 412. And the drawer of a draft, who ordinarily stands towards subsequent parties as a general indorser, may by appropriate words appearing upon the paper, or by agreement dehors the instrument, and as to persons affected with notice, likewise restrict his obligation, and retain the right to arrest payment. Eaton & Gilbert on Commercial Paper, p. 405, and note 7. And this right of the indorser, or drawer, is not affected by the fact that the amount of such drafts are usually entered subject to check, where it is shown to be the custom or agreement to charge back such amount against the depositor in case the paper is not paid on presentation, or deduct the same from the next deposit. This doctrine is illustrated and well sustained in the opinion of this court in Packing Co. vs. Davis, 118 N. C., 548, in which it was held as follows: "(1) A negotiable instrument deposited in a bank, indorsed 'for collection,' remains the property of the depositor, and the same rule holds when the written indorsement appears unrestricted; but, as a matter of fact (evidenced by express collateral agreement or a tacit understanding to be reasonably inferred from the course of dealing between the bank and its depositor), the instrument is taken by the bank, not as a purchase, but for collection simply. (2) The fact that a bank has given a depositor credit for the amount of a negotiable instrument, regularly indorsed, is not conclusive evidence that the bank had purchased the paper and was not a mere bailee thereof. (3) When a bank habitually credits a depositor's account with negotiable instruments indorsed to it by depositor, giving permission to the depositor to draw against such credits, but charges up to the depositor all such papers as are not paid on presentation, or deducts such items from the next deposit, such a course of dealing stamps the transaction, with reference to the title to instruments so indorsed, as being unmistakably a bailment for collection simply, and no greater title is vested in the bank."

Where the restrictive nature of the indorsement appears by proper entry upon the paper, this right of the drawer or indorser, so clearly stated in this opinion, can be made effective in the hands of any holder, and through any number of subsequent indorsements for, as said by Knowlton, J., in Freemans Bank vs. Natural Tube Works, 151 Mass., 417. "An unbroken succession of such indorsements would indicate that each indorser was acting by direction of the next preceding indorser, who was himself an agent of the owner for whom the collection was to be made." And where it arises by reason of facts dehors the instrument, it can be made available as between the original parties and subsequent indorsees who take for collection only, or who take with notice of the original restrictive agreement, unless and until the instrument is acquired by a holder in due course. Where, however, the rights of a restrictive indorsee or drawee of a draft must rest in facts dehors the instrument, and the draft has been drawn in the usual form for circulation as a negotiable instrument, and has been acquired by a "holder in due course," such drawee or indorsee may be held responsible to such holder, for though his agent for collection or deposit, as the case may be, has exceeded his power, he has acted within the apparent scope of his authority, and this on the recognized principle "that, when one or two persons must suffer by the fraud or misconduct of another, he first who reposes the confidence or by his negligent conduct makes it possible for the loss to occur must bear the loss." Rollins vs. Ebbs, 138 N. C., 140; Railroad vs.

Kitchin, 91 N. C., 39; Vass vs. Riddick, 89 N. C., 6. And see Ditch vs. Bank of Baltimore, 79 Md. 192.

In the case before us, and under the principles stated, the right of defendant to arrest the payment of this draft as against the Merchants' & Farmers' Bank of Dunn is clear. There is also abundant testimony on the part of defendant tending to establish such right against the plaintiff bank, the Murchison National Bank of Wilmington. There was evidence, however, on the part of plaintiff, tending to show that plaintiff bank acquired and holds this draft as purchaser for value and without notice; the existing indebtedness constituting value by express provision of statute. Revisal 1905, § 2173; Manufacturing Co. vs. Summers, 143 N. C., 103. See evidence of J. V. Grainger, Record, p. 18. The case then was properly made to depend on the question thus presented—whether plaintiff was the holder of the draft in due course—and this question the jury have resolved in plaintiff's favor. Under a full and comprehensive charge, every position available to defendant on the testimony, and under these authorities was submitted for consideration, and we find no reversible error in the record.

ACCOMMODATION NOTE—TRANSFER AFTER MATURITY—LIABILITY OF MAKER.

MARLING vs. JONES, ET AL.

SUPREME COURT OF WISCONSIN, FEB. 16, 1909.

The mere fact that an accommodation note was transferred by the party accommodated after due to a holder for value does not permit the accommodation maker to defeat recovery at the suit of a holder for value, merely upon the ground that the note was accommodation paper and without consideration moving to the maker.

THIS action was brought to foreclose a mortgage. The findings established that on September 21, 1898, Everett H. Jones executed his promissory note for $2,000 payable two years after date to the order of Henry Herman, and as security for the note executed a mortgage to Herman upon certain lots in Milwaukee.

Jones executed and delivered this note and mortgage to Herman, with the understanding that Herman would negotiate the same and raise money thereon, but Jones received no consideration, and the note and mortgage were executed by him merely for the accommodation of Herman. June 2, 1901, Jones conveyed the mortgaged premises subject to this mortgage of $2,000 to one Raymond, the confidential agent for Herman, who was acting for the latter in all the transactions, and the note and mortgage were afterward transferred to the plaintiff.

TIMLIN, *J.* (omitting part of the opinion): Was the action properly dismissed as to Jones? No consideration moving to the accommodation maker is necessary to uphold an accommodation note. The very name of the paper suggests this. The consideration in such case which supports the promise of the accommodation maker is that parted with by the person taking the accommodation note and received by the person accommodated. Nor is it any defense by the maker of an accommodation note that the taker other than the person accommodated, whether indorsee or transferee for value, knew before and when he took the note that the accommodation maker received no consideration.

This would be merely showing that such taker, indorsee, or transferee knew that it was an accommodation note. If this were sufficient to defeat the note, there could be no such thing as accommodation paper, except in cases of ignorance of this fact on the part of the taker, indorsee, or transferee, and this would be contrary to common experience, and avoid many of the daily transactions in banking and other branches of business. Section 1675-55, vol. 3, Sanborn's Supp. 1906 to St. 1898. But the accommodation note in question was transferred by the party accommodated, namely, the payee therein, after it became due. Does this circumstance permit the accommodation maker to avoid the note on the ground that he received no consideration?

If the effect of a transfer, after due, is merely to leave the transferee subject to notice or knowledge of the true circumstances attending the execution of the note in question, and for this reason subject him to defenses, then, as actual knowledge that the note was accommodation paper would be no defense by the accommodation maker as against the transferee for value from the party accommodated, it would seem that it could make no difference in the liability of the accommodation maker upon this ground whether the note was transferred before or after due. Aside from this imputed notice or knowledge, or actual notice or knowledge, it is not true that the taker for value from the party accommodated stands in the shoes of the latter. The difference between them is that one has parted with value for the note and the other has not. In neither case has the maker received a consideration moving to him. So that between the party accommodated and the accommodation maker there is no consideration parted with or received by either, while between the transferee for value and the accommodation maker there is a consideration moving from the former at the instance of the latter sufficient to support the contract.

There is considerable conflict among the decisions on this point, and those text-writers who profess to have made a thorough examination of the cases seem to incline to the belief that the weight of authority upholds the view that the transferee of accommodation paper after due may enforce the same against the accommodation maker (Joyec on Defenses to Commercial Paper, § 282 [A. D. 1907]; 1 Dan. Neg. Instruments [5th Ed.], § 726 [A. D. 1903]; 2 Randolph, Comm. Paper [2d Ed.], § 677 [A. D. 1899]; Story, Prom. Note [7th Ed.], § 194 [A. D. 1878]; 2 Parsons, Notes & Bills, p. 29 [A. D. 1865]; Mersick vs. Aderman, 77 Conn., 634; Black vs. Tarbell, 89 Wis., 390; 1 Am. & Eng. Ency. Law, 364).

The uniform Negotiable Instrument Law (Sanborn's St. Supp. 1906, §§ 1675-1684-7) enacted by the Legislature of this State, and in like manner adopted by thirty-four States of the Union, and by Congress for the District of Columbia, in the effort to bring about more uniformity of decision regarding these instruments of commerce, appears to distinguish between a holder for value and a holder in due course. Brannan on the Negotiable Instruments Law (A. D. 1908); Bunker on the Negotiable Instruments Law (A. D. 1905). Section 1675-55, Sanborn's St. Supp. 1906 to St. 1898, defines who is an accommodation party, and provides that such party is liable on an instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party. Section 1675, Sanborn's St. Supp. 1906, defines "holder" to mean the payee or indorsee of a bill or note who is in possession of it, or the bearer thereof, and defines "value" to mean a valuable consideration.

On the other hand, a holder in due course is defined in section 1676-22, Sanborn's St. Supp. 1906, to be one who has taken the instrument under the following conditions: (1) That it is complete and regular upon its face; (2) that he became the holder before it was overdue, and without notice that it had been previously dishonored, if such was the fact; (3) that he took it in good faith and for value; (4) that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it; (5) that he took it in the usual course of business.

In the hands of a holder otherwise than in due course such note is subject to the same defenses as if the notes were not negotiable. Section 1676-28, Sanborn's St. Supp. 1906. A negotiable instrument is discharged by the payment in due course by the party accommodated. It is not discharged by payment by a party secondarily liable thereon, but remits such party to his rights against him primarily liable (section 1679-2, Sanborn's St. Supp. 1906), except where it is made for accommodation and paid by the party accommodated (Id.). On the other hand, there are the cases of Chester vs. Dorr, 41 N. Y., 279; Peale vs. Addicks, 174 Pa., 543; Bacon vs. Harris, 15 R. I., 599; Battle vs. Weems, 44 Ala., 105, and Simons vs. Morris, 53 Mich., 155. See, however, in Alabama the later case of Connerly vs. Planters' & Mer. Ins. Co., 66 Ala., 432; in Michigan the later case of Warder et al. vs. Gibbs, 92 Mich., 29.

No doubt there exists a class of defenses in favor of the accommodation maker of negotiable paper which may not be urged in cases where the note is fair on its face and negotiated in due course before due to a purchaser for value, without notice or knowledge of any infirmity, but which might be urged in favor of the accommodation maker if the note were overdue when negotiated. but the fact that the accommodation maker received no consideration is not one of these defenses, so long as the note was negotiated by his express or implied authority.

The fact is here established that this note was in its inception accommodation paper. Jones made to Herman no express restriction upon its use for that purpose. We do not overlook the testimony of Brand with reference to conversations between him and Herman not in behalf of Jones, which the court below from its findings must have rejected as incredible. We approve this rejection. The testimony is overborne by the circumstantial evidence. It is a question upon which the precedents are at some variance whether or not the agency of the party accommodated to use the accommodation paper to raise money thereon (no express agreement appearing) expires with the maturity of the paper. The greater number of courts seem to favor the view that the agency to negotiate an accommodation paper and raise money thereon is not so limited. See citations supra.

The courts of this State are not yet committed upon the question presented, and it seems more in harmony with the uniform negotiable instrument law, and with the weight of judicial authority, to hold, as we do, that the mere fact that the accommodation note was transferred by the party accommodated after due to a holder for value does not permit the accommodation maker to defeat recovery at the suit of the holder for value merely upon the ground that the note was an accommodation note, and without consideration moving to the accommodation maker. This necessitates a modification of the judgment of the court below so as to permit the appellant to take judgment against the accommodation maker, Jones.

DRAFT UPON INSURANCE COMPANY PAYABLE AT BANK—MEANING OF WORDS "UPON ACCEPTANCE."

BERENSON vs. LONDON & LANCASHIRE FIRE INS. COMPANY.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, FEB. 26, 1909.

A draft addressed to a fire insurance company, and drawn by its special agent, required a trust company to pay the amount thereof to the order of the payee "upon acceptance," the instrument containing a recital that it was in full satisfaction of a claim for a fire loss: *Held,* that the words "upon acceptance" imposed a condition which rendered the draft non-negotiable.

ACTION by Arthur Berenson against the London & Lancashire Fire Insurance Company of Liverpool, England, and others. Demurrers were sustained to plaintiff's amended declaration, and the case was reported to the Supreme Judicial Court, on agreement that, if the court should overrule the demurrers as to any or all of the counts of the declaration, judgment should be entered for plaintiff for the full amount claimed against the defendant or defendants whose demurrer was overruled.

RUGG, *J.:* The question presented in this case is whether the following is a negotiable instrument:

Draft No. 14849 H. O. No Accepted 190 to
be paid on acct of the London &
Lancashire Fire Insurance Co. of
Liverpool, England.
..........Manager
Countersigned..........Cashier.
$360.43 Claim No.
Boston, March 4th, 1907.
Upon acceptance the
Connecticut Trust and Safe Deposit
Co. will pay to the
Order of Solomon Yaffee

Three hundred and sixty ...... 43 Dollars which payment evidenced by proper endorsement hereof constitutes full satisfaction of all claims and demands for loss and damage by fire on December 25th 1906 to property described in policy No. 6442019 issued at the Lynn Agency and said Policy is hereby cancelled and surrendered to the Company.

To the
London & Lancashire Fire Insurance Co. of Liverpool, England.
Agency Department Hartford, Conn.
Joseph F. Givernaud,
Special Agent.

Rev. Laws, c. 73, provides, *inter alia*, that a negotiable instrument "must contain an unconditional promise or order to pay a certain sum of money." It is a fundamental rule in the interpretation of written instruments that all words used in it must be given effect if reasonably possible, and they are to be given their ordinary and natural meaning, unless there is some necessity apparent for a different construction (Cotting vs. Boston, 87 N. E., 205). This applies as well to negotiable instruments as to deeds, wills or non-negotiable contracts. If the words, "upon acceptance" in the fifth line of the instrument as above printed could be eliminated, it would plainly be a foreign bill of exchange drawn by Givernaud, either individually or as agent, for and in behalf of the defendant insurance company upon the latter at its Hartford agency, payable at the Connecticut Trust & Safe Deposit Company (Carpenter vs. Farnsworth, 106 Mass., 561, 8 Am. Rep., 360; Chipman vs. Foster, 119 Mass., 189). But these words are in the instrument, and must be given a reasonably intelligible effect if possible. All the language employed may be examined for the purpose of ascertaining the meaning attributed by the parties to those in dispute. The paper was made with the intent that, when paid, it should operate as a settlement of claims for damage arising from a fire in property described in a policy of the defendant insurance company and as a cancellation of the policy. The signature is by one who describes himself as "special agent." Reading this language in conjunction with the words "upon acceptance" seems to make the transaction plain. A fire had injured property insured by the defendant insurance company. The loss, for which it was responsible under the terms of its policy, had been tentatively adjusted between the insured and a special agent of the insurance company, whose authority to make payment or sign an instrument fixing its liability was limited to the extent of requiring approval or ratification by the Hartford Agency of the defendant insurance company. Therefore, the agent of limited authority drew the paper in suit directed to the agency, whose approval was required to give life to his adjustment, stating the amount of loss agreed upon, but making the vitality of the instrument dependent upon the act of approval or acceptance by that agency. Amplification of the words "upon acceptance" expressive of the same meaning would be "upon acceptance of this contract by the agency department at Hartford, Conn., of the London & Lancashire Fire Insurance Company of Liverpool, England, and not before." But the significance of all this is compressed into the words "upon acceptance" in view of the other language of the instrument. It is in effect a check drawn upon the account of the defendant insurance company in the Connecticut Trust & Safe Deposit Company which is not to be valid until countersigned by the proper officers of the defendant company at its Hartford Agency. The defendant Givernaud is not liable. If the words "upon condition" had been omitted, he would then have made the ordinary contract of the drawer, namely, absolutely to pay the face of the bill if not accepted by the drawee, or if accepted and not paid by him. But by inserting these words he made his whole liability contingent upon there being an acceptance. Although no case exactly like this is to be found in our reports, it is within the familiar principle that contracts to be performed only upon condition are not negotiable instruments (Grant vs. Wood, 12 Gray, 220; Costelo vs. Crowell, 127 Mass., 293, and cases cited). The instrument, not having been accepted or approved by the Hartford Agency of the defendant insurance company, never became a complete and operative contract. The demurrers were rightly sustained, and in accordance with the terms of the report the entry must be

Judgment for the defendants.

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.

NOTE SIGNED AS "CASHIER."

HONEY BROOK, PA., June 16, 1909.

Editor Bankers Magazine:

SIR: Does signing a note as "Cashier" relieve him from payment of the note?

SUBSCRIBER.

Answer: Where the cashier of a bank signs or indorses paper in his individual name with the addition of the words "as Cashier," the obligation is that of the bank, and not his personal obligation (Negotiable Instruments Law, Pa., § 42; Bank of the State vs. Muskingum Bank, 29 N. Y., 619; First Nat. Bank vs. Hall, 44 N. Y., 395; Lookout Bank vs. Hull, 93 Tenn., 645; Folger vs. Chase, 18 Pick. [Mass.], 63).

FORGED CHECK ON SAVINGS BANK.

MAMARONECK, N. Y., June 14, 1909.

Editor Bankers Magazine:

DEAR SIR: Will you kindly give me your opinion to settle a little argument in regard to the following:

A man brings in a savings bank book and wishes to draw $100 out. He presents book with check to another bank that does not know him. Now this bank sends the book with check by mail to the bank it is drawn on for collection and the bank sends back word to pay and the bank where it was presented, although they do *not know* the party, pays out the money.

Now the question is: Suppose this was *not* the right party that presented the book and got the money on his forged check, should the first bank (the bank that paid him the money) be liable for *not knowing* the party they paid the money to, or the second bank that thought signature was all right and found out afterwards it was not? Should the second bank have a right to think that the first bank should know the first bank they paid cash to?

SUBSCRIBER.

Answer: As the savings bank book is accompanied by a check purporting to be drawn by the depositor, we apprehend that the rule would apply that the drawee bank is bound to know the signature of the drawer (Nat. Park Bank vs. Ninth Nat. Bank, 46 N. Y., 77). That bank, having authorized payment after having the check in its possession, could not thereafter reclaim the amount from the bank which acted upon its own instructions. But the duty of the drawee bank in this respect would apply only to the drawer's signature, and an erroneous payment made upon a genuine signature—as, for example, if the check had been lost or stolen—would be at the risk of the bank making the same.

MULTIPLICATION OF MILLIONS.

THE incorporation in the United States during May of railroad, industrial and other companies having a capital stock of $258,459,900 gives an idea of the wonderful commercial expansion of the country. Incidental testimony to the same effect is furnished by the speedy absorption by investors of the $10,000,000 issue of preferred stock put out by a new dry goods combination. E. H. Harriman said to the newspaper men who asked him about the report that he was going abroad to dispose of $150,000,000 of bonds: "I wouldn't have to go out of this house to do that in half an hour."

This is truly a billion-dollar era. Where the last generation figured in millions, the common multiple of the present-day business world is $100,000,000. To what lengths is the multiplication of millions to go? Estates of $1,000,000 have dwindled by comparison to modest competencies. At the present rate of increase the "swollen fortunes" of to-day may to-morrow excite no public concern, being dwarfed by the greater hoards heaped up and reduced to negligible consequence in the light of the graver problems in the regulation of capital which may then be expected to demand attention.—*New York World.*

THE BY-LAWS OF A SAVINGS BANK AND WHAT THEY CONTAIN.

THE MANAGEMENT OF THE BANK.

By W. H. Kniffin, Jr.

OFFICERS.

THE officers shall be a president, two vice-presidents, secretary, and treasurer, who shall be elected by ballot from the board of trustees, and such other officers and assistants shall be appointed as the board of trustees may deem necessary, who shall hold their offices during the pleasure of the board.

The title officer or officers as used in these by-laws shall mean the president, vice-presidents, secretary or treasurer. (Note: Some banks designate the attending officers "Secretary." others "Treasurer" and still others "Cashier" while in many cases, the three are combined in one. In large banks all three may be found, in addition to others.)

A counsel shall also be appointed, who shall not be a trustee.

The attorney shall attend the meetings of the board, when requested, and the board may regulate his charges for services (New York).

Duties of President and Vice-President.

The president shall have the general charge and superintendence of the bank, its management, securities and obligations. He shall have power to execute, in the name and under the common seal of the bank, such releases from, or conveyances, assignments or transfers of, the property or securities of the bank as may be authorized by the board of trustees. He shall also have power, upon receipt of principal and interest due thereon, to execute assignments of bonds and mortgages and satisfaction pieces of mortgages.

In the absence of the president, either of the vice-presidents may discharge any or all of the duties of the president. In case any conflict of authority or duty shall arise between any of the officers or employes of the bank, the decision of the president shall be conclusive until overruled or modified by the board of trustees. (New York.)

The president shall have a general supervision and direction of the business of the institution, subject to such action and regulations as may from time to time be adopted by the board of trustees.

He shall, in conjunction with the treasurer, have charge of the common seal, also of all bonds and mortgages, stocks, securities and other property belonging to or held by the institution.

All satisfactions of mortgages, releases and conveyances shall be signed by the president or one of the vice-presidents and secretary or treasurer.

He shall preside at all meetings of the board of trustees, and appoint all committees, unless otherwise ordered, and shall perform such other duties as usually devolve on the chief executive officer of like institutions. (New York.)

It shall be the duty of the first vice-president to consult and advise with the president in all matters and affairs of the institution, to assist the president in the discharge of his duties, and to perform all the duties of the president in his absence or inability to act, and in concurrence with the president, to have a general oversight of all the business and affairs of the institution. (New York.)

It shall be the duty of the second vice-president, whenever requested by the president or first vice-president, to perform all the duties devolving upon the first vice-president in his absence or inability to act. (New York.)

Duties of Treasurer.

It shall be the duty of the treasurer to attend at the bank during banking hours, and at such other times as may be necessary; to keep or cause to be kept, on account of all moneys received and paid out; to make, or cause to be made, the necessary entries in the pass-books of the dealers; he shall receive the funds remaining in the hands of the teller, or on hand; provide the necessary supplies and other articles, books, blanks and stationery required in the prosecution of the business of the bank, and pay such salaries to the employes of the board as he may be by their vote directed when due; and in connection with the president, he shall have charge of all bonds and mortgages and other securities and property of the bank, excepting bonds given by the employes of the bank. (New York.)

(2) It shall be the duty of the treasurer to keep an account of all moneys received and paid out, and shall report the same in detail at each monthly meeting of the board; he shall also make out and prepare in due time all such reports and returns, or other statements as the institution is required to render in compliance with the statutes, and perform such other duties as the board may by resolution require. (New York.)

(3) The treasurer shall be ex officio clerk of the corporation and of the board of trustees and shall keep a true record of the proceedings at all their meetings and publish notice of meetings as prescribed in these by-laws.

It shall be the duty of the treasurer, with such assistants as he may be authorized by the board of trustees to employ under fixed compensations, to attend at the bank during bank hours to enter all deposits and payments made to depositors in the books of the bank, and a duplicate of each entry in the book of the depositor. He shall keep, deposit, and invest the money and property of the bank as directed by the board of trustees. He shall pay all debts due from the bank, make all transfers of securities, and collect, receive and enforce all debts and obligations due to it, and upon payment thereof shall acquit and discharge the same and surrender or discharge all security held therefor, and shall transact the other ordinary business of the bank, and present to the board of trustees, weekly, an exhibit of the state of the deposits, liabilities and investments of the bank. The treasurer shall have charge of all the securities.

Discretion of Treasurer.

The treasurer is hereby authorized to procure all needful books and stationery for the use of the bank, and to pay for the same without audit; also to pay all other just and legal claims against it of known and fixed amounts, as rent, taxes, salaries, etc.

Duties of the Secretary.

It shall be the duty of the secretary to conduct the correspondence of the bank, to receive all business applications, and submit them to the appropriate committees; he shall notify the trustees and committees of all meetings required to be held, and be present and keep the minutes of such meetings if so required.

General Duties of the Treasurer and Secretary.

The treasurer and secretary shall, under the general direction of the president, superintend the daily transactions of the bank; make, or cause to be made, the necessary entries in the pass-books of the depositors; collect the principal of, and the interest and income arising from, all securities or property held or owned by the bank, as the same may become due; cause the same and the money received from depositors to be deposited daily in such bank or banks as the board of trustees mav direct, except a sum sufficient to meet the ordinary demands of depositors from day to day, which sum shall after banking hours be kept in the vault of the bank; cause all policies of insurance upon buildings mortgaged to or owned by the bank to be renewed at or before their expiration; provide all necessary books, blanks and stationery, and cause all salaries to be paid when due. In the absence of the treasurer his duties shall be performed by the secretary; and in the absence of the secretary his duties shall be performed by the treasurer. (New York.)

The Comptroller.

The comptroller shall daily audit and revise the accounts of the tellers at the offices of the society and verify their reports of receipts and payments, and the postings thereof in the ledgers. He shall, under the direction of the president, have the care and management of the society's investments in real estate; and he shall also perform such other duties as may be assigned to him by the president. (Pa.)

Surveyor and Appraiser.

The surveyor shall survey and appraise property for mortgage loans, and sign orders for payment by the president or treasurer of instalments on mortgage loans. (New Jersey.)

Committees and Their Duties.

It shall be the duty of the president to appoint annually at the regular annual meeting of the board of trustees in January, subject to the approval of the board, the following committees: Finance committee, consisting of five members; examining committee, consisting of three members; executive committee, consisting of three members; appraisal committee, consisting of three members; attending committee, consisting of six members, and also an attorney, together with such other committees as may from time to time be authorized by the board. (Note: In many banks a nominating committee is also included, whose duties are to suggest names of trustees, officers and committees, in place of the president as above.)

Finance Committee.

There shall be a committee of five members of the board to be denominated, the funding committee. The president and treasurer (who are hereby permanently appointed as part of said committee) and three other trustees taken in rotation, the terms of office of one of whom shall expire each year, shall constitute said committee, whose duty it shall be to invest the money received, under such limitations as are prescribed by law, subject to the approval of the board, at each monthly meeting; to examine the books, accounts, securities and management of the bank, and report thereon to the board at the monthly meetings in June and December, and at the same meetings to recommend a rate of interest dividend to be declared.

Each application for mortgage loan may be approved by said committee, after the same shall have been investigated by one or more of their number or a member of the board and such investigation certified to, as to the value of the premises to be mortgaged, according to their best judgment. The report of such investigation shall be filed and preserved among the records of the bank.

Annually at the meeting in February, there shall be elected for two years, one member of such committee, to fill the places of those whose terms of office expire at that time. Members of said committee retiring therefrom by expiration of their term or by resignation, shall be ineligible for re-election until after one year from the time they shall so retire.

In case of the inability by sickness, absence, or other unavoidable detention of any member to attend the meetings of any committee, the president may designate any member of the board of trustees to act as a member of said committee during such inability.

Three members of said committee shall constitute a quorum. (New York.)

The finance committee shall hold stated meetings at the bank on the last Tuesday of each month, at 10 o'clock A. M. They may also hold special meetings, and adjourn from time to time. They shall appoint a chairman and secretary, and keep a record of their proceedings.

They may consider applications for loans, make investments, which (when ratified by the board) shall be valid, and transact any other business allowed to the monthly meeting of trustees; and whenever said monthly meeting shall fail of a quorum, said committee may organize and act in its stead. (New York.)

May settle and adjust claims against the bank and consult counsel. (New York.)

It shall be the duty of the finance committee to meet as often as circumstances require, and to superintend and direct all loans and permanent investments of the funds of the institution. They shall examine all applications for loans on bond and mortgage, or other permanent investments, and particularly all real estate that may be offered to be mortgaged to the bank as security for loans, and ascertain its value and sufficiency for the proposed security. And if, after loans are made, they shall at any time doubt the sufficiency of the security, they shall call in so much of the loan as will render the remainder well secured, or require additional security. They shall keep a record of their proceedings, and make a report thereof, in writing, at every stated meeting of the board of trustees. They shall make a special examination of any or all real estate and premises on which the bank holds a mortgage whenever they think it necessary or advisable to do so, or whenever required by the board of trustees, with the view of ascertaining its then present condition and value, and report the result of such examinations at the next stated meeting of the board thereafter.

This committee, with the president and secretary, shall have power to adjust and settle all claims against the bank where the amount involved shall not exceed five hundred dollars, and they may employ and consult counsel. They may likewise decide and grant applications for a release of part of mortgaged premises, in cases when such applications or claims cannot conveniently be referred to a meeting of the board. (New York.)

Examining Committee.

There shall be annually taken by rotation an examining committee of five members of the board of trustees, who shall carefully examine the books, accounts, securities, bonds of officers and employes, and management of the bank, and report thereon to the board whenever deemed necessary. (New York.)

(2) There shall be elected at the regular monthly meeting in June and December of every year a committee of three, whose duty it shall be to make a thorough examination of the vouchers, books and assets held by the institution, and report to the next regular monthly meeting of trustees the state of the books, and a detailed statement of all the various assets, liabilities and business of the institution. The reports to the Superintendent of the Banking Department of the assets of the institution shall be based upon the examination to be made by the committee on the last days of June and December in each year. A synopsis of the committee's report shall be printed for the use of the institution and its depositors. The committees may employ accountants or such other assistance, in fulfilling their duties, as they may deem advisable or necessary. (New York.)

(3) It shall be the duty of the auditing (examining) committee to examine the cash funds on hand at least once each month and to examine all vouchers and audit all accounts and bills and the expenses of the institution.

The examining committee shall have general supervision of the bank during the recess of the board, make loans, appraise the value of real estate; may suspend any clerk or employe and supply his place until the regular meeting of the board.

Attending Committee.

It shall be the duty of the attending committee, or one of them, to attend at the bank at least once a week during the month when it shall be open for deposit and repayment of moneys, and to inform themselves of the operations of the bank; if, however, one or more shall be unable to attend, it shall be his duty to procure the attendance of another trustee in his stead. They shall also, each day that they are in attendance, make careful examinations of the books of the bank and see that all moneys which may have come into the hands of the treasurer shall have been deposited in bank or otherwise properly accounted for. In case any member of either standing committee cannot personally attend to his duties on said committee, he may appoint any other trustee a member of said committee *pro tem.* in his stead, whose acts shall be equally binding. (New York.)

(2) A monthly attending committee, embracing all the members except the president and vice-presidents shall be appointed, whose duties shall be to attend at the bank in rotation and have general supervision of the business of the corporation and its employes.

(3) Monthly attending committees, embracing all the members of the board, except the president and two vice-presidents, may be appointed, each of which committees shall in rotation have a general charge and supervision of the business of the institution and its employes.

Executive Committee.

An executive committee consisting of three members shall be appointed annually who shall have general oversight of the affairs of the bank. They shall ascertain the balances due from other banks, and where deposited and on what terms, and report monthly. They shall perform all duties of an executive nature that shall necessitate action during the recess of the board and report at the next meeting.

Nominating Committee.

A nominating committee of three members shall present all names of proposed trustees and officers, and no action shall be taken on any name for any position until it shall have been favorably reported to the board by the nominating committee.

Records to Be Kept.

Each of said committees shall keep, in books for that purpose, a full record of its proceedings, which shall be signed by the members of said committees, respectively, and be reported in full at each meeting of the board, and at any special meetings, when called for by a vote of the board.

Employes.

All employes shall hold office at the pleasure of the board.

Oath of Office. All employes before entering upon their respective duties shall take the following oath of office:

I do solemnly swear (or affirm) that I will, to the best of my abilities, perform all such duties and services as shall be given me in charge by virtue of my appointment to the office of.... ......of the Union Dime Savings Institution of the city of New York; and that I will faithfully apply and protect the funds and property of the institution, and account for the same, under the control of the president or board of trustees. (New York.)

Duty of Assistants.

It shall be the duty of the assistants appointed by the board, to attend at all times when the bank is open, at the banking-house, and perform such services as may be required of them under the superintendence of the president and treasurer. (New York.)

To Give Bonds.

The several officers and clerks receiving salaries from the board shall, before entering upon their respective duties, execute, severally, a bond or bonds in such penal sums, and with such surety as may be required by the board, conditioned for the faithful performance of the duties assigned them, and for the security of any funds of the institution which may come into their hands respectively, such surety to be approved by the funding committee. (New York.)

No trustee shall become surety or go on the bonds of officers or employes. (New York.)

The surety bonds of officers and employes shall be in custody of the president. (New York.)

Privacy of Accounts.

All transactions between the depositors and the bank shall be strictly confidential, and no information in regard to the account of any depositor with the bank shall be revealed to a third party, except when ordered by the court, or when requested by the depositor, or when directed by the president or treasurer. (Conn.)

All business confidential. No officer or employes shall disclose anything in relation to the account of any person except in obedience to the order of a competent court.

Salaries. No motion to change the salary of any officer or employe of the bank shall be entertained unless notice of the proposed change shall have been given at a previous meeting.

The clerks of the bank and janitor of the bank building shall be under the immediate control and supervision of the president and treasurer.

NOTE.—The matter in small type is, in a sense, a duplication, as explained in the July Bankers Magazine, and covers the preceding subject in a different manner.

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

TRUST COMPANIES

Conducted by Clay Herrick.

OF WHAT VALUE IS AN AUDIT?

By F. Hohlfelder, Jr., Auditor The Cleveland Trust Company.

THE answer can be tersely stated, "Just what you make it."

That the audit of a trust company has a real value is a fact that is now pretty generally admitted, the evidence of which is found in the recent establishment of an audit department by many of the largest and best managed institutions of the country, and the use of public accountants for the purpose of periodical investigations. In some respects the latter has an advantage over the former, though the former may have the advantage in every respect if the department is given its proper place in the organization.

In the past the advantage of a periodical audit has been largely viewed from the standpoint of its value as an advertising feature; while I grant that the advertising of audit achievements based on actually accomplished results furnishes as good matter as any trust company can put before the public, the audit has a value aside from this, of far greater importance.

Valuable Qualities of an Audit.

An audit, to be of real value, must possess at least these two qualities, first, it must be independent; second, it must be up-to-date.

The independence of the audit department really determines its intrinsic value to all interests concerned. By independence I mean that it should be free from predominance by any officer of the institution, or any committee. It should be accountable directly to the board of directors, or a committee appointed by them to act in their stead during the intervals between meetings.

Qualifications of an Auditor.

The auditor should be a man of experience and ability, competent to conduct an investigation of any enterprise. He should be given every opportunity to investigate and familiarize himself to the fullest extent with reference to the bank's business, and without interference from the operating department. He should be an accountant of unquestioned ability and should have the prerogative of suggesting the methods of accounting to be used throughout the institution. He should have access to all records and books of account, files, and the vaults containing the cash, securities and other property of the bank, when accompanied by a properly authorized representative of the operating department, and should be admitted to all deliberations of the board of directors, inasmuch as that body constitutes the initiative and referendum of the institution, and that the auditor is in reality the personal and only representative of that body with reference to the referendum feature, viz.: to ascertain whether or not the mandates of the board in spirit as well as in letter are carried out in all things. Consequently, if the auditor's scope of activity is restricted in any respect within the limit just outlined, the value of the audit is correspondingly restricted or reduced.

Auditing Still in Its Infancy.

I am well aware that this broad view of the situation is in advance of current practise, but the whole question of audit is still in its infancy, and has been a constant process of development during the few years that the idea has now been entertained by bankers, and therefore if the mark is set a little in advance of what the actual accomplishments can be found to be in any institution at the present time, the expression of the inspiration may perhaps be pardoned in view of the fact that many other expressions, a few years ago, were considered wholly impracticable, but to-day are looked upon as essentials. The best auditor the world has ever produced cannot do an institution justice, or render the best service, if hedged about by restrictions.

Again, the office of the auditor has been and is still largely looked upon as a clerical one, but that phase of the audit department is as a matter of fact the least important, and in proportion as this is realized, and the auditor is permitted to enlarge his scope of action along the lines already indicated, just in that same proportion will the value of the audit be demonstrated and publicly appreciated. No bank can expect the public to attach any real importance to the audit department until the bank itself takes the initiative in demonstrating its own idea of its importance, by allowing it the scope of activity which it deserves.

Usefulness of an Audit Lies in Its Daily Activity.

The second requirement of a valuable audit, as I have already stated, is that it must be up-to-date. By that I mean an audit which is continuous in its operations instead of periodical, as, for example, annual, semi-annual, quarterly, etc. An audit should be made daily and be abreast with the activities of the operating department. Thus, errors and irregularities are promptly discovered, and brought to surface, and no one will hesitate to confirm the statement that such an audit is relatively of more value than the periodical investigation.

Combining the Auditing with the Operating Department.

In order to accomplish this it is necessary that the audit department shall be in joint control with the operating department of the custody of all property of the institution, such as cash, loans, securities, investments, etc., so that no additions or abstractions can be made without the joint knowledge of both departments. Without it there is no question but that an up-to-date audit would be a matter of such great expense as to put it beyond the reach of many of our financial institutions. The installation of double combinations, master keys, etc., works out a wonderful economy in labor and affords facilities for a knowledge of the situation which is up to the moment. This method is available to the smallest institution as well as the largest, because it reduces the labor cost of the audit problem to a minimum. With slight modifications the idea can readily be applied not only to the bank's assets but also to the verification of its liabilities, and admits of a quick and effective system of investigation and inspection as thorough as human ingenuity can devise.

With the great variety of activities in which a trust company is engaged, with its commercial banking, its savings department, its executorships, trusteeships, transfer and registrarships, safety deposit business, and numerous other lines familiar to those who are interested in such institutions, the idea of an audit which affords a basis for a certificate within twenty-four hours seems a little visionary, to say the least; but its feasibility has been demonstrated and "Joint Control" is the key to its achievement.

EFFICIENT BANK CLERKS.

An English bank, the London City & Midland, which has the third largest deposits among the joint stock banks, held a voluntary examination of its employes on the Companies Act of 1907 as affecting banks. The experiment proved a great success and was well worth the ten fifty-dollar prizes offered to the 600 competitors. Perhaps we could imitate this experiment to advantage, especially among those of our bank directors who do not direct.—*Wall Street Journal.*

PRACTICAL BANKING

AN IDEAL TELLER'S CASH-SHEET — HOW IT WORKED IN A SMALL BANK.

By Arthur A. Ekirch.

THE town of Newton supported one bank, a schoolhouse, two churches, a town-hall and a hotel—the latter catering mostly to stray visitors from nearby suburbs and to commercial men who were unfortunate enough to be compelled to remain over night.

Thrift was the foremost word in Newton; and, judging from the bank statement that Mr. Hedley handed me, I wondered little that he had grown rich and fat during his twenty-five years as commander-in-chief of the Bank of Prosperity.

Date May 19th 1903 BANK OF PROSPERITY Sheet No. 58

No.	Deps.		No.	Drfs.		Other Items.			Proof of Cash.				Proof of Cash Book.	
1501	50		670	55	00	CREDIT			BALANCE ON HAND		2500		CREDITS	
602	1	50	980	10		Int's	145		DEPOSITS		766	50	Ledger 1	15500
1412	160		470	5		110	50		OTHER CREDITS		255	00	2	12650
1015	500		74	150		417	60		TOTAL		3521	50	3	9150
76	5		110	15					DRAFTS		235			37300
153	10								OTHER DEBITS		201	50	GENERAL	16550
977	40								BALANCE ON HAND		3085	00	B & M	5000
													TOTAL	58850
									CASH ITEMS				DEBITS	
									Currency:—$2,000				Ledger 1	5765
							255	00		550	2550		2	8000
						DEBIT							3	7000
						Salary	50		Silver:—	25				20765
						Rent	150			25	50		GENERAL	5000
						Telegm	1	50	Gold:—		400		B & M	30000
									Checks:—	50			TOTAL	55765
										35	85		BALANCE	3085
TOTAL	766	50		235	00		201	50	TOTAL		3085	00		

Train service to and from Newton was poor at its best; but, surprising as it may seem, the few business and professional men that made Newton their lifelong abode were all prosperous.

What the town needed most was trade competition. Hedley, president of the Bank of Prosperity, member of town council and superintendent of the school board, hindered in one way or another all attempts in this direction.

When a youngster, Mr. Hedley had offered me a position in his bank; the West, however, offered greater advantages to youth, so I had declined his offer, promising, however, to return to the old town after I had accumulated a little of the precious metal, buy a share or two of the bank's stock and give an accounting of my past doings.

That is how I happened to be in Newton on this particular day.

The Prosperity Bank, although small, was fitted up in an elaborate manner. The working force consisted of one teller, a bookkeeper and an assistant, Mr. Hedley filling all the official positions from assistant cashier to president.

On looking over a few old ledgers I found that the former bookkeeper had incorporated the colored ink system—credits in purple, debits in red and overdrafts in green. Inferior ink and old age had played an important part with the color scheme, and taxed my eyes to the utmost trying to distinguish one color from the other.

The lone teller handled both receiving and paying windows, and it was in his department that I found a "teller's cash" sheet that so impressed me that I obtained a copy and will endeavor to explain to my readers (and to those in particular who are connected with small institutions) the manner in which this proof is used and how the working force of the Bank of Prosperity was able to strike a balance thirty minutes after closing hours.

The drafts and deposits, instead of being entered in the customary Dr. and Cr. registers, are placed directly on the cash-sheet, footed, and the total amount of receipts and payments carried forward to the "proof of cash" column.

Under the heading "other items" are entered income on loans, mortgages, stocks and bond investments, etc.; the column is totaled and carried forward to "other credits" column. The debits are treated in a like manner and carried forward to "other debits" space. The difference between the debit and credit columns gives the "balance on hand" and in turn must prove with the "cash items." (Refer to form.)

In the "proof of cash book" column we find entered the total amount of debit and credit entries of each individual ledger, bond and mortgage, stock and bond, and general account. The difference between the two columns will, if proved correctly, give the amount of cash on hand.

The sheets can be ruled to accommodate any number of accounts and will be found an ideal system for an institution where the transactions for the day do not exceed a few hundred.

REACHING PERFECTION IN BANK COMBINATION.

By Edward White.

WITHIN the last two decades contentions over the question of the consolidation, or merger, or amalgamation, of big interests have become so absorbing, and sometimes so fierce, that the union of two institutions which calls for and receives nothing but praise from people of every shade of opinion, is like the dawn of a new era in the world of finance. Of course in order to create a sentiment so universal and so desirable, something unusual must take place. The combination must establish a condition that will at once be satisfactory to the stockholders of the concerns in interest, meet the wants of the patrons, be helpful to the general progress of the community, and continue operations after the union is effected without dispensing with the services of a single man.

All these advantages, and more, may be seen in the plan for the consolidation of the Continental National Bank and the American Trust and Savings Bank, of Chicago, which, according to a circular issued and signed by the presidents of both institutions provides for "increasing the capital stock of the Continental National Bank from $4,000,000 to $9,000,000. Of the $5,000,000 new stock to be issued, $2,000,000 will be sold to the present shareholders of the Continental National Bank at a price which will equalize the book value of the stock of both banks. The remaining $3,000,000 of stock will be exchanged, share for share, with the shareholders of the American Trust and Savings Bank for the stock of that institution, which stock will not be cancelled, but will be held in trust for the benefit of the shareholders of the Continental National Bank. This will result in continuing the corporate existence and business of both banks, and their combined capital stock and surplus will be approximately $17,000,000, with deposits of approximately $110,000,000.

"The commercial business will be transacted through the Continental National Bank, and the savings, trust and bond business will be transacted through the American Trust and Savings Bank. Mr.

Edwin A. Potter will continue as president of the American Trust and Savings Bank and Mr. George M. Reynolds will continue as president of the Continental National Bank, and each will be the first vice-president of the other bank. The other officers of both banks will be retained in an official capacity, and in the future the patrons of the banks will be able to transact their business with the officer with whom they are best acquainted or with whom they prefer to deal."

It will be seen that the plan is both scientific and comprehensive. It enables both banks to continue their corporate existence and entity, with just enough interchange of powers and functions to give the public the benefit of the minimum of risk and the maximum of facilities, and without disturbing the executive personnels that have given both institutions a splendid reputation.

The commercial branch of the enlarged bank will of course be the Continental National Bank, the holding corporation. Its power for good will be amplified by its increased resources, and it will be able at all times to meet every want of its patrons in banking and fiduciary matters under its own roof and through its own management. This much is easily understood.

It is to the trust company branch that the most important and far reaching changes will come. Since the beginning of organized society probably no kind of organic art has been so successful in ministering to the wants of humanity in a fiduciary capacity as that creature of modern thrift and enterprise, the trust company. Taking its origin in the phenomenal development of American commerce, the trust company has become the real conservator of material wealth. Other financial agencies have their uses in the business channels of daily routine, and are absolutely indispensable in the upbuilding of the commerce of the world, yet it remains for the trust company to so safeguard the accumulations of those processes that they may not only be held intact, but that their increment may continue for this and future generations.

Although the first trust companies in the United States were organized in the early part of the nineteenth century, corporate fiduciaryship, the fundamental principle of the system, was comparatively unknown until the early eighties, when the country had recovered from the effects of the civil war and the panic of 1873. Under the prosperous reign of those times, huge surpluses were for the first time in the history of the nation being accumulated, and the need of safe investment became a crying demand. State banks were abandoned because they were unprofitable, and the limitations placed upon the powers of national banks were so great that the attention of thoughtful persons was turned to the necessity for handling large holdings of money and vast estates by means of corporate machinery.

Out of this attention came the Illinois banking law of 1889, which made it unnecessary for trust companies to give a separate bond, with sureties in each case, and which was the forerunner of legislation in other states in favor of such organizations. So great was the success of the institutions formed under these laws that most of them extended their fields of usefulness and added banking features to their functions, paying interest on balances and doing practically all kinds of banking business. It is not the purpose of this article to undertake to show that trust companies should not enter the banking field, for their utility in that line has already been proven, but the object is rather to demonstrate the occasional need, at least, for a corporation with ample strength in capital, and scientifically and correctly conducted, which hews close to the line of the original intent of trust company work. If a company doing a general banking business can adequately safeguard the interests of its clients in a fiduciary capacity, why is it not possible for a corporation without such cares and risks to afford still greater protection to those who place their affairs in its charge? The functions of a trust company include such capacities as executor, administrator, guardian or curator, receiver, assignee and trustee, and while it may legally and honorably include general banking in its performances, there is yet considerable strength in the assertion that the interests of all concerned may be more surely conserved and protected by a company which does not engage in general banking. In saying this it is not necessary to attach a risk to banking, but simply to emphasize the superiority of a specialist over a general practitioner.

The Chicago combination referred to will have the effect of attaining just that end of specialization, and in addition will give this rapidly growing city the benefit of another large corporation with adequate capital and resources and covering the full range of banking powers—commercial, trust, savings and bond—the two latter being conducted by the trust company. Unmeasured credit is due the parties who brought about such a combination.

STATE BANKERS' CONVENTIONS IN 1909.

Illinois—Decatur—Oct. 12 and 13.

Pennsylvania—Bedford Springs—Sept. 7 and 8.

American Bankers' Association—Chicago—Week of Sept. 13.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE GERMAN BANK INQUIRY.

THE amendments to the charter of the Imperial Bank of Germany, extending its life to 1921 and making other changes which have been set forth in THE BANKERS MAGAZINE, were approved by the Reichstag on May 14. While the changes made in the charter are comparatively few and conservative, the subject of more sweeping changes was carefully considered by a commission of forty-two members, containing the president and vice-president of the bank and representatives of the German States and of financial and commercial interests. This commission heard 163 witnesses and its conclusions, which have recently been printed and distributed, are the subject of an interesting review by M. Arthur Raffalovich in "L'Economiste Francais" of June 5.

One of the subjects discussed at some length was the increase of the capital of the Imperial Bank. It was maintained in some quarters that an increase of capital would affect the discount rate favorably by increasing the resources at the command of the bank. This view was not generally supported by merchants and bankers, although Herr Kampf believed that an increase would strengthen the credit of the bank abroad. To these arguments Herr Schinckel, of the Disconto-Gesellschaft, replied that the credit of the bank had never been disputed, but if it was to be strengthened it should be by additions to the reserve to the amount of ten per cent. of the profits remaining after dividends of three and one-half per cent. had been allotted to the shareholders. The latter proposition was adopted in the revision of the charter, without any provision for an increase of capital.

The increase in the limit of authorized circulation was so generally concurred in that it was not the subject of extended discussion. The regular limit was increased from 450,000,000 marks, as fixed in 1899, to 550,000,000 marks ($130,750,000), with an excess issue of 200,000,000 marks for the closing week of each quarter. The best method of controlling the exchanges, so as to keep intact the gold reserve, led to a much longer discussion. Herr Havenstein, the new governor, maintained that the bank operated most effectively when it made purchases of gold and that such action was sometimes necessary to offset unfavorable balances of exchange. Baron Gamp criticised the issue of foreign securities in Germany in recent years. He declared that the country had considerably reduced its holdings of Austrian, Hungarian, Italian, Russian and Roumanian securities, and had supplanted them by a superabundance of American stocks and bonds. He found no one who opposed the principle of raising the discount rate to strengthen the gold reserve nor the project of a special reserve in foreign bills. The differences of opinion were as to the details of the policy to be pursued with such bills. Professor Lexis maintained that 50,000,000 marks of the metallic reserve might be profitably invested in foreign bills, but Herr Riesser maintained that the sale of foreign bills when exchange threatened to exceed the gold point could only check temporarily the ultimate rise. Herr Fischel believed that the best course was to create a free market for gold in Germany. To this end he opposed a premium on the coinage, under which policy he believed that gold would come in with much smaller fluctuations of exchange. Advances without interest by the Imperial Bank on gold imports he believed should be a very exceptional measure. The president of the bank expressed himself as so much impressed by the views of Herr Fischel that he promised to examine them more carefully.

The measure finally adopted to give a higher gold character to the German circulation was to make mandatory the redemption of the notes of the Imperial Bank in gold. The notes are also made legal tender in Germany. The bank is authorized to make advances on an increased number of securities, including the certificates of the land mortgage banks. The committee of the Reichstag which gave final form to the law also presented a resolution, which was adopted on May 14, requesting the Chancellor of the Empire to prepare a measure designed to protect the public against the dangers resulting from the solicitation of foreign banks for the deposit of securities, whether by circulars or by direct solicitation.

THE INDIAN GOLD STANDARD.

THE severe test to which the maintenance of the gold standard was subjected in British India in the summer of 1908 has led to considerable discussion of the merits of the gold exchange system. At the annual meeting of the Karachi Chamber of Commerce on March 30 last, an address was given by the chairman, Mr. M. deP. Webb, which attracted some attention. Mr. Webb criticised the operation of the system, not so much upon the ground of lack of stability as upon its influence in inflating the currency and stimulating prices. He pointed out that the coinage of the fiscal year 1907 was larger than at any time in the history of India. This he considered to be in excess of actual needs and to have unduly raised prices. Upon this point he said:

> There has been a very marked rise in prices throughout the whole of India—a rise even more pronounced than that which recently occurred in gold-using countries, a rise that has not only tended to check exports, encourage imports, turn the balance of trade against us, and so emphasize the weakness in exchange, but, what is far more serious, has inflicted on the great mass of fixed wage-earners in India a grave hardship, to relieve which both the government and other large employers of labor, clerical and manual, have found themselves forced to make advances in the ordinary and regular scales of pay.

Upon this and other points Mr. Webb's views are resisted by the "London Statist," which urges that the subject of the rise of prices and wages should be referred to a special commission. It is declared by the "Statist," in the issue of May 29, that "we are very much inclined to think that the phenomenon which alarms Mr. Webb, if it does not afford evidence that the Indian wage-earner is at last experiencing an improvement in his condition, was to no small extent the result of a world-wide speculation which broke down in 1907, and which has left after it a long depression, from which we have not yet emerged."

Another of Mr. Webb's proposals, which is not acceptable to the "Statist," is the setting aside of the entire seigniorage on the silver coinage to constitute a gold reserve, instead of devoting half of it, as under the present law, to the construction of railways. The "Statist" says upon this point:

> The whole difficulty about the rupee is that India is a debtor country. Her Government, in the first place, has to pay in London about sixteen millions sterling annually for what are known as the home charges. Moreover, there is an immense amount of British money invested in India, the profits on which have to be remitted home in part or in whole. Over and above this, there is a large number of British people living in India who have to remit home for the maintenance and education of their families a portion of their incomes. In all these ways India has to send to London every year immense sums, and she can do this for any length of time only by selling to Europe more than she has to pay to Europe. From time to time, however, circumstances may occur to prevent her from doing this in any one year, possibly even for more than a year, and Mr. Webb contends that the safest way to guard against the consequences of such a misadventure is to provide a great gold reserve—at least

twenty millions sterling, and if possible considerably more—so that if the necessity arose the rupee could be kept at 1*s.* 4*d.* We hold, on the contrary, that the right way to proceed is to stimulate the production of India in every way possible, so that the danger shall be removed that India at any time will export less than she owes to Europe. By stimulating the productive power of India we not only make provision for meeting the home charges, and so on, but we increase immensely the well-being of the Indian people. And, when everything is said, the real justification of our rule in India is not that we maintain the value of the rupee, but that we improve the condition of the people. Now one of the great needs of India is railway facilities. India, as we have frequently pointed out in this Journal, is about the size of all Europe outside the Russian Empire, and yet her railway system is not greatly in excess of the railway system of the United Kingdom. Is not that clear proof that India is not yet equipped for the battle of life? Of course. Mr. Webb may tell us that half the profits of silver coinage will not go far in making up the railway needs. We grant that fully. But since India has already a very considerable debt, since her people are exceedingly poor, and since the railway network is too small, we cannot afford to go without any mite which would help to enlarge that network. We would gladly see railway construction immensely increased.

THE EXCHANGE PROBLEM IN BELGIUM.

THE annual report of the Director of the Mint of Belgium, of which an abstract appears in L'Economiste Européen of May 22, throws considerable light on the problem of the adverse exchange with France in addition to the facts presented in the annual report of the National Bank of Belgium. It appears that the purchases of five-franc pieces forced upon the bank, in order to maintain the redemption of its notes and the integrity of the circulation, were not as large in 1908 as in 1907, but were larger than in any other year except 1906. As recently as 1904, when the discount rate was low, the bank was compelled to buy in Paris only 12,000,000 francs in silver pieces, which was a marked improvement over 1899 and 1900, when the money market was under severe pressure. The purchases made by the bank in 1900 were 35,500,000 francs. The record of the past eight years, with the average rate of discount at the National Bank, appears below:

Year.	Silver purchased by the bank, francs.	Average rate of discount.
1901	14,500,000	3.28
1902	11,000,000	3.00
1903	25,000,000	3.17
1904	12,000,000	3.00
1905	24,000,000	3.18
1906	81,500,000	3.84
1907	98,500,000	4.95
1908	79,000,000	3.56

The mint report is interesting in submitting a new estimate of the quantity of five-franc pieces still in circulation in Belgium. It is estimated that more than three-fourths of the pieces coined under Leopold I., prior to 1867, have disappeared and that of the entire coinage of 495,678,210 francs from 1832 to 1876 (when coinage was suspended), only about 375,000,000 francs are still in existence. The circulation of these pieces in Belgium, which was formerly calculated at 200,000,000 francs, is believed to have been so reduced by exportation to France that the amount remaining in circulation does not exceed 100,000,000 to 150,000,000 francs. It is declared that exchange on Paris has been unfavorable, as in preceding years. The premium, which fell below one per 1,000 in January and February, 1908, rose progressively to four per 1,000 in November, to return to three per 1,000 in December. The average for the year was two and three-eighths. The effect of the premium was to encourage the exportation not only of the five-franc pieces, but even of subsidiary silver. The Government and the National Bank have both taken measures to hamper this flight of currency. The railway officials have taken steps to prevent important transfers of silver in the form of ordinary baggage, and ticket sellers and Treasury officials have been forbidden to make exchanges of money except within normal limits. The bank has endeavored to meet the legitimate demand for exchange by its offerings of foreign bills.

THE NEW BANK OF SWITZERLAND.

THE managers of the National Swiss Bank have completed their first annual report. The bank only began operations on June 20, 1907, and the first report covers the entire period from organization until December 31, 1908. The bank was constituted to bring about more favorable conditions of exchange by taking up the circulation of the thirty odd local banks which had previously furnished the paper currency of Switzerland. The new law required the local banks to retire their circulation within three years after the National Bank should have begun operations. They were to do this by surrendering one-twelfth of their outstanding circulation to the Government at the end of each quarter, paying in an equivalent amount of specie if they did not have a sufficient amount of notes on hand to meet the requirement. Already, a year in advance of the legal limit, more than seventy-three per cent. of the paper circulation of Switzerland is provided by the National Swiss Bank.

The new institution began operations almost at the moment of the panic of 1907. "Almost all Swiss industries," declares the report, "suffered from this state of things and if, at the present moment, the impression prevails that the situation has improved, it is less the result of actual conditions than hopes which are beginning to germinate. The fact that our industries, rendered more capable of resistance by the favorable period which preceded the crisis, have been able to pass through it without great damage, is a source of congratulation, because it is a proof that our commercial enterprises had not been carried beyond the limits of reasonable optimism and that the larger part had imposed upon themselves a prudent moderation."

The circulation rose from 159,220,050 francs ($30,730,000) at the end of 1907, to 204,056,000 francs ($39,400,000) at the close of 1908, while the gold reserve rose to 75,483,429 francs to 117,481,000 francs. The discounts of Swiss paper at the close of 1908 were 63,746,000 francs ($12,305,000) and of foreign paper 44,681,000 francs ($8,625,000). The balance of private deposits was 21,963,000 francs and that of Government deposits 13,068,000 francs.

The profits of the eighteen months amounted to 2,017,120 francs ($390,000), from which a dividend was distributed of 18 francs, or 3.6 per cent. upon the paid-up capital for the entire period of eighteen months.

BRITISH BANKING ABROAD.

SPECIAL emphasis is laid by the "London Economist," in its semi-annual review of banking conditions in Great Britain, upon the increase in investments of British capital in foreign banking. It is declared that perhaps the most distinctive feature of the history of commerce in the last twenty years has been the growth and development of new countries under the stimulus of European capital, drawn largely from Great Britain. The enormous increase in the trade of Canada and the United States, the opening of Japan and China, the more stable prosperity of India and Egypt, and above all the marvellous advance made by the Argentine and other South American Republics, have attracted a constant stream of English capital, on which the increase has for the most part been large, and the security always improving. This capital has, of course, found its way into many channels and drawn its returns from many different sources, but in nothing have the results been more satisfactory than in the foreign banking which has grown up with the foreign trade. The development of this type of bank, which takes money from an old country, and uses it for building up a new, has been extremely rapid during the last quarter of a century; the capital engaged in it has increased, and the scope of business has widened enormously.

Comparisons of the available figures show an increase in the number of these foreign banks from nineteen in 1899 to thirty in 1909, the paid up capital having increased from £25,000,000 to £85,000,000 and aggregate assets from £116,000,000 to £653,000,000. Comparison of the progress between 1899 and 1909, as indicated in the table below, has been even more striking:

	1899.	1909.
No. of banks ...	23	30
Capital	£25,444,000	£85,452,000
Market value ..	41,042,000	143,430,000
Reserve	8,480,000	34,574,000
Deposits	81,228,000	389,620,000
Cash in hand, &c.	26,387,000	78,609,000
Loans, &c......	127,405,000	504,457,000
Total assets	171,606,000	653,431,000

THE PORTUGUESE EXCHANGE.

THE last few months have witnessed a marked improvement in exchange between Lisbon and London, but the causes are considered in some quarters to be speculative rather than substantial. The disturbances which followed the bloody events of February 2, 1908, put a serious strain upon Portuguese speculators, who had been giving a vigorous upward turn to the market under Prime Minister Franco, and their position was for a time precarious. Heavy advances were made upon the securities of the Royal Portuguese Railway Company and the Portuguese Tobacco Administration. The Official Loan Bank received in this way 9,734 shares and 10,091 second mortgage bonds of the railway company and 2,807 shares of the tobacco administration, but as the rate charged was six per cent., the burden upon the speculators was a heavy one. In order to unload, they are credited with having attempted a bull movement in exchange, selling large quantities of drafts of distant maturities and advancing exchange from 42 pence to 48 pence. This is not an exceptionally high figure in the recent history of Portuguese exchange, but is a great advance over the rate of the immediate past.

It was in 1891, according to an article in L'Economiste Européen of June 11, that depression in Portuguese exchange became serious. There was a fall from 59 9-32 pence in June to 43¾ pence in July and to 41 1-16 pence at the close of December. There was little further decline until October, 1896, when the movement which then set in carried the rate down to 28 pence in May, 1898. The situation improved during the autumn and remained comparatively tranquil until July, 1900, when rates ranged between 36 and 39⅛ pence. There was an improvement to 42 pence in 1903, which continued with minor oscillations until 53 5-32 pence was attained in January, 1907. Then came another period of decline which left the exchange at 43¾ pence at the end of 1908 and carried it down to 42¾ in February, 1909. From this point occurred the sudden rise to 48¼ pence early in June.

THE ECONOMIC PROGRESS OF JAPAN.

HARDLY any government puts into clearer and more compact form its statistical information than the government of Japan. The ninth issue of the Financial and Economic Annual in English brings down for another year the steady progress of the country in economic and financial matters. The growth in local loans from 62,569,183 yen ($31,000,000) in 1905 to 89,266,115 yen in 1907 and to 99,823,624 yen ($49,000,000) in 1908, affords an index of the rapid internal development of the country. Of the total of local loans in 1908, for which government approval is required, public works represent 50,952,886 yen; industry, 16,435,528 yen; sanitation, 12,700,590 yen; and education, 3,020,388 yen. Education also receives 5,630,882 yen under provisions which do not require government approval.

The financial activity of Japan continues to bring her markets more and more within the scope of the mechanism of exchange of the great civilized countries. Transactions on the stock exchanges, which were only 438,420,250 yen ($218,000,000) in 1898, rose to 1,051,429,769 yen ($524,000,000) in 1907. The total paid-up capital of joint-stock companies, which in 1898 was only 560,035,782 yen ($278,000,000), with reserves of 59,544,937 yen, stood at the close of 1907 at 970,823,622 yen ($482,000,000), with reserves of 231,023,331 yen. The increase was entirely in industrial and commercial companies, the capital of transportation companies having fallen about 50,000,000 yen since 1898 and about 167,000,000 yen since 1906 by reason of the government acquisition of the railways.

Banking balances showed some decrease at the close of 1908 as the result of the business depression of the year, and the cessation of certain extensive government operations in loans. The deposit balances at the Bank of Japan were carried down from 471,052,261 yen at the close of 1907 to 220,286,956 yen at the close of 1908, while the balances of all the commercial banks declined from 1,794,039,172 yen to 1,452,554,633 yen. Savings deposits also showed a decrease from 117,902,467 yen to 112,344,870 yen, and the number of savings banks remained substantially stationary.

An interesting account is given of the monetary reforms inaugurated by Japan in Formosa and Korea. One of the latest achievements in Korea is the withdrawal of the old nickel coins, the exchange of which ceased after November 30, 1908, and which ceased to be available in ordinary payments six months later.

SOUTH AFRICAN BANKING.

AN interesting speech was delivered at the annual meeting of the South African Institute of Bankers by the new president, Mr. Jorrisen, general manager of the Netherlands Bank, which is summed up in the "London Economist" of May 29. The South African Institute of Bankers is only five years old, and this is the first year in which it has elected as its president an officer of a bank not having its South African headquarters in Cape Town, which is the banking capital of South Africa. After expressing the hope that before long the institute as a whole may be able to understand Dutch speeches on banking topics, Mr. Jorrisen proceeded to adduce various reasons for advocating the closer union of the South African banks, not in the form of a great trust, but for consultation and coöperation.' He began by expressing the opinion that more than once the banks have been to blame for unwittingly assisting in the inflation of values instead of exercising a restraining influence—in spite of the fact that the banks have kept their heads since the war far better than other people, and have incurred no little criticism by declining to encourage rash enterprises. Mr. Jorrisen naturally foresees a South African Bank Act, to take the place of the existing multiplicity of statutes, when political union has been effected. He advocates the abolition of the general clause in mortgage bonds, which tends, in his opinion, to lure bankers into false security and at the same time to limit credit unduly in many cases; the stiffening of the insolvency laws, which admit of bankruptcy being regarded as an easy step on the road to fortune; an agreement as to a minimum charge for ledger fees; the protection of the banks in regard to the payment of cheques, and the simplification of the procedure in the execution of mortgage bonds.

THE BANK OF NAPLES IN 1908.

THE annual report of the Bank of Naples, which is summed up in "L'Economiste Européen" of June 11, indicates that the depression of 1908 was less felt in Italy than in many other countries. The bank has finally concluded liquidation of the funds locked up at the time of the crisis of 1893 and during the past year transformed three branches, at Bologna, Cagliari and Leghorn, into offices. The balance-sheet for 1908 shows that exchange operations played a large part in the business of the bank, having amounted to 370,216,000 lire ($71,450,000), or nearly as much as the movement of current accounts, which was about 416,000,000 lire. The balance sheet at the close of 1908 showed a circulation of 377,596,000 lire ($72,900,000) and a metallic reserve of 279,310,-

000 lire. Italian bills carried were 113,039,000 lire, and foreign bills 43,-725,000 lire.

THE NATIONAL BANK OF ROUMANIA.

THE disturbed conditions in the Orient during last year had a natural reaction upon the banks of the Balkan States. The annual report of the governing board of the National Bank of Roumania notes the fact also that the wheat harvest failed to give the results which were expected, and as exportation was much reduced, the capital arising from it was deficient. The corn crop, however, was much better, and the hope is expressed that the exportation of the past spring will afford some compensations to the disappointments of the autumn.

The effect of the depression is indicated by the shrinkage of the outstanding circulation from 319,742,000 lei ($61,700,000) at the close of 1907 to 259,064,000 lei ($50,000,000) at the close of 1908. The circulation at the close of 1907 was abnormally swelled by the crisis of that year, but the amount under the more normal conditions of 1906 was 291,685,000 lei ($56,-290,000). The reserve, which is practically all of gold, shows an improvement over 1906, having risen from 83,-575,000 lei to 91,086,000 lei. The discounts on December 31, 1908, were 59,-224,000 lei; advances on securities, 29,556,000 lei; and creditor current accounts, 50,463,000 lei.

RUSSELL SAGE IN HIS OFFICE.

RUSSELL SAGE was notoriously mean in money matters, but the most democratic of American millionaires, and, except where his dollars were involved, simple and kindly in manner. At the time of the Northern Pacific bombshell in May, 1901, a reporter called on him to get his explanation of the corner which ran Northern Pacific shares of common stock up to $1,000 one day, only to send them crashing down the next.

The reporter called at his Bond street office with a letter of introduction from a magazine editor, and, squeezing in the outer office past a row of unpainted dry goods boxes, which were evidently used for storing papers instead of a safe, he found the old millionaire in his rusty clothes, cheap necktie and frayed shirt and collar, sitting at a little stand, with nothing before him but a pencil and a small pad of white paper scarcely big enough to contain a trifling computation in figures. Sage said he was very busy and asked his visitor if he could not come to his house at night.

At the door of the brownstone house in Fifth avenue, near Forty-second street, that night the reporter was met by Sage himself. He was escorted into the back parlor or sitting room, but was shut off from the front room by folding doors. At a small table Mrs. Sage sat reading the evening newspaper, while Sage beckoned the newspaper man to take a seat beside him on a low lounge in front of the folding doors. The springs were broken or so weak that the two fell close together.

After telling what he knew about the Northern Pacific panic, Sage became reminiscent of his early life, of the Goulds, Morgan and other men whose names were on every tongue. He told of Morgan as a young man who had introduced into business methods and ideas that were new and strange to him and contrary to his early training, and said he wasn't sure yet how it would all come out. He spoke of Jay Gould and the journey they had made together across the continent just before Gould completed his purchase of Missouri Pacific and explained that he believed in the semi-southern route across the continent rather than the northern one of James J. Hill, because the warmer country would be more productive and invite settlers sooner.
—*New York Press.*

THIRTEEN HOODOO HAS NOT REACHED ALIENS.

THE 13-cent postage stamp or the "hoodoo" stamp, as it is commonly called, is sold more frequently at the Sandusky, Ohio, postoffice than at any other postoffice of its size in the United States, according to statistics just compiled.

This is due to the fact that hundreds of foreigners employed in the quarries outlying the city send their earnings by mail to their homes in lands across the ocean. The postage fee is five cents and the registry fee is eight cents and unless objection is entered a 13-cent stamp is invariably put upon the package, parcel or letter.

The foreigners as a rule have not as yet learned of the American "13" superstition.

THE DEVELOPMENT OF A NEW WESTERN TERRITORY.

By W. Weston, M. I. M. M.

SINCE railways to be worked by locomotives were first constructed, over two hundred years ago, among the most wonderful instances of individual engineering and financial pluck are the oversea Florida Keys Railroad, built by Mr. Flagler, and ably described in the February number of THE BANKERS MAGAZINE,

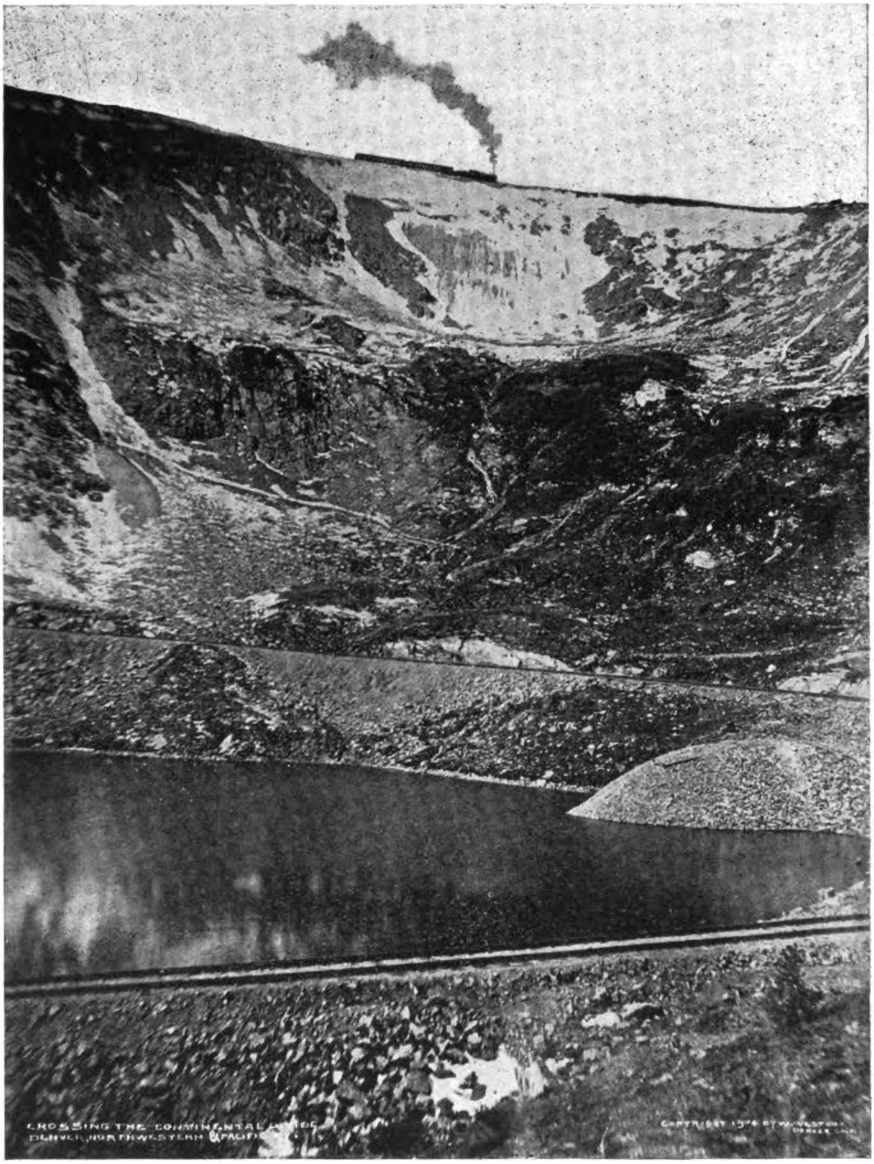
DAVID H. MOFFAT

Builder and Head of the Denver, Northwestern and Pacific Railway; President First National Bank of Denver.

and its antithesis, the over-mountain and inter-valley railway, now being constructed by David H. Moffat, banker, of Denver, Colorado.

To dwellers in the thickly populated old world, and in the eastern portion of the United States, where railways have been built chiefly to meet existing requirements, the courage of Mr. Moffat would seem even more remarkable, as like some other lines west of the Missouri River (but built by public money), his had to create its own traffic by traversing a hitherto comparatively unpeopled country, thus rendering it available for settlement.

The main objects of the Denver, Northwestern and Pacific Railway, the popular abbreviation of which is the "Moffat Road," is to shorten the distance by existing lines from Denver to Salt Lake City by about 150 miles, having its course along the fortieth parallel; to make available to the people of Kansas, Nebraska, Colorado, Utah, Nevada and California, and the steamships plying between Pacific Coast points and the Orient the anthracite and



A Train on the "Moffat Road" crossing the Continental Divide.

bituminous coals contained in the 1,200 square miles of the undeveloped Yampa Field, through the center of which the line is being built; and to give transportation facilities to a strip of country approximately 500 miles in length by 150 miles wide, hitherto devoid of the same.

Surely this was a Herculean task for one man to undertake. But now, at the cost of upwards of $10,000,000 of his own private fortune, Mr. Moffat has already built from Denver (elevation 5,200 feet) over the Great Divide between the waters flowing into the Atlantic and Pacific oceans, crossing the summit at an elevation of 11,660 feet above tide water; thence down the western slope, blasting out a roadbed for miles in the rocky sides of gorges and chasms which are in places 2,000 feet deep, boring fifty-five tunnels through solid granite, and completing 214 miles to the coalfields and into the town of Steamboat

Springs; and already gets a remunerative traffic from the country tributary to his operated line, and also from that of his projected line ahead.

In railroad building, as in all his other successful enterprises, like the general who sits on his horse at the top of an eminence, spy glass in hand, dispatching orders by gallopers to his majors and colonels, and thus directing the battle, Mr. Moffat has always had the faculty of selecting able managers and officers, to whom he could give free hands and trust to carry out his carefully laid plans, and yet devote his per-

Another View of the Continental Divide, with Train about to enter Tunnel 32 of the "Moffat Road."

sonal attention to the great institution over which he still presides, the First National Bank of Denver. And here lies the secret of the quiet, unostentatious way in which he has won such great commercial victories, and proved himself above all other men, the General of Industry who has made Colorado and Denver what they are to-day. The First National Bank of Denver was organized in 1865, and in 1867 David H. Moffat was made cashier, and president in 1880, which position he still occupies, the bank now having a deposit account of $23,000,000.

In 1869, Mr. Moffat, with his friend, the late Hon. John Evans, Territorial Governor of Colorado, 1862-5, organized a syndicate to build the Denver-Pacific railway to a connection with the main line of the Union Pacific at Cheyenne, 106 miles. He was treasurer of the road, and sold $2,500,000 worth of the bonds, and afterwards built line under contract.

Development of Colorado's Mining Resources.

As soon as the big silver and gold mines of the San Juan, Leadville and Gilpin County began to turn out their millions, Mr. Moffat realized that what was eventually to make Colorado a great State, and Denver the chief city west of the Missouri River, was the development of the stores of the noble and baser metals contained in the Rocky Mountains, and the coals of the valleys, and he set his master mind and his able lieutenants to work to effect this. He and his associates built the Denver & South Park railroad up the Platte Canon 150 miles to Leadville, which camp up to date has produced upwards of $200,000,000, and the profits of this line were immense. Then when the Boulder Valley railroad was constructed, he built a line from Boulder to the coal banks at Marshall. Later he be-

Typical Valley Country—Town of Kremmling on the "Moffat Road."

came president of the Denver & Rio Grande railroad, which he broad-gauged west of Canon City, built branch lines into the mines of the San Juan region at Ouray, Telluride and Rico, brought the road from out the hands of a receiver into paying condition, and resigned in 1891.

Then when the phenomenal camp of Cripple Creek was discovered, and which has since produced $125,000,000 in gold, he built the Florence & Cripple Creek railroad to those mines.

Not only did he build railroads to develop the mining camps, but he and his associates owned many of the chief producing mines: at Leadville, notably the Maid and Henriette, Louisville, Penrose, and the great aggregation of claims at the head of Big Evans Gulch, known as the Resurrection, now being drained by the Yak Tunnel people, to whom it is leased; at Cripple Creek he owned the Victor, Anaconda and Golden Cycle, and built the first successful cyanide mill of 300 tons capacity per diem to treat their ores; at Rico, the Rico-Aspen mines; and other smaller holdings in different parts of the State.

He also organized, and was made treasurer of, The Denver Union Water Company; and in 1900 purchased the control of the original Denver City Tramway Company, and with his coadjutor, W. G. Evans, brought it to its present splendid condition, with 223 miles of operated line.

Planning the New Road.

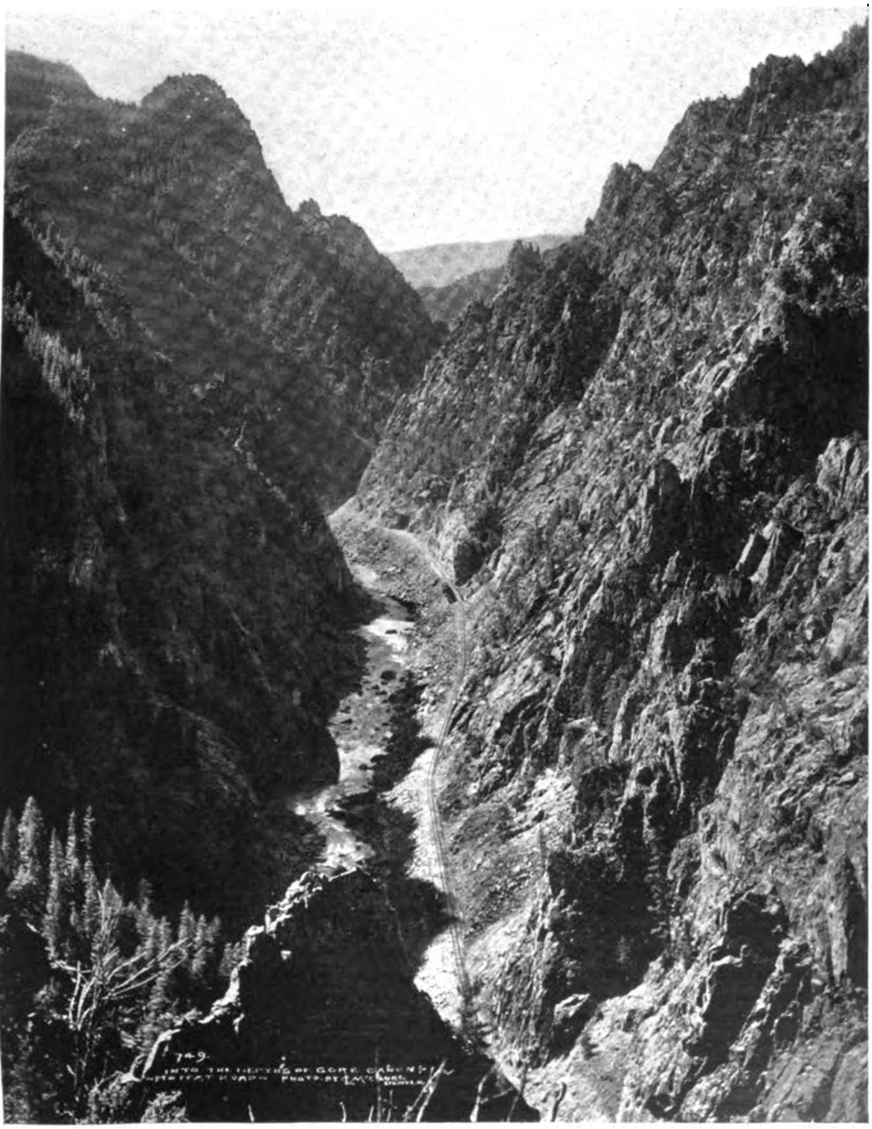
About the year 1899, Mr. Moffat conceived the idea of building a direct line from Denver to Salt Lake City. His chief engineer sent out his reconnaissance parties; and his exploring mining engineer was sent over the projected line to report on the coal, mineral and other resources. The result of their work showed him an easy country after crossing the Continental Divide, and a strip of territory approximately 500 miles in length by 150 in width, abounding with undeveloped wealth of every description, vast deposits of anthracite and bituminous coal, oil and other hydrocarbons, ores of the noble and baser metals, timber, agricultural and pastoral lands, for the whole distance, together with hot and cold medicinal springs second to none in the world, streams and hills abounding with fur, fin and feather, scenery, climate and all else which is alluring to those in search of wealth and health and pleasure.

Up to this time but little had been produced by this territory except hay and beef, for it was too far from the Union Pacific on the North, and the Denver & Rio Grande on the South, to raise anything but cattle, which could be driven to these railroads. All else was lying dormant. So in the year 1902 the great work was begun.

Description of the Route.

Leaving Denver, the line to the foothills, a distance of about eighteen miles, is along a highly cultivated valley of farms and vegetable and fruit gardens, passing en route a mine of very high grade lignitic-bituminous coal, owned by Mr. Moffat and his associates, which furnishes fuel for his great Tramway system; thence through the foothills, past Rollinsville, the shipping point for the gold mines of the Perigo district, which have produced $5,000,000 in the past; and up the sides of the Main Range, with every here and there little settlements of summer cottages being built by residents of Denver.

Then crossing the summit at an elevation of 11,660 feet commencement is made of the descent of the Pacific slope, and into Middle Park, an amphitheatre thirty miles long by thirty miles wide, watered by the Frazer and Grand rivers and their tributaries, giving upwards of 500 miles of streams, with its sawmills, cattle ranches and hay-meadows, its healing mineral



Into the Depths of Gore Canon.

waters, and the prosperous towns of Arrow, Fraser, Granby, Sulphur Springs and Kremmling.

Here too is Grand Lake, 1,500 acres in extent, a beautiful sheet of water, 'round which hotels and summer cottages and handsome residences are rapidly being built. Thence through Gore Canon, four miles in length, whose granite walls rise for 2,000 feet above the track; and into Routt County, leaving the Grand River and following thence the valley of the Yampa River, having passed through scenery for wildness and beauty equalled by no other railway in the world.

Ten miles beyond the town of Yampa, the railway enters the Southeastern portion of the coalfield. This may be generally described as an elliptical basin of 1,200 square miles in extent, underlaid with three groups of high class bituminous coal, with seams of an average thickness of eight feet, and an aggregate workable thickness of fifty feet, of which some forty square miles is anthracite area. This coalfield has been reported on by the engineers of the United States Geological Survey, and in a map issued by Marius R. Campbell, entitled "The Coal Fields of the United States," the probable available tonnage of this field is given at 39,000,000,000 tons; and this, by the courageous enterprise of Mr. Moffat, has been rendered accessible to the people of the Western States, more especially to the territory between the thirty-third and forty-seventh parallels, and west of the one hundred and twelfth degree of longitude, which region is shown by the same map as practically devoid of coal.

And not only will this region draw its coal supply from the newly opened Yampa Field, but also the steamships touching at Pacific Coast points, and plying to and from the Orient, all of which so far have been dependent largely on anthracite from Pennsylvania and Wales, and more or less soft and dirty coals from Australia and British Columbia. Without close study of the subject, the magnitude of the boon conferred on the people of the Western States by Mr. Moffat in thus opening to their use this vast deposit of stored energy and power in the form of coal, can hardly be estimated.

Byres Canon on the "Moffat Road."

At 214 miles from Denver, the line reaches its present temporary terminus, Steamboat Springs. Here exist 150 or more in number of the most wonderful springs in the United States, or, for that matter, in the world—some hot, some cold, and all varying in their medicinal and curative properties. Here a handsome depot is being built, hotels are going up, swimming pools and baths are being constructed,

Some of the Tunnels through which Passengers on the Denver, Northwestern and Pacific Road are taken.

stone and marble quarries being opened, and from the way capital and Eastern tourists are pouring in, the town bids fair to soon become one of the most celebrated watering places, not only of the United States, but of the world.

Details of Construction.

Now as regards construction, it will be pertinent to give here a few details:— In the location of the railway over the portions where it has passed from one watershed to another, and where of necessity it must lie along the sides of the mountain slopes, it was considered an important matter to avoid high trestles, which would be a continual expense, both for repairs and renewals, and the line was laid where it would have the maximum amount of roadbed in solid material; the projecting ridges were tunneled instead of adopting a too-crooked alignment around them, and the effect has been to get the most substantial and permanent construction that it was possible to obtain.

From Denver for a distance of twenty-five miles out, over the plains portion of the line there is a depth of ten inches of smelter slag placed under the ties for ballast, making it one of the most substantial pieces of track in the State. Entering the foothills, and from the twenty-five-mile point West to the head of Egeria Canon (or to a point 173 miles from Denver), the natural disintegrated gravel and broken rock ballast from alongside in the excavations was used; where not conveniently found, gravel was excavated with a steam shovel from gravel pits in the vicinity, and hauled to the place where needed. From the head of Egeria Canon to Steamboat Springs, the greater part of the ballast is taken from an immense deposit of a slaggy material which is in fact the clinker-like scoriæ of a recent lava stream, through a hill of which the line passes. This makes a very permanent roadbed, which is quite necessary on account of the excessive weight of the locomotives.

There are 2,885 cross ties per mile of track from Denver to Arrow, or seventy-six miles; they are of long leaf Texas pine, eighty-five per cent. heart-wood. From Arrow to Steamboat Springs, native lodge pole pine ties were used. The rail, both on main track and sidings, weighs eighty pounds per yard, Am. Soc. C. E. pattern. An angle bar twenty-nine inches long, with six bolts, is used between Denver and Sulphur Springs. Beyond that point, the angle bars are twenty-four inches long, with four bolts. Tie plates are placed under the rails at each tie on curve and tangents on the main line, and on the curved portion of each siding.

Sidings from 2,600 to 3,000 feet in length are located approximately every five miles to fit topographical conditions.

Steel plate girder bridges are located across the important streams, but owing to the difficulty of delivering steel work at the point, the minor bridges are wooden trestles, which will last ten or twelve years, when they will be replaced with steel or with concrete culverts and an embankment over same.

It has been the purpose of Mr. Moffat in constructing his line to make it as near permanent and first class as it was possible to do under the circumstances, and to prevent the necessity of making revisions and changes when the volume of business will demand the maximum trainload and quick time.

New Road Fills a Long-Felt Need.

Already for three years past from 35,000 to 40,000 head of cattle (which formerly were driven to the Union Pacific on the North, and the Denver & Rio Grande on the South) have been shipped annually, and other out- and in-bound freight, consisting of coal, lumber, etc., merchandise and machinery, and added to this, the enormous tide of tourists and pleasure seekers, has been most gratifying to the plucky builder.

While construction is being pushed Westward, it is planned to build a tunnel, six miles in length, at an elevation of 9,100 feet above sea level, through the Main Range, which will eliminate twenty-seven miles of four per cent. grade, give a maximum grade from Denver through to the Pacific slope of two per cent., and shorten the distance twenty-three miles. An independent company, the subscribers being largely composed of Denver's richest citizens, has been formed for the purpose of constructing this tunnel. Freight trains and through passenger trains, operated by electric motors, will be run through, while in all probability trains will be run during the summer months over the summit, for the benefit of the great annual influx of Eastern tourists and Denver excursionists, to whom the wild scenery of cloud-enveloped peaks, pine forests and deep chasms is the chief attraction.

Amazing Resources of the Country Opened Up.

Westward from Steamboat Springs the survey for the most part follows the valley of the Yampa River to the Green River, just across the Colorado-Utah line, passing through the town of Hayden, the southern terminus of the Colorado & Northern, an independent branch railway surveyed in to the anthracite mines, about seventeen miles to the North; then through the 30,000-acre model cattle and stock farm of the Cary Brothers, where thoroughbred draught, saddle and carriage horses, short horn cattle and Berkshire hogs are bred in large numbers; through Craig and Maybell—great ranching and range cattle centers—and on to the Utah line, where the Green River is crossed at Jensen; then entering the Ashley Valley, with its 8,000 inhabitants and its thriving farms and fruit orchards; from thence, via the Duchesne and Strawberry valleys, to the spur of the Uinta Range, which has to be crossed before entering the Salt Lake Valley, the survey passes through what was formerly the Uinta and Uncompahgre Ute Indian reservations, thrown open to the public in 1905.

This is not only destined to be a great farming and fruit raising country, but it is also the location of what is generally known as the hydrocarbon field of Uinta County, Utah, containing veins of gilsonite (the purest form of crude bitumen), the available tonnage of which has been estimated by the engineers of the United States Geological Survey at 32,000,000 tons; and as this product is worth $30 per ton, a vast wealth is here represented. There are also many veins of elaterite and ozocerite, which products are still more valuable, and reefs, miles in extent, of sandstone asphaltum, which will be rendered available to commerce by the advent of the Moffat Road. Among other undeveloped hydrocarbon products in this valley are also oil and vast areas of bituminous shales.

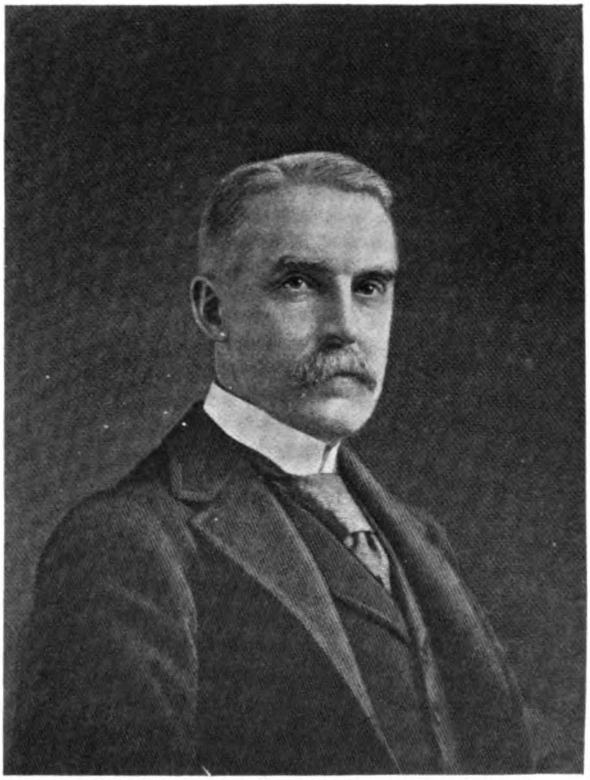
The region from the Green River to the low divide which has to be crossed before dropping down to Heber, in the Salt Lake Valley, is watered by the Duchesne, Strawberry and Uinta rivers and their tributaries, fed from the snows of the Uinta Range on the North, whose peaks reach elevations of from 12,000 to nearly 14,000 feet above sea level; and the average elevation of the valley being only 5,000 feet, it is suitable for the raising of all kinds of fruit, vegetables, cereals, stock raising and bee-keeping, and is destined to be thickly populated and very prosperous, and in anticipation of the approach of the construction gangs of the Moffat Road, is already rapidly settling up.

It is intended to continue construction Westward at once. Meanwhile the operated line to Steamboat Springs is on a paying basis, and as the securities of the Denver, Northwestern & Pacific Railway are now in the hands of a powerful firm of Eastern bankers, they will probably be negotiated at an early date, and the line rapidly completed to Salt Lake City.

The building of the Denver, Northwestern & Pacific railway is the acme of Mr. Moffat's life-work, and on the mountains and valleys of the State which his magnificent commercialism and courageous engineering feats have done so much to build up, he has inscribed a tablet commemorative of his achievements which, until that day "when the rocks shall be rent asunder," can never be effaced.

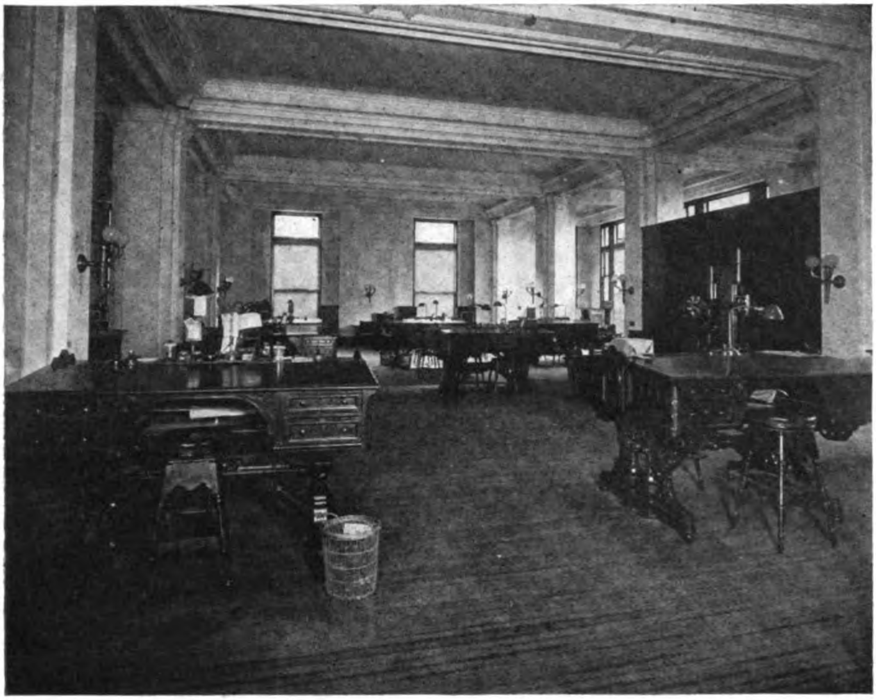
THE MUTUAL BENEFIT LIFE INSURANCE COMPANY OF NEWARK, NEW JERSEY.

THE original act incorporating The Mutual Benefit Life Insurance Company of Newark, New Jersey, became a law January 30, 1845. The first officers of the company were: Robert L. Patterson, president; Benjamin C. Miller, secretary, and Lewis C. Grover, counsel. The first policy issued by the company was dated May 6, 1845, and was an ordinary life policy for $3,000, issued at age thirty-six, with an annual premium of $84.30. The first premium, however, was not paid, and the policy was never in force. Policy number two was issued May 20, 1845, on the life of Benjamin C. Miller, of Newark, N. J., and was an ordinary life policy for $1,500, issued at age forty-two, with an annual premium of $51.00. In 1898 the insured attained the age of ninety-six (the tabular limit by the American Experience Table of Mortality), when this and his subsequent policies were paid by the company in full. Seven other members of the company lived to the age of ninety-six, at which time they received payment of their policies in full. In this respect its experience has been unique, no other company so far as known having pursued a similar course. Premiums upon policies issued in 1845 were based upon the Carlisle table of mortality, with four per cent. interest. The company continued to use the Carlisle table until 1870, when it adopted premium rates based upon the American experience mortality and four per cent. interest. On January 1, 1900, it adopted new premium rates based



FREDERICK FRELINGHUYSEN

President Mutual Benefit Life Insurance Company of Newark, N. J.

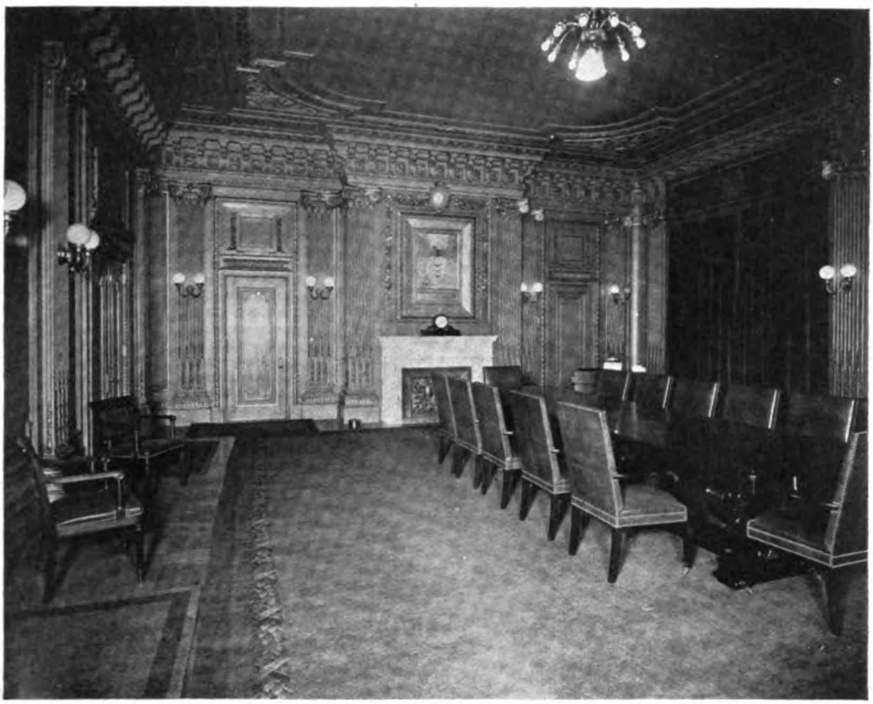


The Main Office.

A Corner of the President's Room.

upon the American experience mortality and three per cent. interest.

Robert L. Patterson continued president of the company until his death, in 1862, when he was succeeded by Lewis C. Grover, who resigned in 1881. Theodore Macknet temporarily filled the office for a few months, until the Hon. Amzi Dodd could accept the office. Mr. Dodd had been the company's mathematician since 1863, the office being much more comprehensive than that usually known as "actuary," and he was mainly responsible for the policy forms and plans put into operation which first gave the company the title of "The Policyholders' Company," by which it has become so widely known.



The Board Room.

In 1879 the company adopted a uniform non-forfeiture system applicable to all participating policies, old as well as new, except old limited-premium and endowment policies calling for paid-up insurance for pro rata amounts. Under this non-forfeiture system, provided two years' premiums had been paid, the insured was entitled to automatic extended insurance for the full amount of the policy for such time as the reserve upon the policy would purchase at the company's regular published single-premium term rates. If preferred upon surrender of the policy within three months from date of lapse a value was allowed in the form of paid-up insurance. This non-forfeiture system was afterwards modified by the company's incorporating in all its regular policies a provision for yearly guaranteed cash values.

Mr. Dodd retired from the presidency on January 20, 1902, and was succeeded by Frederick Frelinghuysen, who still holds the position. The assets of the company on January 1, 1909 amounted to $120,376,062.09; its liabilities to $115,631,935.72; and its surplus to $4,744,126.37. It had outstanding 202,793 policies, insuring $474,289,658. During the year 1908 it received $17,344,898.50 for premiums; $5,281,233.05 for interest; and from other sources $158,064.01, making its total income $22,784,195.56. It returned to policyholders $11,821,252.23, and put aside for their future benefit $7,789,568.21, making in all $19,610,820.44, or $2,265,921.94 more than was received from them.

The company has always paid dividends annually, such dividends being applied either in reduction of premiums, or to the purchase of additional insurance, payable with the policy at maturity, or to the conversion of the policies into endowments payable at a specified and gradually diminishing age. The company has never issued policies on the "tontine" or "deferred dividend" plan. Since its organization the company's total expenses, including taxes, have consumed only thirteen per cent. of its total income.

The steady and uniform growth of the company has been achieved only by a strict conservation of the best interests of the policy-holders. The dividends paid by the company since its organization have been large, and the cost of the insurance consequently low, while the policy contract has been broadened and liberalized as rapidly as the company's experience has warranted such action.

MRS. ARLING'S BANK ACCOUNT.

MRS. ARLING didn't know much about business but she never admired her husband more than when he was writing her a check. It seemed such a pleasant way to pay a debt.

"I wish I could write some," she said one day, wistfully.

She had always felt very important when Arling asked her to sign a coal receipt or any other mysterious document.

"You may have a bank account, my dear, if you want one," said Arling, holding her chin up to look into her eyes. "Perhaps it will help you to keep your accounts straight. It is easy to know what you pay out in that way. I'll open an account for you in Mr. Cole's bank, near home."

"But I won't know what to do unless you show me."

"Mr. Cole knows you. Just tell him what you want and he'll fix it up for you."

So the bank account came into existence.

* * *

"Well, how does the bank account go?" asked Arling of his wife a few weeks later.

"It doesn't go at all," she lamented. "I called Saturday afternoon and"——

"Of course the bank was closed."

"I tried again yesterday"——

"Another legal holiday. An election day."

"So, while you were away I borrowed some money from Mrs. Smyth and Mrs. Rose, and I'm all mixed up"——

"Just write them some checks."

"I did, and the checks were returned. Here they are."

"Why you forgot to sign them!"

"Did I? I'll go to the bank to-morrow and fix things—if it isn't some holiday or other."

The next afternoon Mrs. Arling went into the bank. Banker Cole looked surprised.

"Why, Mrs. Arling"——he began.

"You look as if I didn't have any money here," protested she.

"It isn't that. Banking hours are from 9 to 3."

"Well, I'm sure it's after 9."

"And after 3, also."

"Oh, it can't be. I've just got through lunch!"

"That ought to be conclusive, but it isn't. It's ten minutes after banking hours."

"Surely you are mistaken, for I had only a simple lunch, and my husband wasn't there. It didn't take me long to fix chipped beef and an omelet"——

"Never mind. They were just about to lock the door, but if you'll hurry I'll wait on you."

"I want some money. Let me see, I owe Mrs. Smith for three yards of lace at twenty-six cents—or was it twenty-six and a half cents a yard? I just hate fractions, don't you? And I owe Mrs. Rose—she paid for a C. O. D. package from Martin's"——

"Make out a check and I'll give you the money."

"But I want to write the checks to them. It's easier to keep the accounts so, my husband says. That's why I must get just the right amount."

"Come in the morning, then."

"I mustn't, for I get so worried over the figures that I can't sleep. I tried to figure it out this noon. Maybe that is why I was so late."

"All right. Write a check to Mrs. Smyth for seventy-nine cents"——

"I believe that was the amount. How did you know? Perhaps you can tell me what I owe Mrs. Rose?"

"Better make out a check to yourself and draw money for both."

"What right have I to pay myself for their money. I don't think that would be honest. I'm sure they wouldn't consider it paid. I'll let them wait and just get the money that I want myself. Let me see. A pair of shoes—that's $5—and some crochet cotton. What will that cost, do you think?"

"Can't tell. Still, maybe"——

"Why, doesn't Mrs. Cole crochet? I'll show her my lovely new stitch."

"Sorry I can't wait, Mrs. Arling. Just come in the morning, I'm going to close the bank."

"Of course, Mr. Cole, if you don't wish to give me my own money. My husband told me I could get it any time. Still, I suppose the interest on it does amount to something to you. I shall transfer my account to a larger bank. These small banks are closed most of the time, anyway. Good-day."—*New York Evening Journal.*

CURRENT OPINION

NEW PLAN FOR A CENTRAL BANK.

GEORGE M. REYNOLDS, president of the Continental National Bank of Chicago, in his address before the recent Iowa State Bankers' Association convention, said:

I do not believe that any law which is too radical or which is inclined to be very revolutionary in its effect can be passed: and, indeed, I have arrived at the conclusion that we can find a way out of the present situation without doing anything which need seriously disturb existing conditions, and with that thought in view I have in my own mind evolved a plan which I think would answer our needs rather better than many of the others that have been proposed, because its adoption would not interfere with a single function enjoyed by any bank in any section of the country, other than that the plan would contemplate the withdrawal of Government funds entirely from the national banks of the country and depositing of the same with the central bank.

Briefly, my plan would be as follows:

I would organize a central bank with $100,000,000 capital, with its headquarters in New York, Chicago, or possibly Washington; I would have branches of this bank located in every place where there is now a sub-treasury, such branches to take the place of the sub-treasuries, and would go further in this direction by having branches located in every city of importance that would be necessary to assure a satisfactory service to every section of the country. Instead of having the national banks of the United States own the stock of this bank, I would make it unlawful for them to own any of its stock, but I would popularize the bank by having the Government guarantee a dividend on the stock, of from three to four per cent., and I would offer the stock to the people for popular subscription.

Inasmuch as I would have the Government deposit all of its money in this bank, without interest, and would have the bank act as the fiscal agent for the Government, I would give the Government one-half of the profits made by such bank in excess of the dividends guaranteed by it

I am convinced that under these conditions the stock would be very popular, as it would, in reality, be equivalent to a Government bond.

In addition to the deposits of the Government funds in this bank, I would have it act as the depository of the national banks in the three central reserve cities of New York, Chicago and St. Louis, and I would have the reserves now locked up by them carried in the Central Bank, the same as the joint-stock banks of London, Paris and Berlin carry their reserves with the Bank of England, the Bank of France and the Reichsbank, respectively.

Under ordinary conditions this would give the Central Bank a deposit line of from $400,000,000 to $500,000,000.

For this I would accumulate gold, which I would have taken to the note issuing department and would have bank notes issued against the same, which bank notes, in turn, I would take back to the banking department and have carried as reserve against the deposits of the Government and the central reserve city national banks, just as the Bank of England carries its bank notes against its banking deposits, keeping all of its gold in the issuing department as security for its outstanding bank notes.

In this way I would provide for an increase in the circulating medium of the country of an average from $400,000,000 to $500,000,000, and would utilize the reserves in the banks in the central reserve cities for the double purpose of reserve against the deposits of those banks and as security for bank notes secured in full by gold.

Under existing conditions the reserves carried by the national banks in these three central reserve cities are locked up in their vaults and do no good beyond that, and, indeed, their safe keeping is a burden to the banks themselves. Since it has been proven by experience that the central banks of the three countries heretofore mentioned, carry practically all of the reserves of those countries, there is no reason that I know of why our banks in New York, Chicago and St. Louis should not keep the bulk of their reserve in a central bank, carrying in their own vaults only "till money" in such amounts as would be necessary to meet their daily needs.

You will note that this plan would not in anywise change existing laws regarding bank reserves in any way, except in the three central reserve cities; consequently, it would not disturb the present relation between banks in the interior and their reserve correspondents.

I would provide for the supervision of this bank along lines somewhat similar to those governing the Imperial Bank of Germany, or the Reichsbank, by the appointment of a general governmental supervising or overseeing board, the members of which should be appointed jointly by the President of the

United States, the Secretary of the Treasury and the Comptroller of the Currency. I would require that the appointment so made be approved or confirmed by the Senate, and I would so arrange their terms of office that the majority of this board should not go out of office during any period of eight consecutive years, thus providing against a change in the policy in the management of such a bank, even though we should have a "freak" administration for two terms in succession.

I would have another board selected by the stockholders, the members of which would confer with the officers and this supervising board, but in order that the management of the bank might be entirely removed from politics, I would have the supervising board, after they had conferred with the board representing the stockholders, appoint the directors and president of the bank to their respective positions for life, subject to removal, however, by that board in the event that they should not discharge their duties properly in accordance with the law regulating the management of the bank.

I would make this bank a bank of discount for the bankers of America: In a word, while I would popularize it by making it a people's bank and, so far as the public is concerned, allow the bankers to have nothing to do with its ownership or management, still, I would, in the law creating it, provide for all of the needs of the banking and other business interests of the country.

My opinion is that what we need in this country now is greater discount facilities in times of stress quite as badly as we need more real money, and the fact that our panics are so severe when they do occur is, in a measure, I think, because any uneasiness on the part of the public forces the banks, as a measure of self-preservation, to discontinue extending discount accommodations and causes them to immediately undertake to increase their reserves, through contracting their lines of discount and otherwise, to do which under our present system it is necessary to deplete the reserves of someone else.

While I would make this bank a bank of discount, I would not, for the present at least, and possibly never, allow it to receive deposits other than as I have already stated, viz., from the Government and the banks in the three central reserve cities.

I can conceive how this bank would have a great credit-creating power which would enable it in times of stress or emergency to extend to the banks of the country discount accommodations to the extent of a billion dollars or more, or an amount in my opinion sufficient to restore confidence and order in business.

I would have the law providing for its organization describe very specifically the kind of paper that would be admissible for discount by the bank; and in order that the credit which its discounting of paper would create should be used in legitimate lines of business and not for speculative purposes, I would confine its discounts to short-time commercial paper originating in actual business transactions, and would not allow it to accept loans with stocks, bonds or other speculative securities as collateral. In this way it could be made impossible for the central bank to give any direct assistance to any business of a speculative character.

A central bank given this power would have to have the right to make commercial credits the basis of part security, at least, for its circulating notes, but this could be done and still enable the bank, under practically all emergencies, to maintain against its bank notes a sufficiently large percentage of reserve, in gold and silver, to insure the safety of the note and the stability of its credit with the people of this and other countries.

Just what the percentage of metal reserve to its circulating notes should be I am not at this time prepared to say, but I believe that a plan along this line can be worked out which will prove to be practical and at the same time serve our purposes, being revolutionary and, indeed, without interfering with a single function now enjoyed by national banks, other than taking away from the national banks the deposits of the Government.

In framing a law providing for the creation of a central bank of this character I would not interfere with the present note-issuing power of the national banks of the country, but I would have in mind giving to the central bank the ultimate exclusive right of issue of bank notes in this country when our outstanding Government bonds are retired and the present basis of security for our national bank notes no longer exists. In that way, the central bank would gradually through a period of years assume greater functions in this direction, but it would be many years before our present bond-secured bank notes would disappear.

TWO MUCH ONE MAN POWER.

JAMES B. FORGAN, president of the First National Bank of Chicago and chairman of the Chicago Clearing-House committee, on July 8 gave the Michigan State Bankers' convention, assembled at Petrosky, the gist of his forthcoming address before the American Bankers' Association in September. He said:

An erroneous idea prevails that because the bank examiners and the Clearing-House Committee have charge of banks there will be no more failures, said Mr. Forgan. We have the key to lock the stable after the horse is gone. We have no initiative. The responsibility always must rest on the directors. The transactions of a bank cannot be regulated by law. No two deals are alike. The success or failure of any bank does not rest with the Comptroller or examiner. The directors and officers do the lending.

Senator Aldrich struck the keynote when he said that you cannot legislate honesty and good judgment into the hearts of all men. The Comptroller of the Treasury could not pass on all credits as has been suggested. I could not even pass on all the credits of the one bank of which I am president.

Legislators should hesitate before giving such an enormous power to one man. The Comptroller already has more power than any other one man in the financial world. He has too much power and this one man conditon of affairs should be looked after. To place on the books statutes for the regulation of bank management and try to manage by legal enactment and hold the Comptroller of the Currency responsible for enforcement is impossible and impracticable.

I cannot state this idea too strongly to express my feeling. Whatever success I may have had in the banking business has been due to my ability to throw the load of detail onto someone else. Any man who thinks he can sit at Washington and boss so big a job isn't fit for the job even if he thinks he is. That job must be left to the honesty and integrity of the man at the helm of the bank. Nothing so quickly spoils a man for managing a bank as to be made a bank examiner unless he has horse sense. You can't learn the condition of a bank by going in with a yardstick. It is intuition, the sixth sense in the banking mind, that does the work.

CORPORATION TAX WILL DISCRIMINATE AGAINST SMALL BANKS.

INDIANA bankers and heads of trust companies are opposed to the corporation tax amendment to the Tariff bill recommended by President Taft, which passed the Senate July 2. Supt. Wiles of the Bank and Trust Company Department of the State reports that the objection to the bill is based on the fact that it does not apply to national banks, savings banks, and building and loan associations, but includes State banks, private banks, and trust companies, making a discrimination in favor of the former. Mr. Wiles expressed himself as follows:

I believe the tax will have the effect of driving the state banks, private banks, and many trust companies out of business. The people who support these banks are quick to respond to any hint of discrimination, and I fear that one of the first results will be to drive deposits from the class of banks discriminated against.

Next, it will compel some state and private banks to become national or savings banks in cities where they can afford to make the change, but in the smaller places I believe that it will drive the small bankers out of business and impose an unnecessary hardship on business men.

The state or private bank and the trust company occupies as important a place in the business of its limited field as is occupied by the national bank in the larger field, and my banking sense, based on several years' experience in the business, prompts me to believe that the smaller institutions cannot but be seriously crippled if the proposed tax is imposed.

POSTAL SAVINGS BANKS—THEIR ESTABLISHMENT AN ECONOMIC CRIME.

GEORGE E. ROBERTS, president of the Commercial National Bank of Chicago, formerly United States Treasurer, speaking before the Minnesota Bankers' Association on "Postal Savings Banks," said in part:

The postal savings bank plan comes to us from Europe. The most common, and perhaps most influential, argument in its favor, is that nearly all other countries have one, and yet the conditions are radically different in this country from the conditions abroad. Abroad, the postal savings deposits are all invested in public debt; in fact, the postal savings system in those countries is a part of the machinery by which the Government float their loans. In this country the public debt is small, our bonds yield less than two per cent. to investors, they are all employed as the basis of our currency system and are wholly unavailable as a means of employing these deposits.

I venture the opinion that a majority of the people who favor a postal savings bank never get so far as to consider how the funds are to be employed. The idea of having the Government receive deposits at the post-office, furnishing convenient and absolutely safe depositaries, is attractive to them. But that is only one-half of the banking function. It is just as important that these deposits shall be returned to the circulation in the localities where they belong as it is that there shall be safe and convenient depositaries, and this second half of the banking function the Government has no facilities for performing. That is the fundamental weakness of the scheme.

Even if the public debt was available for the employment of the funds, we would not want the savings of all the scattered localities of this country gathered up and sent to Washington for investment. As to the workings of the English system, copied a few years ago the following comment from an English magazine: "The branches of the post-office savings bank convey all the savings of the district which they receive straight up to the central office in London. This money is employed there in purchases of the public funds of the country; it is thus removed from the district in which it originates, and incidentally assists in raising the price of the funds to so high a point that the postmaster general is unable to invest the amount collected on such terms as to obtain back the interest which he covenants to allow his depositors, and to obtain also a sufficient margin to meet the working expenses. The deposits of the post-office savings banks thus eventually cause an expense to the country. There was a deficiency in the savings bank funds last year which had to be made up out of the public taxation. The deposits in a commercial bank in a small town or village are, on the other hand, a source of gain to the country; they are of great service in developing the trade of the place in which the banks exist, and in assisting the inhabitants in their business. * * *

Now, if the drain of savings deposits from all parts of a country to the capital, for investment in Government or other high class bonds, is a serious matter in a conutry like England, it would be very much more so in a country like the United States. England is a comparatively small country; no part of it is new, and all of it is very well supplied with capital. The contrary is true of the United States; it would be nothing less than an economic crime to take the savings of states like the Dakotas, Oklahoma, Texas, Minnesota, or any of the western states, down to Washington for investment either in Government bonds or any other securities of that class. It would result in a further congestion of money in the centers. In a country of vast undeveloped resources like the United States, it is of the highest importance that the savings of every section shall be allowed to remain where they are earned, as a part of the working capital of the region, for the development of that locality, and for the employment of the wage earners, who are usually the depositors. The deposits are of more value to the country there than they can be anywhere else, and they earn a much larger return for the depositors there than they can anywhere else.

The proposal to make national banks the depositaries of the postal savings funds is inconsistent with the national banking act, which makes no provision for handling savings deposits, and distinctly forbids real estate loans.

ENTERTAINMENT FEATURES BEING PREPARED FOR THE A. I. B. CONVENTION AT CHICAGO.

THE committee of the Chicago Clearing House upon the entertainment of the American Bankers' Association during its annual meeting here in September has agreed upon the principal features of its programme. On the evening of the first day of the convention, Monday September 13, a dinner will be given to the executive council of the association. This will be a notable event, attended by the officials and leading members of the association and men distinguished in finance from all parts of the country. George M. Reynolds, president of the Continental National Bank, is chairman of the committee in charge of this affair.

On Tuesday evening, September 14, the association will be entertained at the Coliseum, the entire house being engaged for that evening by the committee. The entertainment will consist of Ferullo's Band and the Italian Ballet, with light refreshments served at small tables, all with the compliments of the bankers of Chicago. David R. Forgan, president of the National City Bank, is chairman of the committee on these arrangements.

Wednesday will be largely devoted to a boat ride to Gary and a view of that magic city and an inspection of its modern steel plants. Two large steamers, and more if necessary, will carry the party without crowding, and elaborate preparations will be made for guiding it through the works and for a luncheon under a great tent, ninety by one hundred and fifty feet in size, with seating capacity for 2,500 people. This trip is expected to prove a very interesting and enjoyable feature of the convention. B. C. Sammons, assistant cashier of the Corn Exchange National Bank, is chairman of the committee which is arranging this part of the entertainment.

The great social event of the week will be the grand ball, to be given at the Auditorium on Thursday evening, September 16. The entire Auditorium theater has been secured for the occasion, and the floor will be laid extending the stage over the parquet, as heretofore for charity balls and other extraordinary occasions. The ball is expected to be one of the most brilliant and distinguished affairs of the kind ever held in Chicago. John Jay Abbott, vice-president of the American Trust and Savings Bank, is chairman of the committee in charge.

The hotel and reception committee, headed by August Blum, vice-president of the First National Bank, has organized and taken up the task of providing suitable accommodations for members of the association who expect to be in attendance. It has sent out circulars to all members tending its services, and is in conference with the managers of the principal hotels.

The leading packing companies of Chicago have asked the local committee having charge of the entertainment of the American Bankers' Association at its September meeting in Chicago, to arrange for a trip by the visiting bankers to the plants at the stock yards. They offer to provide a special train from down town to carry the guests, to conduct them through the plants, and serve a luncheon at the yards. The entertainment committee has accepted the invitation, and this feature of the programme will be carried out on Thursday, the sixteenth.

INVESTMENTS

Conducted by Franklin Escher.

THE COURSE OF MONEY RATES.

PRECEDENT is followed no more invariably in the money market than anywhere else, but in the movement of money rates following the disturbance of 1903, bond dealers consider that there is an analogy which sheds a good deal of light on the probable course of money rates from now on.

Credit conditions were far more strained in 1907 than they were in 1903, but in both cases rapid recovery was made from a very badly disturbed money market position and the course of the recovery now may turn out to be not dissimilar from what it was then. After the collapse of 1903, it will be recollected, money rates oscillated with great irregularity, but finally settled down into the long period of ease which lasted through almost the whole of the next year; 1904 was a year in many respects similar to 1908. Business in both cases had been checked into inactivity and in both years huge amounts of currency came pouring into the eastern reserve centers from the interior, the gain during the first seven months of 1904 amounting to $173,000,000. In both years the great strength of bank reserves kept money rates down even during the moving of the crops. Early 1905 (paralleling 1909 in the analogy) saw rates still low, but by the middle of the summer a decidedly firmer undertone had been developed.

That is the stage which we have reached now—what is to come? So far the money market following "1907" has closely paralleled the money market following "1903." If the parallel is to be continued, we shall get slowly but very steadily rising money rates from now on; that is the course which money rates took during the second half of 1905. By December of that year 60-day money had worked up to six per cent. If history repeats itself we shall see the time rate near that figure before the year is out.

Other Influences.

Practically all the influences which brought about the stiff rate at the end of 1905 are operative now. Business is recovering rapidly, the stock market is active, and enormous amounts of capital have been tied up in new securities. In addition to that, the state of foreign trade continues highly unfavorable so far as the maintenance of a balance in our favor is concerned, and gold exports since the first of the year have been on an exceedingly heavy scale. If the crops turn out so well that we can market a large exportable surplus at high prices, the international balance may again swing over in our favor, but in the meantime our foreign trade remains in a condition not at all conducive to money market ease. As for the gold we have lost, we shall find, as soon as the demand for money becomes at all keen, that the bank currency which has been so freely turned out of the printing presses since the first of the year is a pretty poor substitute.

As against these influences making for higher money rates, there must be considered the fact that money is exceedingly plentiful in Europe and that the foreign bankers are not only willing but anxious to lend here. There has been no such business recuperation on the other side as we have had and in consequence the fund of idle capital abroad is very much greater than it is in this country, and its owners are having more trouble in putting it out profitably. Under present conditions the New York market is about the most profitable field. Conservative estimates place the amount of European capital loaned through the medium of the New York foreign exchange market during June at $100,000,000, which is entirely exclusive of the French and English money put into our issues of new securities, and only a part of what Europe is willing to place here in the way of short term loans. Such a potential supply of available capital is naturally a great influence working against any sharp rise in rates.

THE QUESTION OF FAIR COMMISSIONS.

AS the bond market has become quieter and competition more keen, there has been a good deal of discussion as to the commission which city bond dealers have a right to charge their out-of-town clients. Where the question is of buying bonds on the Stock Exchange or of buying bonds which have a broad and active "outside market," the matter of commissions is easily settled. But where the question is of obscure bonds or bonds close-held and rarely traded in, the fixing of the commission is not so easy and is often a cause of dissatisfaction.

Looking at the matter first from the standpoint of the city dealer, it is manifestly unreasonable for a country bank to ask him to spend time and money ferreting out a broken lot of some obscure bond, and then offer him a commission of one-eighth per cent. or one-quarter per cent. for his trouble. Special knowledge of where the bonds can be bought is a prerequisite to being able to handle the business at all, and this special knowledge most dealers consider worth a respectable commission.

From the standpoint of the out-of-town buyer, on the other hand, the dealer in the city is commissioned to buy the bonds just because of his special fitness to do the business, this special fitness entitling him to an extra commission of one-eighth or one-quarter per cent., but by no means to the two or three points he often demands.

Out-of-town banks often have close relations with dealers in the city and have definite arrangements as to commissions. But where no such relations exist the present procedure in the case of inactive bonds is apt to be about as follows. The wire comes in, "How can you sell us ten X Y Z bonds?" The dealer in the city knows where there are such bonds and finally gets an offer of ten of them at 90. According to the trouble he has taken, and according to the way he figures the chances of the out-of-town bank's being able to get at those bonds through some other dealer, he fixes the amount of his commission. But in any case he never wires back, "Ten bonds for sale at 90. Will buy them for a commission of three points." Almost invariably his reply would read, "We can supply you the ten bonds at 93."

The out-of-town bank knows that the commission is included in that offer at 93 and probably figures that it is a good round commission, too. But that is the way the business is done and unless the out-of-town bank figures that it can buy the bonds better through some other house, it is likely to accept the offer. And just here lies the difference between the city dealer who is trying to build up a good solid business by charging reasonable commissions and the dealer who wants to "gouge" every out-of-town customer. The former makes less money out of his trades, but keeps his customers—they get to know he is fair and will charge a fair commission. The latter is almost sure to be found out and never again gets an order from that particular bank.

Commissions vary widely and ought to vary widely. The buying of five or ten obscure bonds frequently involves expenditure of time, trouble, and money which makes the purchase worth a commission of several points. Then again the buying of those same bonds might be done over the telephone in two minutes. The out-of-town bank will save a good deal of money in commissions by judicious selection of the broker in the city to whom it goes for quotations. Where there is no regular quoted market, the importance of personal integrity is highly accentuated.

INTERNATIONAL INVESTMENT.

SIGNS are not wanting that the American investor is becoming more cosmopolitan in his tastes and that a great deal of American capital is likely to go into foreign government bonds during the next few years. Next month in this department there will be found an article on South American bonds and their growing popularity with investors in the United States. South American bonds are, however, by no means the only class of foreign security toward which American capital is turning. We are a very self-centered people, but the realization is becoming more and more general that just as European investors in the past found it profitable to invest their money in the growing enterprises of the United States, so American investors may very probably do well to consider for investment the higher-interest bearing securities of countries other than their own.

It will be a good many years before New York becomes an international market for foreign government bonds, like London or Paris, but the amount of American money that has gone into foreign securities during the past ten years is pretty large and is being constantly added to. Among the most important of these issues are the Mexican Government 4s and 5s, the Cuban 5s, the Imperial Japanese 4s and 4½s, the Brazilian Sao Paulo 5s and the Argentine Government 5s.

Recent Foreign Loans Placed Here.

Of the Mexican Government 5s there are outstanding slightly over $100,000,000. They were brought out in this country by J. P. Morgan & Co. in 1899. The Mexican 4s, the original issue of which was $40,000,000, were brought out five years later and were very thoroughly distributed by a syndicate composed of such representative bankers as the Speyers, the City Bank, Harvey Fisk & Sons and others in New York; the First National Bank, in Chicago; the Old Colony Trust Company, in Boston, and the Girard Trust Company, in Philadelphia. Insurance companies took considerable blocks of the bonds, but they were largely placed with investors as well.

The Cuban 5s issued under the terms of the treaty between Cuba and the United States commonly known as the Platt Amendment, were brought out by the Speyers in the same year. Of all the recent foreign loans placed in the American market this one has been about the most successful from the standpoint of the investor, the bonds now selling from twelve to fifteen points above the price at which they were brought out.

The low money period of 1904 was further taken advantage of for the flotation of the Japanese war loans, the operations being handled by Kuhn, Loeb & Co. The 4½s (first series) were put out at 90½. After that came the second series of 4½s, issued at 90. By the close of the war Japan's credit had so much improved that another issue of bonds, this time bearing only 4 per cent. interest, was sold at the same price.

Since 1905 the only foreign loans of any consequence floated in this market have been South American, but with the American participation in the Chinese railway loan, interest in Eastern securities appears to be awakening and it would not be surprising if considerable capital went into the Orient. We have passed the stage in our economic development where the bid for capital at home is so high that it keeps investment money from seeking the higher-interest-bearing securities to be found outside.

THE TRACTION PROBLEM IN NEW YORK.

THE bondholders' committee representing the four per cent. refunding bonds of the Metropolitan Street Railway in New York has recently given out some interesting information as to the causes of the dire straits into which the property finds itself plunged. The first of these causes, it appears, is that the theory upon which the surface railway companies accepted the transfer system imposed by the Legislature as a condition to the making of certain mergers and leases, has proved to be a fallacy and a mistake in judgment. The result of this transfer system is that the fare per passenger has been practically reduced from five cents to three cents, and this in the face of the fact that the cost of the construction of street surface electric lines in the Borough of Manhattan is several times greater per mile than in any other city, or in the other boroughs of the City of New York, to say nothing of the enormous increase in the cost of operation and maintenance due to the annually increasing congestion of vehicular traffic in the principal thoroughfares.

Excessive Taxation.

The second reason for the troubles of the property, the committee declares, is that under laws passed upon the theory that the company was making large profits in addition to a fair return on the actual capital invested, it is now claimed by the taxing officers that over thirty-five per cent. of its net earnings must be paid, annually, by way of special franchise taxes and other public charges. That these impressions of the value of the company's franchise rights on which these tax laws are based are chargeable to those formerly in charge of the company, is admitted—that circumstance, however, in nowise altering the fact that the charges with which the property is saddled are confiscatory and ruinous.

Leased Lines.

Long-time leases made while the company was being created and enlarged, are given as the third great cause of its troubles. Not one of the leased lines, it appears, produces an income sufficient to pay its operating expenses and taxes, and yield a return equal to the amounts specified in the lease thereof. Just how such extravagant leases and guarantees ever came to be made and who ought to be held responsible for them, the committee does not state. A readjustment of relations with the leased lines, however, is declared to be essential to a proper and stable solution of the problem. As to the transfer system evil and the excessive taxation, the only possible remedy rests with the public authorities.

RAILROAD REFUNDING OPERATIONS.

An enormous volume of new bonds has been put out since the beginning of the year, but analysis of the issues made shows to what extent they represent merely refunding operations. Burlington's $20,000,000 issue, for instance, was made to reimburse the road for its expenditure in acquiring the Colorado & Southern. Of Denver & Rio Grande's $22,500,000 issue, $17,500,000 was for refunding purposes. Wabash sold $8,000,000 of new bonds and Michigan Central $10,000,000, both issues being made to take up notes and equipment bonds. Baltimore & Ohio, Norfolk & Western, Chesapeake, Rock Island, St. Louis & San Francisco, and Southern Railway are among the other roads whose large issues of new bonds have been almost exclusively for refunding purposes.

That the low-money period would be utilized by the railroads for clearing away their high-interest-bearing floating debts was entirely to be expected, and the very substantial progress which has been made has put many of the roads in a much more comfortable financial position. Interest charges, too, have been largely scaled down, something which will show plainly in forthcoming net earnings' statements.

With regard to this financing which has been done, however, and its effect on general business, the fact must not be lost sight of that the railroads have not been put in possession of as much money for spending purposes as might be supposed. Selling a long term four per cent. bond to replace a note bearing five or six per cent. interest is a thoroughly profitable operation, but does not give the road the ability to buy new equipment and materials which might be expected, as a result of big bond sales. Some pretty large orders for cars and locomotives have been placed, but the equipment companies would not be sorry to see the railroads borrowing money more for the purchase of materials than for refunding.

PACKING COMPANIES' BONDS.

AMONG the industrial issues which have been a feature of recent financing, not the least important have been the new securities put out by the packing houses. Of these new flotations, the $30,000,000 of four and one-half per cent. real estate first mortgage bonds put out by the Armours has been by far the largest. Swift & Co. sold $10,000,000 of stock early in the year, Cudahy & Co. not long ago sold $4,000,000 first mortgage 5s, and the announcement of $12,500,000 issue by Nelson Morris & Co. of Chicago has just been made.

Packing-house bonds, which until recently have been regarded by bond men as something of a specialty, are becoming decidedly more popular. Most of them, even those which are first mortgages and on the biggest plants, can still be bought to yield an attractive income—if the bonds continue to gain in public favor as they have gained during the past six months, that is not apt long to remain the case.

DEBENTURE FINANCING.

ST. PAUL'S issue of $25,000,000 of debenture bonds, when the road might have been expected to put out mortgage securities, is a strong indication of the railroads' determination to make hay while the sun shines and take advantage of the public's preference for second grade bonds. For the latter class of security, especially when issued by a first grade railroad, there is an excellent demand at present. By resorting to this form of financing, the railroad reserves the ability to sell its authorized mortgage bonds at some future time when the public may not want to buy debentures. Its example will probably be followed by several other roads of importance.

This is the second stage of post-panic financing, the first having been passed through last year, when such roads as Pennsylvania and Union Pacific were borrowing money by sales of first mortgage bonds. It is a long step from that stage of timidity on the part of the investor to the present condition of willingness to buy debentures; it is an even longer step from this stage to the next, in which stocks will be issued instead of bonds and readily sold to investors. But in the past that stage has been reached about three years after a panic, so that by the middle of 1910 we may expect to see the railroads financing their needs without increasing their fixed charges.

THE INTEREST RATE ON GOVERNMENT BONDS.

THAT many more two per cent. bonds cannot be sold by the Government is becoming increasingly plain, and holders of the $731,000,000 twos outstanding are wondering what will happen to their price if the interest rate on the new bonds issued is raised to three per cent.

In the opinion of a good many bankers, the Government having loaded them up with this great mass of two per cent. bonds at a price several points over par, is bound to see that the price is supported. This, it is pointed out in one quarter closely associated with Government finance matters, could be accomplished by giving the old bonds a decided preference as to taxation over the new. The only thing for which the banks ever bought the twos was in order to use them as a basis for circulation and in order to help their price the Government has fixed the tax on circulation based on the twos at only one-half of one per cent. This has always been a big stimulus to their price as compared with other issues.

By making the tax on circulation secured by the new bonds considerably higher than on circulation secured by existing issues, it is believed that the support of the price of the latter would be successfully accomplished. Were the tax on the twos, for instance, to be reduced from one-half per cent. to one-quarter per cent., they would become so much more desirable as a basis for circulation that a good many points would necessarily be added to their price. This is what present holders of the twos hope to see done.

Such a development would add further artificiality to a Government bond system already much too artificial, but would probably do little harm otherwise. Furthermore, the amount of bonds affected is limited and most of the securities are already up as security for circulation. Artificial price stimulation is a bad precedent, but in view of the perfectly just and valid claim of the bankers that it is the bounden duty of the Government to see that the price of the existing issues does not suffer, seems a necessary step.

One thing is certain. If the rate on the new bonds is made three per cent. and they sell anywhere near par, investors will buy them in large quantity—wherein a most beneficial result will have been accomplished. Our debt is by far the smallest of the debts of any of the great powers and it is important that this great potential absorptive power by the people should remain unimpaired. And yet it is high time that present conditions in the Government bond market should be changed and that the debt of the United States should be distributed among the citizens of the United States and not concentrated in the hands of a few banks who want the bonds for some special purpose. A wide distribution of a nation's debt has always been regarded as an economic factor of great importance.

REINVESTMENT DEMAND DISAPPOINTING.

THE uncertainties of the "reinvestment demand" were pointed out last month. This year, indeed, the disbursement of about $200,000,000 was accomplished without producing the slightest effect on the bond market. For whatever purposes the money has been used, it has certainly not been put into bonds.

And yet there is little reason for the disappointment being so freely expressed over the lapse in bond market activity. April and May were big months in bonds, and if the market began to fall away in June that was no more than was to be expected. Particularly as the lessened activity was unaccompanied by any material recession in price. All dealers by no means get their share of the spring activity; but after all the market was there, and a decided pause after such a spurt is entirely natural.

The same thing is true of general business conditions, and people familiar with the normal course of trade will not be disappointed if commercial as well as financial conditions show lessened activity during the mid-summer months. This is normally the dullest season of the year, and even though recent activity accentuates the present sagging tendency, people who look ahead will not allow themselves to be frightened by the idea that the crest has been reached and that we are on the way down the other side. The pace of the recovery has been such that we can well afford a breathing-spell. At that, and considering the falling off in the volume of public buying, the price of good bonds shows surprisingly small recession. Confident buying seems to have stopped for the time being, but, on the other hand, there seems to be very little in the way of concentrated pressure to sell. Such offerings as have come on the market have been readily absorbed.

It is the purpose of the editor of this department to present, from time to time, authoritative discussions of various classes of securities. Last month we were able to present an article on Irrigation Bonds. This month the attitude of investors toward electric securities is analytically presented, the author being Frank A. Vanderlip. In itself a matter of the greatest importance, the subject receives added interest through its treatment by an expert of such standing. Mr. Vanderlip's statements as to the advantages to be gained by combinations and as to the desirability of managers being allowed a free hand will receive particular attention:

THE ATTITUDE OF INVESTORS TOWARD ELECTRIC SECURITIES.*

By Frank A. Vanderlip.

THERE are naturally few subjects connected with the field of electric lighting that should have a deeper interest for men engaged in that business than the attitude of investors toward electric light securities. It is from the investor that the sinews of war must come. If great plants are to be built, if existing businesses are to be extended, if the demands of the public are to be met, there is always one question more fundamental than technical means. That question is, "How shall the enterprises be financed? Can the securities be sold?" Of course, it is possible for a small group of men to build an electric light plant from their own means and operate it successfully, extending its scope from time to time as demands are made upon it. But such development must of necessity be on a comparatively small scale. It is only when the aid of corporate methods and the creation of corporate securities are resorted to that really great enterprises can, as a rule, be developed. The future of electric light development, therefore, is quite as closely related to the attitude of mind of the investor in securities as it is to any of the great technical problems that you have heard discussed at this meeting. Indeed, the attitude of the investor is, perhaps, more important than any of the technical problems that now confront you, for I presume that those problems in the main are in the refinement of economies, all fundamental problems of commercial practicability having long ago been solved.

Electric light securities are among the most recent types of investment upon which the public has been called upon to pass judgment. As recently as five years ago, the most conservative of bond houses declined to handle electric light securities or at least found great difficulty in marketing them, unless exception might be made in the very few cases of large companies in the great cities. The ordinary plant in the city of 50,000 or 100,000 people did not offer a form of security sufficiently tried and seasoned to attract conservative investment houses to its exploitation. When we note that the total investment in electric light plants has now passed well beyond the billion dollar mark and remember that five years ago there were some 4,000 companies, with a total investment of perhaps seven hundred million dollars, that statement is surprising. But even to-day, with more than one billion dollars of investments, the number of electric light securities that are found on the bond lists of any of the great exchanges is surprisingly small.

Even though the business has been almost uniformly profitable, the market for the product perhaps the most rapidly developed of all industrial fields, and the business one of the few that passes through panics without seriously affecting the income, the reasons are obvious why investors have been slow to put their money into electric light securities. Investors have hesitated to give full confidence to such securities because of reasons inherent in the nature of the business. Up to five years ago, the technical development has been so rapid that the method and cost of production did not settle down to anything like a standard rate. No one knew what moment some genius might come along with a new invention in dynamo or lamp that would make scrap of the best plant thus far erected.

* An address delivered before the National Electric Light Association in Atlantic City, N. J.

The most improved machinery was turned into scrap more rapidly in the electric lighting business than in almost any other field, and that sort of thing is distinctly discouraging to a bondholder. In those cities where wires are run overhead, franchises afford little security against competition and the comfort of any investor was likely to be disturbed by the prospect of a competitor dropping into the choicest part of an existing company's field and producing current by improved methods more cheaply than the old company could possibly produce it. Those difficulties are now in a rapidly increasing measure being removed. The methods of production are being standardized. The growing demand that wires be run in conduits, and the acquisition and control of conduit systems make both legitimate competition and raiding by companies organized only for that purpose much more difficult.

Further than that, the clearness with which the public is coming to recognize that its rights are best safeguarded by granting monopoly privileges, and then subjecting the monopoly to reasonable regulation is a safeguard which the investor recognizes and appreciates. We are, therefore, I believe, entering upon an era in which investors will look with increasing favor upon electric securities and in which the funds available for electric development will be obtainable with much greater ease and at much lower rates than have ruled heretofore.

The eleven or twelve hundred million dollars that are to-day invested in electric lighting and power plants form an investment that is divided among some five or six thousand separate companies. That in itself is one of the important reasons why we find such a small number of electric light securities in the bond lists of the great exchanges. The average cost per plant, as given in the Census Report, was about $140,000 in 1902; in 1907, the average cost per plant was a little over $200,000. We had a situation then in which there were a great number of small individual plants unrelated in management or in corporate organization. One of the most important elements in the value of a security is its marketability. An investor wants to know not only that his investment is secure but that it is of a type that he can realize on in case of necessity. He wants to put his money in a security that has a wide market; but we find in the case of electric light securities that the various issues have been put out by some five or six thousand different corporations.

It is obvious that one must have very specialized information to be a judge of the character of these innumerable different issues, and that ready marketability will only come with uniform issues of large volume—issues with the value of which many investors may be familiar.

With the creation of such issues, investors will be satisfied with a lower return, and the investment field which will absorb this type of securities will enormously increase. At the present time, securities of this type must, in the main, bear five per cent. interest. It is true, there are some bearing as low a rate as four or four and one-half per cent.; but in most cases the market demands a five per cent. security.

To obtain anything like ready marketability, the issue must be based on a plant in a city of fifty or one hundred thousand people, at least. In a community of that size, the investor feels that there are settled conditions and that there should be a normally steady growth. The earnings of the company must be at least twice its interest charges, and even that figure of net earnings must be reached after a fair charge has been made for maintenance, and after an adequate reserve has been set aside for renewals and a depreciation fund. This depreciation fund should really be in some equivalent of cash.

Managers of plants are always under a great temptation to charge to renewals, expenditures that should go under operating expenses; and the careful bond buyer will rigidly analyze accounts to ascertain that such temptation has been resisted.

When all these conditions have been

met, that is to say, when the community is large enough to warrant the belief in its permanence and continued growth, when the plant is modern in type and earnings are produced from moderate rates to the public, when proper charges have been made for up-keep and renewals, and an adequate depreciation fund set aside, when earnings are at least double the interest charges—then a security is created that is in many ways attractive in the investment market. If, added to these various elements of strength, the security is large enough in volume to bring ready marketability, the result is a bond that will make favorable comparison with any security returning a similar rate of interest.

It seems to me that there are the strongest economic reasons on the side of combining small companies into large ones. The technical advantages of such combinations will appeal to your minds much more readily than to the layman's. The economies of management, the economies of production on a large scale, the better results that come from comparisons of operations in numerous plants, the advantage of being able to draw upon reserves from more than one source, are all forceful reasons pointing to the economies which combined plants will assure. But I believe of quite as much importance as these practical economies are the advantages which would follow the conversion of numerous small corporate issues into one large issue about which the great investing public could form its judgment without the necessity of the specialized information which it must have in the case of many small separate corporate organizations.

The utilization of great water powers, which are now being so rapidly developed, will tend toward a combined management covering large areas. The progress which is being made in long distance transmission is of the greatest importance in this direction. Indeed, if a layman might venture an opinion, it would be that the next era of distinct development in the electric lighting field will come as a result of the progress which your technical experts will make in economical long distance transmission. With great power stations located in the heart of the coal districts on the one hand, or drawing their energy from great water power plants on the other, the problem of the cheap production of current would seem to be pretty well solved. If current so produced can be economically distributed over a very large area, as indeed it is now being in many sections, the way will be open to securing the economies of a concentrated management and the advantages of large corporate issues, and that combination should result in large profit to the business venture and in a high degree of satisfaction to the security holders.

The tendency of the times, it seems to me, is distinctly in the direction of recognizing the naturally monopolistic character of the electric lighting business. The public has pretty well learned that competition in such a field is not what is desired. The Public Utility Commissions, wherever they are powerful factors in the control of electric development, are inclined to take that view and seek to obtain by regulation, rather than by competition, the fair treatment of the public. There is danger that these public commissions will undertake to assume all the functions of management except the payment of interest and dividends; that they will be disposed to make ironclad rules so as to leave to the management of the properties no room for any play of business genius but rather to reduce their management to the plane of clerks following in the whole conduct of the company's business specific act regulations. Just so far as commissions evolve complete regulations for the conduct of the business, just so far will initiative be deadened and development hampered. Personally, however, I am not fearful of such a tendency. We are, on the whole, a very sensible people. We believe in business initiative and do not care to have great business enterprises dominated solely by red tape methods. The public wants fair play and is in a position to demand and get it. Intelligent management of properties will recognize that, and those that give freely to their customers good service at reasonable cost will, I believe, have little cause to complain of unfair treatment at the hands of legislators or commissions. The commission that demands only fair and reasonable treatment of the consumer and in return secures the corporation from piratical attack of competitors organized only to be bought out will, in the end, prove a bulwark to the security holder.

We have seen the electric lighting business grow more rapidly than almost any other form of industrial activity. A business that will double in five years as the electric lighting business has done has in it a vitality that is, of course, bound to carry it to enormous proportions. The great development in the use of electric power offers a field of growth that seems likely to be quite as rapid as has been the development in the illuminating field. Given intelligent technical management, conservative accounting, which embraces ample charges for renewals and depreciation, fair rates which do not offer a field for legislative attack, and I see no reason why funds in the most ample supply should not be found to absorb all the securities of this type that it is necessary to create. If, added to these elements, there are combinations which are made for the purpose of taking advantage of legitimate economies and not for raising rates, combinations which will result in single issues of large volume so as to give the investor marketability as well as security, then funds should be had for electric development, not only in ample supply but at a moderate rate of interest.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to July 20, approximate yield figured to August 1.]

Quoted by Judson G. Wall, broker and dealer in investment securities, 10 Wall street, New York.

STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
Alabama 4s, 1956	104 -105	3.78
Georgia 4½s, 1915	104 -106	3.40
Massachusetts 3½s, 1940	99 - 99½	3.53
New York State 3s, 1959	103 -104½	2.88
So. Car. 4½s, 1933	104 -106	4.10
Boston 3½s, July, 1929	96⅞- 97¼	3.70
N. Y. City 4½s, Nov., 1917	104⅛-104½	3.85
N. Y. City 4s, Nov., 1957	101¼-101⅝	3.93
N. Y. City 3½s, Nov., 1954	90⅞- 91⅜	3.96
N. Y. City rev. 6s, Nov., '10	103⅜-104	2.80

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	99	99⅜	4.40
Am. Cig. B 4s, Mar. 15, '12	98	98⅜	4.70
Am. Loco. 5s, Oct., '10	100¾	101	4.12
Am. Tel. & T. 5s, Jan., '10	100⅝	100⅞	2.90
Atl. Coast L. 5s, Mar., '10	100¾	101⅛	3.06
"Big Four" 5s, June, '11	101½	101¾	4.07
B., R. & Pitts. Equip. 4½s	99½	101½	4.37
*C., H. & D. 4½s ctfs. of dep., 1908	67½	68¼	flat
C., H. & D. 4s purchase money notes 1913	94¾	95¼	& int
Chic. & N. W. deb. 5s, '09	100	.....	...
Del. & Hud. 4½s, July, '22	102⅞	103⅜	4.17
Int. R. T. 6s, May, '11	104	104½	3.40
Int. R. T. 5s, Mar., '10	101¼	101⅜	2.65
K. C. R. & L. 6s, Sept., '12	100	100¼	5.90
Lack. Steel 5s, Mar., '10	99⅞	100⅛	4.80
Louis. & N. 5s, Mar., '10	101	101⅜	2.65
Lake Shore 5s, Feb., '10	100⅝	100⅞	3.25
Mich. Cen. 5s, Feb., '10	100⅝	100⅞	3.25
Minn. & St. L. 5s, Feb., '11	99⅜	99¾	5.05
N. Y. Central 5s, Feb., '10	100⅝	100⅞	3.25
N.Y.C. Eq. Tr. 5s, Nov., '10	100⅞	101⅛	4.15
N.Y.C. Eq. Tr. 5s, Nov., '12	102⅜	102¾	4.15
N.Y.C. Eq. Tr. 5s, Nov., '14	103⅝	104⅛	4.15
N.Y.C. Eq. Tr. 5s, Nov., '16	105	105½	4.15
N.Y.C. Eq. Tr. 5s, Nov., '19	106¼	107⅛	4.15
N.Y.N.H.&H. 5s, Jan. 9, '10	100½	100⅞	3.10
N.Y.N.H.&H. 5s, Jan., '11	101¼	101⅝	3.87
N.Y.N.H.&H. 5s, Jan. 9, '12	102	102¼	4.03
Norf. & West. 5s, May, '10	101⅛	101⅜	3.17
No. American 5s, May, '12	99½	101½	4.40
Penn. R. R. 5s, Mar. 15, '10	100¾	101⅛	3.40
Pub. Ser. Cor. 5s, Nov., '09	100¼	100⅝	2.50
St. L. & S. F. 5s, Jan., '11	98¾	99½	5.30
St. L. & S.F. 4½s, Feb., '12	95½	97	5.80
S.A.L. rec. cfs. 6s, June, '11	100½	.....	...
S.A.L. rec. cfs. 5s, Jan., '12	100¼	.....	...
Southern Ry. 5s, Feb., '10	100⅜	100⅝	3.74
†Southern Ry. 6s, May, '11	100⅞	101⅛	2.62
Tidewater 6s, June, '13	102¾	103⅛	5.15
Pitts., Shawmut & North. rec. ctfs. 5s, Jan., '14	99	100	5.00
Wabash 4½s, May, '10	99½	100	4.50
Westinghouse 6s, Aug., '10	100⅞	101⅛	4.95

*Notes quoted "flat."

† Have been called for Nov., 1909.

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western	..	16
Atlanta & West Point	150	154
Atlantic Coast Line of Conn.	280	300
Buffalo & Susquehanna	25	33
Central New England	5	..
Central New England, pref.	15	..
Chicago, Indianapolis & Louisville	47	53
Chicago, Ind. & Louisville, pref.	70	78
Cincinnati, Hamilton & Dayton.	25	50
Cincinnati, Ham. & Dayton, pref.	65	75
Cincin., N. Orleans & Tex. Pac.	110	125
Cincin., N. O. & Tex. Pac., pref.	105	110
Cincinnati Northern	35	45
Cleveland, Akron & Columbus	68	75
Cleve., Cin., Chic. & St. L., pref.	103	...
Cripple Creek Central	33	38
Cripple Creek Central, pref.	53	60
Delaware	77	81
Des Moines & Ft. Dodge, pref.	..	83
Detroit & Mackinac	45	55
Detroit & Mackinac, pref.	90	95
Grand Rapids & Indiana	42½	..
Georgia, South. & Florida	33	38
Georgia, South. & Flor., 1st pref.	92	95
Georgia, South. & Flor. 2d pref.	73	77
Huntington & Broad Top	12	..
Huntington & Broad Top, pref.	35¼	..
Kansas City, Mexico & Orient.	10	12½
Kansas City, Mex. & Orient, pref.	15	20
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref.	40	..
Maine Central	195	..
Maryland & Pennsylvania	15	23
Michigan Central	145	155
Mississippi Central	44	48
Pitts., Cin., Chic. & St. L., pref.	110	120
Pere Marquette	24	27
Pere Marquette, 1st pref.	58	62
Pere Marquette, 2d pref.	38	42
Pittsburgh, Shawmut & Northern	2	5
St. Louis, Rocky Mt. & Pac., pref.	45	55
Seaboard Company	17½	18½
Seaboard, 1st pref.	42	50
Seaboard, 2d pref.	37	40
Spokane & Inland Empire	45	55
Spokane & Inland Empire, pref.	70	80
Texas Central	35	40
Texas Central, pref.	70	75
Virginian	27	32
Western Pacific	28	33
Williamsport & North Branch	1	3

GUARANTEED RAILROAD STOCKS.

	Bid.	Asked.
Albany & Susquehanna	275	...
Allegheny & Western	142	150
Atlanta & Charlotte Air Line	190	200
Augusta & Savannah	112	115
Beech Creek	98	102
Boston & Lowell	220	230
Boston & Albany	220	230
Boston & Providence	295	305
Camden & Burlington County	140	...
Catawissa	115	125
Cayuga & Susquehanna	215	...
Cleveland & Pittsburgh	175	180
Cleve. & Pittsburgh (Betterment)	100	103
Columbus & Xenia	200	205
Concord & Montreal	170	...
Concord & Portsmouth	170	...
Connecticut & Passumpsic River	135	145
Connecticut River	255	265
Dayton & Michigan, pref.	180	190
Delaware & Bound Brook	195	205
Detroit, Hilsdale & Southwestern	98	102
East Pennsylvania	135	...
Elmira & Williamsport, pref.	130	140
Erie & Kalamazoo	240	250
Erie & Pittsburgh	152	160
Georgia Railroad & Banking	254	263
Grand River Valley	122	130
Hereford	85	94
Illinois Central Leased Lines	99	103
Jackson, Lansing & Saginaw	90	95
Joliet & Chicago	170	175
Kansas City, St. L. & Chic., pref.	136	145
Lake Shore & Mich. Southern	290	320
Little Miami	211	212
Louisiana & Missouri River, pref.	165	175
Mine Hill & Schuylkill Haven	120	130
Mobile & Birmingham	70	76
Mobile & Ohio	84	88
Morris & Essex	182	185
Nashville & Decatur	181	189
New Hampshire & Northampton	104	107
New York, Lackawanna & West	125	130
North Carolina Railroad	162	170
North Pennsylvania	200	210
Northern R. R. of N. H.	130	...
Northern R. R. of N. J.	85	95
Norwich & Worcester, pref.	200	...
Ogden Mine R. R.	95	105
Old Colony	195	200
Oswego & Syracuse	220	230
Peoria & Bureau Valley	185	195
Philadelphia & Trenton	250	...
Pitts., Bessemer & Lake Erie	33	36
Pitts., Bessemer & Lake E., pref.	70	74
Pittsburgh, Ft. Wayne & Chic.	174	177
Pittsfield & North Adams	115	...
Pittsburgh, McKeesp't & Yiough	127	135
Providence & Worcester	270	280
Rensselaer & Saratoga	195	202
Rome & Clinton	135	142
Rome, Watertown & Ogdensburg	124	128
Saratoga & Schenectady	168	...
Southwestern of Georgia	112	115
Troy & Greenbush	174	...
Upper Coos	125	...
Utica & Black River	174	180
Utica, Chenango & Susquehanna	151	155
United N. J. R. R. & Canal	250	255
Valley of New York	123	130
Ware River	165	...
Warren Railroad	175	180

BANK AND TRUST COMPANY STOCKS.

Corrected to July 15, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	176	...
Amer. Exchange Nat. Bk.	10	245	255
Bank of America	26	576	585
Bank of the Manhattan Co.	12	330	345
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	325	340
Bank of Washington Hts.	8	265	...
Battery Park Nat. Bank	..	130	140
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	...
Century Bank	6	160	170
Chase National Bank	6	300	...
Chatham National Bank	16	290	300
Chelsea Exchange Bank	8	185	...
Chemical National Bank	15	425	...
Citizens Central Nat. Bk.	6	150	160
Coal & Iron Nat. Bank	10	260	270
Colonial Bank	10	375	...
Columbia Bank	12	375	425

	Div. Rate.	Bid.	Asked.
Corn Exchange Bank.....	16	330	335
East River Nat. Bank....	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4,000	...
Fifth National Bank......	12	300	...
First National Bank	32	800	...
Fourteenth Street Bank..	10	140	...
Fourth National Bank.....	8	225	...
Gallatin National Bank..	12	340	355
Garfield National Bank...	12	275	...
German-American Bank..	6	135	...
German Exchange Bank..	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	270
Hanover National Bank...	16	545	...
Importers' & Traders' Nat. Bank	20	535	550
Irving Nat. Exchange Bk.	8	185	...
Jefferson Bank	10	180	...
Liberty National Bank....	20	530	...
Lincoln National Bank...	8	400	440
Market & Fulton Nat. Bk.	12	255	265
Mechanics' Nat. Bank.....	12	250	260
Mercantile Nat. Bank.....	4	180	190
Merchants' Ex. Nat. Bk...	6	160	170
Merchants' Nat. Bank....	7	155	165
Metropolitan Bank	8	185	195
Mount Morris Bank.......	10	250	...
Mutual Bank	8	290	310
Nassau Bank	8	205	...
Nassau Bk. of Commerce..	8	184	188
Nat. Butchers' & Drovers'	6	140	155
National City Bank	10	350	355
National Copper Bank....	8	245	255
National Park Bank......	16	467	475
National Reserve Bank....	..	140	150
New Netherlands' Bank....	..	200	...
N. Y. County Nat. Bank..	40	765	...
N. Y. Produce Ex. Bank...	8	167	175
Night & Day Bank	..	200	240
Nineteenth Ward Bank...	15	...	425
Northern Bank	6	105	115
Pacific Bank	8	230	250
Peoples' Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	610	635
Seaboard National Bank..	10	350	...
Second National Bank....	12	350	...
Sherman National Bank..	..	140	...
State Bank	10	290	325
Twelfth Ward Bank......	6	...	150
Twenty-Third Ward Bk...	6	175	...
Union Ex. Nat. Bk.......	10	185	195
West Side Bank	12	500	...
Yorkville Bank	16	450	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	315	330
Bankers Trust Co.	16	750	...
Broadway Trust Co.	6	140	...
Brooklyn Trust Co.........	20	415	...
Carnegie Trust Co.	8	180	195
Citizens' Trust Co.	..	135	140
Central Trust Co.	80	1000	1075
Columbia Trust Co.	8	265	290
Commercial Trust Co.	..	142	150
Empire Trust Co.	8	290	...
Equitable Trust Co.	20	475	...
Farmers Loans & Trust Co. (par $25)	40	1400	...
Fidelity Trust Co.	6	200	207
Fifth Avenue Trust Co...	12	400	...
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	205	...
Fulton Trust Co.	10	265	...
Guaranty Trust Co.	20	680	...
Guardian Trust Co.	..	140	...
Hamilton Trust Co.	10	265	275
Home Trust Co.	4	105	...
Hudson Trust Co.	6	165	185
International Bank'g Corp.	4	120	...

	Div. Rate.	Bid	Asked.
Kings Co. Trust Co........	14	480	...
Knickerbocker Trust Co...	..	325	350
Lawyers Mortgage Co.....	12	220	230
Lawyers Title Insurance & Trust Co.	12	240	255
Lincoln Trust Co.	..	160	167
Long Is. Loan & Trust Co.	12	295	305
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	30	750	...
Metropolitan Trust Co....	24	550	563
Morton Trust Co.	20	500	...
Mutual Alliance Trust Co.	8	120	130
Nassau Trust Co.	8	...	165
National Surety Co.	8	180	...
N. Y. Life Ins. & Trust Co.	45	1080	1120
N. Y. Mtg. & Security Co.	10	200	210
New York Trust Co.	32	590	...
Peoples' Trust Co.	12	285	300
Standard Trust Co.	12	340	...
Title Guar. & Trust Co...	20	500	505
Trust Co. of America....	10	360	380
Union Trust Co.	50	1275	...
U. S. Mtg. & Trust Co....	24	440	455
United States Trust Co...	50	1200	...
Van Norden Trust Co. ..	12	...	265
Washington Trust Co.	12	390	...
Windsor Trust Co.	6	130	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	140
Boylston National Bank	4	103¼
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	328
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants National Bank	10	240½
Metropolitan National Bank	6	122
National Bank of Commerce	6	170
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	305¼
National Union Bank	7	180⅛
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	121¼
Peoples' National Bank, Roxbury	6	130
Second National Bank	10	227¼
South End National Bank	5	104½
State National Bank	7	166½
Webster & Atlas National Bank.	7	160¼
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	175¼
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	615¼

Name.	Div. Rate.	Last Sale.
Puritan Trust Co.	6	219
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Bankers National Bank	8	228	233
Calumet National Bank	6	150	...
Commercial National Bank	12	325	330
Continental National Bank	8	324	327
Corn Exchange Nat. Bank	12	384	392
Drovers Deposit Nat. Bk.	10	218	225
First National Bank	16	454	460
First Nat. Bank of Englewood	10	235	250
Fort Dearborn Nat. Bk.	8	185	191
Hamilton National Bank	5	134	137
Live Stock Exchange Nat. Bank	12	252	262
Monroe National Bank	4	125	141
Nat. Bank of the Republic	8	200	202
National City Bank	6	181	185
National Produce Bank	..	130	135
Prairie National Bank	..	138	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
American Tr. & Sav. Bk.	8	270	275
Austin State Bank	..	270	...
Central Trust Co.	7	175	177
Chicago City Bank	10	163	178
Chicago Savings Bank	6	136	141
Colonial Tr. & Sav. Bank	10	189	195
Drexel State Bank	10	178	181
Drovers Tr. & Sav. Bank	8	180	190
Englewood State Bank	6	109	114
Harris Tr. & Sav. Bank	8	298	...
Hibernian Banking Assn.	8	222	226
Illinois Tr. & Sav. Bank	16-4ex.	505	520
Kenwood Tr. & Sav. Bk.	7	120	123
Lake View Tr. & Sav. Bk.	5	109	111
Merchants Loan & Tr. Co.	12	394	401
Metropolitan Tr. & S. Bk.	6	119	126
Northern Trust Co.	8	303	320
Peoples Tr. & Sav. Bk.	8	160	175
Prairie State	8	250	...
Pullman Loan & Tr. Bank	8	155	...
Railway Exchange Bank	4	115	...
Security Bank	..	150	155
So. Chicago Sav. Bk.	6	130	133
State Bank of Chicago	12	290	300
Stock Yards Savings Bank	8	210	...
Union St'k Yds. State Bk.	6	125	130
Union Trust Co.	8	350	...
Western Tr. & Sav. Bk.	6	152	161
Woodlawn Trust Co.	6	124	126

NEW COUNTERFEIT DETECTED.

THE Secret Service has been informed that a new counterfeit, this time of a $20 gold certificate, of the series of 1906, is in circulation. The counterfeit is said to be a very clever imitation, photo-etched, check letter "B," and signed by Charles H. Treat, as Treasurer of the United States, and W. T. Vernon as Register of the Treasury. This is a description of the counterfeit bill:

Photo-etched counterfeit. Two pieces of paper with silk threads between. Portrait of Washington fair. On the counterfeit before us the seal and Treasury numbers are red instead of yellow as in genuine, and the yellow "XX" on left end of note omitted, but in its place there are yellow figures, which are much blurred, but apparently meant to be "20." Lathe work on face poor. Words "Act of July 12, 1882," face of note over check letter B, and "Series of 1906" in both places on note, heavy and irregular. Titles "Register of the Treasury" and "Treasurer of the United States," under Vernon's and Treat's names, broken and indistinct. Back very fair color, but no attempt has been made to imitate lathe work, etc.

George C. Rushmore, receiving teller of the Corn Exchange Bank, of New York, Twenty-eighth Street Branch, is given the credit for detecting the counterfeit.

BANKERS HAVE FUNNY IDEAS.

LITTLE surprise was created by the action of the Ohio State Bankers' Association in adopting resolutions against the postal savings bank as well as the guaranty of bank deposits. We knew last fall that the postal savings bank proposition was a campaign dodge, worked by Mr. Taft for all it was worth in opposition to the protection of bank deposits as favored by the Democratic platform, and we don't blame the bankers for repudiating it.

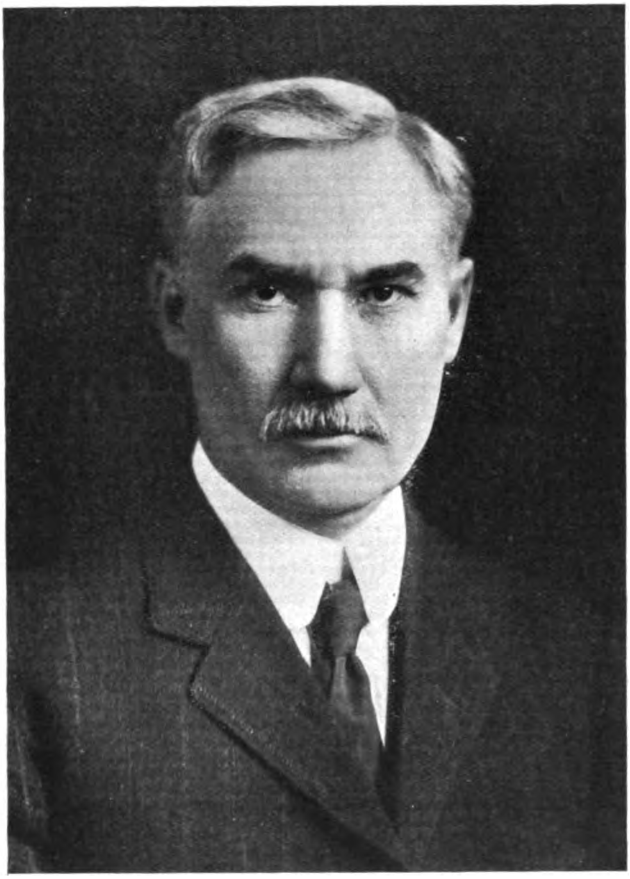
As for the guaranty of deposits, it is significant that in Oklahoma seventy-one national banks surrendered their charters during the past year and reorganized under the State law, "in order to take advantage of the State guaranty law." It can't be such a terrible thing to guarantee deposits or the Oklahoma bankers would stick to Uncle Sam and take out insurance on deposits as advised by Attorney-General Wickersham of President Taft's cabinet.

There is one weak spot in Mr. Wickersham's plan, however. It may be a good thing for the big insurance companies to guarantee the safety of banks, but who is going to guarantee the insurance companies?

Another strange thing about the action of the Ohio Bankers' Association in State convention was the unanimous vote in favor of abolishing the present system of competitive bids for State deposits and favoring a flat rate of interest on deposits. We notice that under a Democratic State treasurer the competitive bid is putting about $1,000 per week in the State treasury as interest on deposits. So far as a flat rate is concerned, that is what was wrong with the rate under Republican State treasurers. It was too flat.—*Lorraine, Ohio, Daily News.*

ANOTHER CHICAGO BANK CONSOLIDATION.

THE directors of the Commercial National and Bankers' National Banks, of Chicago, have agreed upon a plan of consolidation which will be submitted to the stockholders of the two institutions for approval. Under its terms the assets and business of the Bankers' National will be taken over by the Commercial National, and the stockholders of the former will receive in lieu of their holdings an equal amount of stock in the latter. In equalizing the two interests the stockholders of the Commercial National will receive a stock dividend of fifty per cent. and the stockholders of both bands will have subscription rights for new stock at par to an amount equal to ten per cent. of their present holdings, the total capital of the Commercial National Bank being thus raised to $7,000,000, of which the present stockholders of the Commercial National will have $4,800,000, and the stockholders of the Bankers' will have $2,200,000. Mr. Lacey will be chairman of the board of directors and take an active part in the conduct of the bank. Mr. Roberts will continue to be president, the other officers of the Commercial National will remain undisturbed, and the official staff of the Bankers' will be added under satisfactory conditions to the staff of the



HON. GEORGE E. ROBERTS

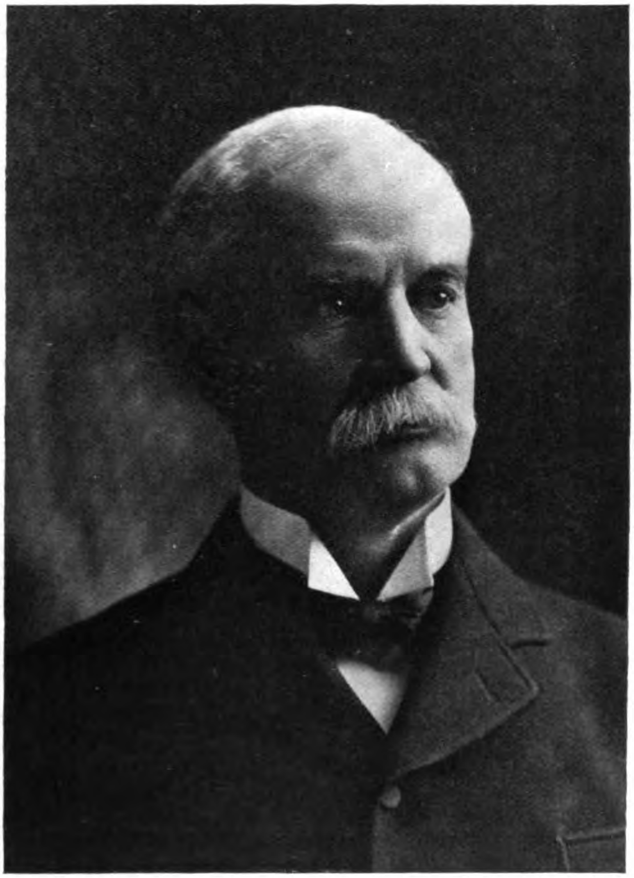
Former Director United States Mint; President Commercial National Bank, Chicago.

Commercial National. The board of directors of the Commercial National will be enlarged and members of the Bankers' National board elected to the new places. It is the confident belief of all parties to the consolidation that it will be advantageous to the stockholders and customers of both institutions and contribute to the importance of Chicago as a financial and industrial center.

Smith, Harvey C. Vernon, H. Erskine Smith and William T. Bruckner.

Directors, Robert T. Lincoln, chairman; William J. Chalmers, E. H. Gary, Darius Miller, Charles F. Spalding, William V. Kelley, Robert H. McElwee, Alexander F. Banks, Edward B. Russell, Alfred Cowles, J. T. Talbert, Ralph Van Vechten, George E. Roberts and Eames MacVeagh.

E. S. Lacey, president of the Bankers'



EDWARD S. LACEY

Ex-Comptroller of the Currency: President Bankers National Bank, Chicago.

The Commercial National Bank is one of the oldest banking institutions in Chicago. It was organized in December, 1864. The officers and directors of the institution are: President, George E. Roberts; vice-president, Joseph T. Talbert; second vice-president, Ralph van Vechten; third vice-president, David Vernon; assistant to vice-presidents, W. T. Bruckner; cashier, Nathaniel R. Losch; assistant cashiers, George B.

National Bank, founded that bank in 1892, a short time after he had retired from the position of comptroller of the currency. The officers and directors of the Bankers' National Bank are: President, Edward S. Lacey; vice-presidents, John C. Craft and Robert M. Wells; cashier, Frank P. Judson; assistant cashiers, Charles C. Willson, Ralph C. Wilson and Edward M. Lacey.

Directors, Milton H. Wilson, Michael

GENERAL NOTES.

—Consul-General George E. Anderson, of Rio de Janeiro, reports that the elaborate immigration system of Brazil is declared satisfactory by the authorities concerned. He gives the following extract from the annual message of President Penna to the Brazilian Congress:

The number of persons entering the country in 1908 was 112,234, of which 17,539 were ordinary passengers and 94,695 were immigrants. Compared with the previous year there was an increase of 26,908 immigrants, or about 40 per cent. The number of immigrants coming on their own initiative was 74,999, and those brought in at the expense of the Union numbered 11,109. The growth in immigration has continued into the present year, as is seen by the figures for the first quarter in the port of Rio de Janeiro only, the number being 13,580, as compared with 8,607 in 1908 and 5,943 in 1907. In spite of the meager sum appropriated for this service it has been carried on with due regularity, both as to the reception of immigrants in the ports and as to their settlement in the States.

—Consul-General Richard M. Bartleman, of Buenos Aires, furnishes the following information concerning German preparations for the various exhibitions to be held in Buenos Aires in 1910:

Germany is sparing no efforts to increase her growing commercial influence in Argentina by the effective method of displaying her products. She will exhibit models showing the growth and management of her railways and canals—there are many railways and canals yet to be built in Argentina—and a special exhibit will be made of German educational methods. It will be remembered that these same educational methods have had an important influence in various lines of education in Argentina. German officers have been invited to assist in the instruction of the Argentine army.

—A new epoch in ocean steamship service from New Orleans was inaugurated recently when the steamship Osceola began a direct schedule between that port and South American points.

Among the principal cities of South America touched will be Buenos Aires.

—A powerful group of New York bankers are contemplating the establishment of a bank in South America, and if the plans materialize it is likely that Buenos Aires will be the city chosen for its operations.

—The failure of the United States Senate to pass the Olmsted bill, which was designed to remedy the deadlock existing between the Executive Council and the House of Delegates, leaves the island of Porto Rico without money to begin the fiscal year, since the Legislature has made no appropriation.

—The Latin-American and Foreign Trade Association of St. Louis, of which James Arbuckle is manager, has just sent out to the Latin-American countries, including Porto Rico, Cuba, Central and South America, the Philippines, and also to Spain, 25,000 copies, May number, of a trade and commercial monthly. The journal is printed in Spanish and is profusely illustrated. It contains articles relative to the large St. Louis industries, such as the shoe, flour, beer, bag and furniture factories.

—Dr. Calvo, the Costa Rican minister, recently gave out the following statement regarding the commercial importance of his country:

As to Costa Rica, certainly the crop returns last year have not been very good, if compared with previous ones, but, nevertheless, its commerce shows a value of $45 per capita, while that of Salvador was $12, and that of Guatemala $9.

The last statistics show that the exports of the year were valued at $10,174,486 from Guatemala, $6,851,540 from Salvador, and $9,350,000 from Costa Rica. Taking these sums in relation to population Costa Rica, with as many inhabitants as Salvador, would have an export trade of $22,500,000,

LATIN AMERICA

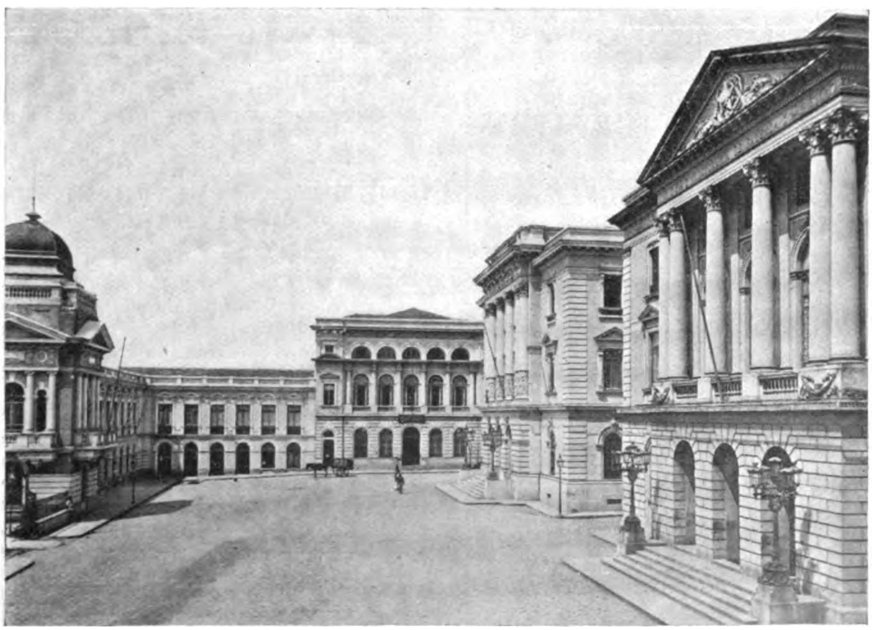
IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America: but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

IMPROVED MAIL SERVICE BETWEEN CHILE AND THE UNITED STATES.

CONSUL Alfred A. Winslow, of Valparaiso, reports as follows concerning the desire of the Chileans to get into closer commercial relations with the United States and the benefits which would accrue to both countries from a more direct cultivation by American business interests of such relations:

An extract from El Mercurio, the leading daily of Valparaiso, with a translation thereof, is herewith transmitted. The quicker communication between this part of Chile and the United States, of which the article treats, meets with general approval and will be of great benefit to the business interests of both countries.

The article expresses well the real attitude of the Chileans toward the United States. They wish to get in closer touch with and to know more about the American people and their methods. This should be encouraged by American interests, and the United States should join in the improvement of the service. According to the pres-



Government Buildings of Sao Paulo, Brazil—one of the most progressive cities in South America.

The prospects for 1909 seem even brighter for railway construction in Chile than those of 1908. The indications are, therefore, that there will be a demand for quite an amount of railway material and supplies during the year. The Chilean Government will continue to do a large amount of construction work. For this, interested parties should address the Director-General de Industria y Obras Publicas, Santiago, Chile, while for business for the Arica to La Paz railway communications should be addressed to the Sociedad Sir John Jackson (Limited), Santiago, Chile. This contract calls for an outlay of very nearly $15,000,000 United States gold, and covers about 350 miles of main track.

BANKING IN SOUTH AMERICA.

GREAT BRITAIN, Germany and France sell South America what South America needs in the way of manufactures, and the English and German banks in South America not only make the matters of credits and payments easy, but they are information dispensers to their customers in Europe concerning South American requirements and investments. * * * It is time the United States, which is the political protector of South America, should "get into the game" seriously in the way of trade. The necessary preliminary to this desirable consummation is the establishment of banking facilities. The American "Bank of South America" would afford such facilities. Every branch of it would operate as an American center to disseminate American influence, to promote American interests, and to keep Americans here at home in intimate touch with Latin-American affairs.—*Minneapolis Journal.*

LATIN AMERICA CHAMBER OF COMMERCE INCORPORATED.

THE incorporation of the Latin-American Chamber of Commerce was approved by Supreme Court Justice Erlanger July 13. The objects of the new organization are to foster trade and commerce, to reform abuses relative hitherto, and to obtain freedom from unjust or unlawful exactions. It proposes to obtain reliable information as to the standing of merchants and other matters, and to endeavor to obtain a uniformity in the customs and usages of trade and commerce, and will seek to promote a more enlarged and friendly intercourse between the business men of Spain, Portugal, and the Spanish-American and Portuguese-American States and those of the United States.

The directors for the first meeting are George C. Vedder, Edward T. Tiery, Clarence L. Thurston, Hugh M. Kohler, and Alexander Del Mar.

ALDRICH DEPOSES MR. FOWLER.

THE dropping of Mr. Fowler from the chairmanship of the House's Banking and Currency Committee by Mr. Speaker was a surprise to nobody who knows what is going on in Washington—least of all, we should say, to Mr. Fowler. He has brains and convictions and a will of his own; that's insubordination nowadays, and Uncle Joe Cannon is a disciplinarian. Mr. Aldrich is credited by rumor with an ambition to leave behind him an Aldrich banking and currency act on the statute book when he quits the Senate, and Mr. Fowler as House chairman would have been in the way—very much so. So Mr. Fowler is deposed and Mr. Aldrich's faithful Vreeland gets the job.—*Hartford Courant.*

A TIP TO DR. ELIOT.

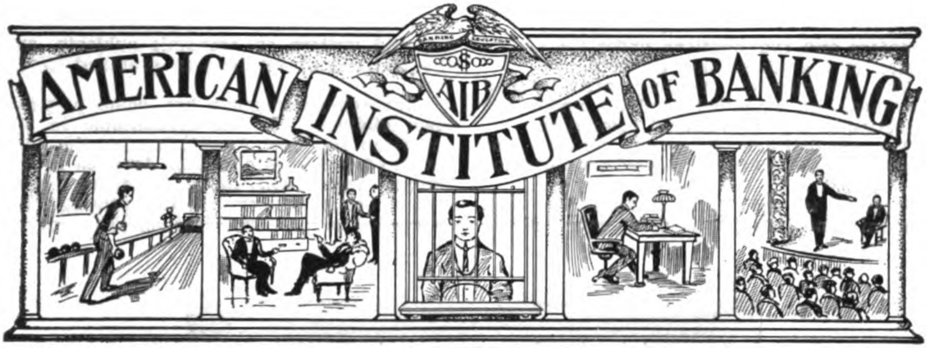
Oh, Doctor, Doctor Eliot, we're very, very sure
To form your five-foot library must be no sinecure,
For everybody's butting in with two or three pet books,
And you know the adage tried and true about "too many cooks."

The schoolboy wants "Tom Sawyer" and the "Life o' Deadwood Dick,"
The maiden of romantic age love-tales alone would pick,
The housewife swears a cook-book you should place upon the shelf—
Oh, everybody knocks your choice and makes a list himself.

But don't you let them feaze you, your discretion to confuse!
Go on, you know your business; build the shelf of books you choose!
But whisper! Leave one little niche where one small book will fit—
No, not the works of Shakespeare nor the Bible—not a bit!

'Tis not a work of fiction nor an epic—far from that,
But when its title's mentioned every heart goes pitapat;
Include it in your five-foot shelf and you'll be blessed, kind sir,
For oh, it is the check-book to which we here refer!

Paul West in New York Times.



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

A SUCCESSFUL CONVENTION.

The Seventh Annual Gathering At Seattle Was An Important One.

REPRESENTING every State in the Union, though with a preponderance from the Western States, nearly two hundred and fifty delegates were present in the Elks' Hall, Seattle, June 21st, when President Franklin L. Johnson called to order the seventh annual convention of the American Institute of Banking. The long convention hall presented a beautiful appearance, decorated with great American flags and flowers everywhere.

The New York-Chicago special, bearing the Eastern delegations, which had been so delightfully entertained en route by the St. Paul, Minneapolis and Spokane Chapters, arrived Sunday evening, the 20th. The registration began early Monday morning at the headquarters in the Hotel Washington, and almost the entire registration had been completed when the convention opened at eleven o'clock.

FIRST DAY.

President Johnson introduced Rev. M. A. Mathews, pastor of the First Presbyterian Church, who delivered the invocation. Mayor Miller of Seattle followed with an address of welcome and started the enthusiasm which never abated during the convention. He said in part, "that you concluded to come to Seattle speaks well for the great Northwest, of which our city is the capital. I am glad to learn that many of your largest chapters have gained life in this wonderful country." He showed how Seattle had accumulated a population that it took the city of New York 206 years to gain and after complimenting some of the other great Coast cities, discussed the limitless resources of Alaska. He declared that Alaska would ultimately prove the richest possession of any nation on the face of the earth.

Col. Fred E. Farnsworth, secretary of the American Bankers' Association, brought the greetings from the parent organization. He said that the American Bankers' Association was the greatest, the strongest and the most powerful organization in the world, representing assets of fourteen billions of dollars. He said that as the Institute now has been made a section of the American Bankers' Association and has a voice in the meetings of the executive council the bankers of the country are more than ever interested in the growth and upbuilding of the Institute.

President Johnson reviewed the work of the past year and looked forward to the extensive development of the Institute which will be the policy of the new administration:

The physical organization and educational facilities of the Institute are necessarily the result of a development in which we could learn only by experience. This development has always been forward. Each year has shown a growth in membership, an increased interest, more real work done. There has been no deviation from the purposes of the Institute as originally laid down.

The administrative work of the past year has been the completion of our physical organization.

The educational work has consisted of:

The maintenance of study courses by the

chapters and examinations under the supervision of the educational director.

The compilation of the material for a text-book on practical banking under the direction of the educational committee.

The competitions for prizes for the best essays on the subject, "American Currency Problems."

Interest in the study courses has been general and the work done can best be judged by the results. While reports are not yet complete, it is safe to say that more members have passed the Institute examinations in one or more subjects this year than in all the previous history of the Institute.

We have reached a turning point in the history of the Institute. Its development has been extensive, a spreading out, a perfection of organization. Its future development will be intensive, a cultivation of what we have, a more general participation in study classes, the development of a body of speakers and writers on economic subjects, and the training of teachers in practical banking.

With self-government has come a grave responsibility. We are accountable to the American Bankers' Association for the education of the bank clerks of America in the things which will make of them better clerks, better bankers, better citizens. We are proud of our organization, proud of its parentage, proud to receive the support and approbation of those who have made possible the development of this splendid educational organization.

This report would be incomplete without an acknowledgment of the splendid service of our educational director, Mr. George E. Allen. In the conscientious, thorough, intelligent direction of this office, he has done more to improve the condition of the bank clerk than any other man. It has been an education to be associated with him in the administration of the Institute, and it is a

PHOTO BY OLIVER LIPPINCOTT, N. Y.

NEWTON D. ALLING

Of the Nassau Bank, New York, Newly Elected President of the Institute.

pleasure to testify to the importance of the work which he has done in bringing the Institute to its present state of efficiency.

Secretary W. E. Bullard of Detroit could not attend the convention on account of serious illness and D. J. Lyons of Cincinnati took his place.

Rev. B. L. Whitman of Seattle, former president of Columbia College, Washington, D. C., delivered an address on "The Call of the East," and was followed by W. S. Evans of Philadelphia, who read a paper on "Government Bonds and National Bank Notes." The humorous number on the program was Kenneth A. Millican's paper, "Tellers' Troubles."

The afternoon session opened with an address by former president of the Institute, A. Waller Morton of the Bankers' Trust Company of New York, on "Travelers' Checks and Money Orders of the American Bankers' Association."

Joseph Chapman, Jr., vice-president of the Northwestern National Bank of Minneapolis, gave the report of the Educational Committee. He told of the vicissitudes that the organizers of the Institute encountered in presenting the scheme to the American Bankers' Association.

Mr. Chapman founded in 1899 the Minneapolis Bank Clerks' Association, and the following year he was called before the American Bankers' Association to explain the plan. He discovered great distrust for the new movement, as the conservative bankers feared a great labor union would be formed among the bank men and that the clerks would demand shorter hours and more pay.

"The formation of a labor union was furthest from our minds," said Mr. Chapman, in addressing the convention. "The labor unions hold back the development of the individual to the pace of the ordinary worker, and their aim is to shorten hours and labor. The institute is formed to develop the individual, to broaden him out and train him for greater responsibilities."

Bankers Give $10,000.

Mr. Chapman explained that the committee from the American Bankers' Association, after investigating the work of the Minneapolis society, recommended that an appropriation of $10,000 be made to spread the work throughout the country. To-day there are fifty-three chapters and a membership of 11,000.

G. H. Richards, of Minneapolis, read a paper on "School Savings Accounts." At the close of the afternoon meeting all the visiting delegates were taken for a car ride around the city, ending at Madrona Park at 5 o'clock. From there the party, accompanied by Seattle chapter members, who had been unable to take the car ride around the city, journeyed by special steamers to Fortuna Park, where luncheon was served. Afterwards the steamers made a trip along the east shore of the lake, then down Union bay overlooking the exposition grounds and finally back to Madison Park.

The Second Day.

The interesting feature of the session, Tuesday morning, was the inter-city debate between Chicago and Tacoma chapters, presided over by William H. Farr, of Detroit, chairman of the convention debate committee. The question was: "Resolved, That a system of branch banking would serve the needs of this country better." Tacoma Chapter had the affirmative side and was represented by Michael Dowd of the Tacoma Post-Office, Ernest C. Johnson, assistant cashier of the Scandinavian-American Bank, and W. W. Newschwander of the National Bank of Commerce. Chicago upheld the negative, and John Yocum, Bankers' National Bank; R. R. Sleeper, Continental National Bank, and R. G. Gadsden, Merchants' Loan and Trust Company, won a unanimous decision in their favor. The judges were Joseph Chapman, Jr., vice-president Northwestern National Bank, Minneapolis; W. D. Vincent, cashier Old National Bank, Spokane, and M. F. Backus, president, National Bank of Commerce, Seattle. Extracts from the speeches appear elsewhere in this number.

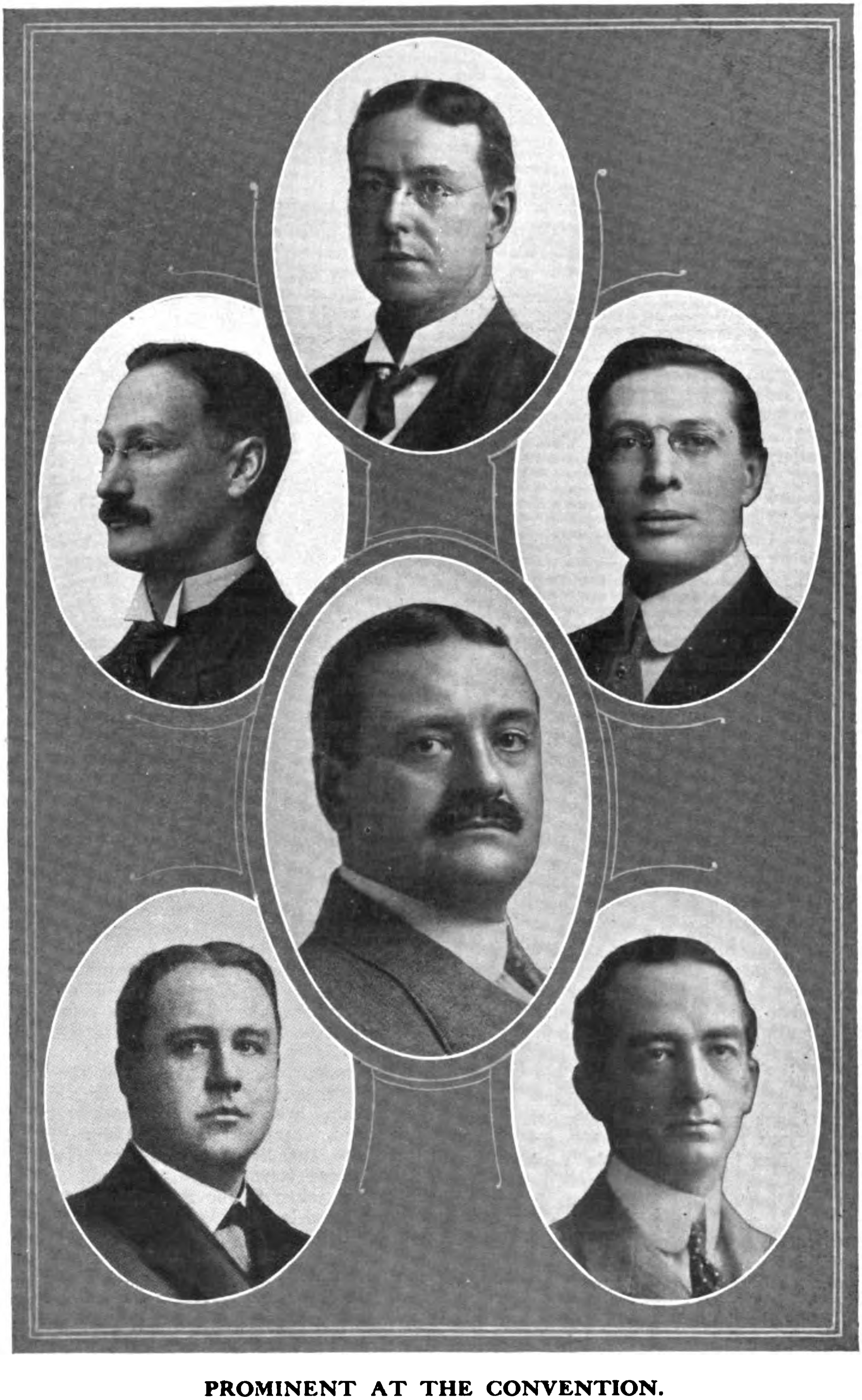
Before the debate, Prof. A. C. Miller of the University of California addressed the convention on the subject, "Banking and Currency Situation in the United States." Karl Hubert of Dexter Horton and Company, Seattle, read a paper "Overs and Shorts."

At two o'clock the delegates left the Hotel Washington in special cars for the Alaska-Yukon-Pacific Exposition, where the afternoon and evening were spent. The official picture was taken in front of the Administration Building of the University of Washington, and dinner was served at five o'clock in the Oriental Cafe at the foot of Pay Streak.

The ladies in attendance upon the convention were given an automobile ride in the morning over the picturesque Interlaken Boulevard, through Denny-Blaine Park, thence to the Seattle Golf and Country Club, where luncheon was served. Later they were taken to the Exposition grounds, to join the delegates.

The Third Day.

Tuesday had been a strenuous day, but climbing Seattle hills seemed to increase the spirit and enthusiasm of the delegates, judging from the rapid-fire way they coped with President Johnson in handling the final session of the convention, Wednesday morning. After the annual reports of the officers and committees, a "Chapter Symposium" was held, in which many of the delegates took part. Vice-President Sam-



PROMINENT AT THE CONVENTION.

G. H. Richards, Minneapolis.
Clay Herrick, Cleveland. Brandt C. Downey, Indianapolis.
George A. Jackson, Chicago.
Alexander Wall, Milwaukee. A. Walter Morton, New York.

uel J. Henry took the chair, and the subjects discussed were: "The Institute and the Individual Chapter Member"; "Institute Publicity," and "The Small Chapter Problem."

Chattanooga made a great campaign for the 1910 convention, and when the vote was taken not an opposing vote was cast. The election of officers was free from politics, such as has been characteristic of previous conventions, and the officers elected have proven themselves the popular choice in every case. On every hand was heard, that the highest ideals of the Institute will be kept and that the Institute will be expected to increase in usefulness to the junior bankers of the country. It seemed to be the general opinion that the past administration had done splendid work and had greatly augmented the educational feature of the Institute.

The New Officers.

The officers elected were: President, Newton D. Alling, of New York; vice-president, George A. Jackson, of Chicago; secretary, H. G. Proctor, of Richmond; treasurer, Louis H. T. Moss, of New Orleans. Ralph C. Wilson, of Chicago, was elected chairman of the executive council, and Frank Cerini, of Oakland, Calif.; W. S. Evans, of Philadelphia; E. C. Phinney, of Minneapolis, and D. L. Lyons, of Cincinnati, were elected to the executive council. Mr. Cerini polled the biggest vote of any member for the executive council. He was the only Pacific Coast man whose name had been presented for any office, and his vote was practically unanimous. It was largely through his efforts at Providence that the 1909 convention was brought to Seattle.

The convention was a harmonious gathering. Every delegate and visitor was pleased with Seattle, the exposition, the convention itself and the excellent way in which the Seattle Chapter had entertained them. Not enough can be said of the Chapter's convention committee, composed of Chairman G. F. Clark, of Dexter Horton and Company; B. W. Pettit, Dexter Horton and Company; Homer C. MacDonald, Seattle National Bank; Emery Olmstead, National Bank of Commerce; L. H. Woolfold, Scandinavian-American Bank; C. J. Reilley, Puget Sound National Bank; B. N. Schnoor, Washington Trust Company; Harry Welty, American Savings Bank and Trust Company, and L. P. Schaeffer, Northern Bank and Trust Company.

A special boat took the visiting delegates to Tacoma in the afternoon. There the delegates were taken for a trip to Point Defiance and over the city in special street cars. They returned in time to reach the banquet hall in the Rathskeller of the Hotel Washington at seven o'clock.

The Banquet.

The characteristic feature of the banquet was the spirit of good fellowship and freedom which prevailed. While the Chicago and New York Chapters were leading in the cheering of themselves and their hosts and the San Francisco and Portland delegations were setting off red fire and parlor fireworks, the orchestra began to play "Gee, I Wish I Had a Girl," reminding the merry banqueters, who joined in the chorus, that their ladies were at the box party, seeing John Drew in "Jack Straw" at the Moore. "Rainbow" followed, and a glance at the menu cards showed the words printed there, with five other popular songs, and thereafter singing was in order between each course.

Hon. John H. Powell was toastmaster. Joseph Chapman, Jr., of Minneapolis, as the founder of the Institute, was the first speaker. His topic was "The Value of Educational Organization." He spoke of the Institute's work in giving the bank men a thorough grounding in the principles of finance, its importance and benefit and showed how it had been accomplished by the Institute.

"I will offer a prize of $100 in gold in the Chattanooga convention to the delegate who can the most intelligently discuss for five or ten minutes any subject drawn out of a hat," said Mr. Chapman. "We must train men as good citizens to combat the demagogy and reckless laws that selfishly actuated persons would put upon our law books."

George H. Stone spoke on "Weighed in the Balance and Found Wanting." He related the biblical story of "Mene Mene Tekel Upharsin," and drew a parallel in modern times.

"For our purpose we want a banker who knows the business from the bottom up, and not from the top down," he said. "We want a man who has touched life at all points. The successful banker is the one with the kind heart and sympathy, that he may help the poor, and we can trust him. He inspires confidence, the foundation of prosperity. We want a banker who respects the law of the land."

Ex-Gov. Miles C. Moore, of Walla Walla, took as his text Lincoln's advice to the young orator to "Look wise and talk scattered." He spoke on the resources of the Northwest and the problems confronting the country, and interspersed his remarks with anecdotes.

Col. W. T. Perkins, director of the Alaska Banking & Safe Deposit Company, of Nome, told the convention of the potential possibilities of Alaska. The call of Alaska he wanted to bring to the visitors. He said that in the exposition, Alaska, her works and her future were epitomized.

"The Adopted Son" was the topic of

Ralph C. Wilson, assistant cashier of the Bankers' National Bank of Chicago, and the last speaker of the evening. After an introduction that brought roars of laughter, he spoke on the relation of the Institute to the American Bankers' Association, and confirmed the opinion of all who heard him that he was the right man for the chairmanship of the executive council. Mr. Wilson's popularity as an after dinner speaker was soon recognized in Seattle, and he, with Franklin L. Johnson and Joseph Chapman, Jr., were the principal speakers at the bankers' banquet in the New York State Building at the exposition during the Tri-State Convention. Fred A. Crandall, assistant cashier of the National City Bank of Chicago, spoke before the bankers at the Washington State Building the same evening.

THE CONVENTION DEBATE.

Brief Extracts from the Chicago and Tacoma Speeches.

CHICAGO Chapter won the convention debate, discussing with Tacoma the question: "Resolved, That a system of branch banking would serve the needs of this country better than the present system."

TACOMA, AFFIRMATIVE.

Exceptional Strength.

Michael Dowd:

Greater safety to the depositor and the stockholder would come from the exceptional strength an institution of large capital always has. It would command through larger salaries the best officers obtainable, who would bring to the branches the same efficient management and intelligence that the central bank would have.

Loanable Funds Not Distributed.

E. C. Johnson:

Our present system does not properly distribute the loanable funds of the country. Eastern bankers cannot to-day loan their surplus funds safely and procure adequate returns, and often use them to promote doubtful enterprises which promise large returns. Bankers throughout the South and West are obliged to refuse loans for legitimate enterprises at eight per cent. and often a much higher rate. This congestion of funds leads to unwarranted speculation in reserve centres.

Safety to Depositor.

W. W. Newschwander:

A system of branch banking will afford the greatest possible measure of safety to

PHOTO BY ROOT

Chicago Debaters at Seattle.

John F. Yocum. Robert G. Gadsden. Ralph R. Sleeper.

the depositor. The test of solvency is the supreme test of banking, and when we find a system of banking that has been practically free from failures, we may reasonably infer that this immunity is due largely to the merits of the system.

CHICAGO, NEGATIVE.

Great Banking Monopolies.

Ralph R. Sleeper:

The mighty central banks with their branches will by means of interest rates and exchange charges and every other form of discrimination, force out of business the independent bankers. Might will make right and justice will be trampled on. We are told that there will be live competition. And that is right; there will be competition almost as severe, probably, as we find to-day among our express companies, and in our sugar, our meat and our oil industries. Every one who wishes financial aid for his business will have to bow down to the will of these great banking monopolies. They will withhold aid from those who do not protect them. They will make our legislators, our governors, and our judges.

The Canadian System.

R. G. Gadsden:

When you come to comparing the development of United States and Canada—and one country is just as old as the other—the contrast is overpowering. Why is this? Because the development of Canadian towns is restricted by the banking conditions that exist. There is not the same local enterprise and pride that you find in all our towns. The reason for the non-development of Canada is that nearly all the money that is accumulated and deposited throughout the country is loaned, not to the communities in which the deposits are made, but is loaned to enterprises in the large cities and in foreign countries.

The Banker and His Community.

John F. Yocum:

The advocates of branch banking lay particular stress upon the fact that most European countries have this system in operation, but they do not take time to tell you of the different conditions prevailing there which give stability to such a plan of operation. They have as much right to argue that because most European countries are monarchies, therefore monarchies are superior to republics.

In Europe all power is derived first from the sovereign and then passes by way of the privileged classes to the common people. With us the contrary is true—power and benefits are derived from the masses and ascend to the executive.

The American banker differs from his foreign brother in that he is an individual vitally interested in his community. The success of his town is his success—he is expert in judging the value of the commodities by which his district thrives. In the cattle country he knows cattle, in the corn belt, corn, and through his well-balanced knowledge of his neighborhood's resources he becomes the advisor and frequently the financial guide of his community.

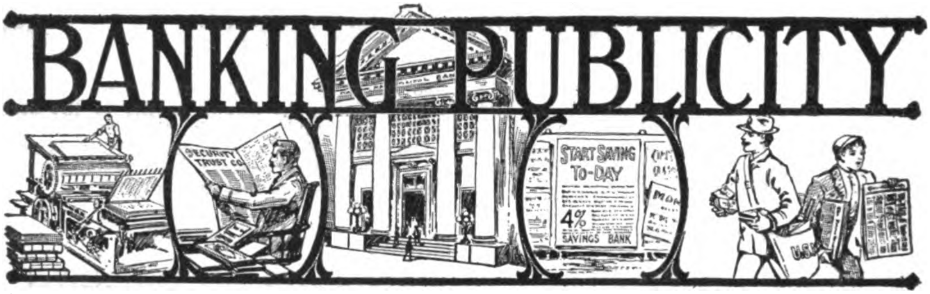
EXPANSIVE BUT EXPENSIVE.

In the century which has elapsed since 1809 the population of the United States has increased from about six millions to somewhat more than eighty. The latter figure excludes the inhabitants of our lately acquired insular provinces. During the same period our annual expenditures for govenmental purposes have expanded from eight to about six hundred millions of dollars. That is to say, there are fifteen times as many people within our borders as one hundred years ago, while the cost of operating the Federal establishment is one hundred times as much as then. A single Dreadnought for the navy costs a sum equal to the entire appropriations made by Congress for the year 1810. The sum just set aside for taking next year's census is greater by two millions than was the outlay of Uncle Sam for any twelve months during Jefferson's term of office. Our growth has been wonderful, but our extravagance has more than kept pace with it.—*Virginia Pilot.*

ONE CHECK TO SPECULATION.

The Canadian banks are seriously discussing the refusal to accept as collateral stocks of non-dividend corporations, which have only a manipulative value. There are millions of dollars' worth, in face value, of such stocks which pay no dividends and with little or no hope of ever paying. They possess a price because manipulation causes them to fluctuate, but such trading is simply speculating in air. If all banks refused to accept them as collateral, they would soon seek their proper level at zero, or the manipulators who fatten off their fluctuations would devise some way to squeeze out the water and make the corporations pay dividends.

There are railroad and industrial corporations by the score whose capital stock represents simply notes for control. If the loanable value were taken from such stocks, promoters would not find it unprofitable to deal in them. The Canadian plan aims a blow at wildcat financiering and in the end will benefit honest enterprises. Few bankers would knowingly make a loan on a gold brick because the borrower insisted that he could work it off on someone for real money, but millions of dollars are loaned every year on stock merely because it is quoted on the stock market.—*Omaha Bee.*



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing-house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 90 William Street, New York.

Conducted by T. D. MacGregor.

ADVERTISING FOR SAVINGS.

The Banker Who Merely Purchases "Publicity," Contrasted With The Loan Shark, Who Advertises People Into His Office.

By Jack W. Speare, Advertising Manager, G. W. Todd & Co., Rochester, N. Y.

HOW many bankers, I wonder, have ever managed to detach themselves from their inside viewpoint as bankmen, to picture themselves in the shoes of the prospective depositor to whom they are advertising?

No doubt every banker has watched the new depositor entering his bank, timid, awed by the cold, massive dignity of the interior, distrustful of his own ignorance of everything concerning banking custom. You can see that he half wishes someone would come up and take him by the hand, as the "floor-walker" does in clothing stores, and tell him what to do. But, of course, *in a bank,* that would be undignified. The guards and attendants, carefully scrutinizing every stranger for possible symptoms of felonious intent, would never think of giving information unless asked for it.

Now, has the banker considered the immediate effect of his advertisement on such a man as this? He reads the banker's little sermon on "dollar-growing," nods his head over each telling point, and says, "Yes, that's so; I'll never get ahead unless I begin to save. Let's see, what else does the 'ad.' say? Oh, yes, '*Small accounts welcome—Start now.*' Well, my account will be a small one, all right, and now is certainly the time to start, while I have my pay in my pocket. Will they take five dollars for a start, I wonder? Yes, here it is, '*A dollar opens an account.*'

"Wonder what I have to do. It says, '*The officers will be glad to talk over banking relations with you at any time.*' The officers? Who are the officers? H-m! '*Richard Moneybags, president.*' That's the old Croesus that lives in the big stone mansion on the riverside. Pretty big chap to call on about a five-dollar deal. He might hand me a frost. Well, I must certainly begin to save something pretty soon."

An Ad. That Fell Short.

And so the day of thrift is postponed. The advertisement fell short of its mission.

Some will say this is an exceptional case. I believe that the receiving teller, who sees fresh instances every day of public ignorance regarding the very A-B-C of banking, will agree that the attitude of mind I have indicated is not at all uncommon. And it is the ignorant or indifferent man whom the banker is, presumably, trying to reach. Folks who are naturally thrifty are already depositors. Surely the advertisements headed "Bring a dollar," "Savings Talks," etc., are not aimed at the men and women of property and large affairs!

The trouble with most of the savings advertisements I have seen is that they are not *human* enough. They don't get down to the level of the man who draws $12 on pay-day and "goes broke" by Wednesday.

In the first place, when does this man receive his pay? In most industrial communities it will be found that there is a certain hour every week or month when the working folks have real money in their pockets. The "easy money" comes out during the first flush of prosperity in the enjoyment of its possession. That is the time to catch the nimble dollar or two that opens an account.

The banker knows to a minute when this hour arrives, for he has to find the currency to meet the payrolls that put this money into circulation. You may be sure he is behind his wicket, with the doors wide open, when the paymaster comes after the money. But where is the banker when the money is being spent? If he is in his banking house, you may be sure that the frugal few are also there, in line, with their pass-books. But where are the uncounted thoughtless ones? Has the banker told them that he will be waiting to welcome them from 6 to 8 Saturday evening? Has he "educated" them on this point, and drilled it into them by constant advertising?

The Psychological Moment for Deposits.

The saloon is open, and the salary-loan shark's office, and the instalment store—and all of them have taken pains to acquaint the public with the fact. Come to think of it, the loan shark always manages to be "at home" when the people are paid off. He knows that is the psychological moment to get his little weekly payment, without the expense of a collector. If savings banks arranged their hours on the same principle, and took care to let everyone know it, there might be fewer instalment houses, and the loan shark would be obliged to offer cut rates.

By all means, the bank should take pains to make its hours known. To the banker who considers this superfluous, I would suggest that he stop the first hundred persons he passes going home from work, and ask them if they know the hour at which his institution opens in the morning and closes in the afternoon every regular business day. The result might prove startling.

Facts That Ought to Be in Ads.

Every advertisement, every blotter, every piece of literature going to the public should set forth the business hours of the bank, with particular emphasis on any special time when it is open outside of ordinary banking hours. That's what bank advertising is for—to teach people how to do business with the institution, profitably, agreeably, conveniently. This is not "an old story," as may be thought. Remember that someone is always reading the bank's advertisement for the first time. Consider the loan shark. In season and out of season, he keeps repeating: "Open Saturdays until 9 P. M."—and he always finds a new crop of victims.

Who knows how many thrifty New Year's resolutions went glimmering on the first Saturday of this year because the banks were not open that evening when the saloons were reaping their biggest harvest?

Bank advertising ought to get down to a definite proposition, just as much as the mail-order advertisement, which says: "Send ten cents for this beautiful doily pattern." The bank advertiser too often takes the interested reader up on top of a high mountain to view the beautiful valley of peace and plenty—and then leaves him there, uncertain how to get down to the promised land.

The advertisement should lead the reader right up to a definite proposal, and persuade him to accept it. It ought to tell him *where the bank is situated,* invite him to visit it, and prepare him to enter it with a confident feeling that he knows what he is about.

Remember, the very man the banker is trying to reach is the one who has never been in his bank as a depositor. He ought to tell him when the bank is open for business—this should be blazoned in the margin of each advertisement, where it will stare the prospect in the face two or three times a week. He should explain all the usual formalities of opening an account. I would illustrate occasionally the printed forms used for this purpose, and explain clearly how they are filled out.

J. W. Speare.

I would even tell him, at the risk of a little "dignity," which window to go to, and the name of the receiving teller he will meet there. I would let him know that the teller is a mere human man, like himself, and that he will be glad to see the reader and receive his deposit, whether large or small. I would try to make him feel that he will be treated just as he would be in any reputable business establishment. And, above all, I would tell him all the things he needs to know about the details and formalities of dealing with the bank.

I have just finished reading some thirty carefully prepared newspaper advertisements, representing as many metropolitan savings banks, and all of them carefully avoid hinting at any of the things I have mentioned. For this reason, I hope there is some justification for this article.

THAT BORDER IDEA AGAIN.

Francis R. Morrison Takes Up The Cudgels In Defence Of It.

THE arguments, *pro* and *con*, in the matter of the standing border cut idea in bank advertising which we have published in this department are added to this month by F. R. Morison of Cleveland, O., who writes:

With reference to the challenge you have issued to me to defend the use of a cut setting forth prominently the title of a financial institution, I am enclosing to you herewith a little article I have written for you on the subject which is, perhaps, a little long but I have thought it best to go thoroughly into the matter because, as you say in your columns, it is a question which is of vital interest to a great many banks who are using this form of publicity.

The article is as follows:

In your June issue you expressed a desire to receive the views of banks and advertising men on the value of the border design idea in bank advertisements. Because of eminently satisfactory results obtained from its use, I unhesitatingly declare myself strongly in favor of the border cut.

It is obvious that before a bank advertisement can produce one single depositor it must first be seen, and that unless it has the distinctiveness and strength to attract the attention of the reader it is doomed to failure from the beginning—in fact it has no real beginning.

The readers of newspapers may be divided into two general classes: One class, which is without question in the minority, leisurely reads practically everything, including advertisements; the other class, which is very much in the majority, hurriedly glances over the paper and reads only those news items and advertisements which forcibly obtain attention. It is therefore necessary that the advertisement be not only convincingly worded, but also of individual and characteristic design, so that from day to day as the readers of the second class hastily look through the paper, at least the name of the bank is psychologically, and with striking effect, impressed upon their minds, just as "Gillette Razor," "Shredded Wheat," and other correctly advertised articles are impressed upon our minds. The bank advertisement without a dignified and distinctive design does not do this—it looks too much like the reading matter surrounding it and does not stand out strong from the maze of other advertisements.

I have had seventeen years' experience, both in banking and financial advertising; during this time I have assisted and advised the officers of many banks, trust companies and investment firms in the preparation of their advertising; the different conditions and circumstances surrounding these institutions have made it necessary for me to test and try out a great many kinds of advertising, and these practical tests have shown that keyed advertisements with a border design have the largest number of readers from twenty to forty per cent. and are most effective in producing substantial results.

You are correct in saying that just waving the name of an institution at the reader will not show him why it is to his advantage to patronize the bank, and it is well to add that it is also not enough to simply prepare good copy, leaving the name of the bank, as it were, to take care of itself.

If a bank advertisement shall be genuinely effective it must first, establish the name of the institution firmly and favorably in the mind of the public; second, it must convey an interesting, forceful and truthful message regarding the service which the bank renders. These two essential qualities taken together produce business and they can be most advantageously combined in the advertisement with the dignified border design.

Mr. Morison's points are well taken, but, doubtless from a lack of clearness in the statement of our own position, he argues somewhat beside the point as regards our contention.

We agree that an ad. must be seen to be effective. That is fundamental. We also agree that the good bank ad. should "convey an interesting, forceful and truthful message." That is likewise fundamental. But the point we wish to make is that there is a better way to get people to read a good ad. than to enclose it in the same border design each insertion. There is also a better way to impress the name of a bank upon the public mind than by having it appear only as part of a stock border design.

We advocate the adoption and constant use of a trademark emblem by banks in their advertising, but we do not believe that it ought to be the predominant feature of the advertisement.

The ideal way to illustrate a bank advertisement would be to have a strong new illustration with every insertion, but that in many cases is impracticable. That is the plan used by the Shredded Wheat and Gillette razor people, to whom Mr. Morison refers. *They* do not use a standing border cut illustration, day after day or year in and year out, although they do feature their name and trademark. So, as a matter of fact, these large general advertisers stand for our side of the contention rather than for Mr. Morison's.

The test of advertisements referred to by Mr. Morison is also valueless in this connection, as we are sure the test was not made with advertisements planned along the lines we advocate, viz.,—strong, logical, interesting, well displayed copy, with a secondary use of a trademark emblem, or with change of illustration each insertion.

Probably the best ad. writer in the United States is John E. Kennedy. Writing in the

"Advertising and Selling" magazine, Mr. Kennedy says:

Active news interest is a first essential in the title of the advertisement.

And with that essential secured, a moderate size of type for title and a reasonably solid setting of news type for body is entirely effective without heavy waste for white space and fancy border.

GOOD AD. PHRASES.

WAREHOUSE receipts for merchantable goods and raw materials are favorably regarded as security for loans by the Corn Exchange National Bank. —Corn Exchange National Bank, Philadelphia.

The depositor is the initial factor in the banking business. Whether the Bank owes him $5 or $50,000 his interests should be safe-guarded to the extreme; perhaps at times against his own over-confidence and ambitions.—The Old National Bank, Battle Creek, Mich.

There is but one certain, safe way to accumulate money, and that is to save it.

A few people—a very few—attain independence by a streak of luck.

But the vast majority, if they ever hope to get anything ahead of them, must spend less than they earn, and save the surplus.—The Merchants Bank. Winona, Minn.

If you want to extend your business—Promote a new enterprise—Build a home—You will find this company ready to supply you with the necessary funds at a reasonable rate of interest. We take special pleasure in aiding Savannah enterprises. If capital is what you need call and let us talk over the matter with you.—The Oglethorpe Saving and Trust Company, Savannah, Ga.

Confidence is the basis upon which every permanent success is built. It is the confidence of our depositors and patrons that has made possible the growth of the First Bank and Trust Co. The duties of the Bank to its customer and the community in which it exists are important and we are always willing to do our part. The personal interest of the Officers and Directors of this Bank in the upbuilding of our community is well known.—First Bank and Trust Co., Cairo, Ill.

Even before the enactment of this law, our bank always conformed rigidly to all of the essential principles of safe banking which any law could possibly require and it has observed those principles as consistently as could be demanded by any bank examiner. The officers and Board of Directors have constantly regarded this institution as being the trusted guardian of public and private funds, the positive protection of which has been ever held to be a sacred duty.—The Citizens Savings and Trust Co., Cleveland, O.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

ROBERT ADAMS, ad. man of the Huntington (W. Va.) National Bank, writes:

Will you not kindly give us the benefit of your opinion or criticism of the enclosed clippings of several ads. we have recently used? How do you think they come up to the standard of what high class modern bank advertising should be?

As we are now making plans for summer and fall advertising would be glad of an early response and enclose stamp for your reply; but if this is not convenient for you, a criticism through the columns of The Bankers Magazine will be duly appreciated.

The editor of this department replied to Mr. Adams as follows:

The first impression I get from looking at the ads, is that while they are very good, they are not as strong, either typographically or in copy as they might be.

In the first place, if you used two-column space, even if it were not four inches deep, you would have more room for an effective headline and I think the headline could be strengthened by putting more of the personal element in it. "Beneficial Results" and "The Fatal Error," are too general, because there are thousands of fatal errors and also thousands of beneficial results. Those headlines do not strike home as much as would such lines as these: "You Will Always Be Poor" and "You Cannot Lose Your Money." The other lines, "Making a Plan" and "Holes in Your Pocket" are better. If you can put some definite, concrete facts in your ads.. such as giving actual results of thrift, how your bank has saved money for its customers, how compound interest makes definite amounts of money grow in a definite time, it would be a good idea. In short if you can explore the whole range of your experience and observation and each day pick out some definite point of the bank's service to the community in general and the individual in particular, and then pitch right in and get enthusiastic about it just as if you were giving some advice to one of the members of your family or your closest friend on a subject of the utmost importance, you would put new life into your advertising matter.

The Business of

the man who receives his income or earnings in weekly or monthly installments is appreciated at this bank.

When he becomes a customer of ours we become interested in his financial advancement and assist him in any way we consistently can

It is what YOU do that counts in your future—a bank account is a material help—come in and start one with us.

Don't wait until you can make a deposit as large as your neighbor now has to his credit. he probably started his with a small account

Calcasieu National Bank
Lake Charles, La.

A Treacherous Memory

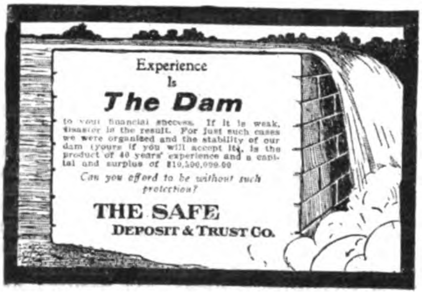
often gives you much discomfort when you realize that your insurance policies or other valuable papers are lost.

A Safe Deposit Box

secure, convenient, watched day and night, can be secured from $3 per year up.

Why not let us take the risk?

The Louisville Trust Co.
S. W. CORNER FIFTH AND MARKET.



Make Your Money Work for You

You worked for your money A savings account at our bank keeps your money always working. No money comes easier than interest money once you have made a start. It does not require a large amount to begin with and there is no vacation period. It keeps right on working for you; Nights, Sundays, Holidays Better begin now. Make a deposit of whatever you can spare, add to it whenever possible and in time your success is assured Do it now.

Floyd County Bank
Vincennes and Spring Streets

P R O S P E R I T Y

The Wilkes-Barre Deposit and Savings Bank
71 PUBLIC SQUARE

The Third National Bank

Established 1854
Capital $250,000
Deposits $1,400,000

We Want Your Account

Don't Let the Grass Grow Under Your Feet

We pay 3 per cent interest.

Savings Department of State Bank of Freeport

W. E. RICHARDS, Pres. CAPITAL $250,000.00 F. W. VAUGHAN, Cashier

The Epitome of Agony

Caused by the loss of a loved one is reached when circumstances force you to call upon "a friend" for a little temporary assistance—sometimes you get it, more often you are met with an apologetic refusal. . . A rating established by an account with some good bank would have relieved a distressing situation. . . Commence saving today. Large or small, your business will be welcomed by this institution.

The American National Bank
WE PAY 4 PER CENT ON SAVINGS DEPOSITS

These Might Be Improved.

Then I would make the printer give you a stronger typographical set-up and stick to it. If your bank has no trade-mark emblem you ought to adopt one and use your emblem in every advertisement. In the four ads. you sent me, the name of your bank is set up in three different styles of type.

Don't let the printer disfigure your ad. by putting in extraneous symbols at the bottom as he has done in several cases. When you pay for the space it belongs to you and he has no business to put his furniture into your ads. It is a good idea to run the location of your bank in every ad. I could tell more about the effectiveness of your advertising if you had sent me a complete copy of the paper containing your ads. so that I could compare them with the other advertisements.

The ad. of the Astor Trust Co. is one of the very few good bank advertisements that have appeared in New York papers this year. It is strange that a good bank advertisement should be such a *rara avis* in the newspapers of the financial center of the country.

It Is Always a Question

which will survive, you or your Executor, if you select an individual when, drawing your will.

The Astor Trust Company is an incorporated Executor and Trustee and will also draw your will. Its services are no more expensive than those of an individual acting in these capacities, and it will not move away, resign, fall ill, or die.

Correspondence or personal interviews are invited.

Astor Trust Co.

FIFTH AVENUE & 36TH STREET, NEW YORK

A Curiosity—a good bank ad. in a New York Newspaper.

The Union Bank & Trust Co. of Meriden, Miss., sends us a collection of its printed matter, checks, passbook, advertising blotter, all of which appear to be good, but as they are in no respect out of the ordinary there seems to be little to say by way of comment, except that good stationery is good advertising for any bank that uses it.

The Calcasieu National Bank ad. is an attempt to introduce the formerly famous "Reason Why" copy into a bank advertisement. The typographical form is there all right, but the reasons why are conspicuous by their absence.

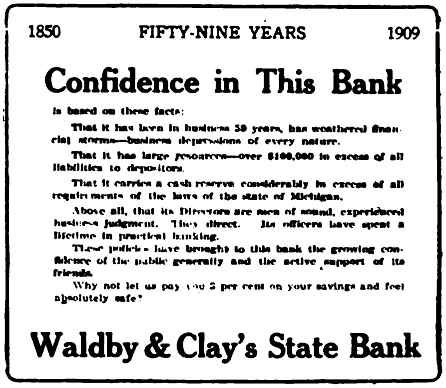
We may be mentally obtuse, but we can't just see the point to that dam ad. of the Safe Deposit & Trust Co. If experience is the dam that retards the flow of your financial success, the answer seems to be, don't get any experience. We think this ad. writer is a little mixed in his metaphor. It it not as bad as the standard mixed metaphor of the rhetoric books, "Do you smell a rat? Do you see it flying in the air? Nip it in the bud," but it is ambiguous, to say the least. We think a dam of experience holding back a sea of financial troubles would have been better. But as it stands, this ad. is better than the vast majority of illustrated bank ads., and that this advertiser can do better than this is proved by two other of its illustrated ads. reproduced elsewhere in this department.

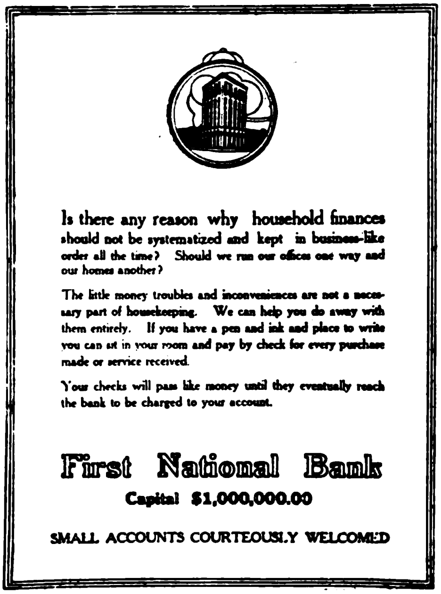
The Third National Bank doesn't care to have people know where it is located, so we won't bother to enlighten our readers on this point. It seems rather tactless to blurt out, "We want your account," after having put up no more argument for it than to say that it has taken you fifty-five years to accumulate deposits of $1,400,000. It reminds us of the peanut man at the ball game the other day, who in vending his peanuts used this very compelling argument: "Come on, fellows, loosen up. I need the money."

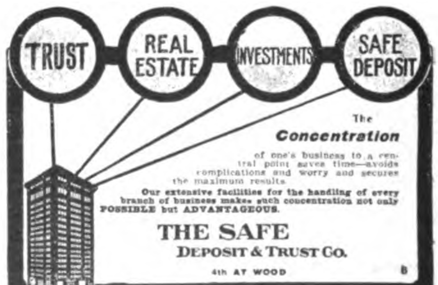
Next we actually see grass growing before our eyes. And did you ever see such a dejected looking pair? Trio, we should have said, for there's "Fido," too. Or is it "Tige"? The man is "all in." His wife is pretty well discouraged, too. So much so that she is losing all pride in her once cozy little home and is letting a great big spider's web stay on the front porch. The dog is on his last legs. He looks so lazy and spiritless that he probably would have to lean up against the wall to bark. But let us draw the curtain of charity over this scene and fix our eyes on that 3 per cent. interest the State Bank pays on savings.

Then there is a portrait of the late Sir Henry Irving, taken when the great tragedian was saying, in deep gutteral tones, "Come on, Remorse!" On the whole, this is not a bad ad. It is better than that "We never sleep" abortion below it. Somebody must have been asleep at the switch when that cut was O. K.'d, but, the good copy in the ad. does much to redeem the ridiculous illustration.

That Wilkes-Barre bank must be prosperous or it couldn't afford to waste five inches and a half of its advertising space just to spell out the word "PROSPERITY." To use a figure of speech, prosperity in advertising is not spelled that way.







Some Model Bank Ads.

Using "The Epitome of Agony" as the headline for an advertisement seems to us to be the epitome of poor taste. It is unpleasant, negative advertising. A wise writer on bank advertising said: "Don't make a bank account and death walk hand in hand." We don't believe that any one would consciously say, "Now, I'm going to save money so that if one of my relatives dies I won't have to borrow money to bury him." There is lots of sweetness and light in the world yet—enough so that we don't need to write really funereal copy to make savings advertisements effective.

Once when the late Tom Reed, a predecessor of Uncle Joe Cannon as Czar of the House of Representatives, had demolished an objector in a speech, he said, "Now, having embalmed that fly in the liquid amber of my remarks, I pass on to the consideration of another matter." Likewise, having bowled over a few ads. that didn't just meet with our approval, we turn to the pleasanter task of calling attention to a few ads. that seem more nearly to meet the requirements of effective bank advertising.

That pay envelope ad. of the National Bank of Decatur is simple, strong and telling. Waldby & Clay's State Bank (Adrian, Mich.) has an ad. which in typographical balance and confidence-inspiring copy cannot be beaten.

The ad. of the First National Bank (Montgomery, Ala.) meets our ideas of the proper use of a trademark emblem in a bank advertisement. It is such an ad. as this that we refer to in our remarks on Mr. Morison's brief for the standing border design cut idea, printed elsewhere in this department.

The other four advertisements in this group are what we consider good, dignified illustrated advertisements for banks. In each case, the illustration adds strength and effectiveness to the advertisement, besides having just as great attention value as a mediocre or footless cut would have.

Strong Use of Emblem.

Following is copy of three form letters sent out by the Corn Exchange National Bank of Philadelphia:

Gentlemen:

We present to you our last "Corn" Statement, lately called by the Comptroller of the Currency, and a comparison of the last three statements called.

The large increase in business shown is not only the result of easier conditions of the money market, but of many additions to our list of depositors.

May we suggest an investigation of our banking methods?

Respectfully yours,
CHAS. S. CALWELL,
Cashier.

Gentlemen:

As yet we have not the pleasure of your name on our books.

Do you know any of our depositors? Through their interest we constantly increase our business friendships and through our methods of handling business, we hold our friends.

Our last statement is enclosed.

Very truly yours,
CHAS. S. CALWELL,
Cashier.

Gentlemen:

The Comptroller of the Currency is required by law to call for statements of all National Banks five times each year. The last statement was called for September 4th. Our enclosed circular contains both this statement and a comparison with those of previous years.

In addition to the semi-annual examinations by the National Bank Examiners and for the further security of the bank, the Directors have required for many years frequent and thorough audits of the books and assets of the Bank by outside Certified Public Accountants, and at the present time this work is done by Messrs. Lybrand, Ross Bros. & Montgomery.

We feel your interest in the success of the "Corn Exchange" will prompt you to suggest its name and standing to all of your friends wishing to form new banking connections.

Very truly yours,
CHAS. S. CALWELL,
Cashier.

Mr. Calwell wrote us as follows:

Enclosed you will find some sample letters which we have sent to business houses in Philadelphia, calling special attention to statements.

The letters were printed with special process, which gives them the appearance of having been copied. This is shown in letter marked No. 1. The addresses, of course, were printed on the typewriter in the usual way.

Will you kindly look them over and criticize them?

Our answer was:

The printing process you have used is certainly a very good one as in the case of the

IT is the constant aim of this old established bank to render every assistance to people of all nationalities, and in view of the large number of

ITALIANS

residing in Cleveland and vicinity, this bank has opened a special window in charge of an Italian-speaking teller who is prepared to render every assistance to Italians, and to give them any information they desire in relation to all branches of our business.

By reason of its large capital and surplus, the well-known integrity and financial standing of its officers and directors, and its successful banking experience extending over a period of forty-one years, this bank affords absolute security for the money belonging to its depositors.

Savings Accounts in any amounts from one dollar upwards are invited, upon which interest is paid at the rate of 4% per annum, compounded twice a year. Moreover, as this bank is the designated representative of the Banco di Napoli it is enabled to send money abroad with safety and dispatch.

All Italians who call at our bank and interview our special teller may be assured of every courtesy and attention.

THE CITIZENS
SAVINGS & TRUST COMPANY
Euclid Avenue near East 9th Street
ASSETS OVER 42 MILLION DOLLARS.

A New Departure.

two shorter letters I positively could not tell them from regular typewritten letters except that the signature cut gives the letter away. I think that might have been printed better or that it might have been a good idea to have some clerk sign your name with pen and ink, if you thought it was safe to have somebody learn your signature. I think perhaps the longest letter is the best one as it contains some very strong and definite statements. I think it might have been better if, in the last paragraph, you had expressed the idea that you would be appreciative of the friendly recommendation of the Corn Exchange Bank by those to whom you are writing. It is just a little touch of courtesy which might make the letter even more effective.

In the letter starting "We present you our last 'Corn' statement" I think the last sentence, viz., "We suggest an investigation of our banking methods" is rather ambiguous, although the inference is probably plain that you want the recipient of the letter to learn by actual experience what your methods and facilities are, but I think that it would have been stronger to have incorporated a personal element in the sentence, something after this manner: "We feel confident that any banking relations you may have with us will prove satisfactory and profitable to you and we hope that you will decide at an early date to learn by actual experience how up-to-date and efficient our banking methods are."

I think that if you are writing a man a letter you might as well make it a full page letter because if he goes to the trouble of opening it, you may as well give him a run for his money, as the saying is, by giving him a number of concrete facts to consider. I think that in business correspondence, there is such a thing as being too short because you are in danger of not being as clear and convincing as you might otherwise be.

Mr. Calwell came back at us again thus:

I thank you for the suggestions given in your favor of June 17th. You rather surprise me by your suggestion of a longer letter. As it has always been my idea to make them as short as possible. I feel in the city, that business men have so many circular letters sent them that unless their eye can take in the letter within half a minute or so, they are put aside. These letters which I sent you were really only sent with the idea of calling attention to the statement, which in each case was enclosed in the envelope. The thought which you give, however, is worth careful consideration.

I send you herein two newspaper ads, which we have had in the evening papers. The arrangement appeals to us as being the best which we have ever yet put out. They are double column ads.

We would be glad to publish the views and experience of other bankers on the relative value of long and short form letters.

ABOUT BANK ADVERTISING.

Brief Extracts From Recent Speeches and Articles.

PRESENT day methods make it as necessary to advertise the business of a bank as that of any other business; this is especially true of the new banks and trust companies, as the only way we have to reach the public is through the newspaper.

It is no lapse from dignity, but the reverse, to appeal to the young man to be saving. Nor is it undignified to tell people not to keep large amounts of money in their homes, but in the bank, using the check account, which is a protection against dishonesty from within and theft from without, and also from loss of money. Any man who by such counsel prevents the pain such misadventures cause to others does work not lacking in dignity. To educate people to travel with letters of credit and to put their valuables in the safe deposit vaults; to make collections for their convenience, is pretty good work, and bankers generally have come to realize that advertising is a three-fold educational work such as they may well be pround of, benefiting the advertiser, the public and that most powerful factor for good, the newspaper.—Marcus S. Sonntag, Evansville, Ind.

Tell them about your bank. Get close to nature. Confine your topics and talking points near home. In all your ads talk of things in which you have reason to believe all the community are interested. Things your reader will recognize as being a part of life, as they see it. Weave them into all your ads. Keep hammering away on things you can do for them and they for you. Soon you will find that your readers think and talk as you do about your own bank. The nice part about it, they soon honor it as an accepted truth and tell your thoughts with the belief that it is original with themselves.

Inasmuch as advertising must be to a great extent educational, repetition is absolutely necessary, so do not fear that you will run out of something to say. Each day will bring some new topic. Something will happen in or out of the bank worth telling. Then you have your stock in trade topics to work on in dull times. From a psychological standpoint repetition is one of the strongest and most effective methods of driving home. It is the constant dripping of water that wears away the stone. So keep pounding away.—C. D. Rorer, Shawnee, Okla.

There you have them—ability, strength, service. With these three foundation stones as a basis it should not be difficult for any bank to acquire new business, other things being equal. And doesn't it seem entirely logical, if a bank possesses these essential characteristics that the public should be made acquainted with them? If it is logical, then it is wise to advertise, providing, of course, that the advertising is done systematically and continuously.—Fred W. Ellsworth, Chicago, Ill.

The facts are that the advertising policy was distinctly a measure of self-preservation. A new bank had been organized in the town. All its capital came out of the pockets of men who had gotten rich by persistent advertising and its board of directors belonged to the Publicity and Promotion Cult. What they didn't employ to gather in savings bank accounts would be hard to discover. They bought the right to supply transfers for the traction lines of the region, imprinting the slips with a clever ad. for the bank, so that almost every passenger had to read it willy-nilly. They advertised in all the newspapers. They issued booklets, calendars, leather novelties, and other specialties. They used billboards, posters and car signs. They furnished pay envelopes to half the industries in the country. The president of the new bank speechified on weighty public questions and was known far and wide for his pronouncements on civics, business and finance. In short: Publicity was the mode of life of this new bank. And how it grew was a recrudescence of the age of miracles. —The Novelty News.

The weekly papers of the State as well as many of the dailies, are running a fine line of bank advertising in these later days. This advertising work is not helping the banks alone, but it is helping the people. These advertisements are educational, many of them pointed with fitting illustrations. One of the advertisements represents an aged man plodding through a snowstorm, with the legend, "Every life has its December," and the need of providing something against that December is pointed out in the text. Another paper has a picture of a despondent man who put his money where he could not watch it and where no one watched it for him with the legend, "It would be safe in the bank now."

The educational value of such advertising, carried on as it now is in all parts of the State, cannot be overestimated. There are thousands of people who will be made to think of a deposit in a bank, savings, State or National. It is a habit easily acquired and a habit that grows. Let a man once get the first $100 in the bank and he develops an ambition to make it a $1,000. And there is no habit that is more helpful. Thousands of people go through life saving nothing. A little thought given to the matter would enable them to have at least a small bank account against times of adversity. It would be to them and to their families, the most comforting thing in the world.

Let the campaign of education go on. It it one of the best ever undertaken in the State.—Rock Island (Ill.) Argus.

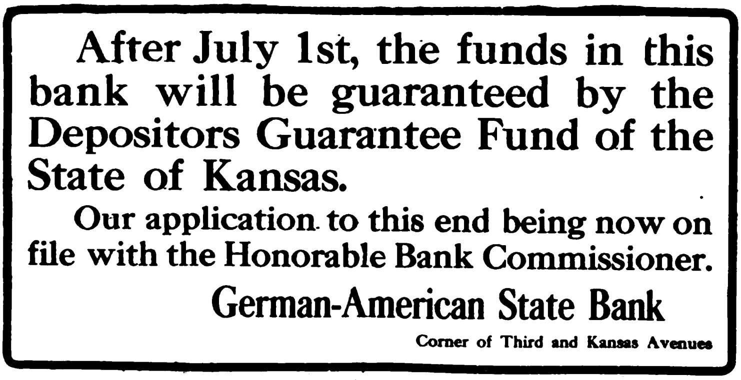
HOW BANKS ARE ADVERTISING.

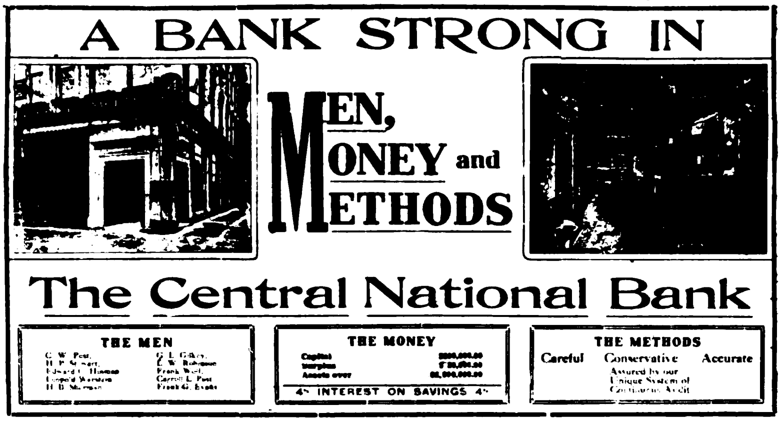
Note and Comment on Current Financial Publicity.

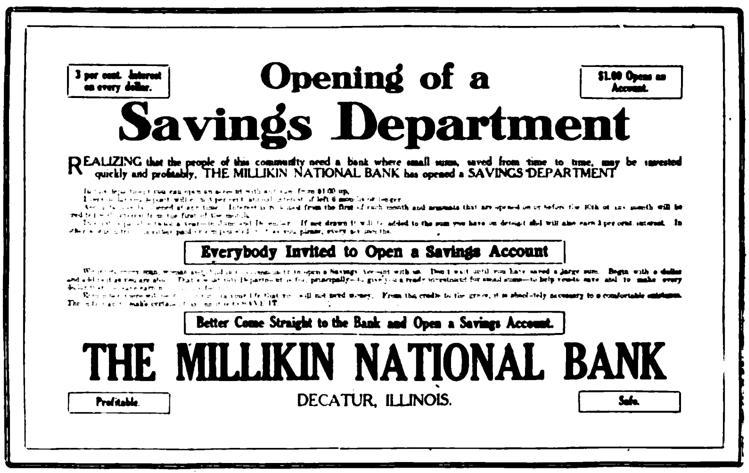
"WILLS and Distribution of Estates" and "Real Estate" are the titles of two very good booklets issued by the Guardian Savings and Trust Company of Cleveland, O. They cover the subjects indicated by the title in a thorough and interesting manner. This company is strong on booklets.

Another bank that has gotten into the habit of getting out good booklets is the First National Bank of Montgomery, Ala. One of its latest is "The Man of Moderate Means and His Need of a Bank," a well printed booklet containing some pithy points on that subject.

The First National Bank of Corning, N. Y., uses a pamphlet of banking hints. The booklet likewise contains advertising matter of a number of local merchants.







Three Half-page Bank Ads.

"The Road to Success" is the name of an attractive booklet issued by the Merchants Bank of Winona, Minn. It is not only attractive in its general "get up," but it contains a very forceful preachment on the subject of thrift, which leaves with the reader this good piece of advice: "Resolve that you will not be hard up."

The ads. of the German-American State Bank, of Topeka, Kan.; the Central National Bank, of Battle Creek, Mich., and the Millikin National Bank, of Decatur, Ill., reproduced together herewith, were all seven-column newspaper ads. They illustrate good use of large space for special announcements.

The Northwestern National Bank of Minneapolis publishes a monthly review to send to its customers and correspondents. The June number contained a weather and crop report and short articles on the following topics: "Minneapolis Deposits Increase"; "Clearing-House Examination"; "Bank Directors"; and "Foreign Exchange Department."

The Oakes National Bank of Oakes, N. D., has had prepared a booklet descriptive of its new building. The halftone illustrations of the exterior and interior of the building are especially good, being made from retouched photographs.

The Publicity Department of the Bankers' Publishing Co. published for the Bank of Somerset, Princess Anne, Maryland, a two-color booklet, commemorating the twentieth anniversary of the bank, which occurred on June 4 last. The booklet is illustrated by five cuts and contains a complete epitome of the institution's history, equipment, resources and personnel.

The Imperial Bank of Canada gets unusual advertising value from a calendar by sending it out in midsummer instead of at the first of the year, when everybody else is doing the same thing. This bank's latest calendar is a handsome and essentially Canadian one, the maple leaf having a prominent place in it. The calendar runs from June, 1909, to December, 1910.

"Reports Which Spell Progress" is the title used on a folder issued by the National Union Bank and the First Trust and Savings Bank of Rock Hill, South Carolina, containing the report on the financial condition of these strong institutions by the American Audit Company.

Cashier C. F. Hamsher of the Bank of South San Francisco sends us sample pay envelope advertisements recently used by that bank. The copy on the envelopes, aside from the name of the bank, the office hours, etc., was as follows, the first paragraph being copy secured as the result of a prize contest:

It takes only ten dimes to make a dollar. Think how soon you will have One Hundred Dollars if you deposit a dollar or two at a time.

The spendthrift habits of youth mean poverty in old age. Save money while you're young, and fear of the poorhouse will not haunt you when you are old. "Never put off until to-morrow what should be done to-day." Open an account with us to-day.

If you had to save $100 for a surgical operation, could you do it? Why not do it, anyway?

If your wages were reduced $2 per week, you would have to live on the smaller wages.

Deposit $2 each week in this Bank. You will save over $100 in a year—and we pay 4 per cent. interest on Savings Deposits.

Deposit your money and assure yourself of no loss through robbery, or through expenditure of money for useless purposes.

This Bank paid all withdrawal demands of Depositors during earthquake and financial depression times, something which few, if any, banks did at this time.

Its financial condition and backing, as well as its excellent equipment, assure you of absolute safety of your money.

Deposit your money at home. The town reaps the benefit, for we loan our money here.

The Kansas banks are naturally taking advantage of the new guaranty law in that state to strengthen their advertising for deposits. The way one bank did it is shown in the ad. of the German-American State Bank just referred to. The Fort Scott State Bank says in one of its advertisements: "This law takes effect this month and will so protect the state banks that take advantage of the law that none of their depositors can lose a dollar. If you have been a little afraid of the banks, study this Guaranty Law, which is a better one than that of Oklahoma."

Benjamin Franklin's Legacy

Benjamin Franklin left $5000, each, to Philadelphia and Boston with instructions that the money be put out at interest for 100 years.

At 5 per cent interest it grew to $655,000.

The $600,000 is being spent for improvements and the $55,000 put out at interest again. At the end of the second century this will amount to $20,305,000 for each city. This is

A Stupendous Object Lesson

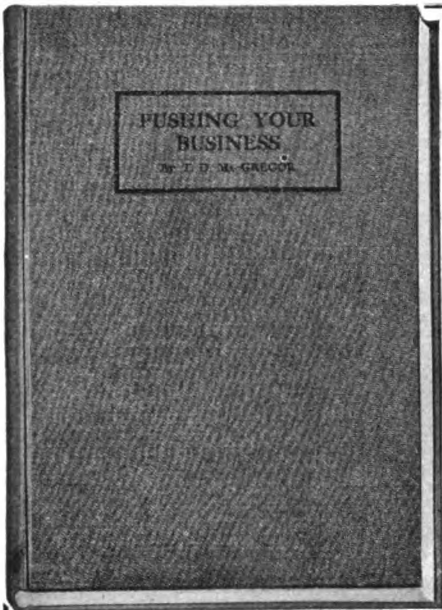
in thrift and an especially striking demonstration of how interest makes money grow. It is interest alone that is making "Poor Richard's" modest $10,000 grow to more than $41,000,000.

You can enlist the services of this wonderful worker, interest, in your own behalf. Deposit all the money you can spare in this strong national bank and see what 4 per cent compound interest will do for you even in a comparatively short time.

The First National Bank of North Yakima

W. L. STEINWEG, President. A. B. CLINE, Cashier.
C. B. DONOVAN, Assistant Cashier.

The Strength of Interest.



A Safe Guide

"**PUSHING YOUR BUSINESS,**" our bank advertising text-book, continues to be one of the very best-selling books we have ever published or handled. The steady way in which the demand for this book keeps up has convinced us that it is now to be considered the standard text-book on practical methods of bank, trust company investment and real estate advertising.

It is a book of 163 pages and 52 illustrations, written by T. D. MacGregor, of THE BANKERS MAGAZINE. It is not theory but practical experience. It contains hundreds of ideas and suggestions, any one of which ought to be of the greatest help to you in

Pushing Your Business.

In ordering a copy of the second edition of this book, S. Roland Hall, Advertising Manager of the International Correspondence Schools, Scranton, Pa., wrote:

"I should like to have a copy of the revised edition of '*Pushing Your Business.*' We have the first edition in our library. I often recommend it to students who ask us for a list of good books on advertising."

George Frank Lord, President of the Lord Advertising Agency, New York, says:

"'*Pushing Your Business*' is the best book of its kind I have ever read."

The Philadelphia "North American" said:

"Mr. MacGregor has a keen insight into this important phase of business."

Thousands of bankers now have this book on their desks as a guide and reference work.

The price of this 163-page, illustrated, cloth-bound book is only $1.00, postage prepaid.

Order a copy to-day.

The Bankers Publishing Company

90 William Street, New York

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY. 90 WILLIAM STREET, NEW YORK.

THE FURTHER ADVENTURES OF QUINCY ADAMS SAWYER AND MASON'S CORNER FOLKS. By Charles Felton Pidgin. Boston: L. C. Page & Co.

Readers of current fiction remember the success made by "Quincy Adams Sawyer and Mason's Corner Folks," published eight years ago. The present volume is a continuation of these delightful sketches of American character, presented in the form of a novel. It will doubtless be one of the pleasant and entertaining books to "take along" for the summer vacation, and will be read with pleasure not only during the present summer but for many seasons to come.

PERU: ITS STORY, PEOPLE AND RELIGION. By Geraldine Guinness; illustrated by Dr. H. Grattan Guinness. New York and Chicago: Fleming H. Revell Co. (Price, $2.50.)

Mingled with much interesting description of the people and scenery of Peru, this volume contains a strong arraignment of the religion prevailing in that country. Numerous illustrations, from original photographs, accompany the text.

BANKING AND COMMERCE: A Practical Treatise for Bankers and Men of Business; Together with the Author's Experiences of Banking Life in England and Canada During Fifty Years. By George Hague, Formerly General Manager of the Merchants' Bank of Canada. New York: The Bankers Publishing Co. (Price, $3.)

All too seldom do we get books of this character, recounting in detail the experiences of men who from small beginnings have gradually worked their way up to a high position in banking.

Mr. Hague treats of the organic principles of banking and commerce—principles which are of universal application. He points out from the book of experience the many difficulties and dangers that beset the business man and banker, and illustrates how by careful handling a bad situation may often be tided over.

American readers will find his description of the Canadian banking system of especial interest. The young banker, in the United States, Canada, or elsewhere, will find in Mr. Hague's volume much that will guide him to a right knowledge of the principles and practices of banking and commerce.

The book is well written; and while dealing with the every-day problems of banking and general business, it is neither technical nor dry, but interestingly presents the fruits of a half century of observation and experience in banking.

In writing this book Mr. Hague has not only made a most substantial and valuable addition to the world's banking literature, but has fittingly crowned a long, honorable and successful life.

THE BANKER'S GREEN BOOK. Compiled and published by the Banker Publishing Company of Pittsburgh, Pa.

This edition of the Banker's Green Book has been greatly improved. It not only gives a complete directory of the banks of Pittsburgh and Allegheny county, but also includes detailed information concerning banks of adjacent counties, the doings of the Pennsylvania Bankers' Association, the Bank Clerks' Association of Pittsburgh, the Pittsburgh Chapter American Institute of Banking, and the Bankers' Ad. Association of Pittsburgh.

FORTY YEARS OF AMERICAN FINANCE. By Alexander D. Noyes. New York: G. P. Putnam's Sons. (Price, $1.50.)

This book is the second and extended edition of "Thirty Years of American Finance," issued in 1898. It carries the story of the American financial markets down to 1908, describing and examining such episodes as the industrial revival after 1898, the great boom of 1901, the history of the steel trust, the promoters' mania, the "rich men's panic" of 1903, the "millionaire speculation" of 1905 and 1906, and a complete history of the great panic of 1907.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

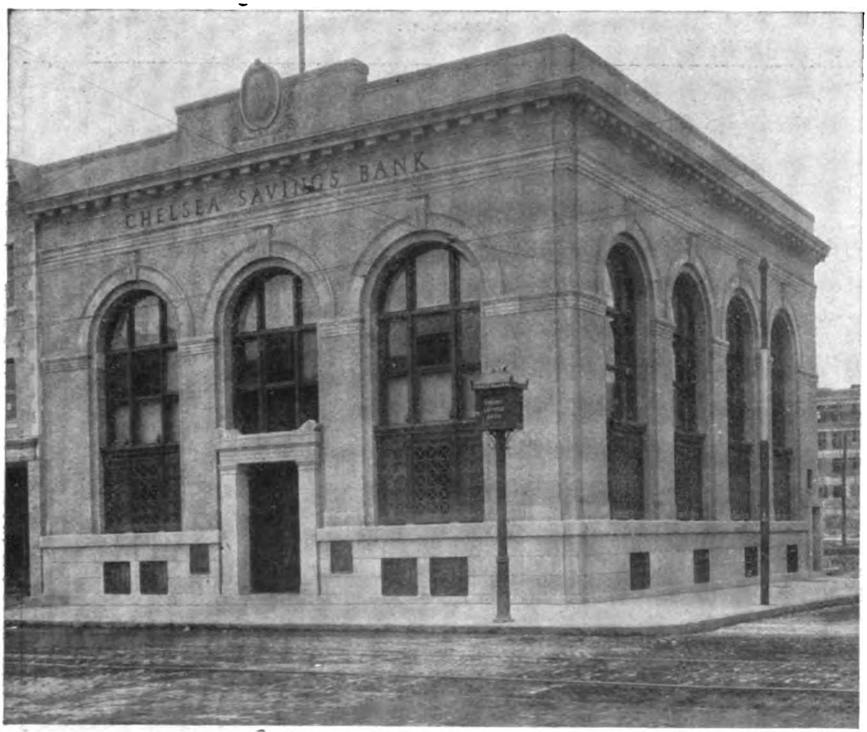
THE CHELSEA SAVINGS BANK, CHELSEA, MASS.

AFTER being housed in small, temporary quarters since the great fire that destroyed Chelsea, Mass., the Chelsea Savings Bank recently moved into its new individual bank home in that city.

This building, the most dignified and striking in Chelsea, was the first structure of note to be ready for occupancy after the fire. It is built along simple lines, but of the very best fireproof materials, and was designed, built, decorated and equipped under one contract by Hoggson Brothers, contracting designers and bank experts of New York. Henry Bacon, architect, also of New York, had charge of the architectural work in connection with the contracting firm.

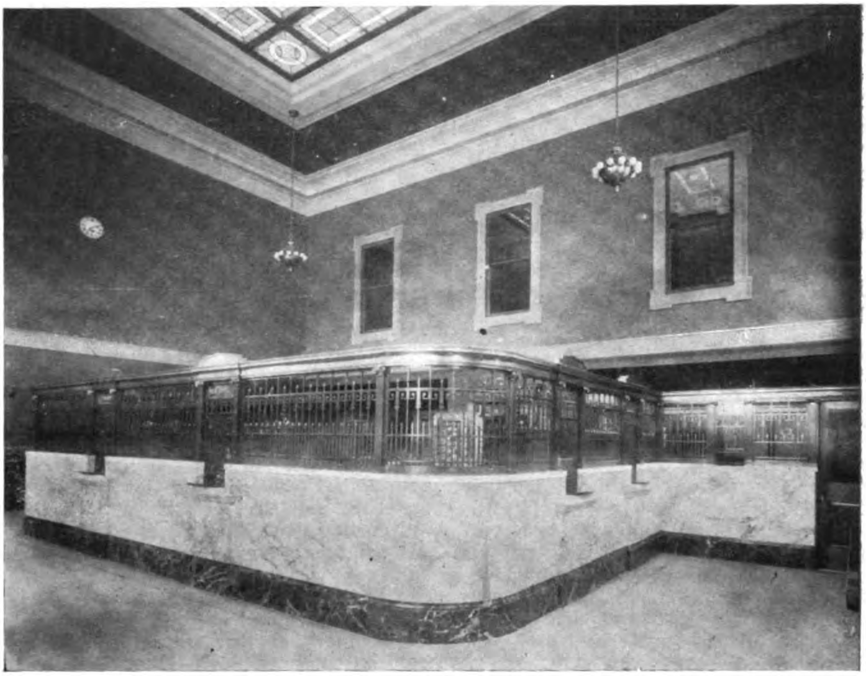
As may be seen from the accompanying illustrations, the interior space has been divided in a public area, working quarters and a section for the bank officers. The vault, which shows in one view, is fully protected by electrical attachments which connect with an outside signaling arrangement. All of the equipment is of the very latest and best style and the decoration scheme is restful and appropriate.

Rich marble and bronze has been used in the counters, further strengthening the fa-

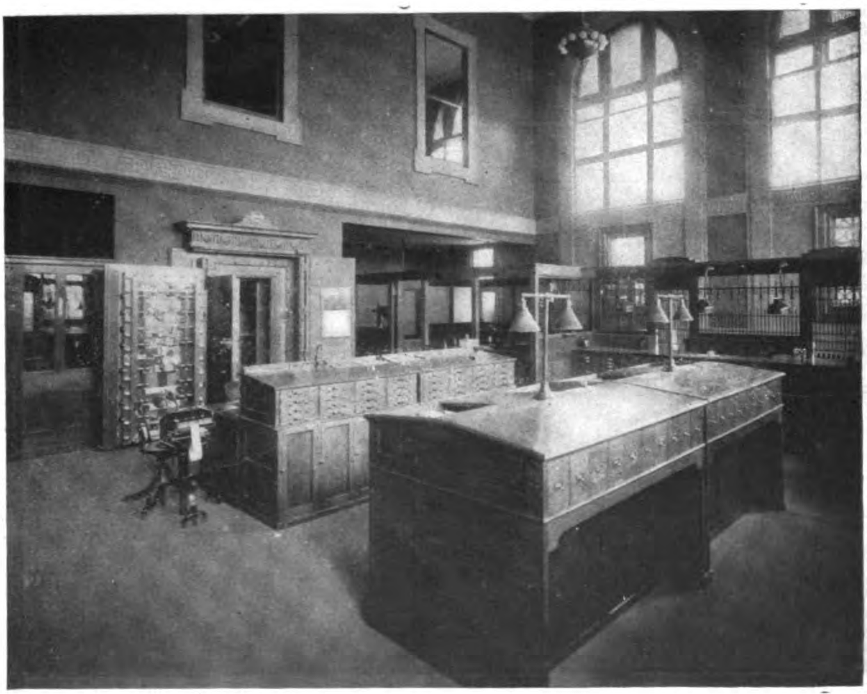


CHELSEA SAVINGS BANK

The Finest Bank Building in the City, Built for the Exclusive Use of the Bank.



Public Area—Ample Space Has Been Provided on Three Sides for a Large Number of Depositors.



Working Quarters—Every Modern Accounting Device Has Been Installed—View of the Vaults in Rear.

CHELSEA SAVINGS BANK, CHELSEA, MASS.

vorable impression made by the first casual inspection.

Benjamin F. Dodge, the president, has been vitally interested in the welfare of this

Trustees' Room.

institution for many years—twenty-six in all—twelve years of that time as vice-president.

Albert A. Fickett, the present treasurer, has held his office since 1886, and is well known to the banking fraternity in Massachusetts.

BANKERS' TOUR DE LUXE.

THE Pennsylvania Railroad Company have arranged for special train de luxe for the accommodation of members of the American Bankers' Association and others desiring to attend the convention to be held in Chicago, September 13-17, which will afford all the comforts and conveniences of home or club. This train which will be a counterpart of the famous Pennsylvania special will leave New York at 4.55 p. m., Saturday, September 11, and arrive in Chicago the next afternoon at 4.00 p. m. Returning, if the number of persons warrant it, a similar train will leave Chicago at 5.35 p. m., Saturday, September 18, and arrive in New York at 5.30 p. m. the next afternoon. If a sufficient number of passengers desire it, a tour will be arranged to leave Chicago at 6.35 p. m., Friday, September 17, and arrive in Duluth the next evening at 7.00 p. m., with a stop-over for sight-seeing at Saint Paul. From Duluth the party will travel to Cleveland on one of the fine lake steamers of the Erie & Western Transportation Company, through Lakes Superior, Huron, St. Clair and Erie, resuming the special train at Cleveland, September 21, and arriving at New York at 5.30 p. m., September 22. Round trip fare to Chicago from New York authorized for this meeting is $30.00. These tickets in connection with proper Pullman tickets, obtainable at usual price, will be accepted for passage on the train de luxe to and from Chicago. Meals will be served in the dining car at $1.00 each. Tickets covering the more extended tour to Duluth and home via the Great Lakes, including all expenses en route except hotel accommodations, meals and transfer in Chicago, will be sold at the very low rate of $92.00.

Full information concerning these tours can be obtained on application to Mr. C. Studds, District Passenger Agent, Pennsylvania Railroad, No. 263 Fifth avenue, New York.

LETTER TO THE EDITOR.

Editor Bankers Magazine:

SIR: THE BANKERS MAGAZINE in its June number criticises my article, "National vs. State Deposit Insurance Laws." It quotes therefrom the following:

"Since the lack of confidence is the only disturbing element in our banking system, therefore National control will more surely inspire the requisite confidence than State control."

This is its criticism:

"Yet sometimes banks under national control have failed to retain the public confidence. Might it not be well to inquire, what causes the lack of confidence?"

In answer to this I would say that the public has no lack of confidence in that part of a bank's liability, its bank notes, which the Government compels it to secure, but only as to its deposit liabilities, which are not insured. If these were also insured, as I proposed, the people would have as much confidence in their bank deposits as they now have in national bank notes, and we would have no more runs on bank deposits, as we now have none on bank notes.

Mr. Fowler is correct when he says that a bank's liability for its notes issued is the same as on its certificate, or any other evidence of a bank's deposit, and all should be treated the same.

The MAGAZINE believes that more capital, reserves, and coin would inspire the requisite confidence; but while this may in a slight degree accomplish the purpose, it would be no more than if we constructed fireproof buildings and carried no insurance.

Mr. Anton Schaffer, the Superintendent of Banks of Minnesota, struck the nail on the head in an article entitled "Effective Insurance of Bank Deposits Must Come."

It is the only remedy.

JOHN SCHUETTE.

MANITOWOC, Wis.

PUBLISHERS ANNOUNCEMENTS

WHY THEY LIKE THE BANKERS MAGAZINE.

MR. GEORGE TICKNER, a well-known banker at Syracuse, N. Y., has written the following enthusiastic testimonial concerning the BANKERS MAGAZINE:—"Sixty-two years of experience has necessarily bred into the magazine a breadth of view of immeasurable value to its readers. This is supplemented by a most vigorous editorial department which section appeals to me most and to which I am greatly indebted for my financial education. You have a live advertising department, an interesting investment section, a department of practical banking, a department covering banking architecture and buildings, a department for trust companies and savings banks, you cover European and South American banking, and, added to all this, you present the legal side of banking. All this procurable at $5.00 per annum."

Mr. Arthur Reynolds, President of the Des Maines National Bank, says that "THE BANKERS MAGAZINE is far and away the best publication of its kind in America."

Some of the other good words we have recently received are as follows:—

"The magazine seems to fully sustain the excellent reputation which it has established during the period of its publication.

"A. E. PROUDFIT, President,
"First National Bank,
"Madison, Wis."

"Your articles are diversified and readable, and the whole magazine is gotten up in such style as to make one wish to read it at home. I do this, and derive much pleasure therefrom. With best wishes for the BANKERS MAGAZINE.

"J. W. ANDREWS, Asst. Cashier,
"American National Bank,
"Pensacola, Fla."

"We have been subscribers to the BANKERS MAGAZINE for a number of years, and have always appreciated the high order of ability which goes into its make-up. We are particularly interested in decisions affecting banking laws, and have been much pleased and benefited with the accuracy with which such matters are reported.

"VIRGIL M. HARRIS,
"Trust Officer,
"Mercantile Trust Co.,
"St. Louis, Mo."

"We like your magazine very much. The law and advertising departments are those we take the most interest in.

"C. MEILLEUR, President,
"First National Bank,
"Ontonagon, Mich."

"I wish to congratulate you on the continued improvement of your magazine, which, to my mind, has for many years been unsurpassed by any of the banking journals that I have had the opportunity to read. Your recent division into departments, and especially the addition of the Publicity Department, have made it much more valuable and helpful.

"JOS. G. BROWN, President,
"Citizens National Bank,
"Raleigh, N. C."

"From an educational standpoint, no banker can well afford to be without the BANKERS MAGAZINE. I enjoy all the departments. Your editorials are sound and some of your suggestions might be put into force, to the everlasting gratitude of a suffering people. My advice to any young bank clerk would be to subscribe for your magazine at once, read and study it well.

"F. B. DIETRICK, Asst. Cashier,
"First National Bank,
"Waterloo, Iowa."

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—Robert C. Lewis has recently been elected vice-president of the Guardian Trust Co., succeeding A. E. G. Goodridge, resigned.

—W. L. Moyer is at the head of a group which is organizing a new bank to be situated in the downtown district. The incorporators besides Mr. Moyer will be, it is said, P. H. Sheridan, Clarence Foote, Fred H. Woodstock, and Thomas Tileston. Although definite announcement of their plans has not yet been made, a number of strong names will be found among those interested in the new institution. The bank will probably be named the Prudential Bank, and will be a state institution. It is to have a capital of $500,000.

—James N. Wallace, president of the Central Trust Company, has been elected a director of the Merchants' National Bank.

—The capital stock of the Coal and Iron National Bank has been increased from $500.000 to $1,000,000.

The increase was effected by the declaration of a 100 per cent. cash dividend out of the bank's surplus and the use of this money for subscription by the stockholders to a like amount of additional stock.

This bank now has, in addition to a capital of $1,000,000, a surplus of $200,000 and undivided profits of about $100,000. The bank was organized a little over five years ago, and has shown large earnings. Last year it increased its dividend from six per cent. a year to ten per cent., its latest dividend at this rate having been paid the first of July.

—The Comptroller's call of June 23, following so closely upon the last previous call of April 28, finds most of the banks reporting just about the same figures for both dates. However, deposits of the Market and Fulton National Bank on June 23 were $10,525,018, being an increase of $275,-753 for the fifty-six days. This institution also reports surplus and profits of $1,710,-016; loans and discounts of $7,320,439, and total resources of $13,434,234.

—The Bankers' Trust Company of 7 Wall street has completed arrangements for increasing its capital from $1,000,000 to $3,-000,000. One-half of the new shares will be offered to present stockholders at $300 a share and the rest will be acquired from the stockholders by various interests at $400 a share. The difference, namely $100 a share, will go to the present stockholders, and a cash dividend of $50 per share will also be declared before the increase. Stockholders will vote on the proposition on August 3.

With this increase in capital the trust company will have a total capital of $3,-000,000 and a surplus of $6,000,000.

The company has also secured a twenty-one year lease with three renewal privileges of the old Stevens Building, a seven-story structure that surrounds the northwest corner of Wall and Nassau streets. Arrangements have been made with the owner of the ground, Mrs. Adele Livingston Sampson, for the erection of a new sixteen-story office building on the site. The trust company will occupy the two lower floors and will lease the remainder of the building to office tenants.

The cost of the new structure will be about $1,750,000, while the rental of the plot for the maximum term, eighty-four years, will aggregate about $7,000,000.

The Stevens Building was put up in 1880. It is one of the few old style office buildings remaining in the financial district. The plot on which it stands is L shaped and has frontages of 69 feet on Wall street and 28.5 feet on Nassau street. It abuts the twenty-story building occupied by the First National Bank and faces the Sub-Treasury.

—At the annual meeting of the trustees of the Farmers' Loan and Trust Company, held June 17, several officers were moved up in rank and two new assistant-cashiers were named. The institution's official staff is now as follows: Edwin S. Marston, president; Samuel Sloan, vice-president; Augustus V. Heely, vice-president and secretary; William B. Cardozo and Cornelius R. Agnew, vice-presidents and assistant-secretaries; Robert E. Boyd, assistant-secretary and registrar; William A. Duncan and Horace F. Howland, assistant-secretaries; J. Kenneth MacAlpine, cashier, and J. Courtney Tally, Francis A. Wilson, Herbert Wellington, and Harry D. Sammis, assistant-cashiers.

At the annual meeting of the stockholders, held recently, Frank A. Vanderlip, Percy A. Rockefeller, John W. Sterling, and Augustus V. Heely were elected trustees, to fill vacancies, one of which was caused by the death of H. H. Rogers.

—Another of the large special dividends which the Fifth Avenue Bank has paid almost annually in the last few years was declared June 26, when the directors, in addition to the regular quarterly dividend of twenty-five per cent., declared a special dividend of 125 per cent., both payable July 1 to stockholders of record June 30. Last year a special dividend of 160 per cent. was paid, and in 1906 150 per cent.; 120 per cent. was paid in 1905, and 100 per cent. in 1903.

—At the close of business June 23, the Liberty National Bank gave out the following excellent report of its condition: Loans and discounts, $14,743,330; cash on hand and available, $7,455,997; undivided profits, $610,381; deposits, $20,775,198, and resources, $25,383,930.

—Leading business men of Coney Island have decided to abandon the proposition to form a national bank and instead organize a state institution. The State Banking Department has been asked for a charter. The new bank will have a capital of $100,000 and a surplus of $50,000. It is to be known as the Bank of Coney Island.

The institution, when it is organized, will locate at Surf avenue and Twelfth street, in the bank building which was originally occupied by the Coney Island and Bath Beach Bank and later by the Lafayette Trust Company branch. The list of organizers of the institution follows: Stephen E. Jackson, Frederick B. Henderson, William J. Ward, Fred W. Kister, Adolph P. Anheiter, Henry Grashorn, Charles L. Feltman and Charles G. Balmanno.

—The Central Trust Company, which recently increased its capital stock and incidentally declared a special 200 per cent. dividend, has issued its half-yearly statement, showing surplus and undivided profits of the company on June 30 of $15,701,027. On April 28, the date of the last report to the State Banking Department, the surplus and undivided profits of the company amounted to $15,579,696. Since that date the Central Trust Company has paid $2,200,000 in dividends, including the dividend of $200,000 paid on May 1 and the special dividend of $2,000,000 on June 15. The surplus and undivided profits on June 30 amounted, as stated, to $15,701,027, an increase of $121,329. The capital stock of the company is now $3,000,000, with surplus $15,000,000 and its undivided profits $710,027. The company's total resources amount to $112,764,170. Included in its resources are over $9,000,000 cash in its vaults, $33,600,000 cash in banks, $41,400,000 in loans and over $26,000,000 in public and other securities.

—The long delayed annual meeting of the Carnegie Trust Company, which has been put off from week to week while waiting for the proposed consolidation with the Van Norden Trust Company to be put into shape, finally took place on July 12. Officers were elected, and routine business was transacted, but the details of the merger were not yet ready and the matter is still to be acted upon. The officers elected are as follows:

C. C. Dickinson, president; J. Ross Cullen and R. L. Smith, vice-presidents; R. B. Moorhead, secretary; S. C. Dickinson, treasurer; J. J. Dickinson, Jr., assistant treasurer and assistant trust officer; A. B. Chandler, assistant secretary; L. C. Ball, auditor; R. B. Ramage, trust officer.

—Depositors of the Bowery Savings Bank on July 1 were paid a dividend at the rate of four per cent. per annum. This made the 150th consecutive dividend paid by the bank since its incorporation.

The bank was organized in 1834 and commenced business on June 2 of that year. On the opening day $2,020 was received from fifty depositors, and to-day there are 155,000 open accounts on the books, while the deposits aggregate more than $105,000,000.

In its early history the bank occupied an old building at No. 128 Bowery. Later, the property at No. 130 Bowery was purchased, and a new structure erected on this plot in the year 1852. This building was adequate for the business for about forty years; but continued growth in deposits and in the number of depositors made it necessary to replace this structure with the present spacious edifice, which was erected in 1894.

During the seventy-five years of its existence it has paid in dividends to its depositors $86,000,000, and more than one million persons have had accounts with the bank.

—Russell Armstrong, formerly with Harvey Fisk & Sons, has been elected director and first vice-president of the Electric Bond and Share Company, and will have charge of the bond department. E. W. Hill, formerly of N. W. Harris & Co., was elected treasurer.

—Lawrence Slade, who has been connected with the Trust Company of America for several years, was on July 20 appointed an assistant secretary of that company.

NEW ENGLAND STATES.

—The National Bank of Commerce of Boston makes the following gratifying report as of June 23: Loans and discounts, $9,294,205.66; U. S. and other bonds and securities, $1,890,565.75; cash and due from banks, $6,624,582.19; total resources, $17,820,881. The capital is $1,500,000, surplus and profits, $1,282,071.65; deposits, $14,948,811.85.

—An agreement of directors to consolidate the Metropolitan National Bank of Boston with the Atlantic National Bank was announced in a notice sent July 15 to the shareholders of each institution. The business of the Metropolitan National will be liquidated.

The Atlantic, which is one of the oldest national banks in Boston, was incorporated in 1828. It has a capital of $750,000 and deposits of $3,669,873. The Metropolitan National was chartered in 1875, with $500,000 capital, and its deposits aggregate $1,411,283.

—At a special meeting of the New England National Bank of Boston, it was voted to reduce the capital from $1,000,000 to $200,000.

—The annual meeting of the corporators of the Derby (Conn.) Savings Bank was held on the morning of June 30, and the report of the treasurer showed that the institution had had a very prosperous year.

The total deposits in the bank are $4,311,356. The surplus account, taking the assets at par, is $120,753, but taking the assets at the present market value the account amounts to $391,807.

During the year 1,298 new accounts have been opened and 1,098 have been closed, making a gain of 200 accounts for the year. The amount deposited during the year has been $1,008,675, and the amount withdrawn has been $914,644, a gain of $94,031. A dividend of two per cent. for the past six months, which is at the rate of four per cent. per annum, was declared.

The following officers and directors were elected: President, George E. Barber; vice-president, Charles H. Nettleton; secretary and treasurer, Thomas S. Birdseye; directors, George W. Beardsley, George B. Clark, Thomas S. Birdseye, John Peterson, William H. Williams, Albert W. Phillips, F. F. Abbott.

At the meeting of the directors, H. S. Birdseye was elected assistant treasurer, and Charles E. Clark and H. F. Wanning were elected auditors.

—Dwight Alexander has resigned as cashier of the Northfield branch of the Winchester (N. H.) National Bank, much to the regret of the Northfield patrons. At present F. M. Cullom, cashier of the Winchester Bank, is taking his place.

—The annual meeting of the Stonington (Conn.) Savings Bank was held in the rooms of the bank on June 29, the following officials being chosen for the ensuing year: President, Moses A. Pendleton; vice-president, George E. Grinnell; secretary and treasurer, D. B. Spalding; directors, the above named officials and H. N. Pendleton, George H. Robinson, Oscar F. Pendleton and James H. Stivers.

—The following officers were elected at the close of the business sessions of the Connecticut Bankers' Association, held in Waterbury:

President, C. C. Barlow, of the Yale National Bank of New Haven; vice-president, M. H. Greffing, of the City National Bank of Danbury; secretary, C. E. Hoyt, of the South Norwalk Trust Company, South Norwalk; treasurer, H. C. Lathrop, of the

Windham National Bank, Willimantic; executive committee, C. L. Rockwell, of the First National Bank of Meriden; F. A. Chamberlain, of the New Britain National Bank, New Britain; W. L. Baldwin, of the Stamford National Bank, Stamford; George B. Prest, of the National Bank of Commerce, New London; H. W. Stevens, of the Hartford National Bank, Hartford.

EASTERN STATES.

—Alexander Dunbar has been elected cashier of the Exchange National Bank of Pittsburgh, to succeed Andrew Long, who recently resigned. In assuming his new office, Mr. Dunbar retires as secretary and treasurer of the Guarantee Title & Trust Co. of Pittsburgh.

—On June 23 the Mellon National Bank of Pittsburgh reported deposits of $35,782,145; surplus and profits amounting to $2,733,491; cash and due from banks, $11,340,749; and total resources, $45,248,633.

Since April 28, deposits have increased $4,509,821, and this in itself is proof of the bank's flourishing condition.

—Robert A. Orr, vice-president of the Pittsburgh Stock Exchange, has been elected president, to succeed John W. Crawford, deceased; John B. Barbour, Jr., has been elected a director, and James E. Brown a member of the committee on membership.

—The First National Bank of Pittsburgh continues to report increases in deposits. In response to the call of the comptroller of the currency for statement of condition on June 23 the bank reports deposits of $22,286,370.93. This is the largest total of deposits ever reported by the bank, and compares with $15,776,548.53 for the corresponding call of last year, which was on July 15.

—At the close of business on June 23 the Bank of Pittsburgh, N. A., which is capitalized at $2,400,000, reported deposits of $16,783,143; surplus and profits of $3,015,159. Loans and discounts were $15,013,415; United States bonds, $2,265,000; other investment securities, $5,045,247; banking house and equipment is carried at $555,325; cash and due from banks, $6,296,660, and total resources, $24,413,437.

—At a meeting of the board of directors of the Bank of North America, Philadelphia, held June 24, the position of cashier, made vacant by the death of Mr. Watt, was filled by the promotion of S. D. Jordan, who for a number of years past has acted in the capacity of assistant cashier. W. J. Murphy, second assistant cashier, was advanced to Mr. Jordan's desk and Richard S. McKinley was made second assistant cashier. Mr. Jordan, the new cashier, has spent his entire business career in the Bank of North America, having begun his association with that institution immediately upon leaving the Central High School, on November 19, 1862. Mr. Murphy, the new first assistant cashier, has also been connected with the bank for over thirty years. Mr. McKinley, the new second assistant cashier, was assistant paying teller for a number of years, but has of late been in charge of the collateral desk.

—When the Girard National Bank of Philadelphia rendered its report on April 28 it had $39,863,538 deposits; these deposits, according to the bank's statement of June 23, have increased to $41,282,501—a matter of $1,418,963.

—The First National Bank of Punxsutawney, Pa., and the Punxsutawney National Bank have consolidated, with a capital stock of $200,000; surplus and undivided profits, $260,000; deposits, $1,500,000, and total resources, $2,150,000. The institution will be known as the Punxsutawney National Bank. The officers are: President, S. A. Rinn; vice-president, John A. Weber; cashier, Frank B. Lang; assistant cashier, J. L. Kurtz.

—Directors of the Citizens' Trust Company of Canonsburg, Pa., have elected Charles C. Johnson president, to fill the vacancy made by the death of Gen. John C. McNary.

In 1895 Mr. Johnson was elected cashier of the Citizens' Bank, which was taken over by the trust company in 1901, when it was organized and at which time Mr. Johnson became secretary and treasurer, a position he has held ever since. John T. McNary, a son of Gen. McNary, who was assistant treasurer, was elected director to fill the vacancy made by the death of his father, and secretary and treasurer, which had been held by Mr. Johnson.

—Another step forward has been taken by the Columbia National Bank of Buffalo, N. Y., through an increase of capital from $700,000 to $1,000,000. The increase has been approved and proceedings are under way for another immediate increase from $1,000,000 to $2,000,000.

Without exaggeration it may be said that the history of the Columbia National Bank has been really remarkable. The bank was organized in May, 1892, with a capital of $200,000 and with Josiah Jewett as president. He was succeeded by former Mayor Edgar B. Jewett, who remained at the head until the bank was reorganized January 1, 1902, when George F. Rand became the president, which office he has filled ever since. At the time of reorganization the resources amounted to about $1,500,000, and they have been increased to more than $11,500,000. The loans, which amounted to about $750,000 then, now amount to more than $6,500,000. The bank was paying no dividend at that time and now it is paying eighteen per cent. dividend per annum.

—Jesse B. Wilson, for sixteen years president of the Lincoln National Bank, of Washington, D. C., tendered his resignation July 1, as an officer of that institution to the board of directors, and on account of his advanced age and failing health he will retire to private life. Richard A. Walker, vice-president of the bank, will be acting president until such time as the board decides to name Mr. Wilson's successor.

Mr. Wilson, who is eighty-four years old, came to the District of Columbia as a lad of sixteen. His first employment was as clerk in a grocery store, and from this position he advanced steadily until he became proprietor of one of the largest groceries on Pennsylvania avenue. He retired from this business many years ago, and since then he has been identified with several local enterprises of importance.

At the time of his election to the presidency of the then new Lincoln National Bank Mr. Wilson was president of the Mutual Fire Insurance Company and president of the Northern Liberty market. Mr. Wilson is a member of the Oldest Inhabitants' Association.

—Paul A. Seeger, as a special meeting July 2 of the board of directors of the Drovers' and Mechanics' National Bank, of Baltimore, was elected to the presidency of that institution, to fill the vacancy made by the death of James Clark, who held that position for a number of years. The announcement of Mr. Seeger's election did not come as a surprise to the financial world, for he has been closely connected with the interests of the bank as its vice-president for some time. Robert D. Hopkins, of the Brigham-Hopkins Company, was elected vice-president, to succeed Mr. Seeger.

Mr. Seeger first became interested in the Drovers' and Mechanics' National Bank about eighteen or twenty years ago. He was elected to the vice-presidency five years ago, to succeed Leopold Strouse. His success in financial undertakings has made him well known in the banking circles of Baltimore and the state. He has for some time been the president of the Pikesville National Bank, and is largely responsible for the success of that institution.

MIDDLE STATES.

—Directors of the First National Bank of Chicago have decided to increase the capital of the institution from $8,000,000 to $10,000,000 on Jan. 1, 1910. At the same time, the capital of the First Trust & Savings Bank will be increased from $2,000,000 to $2,500,000, in order that the stockholders of the national bank may retain the same proportionate interest in the stock of the trust company—one share for four.

The new stock in the First National will be offered to old holders at $200 a share, in the ratio of twenty-five per cent. of their holdings. The increase in the trust company will be effected by the transfer of $500,000 from surplus to capital account. After the increase the national bank will have $10,000,000 of capital, $10,000,000 of surplus and undivided profits amounting to around $1,000,000. The First Trust now has upward of $2,700,000 of surplus and undivided profits, against its $2,000,000 of capital. Its earnings in the first six months of the year are understood to have been four per cent. of its capital.

The same dividend, sixteen per cent., will be maintained after the increase, the First National stock, carrying an interest in the stock of the trust company, has advanced recently to $455 a share bid.

—Reporting its condition at the close of business June 23, the Commercial National Bank of Chicago shows a capital stock of $3,000,000, a surplus of $3,000,000, loans of $35,605,701, undivided profits of $1,344,-640, deposits of $49,735,392, and total resources of $59,075,032.

—As usual, the last official statement of the Drovers' Deposit National Bank of Chicago, made June 23, was one indicating great strength and prosperity. Deposits were $6,666,021 on that date; loans and disbursements, $4,341,011; surplus and profits, $413,275, and total resources, $8,128,091.

—The Illinois Trust and Savings Bank of Chicago has been made the local clearing agent for the "travelers' cheques" of the American Bankers' Association. The checks are sold by virtually all the members of the association, and they are drawn on the Bankers' Trust Company of New York. The plan was worked out by Fred I. Kent, formerly of Chicago.

—Herman Waldeck, for several years officially connected with the Continental National Bank of Chicago as assistant cashier and manager of its credit department, was elected vice-president at a meeting of the board of directors on July 6.

—W. R. Dawes, cashier of the Central Trust Co. of Illinois, Chicago, has been elected president of the North Side State Savings Bank of Chicago. This bank is controlled by the Central Trust Co. At the annual meeting of stockholders of this bank on July 13 the retiring directors were re-elected, and they in return re-elected all the retiring officers. The earnings of the bank were in excess of nine per cent. for the year.

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Monthly Edition of

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—J. H. Reed hase been appointed manager of the savings department of the Colonial Trust & Savings Bank of Chicago. The position is a new one.

—The American National Bank of Indianapolis, Ind., has the largest capital of any bank in the state—$1,500,000—and its latest statement of condition, dated June 23, is therefore of exceptional interest. The present surplus fund is $500,000; undivided profits are $154,060; loans $3,521,855; deposits, $6,366,058, and total resources, $12,214,559.

—Paul J. Leeman has been promoted to an assistant cashiership of the First National Bank of Minneapolis. Mr. Leeman has been in the employ of the bank for the past ten years. The bank, which lost an assistant cashier in the death of Ernest C. Brown, has three other assistants to Cashier George F. Orde, namely, D. Mackerchar, H. A. Willoughby and George A. Lyon, Mr. Leeman ranking fourth.

—At a meeting of the directors of the Southern National Bank of Grand Rapids, Mich., held June 30, Allen R. White, until recently cashier of the Union National Bank, was elected president, succeeding W. J. Thomas, who has been acting as president of the institution for some time.

Mr. Thomas was elected vice-president and chairman of the board. Mr. White was first elected a director of the bank and was then placed in nomination for president and elected.

Upon the retirement of Mr. White as cashier of the Union National, the report became current that he would go with the Southern National.

James S. Escott was formerly president of the institution, but retired about eighteen months ago.

—H. G. Barnum, president of the First National Exchange Bank of Port Huron, Mich., is the new president of the Michigan State Bankers' Association. The other officers of the association are:

First vice-president, Emory W. Clark, vice-president First National Bank, Detroit; second vice-president, C. J. Monroe, director of the Kalamazoo Savings Bank, Kalamazoo; treasurer, Willard F. Hopkins, vice-president of the First National Bank of Alger county, Munising; secretary and attorney, Hal H. Smith of Detroit; members of the executive council, I. B. Unger, assistant to the president of the Old Detroit National Bank, Detroit; George G. Brown, cashier Cheboygan State Bank, Cheboygan; A. D. Bennett, president of the Commercial Bank, Port Huron; H. E. Harrison, cashier State Savings Bank, Vassar; D. B. K. Van Baalte, president Holland City State Bank, Holland; A. E. Sleeper, president State Savings Bank, Bad Axe; F. J. Hopkins, cashier City National Bank, Lansing.

—The First Trust & Savings Bank of Des Moines, Ia., which is to be an adjunct of the First National Bank of that city, has been incorporated. Arthur Reynolds, president of the bank, will be at the head of the new organization.

—At the meeting of the stockholders of the South Side Bank of St. Louis, held July 12, the following directors were elected: Adolphus Busch, Aug. A. Busch, Charles Ehlermann, C. W. Johnson, Henry Koehler, Jr., Henry Menzenwerth, A. C. F. Meyer, Joseph Pauly, Chas. C. Reuss, Charles Schroeder and F. Widmann. The directors organized and re-elected the old board of officers.

—The new Broadway National Bank of St. Louis, the only national bank in the city outside of the business center, opened for business on the morning of June 29. When closed for the day it had on its books accounts with 200 depositors, amounting to over $150,000. The deposits ranged from $50 to $4,000, and all were from merchants and other residents of the neighborhood of the new institution.

The bank stands at the southwest corner of Broadway and Soulard street. It occupies an attractive two-story building, and the banking room is 40x50 feet in area. It is finished in antique oak, with mosaic floors, and the fixtures are massive.

The capital stock of the bank, which is $200,000, has been sold to representative business men of South St. Louis. The organizers have tried to place the stock where it would bring the bank in touch with the greatest diversity of business interests. The stock has been divided among 200 stockholders.

The officers and directors of the bank are: F. Ernest Cramer, vice-president of the G. Cramer Dry Plate Company, president; Snelson Chesney, president of the Stockyards National Bank, vice-president; D. A. Siegfried, cashier; C. L. Gray, Xenophon P. Wilfley, Eugene A. Freund and Henry C. Menne, assistant cashiers.

—W. F. Carter, of the law firm of Carter, Collins and Jones, has been elected a vice-president of the Mercantile Trust Company of St. Louis. Mr. Carter has been president of the Missouri-Lincoln Trust Company since the resignation of Dr. Pinckney French. Dr. French resigned shortly after the company went into liquidation and its business was taken over by the Mercantile.

—For June 23, in response to the official call, the Mechanics-American National Bank of St. Louis reports as follows: Loans and discounts, $18,580,394; cash in banks and on hand, $14,122,525; total resources, $36,862,500. The capital stock is $2,000,000; surplus and undivided profits, $3,004,677, and deposits, $29,872,222. These figures represent substantial increases over the figures reported for April 28.

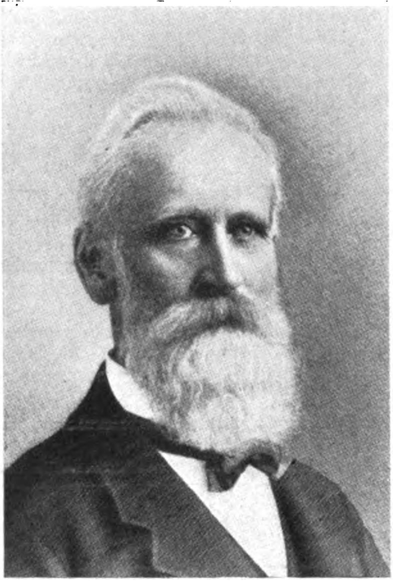
—The Mercantile National Bank of St. Louis, for June 23, makes the following flattering report: Loans and discounts, $2,613,453; cash and exchange, $2,294,193; total resources, $6,501,100. The capital stock is $1,500,000; surplus and profits, $526.566; deposits, $3,974,533. Comparing these figures with those submitted April 28, we note a clear gain of $224,413 in deposits; a gain of $5,993 in surplus and profits; and a gain of $680,407 in resources. The Mercantile Trust Company, of which Festus J. Wade, president of the Mercantile National is also president, makes an equally gratifying report of its condition for June 23.

The Trust Company now has resources of $29,417,774 and deposits of $19,681,751.

—One of the largest and oldest banks in the state of Illinois, outside of Chicago, is the First National of Litchfield.

It was organized in 1863, and has weathered successfully the panics of '73, '93 and '07. Twenty years ago, the bank was reorganized under the national banking law, taking over the business of S. M. Grubbs and Co., new capital was added, and a strong board elected, which it has maintained until this day. The present board of directors represents a financial strength of over one million dollars.

The First National of Litchfield, Ill., has $75,000 capital, a surplus of $20,165, and $503,834 deposits.



S. M. GRUBBS

President First National Bank of Litchfield, Ill.

S. M. Grubbs, the venerable president, is an executive of recognized ability and foresight. His institution but recently renewed its charter, and great things are being expected from it from this time on.

—On June 22 the United States National Bank of Owensboro, Ky., opened its doors for business, with a capital fully paid up of $250,000. During its organization the U. S. National had purchased the assets of the Bank of Commerce, the Mechanics' Bank and Trust Company and the Eagle Bank, all of Owensboro, which gave it $600,000 worth of business to begin with.

The officers are E. T. Franks, president; C. E. Birk, vice-president; J. W. McCulloch, vice-president; J. J. Sweeney, vice-president; C. W. Hudson, acting cashier; W. F. Hurt, assistant cashier, and Marvin May, assistant cashier.

E. T. FRANKS

President United States National Bank, Owensboro, Ky.

Mr. Hudson was formerly cashier of the Eagle Bank, Mr. Hunt of the Mechanics' Bank and Trust Company and Marvin May cashier of the Bank of Commerce.

SOUTHERN STATES.

—Strength, conservatism, and a wonderful growth are all shown in the following figures, taken from a comparative statement of condition made by the Merchants' National Bank of Richmond, Va.: Loans on June 23, 1894, amounted to $802,785; on June 23, 1899, this item totaled $1,231,477; on June 23, 1904, it stood at $1,754,694; June 23, 1907, $2,332,322, and June 23, 1909, $3,193,366.

Surplus and profits in the fifteen years have been increased from $223,457 to $888,515; deposits increased from $1,235,620 in 1894, to $5,086,471 in 1909.

John P. Branch is president of the Merchants' National Bank of Richmond; John K. Branch and John F. Glenn, vice-presidents; Thos. B. McAdams, cashier, and J. R. Perdue and Geo. H. Keesee, assistant cashiers.

—William H. Baker, the wealthy chocolate manufacturer of Winchester, Va., has been elected president of the Shenandoah Valley National Bank of Winchester, Va., one of the oldest and largest financial institutions in Virginia, succeeding the late Scott H. Hansbrough. Mr. Baker, who is president of the Common Council and also at the head of the large wholesale firm of Baker & Co. has been a director of the bank for twenty-five years. His father, the late William B. Baker, was for many years president of the bank.

—As evidence of a splendid growth of business, the American National Bank of Richmond, Va., presents the following table:

	Deposits.
December 2, 1899	$124,077
April 26, 1900	576,292
February 19, 1901	862,419
February 25, 1902	1,254,114
September 9, 1903	1,892,321
June 9, 1904	1,997,984
January 11, 1905	2,447,451
November 12, 1906	3,049,586
December 3, 1907	3,238,759
May 14, 1908	3,261,935
June 23, 1909	3,275,311

—The Merchants' Bank of Raleigh, N. C., began business under the Federal system on July 2, changing its title to the Merchants' National Bank. The institution commenced operations on March 29, assuming the deposit liabilities of the Carolina Trust Co. The officers of the Merchants' National are E. C. Duncan, president; W. H. Williamson and W. F. Utley, vice-presidents; W. B. Drake, Jr., cashier, and Samuel J. Hinsdale, assistant cashier.

—Owing to ill health, W. M. Lewis has resigned as president of the Fourth National Bank of Macon, Ga. Mr. Lewis was one of the founders of the bank and had been its president since its organization in 1906. J. F. Heard, president of the Macon Chamber of Commerce, has been chosen as the new head of the bank. C. B. Lewis, brother of the retiring president, and who has been affiliated with the institution from the start, continues as cashier.

—One of the best known financial institutions in Alabama—the Birmingham Trust and Savings Company of Birmingham—reports deposits of $3,564,519, a surplus of $300,000 and undivided profits of $95,203. It has a capital stock of $500,000 and total resources of $4,459,823, and its officers are: Arthur W. Smith, president; Tom O. Smith, vice-president, W. H. Mauly, cashier; J. M. Caldwell, secretary; Benson Cain, C. D. Cotten and E. W. Finch, assistant cashiers.

—The charter of the Peoples' Bank of Water Valley, Miss., has been approved by the governor and recorded by the secretary of state, with a capital stock of $100,000 authorized, to begin business when $25,000 have been paid in. This bank bids fair to take rank as one of the strongest financial institutions of North Mississippi, there being about one hundred stockholders interested, which insures strength and financial stability. A stockholders' meeting will be held at an early date for the purpose of electing a board of directors and other officers of the institution, and it is thought the new bank will be ready to open its doors for business on the first day of September.

—Some of Florida's most prominent and influential business men have organized the Fourth National Bank of Jacksonville, which will open about the first of the year with E. D. Walter, cashier of the Brunswick National Bank, as cashier. Mr. Walter will sever his connection with the Brunswick bank some time in October.

The capital stock of the concern will be $400,000, with a paid in surplus of $100,000. At the commencement of operations the stock will be sold at $125 per share.

—The directors of the Union Bank and Trust Company of Meridian, Miss., announce the resignation of J. A. Gibson, who has been cashier for two and a half years past. Mr. Gibson leaves the employ of the institution to engage in more lucrative lines of employment, and carries with him the hearty good wishes of every member of the board. To fill the vacancy existing in the office of vice-president the election of Dr. T. A. Barber is announced, which position he assumes at once. The official staff accordingly consists of the following: E. B. McRaven, president; T. A. Barber, vice-president; R. C. Weems, assistant cashier. Owing to the vacancy existing in the position of cashier, all executive powers heretofore vested in such official are transferred and made a part of the duties of the asistant cashier.

—The semi-annual statement of the Commercial National Bank of Shreveport, La., shows that its deposits are now $3,563,300, an increase of $525,300 since a corresponding date last year. This is not only an excellent showing on the part of the Commercial National but is something of an indication of the general condition of the surrounding country despite unfavorable conditions in the past.

The growth of this bank during a period of ten years is worthy of comment. In June, 1899, its deposits were $683,600, with surplus and profits of $76,300—capital of $100,000. To-day deposits of $3,563,300 are shown, an increase of $2,879,700 with sudplus and profits $358,000, having during the same period increased its capital from $100,000 to $500,000 from its earnings in addition to the surplus and profits of $358,000 now shown.

E. K. Smith, a prominent banker of Texarkana, has recently been added to the board of directors of this institution, appointed first vice-president and is an active official in the conduct of its affairs. In addition to Mr. Smith this bank has also recently had added to its list of shareholders some of the strongest financiers in the East. The addition of these gentlemen to those already interested in the Commercial National lends additional strength to the bank.

—Twenty years ago on July 1 the Bank of Baton Rouge, La., commenced business.

It started with a paid-up capital of $50,000. To-day its resources amount to $1,177,010. The capital (paid) is $50,000; surplus (earned), $250,000, and undivided profits (net) are $50,840; total resources are $350,840.

During the bank's existence it has paid thirty-one regular dividends and one extra, aggregating $100,000.

Total earnings of the bank in twenty years can be summed up as follows: Surplus (earned), $250,000; undivided profits (net), $50,840; dividends paid, $100,000; total, $400,840.

—Since the organization of the Bank of Baton Rouge it has stood solidly amid panics and other disturbing elements, and is stronger to-day and offers larger and better facilities for doing business than ever in its honored and distinguished history.

—The well-known Commercial National Bank of Houston, Texas, reports for June 23, total deposits of $3,577,879; a surplus of $500,000; undivided profits amounting to $161,896; loans and discounts aggregating $1,960,061, and resources of $4,839,775. Being a depositary of the United States Government, the Commercial National easily takes rank as one of the enterprising banks of the Lone Star state.

—The Texas Trust Co. of Houston, for which a charter was issued a few weeks ago began business on Monday, July 12. Jesse H. Jones, formerly president of the National City Bank of Houston, the business of which was liquidated through the Lumberman's National Bank in April, is at the head of the new organization, and is understood to have been chiefly instrumental in bringing about its establishment. The company has a capital of $500,000 and a surplus of $125,000, the stock being subscribed for at $125 per share. The management includes, besides President Jones, C. G. Pillot, N. E. Meador, James A. Baker, S. F. Carter, J. S. Rice, J. M. Rockwell and H. L. Chapman, vice-presidents; Fred. J. Heyne, cashier and secretary, and L. B. Mayer, assistant cashier. The new institution occupies the old quarters of the National City Bank at Texas avenue and Main street. Two St. Louis bankers are members of the board of directors, namely B. F. Edwards and Tom Randolph, respectively president and vice-president of the National Bank of Commerce in St. Louis.

—At the close of business June 23, the National Bank of Commerce, San Antonio, Texas, reported loans and discounts of $1,918,989; cash and exchange, $950,306; total resources, $3,170,295. The capital stock is $300,000; surplus, $250,000, and undivided profits, $27,073. Deposits on the date named were $2,293,221. J. P. Barclay is president, A. L. C. Magruder cashier.

—The directors of the Central Bank & Trust Company of Memphis, Tenn., have decided to increase the capital stock of the institution from $250,000 to $500,000. The proceeds from the sale of the new stock are to be used for the building of the twenty-story structure to be erected for the bank on a lot recently purchased for that purpose.

—The latest report of the First National Bank, Nashville, Tenn., shows a large business conducted on lucrative lines. It records capital stock, $500,000; surplus and profits, $361,833; deposits, $4,888,451. The loans and discounts are $3,528,176; bonds and stocks, $1,142,708; cash and sight exchange, $1,515,655, and total resources, $6,255,569.

—At a meeting of the board of directors, First National Bank, Jackson, Tenn., the following officers were unanimously elected:

J. W. Vanden, president, to succeed the late John R. McKinnie; W. A. Caldwell, cashier, in place of J. W. Vanden; Thos. I. Taylor, assistant cashier, in place of W. A. Caldwell.

WESTERN STATES.

—A comparison of the last two official statements of the Boise City, Idaho, National Bank, one dated April 28, the other June 23, discloses some splendid gains in the various items, indicative of the bank's growth.

On April 28, the deposits were $1,941,589; by June 23 they had increased to $2,426,698. In the same length of time there was an increase in profits from $22,782 to $29,453, and an increase of resources from $2,439,632 to $2,944,172.

The officers are: F. R. Coffin, president; Timothy Regan, vice-president; J. E. Clinton, Jr., cashier; Fred Brown, assistant cashier; B. W. Walker, assistant cashier.

—W. C. MacFadden, secretary of the North Dakota State Bankers' Association, reports 474 banks now enrolled as association members. This compares favorably with 398 members for last year.

—Interesting programmes have been prepared for the sessions of the Montana Bankers' Association convention, to be held at Helena, August 4 and 5.

Geo. F. Orde, cashier of the First National Bank, Minneapolis, will deliver an address on "A Banker's Moral Reputation as an Asset of His Bank."

E. I. Coman, president Exchange National Bank of Spokane, will speak on "The Basis of Credit—with Special Reference to the Northwest."

—Samuel Whitney, secretary of the new Utah Bankers' Association, has made the following statement:

The organization of Utah State Bankers' Association took place June 16, 1909, the initiative in this step having been taken by the Salt Lake City Clearing-House Association. The delegates were welcomed by Governor William Spry, in behalf of the State; by Mayor Bransford, in behalf of the city; and by W. S. McCornick, in behalf of the Clearing-House Association.

An informal discussion of subjects was taken up and permanent officers for the ensuing year were elected as follows: President, L. S. Hills, president Deseret National Bank, Salt Lake City; vice-president, A. R. Heywood, president Commercial National

Bank, Ogden, Utah; second vice-president, W. H. Brereton, president State Bank of Provo, Provo, Utah; secretary and treasurer, S. A. Whitney, cashier McCornick & Company, Salt Lake.

The first meeting was a more or less informal affair, but it is proposed to meet annually, when different members will be assigned subjects of importance to the banking and commercial interests of the State.

—A charter was granted recently for the third bank at Newman Grove, Neb., with a capital stock of $15,000, to be known as the Shell Creek Valley State Bank. The incorporators are Thomas O'Shea, John J. O'Shea, Mollie O'Shea, and Mark O'Shea. Thomas O'Shea is the president of the Farmers' National Bank of Madison, Neb. Recently the First National Bank of Newman Grove changed hands, Senator C. H. Randall selling his stock, which was a controlling interest, to E. H. Gerhart.

—The banking house of J. L. Brandeis & Sons has consolidated with the United States National Bank of Omaha, Neb. A. D. Brandeis, president of J. L. Brandeis & Sons, bankers, becomes a director in the United States National.

Out of the consolidation will develop a savings department of the United States National. The commercial accounts will be merged into the general business of the national bank.

—The Prudential State Savings Bank of Topeka, Kansas, has changed its name to the Prudential State Bank, the new title having been adopted July 1. The institution has also increased its capital from $25,000 to $50,000. The bank, which has heretofore confined itself to a savings business, will in future also conduct a commercial banking business, and has made application to operate under the Kansas deposit-guaranty law. S. E. Cobb has become cashier of the institution, succeeding George P. Stitt, who resigns, in order to give his sole attention to his duties as secretary of the Prudential Trust Company of Topeka.

PACIFIC STATES.

—The Tri-State convention, embodying the states of Washington, Oregon and Idaho, was held in the city of Seattle, June 24, 25 and 26, and was largely attended by bankers from these various states. This meeting was an innovation, embodying as it did several states in contiguous territory whose interests are identical, and will no doubt in the future be emulated by other states in the Union. Three sessions were held jointly, at which general business was transacted, with addresses of welcome made by the Hon. M. E. Hay, Governor of Washington; Hon. J. F. Miller, Mayor of Seattle, and M. A. Arnold, on behalf of the Associated Banks of Seattle. Responses to the addresses of welcome were made by W. L. Adams, president Washington Bankers' Association; Monte B. Gwinn, president Oregon Bankers' Association; F. F. Johnson, president Idaho Bankers' Association.

Addresses were made as follows:

J. F. Allen, of J. F. Allen & Company, bankers, New York city, "The Pacific Northwest from the Eastern Standpoint."

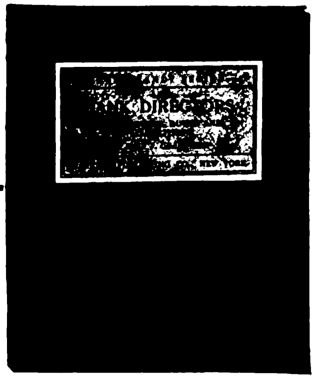
Fred. E. Farnsworth, secretary American Bankers' Association, "The Work of the American Bankers' Association."

Col. Robert J. Lowry, Atlanta, Ga., ex-president American Bankers' Association, "Our Country from a Banker's Viewpoint."

Geo. E. Allen, New York city, educational director American Institute of Banking, "Banker Making."

The various states held separate sessions to transact business pertaining directly to their own states.

The round of entertainment, which was prepared by the Seattle bankers, could not be excelled in any city, and the hospitality extended was spontaneous and genuine. The entertainment included a reception and ball, a reception to the ladies, a theater party and an afternoon and evening at the Alaska-Yukon-Pacific exposition grounds, with banquets at the Washington and New York state buildings. Those who were so fortunate as to attend this Tri-State convention from the East were overwhelmed with the greatness of this Western country, its wonderful resources and the indomitable energy and enterprise displayed by the city of Seattle. The exposition was also a surprise, complete in every detail and in the assembling of the buildings, the beauty of the architecture and the artistic arrange-



ment of the grounds, has never been excelled in this country.

—The Traders' National of Spokane, Wash., makes the following gratifying report at the close of business June 23: Loans and discounts, $3,944,905.49; bonds and warrants, $557,950.12; cash and due from banks, $1,861,697.66; total resources, $6,588,-460.02. The capital is $600,000, surplus and profits, $549,949.07; deposits, $5,038,530.95.

—Recent reports indicate that the new building the Old National Bank will erect at Spokane will be not only a model banking house but an architectural ornament to the city. It will be fourteen stories high, and will be built of glazed tile, with a ground floor 100x142 feet, which will be fitted up in the most complete manner for the bank and above this office accommodations. Work is to commence on its erection on August 1.

Just at present the Old National is enjoying an extensive and desirable share of the banking business of Spokane. In its recent report, deposits were given as $7,-446,172, and resources as $9,659,495.

—Steps have been taken for the formation of a national bank to take the place of the Palouse State Bank which recently failed at Palouse, Wash. R. P. Ward of Waseca, Minn., and George C. Jewett of Colman, N. D., are said to be at the head of the new institution. Mr. Ward was president of the First National of Waseca, and vice-president of the North America Lumber & Supply Co. Mr. Jean was until recently vice-president of the First International Bank of Colman, N. D., and prior to that was cashier of the First National of Kensal, N. D. Mr. Jean will have the active management of the new bank. It will be organized with a capital of $50,000, under the name of the National Bank of Palouse.

—A new state bank has been organized in David City, Neb., to be known as the Butler County State Bank. The capital is $35,000, which is fully paid up. The officers elected are: A. J. Evans, president; Joseph Shramek, vice-president; Geo. A. Price, cashier; W. M. Evans, assistant cashier. These officers together with the following constitute the board of directors: T. J. Hinds, Peter Mysenburg, J. B. Hookstra and Victor Wilson of Stromsburg. The president of the bank is Judge Arthur J. Evans. There are fifty-five stockholders, composed mostly of prominent farmers of Butler county. The new bank will commence business about August 1.

—William Macferran, heretofore cashier of the State Savings Bank of Topeka, Kan., was elected president of the institution on July 8, to succeed A. A. Godard, resigned. The bank, which has been in operation since 1898, increased its capital on July 1 from $25,000 to $100,000.

—The Oklahoma Banking and Trust Company, with a capital of $500,000, to be domiciled in Oklahoma City, has been granted a state charter. The new bank will be the largest in the state and will bring to Oklahoma considerable new capital.

J. O. Moore, a prominent corporation attorney of St. Louis and connected with the National Bank of Commerce of that city, is one of the promoters and directors of that institution. About $125,000, or more than one-fourth of the capital stock, has been taken by Oklahoma City business men. This bank will be the seventeenth banking house in Oklahoma City, and its promoters say that its success is assured.

Temporary quarters have been secured in the Campbell Building, but it is understood that a site will be selected and a home will be erected for the new bank.

Following is the list of directors: Joseph O. Moore, St. Louis, chairman; E. E. Witter, St. Louis; L. Hawkins, Little Rock, Ark.; F. Morse, Tahlequah; R. L. Putnam, H. H. Smock, V. D. Houston, W. L. Norton and Jasper Sipes, Oklahoma City.

—W. C. Terry succeeds A. F. Bailey as cashier of the Farmers' State Bank of Texhoma, Okla.

—On June 23, the American National Bank of San Francisco rendered a most excellent and well-balanced report of its condition. Cash and exchange is given at $2,265,621; loans and discounts, $3,460,-272; total resources, $7,981,964. The bank's capital stock is $1,000,000; surplus and undivided profits, $536,777; deposits, $5,312,-667.

AUSTRALIA.

—According to the one hundred and seventeenth report of the Bank of New South Wales, held at the chief banking house, Sydney, Australia, on May 25, 1909, the institution now has 240 branches in active operation. Net profits of £186,426 are reported for the half-year, to which is to be added £36,916 from last half-year, giving for distribution £223,342. £125,000 of this sum was set asiue for a dividend at the rate of ten per cent. per annum.

BANKS CLOSED AND IN LIQUIDATION.

ILLINOIS.

Greenup—First National Bank; in liquidation, July 6.

KANSAS.

Kingman—Farmers' National Bank; in liquidation, June 30.
Longton—First National Bank; in liquidation; July 1.

MICHIGAN.

Ironwood—First National Bank; in hands of receiver, June 21.

NEBRASKA.

Anoka—Anoka National Bank; in liquidation, July 1.

OKLAHOMA.

Olustee—First National Bank; in liquidation, June 20.
Kingston—First National Bank; in liquidation, June 22.
Pond Creek—National Bank of Pond Creek; in liquidation, May 7.
Lexington—Farmers' National Bank; in liquidation, June 16.

TEXAS.

Hubbard—Farmers' National Bank; in liquidation, June 24.
Savoy—First National Bank; in hands of receiver, June 30.

WISCONSIN.

Sheboygan Falls — Dairymen's National Bank; in hands of receiver, June 25.

TYPED CHECKS DISCARDED.

IN response to continued complaints from bankers and Sub-Treasuries regarding typewritten checks, Secretary of the Treasury MacVeagh has issued the following circular:

It is reported to the Department that there is a unanimous sentiment among the leading banks in the large cities, and in Sub-Treasury offices, against the use of the ordinary typewriter by United States disbursing officers in filling up checks; that experiments have proved that alterations may be easily and successfully made in such checks. As Assistant Treasurers and national bank depositaries are responsible for the proper payment of disbursing officers' checks, it is deemed proper to defer to their judgment as to the manner in which the checks are prepared.

Department Circular No. 18, dated April 12, 1909, authorizing the use of a rubber stamp or typewriter to fill up checks is, therefore, hereby modified so as to require that the amounts of the checks and the names of the payees be filled in either with pen and ink or with the needle-point typewriter, which perforates the paper. The use of the ordinary typewriter for the purpose is hereby prohibited.

NEW NATIONAL BANKS.

DURING the month of June, 1909, thirty-nine applications to organize national banks were received. Of the applications pending, thirty-five were approved and three rejected. In the same month fourty-four banks, with total capital of $2,770,000, were authorized to begin business, of which number twenty-three, with capital of $610,000, had individual capital of less than $50,000, and twenty-one, with capital of $2,160,000, individual capital of $50,000 or over. The total number of national banks organized is 9,466, of which 2,511 have discontinued business, leaving in existence 6,955 banks with authorized capital of $947,726,755, and circulation outstanding secured by bonds, $659,673,408. The total amount of national bank circulation outstanding is $689,920,074, of which $30,246,666 is covered by lawful money of a like amount deposited with the Treasurer of the United States on account of liquidating and insolvent national banks and associations which have reduced their circulation.

RICH GOLD FIND IN CANADA.

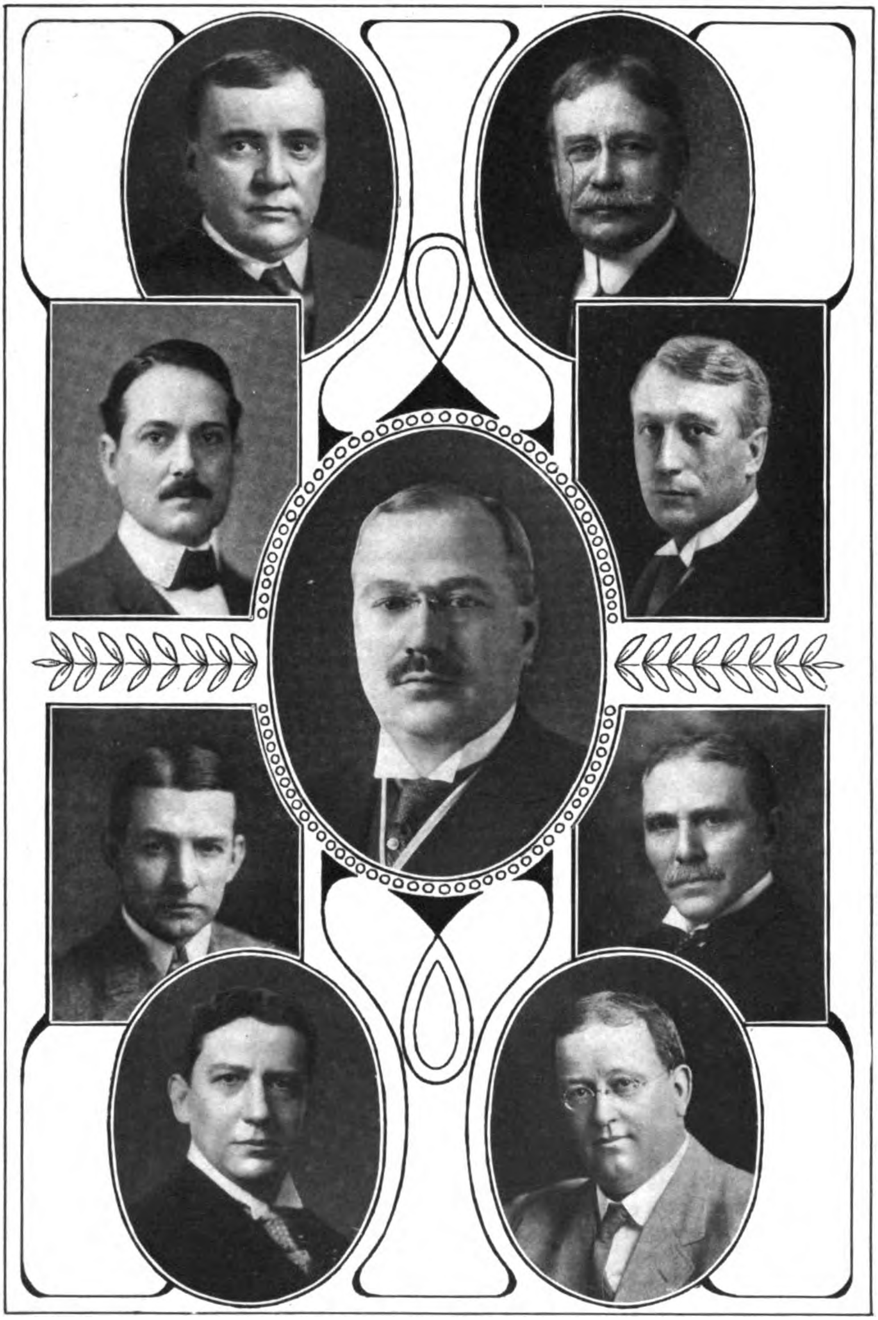
THE most remarkable gold discovery since the Klondike finds has just been made at Lac La Ronge, 200 miles north of Prince Albert in the great hinterland of the province of Saskatchewan.

H. C. Hamelin and B. L. Clemons, of Prince Albert, having evidence of a rich gold area in northern Saskatchewan, outfitted last year three parties of prospectors. The finds were encouraging but not sensational. This year two more parties were sent out, and the finds which have been made of an eight-inch vein of free milling gold quartz has created a profound sensation.

Deputy H. C. Hamelin has a specimen from the vein quartz declared to be the richest and best defined specimen he has seen. The assays so far made from former finds have shown $51 to $78 and $61 to $64 to the ton, respectively, but the latest sample is declared to carry from $20,000 to $30,000 to the ton. The finds have been made within forty miles of each other.

THE Executive Committee of the Chicago Clearing House, designated by that body as the Executive Committee and Chairmen of the several committees on entertainment of the delegates and visitors to the Thirty-fifth Annual Convention of the American Bankers' Association, Chicago, September 13-16, 1909:

George M. Reynolds, President, Continental National Bank, Chairman.
John Jay Abbott, Vice-Pres., American Trust & Savings Bank.
August Blum, Vice-Pres., First National Bank.
Charles G. Dawes, President, Central Trust Company.
W. T. Fenton, Vice-Pres., National Bank of the Republic.
S. R. Flynn, President, Live Stock Exchange National Bank.
David R. Forgan, President, National City Bank.
B. C. Sammons, Asst. Cash., Corn Exchange National Bank.
Joseph T. Talbert, Vice-Pres., Commercial National Bank.



EXECUTIVE ENTERTAINING COMMITTEE OF THE CHICAGO A. B. A. CONVENTION.

Joseph T. Talbert — W. T. Fenton
John Jay Abbott — David R. Forgan
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Charles G. Dawes — August Blum
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THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

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RESPONSIBILITY FOR PERPETUATING THE BOND-SECURED BANK NOTES.

FOR many years the leading bankers and financial authorities of the country have been telling us that bond-secured bank notes are not only unsound in principle, but that their perpetuation menaces the prosperity of the country. If such an indictment is just, it may be well to inquire whether the issue of these notes should be continued.

While the authority for emitting national bank circulation is derived from Congress, the notes themselves are not put out by the Government, but by the banks. Inasmuch as their issue is not compulsory, they may either be decreased in volume or discontinued altogether, at the pleasure of the banks.

The National Banking Act requires that all national banks must hold a certain proportion of their capital in United States bonds, but there is no requirement that circulation must be taken out against the bonds so held. As a matter of fact, the minimum amount of bonds which the banks must hold under the law falls far short of the circulating notes now outstanding.

If national bank notes are unsound in principle, if they tend to inflation and to force gold out of the country, it would seem that ordinary business prudence on the part of national banks would dictate that the issue of these notes should be discontinued. Of course, the banks cannot be criticised for taking advantage of any profit that may be made from the emission of bank notes, provided that these profits are not obtained by sacrificing any considerations of safety. But the very serious indictments made against the national bank notes by leading bankers of the country seem to warrant the inference that the issue of bond-secured notes cannot go on without harm to the business community. If this be true, then the remedy for this evil lies with the banks. They need have no further authority from Congress to reduce their circulation or to retire it altogether. Indeed, if the bond-secured notes are as bad as they have been made out to be, one would think that the banks should lose no time in getting rid of them.

It is generally conceded that the issue of national bank notes under the present law has become more or less of a speculation in Government bonds. Very many bank authorities are of the opinion that bond speculations of any sort are outside the domain of legitimate commercial banking. If the banks wish to buy bonds at all, it would seem that they might find several classes of securities yielding a greater rate of interest than may now be obtained from bonds of the United States. Were the Government facing a war, or a serious financial crisis, it might then be the duty of the banks to purchase Government bonds freely, but no such situation exists at the present time, and the Government, if offering a reasonable rate of interest, would find no difficulty in placing its securities among trust companies, savings banks and individual investors.

It is doubtful whether the banks have ever made much, if any, profits from their circulation. The customary method of figuring the profit, as used by the Comptroller of the Currency, does not take note of some of the elements in the problem. A bank issuing circulation, by buying bonds, lends to the Government at a rate varying from two to three per cent. and may then issue circulating notes to the face value of the notes purchased. But if the bank did not issue notes at all, it could invest its capital in legal tenders or gold as a basis for bank deposits, and the loanable funds in this case would be much greater than where circulation is issued.

If by issuing national bank notes the banks are taking a course that tends to derange business conditions, and if, furthermore, they are thereby decreasing their loanable funds, it is difficult to understand why they should persist in such a procedure.

Credit bank notes cannot be issued without the consent of Congress, but the evils incident to a bond-secured circulation may be remedied at once by the banks without further legislative authority. While the issue of credit notes would be of considerable service in all parts of the country at certain seasons of the year, and in some parts of the country at all times, it is doubtful whether the importance of bank notes of any kind is so great as commonly supposed. As between the bond-secured bank notes and no bank notes at all, we should think the latter much preferable.

Were the banks to stop issuing bond-secured notes it might be charged that they were contracting the currency, but it is by no means certain that such a charge would be well founded. The printing of paper which looks like money does not, necessarily, add to the circulating medium. If the bank notes are redundant and gold is expelled, then the currency will be decreased and the volume of reserve money greatly curtailed.

Many of the eminent bankers of the country have strongly condemned the bond-secured bank notes, and it is hoped that they may lead in some practical measures that will tend to the reduction of this unsatisfactory element in our currency. Inasmuch as this step may be taken without legislation, it is a reform that we hope to see carried out at no distant date. There are already two or three national banks in the country that do not issue any notes at all. If this example were imitated by all the national banks, it is believed that Congress might be made to see that the banks will not participate in any plan for issuing currency that may be inimical to the welfare of the community.

AN indication of what may be looked for in regard to currency legislation next winter is afforded by the substitution of Mr. VREELAND in place of Mr. FOWLER as Chairman of the Banking and Currency Committee of the House. As the readers of this MAGAZINE well remember, we have condemned in unsparing terms the course taken by Mr. VREELAND and Mr. ALDRICH in regard to currency legislation. We believe that of these two men Mr. ALDRICH is much the greater offender. The proposals made by Mr. VREELAND were less objectionable than those of the Rhode Island Senator. It is quite possible, of course, that these gentlemen are capable of producing a better currency reform measure than the Aldrich-Vreeland law. Certainly they could hardly produce anything worse. But without any personal bias it may be said that the Finance Committee of the Senate and the Banking and Currency Committee of the House as now controlled will be incapable of bringing forward any currency proposals that will suit the wishes of the leading banking and business interests of the country. That we are not alone in this opinion may be inferred from the following quotation from a recent issue of the New York "Evening Post":

"After what has happened in the sight of all men during the past four months, it would be madness for currency reformers to pin their hopes to this man [ALDRICH]. Any bill identified with his name would be politically damned from the moment of its introduction. We do not like to say this, but we believe it to be the fact. Senator ALDRICH's ability and skill we freely admit. His desire to put our financial system upon a sound footing may be perfectly unselfish and statesmanlike. Yet he ought to be told plainly, as ought those who are working with him and hoping for great currency reforms under his leadership, that his reputation, and the things he now stands for in the public mind, are such that any financial measure he advocates will be from the first violently suspected, will be powerfully attacked, and will be defeated. Senator ALDRICH has now made himself an incubus which will crush into failure even honest and needed legislation. The first reform which currency reformers should strive for is to take their cause wholly out of the hands of NELSON W. ALDRICH.

"If this seems a hard saying, let any one who dissents from it calmly weigh the facts. Let him consider what sort of influences in politics those are with which ALDRICH has now inextricably tied himself up. His name is, to-day, throughout the land, the synonym for grasping and corrupt legislation. * * *

"The shameful experience of 1907, when there was practically a suspension of payments throughout the United States, largely owing to our system of banking and currency, ought never to be repeated. Legislation should be had to bring this country into line with the practice of progressive nations. Too much emphasis cannot be placed upon this. The importance of the matter cannot be exaggerated. But the more imperative we feel the duty to be, the firmer should be our demand that the wrong man should not be set in the forefront of the work of its discharge. We cannot afford to prejudice this great undertaking by entrusting it to the leadership of a Senator whose motives are suspected, and whose latest public activity has been in contemptuous disregard of the needs and desires of the whole country."

And the New York "Journal of Commerce" speaks in a similar strain:

"The displacing of Mr. FOWLER with Mr. VREELAND as head of the Banking and Currency Committee is ominous, for there must be more than a personal motive in that, in view of future efforts to secure a reform of the law for the issue of bank currency. Mr. FOWLER is one of the few men in the House who have mastered that subject and have sound ideas upon it. VREELAND played into the hands of Senator ALDRICH in the last Congress in the passage of the makeshift emergency currency bill which has proved worthless, and was rewarded with a place on the Monetary Commission, which is expected to report some bank currency measure next winter. No doubt this furnishes one reason for the Speaker's reported decision regarding the chairmanship of the Banking and Currency Committee. It will bring it more into harmony with the designs of the Monetary Commission, but it is not promising for the character of those designs."

If Senator ALDRICH or Mr. VREELAND should report a currency measure that seemed drawn in the interests of the people of the country and that would meet the reasonable expectations of those who have given some serious study to this subject, it would have no more ardent supporter than THE BANKERS MAGAZINE. But, judging from past experience, it is quite too much to hope for anything of this kind. Some people seem to think that the present Republican organization is powerful enough to force through Congress any measure that Mr. ALDRICH may present, but already there is a little cloud, not much bigger than a man's hand, but which threatens to grow into immense proportions. It was clearly discernible in the recent vote on the tariff bill and may make itself more clearly seen when Congress shall come to vote upon a currency bill.

Banking and currency legislation is particularly ticklish from a political standpoint, and in endeavoring to force through a measure that does not meet with the approval of the business community, the Republican organization may be dealing with dynamite.

As to the retirement of Mr. FOWLER, under the present régime it should be considered to his credit. He has had long service on the Banking and Currency Committee and has shown independence, honesty and intelligence. These qualities seem to be at a discount in the House as at present organized, but as in the long run they are sure to be appreciated, the services which he has rendered to the cause of sound currency will in time become clearly apparent.

ADDITIONAL power to borrow money was conferred upon the Secıetary of the Treasury by the new tariff bill. The sections giving such authority are as follows:

"Sec. 39. That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time, as the proceeds may be required to defray expenditures on account of the Panama Canal and to reimburse the Treasury for such expenditures already made and not covered by previous issues of bonds, the sum of two hundred and ninety million five hundred and sixty-nine thousand dollars (which sum together with the eighty-four million six hundred and thirty-one thousand nine hundred dollars already borrowed upon issues of two per cent. bonds under section eight of the Act of June twenty-eighth, nineteen hundred and two, equals the estimates of the Isthmian Canal Commission to cover the entire cost of the canal from its inception to its completion), and to prepare and issue therefor coupon or registered bonds of the United States in such form as he may prescribe, and in denominations of one hundred dollars, five hundred dollars, and one thousand dollars, payable fifty years from the date of issue, and bearing interest payable quarterly in gold coin at a rate not exceeding three per centum per annum; and the bonds herein authorized shall be exempt from all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority: Provided, that said bonds may be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving to all citizens of the United States an equal opportunity to subscribe therefor, but no commissions shall be allowed or paid thereon; and a sum not exceeding one-tenth of one per centum of the amount of the bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same; and the authority contained in section eight of the Act of June twenty-eighth, nineteen hundred and two, for the issue of bonds bearing interest at two per centum per annum, is hereby repealed.

"Sec. 40. That section thirty-two of an Act, entitled, 'An Act providing ways and means to meet war expenditures, and for other purposes,' approved June thirteenth, eighteen hundred and ninety-eight, be, and the same is hereby, amended to read as follows:

" 'That the Secretary of the Treasury is authorized to borrow from time to time, at a rate of interest not exceeding three per centum per annum, such sum or sums as, in his judgment, may be necessary to meet public expenditures, and to issue therefor certificates of indebtedness in such form as he may prescribe and in denominations of fifty dollars or some multiple of that sum; and each certificate so issued shall be payable, with the interest accrued thereon, at such time, not exceeding one year from the date of its issue, as the Secretary of the Treasury may prescribe: Provided, that the sum of such certificates outstanding shall at no time exceed two hundred millions of dollars; and the provisions of existing law respecting counterfeiting and other fraudulent practices are hereby extended to the bonds and certificates of indebtedness authorized by this Act.' "

The issue of new bonds to the extent of nearly $300,000,000 may have quite an important influence on the circulation of the national banks. We believe that the Secretary of the Treasury suggested that the new bonds be not available for bank circulation, but Congress did not heed this suggestion.

The new tariff act also authorizes the issue of certificates of indebtedness to an amount not to exceed $200,000,000, and following the precedent established in 1907 these also may be used as a basis for more bank notes, the bonds and certificates of indebtedness thus making possible an addition of nearly $500,000,000 to the bank-note circulation. Of course, the issue of certificates at all will depend upon the state of the revenues, and the bonds will not all be put out at once, yet even the possible increase of the bank-note circulation to the extent named cannot be regarded with unconcern.

AFTER prolonged diplomatic negotiations the bankers of the United States are to be permitted to participate in the Chinese railway loan. The solicitude shown by the American bankers for making loans to China rather contravenes the usual course of bankers in such cases. It is generally the borrower who importunes the banker, not the banker who presses his funds upon the borrower. Whether the loan to China is made because of exceptional opportunities for profit, or out of pure friendship for that country, or with a desire to be in a position to benefit by the future course of events, it is hard to tell. Quite often the lending of money to Governments whose affairs are more or less unsettled is a preliminary to intervention of one kind or another. While the United States cannot be suspected of having designs upon Chinese territory, it would evidently like to be in a position to prevent other nations from taking an aggressive course.

Viewed from the standpoint of investment merely, the participation of American bankers in the Chinese loan is to be regarded with satisfaction. The amounts of American capital available for investment in foreign enterprises are growing all the time, and it is but natural that our bankers should wish to take advantage of opportunities for profitable investment abroad, and it is not to be wondered at that they vigorously protested against exclusion from participation in the Chinese loan.

INCOME taxes are popular among those whose incomes are too small to be made to contribute and extremely unpopular with those who have just enough to fall within the prescribed limit. Congress has voted to submit to the State legislatures a proposed amendment to the Constitution to obviate the objections to an income tax on the part of the Supreme Court of the United

States. But even if the States favor the amendment, it will not become operative for several years. And when the amendment is adopted it does not of necessity follow that Congress will impose the tax. If the revenues are abundant such a tax could hardly be justified.

An income tax, though perhaps more equitable than the corporation tax, is less popular. Yet it would be wise if the amendment were passed, for undoubtedly in case of war Congress ought to have the power to levy such a tax.

As a matter of fact the whole manipulation of the income tax scheme and the corporation tax scheme savors of cheap politics. The corporations, partly through their own faults and partly through gross misrepresentations by pollitical demagogues and muck-rakers, have become the objects of popular hostility. Therefore, it is a shrewd polilitical move to tax them and to put them under Federal supervision. An income tax, on the other hand, would reach individuals as well as the hated corporations, hence the political expediency of this tax does not appear.

When the legitimate business enterprises conducted under the corporate form are taxed not for the purpose of revenue but for the purpose of punishing them because they are corporations, we have entered upon a most dangerous policy in legislation.

FOR the twelve months ending with June 30, 1909, the exports of merchandise amounted to $1,663,011,104, compared with $1,860,773,346 for the preceding year, while the imports amounted to $1,311,920,224 compared with $1,194,341,792 for the twelve months ending with June, 1908. These figures indicate a considerable gain in imports and some falling off in exports. Comparing the export figures of the month of June, 1909, with those of the preceding year, it is found that there has been a slight increase. A period immediately preceding important changes in the tariff is one in which it is difficult to make a comparison of the foreign trade movement, for the reason that the imports especially are liable to be largely affected by pending changes. If it is believed that the new tariff will increase duties, imports will be hurried to take advantage of the lower rates. On the other hand, if it is thought that the duties are liable to be materially lowered, imports will be delayed awaiting the change in schedules. While, therefore, it is difficult to analyze the foreign trade figures, they at least show that the total movement of merchandise to and from foreign ports is increasing. This indicates a business revival.

RETURNING from Europe lately, Mr. PAUL MORTON, president of the Equitable Life Assurance Society of New York, gave some opinions to the New York "World" regarding the future financial outlook.

Mr. MORTON's position as head of one of the great insurance companies of the country necessarily makes it his duty to become familiar with the investment markets. One thing which he says seems to us to be of especial significance:

"I believe the greatest buyers of American securities within a short time will be the American farmers. They have had a succession of big crops and big prices. Up to this time they have been buying land and improving their farms, but they are getting rich so rapidly that they are bound to become purchasers of securities."

Recent reports from certain portions of the West indicate that the farmers have become so prosperous that they are already in the market to purchase local securities. It certainly is much better for the farmers of the country to buy high-grade bonds from their local banks than to "invest" in the many get-rich-quick schemes which are advertised in the newspapers and popular magazines. The banks themselves will, of course, buy bonds either directly or through bond houses of established reputation, but where the farmers or other depositors of the bank desire to invest in securities, it is most natural that they should do so through their local banks. The wonderful increase in the value of investment securities and the growth of wealth among the people must inevitably tend to multiply the number of private investors.

KANSAS seems to be having trouble with its new law for guaranteeing bank deposits. A suit was recently filed in the Supreme Court of that State against the Bank Commissioner and State Treasurer for the purpose of compelling them to enforce the law and admit all State and national banks to participation in the guaranty fund. It is alleged that the parties against whom the suit has been brought have disregarded the operations of the law and have refused to permit the national banks to participate in it. Allegations are also made that certain of the national and State banks are endeavoring to hinder the operations of the law.

GRADUALLY American banking institutions are coming to be looked to by the Central and South American States as proper sources from which to obtain money. It is reported that the Costa Rican Government has lately negotiated a loan of upwards of $10,000,000 from the National City Bank of New York. The new loan, it is said, will run for fifty years at five per cent., and is to be used for funding all the internal and external debts of Costa Rica.

It is reported also that Uruguay will negotiate a loan of $6,000,000 at five per cent., the proceeds to be used for public works.

Foreign loans have never been regarded with great favor by our investors. Most of those placed here have been disposed of later to buyers abroad. But hereafter we may expect to see an increasing amount of securities from Mexico, Central and South America absorbed by investors in the United States.

DEPRECIATION in the prices of the two per cent. United States bonds shows that this class of securities is not altogether so desirable as some bankers have thought. Were the banks now compelled to place their bonds upon the market, the prices obtained would be considerably less than those paid.

This experience of the banks in suffering a loss from the purchase of Government bonds is by no means confined to the national banks of the United States. The banks of Great Britain were compelled to write off heavy amounts lost from the depreciation of British consols following the heavy additions to the issues of these securities made at the time of the Boer War.

Since the Government has ample taxing powers unexercised, and seeing that there is no exigency that requires the banks to lend to the Government, it would seem to be a wise policy upon the part of the banks to confine their holdings of Government bonds to the lowest possible minimum.

BY raising the rate of interest on Government bonds to three per cent. these securities will once more become desirable investments for savings banks and trust companies. When the rate was lowered to two per cent. these institutions practically went out of the market as purchasers of Government bonds.

The savings and trust deposits of the country being held for considerable periods of time and requiring safety of the principal rather than a large interest yield, are peculiarly fitted for investment in Government bonds.

Since the savings banks and trust companies relinquished a large part of their holdings of United States bonds, they have been compelled to choose other securities that were a trifle less desirable. Now that United States bonds have been authorized at a higher rate of interest, these institutions will no doubt again become heavy purchasers of the Government's securities.

United States bonds really form an ideal investment for savings and trust funds, and from many standpoints it would seem to be a much-desired policy for the Government to issue these securities at a rate of interest that would make them attractive investments rather than to offer them to the national banks at a very low rate and seek to create a market for the bonds by making them available as security for bank circulation and public deposits.

AT the recent convention of the Maryland Bankers' Association Mr. John M. Nelson of Baltimore gave the following reasons why national bank notes should not be counted by the banks in their reserves:

"The gold certificate is redeemable in gold, and while only $150,000,000 gold is held as a reserve to redeem $346,000,000 greenbacks, the Secretary of the Treasury is not only authorized but instructed to sell bonds for gold, if necessary, to redeem the whole issue of legal-tender greenbacks; that the silver certificate is redeemable in silver dollars and that the silver dollars are at least one-half the value in real money, and for the other half the Government has made itself responsible by agreeing to maintain silver on a parity with gold by receiving the silver certificates for customs and dues, and these are by act of Congress made legal tender.

"A national bank note, however, is not money at all, but simply a promise to pay secured by another promise to pay—a Government bond—which bond is payable, not on demand, but at some future time.

"Supposing that the holder of $10,000 of the notes of the National Howard Bank should present them at the counter of this bank for payment and the cashier should tender in payment the notes of the National Howard Bank, it may well be considered what might happen.

"A national bank note does not differ in any respect from a cashier's check or from a certificate of deposit issued by the bank, and it would be just as wise for a bank to hold in reserve the check of its cashier on the bank itself as it would for it to hold a national bank note. The National Banking Act absolutely prohibits the holding of national bank notes in the reserve of national banks. This, I think, answers Mr. Oster's question why a national bank note is not as good as a greenback to be held in the reserve of the bank."

While these are excellent reasons why national bank notes should not be permitted to figure in the bank reserves, there are others. One sufficient reason is that the reserves which constitute the basis of credit should not be subject to such sudden and artificial changes as may take place in the circulation of bank notes, and furthermore the bank reserves should bear some relation to the foreign exchanges. The importation of gold affords an enlarged basis for the extension of credit, and conversely when gold is exported the basis for credit is reduced. While the greenback would be less objectionable as a reserve than national bank notes, it is, nevertheless, much inferior to gold, for the reason that the greenback is partly a credit instrument and in addition its volume is fixed by law.

NEVER has a new tariff bill been passed by Congress that has caused so little satisfaction as the law recently enacted. Not only was there a considerable vote against the measure from the Republicans in the House and Senate, but the new law is being denounced quite severely by the Republican press and even by some of the State conventions. It certainly fails to satisfy the hopes of those who expected to see "a revision downwards." The fact is that there has come to be a marked divergence of opinion among the Republicans of the East and West with respect to the tariff. Generally the Eastern Republicans want higher protective duties than are favored by the West.

The growth of the West in wealth and population tends to render that section more potent in the party councils than it has been heretofore. The people of the West seem to think that they hardly get as much benefit from the new tariff as do the Eastern manufacturers.

This clash between the producer and the consumer of manufactured articles will make it increasingly difficult for the Republican party to enact any tariff measure that will be satisfactory all round. Between trying to suit the Eastern manufacturer who is a liberal contributor to the Republican campaign funds, and the Western farmers who furnish the votes for the party candidates, the Republican leaders will be in a serious dilemna. Without taking sides in this controversy, it may be said that the thread of continued agitation of the tariff question is to be deplored, since it undoubtedly tends to unsettle business.

The line of demarcation between the Republican and Democratic parties with respect to the tariff is by no means sharply defined. Heretofore the Democrats have been supposed to favor lower duties, and the Republicans to be the champions of high protection, but the recent debate in the Senate and House and the vote on the new tariff law showed that a number of the Democrats favored high protection, while many Republicans opposed it.

President Taft has undoubtedly worked hard to fulfill the pledges of his party in favor of lower duties, but has only partially succeeded. When the new law gets into fair working order he will have an opportunity of observing its bearings upon the producers and consumers of the country, and may be expected to recommend such changes in the law as experience suggests.

DURING the recent Convention of the New York State Bankers' Association, Superintendent WILLIAMS of the Banking Department made a plea for "the strong surplus and banking for quality rather than for quantity." He declared that "the effort should be not only. to get the money, but to be sure you can pay it back." The advice was timely, for too many banks have in recent years shown rather too much eagerness in bidding for deposits, apparently forgetting that a time would come when the return of these would be demanded. Mr. WILLIAMS especially criticised the banks of discount and deposit which secure deposits by the payment of high interest rates. He thought this was a matter that might be regulated by the banks without concerted action. This would undoubtedly be true if the banks were disposed voluntarily to take action in this direction, but where there are, say, six banks in a town with three of them paying a high rate, it is a pretty difficult matter for the other three banks not to do the same thing.

If the public were attracted to banks solely because of their safety, competition for deposits would be a different problem from what it is now, but the higher interest rate certainly acts as a magnet to attract deposits, and on the other hand prevents them from coming to a bank that may be better managed, but which offers a lower rate of interest.

While, therefore, in the absence of concerted action upon the part of the banks, it may be difficult to prevent some banks from paying a high rate of interest, and this may operate to cause most of the banks to follow a similar course, the efforts of Superintendent WILLIAMS to have the banks conform to sound practice in this respect are to be highly commended. He is entirely right in declaring that the payment of high interest rates is in opposition to sound banking principles, and his counsels to the banks will no doubt ultimately result in greatly lessening this evil.

EVERYWHERE throughout the country may be seen signs of a remarkable revival of business. The abundant crops, increased railway earnings, decrease in the number of idle freight-cars and the full re-employment of labor, together with the recent boom in Wall Street, all point to a resumption of business on an extensive scale. So careful an observer of business affairs as Mr. A. B. HEPBURN, president of the Chase National Bank of New York, recently declared that we were on the threshold of an era of prosperity which would make all other prosperous times look like ordinary times.

With the sun of prosperity steadily and majestically rising toward the zenith, it seems like pessimism to utter any word of caution. We shall not do so ourselves, but make a brief quotation from an address by Mr. WILLIAM M. KINGSLEY, vice-president of the United States Trust Company of New York, delivered before the recent convention of the New York State Bankers' Association. Speaking of business in Wall Street, he said:

"As I have watched the game for more than a quarter of a century, it seems to me that the trouble may be very largely summed up in two words: Too Much. In other words, Wall Street overdoes things. To be sure, this is a characteristic that is not confined to Wall Street. It is a national characteristic. We are nearly 90,000,000 of people in this country, and the industrious and intelligent people are fond of working to make money and are fond of spending it after they have made it. We are living in a country that is a record-breaker in itself—a country that produces more than seven billion dollars of value in one year and a country whose hens lay five hundred million dollars' worth of eggs in a single year. We like to build the biggest office buildings in the world and we like to stick on one corner the largest tower in the world. Now, when we get a combination of this kind in this kind of a country, why, when we get going we hit up a tremendous pace, and, just as in the case of automobiles there is a speed limit beyond which it is not safe to go, so in business there is a limit beyond which it is not safe to venture. But, ignoring all the experience of the past and all the rules of safety, we plunge ahead on a joy ride until something looms up that corresponds to a telegraph pole and then comes a smash and the hospital.

"In the Wall Street manifestation of this symptom the joy rider is a bull market. One thing or another crops up and then comes a panic, and then follows a long period of dullness and slow recuperation. So we have in Wall

Street a succession of bull markets and panics."

Contact with the telegraph pole may be painful for a time, but after a longer or shorter period of convalescence we seem to get out of the hospital in pretty good shape again, and enter on a new joy ride with all our accustomed alacrity. Despite smash-ups and panics we seem to make progress in the long run. If we prefer to do so by this rough-and-tumble method rather than by riding along continuously and smoothly, we may ascribe it to the American temperament, which shows a fondness for excitement.

Whether far down the road panic and disaster may be awaiting us or not, everybody will rejoice that the period of depression following the panic of 1907 has at last come to an end and that the country is certain to experience a long period of genuine prosperity.

EVIDENCES of the industrial awakening of China are afforded by the recent announcement that the Western Electric Company of New York has received a contract for putting in two telephone switchboards of ten thousand capacity each in the city of Peking. A representative of the company named has given it as his opinion that within the next twenty-five years China will expend immense sums in installing telephone systems. We have so long been accustomed to regard China as an unprogressive nation that this striking evidence of its advancement in modern industrial equipment will be received with considerable astonishment. The vast extent and great natural wealth of the Chinese Empire will make it a profitable and attractive field for foreign capital and enterprise. It seems that the rulers of the country are just awakening to the desirability of encouraging foreign investments. In this new era of prosperity which appears to be opening up for China, American capital and enterprise will doubtless receive its due share.

FEELINGS of a decidedly sectional character have been aroused by the passage of the new tariff law. Listen to the Kansas City "Star":

"All of those Republicans in Congress who stood on the side of the people, who took the party platform and the President's campaign pledges in good faith, are Western men. Most of them are new men, fresh from the people. Those of them who are not new have nearly all adhered to progressive policies since they entered Congress. And with these men and the spirit, the public sentiment, the public feeling, the national intelligence they represent, lies the hope of tariff revision, the hope of the elimination of corruption and graft and oppression from the tariff system.

"It is perfectly logical that this new leadership within the Republican party should develop in the West. The West is far more national in vision, in feeling and in intelligence than the East. The West's antecedents are Eastern; it has business, social and political connections with the East; instinctively and almost automatically it keeps itself informed concerning the East. Its Eastern experience, observance and antecedents, coupled with its Western experience and expansive outlook, combine to make broad, informed men—men of national comprehension. It was Roosevelt's Western observations, coupled with his Eastern birth and development, that made him the tremendous nationalist he is.

"On the other hand, the East is characteristically self-sufficient. Or, so far as it seeks an outlook—at least so far as its leading spirits are concerned—it is more apt to be concerned about Europe than about the West. The average New Englander knows very little about Kansas or its people or its conditions, or has an utterly erroneous idea about them. The New Yorker is proverbially provincial. A very large proportion of the men who have done great and fine things in the East are men of Western birth or experience. But in public life the East is guided by leaders who, on the average, are narrowly sectional or intimately identified with particular interests or traditions.

"Just as the South had to forego its leadership because of the problem of slavery, just so the East will have to give up its leadership because of the tenacity and greed with which its leaders adhere to the doctrine of protection in spite of popular enlightenment. The drift is toward broad, consistent nationalism—toward morality and equity and justice to the greatest number in the administration of the Federal Government; away from the taxation of the many for the benefit of the few.

"And the men to lead this movement are Western men, not Western men who subject their superior comprehension and larger obligations to the narrow and sordid dictation of Eastern leaders, but men who can go to Congress and make their Western blood and their Western point of view tell in the councils of the nation—men who will not take a back seat for any other man from any other section."

Having lived a like period in the West and in the East, we can say, "Let the galled jade wince, our withers are unwrung." Those benighted Easterners who have never breathed the free airs of the Wabash and the Kaw must feel the pinch of this: "A very large proportion of the men who have done great and fine things in the East are men of Western birth or experience." Yet, we must remind the "Star" that several persons who have never spent much time West have done some fine and noble things—Governor HUGHES, for instance. And one of the greatest tariff reformers of our recent history was not WM. J. BRYAN of Nebraska, but GROVER CLEVELAND of New York. The New York importers are the parents of the tariff reform ideas now so popular in the West.

The West is all right, and the East is not so bad. We hardly know whether the "Star's" attempts to arouse sectionalism are foolish or only funny.

WHEN MR. ROOSEVELT, prior to his accession to the Presidency, made his now celebrated Minneapolis speech, it was seen that he purposed adopting the main political tenets of the opposition party. The policies which he sought to carry out as President were largely derived from the teachings of WILLIAM J. BRYAN and WILLIAM R. HEARST.

In the campaign of 1896 there was, indeed, a sharp division between the two parties on the money question. The Republicans opposed the free coinage of silver, and in doing so undoubtedly preserved the national credit. But with the money question out of the way, substantial differences between the parties are disappearing. Mr. TAFT has become an ardent tariff reformer. He also favors a tax on corporations, designed apparently more for the purpose of controlling and punishing them than to produce revenue. He has also recommended an amendment to the Constitution providing for an income tax. But yesterday in our political history all these were sacred Democratic doctrines. By adopting them as its own, the dominant party has shrewdly and effectually disarmed opposition.

Now that the Republicans have appropriated most of their rival's ideas, the Democrats are compelled to exercise considerable ingenuity in providing their opponents with new issues. They may yet take up prohibition or female suffrage, and it would not be surprising to see the Republicans follow their lead if an increase of votes were promised. After an income tax, we may expect anything.

But after all that is the principle upon which our political system rests. Democracy implies the carrying out of the popular will. If enough people in this country should demand Socialism, they would ultimately get it. A system that permits the people to have their way is better than one which represses the popular will. The marvellous progress made by the United States affords an irrefutable argument in favor of free institutions. There may be danger, however, particularly in times of great business depression, that the people may be misled into the support of erroneous principles. It was the hard times following the panic of 1893 that made the propagation of the free-silver heresy comparatively easy in 1896. What support could be gained for such a scheme to-day?

This danger that the people may, under certain circumstances, be turned from safe principles is an ever-present one in a republic. The wise statesman must always combat this desire for hurried changes in governmental policy. If precipitate action can be prevented until the sober second thought of the people can assert itself, the danger point will have been safely passed. For where the people are educated, as they are in the United States, an appeal may be made with entire confidence to their judgment. Public opinion in this country, when aroused and informed, almost invariably supports the right cause.

The lack of a vigorous party of opposition has been frequently deplored of late. Perhaps the ruling party would be more disposed to behave itself if its antagonist were a little saucier and more alert. Yet this substantial identity between the two parties may not be without compensations. Possibly the Republican escutcheon may be so clear that the Democrats can find no blots in it. Actually the Republican party has been so ready to adopt popular Democratic doctrines that even the agile Mr. BRYAN has had hard work to find new popular cries. Deprived of tariff revision, anti-corporation laws and the income tax—all appropriated by his enemies—he has been compelled to take up the guaranty of bank deposits. Even the election of Senators by direct vote, the initiative and referendum and the direct primary will shortly be taken from him, if they have not been already.

While by appropriating Democratic ideas the leaders of the Republican party have reduced almost to zero the differences between the two parties, signs of cleavage between certain elements within the Republican party itself must cause the old-time leaders grave concern. The danger to the dyed-in-the-wool element of the Republican party consists less in the placid opposition of the Democrats than in the determined stand made by the "insurgents." The independence they have manifested in the tariff controversy will probably be continued with increased vigor when the currency question comes up for consideration. These men represent conscience and principle, and the attempts of ALDRICH and CANNON to discipline them will be as effectual as were Mrs. Partington's efforts in staying the ocean's tides with her broom.

CHICAGO bankers are preparing to give a royal reception to the convention of the American Bankers' Association which meets in that city from the 13th to the 17th of September. The Western Metropolis has entertained so many conventions that it has acquired the knack of handling such gatherings more satisfactorily than any other city in the country.

At the present time it appears that the convention will be devoted largely to the consideration of routine matters, but these have become of great interest and importance. The program and the numerous entertainment features, combined with Chicago's central location, will no doubt serve to attract a large attendance.

URGING the adoption of the tax on corporations, President TAFT declared that the corporate form of organization offered the advantage of limited liability, as compared with partnerships where the liability is unlimited, and therefore the corporations ought not to complain of the tax in view of this privilege.

But so far as banks are concerned this contention is less valid than it is with relation to other corporations. The national banks and the State banks in many States have the double liability. That is, the stockholders are not only liable to lose their investments in case of the insolvency of the bank, but are liable to be assessed for an amount equal to the par value of their shares. Nevertheless, the banks will have to pay the corporation tax just the same as other corporations whose shares are exempt from the double liability provision. As there is a difference in respect to the liability of shareholders in banks and other corporations, it seems that Congress might have taken this fact into account and made the tax on banking profits lighter than those of other corporations. Surely that would have been equitable if the purpose in imposing the tax was to balance things between corporations and individuals engaged in business.

As a matter of fact, however, the tax was hardly laid for this purpose any more than it was for raising revenue. What the Federal Government desires is to get its hands upon the books of the corporations, with a view to enforcing Federal supervision and control.

There has been a great outcry raised against public service and industrial corporations; and while the banks were not included in this attack, they have suffered from it because they were corporations. As both the national and State banks are already subject to careful inspection, and are moreover heavily and perhaps unjustly taxed, neither the justice nor wisdom of imposing this additional tax upon them is apparent.

FROM the Washington correspondent of the New York "Journal of Commerce" we derive some interesting information regarding the future performances of Mr. ALDRICH's Monetary Commission. "The Commission," it is said, "has had few or no meetings this spring, and has accomplished nothing in a formal way. * * * What has been done is to get a number of monographs from employed 'experts' who have in some instances charged exorbitant prices for material that was available for everyone."

It is further stated that the present plans of the Commission "are merely to have some hearings in various parts of the country during the coming fall in connection with which addresses will probably be made by Mr. ALDRICH. These hearings will not be for the purpose of gathering information, but for the sake of converting business and commercial interests to the Aldrich plan, which is that of a central bank."

Commenting on the probable doings of the Commission, the "Journal of Commerce" says:

"If Congress had created a real monetary commission, made up of men who had devoted years to the study of the history of finance and the principles and practice that have been evolved from the long experience of many nations, and who did not have everything to learn, we might be looking for results by this time which would be of value in reforming our crude and illogical system. A commission so made up and provided with fair remuneration for the service of its members and adequate means would have been doing something during the year past, and would have been doing it out of abundant knowledge and with trained ability, and bringing to its support a public opinion informed by its efforts and inspired with confidence by its capacity for and its disinterestedness in dealing with the subject.

"Instead of that, Congress, under the political manipulation of ALDRICH in the Senate and CANNON in the House, created a commission out of its own body, with ALDRICH himself at its head and VREELAND as the 'ranking member' from the House. Not more than two or three of the entire eighteen members were fitted by study or experience of any kind for the task assigned to them, and no worse person to be at its head could have been found in the United States than NELSON W. ALDRICH of Rhode Island. It is said to be his ambition now to crown his public career with a system of currency and national banking which shall be the best in the world and remain an enduring monument to his service to the country. It may be said with complete assurance that this ambition is doomed to disappointment, for the simple reason that he is in no way qualified for such a task, however sincere and disinterested his desire might be, while in point of fact sincerity of purpose and disinterested patriotism have become alien to his nature through the practice for forty years of political intrigue with no motive but the advancement of party or personal fortunes."

After reviewing Mr. ALDRICH's early political career and his course in the Senate, the article proceeds:

"Now what is to be expected of him in the revision of the currency system? The opportunity to exhibit this came with the last Congress, when Mr. ALDRICH had been in politics and public life for nearly forty years and was serving in the last half of his fifth term of six years in the Senate of the United States. Never in all that time had he displayed any mastery of the principles of finance or any knowledge of the history or present state of the financial systems of the world. His vision was limited to the incongruous system that was born of the exigencies of the Civil War and was utterly unfitted for the permanent service of a great industrial and commercial nation. Its defects had been exposed through experience year after year, but he had been unable to discern them, and always defended it against attack, for no apparent reason except that it existed and his party was responsible for it and that he knew no better. He devised his futile scheme of a special currency for emergencies mainly to obstruct all effort to reform the currency in a manner to remove the fundamental defect of this system, the basing of bank circulation upon the security of Government bonds, and he did this with the unconcealed purpose of perpetuating that system weakened by the admission of other bonds than those of the United States Government.

"What has he been learning since that exploit? Last summer he and some select members of his Commission went abroad at the expense of the Government to examine the financial systems and methods of Europe at the chief centers, and to gather information already familiar to students of the subject and completely available in this country. For them there was undoubtedly advantage in getting some of this information at first hand and to come into personal contact with the 'practical' financiers of foreign institutions. Since their return we have heard little about what the Commission is doing. Its members, being all politicians and Senators or Representatives in Congress, became absorbed in the Congressional and Presidential elections and the revision of the tariff, and the monetary work, so far as they are concerned, was at a standstill for months. Now it is said that they are going to get at it and set about educating the public to prepare it for the acceptance of their plan of currency reform. Hearings are to be given, not to get the views of others, but to impart the accumulated wisdom of the Commission and to get the support of bankers and business men. ALDRICH himself is going to a few of the 'chief centers' to let it be known, so far as he may deem it advisable, what kind of a financial system he intends to bestow upon the country. All that is at present given out in tangible form is that his conference with magnates abroad led him to favor a great central bank for the United States. He will find it difficult to induce the acceptance of such a gift. Whatever he proposes is sure to have the slimy trail of ALDRICH-ism upon it, and that alone will make it unacceptable, not merely because his name is attached to it, but because anything that emanates from his brain cannot fail to carry its deformities."

This is a severe arraignment of the Commission, but seems warranted by the facts. Mr. ALDRICH's course appears to us to have been such as to arouse the distrust of everyone who expects to see a wise revision of our currency system in the interests of the people of this country. He has given no sign of understanding anything about the real principles of a bank-note currency. Worse than this, his course has aroused the suspicion that he is not working disinterestedly for the public welfare. If this suspicion shall in the end prove not to be well founded, as we hope it may, this MAGAZINE will be quick to recognize the Rhode Island Senator's disinterestedness and patriotism.

On the other hand, if ALDRICH and VREELAND shall make use of their despotic power in Congress to rush through a banking and currency bill designed for the benefit of private interests, they may provoke a political whirlwind that will sweep their party from power. It will no doubt be difficult enough to obtain public approval for the most carefully-drawn measure, while one framed to serve private ends will certainly provoke the righteous indignation of an angry people.

BRITISH capital, it is said, will be invested in a new National Bank of Turkey, now in course of formation. This institution, it is hoped, will help England to regain under the rule of the Young Turks some of the prestige lost under the reign of ABDUL HAMID.

British banking institutions are to be found in nearly every part of the world. Sometimes less expert than his French or German neighbor, the British banker rarely fails to profit by a chance to extend his operations into new territory, and he almost invariably establishes a record for prudence that makes the British bank welcome to every part of the world.

American banking has made but little headway in occupying the foreign field. Not infrequently American banks that have gone into foreign countries have been small and weak institutions, and in a number of instances they have failed, leaving behind them an ill reputation that has made it difficult for reputable American banks to overcome. The Federal incorporation of an International American Bank with a large capital equipment would do much to enhance our financial reputation abroad.

THE BIG BANKS OF TO-DAY.

IV.—THE SCOTTISH BANKS.

By W. R. Lawson.

THE perfect antipodes of United States banking is to be found in Scotland. In place of over twenty thousand banks scrambling for the business of eighty millions of people Scotland has eight banks sharing among them in the most friendly manner the custom of four and a half millions. The eight Scottish banks have the field all to themselves. English banks have made several desperate attempts to break into the enviable preserve north of Carlisle but the old proverb is as true to-day as it was when used by Sir Walter Scott that the Scotch "keep their fish guts for their ain sea maws."

But if banking be a virtual monopoly in Scotland, it is beneficent monopoly and no one has any reason to complain of it. Certainly not the shareholders, who draw good dividends ranging from eleven and one-quarter up to twenty per cent. Customers may grumble occasionally at the happy family system by which rates are maintained at uniform levels very comfortable for the banks themselves. But, on the other hand, they have the advantage of knowing exactly where they stand and that whatever happens they will be kindly and justly treated. Nowhere is there so much reciprocal trust and consideration as between a Scottish bank and its customers. That is due partly to the national character and partly also to the keen competition among the seven banks.

They keep lynx eyes on each other and it is marvellous how equally they have divided the business of the country between them. With one local exception, they are all of similar size and type. The differences between them are comparatively small either in the amount of their capital, their reserves, their profits or their total assets. The latter exceed 137 millions sterling, making an average of seventeen and one-half millions each.

Excluding the North of Scotland, Bank, which covers only the northeast coast, the minimum is fifteen and a quarter millions sterling (Clydesdale) and the maximum twenty-three and one-half millions (Bank of Scotland). This large superstructure of banking credit has been built up on an aggregate capital of eight and one-quarter millions, reinforced by reserves of nearly equal amount. The former average £1,175,-000 each and the latter about a million. The half dozen large banks taken by themselves show an average capital of a million and a quarter, with reserves of £1,100,000. A comparative view of the group is given in the subjoined table:

THE EIGHT SCOTTISH BANKS IN 1908.

	Year ended.	Capital.	Reserves.	Total Assets.	Net Profits.	Dividends.
Bank of Scotland	Feb. 27, '09	£1,325,000	£1,150,000	£23,422,933	£282,035	17
Royal Bk. of Scotland	Oct. 10, '08	2,000,000	1,005,473	18,979,463	240,252	[1]10
British Linen Co.	Jan. 15, '09	1,250,000	1,650,000	17,348,814	265,430	20
Union Bk. of Scotland	Apr. 2, '09	1,000,000	1,000,000	15,782,757	199,506	13
Nat. Bk. of Scotland	Oct. 31, '08	1,000,000	900,000	19,003,482	230,854	[2]20
Commercial Bk., Scot.	Oct. 31, '08	1,000,000	900,000	18,329,669	240,310	20
Clydesdale	Dec. 31, '08	1,000,000	860,000	15,298,350	191,710	12
North of Scotland and Town and County	Sept. 30, '08	652,000	372,500	9,245,514	75,676	11¼
		£9,227000	£7,837,973	£137,410,982	£1,725,793	

[1] Dividend, 9 per cent.; bonus, 1 per cent.
[2] Dividend, 15 per cent.; bonus, 5 per cent.

Shareholders' capital and reserves amounting to rather less than seventeen and one-quarter millions sterling form the pivot on which eight times as much credit (137 millions) turns. The other 120 millions is made up of deposits, current balances and acceptances. Of the total resources employed seven-eighths belong to the public and the remaining eighth to the bank.

The Bank of Scotland.

It may, therefore, be said that Scottish banking increases the power of private capital eightfold. The most typical example of the system is the Bank of Scotland, which is also the oldest and largest of the group. Its total resources on February 27, 1909, were divided thus:

Bank of Scotland, February, 1909.

Bank's own capital:	
Paid up stock	£1,325,000
Reserve	1,150,000
Dividends unpaid	112,625
Balance forward	12,261
	£2,599,886
Belonging to the public:	
Note circulation	£1,118,838
Short drafts	415,641
Deposits and credit balances	17,637,830
Acceptances	1,650,738
	£20,823,047

Against the above twenty-three and one-quarter millions of liabilities the Bank of Scotland held the following assets:

Gold, silver, notes of other banks, and cash at Bank of England	£1,547,782
Government securities and money at call or short notice	8,367,307
	£9,915,089
Discounts and advances	£11,163,664
Bank premises and freehold property	693,442
Acceptances (contra)	1,650,738
	£13,507,844

Thus nearly ten millions, or forty per cent., of the total resources of the Bank is not actively employed. It is kept in cash or in readily saleable securities. Of the sixty per cent. actively employed nearly the whole is in commercial loans and discounts. The system is simplicity itself and cannot possibly go wrong if there is a sufficient amount of Scottish prudence behind it. In the neighborhood of Wall Street it might be deemed Quixotic to keep such a large proportion of liquid assets as forty per cent. The statutory twenty-five per cent. of cash reserve required of the national banks is considered a great hardship. Undoubtedly it lacks the elasticity of the two line reserve maintained in Scotland—first cash and second Government securities. Behind these it may be said that there is a third line—the support which every well conducted bank in the United Kingdom may count on obtaining from the Bank of England in emergencies.

In Scottish banking history there are many incidents of special interest for Americans. The Darien Expedition; the development of the tobacco trade in Virginia, the rise of the cotton industry in the South; and the railroad building of the Middle West, were all greatly indebted to the Scottish banks. Some roads like the Chicago, Milwaukee & St. Paul, the Denver & Rio Grande and various local roads on the Pacific coast afterwards absorbed into the large systems of to-day were chiefly built with Scottish capital. More than one bank came to grief over them, notably the City of Glasgow and the Western Bank of Scotland. It would not be far from correct to say that the Scottish banks have both made and lost a good many fortunes in the United States.

The Scottish system of banking has received a large share of praise—rather more, perhaps, than it really deserves. The causes of its exceptional success have also given rise to much discussion which, protracted as it has been, has not yet reached any very definite conclusions. Foremost among these causes the one-pound note has always been placed. It has sometimes been even spoken of as the main cause. That, of course, is an exaggerated view and some writers have denied it so strongly as to land themselves at the opposite extreme.

The influence of the one pound note

on the development of Scottish banking has undoubtedly been great, but the best part of it has been indirect. Its value has lain not so much in what it has done itself as in what has been done through it. Without the one pound note there could have been no "cash credits," no interest could have been allowed on current balances, and the spread of branch banks would have been greatly retarded. All these important points were forcibly urged by Scottish bankers in the currency discussions of sixty years ago, when among other things it was proposed to have a uniform note issue for the whole of the United Kingdom.

Debates in Parliament, reports of select committees, and other official documents of those days teem with appreciative accounts of Scottish banking, in which the one pound note is always a prominent feature. It was the cloud of adverse witnesses from the North that more than anything else defeated the proposal of a uniform note issue. The Committee on Banks of Issue in 1841 went very thoroughly into the question and examined several Scottish bankers upon it. Their evidence was unanimously in favor of their own system, which incidentally they described from various points of view. In historical value their evidence has gained rather than lost through lapse of time.

The large and the small banks in Scotland were then quite agreed as to the indispensable advantages of their note issues. Mr. Paul, the secretary of the Commercial Bank of Scotland, stated to the Parliamentary Committee above mentioned that in the event of the abolition of small notes:

"We should diminish the number of our branches because we should be involved in an expense in the transmission of gold which the profits arising out of the branches could never compensate. We should withdraw our cash accounts because they could no longer accomplish the end for which they were granted, which was to maintain our circulation, especially the small notes. We should diminish the interest on our deposit accounts because we should then be required to keep a large amount of dead stock of gold in our coffers to meet the constant variations that would arise and to keep it wholly unproductive."

Mr. Paul was no less emphatic in his objections to the alternate plan than in favor of an all gold currency. He believed that if a gold currency were substituted for a small note currency there would be a much greater amount of gold required than there was of the existing notes. "We have at present in order to meet the constant variations a large amount of notes constantly on hand, and in the same way we should require a stock of gold which would have to be proportionately larger, as the general circulation would be greater." The ruling idea of these thrifty Scots was to economize gold. Among bankers they seem to have had almost a monopoly of that idea. Elsewhere the ruling idea has been not to economize the use of gold but to pile up costly accumulations of it.

This is one of the crucial distinctions between the monetary policy practised north of the Tweed and that of the South. It has also given rise to a crucial distinction in their banking systems. The national sentiment of thrift applied to banking has produced:

1. A note issue so closely watched that not a single superfluous sovereign is kept by the issuing banks.

2. A banking organization which covers the country with a network of branches keeping every penny of available capital in some sort of use.

3. A banking service that furnishes the largest and most varied accommodation to the public at the smallest cost. It pays interest on current balances which few English banks could afford to do. It gives greater banking facilities than are enjoyed by any other country. It has created more new methods of banking than are to be found in any other national system, among them the "cash credit" which is at once the simplest and most elastic form of credit known.

4. The example of thrift in all things set by the banks has had a beneficial

influence on the commercial habits of Scotsmen generally. In every class of business they have had to live up to it, with the result that they can compete on advantageous terms with people of more expensive habits and tastes.

The one pound note is, in fact, a symbol of the best and most characteristic elements in Scottish methods of business. It has had much to do with shaping both their political and commercial development. The loss of it would even now be a national misfortune, and sixty years ago it might have been a national disaster. The witnesses before the Parliamentary Committees of 1841 did not in the slightest degree overstate that danger. Mr. Kennedy, the manager of the Ayrshire Bank, did not exaggerate when in reply to a question about the probable effect on Scotland of a national bank of issue he said, "I conceive that it would be very destructive to Scotland." When asked in what way, he replied: "It is perfectly clear that it would overturn the present system of banking in Scotland. Our system of banking is based upon the power that our issues give us to allow a high rate of deposit interest. If you take from us the profit that our currency yields we must make up the profit from some other source. We must increase our charges to the community and allow less interest or probably no interest at all and our system will be totally changed."

There is some apparent contradiction among the witnesses when one speaks of the interest-bearing deposits and another of the "cash credits" as the keystone of Scottish banking. But the two are only different sides of the same thing. The one pound note, the "cash credit" and the interest-bearing deposit all hang together. If separated they would lose much of their virtue. The spell which they exercise in combination would be broken the moment they were separated. It does not follow, therefore, that the pound note *per se* has any magical power. If transplanted to another country without the Scottish accessories, it might be very disappointing. In England, for instance, it might only prove a fresh embarrassment.

There are, indeed, few examples of the Scottish note issue being successfully acclimatized abroad. It flourishes in Canada, thanks to the large infusion of Scotch blood among the Canadians and to their thorough knowledge and appreciation of Scottish banking methods. Without slavishly following their Scottish model at every point the Canadians have adopted its most essential features and modified them to suit their local circumstances.

Australian banking, too, is Scottish in its origin and spirit, but its use of bank notes is limited by an abundant gold currency. The note is consequently a secondary factor in its operations —is, in fact, insignificant compared with what it is in Scotland and Canada.

There are three distinctive links in the circle of Scottish banking operations. The first is the small note, the second the "cash credit" and the third the interest-bearing deposit. The banker and his customers have a reciprocal interest in keeping the circle moving. His first object, especially at a newly opened branch, is to get out his notes. He can only do this by making loans and the "cash credit" was specially invented with that object. It is the safest as well as the most democratic form of banking loan. As a channel for the circulation of bank notes it is unrivalled. The moment the notes get into circulation they begin to come back to the bank as deposits, which completes the circle.

Pound notes—cash credits—deposits and current balances—these three things are always passing one into the other. The transition from one to the other is so simple and inexpensive that far from restricting it the banks give it every encouragement. An English banker considers that he is doing his customers a favor in allowing them to operate freely on their accounts. He regards each operation as an expense to the bank and a benefit to the customer to be paid for either in money or kind. Unlike the Scottish bank, he has no *quid pro quo* except the use of the customer's daily balance. Therefore, he insists on a liberal balance being kept or failing that he makes an annual charge for keeping the account. In either case the practical effect is restrictive.

Though the ancient traditions of the English banks have been greatly modified of late years and each account is fairly treated on its merits, the restrictive atmosphere still lingers. Old customers of the Bank of England have not quite forgotten the day when twenty-four hours' notice had to be given and a fee of half a sovereign paid every time they got out their security boxes. The policy of the Scottish banks was precisely the reverse of all that. In their own interest they encouraged rather than discouraged active operations on current accounts. Their point of view in this matter was thus stated by one of the witnesses before the Select Committee on Banks of Issue in 1841.

"To secure to the bank the advantages of circulation which is to make it worth while to afford these facilities at so little expense to their customers he (the customer) on his part is to lose no opportunity of bringing to the bank and thus withdrawing from circulation the notes of every rival bank which come into his hands in the course of his transactions, or of paying away and thus putting in circulation as many of the notes of his own bank as his transactions admit of—always one pound notes, if possible. The payments and receipts must be frequent, for in this consists the banker's profit, inasmuch as the payments are uniformly made by him in his own notes and the receipts are generally in a very great degree in the notes of other banks. Thus, supposing a shop-keeper to have a credit of fifty or one hundred pounds, if his receipts and payments average five pounds per day he may in six months or 150 days have placed 750 of his banker's one pound notes in circulation."

This banking policy is so peculiarly Scottish that not only does it hardly exist outside of Scotland—except, perhaps, in Canada—but it would almost seem as if one required to be a Scotchman in order to understand it. Possibly Scottish faith in it may have been carried to excess in the early days of "cash credits." Or it may be that the fear of losing it in 1841 urged its champions a little too far in their defence of it. The witnesses who described it to the Select Committee of 1841 were certainly unstinted in their praise of its operation. The one last quoted went on to say:

"It is quite necessary, in order to render a cash account beneficial, that there should be repeated and continued operations upon it, that the transactions should be numerous, that there should be a continual drawing out and paying in of money, and that by these means a circulation of the bank notes may be promoted. Otherwise, the account is withdrawn and the great reason of this is that these accounts are not intended to form dead loans but to be productive of circulation to the bank."

(To be continued.)

REDUCED RAILROAD RATES TO THE CONVENTION.

REDUCED railroad rates have been granted for those attending the convention of the American Bankers' Association at Chicago, of a fare and one-half for the round trip from the territories of the New England Passenger Association (New England states); Trunk Line Association, which comprises New York and the East; the Central Passenger Association, which covers the Central states, and the Western Passenger Association, covering points west of Chicago, with the exception of the territory known as the Trans-Continental Passenger Association, which covers the far West section of the country and in which territory (Trans-Continental Passenger Association) special attractive excursion fares have been arranged. Final decision has not been had from the Southeastern Passenger Association, which covers the territory of the South and east of the Mississippi River and the Southwestern Excusion Bureau covering points in the Southwest, but it is fair to assume that the rate of a fare and one-half for the round trip will apply.

THE CITY OF NEW YORK AND ITS BOND-HOLDERS.

A Reply to an Address Delivered by Edgar J. Levy Before the Annual Meeting of the New York State Savings Bank Association, May 27, 1909, and Printed in The Bankers Magazine for July.

By Judson G. Wall.

THE city of New York is in many respects the finest city in the world; and its bonds and corporate stock are the best high-grade investments obtainable to-day. The subject of the city's credit, however, is so vast, serious and important that a discussion of its bonds as investments should be based not upon unfounded statements but upon facts. It is, therefore, the purpose of this article to produce evidence to prove that some of the statements made by former Deputy Comptroller E. J. Levy before the New York State Savings Bank Association on the subject of New York city bonds, and published in the July number of THE BANKERS MAGAZINE, are entirely unwarranted.

We would not for a moment have any one think that Mr. Levy could have been influenced or biased on the subject by the fact that the company of which he is president is a seller of New York real estate mortgages, presumably to savings banks, which mortgages naturally compete with city bonds as investments. Nevertheless, his remarks would be likely to discourage his hearers from buying city bonds.

Mr. Levy admitted that the bonds of the city are safe, saying:

> It is not that any holder of New York city bonds has cause to-day to fear the loss of either principal or interest, if he holds his bonds to maturity. Such a possibility is entirely too remote for serious consideration.

He added, however, that

> *Ad interim* marketability is a factor which influences most investors, and even where investment is of such a permanent character as it is with savings banks, the element of marketability and marketable price cannot be ignored.

It is a question if any man knowing the absolute safety of the bonds, has a moral right to give public expression to statements that would be likely to depress the market price. Stock jobbing methods should not be countenanced in dealing with the city's credit.

In the selection of investment securities there are three prime factors to be considered: safety, marketability, and net income.

At present prices the net income of New York city bonds is from 3.85 to 3.95; and the bonds are exempt from taxation. There are about forty issues of taxable railroad bonds selling on the Stock Exchange on as low a basis, and in some cases even lower. Judged by the price and net return of United States Government bonds, and the price and net return of high class railroad bonds, New York city's tax-exempt bonds are entitled to be selling to-day near a three per cent. basis.

The city's bonds are as marketable today as they ever were. And they will always be marketable. The market price may possibly be affected by the circulation of unfounded rumors and charges against the city and its citizens; but that will not affect the marketability of its securities. Or they may be affected by the decreased value of gold as measured by its purchasing power, which latter factor would, however, influence all fixed interest investments.

Concerning the safety of New York city bonds, we quote from a booklet published in 1907 by the National City Bank and which was undoubtedly the best and most exhaustive review of New York's financial condition ever issued.

> The bonds of the City of New York today come nearest meeting the double requirement of security and marketability and thus filling the place that is being so rapidly left vacant by the withdrawal of United States Government bonds from the individ-

ual investment field. * * * So carefully have the legal safeguards been worked out that the investor is not required to give any more thought to that feature of his investment than he would in the purchase of Government bonds.

The above refers in part to the provisions of the present city charter. Chapter VI., sections 74 to 83, of the proposed new charter, is devoted entirely to the sinking funds, and affords equally strong protection, as will be seen from section 82, which follows:

Whenever the revenues or income of any sinking fund will, in the opinion of the board, be less in any year than the amount required to pay the interest upon the bonds and stocks redeemable from said fund and to provide a sum, which with the accumulation of interest thereon shall be sufficient to redeem said bonds and stocks at their maturity, the board of estimate and apportionment shall include the amount of such deficiency in the annual budget for the year next ensuing to be raised by tax on the estates, real and personal, in said city, subject to taxation: and the amount so raised by tax shall, on the first day of November of the year in which the same shall be levied, be paid to the board as commissioners of the sinking fund for the account of the sinking fund in which the deficiency exists.

It will be seen by the above that the city officials are compelled to meet the requirements of all sinking funds.

The Chamber of Commerce, in the report referred to by Mr. Levy on the constitutional amendment, also said:

This is a rich city. It has by no means exhausted its municipal resources, provided those resources are properly conserved. Notwithstanding the rapid increase in the volume of its bonded indebtedness, its credit continues high, and no one can entertain for one moment a serious doubt of the actual and permanent solvency of the city.

These statements of the National City Bank and the New York Chamber of Commerce concerning New York city's credit and the safety of its bonds are based in part upon the following facts:

The true value of all real property assessed and exempt in Greater New York is over $8,000,000,000, according to the United States Census reports.

The assessed value of real estate in Greater New York subject to taxation was in 1908	$6,722,415,789.00
Net funded debt, revenue bonds and contract liabilities chargeable against the constitutional limitation March 31, 1909	$625,071,813.23
Leaving a margin of	$47,169,765.67
To which should be added cash item of	3,096,171.11
Estimated margin April 1, 1909	$50,265,936.78

This estimate is by Comptroller Metz. Hon. B. F. Tracy, as referee, reports that the margin is over $150,000,000. Mr. Tracy's report is before the Court of Appeals and a decision is daily expected.

Whatever the decision of the court may be, there is no reason to believe it can adversely affect the price of the bonds.

Again, according to the United States Census, New York city in 1905 owned, tax-exempt, salable property, valued at over $686,000,000, which is more than the face value of all outstanding bonds chargeable against the debt limit.

Having shown by the highest authorities that for security and marketability no other except Government bonds can compare with those of New York city, let us now take up some of the points made by Mr. Levy reflecting upon the city and its people. He said to the savings bank officers:

If the credit of New York city should become seriously impaired and the market value of its bonds should continue to decline, such a misfortune would materially affect the financial condition of the savings banks. And, on the other hand, should the savings banks, from motives of prudence, decide in the future not to become purchasers of city bonds, or to purchase them in much smaller quantity than in the past, the deprivation or restriction of the city's best market for its bonds would influence its fiscal operations in no small degree.

The practical banker of to-day is more concerned about the future of New York city's credit than its past, and as to that future there are in plain sight to-day influences which to the thoughtful are disquieting.

The really disquieting feature in the present situation is the proof which is to be found on every side that the city's recent financial excesses have superinduced a flippant attitude of irresponsibility on the part of the public and a large part of the public press towards the question of the city's obligations.

The constitutional amendment enlarging the city's debt limit, which is to be voted on by the people next fall, was opposed by the Chamber of Commerce, and for reasons which appealed to the common sense of every conservative man. It subsequently passed the Assembly by a vote of 126 to 13, and seems likely to be adopted next fall by a popular vote of a somewhat similar ratio.

Few realize the extent to which the constitutional barrier to excessive municipal debt has been weakened in recent years.

And now it is proposed to exclude from the constitutional computation additional classes of city bonds, presumably to the end that the city may build subways of such an impracticable and unprofitable character that private capital cannot be induced to touch them.

* * * Municipal socialism involves public expenditures on a scale so vast as to make the budgets of the past seem insignificant in comparison.

And in like manner those gentlemen who insist that our future subway construction should be undertaken solely with a view of its social consequences—such as a preplanned distribution of the congested population—and not at all from the standpoint of profitable or self-supporting operation—these gentlemen count upon concealing the economic effect of their social experiments by a profligate use of the city's credit.

How will you gentlemen controlling the savings banks of this state regard a doubling, or a trebling, of the city's debt? Is it not true that the excesses of municipal socialism are likely to be regulated and controlled to no small extent by the increasing unwillingness of investors to buy municipal bonds?

We have quoted very extensively in order not to be charged with misstating Mr. Levy's attitude. His remarks if translated from indirect to direct language would read about as follows:

Gentlemen of the savings banks, you are the largest buyers of New York city bonds. But if you buy more, you may see the price marked down when you make your annual reports. Ninety per cent. of the people of New York, including Governor Hughes, are municipal socialists. They demand additional transportation facilities, and are going to vote for an unwise and unsafe constitutional amendment increasing the debt limit, in order to put the city in a financial position to build subways with public funds if private capital can't or won't build them. This is all wrong. To demand a comprehensive system of transportation, "preplanned for the distribution of our congested population," is municipal socialism run mad. Private capital only, should be permitted to exploit the city and on its own terms. And if you will only refuse to buy bonds, the price will decline so low that it will be discouraging to sell city bonds for subway purposes.

The speaker omitted to call attention to the fact that the city redeemed and cancelled during January, February and March, 1909, more than $20,000,000 of bonds; and on April 1 had $215,523,000 remaining in the sinking funds. He apparently omitted to call attention to any fact favorable to the city.

Mr. Levy would probably advise savings banks to buy mortgages on New York real estate at sixty per cent. of present market value, while his address would discourage the purchase of the city's bonds or corporate stock which are in effect a lien, prior to the mortgage, on the same property, and at less than ten per cent. of present value. If the real estate is not worth the taxes, how much is the mortgage worth?

It is true that a vast majority of the people of New York are demanding additional transportation facilities, and it is equally true that there is a strong sentiment in favor of the construction of subways by public funds as the present subway was constructed.

The demand for the constitutional amendment is based upon the vital necessity for more subways. While it is not true that the amendment increases the debt limit, it does give the legislature power to permit New York city to exclude certain bonds from computation in fixing the debt limit, as will be seen by the following extract from the amendment:

Any debt hereafter incurred by the city of New York for a public improvement owned or to be owned by the city, which yields to the city current net revenue, after making any necessary allowance for repairs and maintenance for which the city is liable, in excess of the interest on said debt and of the annual instalments necessary for its amortization may be excluded in ascertaining the power of said city to become otherwise indebted, provided that a sinking fund for its amortization shall have been established and maintained and that the indebtedness shall not be so excluded during any period of time when the revenue aforesaid shall not be sufficient to equal the said interest and amortization instalments, and except further that any indebtedness heretofore incurred by the city of New York for any rapid transit or dock investment may be so excluded proportionately to the extent to which the current net revenue received by said city therefrom shall meet the interest and amortization instalments thereof, provided that any increase in the debt incurring power of the city of New York which shall result from the exclusion of debts heretofore incurred shall be available only for the acquisition or construction of properties to be used for rapid transit or dock purposes. *The legislature shall prescribe the method by which and the terms and conditions under which the amount of any debt to be so excluded shall be determined, and no such debt shall be excluded except in accordance with the determination so prescribed.*

A prominent senator informs the writer that there was practically no opposition at the legislative hearings, to the amendment, except from the traction companies and their friends. In this connection it may be proper to say that it is very generally believed that a deliberate attempt is being made by the transit companies and their friends to so discredit the financial affairs of the city that it will be discouraging to sell bonds; and the city will, therefore, be helpless and compelled to accede to the terms of private capital in order to secure the transportation improvements which are so vitally necessary. Chairman Willcox of the Public Service Commission has openly stated that there seems to be a conspiracy on the part of certain officials, politicians and capitalists to prevent the construction of new transportation facilities.

The city of New York has tried both private and public ownership of railroads, and the result may be of interest to out-of-town bondholders. We learn from Justice Gaynor's article on the subject in "Pearson's Magazine" for May that private capitalists secured control of 865 miles of railroads in Manhattan and the Bronx upon which they piled up bond and stock obligations of $701,135,911 (over $810,000 per mile). They then manipulated the price of the securities skyward, and sold out to the public, afterwards throwing the companies into bankruptcy. They are, perhaps, ready to repeat the operation.

We have seen that the average total indebtedness is $810,000 per mile. But in one case, that of the Thirty-fourth Street Crosstown surface road, the company reported to the State railroad commission that the cost of road and equipment per mile of road owned was $6,472,287.39. (See report N. Y. R. R. Commission 1906, page 1227, Vol. II.).

The New York City Railway Company, owning one and one-half miles of track in the Bronx, leased the Metropolitan Street Railway for 999 years and guaranteed seven per cent. dividends on $52,000,000 capital stock. This seven per cent. stock was listed, and boosted up to $289 a share. Then something happened—and the latest news is that the property of the New York City Railway (which guaranteed seven per cent. on $52,000,000), was sold at auction April 8, 1909, for $500 and taxes. (See Commercial and Financial Chronicle, April 10, 1909, page 945.) This is the result of private capital being given a free hand in New York.

On the other hand, the present subway was built and is owned by the city, and is operated by the Interborough Rapid Transit Company, which company not only pays the city interest on the amount of bonds issued for its construction, and a sinking fund sufficient to amortize the bonds, but also earns and pays interest ranging from four and one-half per cent. to six per cent. on $113,825,000 of the bonds and notes of the Interborough Rapid Transit Co. and the Interboro-Metropolitan Co., which securities represent a large amount of H^2O.

Why should not the city bonds issued to pay for this subway be excluded when computing the debt of the city, as water bonds are now excluded?

The great value of subways to the city may be seen by the following statement:

By a painstaking investigation the City Club of New York has shown that, while the cost of the entire subway, without equipment, from the Battery to Spuyten Duyvil, was but $43,000,000, the rise in land values in Manhattan from 135th street to the Spuyten Duyvil, and in the Bronx, due to the subway, after allowing generously for the full normal increase from general causes, was $80,500,000, up to 1907—and the end is not yet.

This territory could have paid out of its profits the whole cost of that part of the subway which runs through it and yet have cleared over $67,425,000.

All the rapid transit routes which are now demanded, and which are referred to by Mr. Levy with such bitter sarcasm, were "pre-planned," adopted and approved five years ago by the Board of Rapid Transit Railroad Commissioners, all of whom were members of the Chamber of Commerce.

Mr. Levy intimates that all who support the constitutional amendment must lack common sense and should be classed as municipal socialists. We, therefore, submit herewith extracts from a report on the constitutional amendment by a committee of bankers appointed by Mayor McClellan and consisting of James T. Woodward, president of the Hanover National Bank as chairman, Frank A. Vanderlip, president of the National City Bank; Edwin S. Marston, president of the Farmers Loan & Trust Company; Francis L. Hine, president of the First National Bank; J. P. Morgan, Jr.; John E. Borne, president of the Colonial Trust Company, and George Blumenthal. This committee in February of 1909 submitted their report to the Mayor, from which we quote:

This amendment seems to your committee to provide a method, logical as well as safe, by which the city may increase its rapid transit and dock facilities without encroaching further on its debt limit.

The committee reports, therefore, that it is the opinion of its members that the proposed amendment would, if adopted, be of advantage to the city, and would show a safe and financially sound method whereby the sums so urgently needed could be provided.

Governor Hughes, who is himself a resident of the city, after a most careful study of the problem, heartily advocated the amendment. Hon. Lawson Purdy, President of the Tax Department, who is acknowledged to be one of the greatest authorities in the United States on the subject of taxation, also favors the amendment.

We have shown that the demand for the present constitutional amendment is based on the vital necessity of securing additional transportation facilities between the several boroughs of Greater New York, which the present traction companies have neither the inclination nor the financial ability to provide.

It is true that the Interborough Company has applied to the Public Service Commission for a franchise for a new subway line, but the scheme as proposed is so unfair to the city that its adoption is impossible. It has been planned, not to relieve the situation, but to obstruct, and prevent relief, and would do more harm than good.

A private contracting company has, however, applied for a franchise covering a large and important system of subway lines connecting Manhattan, Brooklyn and Bronx Boroughs, and their plan appears to be reasonable and therefore popular.

The lack of transportation facilities is the one "disquieting feature" confronting the city, a menace not mentioned by Mr. Levy. The overcrowded condition of Manhattan and the difficulty of reaching the other boroughs has resulted in many families moving to New Jersey. Many manufacturing plants have also moved across the North River. In proof of which we quote the following from a report adopted by the Chamber of Commerce, February, 1909:

Your committee feels that there is great danger to the interests of the city if further rapid transit facilities are not furnished in the near future.

It is only by making it possible to build up the outlying sections that congestion can be relieved and that the taxable value of property, upon which the city bases its capacity to borrow funds, can grow in proportion to the increasing necessity for public works. * * * The approaching completion of the Pennsylvania tunnels and the Hudson terminals connecting with the termini of all the New Jersey trunk lines will furnish quick and convenient access to suburban districts in New Jersey.

If New York city does not furnish at least equal facilities for reaching uncongested districts in its various boroughs, settlement will follow the line of least resistance, and our neighboring state will secure the suburban population which might otherwise so greatly advance the interests and wealth of this city. * * *

There is no other city on the globe which shows such pressing need, and therefore such brilliant opportunities for rapid transit; there is no other city on the globe showing such spirit of enterprise and such ability in handling large financial propositions.

It is true that the present city administration has been in many respects very wasteful and extravagant. But an earnest effort will be made this fall to secure the election of officials who will give the city an honest and economical administration. A non-partizan Committee of One Hundred, of which Eugene H. Outerbridge is chairman and Percival Kühne, of the banking house of Knauth, Nachod & Kühne, treasurer, was elected at a mass meeting held at Cooper Union some time ago to take charge of the movement, and the writer as a member of that committee takes the liberty of urging the readers of this MAGAZINE residing in New York to lend a hand in the good work. If, however, the movement is defeated, bondholders need not worry, as the entire city government is subject to such strong charter and constitutional safeguards that no harm could come to the bondholders.

In reference to the work of the Committee of One Hundred and the coming municipal election, we again quote from the report of the Chamber of Commerce on the constitutional amendment:

Your committee, in presenting this necessarily comparatively brief summary of the situation, believes that it can do no greater service at this time than to aid in the work of stirring up public opinion in support of the movement for administrative reform, giving encouragement to those organizations and public officials that are earnestly laboring to establish better methods and increased efficiency.

In the same report we read:

It is believed that, of the city's payroll of $80,000,000, many millions represent service paid for but not rendered.

The Civil Service law is accountable for this state of affairs, according to many office holders and heads of departments, who declare that it has "built up an aristocracy of insolent, inefficient and overpaid employees for which the heads of departments should not be held responsible." There is certainly some truth in the complaint, although civil service reformers will probably claim that the good features of the law more than overbalance the bad. The Chamber of Commerce could do no more important work than investigate the subject and publish the facts. The public will not accept at face value the opinion of the civil service reformers on the one hand or the politicians on the other, as both sides are biased; but the conclusions of the Chamber of Commerce would be received with respect.

In conclusion we would remind the reader that the bankers of New York are too shrewd, honorable, broad-minded and patriotic to lend themselves to any scheme that would injure the city's credit. Out-of-town bondholders are urged not to give heed to any person who makes vague and loose charges against the city, unsupported by facts.

Consider the great Empire State with property at stake valued by the United States Census Bureau at more than fourteen billions of dollars; and the fact that the State government absolutely controls the city.

Governor Hughes at the Queensboro Bridge Opening, June 12, 1909, said:

"The State of New York has no single interest more important than the development and prosperity of the City of New York."

The Governor of the State has power to remove city officials from office who are unfaithful to their duty. Remember that more than $30,000,000 is spent each year by the city for educational purposes. These figures do not spell municipal Socialism.

The facts concerning New York and its people when once known will cause the most ultra-conservative investor to agree with Frank A. Vanderlip, president of the National City Bank, who said to the Savings Bank Association, May 9, 1906:

We need only a better understanding of the true strength of New York city's obligations. When we have that, the market price of a New York city bond will be one of the city's worthiest monuments.

BANKS AND RAILROADS.

By Charles W. Stevenson.

IN view of the recent attacks by the people on corporations, the economic relations of banks and railroads to each other and to the general public are worthy of consideration.

The first fact to be considered is that banks and railroads are at this day indispensable factors in trade. Commerce cannot be carried on without them. And each is engaged in promoting exchange. The bank by means of money and credit makes the exchange possible, and the railroad by means of the actual transportation of the product furnishes the rapid interchange which is a necessary part of the rushing and crowding life of the present. Jointly these two corporations, so dissimilar, are necessary to the universal exchange and trade of the world. They are therefore directly interested in the betterment of the condition of the masses of the people. They bring happiness and comfort to all the people. They have an influence that is wider than their own immediate part in the whole.

Charter Rights.

Banks and railroads are therefore closely allied in their general attitude and relation to the progress of the country. That they may the better carry on this work of helpfulness, they ask and receive a charter from the State, this giving them the right to operate as corporations, or artificial persons having perpetual life and limited liability. But the railroad, unlike the bank, has the right to force itself through the country by seizing, under forms of law, certain necessary rights of way, and having the lands condemned can proceed to the building and operation of the road. No such right of eminent domain inures to the bank. It may be called a private corporation, the railroad for the reason assigned being a public one.

Because of these charter rights the railroad is called a common carrier, and it must operate or forfeit its right to exist; it must take the freight which is presented to it subject to proper regulations; and it must provide cars and do all that becomes a corporation having the right to live by virtue of a State grant.

But let it be remembered that while all this is true there is yet a consideration which cannot be abrogated by any man-made law, and this is the law of supply and demand that enables the railroad to do business at a profit according to its location and management. The right to invade the running of the road and to declare the charges goes a step farther than this charter right in that it declares that an alien power, the State, may fix rates and charges without regard to the returns necessary to carry on the road. In the tests that are being made in the courts at the present time the railroads are winning their suits on the constitutional grounds that sudden sweeping reductions made by State legislatures are confiscatory. It is this fact that renders the railroad peculiar, and fixes the principle of its operation in the wants and needs of the people tributary to it, the products adjacent subject to the laws of supply and demand, and the competition of capital in like investment and enterprise. No right of the State to regulate on the ground of a common carrier can ever abrogate this primal natural law of operations.

No such question arises in the bank, yet here the matter of issue is the subject of great speculation by publicists and politicians, and gives rise to much discussion and no little condemnation at times. As the matter of credit-issue in this direct way is vital to the proper working of the bank it is a matter of general public interest.

Banks and Railroads Work in Unison.

The reciprocal relations of the bank and the railroad are not so direct as they are important and fundamental. The bank furnishes the sinews of trade in that it furnishes the credit on which the buying and selling is done. Imagine, if you can, how much this credit is of benefit to the corporation engaged in hauling the goods from market to consumer and from the farmer to the market. Again, if there were no railroads, and the surplus of the soil must lie rotting in the fields, there would be less need for the banks, and less capital or stored up labor on which they might build their foundations. Together the two institutions work in unison for the benefit of all the people. And while the railroads may or may not be depositors of the banks, they are the servants of the same constituency which the bank serves. And the bank, outside of the mail service of the road, may have little to transport, yet it furnishes the means whereby the merchant buys his goods and the farmer feeds his cattle.

Unequal Recipients of Public Confidence.

It follows directly that two such indispensable factors in the general business of the country ought to be on firm and solid foundations and be equal recipients of the confidence and patronage of the public. But such is not the case. There is no more reason economically for the exploitation of a railroad than a bank, yet it is a fact that millions are made out of the manipulation of the stocks and bonds of the railroads while the banks are entirely free from such speculation and inflation. Men do not gamble in bank stocks. These stocks soon become of fixed value, and there is no change save one now and then may meet disaster while the others slowly and surely advance in premium value, some of the smaller institutions in a new country advancing in value by rapid strides.

When we approach the great exchanges of the country we find that there is an intimate relation between the exploitation of the railroad and the welfare of the bank. The banks are themselves large investors in the railroad securities, and they loan still greater sums on the stocks and bonds of roads as they are presented to them on margins by brokers and speculators.

The result of this vast system of traffic is that the manipulation of the actual running of the road by affecting the price and value of stocks and bonds pledged to the great central banks of the country, affects the standing and profits of these reserve institutions themselves.

Banks Can Check Speculation in Railroad Securities.

It is for this reason that the banker ought to be first and foremost in that proper and legitimate regulation of roads which it is in his power to exercise as an arbiter of the dealing in said stocks and bonds. He can and he must, in the future, hold the gauge to a proper handling of these stocks and prevent the fluctuations in value and the gross inflation or watering of reorganization and consolidation projects, in order that the whole banking system of the country be more solid and safe than it has heretofore been with reference to this one factor of its life.

For in the stability of the reserve center banks lies the stability of the whole system, since they are indispensable parts of the whole. And the people will soon come to condemn the banks in unmeasured terms as co-speculators with the railroad brokers and owners if they do not hold in check this riotous trading on the exchanges of the country.

Not that they have it in their power to prohibit the right of men to buy and sell, but marginal buying and selling may be so regulated by the banks that the sudden and violent fluctuations in price be done away with and a more quiet and stable condition prevail.

Banks Should Exercise Care in Restricting Investments.

In fact the banks, by lending on call as they do, may do great harm to the legitimate running and upbuilding of the railroads themselves. For if the people get the idea that the road is not in a good financial condition and that it is not kept up to the proper perfection in its trackage and equipment, or that it is likely to go into the hands of a receiver that the water may be squeezed out of the stock there will be a holding back of patronage that will have a material effect on the profits. So that in this particular the banks may befriend legitimate railroad operation by being more rigid. So, too, in the advances they may make at the time of construction they may hold a still closer check since only that money which goes into betterment and into construction is money that has value when it comes to estimating the price of the stocks or bonds.

That the banks do not appreciate the worth and importance of the work of the railroads, and that the railroads do not sufficiently patronize banks, is true. There is no reason why great sums of money should lie idle in the hands of the roads and they should become the friends and patrons of the banks for the sake of the general uplift they can give to the credit making power of a pool of deposits thus engendered. This fact might have been made very apparent by an insight into the method of the roads in the last panic.

Mail Service of Railroads of Benefit to Banks.

Just in the matter of the mail service the bank is hardly prepared to appreciate the benefit of the railroad. The latter hurries the check and draft to its destination and in such a way as to make the momentum of trade much greater than it otherwise could be. And the bank that cannot profit by swift railroad service has a great handicap on it, and cannot perform the full functioning of the institution.

Railroads Not as Stable as Banks.

It remains for us to notice that the nature of the service performed by the bank renders its returns sure, and, measured by the average of the earning rate of all other business, a fixed increase. With the railroad stock there are so many precarious factors to be considered that the value of the stock cannot so safely be estimated. As for the earning rate this is subject to the crop failures of the country, to the floods of the country, and to the accidents of operation that are inherent in the imperfections of human nature. So that to the speculative world the railroad will ever present an unstable equation, while the bank will have in its stock that value and that stability that will command a fixed price and always prevent speculation and manipulation.

Legislatures Cannot With Justice Fix Interest Rates.

On this account it is possible without great injury to the banking interests for the legislatures to declare the interest rate. But even here there must be some and there always is some way in which the bank may sell its credit and money according to its market value. Here again the human laws must give way to the larger natural laws, for the central exchanges of the world control the interest rate and the worldwide law of supply and demand controls the exchange. What the Bank of England does has its immediate effect on the banks of the civilized world, and such must ever be the case. So that at the highest and at the lowest the Government has but little to say as to the fixing of the rates.

When it comes to the railroads, as we have shown, the power of the Government fails at its very inception because it is not adequate to do justice to people and corporation for lack of adequate information and lack of ability on the part of those who are delegated to fix rates and charges.

For reasons such as these the inspection of banks by the Government may well be welcomed by these institutions since this does not enter into the essential part of their conduct and goes no farther than the passing of an opinion on the work after it is done. But in the case of the roads any such inspection must fall far short of the mark since it cannot penetrate even to what has been done, much less provide the proper method of operation and charge.

BANKS VERSUS RAILROADS.

Looking then at these facts we ought as a people to differentiate corporations according to their service and their constitution. The bank has nothing to fear and nothing to complain of as to the most rigid inspection and supervision. It stands out in the light in all its operations, and it has but one charge to make and one means of earning its dividends. It has no watered stock and can have none in the very nature of things. It cannot lure any investor to harm. It must pay its taxes to the full limit of the law since its capital stock is always worth par and may be worth through surplus profits and premium much more than par. There is no trading in bank stocks as there is in railroad stocks and grains to the detriment of their legitimate operation.

If banks issue currency it is at the behest of the needs of the trade that is tributary to them as individual institutions. There is no place for a combination to control this issue, since each, under our system, is an integer and stands on its own assets and reputation. Added to this the bank is a community institution, and serves all the people alike, and does for each constituency numberless acts of service for which it exacts and expects no pay. For these reasons, when there is a disposition to question corporations men should remember that the bank is above reproach and criticism.

ITINERARY OF THE PENNSYLVANIA RAILROAD'S SPECIAL TRAIN TO THE A. B. A. CONVENTION AT CHICAGO.

ON to Chicago! Those who contemplate a trip to the "City by the Lake" while the American Bankers' Association is in session there during the week of September 13 should be interested in the special train de luxe which the Pennsylvania Railroad is to operate from New York and other eastern cities at that time.

Two schedules have been outlined for the operation of this train, one covering the trip to Chicago and back to New York in the shortest possible time; the other, more extensive, providing for a trip on the Great Lakes and affording members of the party a delightful variation in modes of travel.

The "Bankers' Special" will be of the highest Pullman equipment, will be electrically lighted and will be a counterpart of the famous "Pennsylvania Special" representing the acme of railroad travel.

Those who decide to return by the water route will traverse the picturesque lake country of Wisconsin and Minnesota, devoting half a day to an inspection of the points of interest in St. Paul, to Duluth, the grain and ore capital of the Lake country.

Leaving Duluth at night, the party will pass early next morning through the beautiful Portage Canal and Lake, past Houghton and Hancock, the center of the copper mining industry of northern Michigan. The second morning the steamer passes through the "Soo" locks and stops at Mackinac Island that same evening. Another day is spent in crossing Lake Huron, the St. Clair River and Lake St. Clair, the next stop being Detroit. Thence it is but a short but delightful run to Cleveland, through the Detroit River and western Lake Erie. Leaving Cleveland at 11.30 P. M., on Tuesday, September 21, the "Special" will reach the various points in the East the next day.

AMERICAN MONEY ABROAD.

THE movement among certain American financiers to establish a banking system in South America, together with the news from Pekin that American bankers are offering to take a railroad loan of nearly $30,000,000 in China on better terms than European bankers will give, seems to indicate that this country is moving into a more conspicuous place in world finance than it has heretofore held.

The United States being the wealthiest country in the world, and their productions far greater than those of any other country, it seems only logical that they should ultimately contain the world's financial center. London now holds that place more by reason of its banking connections and correspondents than through its wealth.

London's bank connections have been established in all parts of the world, mainly because Great Britain has commerce with nearly every country of the world. Whenever this country is ready to tear down the Chinese wall of prohibitive tariff which now separates us commercially from the rest of the earth, as it will be some day, London may begin to fear the rivalry of New York in world banking; but not before.—*St. Louis Republic.*

THE BY-LAWS OF A SAVINGS BANK AND WHAT THEY CONTAIN.

THE BANK AND ITS DEPOSITORS.

By W. H. Kniffin, Jr.

DEPOSITS.

LIMIT OF DEPOSITS. Deposits in sums from ten cents and upwards to $3,000 will be received, but in order to retain the pass book, a balance of one dollar must remain on deposit. No interest will be allowed on accounts where the balance is less than five dollars. (New York.)

Deposits of five dollars and upwards to the amount of $3,000 may be received *from one individual.* (New York.

But in no case will *fractional parts of a dollar* be received on deposit. (New York.)

Deposits, *to the amount allowed by law,* may be received on *one account,* and all receipts and payments shall be in specie or in bills taken in deposit by the incorporated banks of the city of New York at par. But no *new account* shall be opened with a deposit of *less than five dollars.*

DEPOSITORS MUST SUBSCRIBE TO THE BY-LAWS.

Each depositor on making his or her first deposit shall be required to subscribe his or her assent and agreement to be governed by the by-laws and regulations of the bank. (New York.)

Upon making a deposit, the depositor shall be required to subscribe his name, signifying his assent to the regulations and by-laws of the bank, and to all *such alterations thereof as may be duly made.* (Maine.)

On making the first deposit, depositors must subscribe to the by-laws and the *acceptance of the book is such assent.**

If for any reason the depositor does not subscribe to the by-laws in writing, he will be bound unless he *returns the pass book* or withdraws the money *within ten days.** (New York.)

But if this (the signature) has *not been made at the time of making the first* deposit, the fact of *making the first deposit shall of itself be regarded as intended by the depositor as signifying his assent and agreement to the said by-laws and regulations and shall be* deemed sufficient evidence of such assent.* (New York.)

Every person desirous of becoming a depositor shall, at the time of making the first deposit, receive a deposit book containing the following rules and regulations printed therein; and *by receiving the book* the depositor shall be considered as agreeing to be bound by the by-laws of the Dollar Savings Bank. One book only will be given out in the same name.* (Penna.)

Depositors evidence their consent to the rules and regulations herein contained *by acceptance of this book.** (Conn.)

If the depositor is unable to write, or is *not present at the time of opening*

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* These clauses are in keeping with the law which holds the acceptance of a pass book of a savings bank evidences compliance with the by-laws. For full discussion of this subject, see BANKERS MAGAZINE for April, 1909.

the account, or for *any other reason* is unable to make such subscription to the by-laws, the *acceptance of the pass book** shall be taken and be deemed to be an agreement by the depositor to be bound by and subject to the by-laws and rules as they then exist or may thereafter be lawfully altered or amended. And any agreement or contract or condition inconsistent with the by-laws of the institution which may be alleged to have been made with any such person making a deposit shall be void unless the same shall have been in writing and in the pass book and been signed by some duly authorized officer of the institution before its delivery. (New York.)

Depositors on making their first deposit shall subscribe to the by-laws and give *such information* touching themselves as shall enable the officers to identify the parties whenever said parties may wish to withdraw the funds. (New York.)

Deposits of one dollar and upward not exceeding $3,000 may be received from any one depositor. On making the first deposit, the depositor must appear at the office of the Savings Bank and declare by his signature his assent to the rules and regulations of the bank. The depositor shall receive a pass book in which all deposits and withdrawals are to be recorded, and it shall be the duty of each depositor, before leaving the bank, to examine the entries in his or her pass book, or the bank will not be responsible for any claim afterwards made. Only persons not residing in this city may open accounts in writing, lawfully attested. The bank will not be responsible for any money sent to depositors at their request.

No employee of this bank other than the president or treasurer *shall make any agreement,* oral or written, with any depositor, involving this bank, beyond the ordinary entries made in the pass books of depositors inclusive of entries creating joint accounts and trust accounts.

Deposits—How to Be Entered.

All deposits shall be regularly entered in the books of the bank, and also in a book to be furnished to the depositor, which shall be kept by him or her as a voucher for his or her deposits.

No money shall be received, nor shall any money be paid out, *except at the bank,* in the presence of either the president, treasurer, secretary, a trustee, or the teller or other assistants.

Deposits shall be regularly entered in the books of the bank and *posted daily* * * * and the *amount written in full length and in figures* and *signed by an officer of the bank.* (North Carolina.)

Deposits shall be entered in the book of the depositor who shall *then examine the same.*

Other Deposits.

Special deposits with prescribed conditions may be made, which conditions shall be entered upon the books of the corporation and of the depositor; and the money thus deposited shall in no case be withdrawn, except in conformity with those conditions. (Maine.) (New York cannot accept special deposits other than joint, trust, society and court accounts.)

Any depositor may designate at the time of making a deposit, the period for which he desires the deposit to remain in the bank, and persons for whose benefit the same is made; and such depositor and his or her legal representatives, shall be bound by such conditions, voluntarily annexed to the deposit; and in case of a dissolution of the corporation, the same shall be paid to the person legally authorized to receive it. (Maine.)

Deposits from corporations and societies duly incorporated are received on the condition that the bank shall be furnished with the names and signatures of the officers or agents authorized to act for it in the premises, and shall be notified of any change of such officers or agents, and the bank shall stand acquitted for payments made in the absence of such notice.

Miscellaneous Provisions Concerning Deposits.

When money is brought to deposit, it must be carefully counted, laid straight, all one way, and the teller informed of the amount. (Penna.)

Checks, or drafts, when credited as cash, will only be received for account of the depositor, and at the depositor's risk, and every depositor will be held responsible as an indorser upon all checks, or drafts, so deposited. The *number of the deposit book* must be noted on all checks, or drafts, deposited for credit therein. (New York.)

Deposits will be received subject to such conditions as may be stipulated by the treasurer.

Each depositor is required to sign a certificate of deposit, of which the following is a copy: We, the undersigned, have (on the day designated by the date) deposited in the Portsmouth Savings Bank, the amount set against our signatures, for the person in whose name a book of deposit has been issued, which deposit has been entered on said book; and *the whole or any portion of this deposit may be withdrawn by the person who may present the said book, and give a receipt therefor to the bank.* And we hereby signify our assent to the regulations and by-laws of this institution. (Maine.)

All deposits shall be made in specie, or funds current at the banks in the city of Utica, and all payments shall be made in like funds. (New York.)

All deposits must be made in the *banking rooms* to be valid.

The first deposit must remain at least *thirty days* before withdrawal will be permitted. (New York.)

All checks for deposit must remain thirty days.

And but *one person* of the *same family* shall have an account to exceed $1,000. (New York.)

Withdrawals.

Notice of Withdrawal. This institution will as a rule pay all depositors on demand, but *shall not be liable to pay* any money to depositors except on sixty days' previous notice in writing to the treasurer. The intent of this rule being solely to protect the institution and its depositors in times of public excitement and danger. (New York.)

No money shall be withdrawn as a matter of right without ninety days' previous notice to the bank, in writing, of the intention to withdraw it; *as a matter of indulgence,* however, the officers of the bank may allow moneys to be withdrawn without such notice on any day for the reception and payment of deposits without thereby waiving the right of the bank to such notice, and time of payment. (New York.)

No depositor shall be entitled as a matter of right to withdraw *more than $100* without giving such time notice to the treasurer of his purpose to make such draft as may have been at the time decided by the trustees as expedient, of not less than ten nor more than sixty days.

This rule is enacted for prudential reasons to protect the interests of depositors. As a matter of fact the treasurer *has always paid depositors on demand,* without requiring the notice—without prejudice, however, to his right to require it, if, in the judgment of the officers of the bank, the occasion calls for it.

Notice of withdrawal will be required as follows:

For sums of $25 and less, 10 days.
For sums of $25 to $100, 30 days.
For sums over $100, 60 days.

Ten days' notice of withdrawal may be required *for all sums.* On amounts of $100 and over, two months' notice will be required. The trustees will keep a fund on hand sufficient to meet all ordinary demands, and the notice will be enforced only to protect depositors. (Ohio.)

On all sums from $25 to $500 sixty days' notice will be required. When the notice of withdrawal is given, *the interest will cease* from the first day of the quarter in which notice is given. (Minn.)

Interest due is excepted from withdrawal notice.

Withdrawals—How Made. Depositors alone shall be responsible for the safe keeping of their books. And all payments made to persons producing the deposit books, *whether with or without an order or letter of attorney,* purporting to be signed by the depositor, shall be deemed good and valid payments to depositors respectively and shall fully discharge the institution therefrom, unless notice of the death of the depositor shall have been given to it. (New York.)

Payment *may be made* to depositors in person, or to their attorneys, or on the written order of either of them; and *shall be deemed good and valid* when made to *any one* presenting the pass-book, or a duplicate thereof. (New York.)

Depositors must see that their bank books are neither lost nor stolen. The *bank will use all care in the payment of moneys,* that the rightful owners shall receive them; yet sums paid in good faith to person presenting the bank book, and using the depositor's signature, shall be deemed valid, and shall exonerate the bank to the amount paid.

The bank will not be responsible to any depositor for frauds committed on the bank by producing the pass book and drawing money without the knowledge or consent of the owner.

As officers of the institution may be unable to identify every depositor transacting business at the office, the institution will not be responsible for loss sustained where payment has been made upon the presentation of the deposit book. In all cases a payment upon presentation of a deposit book shall be a discharge to the corporation for the amount so paid; *provided,* upon satisfactory proof of the loss or destruction of a book, the board of investment may order the payment of the amount due without the book; *and provided also,* if they think proper, they may require a bond to indemnify the institution therefor.

The possession of the pass book shall be sufficient authority to the bank to warrant any payment made and entered in it, and all payments made to persons producing the pass book shall be deemed good and valid payments to the depositors respectively. The bank, however, *will always endeavor to prevent frauds on the depositors.*

No money shall be drawn except on two weeks' notice, and if the sum proposed to be drawn exceed two hundred dollars, one week's further notice must be given for every additional hundred dollars or fractional part thereof; and for all sums over sixteen hundred dollars, four months' notice will be required. Notice will not be received at one time for the drawing of more than one amount, and a second notice shall be considered as waiving any pending notice. Interest, however, will be paid on demand at any time within six months after the dividend has been declared. On giving notice, the book must be left at the bank and the treasurer informed how much money is wanted; and if the money be not drawn within ten days after the time for drawing has passed, the notice will be considered as withdrawn, and a new notice will be required. (Penna.)

Withdrawals may be made (1) *personally,* or (2) by *order in writing* (if the bank have the depositor's signature) or (3) by *letters of attorney* duly authenticated. In case of death payment will be made to the (4) legal representative. (New York.)

Miscellaneous Provisions Concerning Withdrawals.

No payments will be paid without the book.

No payments of less than five dollars will be made *unless to close the account.*

If not called for *within one week* after the expiration of the notice, the notice will have *no effect.*

Persons *unable to write* must be identified.

And if drawn by order the bearer of the order *shall have the right to sign the name of the depositor to the receipt* and the receipt shall be as binding as though signed by the depositor. (New York.)

The secretary *shall endeavor to prevent fraud,* but payments made to persons presenting the pass book shall be deemed valid payments to depositors.

The bank *will use its best efforts to prevent fraud* * * *.

Withdrawals by *attorneys in fact,* and orders upon the society for payments in withdrawal, can *only be made upon blanks provided by the society.*

Drafts by Mail.

Drafts upon the bank, sent by mail or otherwise, will not be entitled to payment unless the depositor's book is produced and the depositor sends by letter, accompanying the draft, correct answers to the questions asked when the deposit was made in the bank. Upon payment in current funds in such manner as the said depositor may in such draft or letter direct all responsibility therefor on the part of the bank shall cease.

No deposit will be paid from the fifteenth day of February to the first day of March, and from the fifteenth day of August to the first day of September, and no interest will be allowed on any sums withdrawn for the time which may have elapsed since the last dividend. (Conn.)

TIME OF WITHDRAWING DEPOSITS. The treasurer is authorized to pay depositors the whole or any part of the amount of their deposits and dividends, at any time when called for, *reserving, however, the right,* to the board of investment, should the interests of the institution require, to instruct their treasurer to pay only on the first Monday of February, May, August and November, and to require two weeks' notice in writing, of their intention to withdraw. (Rhode Island.)

JOINT AND TRUST ACCOUNTS.

Deposits in the name of one person as trustee for another may be withdrawn by such trustee, and in case of death, if no written notice of the existence and terms of a valid trust has been given to the bank, the *cestui que trust* may withdraw the deposit. (Conn.) Note: This is in keeping with the New York Law on Trust Accounts.

Every deposit made by one person for the benefit of another person shall be expressed to be *"in trust"*; and no deposit shall be received, or be expressed to be received, from one person *"by"* another person, or by one person *"for"* another person. The trustee, or his legal representative or successor, shall alone be entitled to receive payment, and his, or their, receipt, with the production of the deposit book, will be a full discharge to the society. (Penna.)

When an account stands in the names of two persons as co-depositors who have authorized the addition of the words "to be drawn by either or the survivor," or other words to the same effect, then payment to either depositor shall be a full and valid discharge to the bank whether the other co-depositor be living or dead. (New York.)

No account shall be opened in the names of more than *one person* except by a co-partnership, trustees, or *man and wife.* Money will not be paid to agent or upon power of attorney without proof *that the principal is living.*

MARRIED WOMEN AND MINORS.

Deposits of married women *cannot be drawn out by their husbands.*

Married women shall be allowed to deposit and withdraw *as if unmarried.*

Any deposit made in the name of a minor, either by himself or by another, for his benefit, may be paid to such minor without the intervention of a guardian and any such payment shall be as valid and effectual as though made to a person of full age.

In case of deposits made by parent *for infant,* payment may be made to either parent or child on production of pass book.

Deposits made by married women or minors cannot be drawn by husband, father or guardian.

Money may be deposited by any person for the benefit of a minor and not to be withdrawn until the minor becomes of age *if it is so ordered at the time of making the deposit.* (Ohio.)

Moneys deposited by or in the name of a minor may be repaid to such minor (although no guardian shall have been appointed for him), on his personal receipt for same, but no money deposited by one person "in trust" for another shall be paid to the person for whom it is in trust, during the lifetime of the trustee, but after the death of said trustee it may be so paid. Deposits, when made in more than one name "payable to either or survivor" may be paid to either of the depositors named, whether the other is living or not.

THE CENTENARY OF SAVINGS BANKS.

AN interesting centenary will be celebrated in Scotland next year—the hundredth anniversary of the institution of savings banks. Like soap and several other important things without which the modern world could not well get along, savings banks are a Scottish invention.

Scotsmen have long been celebrated for financial genius. It was a Scot, William Patterson, who founded the Bank of England.

There were savings institutions of various descriptions in France, in Germany and in England prior to the Ninteenth century, but the first embodying the principles of the modern savings bank was the Ruthwell Savings Bank, established by Henry Duncan in Dumfriesshire, Scotland, in May, 1810. Mr. Duncan was a Presbyterian clergyman, a friend of Thomas Carlyle and of the celebrated Dr. Chalmers. His purpose was to encourage thrift among the poor. It has been sagely noted that the Dumfries community of lowland Scotch was a good one in which to start such a scheme. During the first year savings to the amount of 150 pounds were deposited in the Ruthwell Savings Bank. In the next two years the deposits were 171 pounds and 241 pounds, respectively. By 1814 they amounted to as much as 922 pounds. As the success of Mr. Duncan's scheme became known, similar institutions were organized elsewhere in Scotland and England. One of the earliest was the Edinburgh Savings Bank, now among the most thriving of such banks in the world.

It was soon recognized that savings banks, honestly and wisely managed, were destined to be an agency of great good. Francis Godfrey made this striking declaration regarding them in the Edinburgh Review:

> It would be difficult, we fear, to convince either the people or their rulers that the spread of savings banks is of far more importance and far more likely to increase the happiness and even the greatness of the nation than the most brilliant success of its arms or the most stupendous improvement of its trade and its agriculture. And yet we are persuaded that it is so.

Significant is the old saying that it isn't what a man gets—it's what he saves—that makes him rich.

The first savings bank in the United States was opened in Boston, Massachusetts, in 1817. To-day the largest savings bank in the world is in the United States—the Bowery Savings Bank, of New York city, whose deposits exceed one hundred million dollars. The aggregate deposits of the savings banks of the United States exceed three and one-half billions.

An important development of the savings bank idea is the postal savings bank, which originated in Great Britain in 1861, and which has been taken up in every country of continental Europe except Germany. In Germany its functions are fulfilled by municipal savings banks. The movement for the establishment of postal savings banks in the United States, inaugurated by George von L. Meyer, then postmaster-general, in 1907, has not yet run the gauntlet of Congress. But undoubtedly it will. Senator Depew of New York, in a recent speech favoring the establishment of postal savings banks, observed that under private management savings banks can exist only where there is a large enough population to support the machinery of a bank out of the surplus, after paying interest to depositors, whereas the postoffice has the necessary machinery ready to hand. He went on:

> Fourteen States have all the savings institutions and thirty-two States and Territories have practically none. * * * This demonstrates that a savings bank, which is the greatest encouragement to industry and thrift, exists and can exist only in crowded communities, though industry and thrift are important everywhere. The only agency which can make these opportunities universal is the postoffice. There are fewer than fifteen hundred savings banks in the United States, and there are sixty-eight thousand postoffices. Those figures tell the whole story.

A very excellent way for the United States to celebrate the centenary of the savings banks would be to signalize the year 1910 by the inauguration of postal savings banks in the United States.—*Milwaukee Evening Wisconsin.*

HAS UNCLE SAM COINED GOLD MONEY FROM STOLEN ARTICLES?

If orders that have just been issued by the Secretary of the Treasury are strictly carried into effect the burglars of this country will be deprived of an important advantage which has heretofore been open to them in disposing of their loot. There is excellent reason to believe that a large part of the gold stolen in the form of watches, rings and other articles of jewelry has found its way through the United States mints into the coinage.

Uncle Sam is, of course, a constant buyer of gold, and all he asks is that the gold be of a certain fineness. But owing to the suspicion that the burglars have been marketing their spoils, after melting it down into bullion, at the assay office, it is now ordered that the officials must use greater circumspection in purchasing gold for coinage. They are to demand a full and complete explanation of where it was produced.

In other words, every batch of bullion brought to the assay office must be accompanied by a certificate of character, else the United States will decline to buy, even though it be the purest quality of the precious metal. Thus Uncle Sam is going to try to keep this form of tainted money out of circulation.—*Washington Star.*

TRUST COMPANIES

Conducted by Clay Herrick.

SOME PRESENT DAY TENDENCIES IN TRUST COMPANY MANAGEMENT.

Affiliation of National Banks and Trust Companies.

ONE need not be particularly observant these days to note several distinct tendencies which are destined to bring changes and progress in the trust company world.

One of them is the growing practice of effecting a community of interest between a national bank and a trust company—an arrangement by which the two institutions are conducted under practically one general management, the while each pursues the lines of business that naturally fall within its province.

Not to attempt anything like a complete list, several instances of the tendency readily occur to the mind, and the financial papers add others each week. One of the early examples of the tendency was the establishment of the First Savings and Trust Company by the First National Bank of Chicago. Others are the ownership and management by the same interests of the Mercantile Trust Company and the Mercantile National Bank of St. Louis; the New England National Bank and the Commonwealth Trust Company of Boston; the Continental National Bank and the American Trust and Savings Bank of Chicago. Recent advices tell of a national bank adjunct for the Mercantile Trust Company of San Francisco; and rumor has it that the merger of the Commercial and Bankers national banks of Chicago will be followed in the near future by the operation of a trust company in alliance with the combined institution.

The plan has several very definite advantages, both from the standpoint of the operating institutions and from that of the public. It enables the management, without losing any opportunities for business, to handle strictly banking business through a banking institution, and trust business through a trust company; an arrangement which has theoretical and practical advantages. For one thing, it at once disarms all criticism of encroachment by the one institution upon the functions of the other.

This has been the most fruitful ground of friction between banking and trust company interests; and as has been frequently pointed out in these columns, the complaints on both sides have been pretty well justified by the facts. Were the tendencies of the past decade in this matter to continue, the time would not be far distant when the ordinary man would find it no easy matter to understand the practical difference between a bank and a trust company, in some communities at least. Legislative effort to hold each institution within its own proper sphere have not been particularly successful, and the controversy in some quarters—notably in Wisconsin—waxed fierce.

The present plan offers a solution of the difficulty for the large cities and for all those communities which can support both a bank and a trust company; but would appear to offer little help for communities which can support but one financial institution.

That the public interest will be subserved by any movement which tends to preserve the distinctive character of the two institutions appears certain. The more intelligent feeling on the subject is shown by recent legislation in several States designed to more clearly separate commercial banking from trust business, going so far in some instances as to provide for the separation of savings banking from both of the others. Undoubtedly there are fundamental differences between commercial banking and the trust business, and some differences between trust business and savings banking, in spite of certain features which are common to all. The risks characteristic of commercial banking are not permissible in the other lines; nor should the commercial bank be hampered by restrictions which are quite proper for the others, but which would interfere with the legitimate work of the commercial bank and cripple general business. The inevitable result of an attempt to conduct all three lines of business by one corporation must be either too little regulation of the trust and the savings businesses or too great restrictions upon the commercial banking business—either of which is unfortunate for the institutions themselves and for the general public.

Recent legislation in several States has authorized the conducting of all three classes of business by the same corporation, with the provision, however, that separate departments be maintained for each line of business undertaken. To what extent this plan will prove wise remains to be demonstrated by actual experience; but it appears to involve an element of danger, and does not seem so good a plan as that of maintaining a separate institution, under the same general management, for the business of commercial banking. This more definitely separates the assets and liabilities, as well as the operations, of the commercial banking side of the business, making a cleaner-cut proposition. There is no uncertainty as to what department is conducting the business.

The desirability of conducting the savings business in a corporation separate from that which conducts the trust business is not so evident; if, indeed, there is any desirability in such a plan. While there is, of course, a distinction between these two classes of business, it is far from being so vital as the difference between either and commercial banking. As a matter of fact, it does not require a great stretch of the imagination to conceive of the handling of savings deposits as a form of a trust. The savings bank is in effect the trustee of its depositors. In the matter of the classes of investments suitable for trust deposits and for savings deposits, about the same standards have long been recognized by both legislation and custom.

The maintaining of a national bank and a trust company under one management is a recognition of the growing importance and necessity of the trust company.

Mergers.

Another tendency of the times which affects trust companies and other financial institutions is shown by the frequent mergers of two or more companies. This is in recognition of the fact that present conditions call for larger and stronger companies in the large centers, rather than for an increase in the number of smaller companies. It is due, of course, to the increasing volume of business and to the larger amounts involved in individual transactions. If the increasing size of the average trust company is accompanied by proper safeguards, the interest of the general public is fostered by the movement; for, other things being equal, the larger institution is able to offer at once greater safety and better facilities. From the nature of the business, the danger of anything like a "trust" in the trust company world is exceedingly remote.

Publicity.

The cause of publicity in the affairs of banks and trust companies is making rapid progress. It is being promoted both by public officials and by the officers of the financial corporations. By the former more thought and energy is being put into the Governmental plans for reports and examinations. The reports are becoming more elaborate, the examinations more searching. Federal and State authorities are coöperating more and more in the matter of simultaneous calls for reports, with the result that the reports are more valuable from several standpoints.

On the other hand, the companies themselves are giving increasing attention to the matter of examinations and audits. They are doing this as a matter of good policy and self-protection and in response to public demand. Audit departments are being rapidly established in companies which had none before, while the existing departments are being elaborated. The independent audit companies are finding an increasing field of activity among trust companies and banks. The article in these columns last month by Mr. Hohlfelder showed some of the advanced ideas in trust company auditing that are being worked out. It need hardly be stated that this tendency makes powerfully for the public good.

LOOSE LEAF RECORDS AGAIN.

REVIVAL of the discussion regarding loose-leaf records has been occasioned by the attack upon such records made a few months ago by Bank Commissioner Bergh of Wisconsin. His opposition to loose-leaf records is decidedly emphatic, but his position at the head of a department of the Government of Wisconsin which is called upon to examine nearly five hundred banks and trust companies entitle his views to a hearing. He must be in a position to know something of the kinds of bookkeeping that are actually found in the banks of his State, and to form an estimate of the value of different systems which is worth noting. He regards the displacement of bound books by loose-leaf devices as objectionable because it destroys the completeness of the records and makes it too easy to destroy or misplace or lose parts of the record. He characterizes loose leaves as mere "scraps of paper."

His contention that books are not kept for the convenience of the bookkeepers alone, but should be so kept as to enable any competent person who is called upon to examine the books to follow the accounts for years back, can hardly be denied. Granting this premise, however, one does not so easily follow him to his conclusion. Is it not possible that the convenience of the bookkeeper—which, reduced to the last analysis, means a saving to the company and better service to the customer—can be attained without lessening the value of the records to the examiner? Is the convenience of the bookkeeper in itself an evil? Did not the introduction of the Boston ledger, for example, contribute to the convenience of the bookkeeper without in the least affecting the value of the record from the examiner's standpoint?

Mr. Bergh is not alone in his views, for, despite the fact that there has been a tremendous growth in the use of loose-leaf records and of card records, there are still many institutions which cling to the permanently bound records. Because the trust company is a newer institution than the bank, it is probable that the use of loose-leaf records is more common among them than among banks; yet there are many trust companies, including some of the larger ones, which have refused to adopt the loose-leaf record.

The convenience of the loose-leaf system is not questioned; the whole problem being whether it offers greater opportunity for error, for loss of records, or fraud; and if it does, whether the opportunity is so much greater as to overcome the convenience and the saving. These questions are, of course, matters of opinion; yet the opinions of those who have given actual trial to both systems would seem to be of the greater weight. With this in mind it is significant that there are very few instances on record where the loose-leaf system has been discarded after a thorough trial.

That the loose-leaf system offers more opportunities for error, pure and simple, would be difficult to prove. As compared with the Boston ledger, the chance of posting to the wrong account is certainly less; while it is difficult to see wherein there is either greater or less opportunity for error in posting to a loose leaf than in posting to a bound leaf.

The greater chance of losing a record under the loose-leaf system will hardly be denied even by the most ardent advocate of the system. But in any well-regulated company the knowledge of the danger inevitably leads to special devices to guard against it; and the fact is that experience has failed to justify the fears that were entertained on this score. Here an important consideration is whether the records in question are "original entries" or secondary records. If the latter, the record can be supplied in case of possible loss.

As to the matter of fraud, it is important to distinguish between the use of loose-leaf records of "original entries" and their use for secondary records. Attempted fraud in a secondary record, where the original entries are available, is not harder to detect in a loose-leaf record than in a permanently bound record. If the original entries are made on loose sheets, there is probably more possibility of fraud; though even here the possibility may easily be overestimated; while very much depends upon the system employed. It is entirely possible to have permanently bound records which will offer more opportunities of fraud than loose-leaf records. Nothing but an intelligent system of accounting and of auditing will reduce the possibility of fraud to a minimum, whether permanently bound or loose-leaf records be used; and there certainly are a good many trust companies whose experience has demonstrated that loose-leaf records combined with such a system offer no excessive opportunities for either error, loss of records or fraud.

It is a fair question whether the criticism of Mr. Bergh and others would not more properly be directed against unintelligent methods of accounting and slip-shod work than against the manner in which the books are bound. In such a criticism they would have the sympathy of the great majority of intelligent trust company officials and accountants.

GOLD MINING IN THE YUKON.

CONSUL GEORGE C. COLE, of Dawson, furnishes the following report concerning the gold dredges in the Yukon Territory, their situations, cost, motor power, and daily output:

The Yukon Territory now has a fleet of sixteen gold ships (dredges) in the Klondike gold-mining district and vicinity, and three electric conveyors, or lifts, which perform service similar to that of a dredge, and three or four more dredges will be installed during the summer.

A dredge built ready for operation here costs on an average $150,000 and will handle daily from 2,000 to 5,000 cubic yards of gravel, which will yield from twenty-five cents to $25 of gold per cubic yard. The daily output of gold by a dredge in this district is from $1,000 to $5,000, although it is said that some dredges have taken out as much as $15,000 in a day.

Seven of these dredges, owned by the Yukon Gold Company, are situated on its holdings on Bonanza and Hunker creeks, and are operated by electricity generated by a large water-power plant on Twelvemile River, thirty to forty miles from the dredges.

The Canadian-Klondike Mining Company's dredge is at the mouth of Bear Creek, and is operated by electricity generated by a steam plant located near the dredge. This dredge did not close down last season until November 9, and continued operations when the thermometer registered thirty degrees below zero.

The Bonanza Basin Gold Dredging and Mining Company has a dredge at the mouth of the Klondike, operated by electricity furnished by a Dawson plant. The remaining seven companies have each a dredge operated by steam plants on the dredges, but a number of them will soon change to electric power. The names of these companies and where situated are as follows: The Indian River Mining Company, Indian River; Mosier & Co., South Fork of Fortymile River; Consolidated Gold · Mining Co. of Alaska, lower Fortymile River; Gold Scoopers Company, lower Walkers Fork, a branch of Fortymile River; Lewis River Mining Company, Bonanza Creek; Russell King & Co., upper Walkers Fork, a branch of Fortymile River; Yukon Basin Gold Dredging Company, Stewart River.

When the Yukon Basin Gold Dredging Company and the Stewart River Gold Dredging Company install their large water-power plant on the Stewart River and place from ten to twenty dredges each on their holdings there, the Yukon Territory will then have the largest gold fleet of any country in the world.

Persons or concerns desiring to communicate with any of the above-named companies for the purpose of furnishing supplies or other materials, can address them at Dawson, Yukon Territory, Canada.

PRACTICAL BANKING

THE NUMERICAL SYSTEM FOR THE TRANSIT DEPARTMENT AND ACCOUNTS CURRENT.

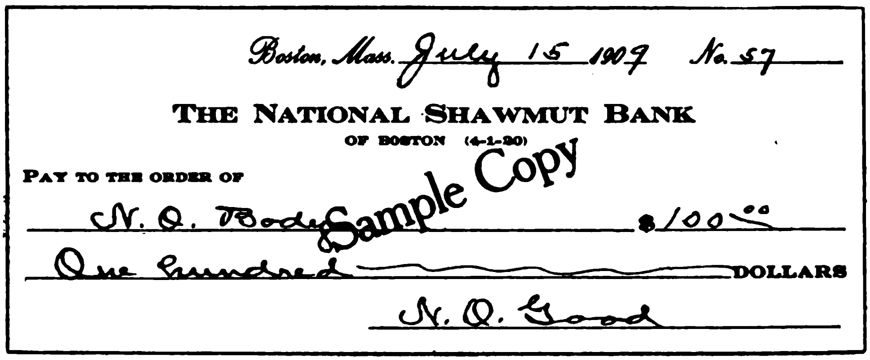
By Charles W. Reihl.

ONE of the newest things in bank work is the system by which numbers are used instead of names on the transit letters and accounts current. The innovation was not received with hearty approval at first, but it is gaining friends daily, and will make more friends when the system is so arranged that there will be uniformity in the way the numbers are used and in what they represent. This need of uniformity has been recognized by the bankers and considerable thought and study has been given to the subject.

It is expected that this subject will be given considerable attention at the Chicago convention of the American Bankers' Association, which will meet in a few days. And in view of this we present this article, showing the advantages of the system and its use.

Advantages to Be Gained.

The greatest advantage is the saving of time and labor—which, of course, means saving money. The bank that receives the letter or the statement on which the system is used, does not find it an advantage, because it is necessary to have a code handy to know what the numbers mean. To have to look at a code takes time and causes annoyance. But that trouble will be overcome, to a very great extent, by the adoption of a uniform meaning for the numbers. We will speak more definitely about this later.

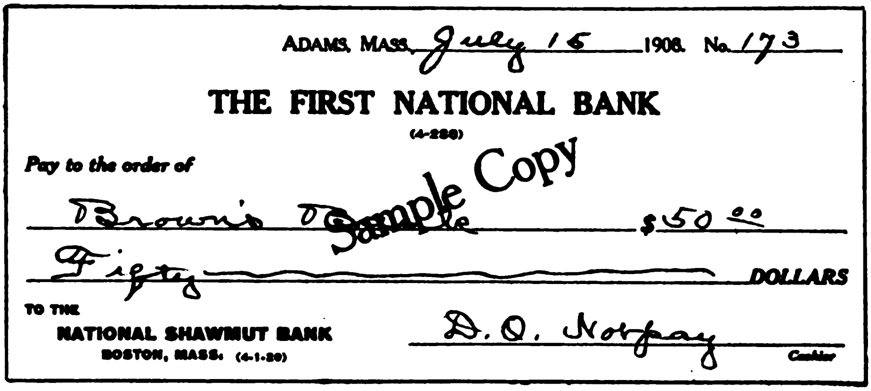

Boston, Mass. July 15 1909 No. 57

THE NATIONAL SHAWMUT BANK
OF BOSTON (4-1-20)

PAY TO THE ORDER OF
N. O. Body $100.00
One Hundred DOLLARS
N. O. Good

Form 1.

The transit letters have been problems in many banks, and still are in some banks. A few years ago several banks tried the combination of typewriter and adding machine, but it did not prove practical. Many are now using the adding machine and typewriter separately. They produce nice looking letters, if the work is done properly, but it takes almost as much time as writing the letters, because the items must be handled twice. The numerical system makes it possible to do all the



ADAMS, MASS. July 16 1908. No. 173

THE FIRST NATIONAL BANK

(4-280)

Pay to the order of

Brown's Sample Copy $50.00

Fifty DOLLARS

TO THE
NATIONAL SHAWMUT BANK
BOSTON, MASS. (4-1-20)

D. O. Notpay
Cashier

Form 2.

work on the adding machine—not the ordinary adding machine, but one built for the purpose.

The system originated in the Hibernia Bank & Trust Co.* of New Orleans and was soon afterward adopted by other banks. The First National Bank of Chicago, the Continental National Bank of the same city, the National Bank of Commerce in St. Louis, and the National Shawmut Bank of Boston are among the banks now using the system either in part or for all of the work for which it is intended.

The "Batch" System.

The part of the system that gives the most trouble is that of arranging the numbers for the indorsers. The way it was done in some of the banks is as follows:

The First National Bank of Chicago uses the "batch" system for handling their incoming mail, and then uses the batch numbers to identify the indorsements. The "batch" system is in some places called the "block" system. It consists of this—taking as many letters as necessary, containing enough items to make a fair sized batch of checks, and treat that as one batch. Assort and distribute the checks according to the departments to which they go, then run them up on the adding machine and prove the totals by the totals of the letters that came with them. Number the batches in order and stamp each item and letter in the batch with that number. That number is the batch number and by it the exact indorsement can be ascertained by referring to the sheet on which that batch is listed and from that getting the names of the letters, and then seeing the letters.

The batch system is used in handling the deposits in some banks, and the number of the batch is used in place of the name of the depositor. But this, some think, is not so good as giving each depositor a number and then giving to each depositor a rubber stamp containing the number, with the name, to use when indorsing checks. These numbers are not given to all depositors—only to those who deposit country checks.

Working Out Still Another System.

In the case of the First National Bank of Chicago the city customers are numbered from 100 up and each customer was furnished with a rubber stamp containing the name and number. This bank found that seventy-five per cent. of the transit items coming through the receiving tellers were deposited by less than one hundred customers.

With the numbers representing the indorsers, whether secured by batching the items or giving individual numbers to depositors and correspondents, the number for that part of the transit letter has been secured.

The next thing is to get numbers for

* For a description of the system used by the Hibernia Bank and Trust Co. of New Orleans, see the July Bankers Magazine, page 128.

the banks on which the items are drawn —that must include the State and the city, as well as the individual bank. To do this in a way that will make the numbers uniform, and to prevent one

THE FIRST NATIONAL BANK OF CHICAGO

CHICAGO, ILLINOIS______________

To

We enclose herewith for Collection and Returns items as listed below.

Instructions: Telegraph non-payment of items $1,000.00 or over and items listed "T. N. P."
Do not present items of $10.00 or less or items listed "No-Pro."
PROTEST all items over $10.00 unless otherwise instructed.

Yours truly, C. N. GILLETT, Cashier.

ENDORSER	BANK NO.	AMOUNT	INSTRUCTIONS
12	32	45.00	
12	3	65.50	
34	12	455.43	
22	5	76.67	NO-PRO
35	22	12.33	
34	14	.87	
32	5	65.00	NO-PRO
21	9	55.70	
24	8	500.00	NO-PRO
21	4	44.70	
34	5	1,000.00	T.N.P
21	10	350.00	
32	4	84.90	NO-PRO
23	3	46.40	
2	5	5,450.00	T.N.P.
22	3	12,450.21	T.N.P
20	3	40.00	
20	2	22.45	
22	5	343.20	
32	4	350.00	NO-PRO
4	2	21.65	
20	23	4,500.00	T.N.P.NO-PRO
22	5	25.00	
31	3	65.70	NO-PRO
22	4	675.87	
21	2	4.51	
35	10	1.00	
12	4	5,230.00	T.N.P.
3	5	.55	
4	7	460.00	
10	3	44.00	NO-PRO
21	3	11.00	
		30,497.64*	
		30,497.64*	
341	3	45.00	
714	5	350.67	NO-PRO
454	6	56.70	
1264	6	5.50	
714	3	44.50	NO-PRO
714	5	67.50	NO-PRO
1,220	5	10,000.00	T.N.P.
443	4	65.00	
321	7	88.00	NO-PRO
324	5	9,780.00	T.N.P.
723	4	55.60	
667	4	98.97	
223	2	45.32	NO-PRO
870	3	54.30	
252	4	1,277.50	T.N.P
335	4	12.76	
876	3	12.43	
314	3	91.00	
454	3	21.00	
445	9	63.40	
145	13	1.50	
787	32	87.60	NO-PRO
		52,821.89*	

Form 3.

bank or one city from getting eight or ten different numbers, is where the task is involved. But it is being worked out in a way that will be satisfactory. The plan as worked out thus far is on the following lines:

The clearing-house banks are to retain their present numbers—that part needs no change. The banks and trust companies not connected with the clearing house will be given numbers. The plan proposed is to start the numbers in each city at 200. For example, the non-members of the Portland (Me.) Clearing House would be numbered as follows, the banks being first arranged in the order of their organization:

Maine Savings Bank	200
Mason & Merrill	201
Union Safe Dep. & Trust Co.	202
George A. Farnald & Co.	203
United States Trust Co.	204
Fidelity Trust Co.	205
Hayden, Stone & Co.	206
Lee, Higginson & Co.	207

PROVIDING FOR FUTURE GROWTH.

At present the largest number of clearing-house banks in any one State is about one hundred and forty, therefore there is very little likelihood of the number increasing in any one State to over two hundred. However, if this is possible, the non-clearing-house banks could start numbering at two hundred and fifty instead of two hundred. The object is that the numbers of the clearing-house banks should never conflict with the numbers of the non-clearing-house banks even if at some later date it would be advisable to re-number the clearing-house banks in each State from one up regardless of towns.

This part of the plan looks as if it might be the intention on the part of some to number all the clearing-house banks in each State from 1 on up. If that is thought of it is advisable to abandon the thought—for it would be unwise to change the local clearing-house bank numbers. The provision for numbering the non-clearing-house banks, as given above, was probably arranged to work in with the renumbering of the clearing-house banks if the majority should decide to change them.

After numbering the banks comes the work of numbering the cities and towns and then the States. Instead of numbers for the cities some are advocating the use of letters. They would no doubt answer just as well as the numbers, but as the greater part of the system is in using the numbers there seems to be no good reason to divert from them in regard to the cities. We will take it for granted the numbers will be used. The natural and logical order of numbering the cities and towns is in the order of the size of the clearing-house association. The city in each State having the largest number of banks in the clearing house would be number one for that State; the second in rank number two, and so on. Take Massachusetts for an example—the cities and towns would be numbered in this order:

Boston	Number 1
Springfield	Number 2
Fall River	Number 3
Holyoke	Number 4
Lowell	Number 5
New Bedford	Number 6
Worcester	Number 7

The numbering of the States and Territories must be fixed also. This is not a difficult matter. The plan suggested is that of taking the States in the order in which they are usually given—the New England States first—thus:

Maine	Number 1
New Hampshire	Number 2
Vermont	Number 3
Massachusetts	Number 4
Rhode Island	Number 5
Connecticut	Number 6
New York	Number 7

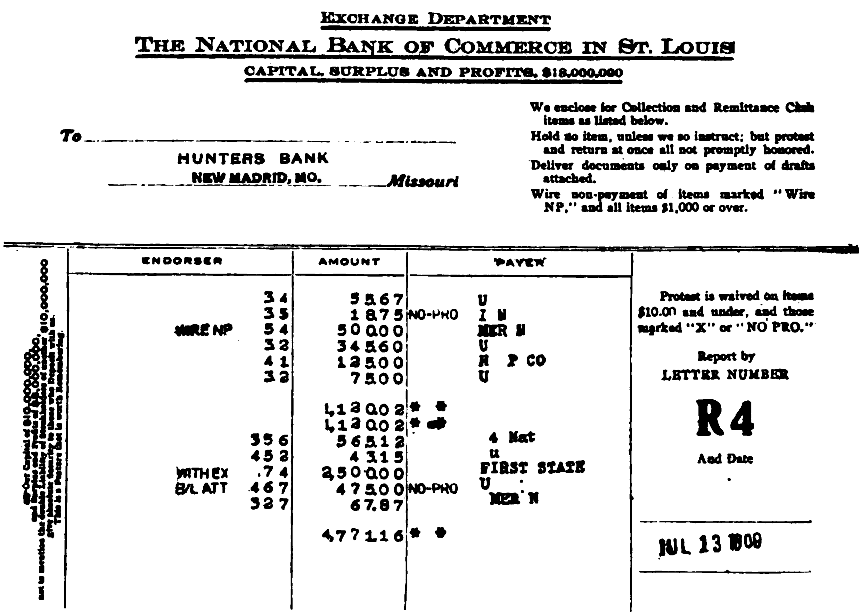
Adoption of This Plan Means Uniformity.

By the plan described it will be seen how the numbers for indorsers, payers, cities and States are secured. With this plan in operation there will be uniformity in the use of the numbers.

The next step is to have each bank print on its checks its own number, the city number and the State number, although the order of the numbers would be this—State, city, bank. Take the National Shawmut Bank of Boston; its number would be 4-1-20—4 for Massachusetts, 1 for Boston, 20 for the clearing-house number of the bank.

Explanation of the Diagrams.

In Form 1 it will be seen how these numbers are to be printed on the checks,


EXCHANGE DEPARTMENT
THE NATIONAL BANK OF COMMERCE IN ST. LOUIS
CAPITAL, SURPLUS AND PROFITS, $18,000,000

To
HUNTERS BANK
NEW MADRID, MO. Missouri

We enclose for Collection and Remittance Cash items as listed below.
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.
Wire non-payment of items marked "Wire NP," and all items $1,000 or over.

ENDORSER		AMOUNT		PAYER
	34	55.67		U
	35	18.75	NO-PRO	I N
WIRE NP	54	500.00		MER N
	32	345.60		U
	41	125.00		N P CO
	32	75.00		U
		1,120.02	* *	
		1,120.02	* *	
	356	565.12		4 Nat
	452	43.15		u
WITH EX	.74	2,500.00		FIRST STATE
B/L ATT	467	475.00	NO-PRO	U
	327	67.87		MER N
		4,771.16	* *	

Protest is waived on items $10.00 and under, and those marked "X" or "NO PRO."

Report by LETTER NUMBER

R4

And Date

JUL 13 1909

Form 4.

THE COMMERCIAL NATIONAL BANK OF CHICAGO.

24-1-3

CHICAGO

WAIVE PROTEST ON ALL ITEMS UNDER $10.00.

TO

We hand you for Collection and Returns items as stated below.

State No.	C H Town No.	Batch or Endorsers No.	Bank Number	AMOUNT	State No.	C H Town No.	Batch or Endorsers No.	Bank Number	AMOUNT
				*					
4	1	823	2	607.70					
		75	4	57.07					
	5	75	3	50.00 NO-PRO.					
	6	1524	2	405.50					
		477	5	40.50					
1	1	645	1	506.00					
		54	3	465.70					
3		2	200	78.88					
				2,211.35*					

Form 5.

IN ACCOUNT WITH

DEBITS ________ FOR THE MONTH OF ________ 19__ **CREDITS.**

		Balance								Balance	

Form 6.

DEBIT KEY NUMBERS.

No. 2 Certified.
" 4 Credited in error.
" 6 Currency by express.
" 8 Currency by registered mail.
" 10 Deposit with Bank or party referred to in your letter or tel. of.
" 12 Discount.
" 14 Entered for collection.
" 16 Error.
" 18 Error listing draft No.
" 20 Exchange.
" 22 Interest.
" 24 Item handed to Notary.
" 26 Item held.
" 28 Item reported lost.
" 30 Our remittance letter to you.
" 32 Protest Fees.
No. 34 Remittance to N. Y. for your account.
" 36 Returned item.
" 38 Returned for endorsement.
" 40 Returned protested item and fees.
" 42 Returned for receipt.
" 44 Returned for signature.
" 46 Telegraph charges.
" 48 Foreign exchange.
" 50 Previous Total brought forward.

CREDIT KEY NUMBERS.

No. 1 Balance to your credit.
" 3 Charged in error.
" 5 Collection listed in your letter of
" 7 Currency by express.
" 9 Error.
" 11 Error listing draft number.
" 13 Exchange.
" 15 Interest.
" 17 Item charged back and held, now paid.
" 19 Item returned.
" 21 Paid to Notary.
" 23 Payment of our remittance letter previously charged.
" 25 Protest fees.
" 27 Remittance received for your credit.
" 29 Stock Yards remittance for your credit.
" 31 Telegraph charges.
" 33 Transfer by wire.
" 35 Your collection number.
" 37 Your remittance letter dated.
" 39 Previous total brought forward.

Form 7.

and Form 2 shows how they will be on the drafts. With the numbers so plainly printed on the checks and drafts the man running the letters up on the adding machine will have no trouble and will not have to rely on his memory, nor refer to a list.

Now about the letters and the statements. Having secured the numbers for all the memorandum for the letters that would usually have to be written by hand or typewriter, the next thing is to see the make-up of the letters. Form 3 is a letter of the First National Bank of Chicago. The first column shows the batch or indorser's number, the second the bank number, the third the amount, the fourth the instructions. This form of letter is used when all the items in the letter are payable in the city to which they are sent, so the number of State and city is not needed.

Form 4 is a letter of the National Bank of Commerce in St. Louis and is the form used with the smaller banks.

Form 5 shows the form of the letter used for mixed items. It gives the numbers for state, town, indorsements and banks where payable.

The statement of the account current as arranged for this system is given on Form 6, which shows only the arrangement of the ruling and the headings. The column headed "Key No." under debits and credits is the column where the numerical system is used. We also give the meaning of the numbers to be used, and these seem to meet the needs very well.

Summing Up.

Like every new thing, this system is going to meet some opposition—it has met it already. It remains for the advocates of the system to get together as soon as possible and complete the work of arranging the numbers for states, cities and banks in a way that all can adopt the system and thus bring uniformity. More than half of the opposition will then be overcome. The present indications are that much along this line will be accomplished at the Chicago convention of the American Bankers' Association.

CANADA AND SILVER.

CANADA, as well as the United States, has begun to feel severely the loss of Asiatic trade resulting from the great fall in silver, and it is interesting to learn that a society, known as the Fair Exchange League, has been organized at Ottawa to keep the matter before the Dominion Parliament. The League advocates the adoption of the so-called Goschen Plan of 1891, jointly by the British empire and the United States, with open mints in India, as was the case before the summer of 1893. Mr. James J. Hill, of the Great Northern Railway, gives the new movement a qualified support, and says:

> We must await the proposals of the monetary commission at Washington. The silver problem is full of difficulty. I wish it were possible to ignore it. But our consuls in Asia warn us that at the present rate of silver exchange Asia has ceased to import our wheat or flour or lumber; that the Shanghai merchants, who eighteen months since bought the sovereign or gold five dollars with five taels must now pay nearly eight taels; the result is disaster; he no longer buys.

While silver is the universal money metal—apart from copper for the petty trade—of both India and China, it is useless to try to keep the silver question out of current discussion and in a most practical manner the issue of silver as a favoring metal for Asiatic manufacturing and trade is now before the great white nations. By degrading silver to the office of merely token currency they are now playing into the hands of aggressive Asiatic competitors as has been recently most forcibly argued by that veteran and staunch bimetallist, Mr. Moreton Frewen, whose articles on the matter we have noted in these columns.

China prospers on cheap silver, builds up her trade and manufactures on it, and exports largely where formerly she was inactive. To all intents and purposes, Japan is on a silver basis, and India cannot be made a gold-standard country.

Cheap money and cheap labor, as in Asia to-day, make a formidable combination for the white nations to meet. With a light heart they demonetized silver, and we must believe that with a heavy heart they will view the consequences.

ANNUAL CONVENTION NEBRASKA BANKERS' ASSOCIATION.

WM. B. HUGHES, secretary of the Nebraska Bankers' Association, calls attention to the annual convention which is to meet in Omaha September 8 and 9. This will give the Nebraska bankers a chance to attend the convention in Omaha and continue on to the big convention at Chicago, allowing a few days in between for business or pleasure. The membership of the Nebraska Bankers' Association has never been as large as it is this year, and therefore this should be the largest and best convention ever held by this association.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

NATIONAL BANKS—TAX UPON CIRCULATING NOTES.

MERCHANTS NATIONAL BANK OF BALTIMORE vs. UNITED STATES.

SUPREME COURT OF THE UNITED STATES, March 12, 1909.

National banks are not within the meaning the Rev. Stat., U. S., sec. 3411, which provides that "whenever the outstanding circulation of any bank, association, corporation, company or person is reduced to an amount not exceeding five per cent. of the chartered or declared capital existing at the time the same was issued said circulation shall be free from taxation."

THIS was an appeal from the Court of Claims to review a judgment denying the right of a national bank to exemption from the statutory tax on its outstanding circulating notes where the amount of such notes was less than five per cent. of the bank's capital.

Mr. Justice White delivered the opinion of the court: Organized as a State bank in 1834, the appellant was converted, in June, 1865, into a national banking association. For nearly thirty [sic] years after its organization as a national bank, that is, up to July 1, 1904, the bank was assessed for and paid the duty of one-half of one per cent. upon the average amount of its notes in circulation, in conformity with Sec. 5214, Rev. Stat. (U. S. Comp. Stat. 1901, p. 3500). Availing itself of the right conferred by Sec. 5218, Rev. Stat., copied in the margin,* the bank made application to be refunded the sum of $4,713.01, on the ground that, in making certain of the half-yearly payments under Sec. 5214, there had been a miscalculation, and besides, because of an error of law, some of the half-yearly payments had been exacted when the bank was exempt. We put aside so much of the claim as was based upon mere errors of calculation, as no contention on that subject is here presented.

The alleged error of law or asserted right to exemption rests upon the assumption that, by the operation of Sec. 3411, Rev. Stat. (U. S. Comp. Stat. 1901, p. 2248), the bank was not liable to pay the half-yearly duty on its outstanding circulation whenever the amount of its circulation fell below five per cent. of its capital—a contingency which, it was insisted, had arisen during certain of the half-yearly periods between January, 1888, and July, 1904. The request to be refunded having been rejected by the Treasurer of the Uni-

*Sec. 5218. In all cases where an association has paid or may pay in excess of what may be or has been found due from it, on account of the duty required to be paid to the Treasurer of the United States, the association may state an account therefor, which, on being certified by the Treasurer of the United States, and found correct by the first Comptroller of the Treasury, shall be refunded in the ordinary manner by warrant on the Treasury.

ted States, this suit was commenced, and this appeal was taken from a judgment in favor of the United States. 42 Ct. Cl. 6.

In the argument for the bank it is stated that all the errors relied upon are embraced in the following propositions:

"1. The said court erred in holding and deciding that the claimant, being a national bank, was not exempt from taxation on its notes in circulation during the half-yearly periods when the average amount of its said notes was less than five per centum of its chartered capital.

"2. The said court erred in holding and deciding that Sec. 3411, Revised Statutes, relates solely to the taxation of the outstanding circulating notes of State banks which had ceased to exist, or had been converted into national banks, and did not limit the claimant's liability to taxation on its own outstanding circulation."

Without presently determining whether the right to be refunded, even if otherwise well founded, was without merit because of the voluntary nature of the payments or the effect of the statute of limitations, we come to consider the merits of the contention. It depends upon whether Sec. 5214, Rev. Stat., is limited and controlled by the provisions of Sec. 3411, Rev. Stat. The two sections are as follows:

"Sec. 5214. In lieu of all existing taxes, every association shall pay to the Treasurer of the United States, in the months of January and July, a duty of one-half of one per centum each half-year upon the average amount of its notes in circulation, and a duty of one-quarter of one per centum each half-year upon the average amount of its deposits, and a duty of one-quarter of one per centum each half-year on the average amount of its capital stock, beyond the amount invested in United States bonds."

"Sec. 3411. Whenever the outstanding circulation of any bank, association, corporation, company, or person is reduced to an amount not exceeding five per centum of the chartered or declared capital existing at the time the same was issued, said circulation shall be free from taxation; and whenever any bank which has ceased to issue notes for circulation deposits in the Treasury of the United States, in lawful money, the amount of its outstanding circulation, to be redeemed at par, under such regulations as the Secretary of the Treasury shall prescribe, it shall be exempt from any tax upon such circulation."

It is insisted that the sections, considered as applicable to the same subject, are harmonious, and that giving effect to both, while leaving a national banking association liable to the duty imposed by Sec. 5214, will yet entitle it to the exemption provided in Sec. 3411 when the contingency stated in that section has come to pass. And as this result, it is argued, is clear and free from all doubt, considering the text of the two sections, recourse may not be had to legislation prior to the Revised Statutes, from which the provisions of the sections were drawn, in order to arrive at their correct meaning. Reference to such prior legislation, it is insisted, cannot be resorted to for the purpose of creating a doubt, but only to solve one otherwise arising from the text, citing Hamilton vs. Rathbone, 175 U. S., 418, 44 L. ed. 220, 20 Sup. Ct. Rep., 155; Bate Refrigerating Co. vs. Sulzberger, 157 U. S., 1, 36, 39 L. ed. 601, 611, 15 Sup. Ct. Rep., 508, and cases cited.

Accurately considering the text of the two sections and the context of the respective titles of the revised statutes in which they are found, we think the contention that the sections are free from ambiguity and may be harmoniously applied without the necessity of construction is without merit. It is conceded that for the more than thirty-five years since the enactment of the revised statutes, in the administration of the national bank act, national banking associations have been required to and have, without question, paid the half-yearly duty on circulation, wholly irrespective of the exemption provided in Sec. 3411

—a condition which clearly suffices, to say the least, to engender doubt as to the correctness of the belated contention now urged. Besides, the sections are in different titles of the revised statutes, the one (Sec. 3411) "Internal Revenue," the other (Sec. 5214) "National Banks." While Sec. 5214 and the other sections contained in the title in which it is found leave no doubt that 5214 was intended to deal with the outstanding circulation of national banks, not only the text of 3411, but the other sections of the chapter, under the general title "Internal Revenue," in which it is found, cause it to be questionable whether that section is at all concerned with the subject of the circulating notes of a national banking association. As suggesting doubt and ambiguity concerning the contention that national banking associations are embraced within the enumeration of banks and bankers made in Sec. 3411, whose outstanding circulation would become "free from taxation" in the specified contingency, it is to be observed that the enumeration conforms generally to that made in other sections of the chapter, which other enumerations clearly relate only to State banks and private bankers. Indeed, this is strengthened by the fact that, in the revised statutes, associations organized under the national bank act are distinctively characterized as national banking associations, and that their designation by that call is explicitly made use of in various sections of the chapter in which Sec. 3411 appears. In view (a) of the distinct provisions as to the circulating notes of national banks, found in the appropriate title of the revised statutes (b) of the general subject to which the chapter in which 3411 is contained relates, and (c) that in that chapter, when it was deemed essential to legislate concerning national banking associations, they were specially designated by that appellation, it would seem to result that it cannot possibly be said that Sec. 3411 clearly has relation to the outstanding circulation of national banking associations. Moreover, the assumption that, considering the text of the two sections, and treating them as relating to the same subject, they are each susceptible of being fully enforced, is a mistaken one. The duty upon the outstanding circulation imposed by Sec. 5214 is assessed half-yearly, not upon the amount outstanding at any particular time, but upon the average for the six months. Section 3411, however, provides that the outstanding circulation to which it refers "shall be free from taxation whenever such outstanding circulation is reduced to an amount not exceeding five per centum of the chartered or declared capital existing at the time the same was issued"—a provision which clearly contemplates a positive and permanent exemption, to arise from the reduction to the limit specified, and wholly incompatible with the system of average provided in Sec. 5214. This results because, by that system of average, even although the sum of the outstanding circulation of a national banking association might, on a particular day or days of a half-yearly period, fall below five per centum of its capital, yet the duty to be paid would attach wholly without reference to that condition, and be determined by the average for the six months. Besides, when there is taken into account the plain meaning of the concluding portion of Sec. 3411, concerning a deposit with the Treasurer of the United States of money to meet outstanding circulation of the banks embraced within that section, it becomes manifest that the circulation referred to in Sec. 3411 cannot be the circulation of a national banking association referred to in Sec. 5214, since the method of deposit of money to secure the payment of outstanding circulation provided by Sec. 3411 is absolutely in conflict with the methods provided for securing and redeeming outstanding circulation of national banking associations, as expressly provided in the sections of the Revised Statutes concerning national banking associations, which sections are cognate to and inseparably connected with the provisions of Sec. 5214. And, beyond all this, it is apparent that, to treat the outstanding circulation referred to in Sec. 3411 as embracing the outstanding circulation of national banking associations, contemplated by Sec. 5214, would require it to be held that the very purpose intended to be accomplished by the national bank act was frustrated by the exemption accorded by Sec. 3411. It has long been settled that one of the public policies embodied in the national bank act was to secure the public credit and encourage the issue of notes to circulate as currency, founded upon the security of the bonds of the United States —a purpose which would be directly discouraged by exempting a national banking association which reduced its circulation below five per centum of its capital from the payment of a duty thereon, and yet enforcing the payment of such duty against a national bank which had not reduced its outstanding circulation to the limit stated. In addition, as the half-yearly duty provided by Sec. 5214 was intended, among other things, at least, to create a general fund for paying the cost of engraving and printing the circulating notes of national banking associations (Twin City Nat. Bank vs. Nebeker, 167 U. S. 196, 42 L. ed. 134, 17 Sup. Ct. Rep. 766), Sec. 3411 could not be construed as now claimed without giving rise to the assumption that it was without reason intended to exempt national banking associations which might choose to allow their circulation to fall below five per centum from a burden which, in the nature of things, was common to all such banks.

But, in effect, it is argued, conceding that all the ambiguities just stated arise from treating the two sections as relating to the same subject, and from seeking to harmoniously enforce them on that hypothesis, yet there is no warrant for considering the genesis of the provisions in order to dispel the apparent conflict between them, because of the express terms of Sec. 3417, Rev. Stat. (U. S. Comp. Stat. 1901, p. 2251), found in the same chapter which embraces Sec. 3411. The section relied upon is in the margin.* It will be observed that it is expressly declared therein that the provisions of the chapter in which the section is contained shall "not apply to associations which are taxed under and by virtue of title 'National Banks.'" This declaration, however, is limited by the words "except as contained in sections," which are enumerated, one of them being Sec. 3411. From this it is argued that, whatever may otherwise be the conflict between 5214 and 3411, construed together, as Sec. 3417 causes 3411 to be broadly applicable to national banking associations, that section must be treated as limiting and controlling the provisions of Sec. 5214. But Sec. 3417, unless it be treated as surplusage, implies that Sec. 3411 might not, in and of itself, be broadly applicable to national banking associations. While there is no doubt that the result of Sec. 3417 is to cause Sec. 3411 to be applicable to national banks, the doubt and ambiguity which must arise from the attempt to make that provision broadly applicable, so as to cause it to be controlling upon Sec. 5214, is in nowise removed by 3417. In other words, giving full effect to Sec. 3417 requires us yet to determine the nature and extent of the application of the provisions of Sec. 3411 to national banking associations—a determination, as we have seen, essential in order to reconcile the confusion and contradiction which otherwise would prevail from the coassociation of the provisions without limitation or interpretation.

A consideration of the origin of the provisions at once demonstrates the unsoundness of the contention relied upon, establishes the correctness of the administrative construction which has prevailed from the beginning, and dispels the confusion and contradiction which necessarily result from the interpretation contended for. We need not specifically trace and develop the origin of

* Sec. 3417. The provisions of this chapter relating to the tax on the deposits, capital, and circulation of banks, and to their returns except as contained in sections 3410, 3411, 3412 [3413], and 3416, and such parts of sections 3414 and 3415 as relate to the tax of ten per centum on certain notes, shall not apply to associations which are taxed under and by virtue of the title "National Banks."

the provisions, since it is expressly conceded in the argument for the appellant that "the provisions of the acts of Congress * * * which are carried into the revised statutes as Sections 3407-3417, U. S. Comp. Stat. 1901, pp. 2246-2251, did not, *when and as originally passed,* relate to national banks or to the circulation of national banks, but related to State and private banks. * * * " So, also, it is conceded that, wholly irrespective of the provisions of the national bank act of 1864 [13 Stat. at L. 99, chap. 106], there were imposed by acts of Congress relating to internal revenue burdens of taxation so heavy upon the circulation of the State banks and private bankers as, by their necessary operation, caused the retirement of such circulation as far as possible. Nor need we refer specially to the origin of Sec. 3411, since it is conceded that the provision was enacted originally in order not to compel the payment by State banks of a tax on circulation when such circulation no longer existed, upon the assumption that, if ninety-five per cent. had been retired, the remainder was no longer in existence, or, at all events, was not within the power of the bank to retire. It is also unquestioned that where a State bank had become converted into a national bank, or where a national bank had assumed the liabilities of a State bank, the national bank was liable, in addition to the duty on its own circulation, to the payment of the internal revenue tax upon the outstanding circulation of the State bank absorbed by it, or the liabilities of which had been assumed, and that, as to such circulation, national banks were given the benefit of the presumption of loss or destruction or possible retirement when all but five per cent. of the circulation of the State bank had been actually retired. The concrete result of the provisions just stated and of the antecedent legislation is aptly portrayed in the re-enactment in Sec. 9 of the act of July 13, 1866 (14 Stat. 146, 147, chap. 184, U. S. Comp. Stat. 1901, pp. 2248, 2251), of previous provisions on the subject, said Sec. 9 reading as follows:

"That the capital of any State bank or banking association which has ceased or shall cease to exist, or which has been or shall be converted into a national bank, shall be assumed to be the capital as it existed immediately before such bank ceased to exist or was converted as aforesaid; and whenever the outstanding circulation of any bank association, corporation, company, or person shall be reduced to an amount not exceeding five per centum of the chartered or declared capital existing at the time the same was issued said circulation shall be free from taxation; and whenever any bank which had ceased to issue notes for circulation shall deposit in the Treasury of the United States, in lawful money, the amount of its outstanding circulation, to be redeemed at par, under such regulations as the Secretary of the Treasury shall prescribe, it shall be exempt from any tax upon such circulation; and whenever any State bank or banking association has been converted into a national banking association, and such national banking association has assumed the liabilities of such State bank or banking association, including the redemption of its bills, by any agreement or understanding whatever with the representatives of such State bank or banking association, such national banking association shall be held to make the required return and payment on the circulation outstanding, so long as such circulation shall exceed five per centum of the capital before such conversion of such State bank or banking association."

It is apparent that these provisions were in substance adopted in the Revised Statutes, and now constitute Secs. 3410, 3411 and 3416, and that, as illumined by the history which we have given, it clearly results that the provision of Sec. 3417, expressly making Sec. 3411 applicable to national banking associations, caused that section to apply not in the broad sense now claimed, but that it was expressly made applicable in order, beyond peradventure, to give to national banks, as representing State banks, the benefit of the presumption of loss or inability to retire the circulation of the State bank when such circulation had been reduced by ninety-five per centum of the volume thereof.

It is strenuously argued that to thus construe the provisions in question will destroy the effect of the revision by causing one or more of the sections contained in the revision to become redundant or superfluous. To test this contention we must recur to the provision of the act of 1866, which has been previously quoted. By that provision (a) what should constitute the sum of the capital of a State bank for the purpose of taxation was declared; (b) the right to an exemption of circulation, when such circulation was less than five per cent., was also declared, and the power to deposit money with the Treasurer of the United States to the extent of the outstanding circulation, and thus avoid the continuance of a tax thereon, was also given; (c) the liability of a national banking association for the tax upon the circulation of a State bank which had been assumed, as well as the right of the national banking association to the benefits of the exemption, when ninety-five per cent. of the circulation of the State bank had been retired, was also expressed. The argument is that to give to Sec. 3411 the restrictive significance we have adopted is to render Sec. 3416 superfluous. It is indeed true that the effect of the construction in an extremely narrow and technical sense might be considered as operating a redundancy. But the asserted redundancy is more seeming than real, as Sec. 3416 was plainly not enacted in order to reiterate what was expressly or impliedly embodied in 3411, but was to declare the obligation of a national bank in a stated contingency to make return and payment on the outstanding circulation of a State bank which was subject to taxation.

The elaborate argument made at bar, to the effect that Congress, at the time of the revision, must have contemplated the non-existence of State banks and the extinguishment of their circulation, and, therefore, must be considered as having intended to make Sec. 3411 applicable to the outstanding circulation of national banks, is, we think, so clearly in conflict with the plain manifestation of the purpose of Congress, as shown by the re-enactment in the revision of the provisions as to State banks and their circulation, as to require no further notice.

Affirmed.

NOTE INDORSED TO TRANSFEREE FOR COLLECTION—ASSIGNMENT OF NOTE.

CRAIG vs. PALO ALTO STOCK FARM, ET AL.

SUPREME COURT OF IDAHO, JUNE 9, 1909.

Under the Negotiable Instruments Law the indorsee of a promissory note may sue thereon in his own name even though he be only a holder for collection.

A person holding a note by "assignment" is not a holder in due course, and in his hands the note is subject to the same defenses as in the hands of his assignor.

THIS was an action upon a promissory note executed by fifteen different persons in favor of the Palo Alto Stock Farm, N. W. Thompson, manager. The plaintiff claimed that the note was sold for value by the Palo Alto Stock Farm before maturity to the Bank of Emmett, and subsequently assigned by the bank to the plaintiff, who was its cashier.

SULLIVAN, *C. J.* (omitting part of the opinion): The court sustained the motion for non-suit on the ground that the action was not brought in the name of the real party in interest. The court erred in granting the non-suit, as the evidence shows that the plaintiff was the bona fide holder of said note under an assignment thereof, and that he held the same for collection. Section 3508, Rev. Codes (which section is found in the negotiable instrument law of this State), is as follows: "The holder of a negotiable instrument may sue thereon in his own name and payment to him in due course discharges the instrument." The holder of a negotiable instrument may hold it for the purpose of collection only or he may own it, and in either case, under the provisions of said section, he may sue thereon in his own name and "payment to him in due course discharges the instrument," and relieves the makers of it. That section of our negotiable instrument law was adopted long after the adoption of sections 4090 and 4091, and must be construed in connection with the later expression of legislative will. Section 3648, Rev. Codes, defines the term "holder" as follows: "'Holder' means the payee or indorsee of a bill or note, who is in possession of it, or the bearer thereof." The transfer of the note from the Bank of Emmett to the appellant made him the holder thereof. He was in the possession of it and the "bearer thereof." The language used in that definition would authorize any party to bring an action on a promissory note who held it under proper authority and for the real owner thereof. Many of the States have adopted what is known as the "Uniform Negotiable Instrument Law," which law contains the two sections above referred to. Oregon has adopted that law, and in Smith vs. Bayer, 46 Or. 143, 79 Pac. 497, 114 Am. St. Rep., the court said: "There is, in absence of a statute, some conflict in the decisions as to whether such an indorsee can sue in his own name. The weight of authority seems to be in favor of his right to do so. * * * We are, therefore, of the opinion that the present action was rightfully brought in the name of the plaintiff." (See Brumback vs. Oldham, 1 Idaho, 709; Carpenter vs. Johnson, 1 Nev., 331; Cobb vs. Doggett, 142 Cal., 142; 2 Daniels on Negotiable Instruments [5th Ed.], Secs. 1191, 1192; 30 Cyc., 78; 15 Ency. Pl. & Pr., 715; note to Stewart vs. Price, 64 L. R. A., 581.) The complaint alleges that the appellant held said promissory note by assignment, and not by indorsement. He claims only to be an assignee, and not an innocent purchaser. He stands in that respect in the shoes of his assignor, and any defense that the defendants could make against said promissory note in the hands of the Bank of Emmett may be made against the plaintiff. See Warren vs. Stoddart, 6 Idaho, 692, 59 Pac., 540. Section 3515, Rev. Codes, provides that a negotiable instrument in the hands of any holder other than a holder "in due course" is subject to the same defenses as if it were non-negotiable. So in this case, under the pleadings, the defendants may set up any defense to said note that they could legally set up against the Bank of Emmett had the suit been brought by it. The judgment must, therefore, be reversed and the cause remanded, with instructions to the district court to set aside said judgment, and overrule said motion for a nonsuit.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

PRESCRIPTION — PROMISSORY NOTES — INTERRUPTION OF PRESCRIPTION—PAYMENT OF A DIVIDEND BY A CURATOR.

La Banque D'Hochelaga vs. Richard. (Quebec Reports, 18 King's Bench, p. 252.)

The defendant Richard and one Derome conducted a business under the name of "La Librairie Ville-Marie" and gave certain bills and notes amounting to $1,769.71 all to the order of Messrs. Cadieux and Derome which were discounted with the plaintiff bank in the year 1902. In April, 1902, the firm made an assignment for the benefit of creditors and in July and October three dividends were paid by the curator amounting to $274.71, which sum was received by the bank and credited upon the total amount of the notes. In June, 1907, the bank brought action against the defendant for the balance due upon the notes, all of which, except one for the sum of $150, had matured more than five years before the date of the issue of the writ. The defendant confessed judgment for the sum of $150 with interest and costs and defended as to the other five notes, pleading that they had been outlawed under the Civil Code inasmuch as the writ had not issued until more than five years after the maturity of these five notes. The bank pleaded that the running of the five years had been interrupted and a new start given by the payment of dividends by the curator. The trial judge held payment by the curator did not interrupt the running of the period of prescription and gave judgment for the defendant. An appeal was taken to the Court of King's Bench.

JUDGMENT (SIR HENRI TASCHEREAU, BLANCHET, LAVERGNE, CROSS and DEMERS, *J. J.*): The judgment of the Court was given by Chief Justice Sir Henri Taschereau, who held that the best possible proof of payment on account had been given bv the defendant himself in not denying the payments of dividends and, in fact, pleading such payments. He continues "It is indisputable that the payments made by the curator to one who has proved the claim against the estate are, in fact, payments made by the insolvent himself and do interrupt the period of prescription. An insolvent estate is liquidated by a series of judicial acts done under the eye of justice by the officers of the court. From the assignment of the estate up to the final liquidation the whole proceeding is entirely a judicial one. The distribution of the proceeds of the estate of the insolvent is a judicial operation and the insolvent can oppose the scheme of distribution if he desires or he may assent to and ratify the payments made to creditors. Moreover, proof of claim by a creditor is a demand in law. If the proof is admitted by the curator there is no need of further proceedings to establish the claim; such an admission amounts to a confession of judgment made in law by the debtor and constitutes an interruption of the period of prescription. If a dividend is subsequently paid to the creditor this payment necessarily imports the consent of the debtor who has not only admitted the proof but has permitted distribution without protest. The appeal will therefore be allowed."

EDITORIAL NOTE: It is to be observed that the law in Ontario is entirely contrary to the principal of the decision just quoted. It has been held in Ontario that an assignee for the benefit of creditors is the agent of and operates solely for the benefit of creditors and that payment of a dividend of an insolvent estate does not interrupt the running of statutes of limitations as against the insolvent debtor.

TRUST—BANKING— HYPOTHECATION OF SECURITIES — TERMS OF PLEDGE—DUTY OF PLEDGEE.

CANADIAN BANK OF COMMERCE VS. JOSEPH BARRETTE AND LE SYNDICAT LYONNAIS DU KLONDYKE. (41 Supreme Court Reports, p. 561.)

Barrette sold property to the Syndicat and took as security for the price mortgages on real and personal property and a promissory note and transferred the securities to the bank to secure his present and future indebtedness to it. He signed a document authorizing the bank to realize on the same in its discretion, to grant extensions and give up securities, accept compositions, grant releases and discharges and otherwise deal with them as it might see fit without prejudice to Barrette's liability. The note being paid at maturity, the bank sued the Syndicat and Barrette upon it and on the covenants in the mortgages and obtained judgment against both. In the same action, the Syndicat, on counterclaim for damages for deceit, had judgment against Barrette which was eventually set aside, but, while it existed, the bank made a settlement with the Syndicat and discharged the latter from all liability on the judgment of the bank on payment of over $20,000 less than the debt. Barrette was not a party to this settlement and the bank afterwards refused to give him any information about it or to give him a statement of his account with the bank itself. In an action by Barrette for an account and to have the bank enjoined from further dealings with the securities:

Held, that the power given to the bank to deal with the securities was to be exercised for the purpose of liquidating Barrette's debt, and, as to the surplus, for Barrette's benefit; that, the settlement having been made solely for the benefit of the bank and in sacrifice of Barrette's interests, the bank violated its duty, and had not satisfied the onus upon it of showing that, had the whole amount of the judgment been recovered from the Syndicat, Barrette would not have benefited thereby.

THIS was an appeal by the bank (defendant) and a cross-appeal by the plaintiff from the judgment of the territorial court of Yukon Territory, in banco.

On June 27, 1901, Barrette transferred to the bank as collateral security for existing and future indebtedness two mortgages, one of certain chattels and the other of certain mining claims executed by the Syndicat Lyonnais in favor of Barrette to secure payment of $92,500, payable in October of the same year, and a promissory note of the same date payable at the same time expressed to be collateral to the mortgages.

The Syndicat having failed to pay the sums due under these securities, the bank commenced an action against them upon the covenants in the mortgages as well as upon the promissory note, and on February 16, 1903, judgment was delivered in the action. By that judgment it was adjudged that the bank recover from the Syndicat the sum of $92,500 with interest (in all $101,204.15.) At the same time, and in the same action, Barrette was adjudged to be liable to pay to the Syndicat $40,500 on a counterclaim set up against Barrette by the latter. The judgment further provided that upon certain conditions being satisfied the Syndicat might have an account taken of the moneys owing from Barrette to the bank and that the Syndicat should be at liberty to credit on its judgment against Barrette any amount by which the sum recovered against it by the bank as mentioned above should exceed that indebtedness.

In the following April Barrette appealed from the judgment against him. On May 6, the bank entered into a settlement with the Syndicat which was embodied in an order of court of that date, and which it will be necessary to consider more particularly later.

In June, 1904, Barrette's appeal was allowed by the territorial court sitting in banco. From that judgment an appeal to the Supreme Court of Canada was brought by the Syndicat, and in the following May judgment was given in favor of the Syndicat restoring the judgment of the trial judge with a reduction of the amount awarded by that judgment.

In June, 1907, the judgment of the Supreme Court of Canada was reversed by the Privy Council, that of the territorial court in banco being restored and the counterclaim against Barrette dismissed.

It is not disputed that at the date of the settlement referred to the Syndicat had assets in the Yukon Territory sufficient to answer the full amount of the judgment recovered against them; and it is admitted that this condition of things existed in the following June when the judgment against Barrette was reversed by the territorial court in banco; when, however, that judgment (having been reversed by this court) was finally restored by the Privy Council, these assets had disappeared and with them all possibility of recovering from the Syndicat the unpaid balance of the judgment.

JUDGMENT: The appeal was heard by Sir Charles Fitzpatrick, C. J., and Girouard, Davies, Idington and Duff, J.J. The judgment of Mr. Justice Duff is the judgment of the court.

There are two principal questions for decision. The first is whether in making the settlement referred to the bank violated its duty to Barrette in relation to the securities; and the second, whether, assuming it did so, the bank is chargeable at the suit of Barrette with the full amount which could have been recovered from the Syndicat at the time the territorial court in banco delivered its judgment.

As to the first of these questions.

The effect of the transaction of June, 1901, was that the legal title to the securities was vested in with authority to enforce them or collect the moneys secured by them. Under the special stipulations of the letter of hypothecation (so called) of June 27, 1901, the bank was empowered to realize the securities "in such manner as to it might seem advisable," to "grant extensions," to "enter into compositions" and generally to "deal with" the parties to the securities as "it should see fit," without prejudice to the liability of Barrette. The bank acquired in other words the full control of the securities to the exclusion of the plaintiff.

It is not necessary and I will not attempt to define with accuracy the precise nature of the duty which in these circumstances the bank owed the plaintiff in respect of the enforcement of the securities. This much is clear: the securities were to be realized, if realized at all, for the purpose not only of liquidating Barrette's debt to the bank, but, as to the surplus, for Barrette's benefit. Respecting the manner in which this was to be done a discretion was under terms of the letter reposed in the bank; a discretion, however, controlled by the dominant obligation that it should be exercised in good faith with a view to the purpose for which it was conferred, viz., to realize the moneys owing upon the securities and so far as with reasonable diligence it could be done to realize the full amount. In this view and for this purpose the bank might grant extensions, enter into compositions or special arrangements; but only in this view, and for this purpose. A compromise framed with an eye to the interests of the bank alone, in which the interests of Barrette should be recklessly disregarded or wilfully sacrificed would involve a plain violation of duty on the part of the bank. This, I think, is as much as it is necessary to say upon this point for the purpose of this case.

There was a good deal of controversy as to the effect of the settlement in question. I do not think it really necessary to determine the precise legal effect of it. It was argued and, I think, it is quite clear that until the judgment against Barrette on the Syndicat's counterclaim was reversed, the judgment against the Syndicat could not have been enforced beyond the amount due the bank from Barrette. But the moment the judgment on the counterclaim should be reversed the situation would become wholly changed; in that contingency it would be the plain right of Barrette in the ordinary course to have the judgment enforced to the full extent of his interest in it, to have, that is to say, payment of it, or, if proceedings were to be stayed pending a further appeal, to have proper provision made by way of security for the protection of his rights in the meantime.

Now nobody disputes that the documents in which the settlement is embodied are at least ambiguous; and it is perfectly clear that if those documents did—as the bank contends—reserve to Barrette the right, in the name of the bank, to enforce the judgment against the Syndicat to the extent to which Barrette should be interested in the settlement providing that the action be dismissed was to the extent of that interest nugatory; and that was, of course, a contention which the Syndicat would have disputed to the full extent of its means and ability. Thus Barrette's rights were beclouded by the settlement to such an extent as most seriously to impede him in the enforcement of them, if he should succeed in his appeal; so much so indeed as to substitute for a judgment against the Syndicat a stubborn and doubtful—and, in my view, a hopeless—dispute with the Syndicat. But the grounds of complaint against the bank do not end there. The settlement was made behind Barrette's back; the bank refused to give his solicitors information respecting the terms of it; and refused, too, after the judgment against Barrette had been reversed, to give him the information required in order that he should be able to make up his account with the bank (a step necessary to enable him in any case to ascertain the extent of his interest in the judgment and to enforce it against the Syndicat); or to take any steps themselves to enforce the judgment against the Syndicat.

It was, I may add, frankly admitted by the bank's agent, what indeed is patent from the correspondence between the agent at Dawson and the head office in Toronto, that in so acting the agent proceeded in total disregard of Barrette's interests.

I think it is impossible to maintain on these facts and in face of this admission that in the dealings I have mentioned the bank acted in good faith under the powers vested in it under the transactions of June, 1901. The only question indeed which to my mind is at all doubtful is the question whether it sufficiently appears that as a result of these transactions Barrette suffered any loss.

I have come to the conclusion that the plaintiff having shown that at the date of the judgment of the territorial court in banco the full amount of the judgment (had the bank acted in accordance with its duty to Barrette as above indicated) could have been realized; and that the bank in violation of its duty to Barrette having so dealt with the judgment that Barrette was prevented from recovering upon it; the onus was on the bank to show that had the sum owing under the judgment been realized or security been given, the subsequent course of events would have deprived Barrette of the benefit of the security or of the sum thus recovered; and of this onus I think the bank has not acquitted itself.

CHECK DRAWN TO ORDER—DUTY OF THE BANK ON WHICH IT IS DRAWN — RIGHTS OF THE BEARER—PAYMENT UPON AN IRREGULAR INDORSEMENT.

CANADIAN PACIFIC RAILWAY COMPANY vs. LA BANQUE D'HOCHELAGA.
(Quebec Reports 18 King's Bench, p. 237.)

THIS was an appeal by the railway company from the judgment at the trial in favor of the defendant bank. The station agent of the railway company at St. Jerome was authorized to accept payments of freight accounts in cash, but had no authority to indorse checks made payable to the company. He did, however, indorse five checks amounting to some hundreds of dollars signed by one Beaulieu and obtained from the defendant bank in cash the various amounts of these checks. The agent who was a witness gave evidence that the proceeds of certain of these checks were placed with the general cash in his office and the proceeds of certain other of them were forwarded to the railway company with a statement that they had been received from other parties whose payments the agent had previously embezzled. It was, therefore, contended that the whole proceeds of these five checks had reached the appellant railway company. All the checks were drawn to the order of the railway company and had been accepted by the defendant bank, and the action was in the nature of one upon these checks against the bank as drawee and acceptor. The bank admitted the drawing and accepting of the checks, but denied that they were the property of the appellant and also pleaded that they were properly indorsed and cashed by the authorized agent of the appellant who was to its knowledge in the habit of indorsing and cashing checks made to its order; further, that the proceeds of the checks were remitted to the appellant company. The trial judge held in favor of the bank on the ground that the agent having authority to receive payment of all sums due for freight at the St. Jerome station in cash had inferentially authority to collect the amount of checks given for freight payable at that station; and also on the ground that the appellant's loss was not the result of payment of these checks to the station agent by the bank, but was the result of the conversion by the station agent of cash to his own use.

JUDGMENT (SIR HENRI TASCHEREAU, *J., en. ch.*, and BLANCHET, *J.*, dissenting): The chief justice and Lavergne, J., dissented from the judgment of the majority of the Court which was delivered by Mr. Justice Cross, who, after reviewing the evidence and the judgment of the trial judge, held that there was no sufficient evidence that the money paid by the bank came into the possession of the appellant railway company in any such way as would operate to validate the payment of the checks. The further opinion of the Court of Appeal that the evidence did not establish that the station agent had express authority to indorse checks payable to the order of the railway company, or that the railway company had such knowledge of a practice on the agent's part of indorsing checks made out to the order of the company as would justify the court in holding that there was a tacit approval of this practice. The judgment continues, "The particular bank notes and coins handed out by the bank may have gone into the cash box at the station, or have been forwarded in a parcel by the agent to the appellant, but it is of the nature of current money to have no individuality. It passes from hand to hand, but carries upon itself no trace of the operations in which it has served as a medium or set of tokens." (Pothier, "Lettres de change," Nos. 168, 169). It, therefore, follows that the consideration of the checks did not pass into the appellant's possession.

Then, the fact that, if the freight account for which these checks were given, had been paid in cash instead of by check, the station agent could have misappropriated the cash as easily, or more easily, than he could have obtained cash for checks and then misappropriated the cash so obtained, does not help the respondent, because it is reasoning upon a state of facts other than the one which exists. It so happens that, in the present case, the appellant had the advantage of having its asset in a form in which the station agent could not have converted it, without the unauthorized coöperation of a third person.

Had the issues been differently joined, a somewhat difficult question might have arisen, in view of the fact that the so-called acceptance of these checks by the respondent was not an acceptance with delivery to the appellent, of such a kind as to create a contract-relation between the respondent and the appellant (Bills of Exchange Act R. S. C. Ca. p. sec. 39, Washington First National Bank vs. Whitman.) The respondent, instead of delivering over its acceptance, took surrender of the checks in exchange for money, and, in that position, it is difficult to see how it came under any obligation as acceptor, to the appellant, and it is only as acceptor that it is sought to be held responsible in the present action.

The plea, however, has not only admitted the acceptance, but affirmatively pleads a payment to the use of the appellant. The difficulty consequently does not arise.

I would therefore maintain the appeal and give the appellant judgment for $428.13, being the amount sued for less $72, a sum to the extent of which the appellant recouped itself, by withholding so much of the station agent's salary.

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 CHECK BEFORE CLOSE OF BUSINESS HOURS.

SHELBYVILLE, IND., August 1, 1909.

Editor Bankers Magazine:

SIR:—Must a check be held until the close of business on the day received before protesting, when maker has no funds or insufficient funds to pay same? In other words, is a check protestable whenever same is presented at the bank on which it is drawn, or must it be held until close of business before it can be legally protested?

A SUBSCRIBER.

Answer: The rule is well settled that when a check or other negotiable instrument is presented for payment and dishonored, it may be protested at once, and the holder need not wait until the close of business hours for this purpose. (Bank of Alexandria vs. Swan, 9 Peters, 33; Leonox vs. Roberts, 2 Wheat., 373; Whitwell vs. Bingham, 19 Pickering [Mass.], 117.) This is the rule of the law merchant, and is now the rule by statute in all

States where the Negotiable Instruments Law has been enacted.· The retention of the check until the close of business hours is an act of mere convenience or courtesy, and is not a matter of legal obligation. Thus, if a check should be presented at twelve o'clock and payment refused, it may be protested forthwith, and no subsequent presentment is required.

STOPPING PAYMENT ON ACCEPTED CHECK.

BROOKLYN, N. Y., July 29, 1909.

Editor Bankers Magazine:

SIR:—A check drawn by D on a Trust Company to the order of an Insurance Company is delivered to a broker, who presents it to the Trust Company for acceptance, which accepts same, payable at bank. The broker loses the check and requests the drawer to stop payment, and the drawer complies with this request. Is it advisable for the Trust Company to stop payment at the bank? Does the Trust Company make itself liable in any way to an innocent holder by so doing? The maker has given the check in payment of a premium on a policy of the insurance company, and the latter has threatened to cancel the policy if the insured does not give another check. The Trust Company has charged the drawer's account by reason of said acceptance. What should be done to straighten out matters? Can the Insurance Company cancel D's policy? If the broker had forged the endorsement of the Insurance Company and then personally endorsed said check and negotiated it to a third party, G, who received cash for it from the Trust Company, would G be liable? If so, to whom and to what extent? Would the insurance company be responsible for the broker's act?

ASSISTANT SECRETARY.

Answer: By its acceptance of the check, the trust company became the principal debtor thereon, and liable for the full amount thereof to any holder in due course. (Negotiable Instruments Law, §§ 112, 323.) So far as third persons are concerned, the trust company's liability is the same as if it had issued its own check upon the bank. (Id., §147.) In all such cases, the practice is for the bank which has accepted or certified the check to require from the drawer a bond of indemnity before it stops or refuses payment. Whether the insurance company could cancel the policy would depend upon whether the broker was the agent of the insurance company or the agent of the insured. In the latter case, the delivery of the check to the broker was not a payment to the company, and the company has the same right to cancel the policy that it would have had if the check had never been delivered at all. Any person collecting the money upon the check through a forged indorsement would have to return the amount to the bank. (Canal Bank vs. Bank of Albany, 1 Hill, 287; Bank of Commerce vs. Union Bank, 3 N. Y., 230; National Park Bank vs. Ninth Nat. Bank, 46 N. Y., 77.) If the broker was the agent of the insurance company, his act in receiving the check and having it certified operated as a payment of the premium; but the insurance company would not be liable to the bank for his forgery; but would be entitled to demand possession of the check, and to receive payment thereof in the same way as if there had been no previous presentment.

CHECK PAYMENT STOPPED—RECOVERY FROM DRAWER.

BOSTON, MASS., August 6, 1909.

Editor Bankers Magazine:

SIR: Would like your opinion regarding the following transaction: In the course of business, a young man, whom we knew, asked us to cash a check, made out to his order by a well-known firm. He endorsed the check, and we gave him the money. Our bank notified us the next day, after clearing, that the drawer of the check had stopped payment of same. On asking them why payment was stopped, they tell us that the young man secured their check by fraud. As we are an innocent party to the transaction, to whom do we look for payment of check and why?

GEO. S. CARPENTER.

Answer: As the check was not certified, the bank upon which it was drawn had incurred no liability thereon, and the holder cannot look to the bank for payment. (Negotiable Inst. Law, Sec.

189.) But the drawer, by drawing and issuing the check, engaged that, if it should be dishonored by the bank, he would pay the amount thereof to the holder. (Neg. Inst. Law, Sec. 61.) As the holder took the check for value without any notice of the fraud of the payee, that fraud is no defense to the drawer as against the holder. (Neg. Inst. Law, Sec. 57.) The holder may, therefore, look to the drawer for the full amount of the check.

BANK OF ENGLAND NOTE.

THE paper on which Bank of England notes are printed has been made since 1719 by the same mill at Laverstoke, in the valley of the Test, in Hampshire, where about 60,000 notes are made daily. This paper is distinguished by its whiteness, its thinness and transparency (preventing any of the printed part of the note being washed out by turpentine, or removed by the knife without making a hole); its characteristic "feel," crisp and tough, by the touch of which can be distinguished true from false notes; its wire mark, or water mark, producéd in the paper in a state of pulp (the mark is stamped upon counterfeit paper after it is made); three deckle edges made in pulp; the strength of the paper, it being made entirely from new linen and cotton pieces; when unsized a bank note will support thirty-six pounds; when sized it will lift fifty-six pounds.—*San Francisco Chronicle.*

WEAK BANKS.

THE president of the Wisconsin State Bankers' Association says that during the past five years not a dollar has been lost by a depositor in a Wisconsin bank. There does not seem to be any ground on such a record as this for the guaranteeing of deposits. The fact is that Wisconsin has outgrown the necessity for making strong banks bear the burdens of the weaker ones. Weak banks have no right to exist, and if they were eliminated, as they should be, when they fall below the standards of safe banking practice, the excuse for a law guaranteeing deposits would be wholly wanting.

A weak bank in the financial system of any state has no more right to continue in business than has a weak bridge in a public highway. The duty of the public authorities and of public opinion in the one case is the same as in the other. Once an element of weakness has developed, the defect in the structure is to be remedied without delay, so as to make it capable of bearing the full weight of its proper burden, or the thing should be closed up. The weak bank takes away legitimate business from the bank that is safe and does injury to the business as a whole by spreading general distrust. It should, therefore, be put out of existence with no less expedition than we put out a fire or block up a highway or suspend traffic on a tumbled-down bridge.

This is not a case in which sentiment, social standing of officials or hesitation to sacrifice an old institution, that has outlived its usefulness, can be considered. If a bank is weak it has either got to strengthen itself or go. The machinery of the law cannot be invoked too speedily.

If state bank officers, federal officials and bankers generally will stick to old-fashioned standards of banking honor, and eschew temptations, they need not have unwise laws forced upon them.—*Wall Street Journal.*

MR. FULLER'S HOLLOW VICTORY.

"I UNDERSTAND that you called on the plaintiff, Mr. Barnes. Is that so?" questioned Lawyer Fuller, now chief justice.

"Yes," answered the witness.

"What did he say?" next demanded Fuller.

The attorney for the defense jumped to his feet and objected that the conversation could not be admitted in evidence. A half-hour's argument followed and the judges retired to their private room to consider the point.

An hour later the judges filed into the court room and announced that Mr. Fuller might put his question.

"Well, what did the plaintiff say, Mr. Barnes?"

"He weren't at home, sir," came the answer without a tremor.—*Success.*

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

ENGLISH INVESTMENTS AT HOME.

IN dealing with the demands for new capital in Great Britain, an interesting calculation of the amounts invested at home, including those which do not appear in the applications for company issues, is made by the "London Statist" of July 3. It appears that a large amount of capital is invested in housing the growing population of the kingdom as well as improving the habitations of the old population. In the five years from 1901-02 to 1906-07 the number of houses of a rental lower than £20 per annum increased from 5,671,000 to 6,065,000, an expansion of nearly 400,000, or seven per cent. That is, the number of these houses increases on the average by about 80,000 a year, and the capital required for their construction is about £16,000,000 per annum. The number of houses of a rental ranging from £20 to £1,000 a year grew from 1,231,000 in 1901-02 to 1,446,000 in 1906-07, an increase of 215,000 in the five years, or 17 per cent., being at the rate of somewhat over 40,000 a year. The average rental value upon which inhabited house duty is paid in respect to these houses is £45 a year. Thus it may be calculated that the sum expended upon private dwelling houses for that portion of the population which can afford to pay a rental of over £20 a year is about £24,000,000, while the sum expended upon the dwelling houses of those persons who do not pay more than £20 a year is about £16,000,000 per annum, making a total of £40,000,000. This figure is, of course, exclusive of the value of the land. The purchase of the land merely involves the transfer of capital from one person to another, the man who purchases the land handing over a portion of his savings to the person who sells it to him.

Beyond the large sum of £40,000,000 per annum expended upon the private dwelling houses, there is the very large amount expended upon business premises and buildings which are not used as private dwellings. Possibly the best guide to the total sum expended per annum upon houses is found in the income assessed to income tax in connection with house property. In 1901-02 the amount so assessed was £184,572,000, and in 1906-07 it was £210,396,000, an increase in the period of £26,000,000, or fourteen per cent., being an average of somewhat over £5,000,000 a year. Capitalized on the basis of sixteen years' purchase, an increase of £5,000,000 a year in income from this source indicates an additional capital investment upon houses of £80,000,000 per annum. But from this sum a deduction has to be made for the price of the land included in the house property. Making allowances of every kind, it is apparent that an average sum of about £60,000,000 per annum is spent upon new house construction.

The savings that are available for investment in securities publicly issued are, of course, over and above the capital that is devoted to house construction. And beyond the capital thus found are the very large sums expended upon equipping and stocking business premises of all sorts and descriptions, and the great additional sum that is expended each year upon furnishing the new houses. Thus it is evident that at a very low valuation the capital which is yearly invested in buildings, business premises, plant, stocks, ships, furniture and other forms of wealth appreciably exceeds £100,000,000 a year, of which there is no visible sign other than the growth in the number of houses, the increase in inhabited house duty, and the increase in the sum assessed to income tax to indicate that the wealth has been and is being accumulated from year to year.

FRENCH INVESTMENTS ABROAD.

THE pressure for new fiscal resources in France led the Government, in its recent budget projects, to renew proposals for compelling foreign banks doing business in Paris to disclose their purchases of securities for Frenchmen and also to secure international coöperation in pursuing the investor, wherever he might keep his securities. Whether this project will be supported by the new ministry has not yet been disclosed, but it is not unlikely that the need for additional revenue will ultimately lead to similar proposals.

The French Government has not heretofore been inimical to the employment of French money abroad, because it was obvious that it was not greatly needed in France. A large French investment has been going on in London for a considerable time and attained an unusual volume during the closing week of June, as the result of the decline in quotations on the Stock Exchange. The "London Statist," in its issue of June 26 last, discusses various aspects of this movement as follows:

> The buying is mainly in small amounts, but week by week the aggregate buying is very large, and it is sweeping up the surplus stock floating in the market. In the long run it must bring about a steady rise in prices. It has prepared the way for the rise which we have seen already, and it is laying the basis for a further advance. The buying is of all kinds; but, as we have said, each particular purchase is of small amount. Considering the vast accumulation of unemployed money in Paris, it is reasonable to anticipate that the investment has little more than begun, the more so as the fear of an income tax and the general dissatisfaction with the political outlook at home is making people much more desirous to invest abroad than in France.
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> During the recent rise there has been large speculation on the part of French operators as well as other Continental operators. Probably the largest part of the speculation in the mining market was on account of South Africans, but there was large buying by all sorts of Continental operators likewise and in other markets the Continental buying was on a very considerable scale in, for example, copper, diamond, and other such shares, likewise in Americans. The Continental buying for a time stopped, and there was a good deal of selling. But confidence seems to have recovered on the Continent, and this week, especially in the latter part of the week, there has been good buying on Continental account. * * *
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> Respecting the vast accumulation of unemployed money in Paris, to which we have just referred, it is not surprising to find that it is inducing governments and corporations of all kinds to apply to France for monetary assistance. There have already been many new issues in Paris, just as there have been here in London, and as a rule they have gone off exceedingly well. Several new issues will be brought out in the early future, and it is understood that many more are in preparation for a somewhat later date. For the time being, therefore, the French banks are able to employ their balances at home. Of course, if there was to be a material rise in the value of money in London the French banks would increase their balances here. But as things stand at present they have no inducement to do so, rates being so low. The present indications, therefore, are that the rush of new issues of all kinds which has been so remarkable in London will be very nearly as remarkable in France and will continue for a considerable time.

ENGLISH BANKING PROFITS.

THE low rates for money which prevailed during the first half of the year have not given a roseate hue to the reports of the big English banks. The minimum discount rate of the Bank of England was twice changed during the six months, and the average rate in the open market was over two shillings per cent. higher. The bank rate at the beginning of the year was two and one-half per cent., but owing to the drain of gold to Paris was raised to three per cent. on January 14. After remaining at that figure for nine weeks it was reduced at the end of March to two and one-half per cent., where it remained. This condition was very different from that of the first half of 1908, when the rate started at seven per cent. and came down by degrees to two and one-half per cent.

The difference between the market rate has been widening during the past three years and has stood this year at about 13-16ths of one per cent. During the first quarter of the year the open market rate was never below and in the second quarter was never above two per cent. The highest point for the half year was two and three-quarters and the lowest one and one-quarter per cent. The margin between the market rate and the rate paid on deposits, which is a pretty good measure of banking profits, was only about two-thirds of one per cent.

It is pointed out by the "London Bankers' Magazine" for July that bankers working in the provinces find themselves with large local deposits which they are unable to employ except by sending them up to London, where they earn but little. Commenting upon the results of these conditions, the London publication declares:

Thus, the London and County, almost the whole of whose branches are in the districts worked under the London system, will feel the full benefit of the low deposit rate, and other institutions which are particularly connected with the Stock Exchange will also benefit by the revival of business in that quarter. We believe it is by no means an unusual event for banks lending large sums to that institution to have more than double the amount of money employed in loans on stocks than they did a year ago, and although the lending rate is down, the rate on deposits being lower, they ought to have gained considerably from the increase in this class of business. Certainly the growth has not been present during the whole of the half-year, but has only proved important in the last month or two. Still, this will save some of the London banks from feeling the worst effects of the low value of money, and, in one or two cases, profits upon loan issues will also help them. As regards bad debts, the half-year has not been unsatisfactory. There have been a few failures from exhaustion, but the trend of commercial prices has been rather favorable, and in the Stock Exchange has been distinctly good, so that under these conditions failures are not usually prominent. Then, in a few quarters, there are indications of general trade showing some improvement, and the growth in this direction has, we believe, been really more important than many people would imagine from seeing the ordinary statistics which are published from month to month.

CAPITAL ISSUES IN ENGLAND AND GERMANY.

THE applications for new capital in England through the issue of company stock and bonds went on during the first half of the year at a rate without parallel in the history of the British money market. The total applications for new capital for the first quarter were £64,238,400 and for the second quarter £56,835,200, making a total for the half year of £121,073,600 ($595,200,000). The total for the entire year 1908 was only £192,203,700, but of this amount £109,673,500 was taken in the first half year. The totals for the entire year for 1905 were £167,187,400; for 1906, £120,173,200, and for 1907, £123,630,000. Figures for the twelve months ending June 30 show total issues for 1908 of £166,616,000 and for 1909 of £216,885,000. The issues for the latter year are classified as £41,219,000 for home purposes, £72,545,000 for Indian and colonial securities, and £103,121,000 for foreign securities. British Government bonds for the first half year of 1909 were only £3,840,000, but colonial and foreign government issues were £44,064,100. Foreign railways demanded £17,485,200 and other foreign corporations £8,035,400.

New issues of securities in Germany do not show so large an advance over previous years as in Great Britain, but issues for the first half of 1909 do not fall greatly below the record of Great Britain, standing at 2,180,010,000 marks ($518,000,000). This is slightly below the issues of the first half of 1908, which were 2,220,540,000 marks. Nearly three-quarters of the total issues of 1909 represented Government loans—1,011,000,000 marks on account of the empire and 412,830,000 marks on account of German cities. German mortgage bonds account for 265,000,000 marks, other bonds for 190,500,000 marks, and foreign loans for 121,490,000 marks. The amount left for industrial stocks, apart from several other small items, is only 120,980,000 marks ($29,750,000). This is somewhat below the industrial issues of the same period in 1908 and does not indicate remarkable activity in the creation of new industries.

FRENCH SECURITIES IN 1909.

A CAREFUL review of the movement of French investment securities during the first half of the current year is made by M. Edmond Théry, the editor of "L'Economiste Européen," in the issue of July 16. Taking the 160 representative securities upon which he usually bases his calculations, he finds a value at market quotations equal to 58,508,000,000 francs ($11,300,000,000) on June 30, 1909, as compared with a value of 58,237,000,000 francs on December 31, 1908, or a gain of 271,000,000 francs ($52,310,000). The most notable improvement is in French Government rentes, which advanced from 24,658,000,000 to 24,837,000,000 francs. Railway stocks and bonds, curiously enough, show a decline—stocks from 3,677,000,000 francs ($710,000,000) to 3,539,000,000 francs ($683,000,000), and bonds from 16,314,000,000 francs to 16,200,000,000 francs. The three per cent. perpetual rente, which is a good barometer of the market, advanced from 96.82 to 97.20.

The French bank stocks show a large increase in proportion to the value of their capital — from 2,729,000,000 francs to 2,831,000,000 francs—an increase of 102,000,000 francs, or nearly four per cent. Foreign securities show in most cases advances of considerable importance, Russian consolidated fours, for instance, having risen from 86.10 to 89.95, while the Russian four and a half per cents. issued last winter have advanced from 89.25, the rate of issue, to 97.50.

As bearing upon the low rates prevailing in European money markets, M. Théry calls attention to the fact that the gold reserve of the Bank of France increased from 2,676,000,000 francs at the beginning of 1908, to 3,707,000,000 francs ($715,500,000) on June 30 last, an increase in eighteen months of more than 1,000,000,000 francs. The note circulation, on the other hand, decreased from 5,067,000,000 francs ($978,000,000) to 4,962,000,000 francs. When the silver reserve of 900,000,000 francs is taken into consideration, the metallic reserve falls short by only about seven per cent. of covering the circulation in full.

FINANCIAL PROGRESS IN THE ARGENTINE.

A GRATIFYING summary of the solidity of Argentine public finance and commercial progress is embodied in a circular-letter sent out by Messrs. Ernesto Jornquist & Company, the well-known bankers of Buenos Aires. The summary is based upon the annual message of the President of the Republic, which was presented at the opening of Congress on May 15. The receipts of the Treasury for the fiscal year 1908 amounted to 255,189,594 paper pesos ($112,000,000), which is an increase of no less than 30,000,000 pesos ($13,200,000) over the government estimates, and an increase of 66,000,000 pesos over collections as recently as 1904. The net surplus for the year was 2,752,772 pesos. This surplus remains, moreover, after considerable reductions of short term loans and floating debt.

The monetary system has continued in sound condition and has been strengthened by large arrivals of gold, amounting since September 1, 1908, to £14,279,600 ($70,000,000). This amount compares with £4,599,300 for the previous year. The conversion fund now amounts to 198,539,413 pesos ($88,000,000). The nominal value of the outstanding paper currency is 680,575,447 pesos, but its gold value at the rate of 44 centavos, which has been so long maintained, is only 299,453,196 pesos, or 66.3 per cent. of the outstanding paper. It is stated that in the presence of this accumulation of gold the definitive regulation of the monetary system will seem to be demanded, but it is doubtful if the conditions attending the eve of a presidential election will permit Congress to discuss and vote such a measure during the present year.

The volume of gold which has entered the Republic during the past season is causing some question as to whether it will not unduly stimulate speculation. The amount has been nearly $75,000,000, of which one-third is estimated to have paid for the crops of last year and the remaining two-thirds to represent borrowings by the national and municipal governments, the railways, and other corporations. Rumors of further shipments have provoked the following comment by the London "Statist," in its issue of July 17:

What will be the effect of such a vast mass of gold added to the accumulations already in Argentina? It is estimated that the new gold is equivalent to an addition to the circulation of about $40 per head. Will not that send down the rates of interest and discount, consequently stimulate speculation, and thus tend to do damage to the country? There is no doubt that the danger is real. It is to be hoped that the Argentine people will have sufficient self-control to avoid the worst forms of reckless speculation. So far as our own market is concerned there seems no reason to suppose that it will be very much affected. It is to be remembered, in the first place, that though trade is improving, the improvement is slight, and, in the second place, that the speculation which threatened to become rampant a little while ago has been checked. Money, in consequence, is now both abundant and cheap. Over and above this, it is to be recollected that money is both abundant and cheap in most parts of the world and that the production of gold is on a quite unexampled scale. Lastly, it is to be recollected that any material rise in rates in London would attract capital from other countries.

THE NATIONAL BANK OF EGYPT.

THE National Bank of Egypt operated for the first time during 1908 under the conditions of a more direct connection with the Government than had previously existed. The result, in spite of continued business depression, was an increase of deposit current accounts from £5,574,795 at the close of 1907 to £7,166,656 at the close of 1908. The circulation, however, declined from £2,600,000 to £2,320,000. Loans and discounts fell from £5,626,587 to £5,264,491.

The National Bank of Egypt dates only from 1898, when the reforms of Lord Cromer were being energetically put in effect, and was at first a private institution, governed by a council of 22 members, of whom four were in London charged with special functions. The position of the bank with reference to the Government prior to 1908 was set forth in the author's "History of Modern Banks of Issue," as follows:

The National Bank acted from the first as banker for the Egyptian Government, but in 1907 a closer relation was proposed by which the bank should increase its capital by £500,000 and hold the government funds as a matter of right. The conduct of the bank in obtaining the necessary funds to handle the big cotton crops of 1906, in the face of monetary stringency in Europe, caused much gratification in Egypt. A severe crisis due to the abuse of credit and the issue of new securities broke out in 1907, however, considerably in advance of the crisis in America. The attempt of the bourse committee to fix minimum prices for securities was naturally abortive, but had the tendency to relieve the market to some degree by the exodus of securities to Europe.

Commenting upon the increase of business during 1908, the "London Bankers' Magazine" says:

Of course, a good deal of this business has to be conducted upon terms that are not particularly favorable to the bank in times of inactivity in general business, but it should be remembered that this gathering of the resources of the country must in the end tend to make this institution much more prosperous. Egypt at present has received a very ugly blow by the collapse in the speculation in shares and land, together with the reduction in the price of cotton. Later on business must revive, and then the National Bank of Egypt should reap the harvest it has sown in times of adversity. * * It is not surprising to find that the net profit of £269,200 shows a reduction of £27,000 as compared with the preceding twelvemonth, and of about £109,000 compared with the year antecedent to that. By a re-arrangement of the reserve fund the statutory reserve has been brought up to £1,500,000, or half the paid-up capital, and in consequence the directors do not place anything to that fund this year. This enables them to declare a dividend of nine per cent. for the year, and to carry forward just the same amount as was brought in.

THE EXCHANGE STANDARD IN INDO-CHINA.

THE French Government is apparently preparing to follow with somewhat laggard steps the policy of the United States in the Philippines and of Great Britain in the Straits in establishing the gold exchange standard. Although this course has been urged upon the Government by eminent economists for several years, there have been misgivings as to the operation of the system, which seem finally to have been allayed by the experience of other countries. The strong work of M. Marcel Détieux, cordially commending the system of the Philippines, seems to have been influential in crystallizing opinion on the subject. Professor Bertrand Nogaro, of the University of Montpelier, who has been one of the most distrustful of the success of the new system in the absence of a heavy favorable balance of accounts, publishes an article in the "Revue Economique Internationale" for June, in which he concludes that the experiment may be safely tried. He points out that the first step has been accomplished, of separating the value of the local currency from the market for silver bullion, by the issue of a distinctive piaster for Indo-China and that the subsequent step of excluding the Mexican dollar was also taken by the decree of October 3, 1905. In discussing the balance of accounts, M. Nogaro regrets the absence of some of the necessary data, and points out that the figures of M. Détieux, showing a small favorable balance during the past six years, have been questioned because they included drafts upon loans in favor of the colony for 134,000,000 francs ($26,000,000). Upon this point M. Nogaro says:

> M. Detieux has called attention to the fact that these drafts have had for their object and result to provoke importations equally abnormal in amount for equipment of the works which foreign loans make it possible to accomplish in the colony. This explanation seems to us of a character to justify in large measure the calculations of the author and it is necessary to recognize, moreover, that among the countries which have recently given stability to their exchange, there are several which maintain the equilibrium necessary to the maintenance of the legal parity only by imports of foreign capital. Stability once acquired, facilitating in its turn new imports of capital, the fact tends to bring about a creditor balance or at least an equilibrium which maintains itself against the reflex movement of dividends transmitted abroad.

In conclusion, M. Nogaro declares that conditions are already so favorable in French Indo-China that the gold exchange standard seems to have good chances of survival and that the competence of the present governor, M. Klobukowski, and his collaborator, M. Détieux, afford a guarantee that if the reform is to be put in operation, it will be under the most favorable conditions.

THE DIVIDEND TAX IN GERMANY.

THOSE who are disposed to criticise the new tax on the net earnings of corporations will find plenty of companions in misery in the conservative countries of Europe, which are nearly all seeking new sources of taxation. In Germany a tax on dividend and interest coupons went into force on August 1 and is causing considerable uneasiness. The Berlin correspondent of "The London Economist," in the issue of July 17, declares that no one seems to know who is to bear the burden in case bonds or shares change hands, if the issuing company itself has not paid the tax. The difficulties of the situation he sets forth thus:

> The sheets of dividend coupons are usually issued every ten years. The tax on the whole of the ten coupons will have to be paid on issue, the holder at the date of issue advancing the amount of the ten years' tax to the government. When the holder sells his bonds or shares the purchaser will have to add to the purchase price the sum of the taxation for the number of years for which the coupons still remain attached. This process is comparatively easy when the dividends are fixed, but sometimes dividends are irregular, and even fail altogether, and in those cases the difficulties increase enormously. The intention is to extend the tax also to dividend coupons of foreign companies; but, as is pointed out, nothing can prevent the German holder of foreign securities from effecting his renewals of coupons abroad. Officials of the Treasury and members of

the Bourse have been engaged since the beginning of the week in an effort to reach some understanding as to how the tax is to be levied, the bill as passed merely saying so much has to be raised from the tax, without any guidance as to methods.

THE BANK CHARTER CRISIS IN HUNGARY.

THE parliamentary situation in Hungary continues to be strained, as the result of the demands of the Independence Party for an independent bank of issue. The compromise negotiated under authority of the Emperor by Herr Lukacs did not provide for such an institution and was, therefore, rejected by the party of Kossuth. This resulted in the impossibility of forming a new ministry acceptable to the majority in the Hungarian parliament, which has refused to deal with any ministry which does not accept its economic program. The Emperor adopted the only remaining resource of continuing the old cabinet of Herr de Wekerlé as a temporary expedient. It is declared, however, by the Vienna correspondent of L'Economiste Européen, of July 16, that this temporary peace is precarious and provisional, and that in the autumn the same difficulties will continue to confront the government. The Kossuth party is convinced that Hungarian interests are sacrificed in the statutes of the Austro-Hungarian Bank and, if Hungarian orators are to be believed, the creation of an independent bank would alone serve to develop the commerce, the industry and the credit of Hungary. As the compromise which maintains the existing bank expires next year, the question is a pressing one.

MONETARY REFORM IN CENTRAL AMERICA.

STEPS are being taken in Central America to carry out the convention signed by representatives of the different republics in Washington on December 20, 1907. According to "L'Economiste Européen" of July 9 last, the delegates of the various republics, at a conference on January 20, laid the foundations of an important convention with the object of unifying the monetary system, the customs taxes, weights and measures, and fiscal and consular regulations. The convention adopted as the basis of the new system the gold peso, with silver maintained at parity, leaving to a conference to be held in 1910 the fixing of the date after which the various governments will proceed to the conversion of their monetary systems. The weight and fineness of the coins are to correspond to those of the United States.

LETTER TO THE EDITOR.

Editor Bankers Magazine:

If there is one subject more than another that you can keep hammering away at, incessantly, everlastingly, and hope thereby to benefit the profession it is THE GOLD RESERVE. The woods are full of bankers that haven't yet learned this rudiment of banking, and how this great school is to master harder problems now confronting the country until it has mastered this simple proposition is too much for my understanding. Ever since I have been connected with the calling, one of my fads has been to keep my reserve largely of gold certificates, but one little bank can do nothing, it would be swallowed in a maelstrom before it could know what was transpiring. When all banks work along that line and view these gold certificates as the real basis of their obligations, banking will then be on a firm foundation. Whether deposit insurance is to be a real demand or only a fad, I am not prepared at this time to say, but the kind that is now being tried will never win out—that is certain.

If a company was organized, national in scope, under the auspices of the American Bankers' Association, making the matter optional with the banker and not compulsory, make critical examination of the risk and keep up critical examinations, it is possible, if the demand is real, that it might tend to create greater confidence with the people in the integrity of the banks.

THE BANKERS MAGAZINE has the right ring, is elevating in its ideas and worthy the support of all bankers.

E. H. JOHNSON,

President Security Bank.

Hot Springs, Ark.

CANADIAN BANKING AND COMMERCE.

By H. M. P. Eckardt.

IN the first six months of 1909 Canadian banking has been influenced by two principal circumstances, one of which was also in evidence during practically the whole of 1908.

Immediately monetary conditions in America had settled down, after the 1907 panic, Canadian corporations and municipalities, the Dominion Government and a number of the provinces, began to borrow heavily in London by means of issues of bonds, debentures, and stocks. Transfer of the proceeds to the bank accounts of the borrowers resulted in a heavy increase of the deposits of the Canadian banks. The increase from this cause was supplemented by a further increase resulting from the surrender of capital by the country's industrial and mercantile establishments during the darker stages of the depression.

In 1909 the issues of securities abroad have continued on a scale larger even than in 1908, but industry and trade have begun to take back again some of the capital relinquished in the preceding year. These circumstances are to be borne in mind in connection with the perusal of the following comparison of position of the chartered

CANADIAN BANKS.

LIABILITIES.

	Dec. 31, 1908.	June 30, 1909.
Note circulation	$73,068,234	$70,170,491
Dominion Government deposits	4.343,942	6,288,730
Provincial Government deposits	11,622,015	16,393,277
Deposits of the public "demand"	210,180,147	226,480,468
Deposits of the public "notice"	429,719,218	455,178,476
Deposits elsewhere than Canada	66,903,834	69,249,984
Deposits of other banks in Canada	7,900,062	4,515,362
Deposits of other banks elsewhere	2,979,940	2,735,983
Loans from other banks in Canada	6,005,939	4,568,287
Due to banks in Great Britain	2.186,228	5,623,079
Other liabilities to the public	6,017,033	8,988,112
Total liabilities to the public	$820,916,668	$870,192,322
Capital paid	96,457,573	97,436,424
Surplus	74,427,630	75,824,738
Undivided profits	9,550,419	9,818,436
	$1,001,352,290	$1,053,271,919

ASSETS.

	Dec. 31, 1908.	June 30, 1909.
Specie	$27,099,074	$27,203,921
Dominion notes	66,124,760	66,169,620
Bank circulation redemption fund	4.070,212	4,070,964
Notes and checks other banks	36,393,247	34,600,603
Loans to other banks in Canada	6,330,168	4,452,942
Deposits in other banks in Canada	12,350,702	8,437,410
Due by banks in Great Britain	14,662,030	11,021,861
Due by banks in foreign countries	34,929,007	32,556,129
Dominion and prov. gov. sec	10,497,946	12,770,932
Canadian municipal, etc., sec.	19.606,371	22,078,594
Railway and other bonds	44,213,479	51,733,450
Call loans, Canada	43.827,771	52,617,696
Call loans, elsewhere	97,136,400	115,254,868
Current loans, Canada	511.808,909	536,212,269
Current loans, elsewhere	30,351,721	33,403,171
Loans to provincial governments	3,919,366	2,176,824
Overdue debts	7,387,956	7,434,381
Real estate other than premises	1.718,540	1,627,158
Mortgages on real estate	479,730	536,775
Bank premises	18,186,682	19,716,202
Other assets	10.243,050	10,195,971
	$1,001,352,290	$1,053,271,919

banks as at December 31, 1908 and June 30, 1909. To complete the balance the amount of the profit and loss accounts, or undivided profits apart from surplus, has been calculated as at both dates and added to the figures given in the government returns.

Difference in addition results from the omission of cents in the returns of the thirty-one individual banks making up the above totals.

With regard to the increase in the totals during the six months, it is to be remarked that at the end of December the statements are yet swollen with the extra bank notes and the extra check circulation called into being by the harvest requirements. Also the rush trade of the Christmas holidays affects the figures considerably.

In January there is always a heavy contraction in note circulation and in demand deposits. The present year's movement of expansion therefore dates properly from January 31, at which time the total resources were $982,870,666; and in the five months the gain has been $70,401,253. But the January, 1909, figures themselves constituted an increase of $81,000,000 over the record of February 29, 1908, which was the low point of the period succeeding the panic. So therefore there has been in the sixteen months since February, 1908, an increase in resources amounting to nearly $152,000,000. As a matter of fact, taking deposits by themselves, they show an increase for the same period of $157,000,000, or over twenty-five per cent. No such rapid rise as this has ever before been recorded in Canadian banking history. It may be added that circumstances at present existing point to a further important expansion during the second half of 1909.

As to how profits have been tending, that may be seen from the reports that have been issued covering fiscal years ending on dates since December 31, 1908. Most of the banks now end the fiscal year in October, November, or December. But there are nine reports available. They are as follows:

The comparison shows that while a few banks have been able to report earnings slightly better than last year, the results on the whole are somewhat less favorable than in 1908. The 1908 results in turn were slightly below the results shown in 1907. No decreases in dividends have occurred, however, and none are expected.

As explained in the article of six months ago, the falling off was due to a decrease of commercial loans and to the fall in rates of interest in the foreign markets of New York and London. The former handicap is in the way of being gradually removed.

Since February this year commercial loans in Canada have steadily expanded with the industrial improvement. As regards the loans and balances in foreign markets, a glance at the first table shows that they have increased considerably, and, at the time of writing, the rate of income earned by them is still at the low level of 1908. However, there appears to be a fair prospect that the crop-moving exigencies in combination with the confident attitude of stock-market speculators will shortly effect a rise in the rate of interest obtainable in New York City (where most of the foreign funds are carried) and, at the same time, there is a reasonable certainty that some part of the foreign loans and balances will be recalled to Canada for the financing of the Canadian crop and the industrial and commercial revival.

The history of the six months has been uneventful. Liquidation of the Sovereign Bank has proceeded expeditiously, and another six months should see it fairly well completed if general conditions continue favorable. The absorption of the Western Bank of Canada by the Standard Bank of Canada, which was arranged at the beginning of January, was duly completed in February, and as no new banks have commenced, the number of going banks is therefore twenty-nine, as against thirty at the end of December, 1908.

PRODUCTION AND TRADE.

In point of production, 1909 promises to be an exceedingly satisfactory year. The

PROFITS DECLARED.

Bank.	1909.	1908.
Dominion, half year ending June	$309,171	$323,384
Imperial, year ending April	743,524	721,175
Montreal, half year ending April	860,682	923,560
Nationale, year ending April	266,661	279,121
Quebec, year ending May	252,771	281,057
Standard, year ending January	283,065	*279,144
Union (Halifax), year ending January	182,057	178,061
Home, year ending May	83,958	95,412
Sterling, year ending April	64,146	50,091
	$3,046,035	$3,131,005

*Standard profits for eight months ended January 31, 1908, were $186,097. That is at the rate of $279,144 for a year.

wheat crop of the three western provinces of Manitoba, Saskatchewan and Alberta is the most important item, and reports to date have it that the crop is in most excellent condition. The area seeded to wheat in western Canada is said to be a little over 7,000,000 acres, which is about ten per cent. more than in 1908. Estimates by competent authorities place the yield, in default of disaster between now and harvest, at from 125,000,000 to 140,000,000 bushels. Last year's yield of 105,000,000 bushels is the best previous record. When it is considered that the price per bushel is very high it will be seen that the economic effect of the coming harvest should be quite important.

That is the region into which the American settlers have lately been pouring at the rate of 70,000 a year. It is expected that when this year's figures are compiled the number will be 80,000. Effects of the immigration of 1908 applied to the breaking of land for crops is not fairly shown by the slight increase of wheat acreage, because the late spring prevented good work being done. A normal spring season in 1910 should result in a very large increase in the wheat area. Roughly there will be this year's and last year's new settlers at work to bring it about.

In eastern Canada agricultural conditions have been fairly satisfactory, but the hay and oat crops were seriously reduced by a spell of dry weather in June and early July. And the dairy output was curtailed by the same circumstance. Fruit, corn, and oats, as well as wheat, promise to show up reasonably well.

In regard to mines the public attention has been pretty much centered on the Cobalt silver field. For the half year (up to July 3) Cobalt shipped 15,344 tons of silver ore. This compares with shipments of 25,510 tons for the whole of 1908, and 14,851 tons for the whole of 1907. The instalment of improved machinery and the bringing of new mines into the shipping list is expected to result in a further relative increase for the second half of the year.

The coal mining production promises to be affected by the strike of the United Mine Workers of America men employed by the Dominion Coal Co. in its Nova Scotia mines. One or two other companies have become involved and though present appearances are that the strikers will be decisively defeated, the disturbance has already made its mark upon the statistics of the output.

In the building trade a remarkable improvement over 1908 is shown. Taking the aggregate of ten principal cities of the Dominion the total of new buildings receiving permits is, for the six months of 1909, $27,000,000, as against $15,000,000 in the corresponding period of 1908. Nearly all the cities show large increases. Winnipeg reports an increase of $3,200,000, or about 150 per cent. over last year.

The failure record also is favorable. In the first six months of 1909 there were 761 insolvencies involving liabilities of $7,629,000; while in the same period of 1908 the number of insolvencies was 881, the amount of liabilities $8,335,000.

Industrial plants throughout Canada appear to have maintained the volume of their output pretty well during the half year. But generally selling prices have been lower and profits are supposed to have been somewhat less. There are however some notable exceptions to this rule. The rubber consolidation, the flour milling companies, and some others are understood to have enjoyed an exceedingly profitable season.

The Prospects.

From one end of the Dominion to the other the people appear to have a very firm confidence that another great industrial and mercantile boom is just ahead. The two factors which are looked upon as almost certain to produce it are, the big western wheat crop and the continued expenditure in Canada, upon railroads and other construction, of large amounts of new capital raised in London. The immigration movement, particularly the movement of substantial farmers from the Western States, is taken also to be a collateral factor of no mean significance working towards the same end. This confident sentiment has found reflection in the trading on the two principal stock markets—Montreal and Toronto. Representative securities have displayed consistent strength all through the year. With regard to the United States tariff question a rather curious state of affairs exists.

At the outset, when the House of Representatives put out its tariff schedule containing marked reductions in duties on some Canadian products and articles, a keen interest was taken in the matter; and it became plain that a pronounced reduction in the U. S. tariff wall as regards Canada would precipitate quite a political battle in the Dominion over the question as to meeting or reciprocating the friendly advances.

Later, when it became plain that the Senate was inclined to raise the duties on Canadian products instead of lowering them, the interest in the tariff discussion at Washington died away quite suddenly. The prevailing sentiment was "Well, let them raise the duties if they want to; they can't hurt us much anyway."

Finally, when Mr. Taft let his position be known, and the conference between the houses began, the revival of expectation of reduced duties served to revive the Canadian interest.

TWENTIETH CENTURY ST. LOUIS.
The site occupied in 1809 as it now appears from the Eads Bridge.

ST. LOUIS AFTER A HUNDRED YEARS

1809—1909.

CENTENNIAL CELEBRATION OF ITS FIRST VILLAGE INCORPORATION, OCTOBER 3-9.

Written for THE BANKERS MAGAZINE by W. V. Byars.

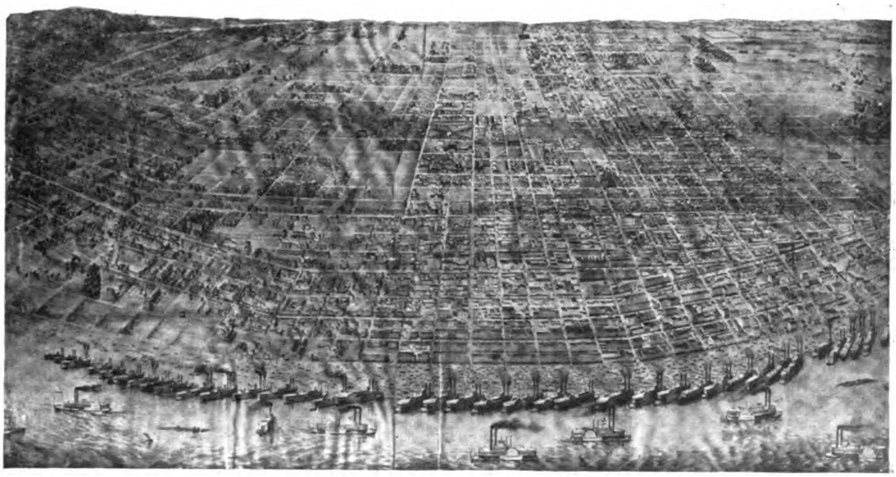
THE first bank in Saint Louis did not open for business until 1816. This was seven years after the first incorporation of the town, the hundredth anniversary of which will be celebrated this year with a great series of pageants, aeronautic contests and other notable events. As these pageants are intended to illustrate a hundred years of history, they will be supplemented with a banquet and reception to the mayors of a thousand incorporated cities and towns with which the "frontier outpost" of 1808 now has close business connections.

When the first bank was founded in Saint Louis, Moses Austin was among the incorporators. Three years later, he set out to found a new state, and succeeded so well that the production of a single staple by that state this year is of interest to the most important banks of the world. In London and Manchester, they understand what Texas cotton means now as well as we do in Saint Louis and New York.

As the founder of Texas and one of the first financiers of Saint Louis, Austin had one successor after another, and the constructive work of these men in the new states then opening up is to be fittingly commemorated during centennial week.

Since Missouri is included in Poor's grouping, the Southwest alone might easily send mayors from a thousand incorporated towns and cities, scattered along its own railroad lines, to take part in the great celebration given in honor of the labors of Austin and his contemporaries.

The meaning of this suggestion of development was illustrated mathematically by the comparative statement of thirty Saint Louis banks reporting through the clearing house in answer to the call of the Comptroller of the Currency, showing combined assets of $385,881,337 on June 23, 1909, with individual deposits of $122,681,000, time deposits of $63,891,000 and bank deposits of $98,986,000. In the last annual reports of the Comptroller of the Currency, Saint Louis clearings for last year and for eight years preceding are grouped



St. Louis in 1860, showing an area of 8,823 acres; population, 185,857, less than a fourth of the incorporated area of the present city of 750,000.

Olive Street, looking West from Fourth, a Century ago and as it appears to-day.

with those of thirty-eight clearing-house cities of the central West, including Chicago, Minneapolis, Saint Paul, Kansas City, Indianapolis, Cleveland and Cincinnati. The advance for Saint Louis was from $1,656,343,000 out of the group total of $13,183,871,000, in 1900, to $3,020,989,000 out of $23,145,132,000 as the group total of the same thirty-eight cities in 1908.

Passing three billions in clearings for the first time in 1907 and resuming this year the rate of advance then shown, Saint Louis clearings since the organization of the clearing house, in 1869, show by decades the advance of the city and of the states around it in these totals:

1869	$292,195,745
1879	711,459,489
1889	1,118,573,210
1899	1,688,849,494
1907	3,165,619,327
1908	3,020,989,964

"Saint Louis after a Hundred Years" cannot afford to calculate the exaggerated percentages of comparison with its first reports of total business. Between 1809, when Saint Louis was first incorporated, and 1821, when it reincorporated as a city, it reported an increase of population to 5,500, a "prodigious increase of business" and total receipts of $2,000,000, with $600,000 from the Western fur trade. To-day the city is entering upon a new period of growth, with new standards of comparison. It does not exaggerate the development of the city, the Central West and the partly western, partly southern group of states to which Missouri belongs, to invite attention to the percentage rate of advance in the forty years since the organization of the Saint Louis Clearing House. Reducing the clearings of 1909 to a round three billions and raising those of 1869 to a round three hundred millions, we have a tenfold increase to suggest the simplicities of a development so complex in detail that if the thousand mayors assembling in Saint Louis in October were only from the group of states with which the city is most closely connected, they would represent still the production of every important primary staple in the commerce of America and

City Hall Building.

Europe. And their capacity as consumers it would be rash to attempt to put into any other totals than those of railroad mileage and total annual ton movement per mile.

Located on the Mississippi, with the Missouri river as the line of division between northwest and southwest, Saint Louis is so nearly northwestern that its northern and western suburbs are now in sight of the Missouri river. Between the two great rivers there is an area of highlands which is being filled in and which the city expects finally to occupy with a great wharf-frontage on both rivers.

In making conservative statements, based on a knowledge of conditions, it is cus-

Looking towards Mill Creek Valley, with the City Hall in the distance on the right.

tomary to refer to the comparative group totals of railroad mileage, showing a mileage in Southwest and Northwest each exceeding that of the German empire. Central to the western groups, north and south of the Missouri, it has also a central reach over 158,000 miles of track between Denver and Pittsburgh, the lakes and the Gulf of Mexico.

Nothing except the great development of this mileage, accompanied since 1900 by a marked increase of Southwestern production and population, would sufficiently explain the advance shown when the tonnage of receipts and shipments for Saint Louis for the five years ending December 31 last was 209,783,393 tons, against 142,655,854 tons for the preceding five years. In tonnage, the business of 1899 (23,742,080 tons) was more than doubled by that of 1907 (47,825,589 tons), as it is likely to be in 1909. In the last five-year period building investments more than doubled, with totals of $110,030,000 for comparison with $54,871,-000 in the preceding five years. With bank clearings last year representing a gain of 110 per cent. over 1899, the general business of the city is closely approximating this year a gain of a hundred per cent. over ten years ago, with a definite certainty of a considerably higher rate of gain over the annual averages of the first half of the last census decade, 1890-1900.

Though its beginnings as a manufacturing center are comparatively modern, the latest report of the state bureau of labor statistics credits it with a manufactured product of $314,185,326. The Federal census of 1905 reported the output of manufactured goods at $267,004,314, an increase of thirty-seven and one-half per cent. over 1900.

Commonwealth Trust and Bank of Commerce Buildings, looking South from Locust Street on Broadway and Olive, with the Bank of Commerce building on the south-east corner, opposite the Third National Bank building, now the headquarters of the St. Louis Clearing-House Association.

Reports to the Business Men's League show a gain of $58,795,000 in manufacturing capital in the last five years, which brings the total amount of capital so invested up to $324,685,000. For its future as a manufacturing center, Saint Louis has the advantage of cheap fuel immediately in reach in the great coal fields beginning within a few miles of its Illinois suburbs, and the still greater advantage of being the central market of the great agricultural staple producing states which supply raw material and food products and demand manufactured goods in return faster than continuous enlargements of plants can be made to meet the demand.

While as a generalization this is to be interpreted with reservations which call for knowledge of detail, yet it is a conservative statement, because the last ten years of advance in the states around Saint Louis foretell the great possibilities which will open up during the next decade to energetic intelligence. This year Saint Louis celebrates a century of its own advancement with the conviction, based on a knowledge of its business connections, that a period of still greater advancement is already clearly defined, with forces behind it too great to be held in check by occasional depressions, panics, "slumps," stringencies, or other adverse conditions. Frankly, the historical pageants to be given during centennial week are an auvertisement, not an exaggerated boast of past results, but an attempted expose of present conditions under which past results are only a suggestion of what may be easily reached by the more highly organized co-operative methods of the present. Having grown from a frontier

The river front as seen from the Illinois banks now occupied by freight terminals near the eastern approach of the new municipal bridge.

town of less than a thousand to a central reserve city of three-quarters of a million, the fourth in the Union, Saint Louis means to increase its own population, and at the same time it will distribute for every ten thousand of its own probably ten times that many homeseekers in the states around it.

The most significant fact in the city's history at this centennial time is that new and greater records are being created in the work which has been most characteristically Saint Louis development work since it incorporated in 1808 and began opening busi-

Mill Creek Valley, St. Louis, showing tracks leading from the Union Station — a feature of the Terminal System.

ness routes to the Rio Grande, to California and to Oregon. Its fame as an outfitting station for the "Great West" was worldwide two generations ago, and towns and cities sprang up along its trade routes then, increasing in population very rapidly.

Broadway, north from the Court House.

Next year promises to be still greater in this respect. As a center for tourists and home seekers, St. Louis is expected to add a population to the states beyond the Mississippi greater than the total population west of the Mississippi when the first railroad tracks towards the Pacific were being laid and the rush westward had begun.

Confidence then is the inspiration of the pageants with which St. Louis will celebrate the hundredth year of its incorporation, a confidence born of the knowledge that its bank clearings have more than doubled since the closing years of the nineteenth century. According to the Comptroller of the Currency, twelve western cities north of Texas, between Missouri and Utah, increased clearings of $651,151,000 in 1900 to $1,382,297,000 last year, while the average rate of increase in cities of its southern connection is represented by $4.85 cleared last year for every $2.32 cleared in 1900, when St. Louis was preparing for the Louisiana Purchase Exposition. In some respects then, the centennial of 1909 is more significant than the World's Fair of 1904, as the city's best growth has been in the last five years.

Perhaps no other city in the United States has played a more important part in the development of what was once unsettled territory than the city of Saint Louis. Beginning as a settlement with one bank, it has grown to be a center of industry and commerce, with many banks. One claim only does Saint Louis make for distinction above other American cities, and that claim is: Due credit for the development of a large section of the south and west.

As the city closes its hundredth year it is obvious that this work of promotion is not ending, but only fairly beginning, as the population doubles and trebles on the 1,500,000 square miles of midcontinental area to which it is central.

The First Look into the Trans-Mississippi West.

(From the De Soto Monument in Carondelet Park, St. Louis.)

PROGRAM OF ANNUAL CONVENTION OF AMERICAN BANKERS' ASSOCIATION AT CHICAGO.

THE American Bankers' Association's Thirty-fifth Annual Convention, to be held in Chicago in September, bids fair to outrival all of its predecessors in attendance and importance.

The general program, as arranged by the executive officers, is as follows:

Monday, September 13, 1909.

Committee meetings and registration at Auditorium Hotel and Annex.

Executive council meeting at Auditorium Hotel.

Monday evening:

Executive council banquet, at Annex, tendered by the bankers of Chicago.

Tuesday, September 14, 1909.

First day's session of the Association Convention, 10 a. m. at Auditorium Theatre:

Invocation.

Addresses of welcome, Hon. Chas. S. Deneen, governor of Illinois,; Joseph T. Talbert, president Cnicago Clearing-House Association.

President's annual address, George M. Reynolds, Chicago, Ill.

Response to addresses of welcome, Col. Robert J. Lowry, Atlanta, Ga., ex-president of the Association.

Annual report of the secretary, Fred. E. Farnsworth, New York.

Annual report of the treasurer, P. C. Kauffman, Tacoma, Wash.

Report of the auditing committee.

Report of the executive council, F. O. Watts, chairman.

Annual report of the standing protective committee.

Report of bill of Lading committee, L. E. Pierson, chairman.

Report of the committee on express companies and money orders, Jos. Chapman, Jr., chairman.

Informal address by Hon. Joseph D. Cannon, Speaker of the House of Representatives, Washington, D. C.

Address by Hon. Lawrence O. Murray, Comptroller of the Currency.

Address by Hon. James J. Hill, of St. Paul, president of the Great Northern Railroad.

Tuesday evening:

Informal entertainment at the Coliseum for delegates, guests and ladies.

Wednesday, September 15, 1909.

Annual meeting trust company section.

Annual meeting clearing-house section.

Annual meeting organization of secretaries of state bankers' associations.

Wednesday afternoon:

Boat ride on Lake Michigan to Gary, Ind., and return. Those desiring to do so will be given an opportunity to visit the plant of the Indiana Steel Company at Gary.

Wednesday evening:

First annual dinner of the "Council Club."

Thursday, September 16, 1909.

Annual meeting savings bank section.

Thursday afternoon:

The packers of Chicago will provide a special train to the stock yards for the gentlemen who desire to visit the packing houses while in operation.

Thursday evening:

Reception and ball at the Auditorium Theatre, which will be especially prepared for the occasion.

Friday, September 17, 1909.

Second day's session of the Association Convention, 10 a. m.:

Invocation.

Reports of committees:

- Currency commission.
- Federal legislative.
- American Institute of Banking.
- Standing law.
- Uniform laws.
- Special.

Invitations for next convention.

Address by James B. Forgan, president First National Bank of Chicago.

Address by Dr. John C. Kilgo, president Trinity College, Durham, N. C.

Five-minute talks, vice-presidents of states.

Unfinished business.

Resolutions.

Report of the nominating committee.

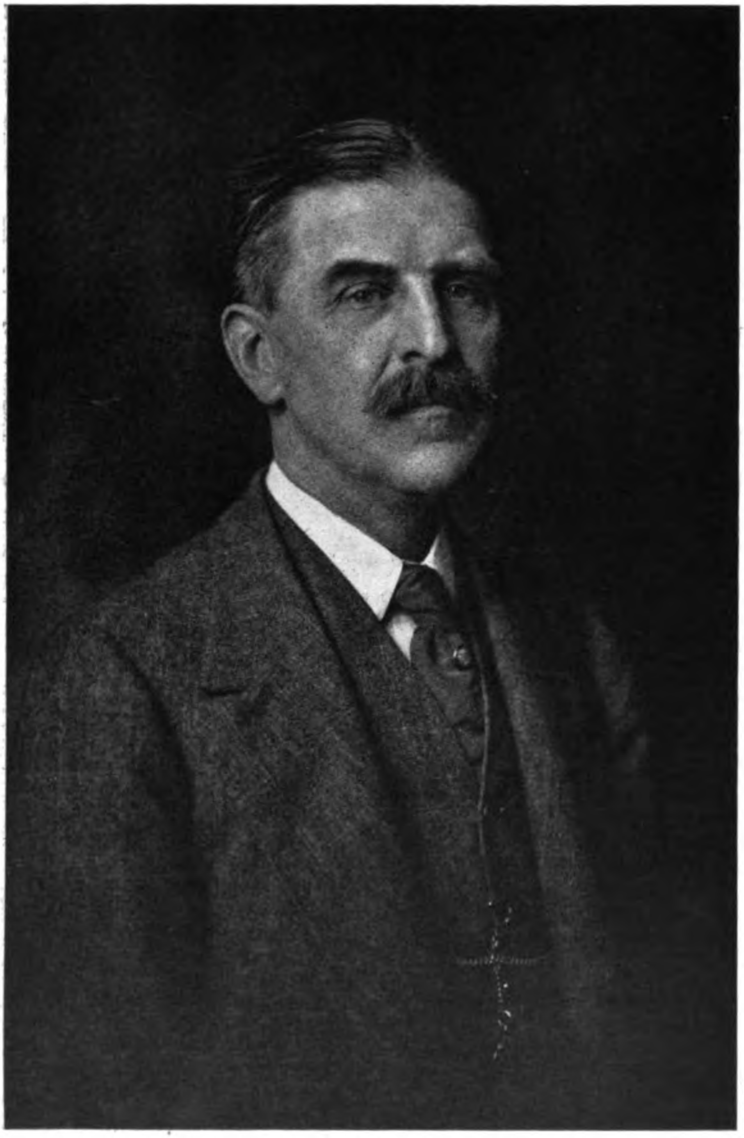
Action on same.

Installation of officers.

Adjournment.

Friday evening.

Meeting of new executive council at Auditorium Hotel.



LEDYARD COGSWELL

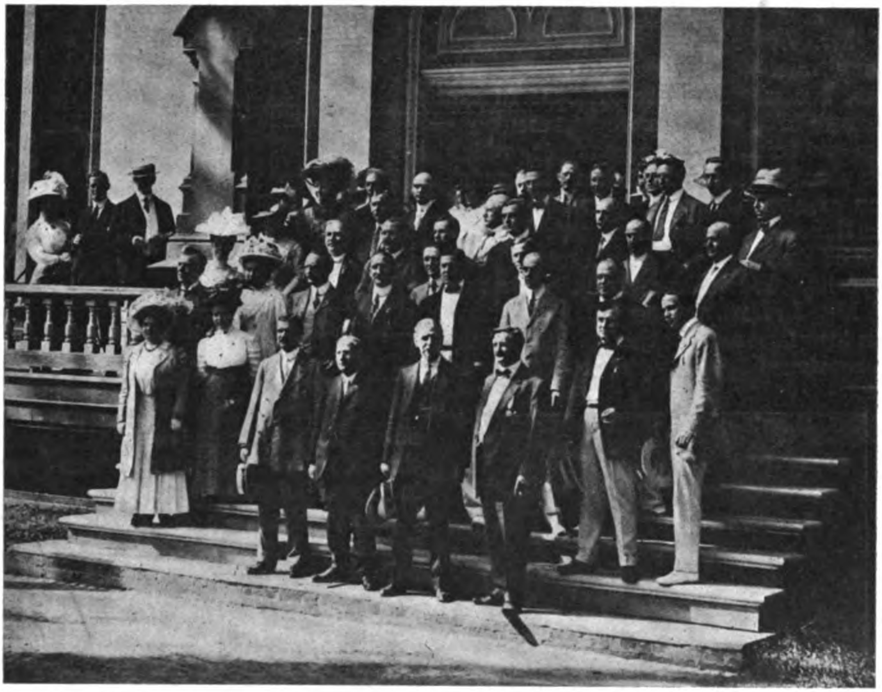
President of the New York State National Bank, Albany, Newly Elected President of the New York State Bankers' Association.

BUSINESS AND PLEASURE.

There Was a Good Deal of Both at the New York State Meeting at Saratoga.

IT is trite to say that any bankers' convention "was a great success." They all are. The sixteenth annual meeting of the New York State Bankers' Association at Saratoga Springs, July 15 and 16, was no exception. The attendance was large (almost 500), the weather was favorable and the program of business, addresses and entertainment an excellent one. It had been planned to hold the convention at the Fort William Henry Hotel at Lake George, but the destruction of that hotel by fire a few days before necessitated the move to Saratoga.

Saratoga is a convention city *par excellence* and hospitality comes naturally to its citizens. If the delegates and their visiting friends did not see the natural beauties of Saratoga and taste its many different waters, it was not the fault of the local bankers' committees and the citizens generally. The Publicity Commission of Saratoga Springs furnished the delegates with booklets of coupons good for drinks at the following well-known springs: Arondack, Carlsbad, Congress, Geyser, Hathorn, Lincoln, Patterson, Putnam, Vichy.



A Group of Delegates on the steps of the "States." Superintendent of Banks Clark Williams is the third person from the left in the second row from the bottom.

The convention was held at the great United States Hotel and most of the delegates stayed at that famous hostelry.

The annual election of officers was the occasion for the manifestation of considerable spirit. There was a contest for the presidency and vice-presidency and considerable discussion as to the secretaryship.

In the usual procedure F. E. Lyford of Waverly, retiring vice-president, would have been chosen to the presidency, but his advocacy of the Government guarantee of bank deposits two years ago caused the strong attack on him that cost him the office.

Charles Elliott Warren, cashier of the Lincoln National Bank of New York, read the minority report of the Nominations Committee, which said:

"We appreciate fully the personality of Mr. Lyford and we recognize his many valuable services to the association, but we would be disloyal to the bankers of the groups we represent unless we voiced their sentiments, which are absolute and positive in condemnation of any plan having in any way a semblance of approval of this association of the scheme of guaranteeing bank deposits. We believe that the election of Mr. Lyford, taking into consideration his utterances on this subject, would be construed by the country at large as a quasi approval by this association of banking principles that are fundamentally wrong."

The Youngest Delegate, Mr. George William Warren, son of Charles E. Warren, Cashier of the Lincoln National Bank, New York.

On behalf of Mr. Lyford, D. M. Pratt of Elmira said that because this convention was held in Saratoga the Albany and the New York groups could do what they wanted without regard to the fact that a majority of the groups in the association wanted Mr. Lyford, but he doubted the wisdom of a majority on the home grounds overriding the will of the whole association.

J. A. Kloepfer of Hamburg, the new Treasurer.

When the vote was taken Mr. Cogswell had 89 to Mr. Lyford's 38. Mr. Lyford at once moved to make the election unanimous, which was done.

Other officers were elected as follows: Vice-president, Luther W. Mott, cashier of the First National Bank of Oswego; treasurer, J. A. Kloepfer, vice-president of the Bank of Hamburg; secretary, William J. Henry, of the Irving National Exchange Bank, New York.

John Flynn of Troy and Charles Hoskins of Auburn were chosen delegates at large to the American Bankers' Association, representing New York.

The reception at Congress Spring Park Thursday afternoon, the banquet Thursday evening, the trip to Lake

George Friday afternoon and the fireworks at Congress Spring Park and the dance at the United States Friday evening were the principal entertainment features and very enjoyable they were. There were a large number of ladies in attendance at the convention. Automobiles and carriages were placed at their disposal during the business sessions of the convention.

Among the noteworthy speeches at the convention were those of Clark Williams, superintendent of banks, who, among other things, urged conservatism in the matter of interest rates, as making safer investments by banks possible; William M. Kingsley, vice-president of the United States Trust Co., of New York, who spoke on "Lights and Shadows of Wall Street"; F. O. Watts, president First National Bank of Nashville, Tenn., who urged bankers to strive to overcome the feeling of hostility toward them which seems to be entertained by some part of the public; Lucius Teter, president of the Chicago Savings Bank & Trust Co., who spoke on "Some Phases of the Postal Savings Bank Question."

Extracts from the reports and speeches follow:

Prosperity at Hand.

Since the last convention we have passed through another presidential election, with a result that is highly satisfactory to us, in the election as president of William Howard Taft, a man whom we are pleased to honor highly, and I believe that we can now pursue the even tenor of our ways in tranquility and safety—especially as I feel that among the mercantile, manufacturing and business interests generally, as in banking circles, there prevails a spirit of conservatism and satisfaction.

The prospects for an abundant crop this year throughout the country generally are excellent, which also helps to make the outlook for return of prosperity exceedingly bright, and when it comes, although the return may seem slow, it will be all the more permanent.

Waiting for the Steamer "Sagamore" to start, Lake George.

By enactment of new and wise laws greater protection has been thrown around our financial institutions, and while in certain respects in some instances these measures may seem harsh and arbitrary, we must not lose sight of the general good that has been accomplished by their passage.—*Retiring president E. S. Tefft.*

Treasurer Reports Good Balance.

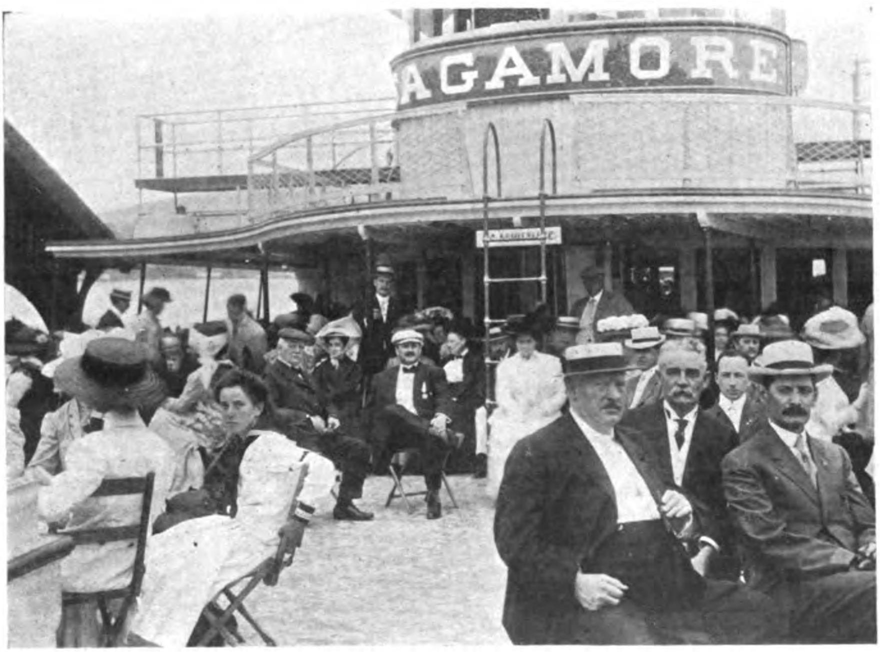
Retiring treasurer Delmer Runkle of Hoosick Falls reported a balance in general fund of $5,348.52 and a balance in protective committee fund of $3,542.66.

A Permanent, Paid Secretary.

Your secretary was out of the country for a few months during the winter, when the affairs of the secretary's office were carefully looked after by our efficient assistant secretary, Mr. Henry. The detail work of the office grows year by year, and it has seemed wise to the Council to recommend that the association should now employ a secretary who shall give his whole

A Group of Kindred Spirits.

Top Row—W. F. Polk, Troy; A. B. Cobden, Troy; H. H. Waite, Adams; Rollin P. Grant, New York.
Bottom Row—F. F. Pruyn, Glens Falls; J. A. Kloepfer, Hamburg; Henry Colvin, Troy; Delmer Runkle, Hoosick Falls.



On Lake George.

time and undivided attention to the business of the association. This, in my judgment, is an exceedingly wise step, and one that will largely increase the efficiency of the association.—*Retiring secretary E. O. Eldredge.*

Getting After Public Opinion.

Gentlemen, if we sit in our offices and supinely think that a strict attention to our own business is sufficient, believing that so long as we have a proper appreciation for the care and safety of the trusts placed in our hands it is enough, believing that those things will bring us public attention, why, we are mistaken. If, on the other hand, we realize that it is necessary for us to get after public opinion, we will have it—not the next morning, perhaps, but in fitting time.—*F. O. Watts, president First National Bank of Nashville, Tenn.*

Postal Savings vs. the People.

I have tried to review this question and its relation to the banks and their relation to the public generally, so that we would have the entire situation in our own minds, and it is important that we should frankly discuss these questions with our directors and stockholders and the business men in our several communities. You know that the banker is, after all, the agent of the people in his community, taking the money from one part of the community, loaning it to another part, and at different times of the year those who become lenders of money through the bank are borrowers at another period of the year. The average politician does not represent bankers in this way. He is inclined to array the people against the banker, and in so far as any of us are guilty of lack of consideration for the public, we deserve condemnation but most of us do realize our responsibility and painstakingly serve the communities in which we live. So in the final analysis the question of postal savings banks is not a question of postal savings banks against the banks, but it is a question of postal savings banks against the people.—*Lucius Teter, president Chicago Savings Bank and Trust Co.*

A Group at Congress Spring Park.

Easy Money in Wall Street.

About a year ago a lady in Schenectady sent me down $1,000 and asked me to invest it for her. Fortunately, I bought for her ten shares of American Light & Traction at par. A little later, when it had gone up to 110 I thought it would please her, and I wrote and told her it had gone up ten per cent. and her account showed a profit of $100. About a week later she wrote, stating that she had received my letter, but had not yet received the check, and feared it had gone astray. I explained matters to her, and then stopped the correspondence for fear of further trouble. But when the stock got up to 190, in March, I sold it and notified her. She replied that she had received my note and would be glad if she could get the May dividend of two per cent.; she said she hoped so, as she needed the money. I wrote back a rather warm reply, stating that in view of the fact that she had made $900 on her investment, the $20 didn't seem to cut much ice. She wrote in answer to my letter, "When you said you had sold it at 190 I thought that meant that I had made $90, and it takes my breath away to think I have made $900. I will keep the $900 and return you the $1,000, which please invest in the same way." Then she added a postscript: "A few more checks like this and I will be in comfortable circumstances."—*Wm. M. Kingsley, vice-president of the U. S. Trust Co., New York.*

Off for the Outing.

Against High Interest Rates.

I believe it to be the duty of the directors of every financial institution to determine for themselves, without coercion, the question of the interest rate to be paid on deposits, and as directors acting independently, there is but one question I would put to you: *Will your institution be any stronger, or any cleaner, or any sounder, or in any way more properly profitable to your stockholders if you reduce your rate of interest?* If you determine that your institution would be any stronger, any cleaner, not only to get the money *but to be sure you can pay it back.*

I feel confident that the members of your association will join me in the hope that the day of high interest rates on deposits is coming to an end.—*Supt. Clark Williams.*

Ladies returning from an auto trip, greeted by W. D. Eddy, Wm Waterbury and W. P. Butler of local committee.

Mrs. Cullum, wife of H. B. Cullum of the First National Bank, Galveston, Tex.

any sounder, or any more properly profitable, then, gentlemen, it is your duty, and you should have the courage to adopt the more conservative course for the sake of the institution under your control and for the public good.

I believe that evidence of such conservatism will appeal to your patrons and will result in advantage to every corporation adopting this policy.

Gentlemen, my plea is for the strong surplus, and banking for quality rather than for quantity, and that the effort should be

Eloquence and Wit from Cornwall-on-the-Hudson.

I was born in New Jersey—a beautiful place had it never been inhabited. (Laughter.) I was educated in Boston, where thought is a microbe. I spent some time in Philadelphia, where the spiders build suspension bridges from the trolleys to the trees while the cars are in motion. (Laughter.) I come from the little hamlet of Cornwall-on-the-Hudson, famous for four great men—two dead and two living. The dead are N. P. Willis and E. P. Roe. The living are Rev. Dr. Lyman Abbott and myself. (Laughter and applause.) I come to you somewhat as did the Englishman who applied for a job on the Herald under the elder James Gordon Bennett. Bennett said to him: "What are your credentials? Whom do you know in England?" "I know every prominent man in England," was the reply. Said Bennett: "Do you know Thackeray?" "I helped him on his 'Pendennis.'" "Do you know Charles Dickens?" "Yes; I was a reporter with Dickens." "Do you know George Eliot?" "Yes; roomed with him."

When I arrived here to-day, Mr. Smith, the chairman of your committee, looked at me and said, after I had registered: "Your name is familiar, but your face, thank God, has escaped me."

This is a great age and a great country, and when one thinks of the things men do and intend to do, the structures they build, the schemes they plan and the hopes they inspire, one has the active physical evidence of the immortality of the human race. Who can unfold the future? Who can solve the riddle of another hundred years? We put our voice in a cylinder for the audiences of coming ages. We whisper, and the vibration of our thought resounds throughout the world. We check the charger of the racing wind and make a horse of the air. A deluge may come and the treasures of time may be buried in oblivion, but man will be the same, and nature will be the same. Arts may be lost, but he will find them. Civilizations may vanish, but he will restore them. The man dies, the individual disappears, the race goes on, the record is written in rock, and the obituary of genius is the history of the world.—*Creswell McLaughlin.*

TO THE CREDITOR—A TOAST.

By Oliver Herford.

Here's to the creditor! Long may he reign.
May his faith never waver, his trust never wane;
May the Lord make him gentle, and gracious, and gay,
Yet quick to resent the least offer of pay—
May he soften his heart, as he softened, we're told,
To the Israelites' "touch" the Egyptian of old—
And when on his last long account he shall look,
The angel will say as he closes the book:
"The Lord gives you credit for credit you gave!"
So here's to the creditor—long may he waive!

From Collier's for July 17.

RAPID GROWTH OF A PROGRESSIVE SOUTHERN BANK.

EFFICIENT service, capable and experienced management and a strict adherence to the principles of conservative banking—in these lies the secret of the present success of the New Farley National Bank of Montgomery, Alabama.

LOUIS B. FARLEY
President New Farley National Bank.

This bank began business December 10, 1906, has paid to date $21,000 in dividends, and has within the past year increased its deposits nearly seventy-five per cent. This marked growth and expansion is more clearly understood by a perusal of the following comparative statement of condition:

RESOURCES.

	July 17, '08.	July 17, '09.
Loans and discounts..	$453,769.51	$485,032.65
U. S. bonds and other investments	243,808.98	245,169.01
Cash and demand exchange	114,990.52	196,887.94
Due from U. S. Treasurer	10,000.00	10,000.00
	$822,569.01	$937,089.60

LIABILITIES.

Capital stock	$200,000.00	$200,000.00
Surplus	25,000.00	35,000.00
Undivided profits	16,744.86	12,669.26
Circulation	200,000.00	200,000.00
Bills payable	100,000.00	none
Re-discounts	none	none
Deposits	280,824.15	489,420.34
	$822,569.01	$937,089.60

The officers are: Louis B. Farley, president; Sylvain Baum and B. P. Crum, vice-presidents; John J. Flowers, cashier; M. A. Vincentelli, auditor.

CURRENT OPINION

PECULIARITIES OF BANK GUARANTY.

THE final word has not yet been spoken upon the subject of guaranty of bank deposits. This discussion, from the *New York Evening Sun,* shows very clearly what the Western states are beginning to think of the Oklahoma plan:

Kansas and Nebraska are having early trouble with the bank deposit guaranty laws which their legislatures supplied this year. Both States went "hollering like mad" down the Populistic road after Oklahoma, and like Oklahoma they are finding that it is not a way of pleasantness nor a path of peace. In Kansas the banks are up in arms over the provision of their State's law that if a bank pays more than 3 per cent. interest on time deposits it cannot participate in the guaranty fund, and such non-participation is supposed to be a tremendous disadvantage in sunflower land. This particular provision is being dubbed "a measure to deprive depositors of income," and there are lively times in prospect for the local regulators of everything by politics. It is Nebraska, however, which is disclosing the real curiosity of bank guaranty. At present the Nebraska guaranty law is in suspension. The new State banking board has been temporarily enjoined by court order from making the law, which was to have gone into operation last week, effective. This order was granted on the application of fifty-two banks, all State institutions, and one of their interesting allegations is that the law permits an unlimited number of assessments against the banks in order to make the guaranty good.

WHAT BANKERS DO NOT LIKE.

In other words, as the law stands, all the assets of all the banks over which the political aegis of the "guaranty" has been thrown may be considered as at the command of the depositors of any one or of any number of the guaranteed banks. This means that if enough banks get into trouble at once all the resources of all the other banks may have to be sacrificed, which, of course, would mean the suspension of all the banks. This is a prospect which the bankers do not like. Their lawsuit says as much, but what in the world is the guaranty law for and what good would a guaranty be if it was not as good as far as it could go, which is to the limit of the ability of all the banks participating in the guaranty to come to the aid of whatever guaranteed banks need assistance to pay their depositors? What the suit of the Nebraska bankers does is more than to emphasize the fact that bank guaranty laws could never go further than just so far as bank trouble was confined and slight. It shows that banking practically cannot be done under a guaranty law unless the guaranty is not only limited economically by the aggregate resources of the banks, but limited legally by statutory safeguards against the wrecking of all the banks for the sake of some of the banks.

HOW IT WORKS OUT.

So long as bank guaranty was only political hocus-pocus the bankers of some of the Western States have been willing to subscribe to it. When, however, the guaranty laws enacted have not only sought to make bank guaranty good as far as it could, the bankers have first demonstrated that it did not go very far anyway and then that it would have to stop very short of the theoretical limit if well-managed banks were to be included in it. What banker could contemplate with any satisfaction the prospect of building up a magnificent condition of solvency for his institution by honesty, prudence and sound judgment only to have that solvency dissipated arbitrarily in the interests of the depositors of banks conducted recklessly or worse? How would intelligent depositors who realized that the ultimate guaranty of their deposits could never be anything else than sound banking, and who chose their bankers wisely, like to have their deposits jeopardized by establishing a community of interest for all depositors?

OKLAHOMA'S BACK TRACK.

Yet what does bank guaranty amount to if it does not amount to that? Nothing, to be sure, except the political panacea, the quack faith cure that it is. Perhaps the most curious part of the curiosity of bank guaranty which Nebraska has disclosed is that the Bryanized Legislature of that State passed its guaranty law without regarding duly the back track which Oklahoma had just taken. At its last session the Legislature of the newest State abolished the unlimited liability which had first been created for all banks under the guaranty law. There was substituted instead a liability which is strictly limited, and in place of getting his money on demand the depositor of a suspended bank may get a new fangled form of receiver's certificate bearing interest at six per cent. a year until it is paid off. If the experience of Oklahoma is an indication, bank guaranty, wherever adopted, will be no long time in coming to look very much like the processes of liquidation in vogue before the discovery of the Bryan-Haskell nostrum.

BUSINESS OUTLOOK BRIGHT.

THE Commercial National Bank of Chicago, in accordance with its annual custom, has sent out inquiries to over four thousand bankers, business houses and crop authorities in the West and South and also to leading bankers and business men in the East, with a view to securing accurate information regarding the general business outlook. The result has been placed before the public in a summary which indicates a future of great promise. Of the general situation it says:

It is no longer necessary to speak in cautious terms of faint and scattered signs of industrial revival. The evidence of improving conditions is too abundant and conclusive to be gainsaid. The movement has developed so rapidly during the last three months, and now includes so many lines and has gained such momentum that, with fundamental conditions all favorable, a relapse is no longer to be feared. The industries of modern society are so interdependent that starting the machinery from a state of inaction is like starting an eight-horse team; it is difficult at first to get them pulling together, but when they have gained momentum even the lagging members are swept into line and are soon keeping step and pulling their share of the load.

All of the signs that denote rising prosperity and all the conditions precedent are at hand. The wreckage of the panic has been cleared away; the apprehensions which it aroused have disappeared, and our people are facing the future with an optimism and courage born of knowledge of the wonderful resources of this country. Shelves are bare of surplus goods, and the country has grown up to its facilities and equipment. At this opportune time to inaugurate a new era of prosperity comes the best all-round crop ever produced in this country.

The value of such a crop at this juncture is inestimable, for all lines of business will feel its stimulating influence and all classes will share in its benefits. The farming class has enjoyed a remarkable period of prosperity, covering the last eleven years, and its buying power has been the great steadying factor in the industrial situation since the late depression began. But the prices of all farm products, which have reached in recent months the highest general level ever known, have been oppressive to the consumer and the source of much discontent. The food crops of 1909 are so generous in their proportions that a noticeable decline in the cost of living may be expected, while the farmer will make up in quantity what he loses in price and continue to be as good a customer as heretofore.

Railway earnings were severely affected during the first months following the panic, due to the disposition throughout the business world to reduce stocks of merchandise and curtail operations, but, gradually, important influences, chief among which were the prosperity of the agricultural sections and the stimulus given to building operations by low-priced material, made themselves felt in heavier traffic. At the present time railway traffic on principal lines out of Chicago is practically normal.

The building industry is usually among the first to recover after a period of general depression, due to declines in the price of building material and to better labor conditions. Building operations throughout the country are now on an unprecedented scale, the permits issued in cities where records are kept showing for the first six months of this year values fifty per cent. over the first six months of 1908, and slightly in excess of the phenomenal year 1907. The importance of this situation in the great building industry is far-reaching, for not only does it mean that the building trades are fully employed at the 1907 scale of wages or better, and that the allied industries producing building material are recovering from the disaster that struck them in 1907, but it is significant of the spirit of confidence which pervades the country.

THE COMPTROLLER'S CRUSADE AGAINST INEFFICIENT BANK DIRECTORS.

COMPTROLLER MURRAY has been getting very interesting results from t the circular letters of inquiry sent out by him some time ago to national bank examiners with reference to the question of directoral control of banking, says a correspondent of the *New York Journal of Commerce*.

The circulars referred to were the ones containing the famous "29 questions" regarding the responsibility of directors, which led to such severe criticism upon the Comptroller at the time of their original issue. Mr. Murray believes that the results of the investigation have been such as fully to warrant the making of the investigation, and thinks that from the answers he will find valuable direction in the application of the more rigid methods of bank control which he has been formulating.

EXTENT OF DIRECTORAL CONTROL.

Nearly 50,000 directors of national banks fall under the supervision of the bank examiners who were directed to make the inquiry, and about sixty-two per cent. of this number were actually present at the examinations at which the questions were put. Only about one-quarter of the men were familiar with the condition of their bank "in all its details," but there were about four per cent. who knew nothing of the state of the banks to which they belonged, the balance professing a "general knowledge" of the situation. More than three-quarters were, however, in the habit of attending the meetings of the directors with regularity and perhaps they got their "general knowledge" in that way, hearing the officers of the institutions report upon the operations that had been in progress in the meanwhile. There was one respect in which the directors claimed to be pretty fully informed about the banks they were connected with, and this was the habits and general standing of the employes. On this subject ninety-four per cent. of all the banks examined replied that the directors were well informed, while only the small minority of six per cent. admitted ignorance.

DETAILED KNOWLEDGE LACKING.

When recourse was had by the bank examiners to questions of detailed information about the standing and operations of the institutions the general knowledge of the directors did not seem to go far. Loans were approved by the directors in only about thirty-one per cent. of all cases, and by committees of directors in only twenty-two per cent. (additional). The officers had full control and used their own judgment as to loans in nearly one-half of all the institutions. In a similar proportion of cases care was taken with reference to recording the views of the directors as to loans, about one-half making no record of the approval of the directors in cases where such approval had been granted. With regard to the knowledge of directors as to the genuineness of signatures on notes discounted by the banks, a not very encouraging showing is made. More than eighty per cent. could not certify to the signatures, while sixty per cent. tacitly allowed officers of the institutions to permit overdrafts, the remainder declining to permit them. A better showing was made with reference to the verification of loans and discounts by directors other than members of the discount committee. About seventy per cent. of the banks examined had such a system of additional verification. More lax, and consequently more unsatisfactory is the situation regarding the examination and listing of collateral by the directors. The frequency with which such verifications and listing are made varies from monthly to annually, but there were nearly 800 banks in which the process was only an annual one. Even smaller was the number of cases in which pass books were called in and looked over by the directors, only about seven per cent. of the banks having any such plan in operation. Similar, although not such extreme, conditions prevailed with reference to the verification of outstanding certificates of deposit, certified checks and cashier's checks. Examinations of the lawful money reserve were more carefully and fully conducted, yet there were only about one-half of the banks where the condition of the reserve was regularly inquired into. The cash, however, was counted periodically by a committee of directors in a substantial majority of instances.

WHY BANKS VIOLATE THE LAW.

The Comptroller's investigations throw a good deal of light upon the question why banks violate the law as frequently as they do. Hardly more than one-half of the directors had read the national bank act, and while a large majority professed that they read the letters of criticism sent by the Comptroller, and took steps to correct the state of affairs complained of, it is not plain what these steps actually were. As to reports, verification from the books was not customary, although done in a small number of instances, and this may explain the discrepancies which are constantly being discovered between the reports published by national banks and the conditions found by examiners. The tendency on the part of officers to violate the law, knowing that under these conditions they can cover up their traces with more or less success, is naturally strong, and the only remarkable feature of the situation, in the opinion of some of the Government officers who are conversant with conditions, is that the violations and breaches of regulations are not more frequent. It is the strong feeling on the part of officials that, while the investigation furnishes no ground for sensationalism or undue alarm, it is clear that there is a call for greater vigor in toning up the methods of oversight and for greater exertions on the part of directors to familiarize themselves with the state of the institutions which they conduct.

OPTIMISTIC VIEWS ON THE NEW TARIFF.

SENATOR CHAUNCEY DEPEW, just before he sailed on August 7, said:

Now that the tariff question, which has long vexed us, has been settled, and with the aid of President Taft, a law enacted, we are entering upon one of the greatest periods of prosperity that this country has ever known. The tariff, which is on broad lines, constitutes an advance in the duties on luxuries and a reduction on necessities imported from abroad, so that if the consumer has to pay more it will not be the fault of the tariff, but because the demand will become so great on account of prosperity that the supply will give out and manufacturers and merchants be obliged to ask higher prices.

CANADIAN COINAGE.

OWING to the lack of demand from the banks for new silver and copper coinage the Canadian Mint has been obliged of late to very considerably restrict the output of new coins. The normal output is about three tons of copper coins per week. At present the output is only half that amount, and no silver coins are being minted. The gold minted so far this year has consisted only of a small number of English sovereigns. No Canadian gold pieces have so far been minted. It is expected that the demand for a silver and copper currency will increase as soon as the crop movement begins.

INVESTMENTS

Conducted by Franklin Escher.

THE CROPS AS AN INVESTMENT FACTOR.

THERE are few bond men who will look with regret upon the passing of the summer of 1909. Promises held out by the excellent market in May were never fulfilled, the activity barely outlasting the month. In the meantime the investment public's absorptive power seems to have become less and less—a consideration which has caused some little uneasiness among dealers heavily loaded up with bonds which they had calculated on being able to dispose of quickly. There has been not the slightest suggestion of trouble and money conditions have been such as to allow the carrying along of these bonds at low rates, but dealers and brokers have entirely failed to gather in expected profits and are eagerly awaiting the new chapter in the investment market which usually comes with the commencement of the fall season.

In the investment market at present the most important influence is the harvest. We have come through the rains of July and the heat of August; ripening in the fields there stands a crop worth very close to eight billion dollars, a greater value of agricultural products than the country has ever before seen raised in one year. Not all new wealth—some of it represented in the seed which went into the ground, the fertilizer that was used, the machinery and labor necessary to handle the crop—but, nevertheless, a tremendous accession to the country's wealth. Tonnage for the railroads hauling the crop, increased purchasing power in the agricultural communities, tonnage for the railroads hauling back the merchandise bought with the crop money—these are some of the reasons for the relationship of big crops to active investment markets.

The Crop Money and the Bond Market.

To what extent will the crop money go into bonds?—that is the question as it directly affects those who are carrying along more bonds than they want and are anxious to market them. To a greater extent, probably, than ever before. In the first place the money value of the crops is unprecedented. In the second place, stocks have to such an extent discounted the return of prosperity that the bond market offers a relatively much more attractive investment field. Lastly, this is the end of the second year of a campaign for the education of the investor such as has never before been seen, and the profit possibilities of bonds have been made known to tens of thousands of investors, particularly in the West, who have never before thought of anything else but the farm mortgage and the savings bank account as a way of safeguarding their savings.

Indirectly, too, of course, the harvesting of such a crop as is being harvested exerts a strong uplifting influence on security values. A corn crop, for instance, running several hundred million bushels larger than the record, means not only greatly increased earnings for the railroads hauling the crop, but a vast amount of business for the companies supplying the railroads with the equipment necessary to handle the increased tonnage. And so it goes into endless ramifications, business begetting business, and the whole industrial machinery being given a great stimulus.

Increased business, increased earnings, higher dividends and more security behind bonds—there is the second great point of contact between the crops and the investment market; indirect, perhaps, but more potent even than the influence of the direct buying of securities with the crop money. We are singularly favored this year in the plenteousness of the harvest, the one thing that can be relied upon to straighten out the investment situation and clear away the congestion arising from the overissue of new bonds.

OUR BIG FOREIGN BORROWINGS.

EVIDENCES continue to multiply that during the summer there has been placed in this market a very large amount of foreign money. Europe has been anxious to lend, and in spite of easy money conditions here there have been several reasons why we have been willing to borrow. The result has been an influx of foreign capital which has amounted to at least $250,000,000 since the beginning of June. This is a big amount, and in view of the condition of our foreign trade may later on prove to be one of the dominating factors in the monetary situation.

In the running up of this big debt the European bankers' desire to lend money here has been quite as much of a factor as any eagerness on our part to borrow—wherever money is offered at low rates it is likely to be taken. The business of the banker is to make money earn money, and when funds are offered to him at a rate which he feels sure he can improve upon in relending, he is apt to take up the proposition. That is exactly what has been happening and on a large scale. Exchange during most of the summer has ruled on so high a basis that there has been every probability that foreign money borrowed by means of the sale of long bills of exchange could be repaid later in the year with exchange purchased at relatively much lower rates.

In view of this great increase in our floating indebtedness and the need of repayment later, the unsatisfactory course of our foreign trade becomes of great practical interest. During the fiscal year ended June 30 we gained on the merchandise movement $351,000,000, a little more than half of what we gained the year before, and the smallest balance since 1897. Moreover, nearly the whole gain, such as it was, was made during the first half of the fiscal year. Between January and July the whole favorable balance was but $71,000,000, and of that amount January contributed $53,000,000. During the last five months of the fiscal year, then, the whole gain on the merchandise movement was but $18,000,000.

Considering the extent to which we are a debtor nation and the fact that by paying an average of $35,000,000 a month we can just keep the international account balanced, it will readily appear how this debt has been piling up against us. Ordinarily, when exports are largely in excess of imports, the balance is sufficient to defray our regularly recurring debt, but when there is no favorable trade balance as at present the debt is not cancelled as we go along, and simply accumulates against us.

That this condition of our foreign trade is temporary is little less than a certainty—its correction is bound to come when exports get back to normal and there is an end to the present artificial stimulation of imports. But the readjustment can hardly be expected until well along toward the end of the year, and in the meantime a really very large debt is piling up against us. Between the interest we owe on the billions of foreign capital invested here, the spendings of our tourists abroad, and our present large borrowings from the European bankers, we are running up a bill which will very likely reach $500,000,000 in the next month or so.

The exportable surplus of the crops will go some little way toward cancelling this debt, and Europe's purchases of our bonds may to some degree prove an offset, but if we escape shipping further large amounts of gold in payment we shall be extremely fortunate. Luckily for us, European bankers are pleased with their American investment and would rather keep the loans running than have us pay them off. As long as that condition obtains, the repayment will be spread over a long period, possibly during the whole of next year. By that time the favorable trade balance should be reëstablished and should be operating to reduce the debt. But what would happen if something were to develop in the meantime to make Europe call in these loans is not pleasant to think about.

IMPENDING RAILROAD DEALS.

THE air is full of deals and rumors of deals to come, Edwin Hawley's coup in buying Chesapeake & Ohio away from Morgan interests and the acquisition of Norfolk & Western by the Pennsylvania having supplied fresh material to the rumor-mills, already running to the limit of their capacity. Profits made by share and bond holders out of the deals in Colorado & Southern and Wisconsin Central have shown the investment public the profit possibilities of securities in which deals are actually impending. Chesapeake's rise of forty points since the Hawley coup was rumored has focussed speculative attention on the stocks which are apt to figure in deals to come.

So much material put out from interested motives and by utterly irresponsible parties finds its way into wide circulation that it is well worth while to pause and have a look at the commonsense side of some of these alleged impending deals. In the first place eliminate all combinations of parallel and competing lines—mergers or changes of control of that kind are extremely unlikely to take place. Inveigh as railroad managers may against the Sherman Law, that Act of Congress has never been repealed and is still in force. Wherever a rumored deal has to do with competing lines it may safely be put down as unlikely to take place for a good long time to come.

What deals, then, are likely to take place? Deals of the kind that have been put through already, since the beginning of the year. Burlington's purchase of Colorado & Southern is typical, Canadian Pacific interests' acquisition of Wisconsin Central equally so. The former represents the kind of deal between an east-and-west trunk line and a north-and-south outlet to the Gulf of Mexico, of which we are likely to have other examples before very long. The Wisconsin Central deal represents the acquisition of a feeder and a needed link in the chain of a bigger system.

Two Railroad Deals.

Take the Burlington-Colorado & Southern deal, for instance. For years the Hill system has needed a southern outlet. And not only that, but as the South has developed, an enormous amount of traffic has originated, with northwestern points. To get a share of this business has been the problem of the transcontinental lines. Mr. Hill has been the first to break the ice and go in and buy a north-and-south road, though Harriman's dominance in Illinois Central has given his system a Gulf outlet for some years past. But now in addition to ordinary traffic considerations comes this question of the Panama Canal. It is no longer a matter of freight policy for the east-and-west trunk lines to have outlets southward into the Gulf of Mexico. They *have* to have the connection—and that brings up squarely the question as to what the other roads are going to do about it.

There are really only two suitable north-and-south independents left, Missouri, Kansas & Texas and Kansas City Southern, and the latter has recently made a traffic arrangement with Union Pacific. If that is true it is a pretty good indication of where control of K. C. S. is likely to be lodged. That leaves Missouri, Kansas & Texas, "Katy" as it is familiarly called, as about the only really available road running down to the Gulf which can still be acquired.

What northern system would be likely to come in and take the "Katy"? The one big northwestern system whose southern business is still unprovided for—Chicago, Milwaukee & St. Paul. Hill has the Colorado Southern, Harriman has the Illinois Central—St. Paul alone of this group of northwestern through lines has no Gulf outlet. What wonder, then, that the Street has it that St. Paul is either in the market for Missouri, Kansas & Texas or has control already? In this case at least there is a close alliance between rumor and reason.

Canadian Pacific's acquisition of Wisconsin Central is a different sort of a deal entirely, but just as typical of a number of changes of control in independent properties which it is believed are to be announced. For one thing, this Wisconsin Central deal gives Canadian Pacific its coveted entrance into Chicago. In figuring out the probability of deals to come no point is worth greater consideration than this, the ability of a system to get into a big city through the purchase of a small line with the necessary terminals. Then, again, the acquisition of Wisconsin Central makes it possible for Canadian Pacific to establish a new and more southerly transcontinental route, for if it should turn out that the Canadian interests have control of Pere Marquette, the link between Chicago and Detroit, it would mean a cross-continent competition which would cut deep into some of the American lines.

What other independent lines are there still to be acquired? Plausible rumor has it that among the principal ones still remaining are Minneapolis & St. Louis, Iowa Central and Toledo, St. Louis & Western. All these properties would be extremely valuable as feeders and connecting links to various big systems, and from their control by Edwin Hawley, it is to be inferred that they were bought to be turned over at a profit. Mr. Hawley has lately come out in the role of the greatest "railroad broker" in the world.

The Market Side of Deals.

As to the profit in investments in the stocks and bonds of properties which have recently figured in deals, it can only be said that the great rise in all the securities of Wisconsin Central and Chesapeake & Ohio show what happens nowadays when one of these deals is actually put through. It used to be a very different story in the time of Jay Gould, when the acquisition of a property meant bankrupting it first and then buying it in for next to nothing. That has all changed now. The mere rumor of a deal to come is enough to send up the price of the smallest common stock, and where there is good reason to think rumors of coming deals true, the rise has often been very extensive. But there is always the risk, of course, of buying at a price which has discounted a deal which never takes place. For that reason it is well to give the closest attention to investments made with the idea of benefits to be gained from deals to come, and to mix with belief in deal rumors a large proportion of individual common sense.

THE ACCUMULATION OF CAPITAL.

THE mid-year reinvestment demand amounted to practically nothing, investors' absorption of bonds throughout the summer has been a continuous disappointment, the public is certainly not in the stock market—where, then, are the savings of the people? In a country like this, where manufacturing enterprise and agriculture are continuously adding to the surplus of millions of small investors, the accumulation of idle money is one of the big factors in the investment situation.

What bond men all over the country are asking now is as to whether these surplus earnings are accumulating in a great fund which will later be used to buy securities. There have been times before when for a long period the public consistently refused to invest its savings and the accumulation reached such proportions that when the investment movement really did set in, prices were very greatly stimulated.

By a good many large distributors of securities this is believed to be the case now. That the accumulation of available investment capital is already very large was clearly shown in the great public absorption of bonds which took place early in the summer. The money was there and for a time its owners evinced a desire to invest it in bonds, but that period was of short duration, the public demand disappearing almost as suddenly as it had sprung up. What was responsible for the cessation of the demand is a good deal of a question; nothing had more to do with it, probably, than the flood of new securities poured out, and realization on the part of the buyer that the printing presses would be worked right up to the limit of his capacity to buy.

The big falling off in the investment demand, however, means the recommencement of the accumulating movement on a large scale. As business has become better, savings have to a certain extent been put back into improvements and extensions, but larger income has without doubt meant a constantly increasing fund available for investment. And the investment of this money is only a matter of time—the longer it is deferred the greater will be its effect. Bond dealers are waiting for that time and relying upon this buying to take supplies of unsold bonds off their hands.

AS TO A NEW "FORWARD" MOVEMENT.

A TOTAL exception to the average run of brokerage house literature is to be found in the weekly letter issued by Messrs. Shoemaker, Bates & Co. of New York, and the opinions of Mr. William Gilman Low, Jr., of that firm, who writes the letter, are being widely quoted. The question of industrial progress is one of which Mr. Low has made an especial study. The following article was written especially for the Investment Department of THE BANKERS MAGAZINE:

Public confidence in the stability of the American Financial World has unquestionably been fully restored, while a like confidence in the stability of the industrial world upon its present basis of activity is equally returning. The question uppermost in the minds of thoughtful persons whose eyes are necessarily turned constantly toward the future is this: Granting that a fair and normal business is likely to continue, is there reason to anticipate in the near future anything resembling a new "forward" or expansive movement in American industry? From the nature of the case it is almost, if not quite, impossible to make full and fair answer to such a comprehensive query within the compass of this short article, but as it is essential to give some form of categorical reply, I am decidedly inclined to take the view that no such "forward" movement is to be anticipated within the near future. Disregarding entirely, as it is necessary I should, certain substantial arguments advanced by persons committed to the expectation of an early expansive movement in trade which shall carry us far above the American high water mark, I wish to suggest the following matter as food for careful thought on the part of the banking community.

It seems altogether probable that insufficient capital has been as yet accumulated through the exercise of economy and saving thrift with which to finance any real extension beyond the point where credit proved formerly insufficient to accomplish the desired ends. The prevailing unusual ease in money rates may be and undoubtedly is significant of improvement so far as liquidation of excessive and improperly secured loans is concerned. It unquestionably also marks an undue and troublesome inflation in the national currency, but it is in no sense necessarily so and probably does not represent capital accumulated since the break down of credit in 1907. Some force is lent to this suggestion by the failure of high grade bonds to reach a level commensurate with the excessive ease in funds.

Secondly, while those handicaps under which the industrial and financial worlds were laboring have been on the whole greatly relieved and in some cases removed, grave doubt may unquestionably be felt as to whether the treatment accorded certain of the ills complained of was not rather in the nature of a palliative than a cure. For example, the rapid recovery in the cost of living gives force to the objection that liquidation in the industrial world did not run its full and complete course.

Finally, there remains yet to be accomplished that comprehensive and sound adjustment of the currency for which all sober minded persons are hoping, together with such modification of the Sherman Anti-Trust Law as may define beyond possibility of question the lines along which corporate business may expect to develop. There is some reason to believe that next winter these two very important matters will receive the attention of Congress.

On the whole I am inclined to think that bankers and financiers generally will be well advised if, while discounting freely and generously, they exercise that restraining hand which they alone can place upon those promoters of prosperity who seek what would in all probability prove to be a premature development.

U. S. GOVERNMENT BONDS.

ISSUE of three per cent. Government bonds appears inevitable, and discussion is becoming more and more general as to the means which ought to be taken to safeguard the price of existing issues bearing only two per cent. interest and which already stand their owners in at a considerable loss.

Opinions differ widely as to what ought to be done, but there are really only two courses open to the Government. The first is to issue three per cent. bonds with the provision that they be *not* available as security for bank circulation; the other is to discriminate sharply against the new bonds in favor of the old in the matter of the tax on circulation. Both plans have their strong advocates, the main argument for the former course being that it would keep the new bonds out of the hands of the banks and cause wide distribution among investors—a consummation much to be desired. As against this plan, however, it is pointed out that it might hurt the Government's credit to have some of its bonds available for circulation and others not available. The National City Bank makes the following pronouncement on the question:

Several plans have been proposed for safeguarding the outstanding twos. It has been suggested, for instance, that should other bonds be authorized bearing a higher rate of interest than two per cent. they be debarred from the circulation privilege, but it is certain this will not meet with favor. It would be an anomalous condition of affairs if some United States bonds were admitted to the circulation privilege and others were denied. To provide the twos, discrimination against the higher interest-bearing bonds need not be carried to this extent. It would probably be sufficient to adjust the circulation tax so that the highest interest-bearing bonds would subject circulation to a higher rate of tax, to be determined by the difference in the interest rates the bonds respectively bear. This view is reinforced by the belief that the proposed bonds would find a ready market with investors at a considerably greater price than the twos. A higher premium would in itself provide a differential, and this, together with the fact that there would be no more twos authorized, would operate effectually to keep this class of bonds above par until their maturity is reached.

INVESTMENT OPPORTUNITIES IN SOUTH AMERICA.

THE recent purchase of Costa Rican bonds by the National City Bank has brought the question of Central and South American bonds prominently before the public. Realizing the banking community's widespread interest in the question, Mr. Fuller of Fuller & Co., New York, who make a specialty of these bonds, has written the following article for the Investments Department:

South American securities have entered our local markets in no uncertain manner. The eagerness of investors to purchase the bonds offered tends to show their readiness to receive the larger income upon their investments when safety is also presented in security for the principal.

For the most part, the average investor has only a meagre knowledge of the excellent record of many issues that have been and now are returning millions of dollars in interest and dividends per annum to the holders of external government, municipal and corporation securities of profitable enterprises of record.

Up to the present time, most of the securities have been purchased by large investors, owing to their greater knowledge of the facts surrounding the offering. This applies more to our market than it does to the European markets that have absorbed millions of dollars of these securities during the past twenty years.

The European investor has learned from experience that most of the South American governments are stable and the resources and development possibilities are most numerous. Americans are prone to look upon their southern neighbors as did England look upon us some fifty years ago. They have in store for us as great a surprise as we gave England.

The day is not remote when the present five per cent. government bonds will be refunded by or new issues presented, bearing four and one-half per cent. interest, municipal bonds at five and six per cent., etc., in place of the higher rates now in force. Then the security may be no greater than it now is. The investor will purchase them, however, as the yield will be more attractive than our local securities, and he will have become familiar with the conditions surrounding his investment; which conditions will be substantially as they now are.

It is a fact that there is now outstanding and in the strong boxes of the investor over a billion dollars in securities, representing external government bonds alone issued by South American governments.

We are informed that the external debt of South American governments is substantially as follows:

Dec. 31, 1908.

Argentine	$378,500,000.00
Brazil	369,087,633.38
Chile	101,900,000.00
Peru*	114,990,000.00
Paraguay	4,139,717.64
Uruguay	130,157,089.00
Colombia	13,000,000.00
Ecuador	5,400,000.00
	$1,117,174,440.02

It can be seen that the annual interest from the above loans amounts to something like $50,000,000 per annum. Of this vast sum of money, only a small portion comes to the United States. There is no logical reason why the major portion of the annual interest return from this rich territory should not be sent here. At present, the opposite is the situation. In the future, conditions will reverse.

Some of the issues of Brazil, Argentine, Chile, Paraguay, and Uruguay are of long standing, having been issued in the "eighties." Since that time, the principal and amortization of the various loans has been promptly met. The proceeds of many of the loans were for improvements; the South American is a progressive, ambitious citizen, who is taking advantage of every advanced idea for municipal, political and business development.

Some will say, "Brazil has a very large debt, and I don't know about buying her bonds." When the facts are known, it is seen that Brazil has ample resources at her command with which to liquidate her obligations. And this remark is equally true of the other countries. Furthermore, the amortization principle of "sinking" debts reduces the number of outstanding bonds annually.

The area of Brazil is about 2,218,000 square miles. There is area enough for 100,000,000 people, while the present population is 20,000,000. Through this vast territory flows the Amazon and its drainage system that is twice the size of our Mississippi.

The chief products are rubber, cacao and coffee. Of coffee, about $70,000,000 is exported, and nearly one-half this amount comes to this country, while we take about one-third of the $10,000,000 crop of the latter product. Brazil produces about two-thirds of all the coffee used in the world. Cotton and tobacco are also raised in large quantities. The total foreign trade of Brazil is, in round numbers, about $370,000,000.

The natural resources of this vast country are inexhaustible; the woods, vegetables, fruits, sugar, tobacco and other products can be raised in abundance. No better soil can be found anywhere. Water powers can be "harnessed," and development opportunities are on every side. No better field for profitable investment is now offered. Brazilian 4½s of the issue of 1883 are quoted at 93; of 1888 at 92 and various other issues on the same interest-bearing basis.

To the south lie Argentine, Paraguay and Uruguay. Without dwelling upon the possibilities of these countries, we will briefly state that they are progressing in the right direction and their securities are in good repute. It was only some twenty years ago that Argentine imported all the flour it used. To-day it exports about $5,000,000 of flour and $82,000,000 of wheat and a total of $164,000,000 of agricultural products. It has 14,000 miles of railroad, 26,000,000 cattle, 77,000,000 sheep, 2,500,000 goats and a foreign trade of some $600,000,000. These countries offer crowning opportunities. The Argentine five per cent loan of 1884 is quoted at 102. City of Buenos Ayres Water 5s of 1892 at 104 and loan of 1909 at 95½ of $5 exchange in the New York market. This is equivalent to about ninety-seven per cent. of the par value. A portion of the latter loan was subscribed to in the United States. It should be remembered that there is about $425,000,000 of English capital invested in Argentine.

On the west coast of South America are Chile, Bolivia and Peru. With the completion of the Panama Canal, perhaps no countries will be more benefitted than those just named. Rich in their natural resources, full of opportunities, they are eagerly seeking development.

Chile is the longest and narrowest republic in all South America. It has a coast line of 2,700 miles in length, or, in other words, its sea coast would extend a distance about equivalent to the mileage between New York and San Francisco. Its area is about equal to Washington, Oregon and California, embracing 291,544 square miles, its greatest width being 250 miles and its narrowest part some 160 miles. The largest city is Santiago, with a population of about 350,000. The finances of the cities are in good shape and the bonded debts are insignificant compared with the assets of the municipalities. It will be noted above that the national debt is about $100,000,000. At first the amount seems large, when one considers that the population is only about

* In April, 1907, an agreement was entered into whereby Peru liquidates this loan by annual payments. The amount in 1889 was £22,998,651. The bondholders agreed to cancel the debt on a fixed basis.

3,500,000 people and the area of Chile so small. As a matter of fact, the debt is small indeed when the value of the assets are considered. Upon the latter basis this question depends and not upon size and population, as the popular mind sometimes imagines. There are about 3,000 miles of railroad, 2,000 of which belong to the state. The equipment is modern and in good condition. The value of this property is equal to the national debt. Six hundred miles more are under construction and 1,500 miles projected that will be built when the government carries out its plans. Imports and exports are about $200,000,000. Its nitrate fields contain some 225,000 acres, with estimated contents of about 235,000,000 tons, of an estimated value of $500,000,000. The mines produce about 40,000 tons of copper, 9,000,000 tons of coal, besides silver, gold and other minerals in good quantities. Now consider the agricultural industry of the central portion of Chile, where wheat, corn, barley, oats, tobacco, oranges, figs, olives and grapes are raised in large quantities—supplemented by the rearing of cattle, horses, sheep, and goats. From this one can gain some idea of the habits and industry of the Chileans. Then there are the rich forests. Over 200 native timbers have been classified, and woods for building, ornamental work, ship building, and other purposes are found, the value of which is impossible to approximate. It is quite clear that the natural resources of Chile dwarf her national debt. Instead of being large, it is small, indeed, based upon the actual situation of her credit and resources today. Chilean bonds have been on the market for many years. The 4½ per cent. sell at 94 and 5s at 100½. Thus the national securities are on about a five per cent. basis with ample security. The bonds and stocks of the nitrate companies are not traded in on our markets, but offer a lucrative and safe investment to the holders of this class of security. The Commerce, Manufacturing and Governmental questions have not been entered into. It is sufficient to say that all are on a solid basis, and remarkable gains in the former industries have been witnessed during the past decade.

Bolivia is rich in tin, copper, silver, rubber and other products. During 1908, 29,938,282.5 kilos of tins were produced (about 63,000,000 pounds). While Bolivia has no sea coast, the country is far from inaccessible. Within a short time, her two "entrance" railroads will be supplemented by a third route via the Madeira, thus augmenting her present excellent transportation facilities. Bolivia's imports and exports amount to about $33,000,000 per annum, which shows an excellent increase during the past decade. In time, a wonderful cotton growing industry will spring up in this rich territory. The future possibilities are too numerous to enumerate.

Peru, like Bolivia, is rich in minerals, Copper, gold, silver and petroleum abound in great quantities. The minerals formerly received more attention than agriculture, but the latter is now receiving the attention it so justly deserves. Sugar, rubber, cotton, corn and cereals are raised to some extent, but not in the proportions they should be. The government income is, in round numbers, $15,000,000 per annum. Imports and exports $48,000,000. Principal cities of Peru are Lima, the capital, Callao, Arequipa, Cuzco and Paita, the first with a population of about 150,000 and each of the latter cities of less inhabitants.

Lima is the only city in Peru that has a funded debt represented by municipal bonds. It is customary in South American cities to mortgage certain properties or incomes or both to secure the holder of bonds against loss. Our municipal bonds are a direct obligation of the city issuing them and by law possess certain security familiar to all, provided they are issued within certain debt limits according to law. South American municipal bonds are not only based upon the faith and credit of the city, but are also secured by mortgages on property or income or both. Each year the municipality provides in its budget for the interest and amortization of its outstanding bonds. By the amortization principle the debt and interest becomes less and the "sinking fund" (amortization) becomes greater each year. In other words, the principal and interest is provided for at the outset and not left for the next generation to finance, as is the custom with many of our loans. Securities of established corporations in Peru sell upon about a six per cent. basis, while those with more of a local market yield a larger net return.

With these for facts, it is hoped that some light has been thrown upon the situation now existing in this wonderful country to the south of us. What is needed is electric light plants, transportation lines, factories, water service, mills and industrial enterprises. These in turn need money to develop them. It may surprise some to learn that some electric traction stocks pay ten per cent. dividends, while the bonds of some roads are so closely held that they scarcely come upon the market at all.

In summing up it seems that South American securities commend themselves:

1st. Because the Governments and industries seeking loans are stable and their affairs are well regulated and managed.

2nd. Ample security is offered.

3rd. The amortization principle is universally used, thus reducing the annual debt and increasing the "sinking fund."

4th. The rate of income is attractive to the investor, as the income is from twenty to fifty per cent. greater than local securities, with perhaps no greater security for the principal.

5th. The countries and properties are growing, and there is a natural enhancement of the principal sum invested.

6th. The market for South American offerings is becoming broader every day and will continue to expand until they enjoy the confidence of all investors as they now attract those familiar with them.

ATTRACTIVE OFFERINGS.

THE end of the long low-money period finds a steady conversion of investments in the best grade of bonds into bonds less liable to be affected by the money rate. The better a bond is, to the greater extent will its price be determined by what it yields in comparison to the interest rate obtainable elsewhere. All classes of bonds are, of course, influenced in price by the money market, but, in the case of many issues, the depressing influence of higher money rates is more than counterbalanced by other considerations of bettering business, increased earnings, etc. During a transition from lower to higher money rates, holders of bonds of this class often fare better than holders of bonds of a higher grade.

Some of the more attractive issues yielding a high rate of income are the Southern Railway development and general 4s and the Chicago & Alton debenture 5s offered by Kissel, Kinnicutt & Co., New York; the Kansas City Southern refunding and improvement 5s offered by Sutro Bros.; Union Steel 5s (guaranteed by the U. S. Steel Co. and netting over five per cent.) offered by Alfred Mestre & Co.; Seaboard Air Line, Atlanta & Birmingham division first 4s, offered by F. J. Lisman & Co.; Fort Worth & Rio Grande first 4s offered by A. M. Kidder Co.; Columbus & Hocking Coal & Iron Co. first 6s, offered by Lathrop, Haskins & Co.

JULY FINANCING.

DURING the first six months of the year 800 millions of new stock and bonds were actually issued. Bankers figure, evidently, that that is enough for the time being; in July sales of new securities fell off to seventy-five millions, thirty-nine millions of which were Atchison convertible fours and Kansas City Southern fives announced in June but not brought out till July.

The following is a record of the more important financing done in July:

$10,000,000	of Interborough Rapid Transit 5s.
5,000,000	of Bethlehem Steel Notes.
29,000,000	of Atchison Convertible Bonds.
10,000,000	of Kansas City Southern Ry. 5s.
8,000,000	of International Steam Pump 6s.
2,000,000	of Dallas Electric Corp. Stock.
2,128,000	of Cleveland Elec. Ry. 5s.
1,000,000	of Merchants Heat & Light 5s.
1,000,000	of Belt R. R. & Stock Yards 4s.
1,000,000	of Southern Steel & Iron 5s.
2,000,000	of Spuyten Duyvil & Port Morris R. R. 3½s.
3,500,000	of Atlanta, Birm. & Atl. receivers' ctfs.
$74,628,000	

VALUABLE ANALYSES.

"STUDIES in security values" is the name of an excellent series of analyses of various properties being issued by Freeman, Rollins & Co. of New York. Union Pacific, United States Steel, Southern Pacific and Pennsylvania Railroad have all been taken up in turn, the analysis of the last named property attracting particular attention because of the recent opening of the McAdoo tunnels under the Hudson River and the strong suggestion to the public mind as to the advantages which will be derived by the Pennsylvania when its nearly completed tunnels are put in operation.

The analysis of Pennsylvania closes with particular emphasis on this point. "The importance of the New York tunnels," it says, "to the Pennsylvania Railroad will probably not be fully appreciated by the investing public until after the tunnels have been placed in operation, and the results are actually seen. By means of the tunnels, the Pennsylvania will be the only railroad operating out of New York City in more than one direction. It will operate northerly and easterly by means of the New York, New Haven & Hartford and the Long Island Railroads. It already has a firm grip upon traffic in a southerly direction; and it divides with the New York Central and lesser trunk lines the west bound traffic. Furthermore, by the possession of a terminal in the heart of New York City, the Pennsylvania Railroad will become recognized as a distinctly New York enterprise and will enjoy the prestige that has always been held by the New York Central Railroad through its terminals at the Grand Central Station.

Pennsylvania Railroad stock represents actual cash investment in the property. Much of the stock was issued at 120 and (through the convertible bonds of 1912) 140. The cash investment represented by the stock has been increased by the expenditure of huge sums in surplus earnings. We believe that after another year the earnings per share will again be at least as large as in 1902, before the company entered upon its great expansion policy. We recommend the stock for investment to those who are desirous of discounting the future."

INTEREST ON GOVERNMENT BONDS.

MESSRS. FISK & ROBINSON of New York make the following interesting comparisons:

One of the questions uppermost in the mind of national bank officials today is how best to adjust the Government bond account to meet, with as little loss as possible, the effect of new legislation. In view of the likelihood of a three per cent. issue, the almost unanimous decision of banks not to retire circulation at current prices for bonds is quite remarkable. It will be noted from the table below that on the basis of the present tax on circulation secured by 2s and 3s, which is one and one-half per cent. and one per cent., respectively, per annum, there is a relative difference in value of substantially four per cent. in favor of the latter, assuming a 10-year maturity. Thus it would be necessary entirely to remove the tax on circulation secured by ten-years 2s, in order that the same profit might be realized as could be obtained from a ten-year three per cent. bond with a circulation tax of 1 per cent. per annum. Therefore, the determination by banks to retain two per cent. bonds purchased at much higher prices, say at an average of 105, even with the possibility of further loss confronting them, can be explained only on the ground of their conclusion that any legislation covering the authorization of higher rate bonds must be on a basis to maintain the price of outstanding issues at not less than par.

RAILROAD DEVELOPMENT IN THE SOUTH.

ANOTHER long step in the railroad development of the South is being made in the line which the Burlington is building to connect its southeasternmost terminus with the Louisville & Nashville system at Paducah, Ky. That the fifty miles of road will be pushed to completion and a bridge thrown over the Ohio River at Paducah is admitted; concerning the traffic arrangements which will exist between the two sys-

INCREASE OF INCOME BY CIRCULATION OVER WHAT WOULD BE EARNED BY LOANING COST OF BONDS AT FOUR PER CENT.—AMOUNT OF INCREASE PER ANNUM ON EACH $100,000 BONDS.

	Tax 1% per An.		Tax ½% per An.		Tax ¼% per An.		No Tax per An.	
	10 Yr. 3s.	30 Yr. 3s.	10 Yr. 2s.	30 Yr. 2s.	10 Yr. 2s.	30 Yr. 2s.	10 Yr. 2s.	30 Yr. 2s.
100 and Int......	$1,900	$1,900	$1,400	$1,400	$1,650	$1,650	$1,900	$1,900
100½ "	1,838	1,871	1,338	1,371	1,588	1,621	1,838	1,871
101 "	1,777	1,842	1,277	1,342	1,527	1,592	1,777	1,842
101½ "	1,715	1,813	1,215	1,313	1,465	1,563	1,715	1,813
102 "	1,653	1,784	1,153	1,284	1,403	1,534	1,653	1,784
102½ "	1,592	1,755	1,092	1,255	1,342	1,505	1,592	1,755
103 "	1,530	1,727	1,030	1,227	1,280	1,477	1,530	1,727
103½ "	1,468	1,698	968	1,198	1,218	1,448	1,468	1,698
104 "	1,407	1,669	907	1,169	1,157	1,419	1,407	1,669
104½ "	1,345	1,640	845	1,140	1,095	1,390	1,345	1,640
105 "	1,284	1,611	784	1,111	1,034	1,361	1,284	1,611

tems, however, great reticence is being observed.

Developments of great importance often originate from small beginnings, and that is apt to be true in the case of this short connecting link being built between the Burlington and Louisville & Nashville systems. What is really happening is that another most important gateway is being opened up between the South and the North. Mr. Hill's Burlington only a short time ago acquired control of Colorado & Southern. That gave the Hill system access to the western end of the "cotton belt" and an outlet at the western end of the Gulf of Mexico. But with that Mr. Hill is evidently not satisfied. The great development of the South is something which he fully realizes and something which he proposes to turn to the advantage of his own railroads. Hence the building of this link between Herrin and Paducah and the connection of the great transcontinental system of the North with the two systems—Louisville & Nashville and Atlantic Coast Line—which network the southeastern States.

With regard to its influence on the securities of the roads concerned, whatever the exact nature of the traffic alliance may be, material benefits are likely to follow. Mr. Hill is still the "Empire Builder," and while no new empires will be built up in the South development of properties will be carried on on a large scale. Moreover, the Hill idea has always been to build up traffic by the development of the territory through which the railroad runs. The securities of both the Hill system and the roads with whom it has made this new connection are likely to be increased in value thereby.

AN INTERESTING INVESTMENT BOOKLET.

"GILT-EDGE HOLDINGS" is the title of an attractive and convincing booklet, issued by J. Frank Howell, banker, stock and bond broker, of 34 New street, New York. It gives valuable points in regard to stock and bond investment, it is full of facts, so written in such a strong style and so well illustrated that it undoubtedly will be kept for future reference by those who secure a copy.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to August 24, approximate yield figured to September 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 10 Wall st., New York.

STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
Alabama 4s, 1956	103 -105	3.78
Georgia 4½s, 1915	103 -105	3.50
Massachusetts 3½s, 1940	99 - 99½	3.53
New York State 3s, 1959	103 -104½	2.88
So. Car. 4½s, 1933	103 -105	4.15
Boston 3½s, July, 1929	96⅞- 97¼	3.70
N. Y. City 4½s, Nov., 1917	104¼-104¾	3.85
N. Y. City 4s, Nov., 1957	101¼-101⅝	3.93
N. Y. City 3½s, Nov., 1954	91¼- 91¾	3.93
N. Y. City rev. 6s, Nov., 1910	103⅜-104	2.80

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	98⅞	99⅛	4.40
Am. Cig. B 4s, Mar. 15, '12	98	98⅜	4.70
Am. Loco. 5s, Oct., '10	100⅜	100⅝	4.35
Am. Tel. & T. 5s, Jan., '10	100⅜	100⅝	3.12
Atl. Coast L. 5s, Mar., '10	100¾	101	3.00
"Big Four" 5s, June, '11	101¼	101⅝	4.12
B., R. & Pitts. Equip. 4½s	99½	100	4.50
*C., H. & D. 4½s, 1908	70½	72½	flat
C., H. & D. 4s, July, 1913	96½	98	4.55
Chic. & N. W. deb. 5s, '09	100	100¼	3.75
Del. & Hud. 4½s, July, '22	102⅞	103¼	4.17
Int. R. T. 6s, May, '11	104	104¼	3.50
Int. R. T. 5s, Mar., '10	101	101⅛	3.00
K. C. R. & L. 6s, Sept., '12	99¾	100¼	5.90
Lack. Steel 5s, Mar., '10	99¾	100	5.00
Louis. & N. 5s, Mar., '10	100¾	101	3.00
Lake Shore 5s, Feb., '10	100½	100¾	3.25
Mich. Cen. 5s, Feb., '10	100½	100¾	3.25
Minn. & St. L. 5s, Feb., '11	99⅜	99¾	5.20
N. Y. Central 5s, Feb., '10	100½	100¾	3.25
N. Y. C. Eq. Tr. 5s, Nov., '10	100⅞	101⅛	4.15
N. Y. C. Eq. Tr. 5s, Nov., '12	102⅜	102¾	4.15
N. Y. C. Eq. Tr. 5s, Nov., '14	103¼	104	4.15
N. Y. C. Eq. Tr. 5s, Nov., '16	104¼	105	4.15
N. Y. C. Eq. Tr. 5s, Nov., '19	106	106⅝	4.15
N.Y.N.H.&H. 5s, Jan. 9, '10	100¼	100½	3.12
N.Y.N.H.&H. 5s, Jan. 9, '11	101	101⅜	4.00
N.Y.N.H.&H. 5s, Jan. 9, '12	101¾	102¼	4.05
Norf. & West. 5s, May, '10	100⅞	101¼	3.17
No. American 5s, May, '12	99½	101	4.50
Penn. R. R. 5s, Mar. 15, '10	100¾	101	3.40
Pub. Ser. Cor. 5s, Nov., '09	100⅛	100½	2.25
St. L. & S. F. 5s, Jan., '11	99½	100	5.00

	Bid.	Asked.	Approx. Yield.
St. L. & S. F. 4½s, Feb., '12.	97	97¾	5.55
S.A.L. rec. cfs. 6s, June, '11..	100½	101	5.38
S.A.L. rec. cfs. 5s, Jan., '12.	100¼	101	4.55
Southern Ry. 5s, Feb., '10...	100⅝	100⅝	3.60
†Southern Ry. 6s, May, '11..	100⅝	100⅞	2.62
Tidewater 6s, June, '13......	102¾	103⅛	5.15
Pitts., Shawmut & North. rec. ctfs. 5s, Jan., '14..........	99	100	5.00
Wabash 4½s, May, '10.......	99½	100	4.60
Westinghouse 6s, Aug., '10..	100⅞	101⅛	4.95

* Notes quoted "flat."

† Have been called for Nov., 1909.

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western...	4	16
Atlanta & West Point	147	152
Atlantic Coast Line of Conn......	295	315
Buffalo & Susquehanna	27½	32
Central New England	5	...
Central New England, pref.......	15	...
Chicago, Indianapolis & Louisville.	49	55
Chicago, Ind. & Louisville, pref....	70	78
Cincinnati, Hamilton & Dayton....	25	50
Cincinnati, Ham. & Dayton, pref..	65	75
Cincin., N. Orleans & Tex. Pac....	110	125
Cincin., N. O. & Tex. Pac., pref..	105	110
Cincinnati Northern	35	45
Cleveland, Akron & Columbus....	68	75
Cleve., Cin., Chic. & St. L., pref..	101	105
Cripple Creek Central	33	38
Cripple Creek Central, pref........	53	60
Delaware	77	81
Des Moines & Ft. Dodge, pref....	..	83
Detroit & Mackinac	45	55
Detroit & Mackinac, pref.........	91	95
Grand Rapids & Indiana..........	42½	...
Georgia, South. & Florida..........	33	38
Georgia, South. & Flor., 1st pref..	94	98
Georgia, South. & Flor., 2d pref..	73	77
Huntington & Broad Top.........	12	14
Huntington & Broad Top, pref....	34	37
Kansas City, Mexico & Orient....	12	14
Kansas City, Mex. & Orient, pref..	19	23
Louisville, Henderson & St. Louis.	13	15
Louisville, Hend. & St. L., pref...	33	38
Maine Central	195	...
Maryland & Pennsylvania.........	15	23
Michigan Central	150	180
Mississippi Central	44	48
Pitts., Cin., Chic. & St. L., pref....	110	117
Pere Marquette	20	25
Pere Marquette, 1st pref..........	55	58
Pere Marquette, 2d pref...........	30	34
Pittsburgh, Shawmut & Northern..	2	5
St. Louis, Rocky Mt. & Pac., pref..	45	55
Seaboard Company	18	21
Seaboard, 1st pref................	42	50
Seaboard, 2d pref.................	37	40
Spokane & Inland Empire........	45	55
Spokane & Inland Empire, pref...	70	80
Texas Central	35	40
Texas Central, pref...............	75	90
Virginian	27	31
Western Pacific	28	31
Williamsport & North Branch.....	1	3

GUARANTEED RAILROAD STOCKS.

	Bid.	Asked.
Albany & Susquehanna	275	320
Allegheny & Western	142	150
Atlanta & Charlotte Air Line.....	185	200
Augusta & Savannah...............	111	113
Beech Creek	98	102
Boston & Lowell...................	223	230
Boston & Albany	228	233
Boston & Providence..............	290	300
Camden & Burlington County.....	140	150
Catawissa	110	120
Cayuga & Susquehanna............	215	225
Cleveland & Pittsburgh............	175	180
Cleve. & Pittsburgh (Betterment)..	100	103
Columbus & Xenia.................	202	205
Concord & Montreal...............	170	.
Concord & Portsmouth............	170	...
Connecticut & Passumpsic River..	138	145
Connecticut River	272	280
Dayton & Michigan, pref..........	180	190
Delaware & Bound Brook.........	195	205
Detroit, Hilsdale & Southwestern..	98	102
East Pennsylvania	135	139
Elmira & Williamsport, pref......	130	140
Erie & Kalamazoo..................	240	245
Erie & Pittsburgh..................	152	160
Georgia Railroad & Banking......	254	260
Grand River Valley................	122	130
Hereford	88	92
Illinois Central Leased Lines......	99	103
Jackson, Lansing & Saginaw.......	90	95
Joliet & Chicago...................	170	175
Kansas City, St. L. & Chic., pref..	136	145
Lake Shore & Mich. Southern....	320	350
Little Miami	212	215
Louisiana & Missouri River, pref..	166	175
Mine Hill & Schuylkill Haven....	123	130
Mobile & Birmingham............	70	76
Mobile & Ohio.....................	84	88
Morris & Essex....................	182	185
Nashville & Decatur..............	181	189
New Hampshire & Northampton..	104	107
New York, Lackawanna & West..	125	130
North Carolina Railroad...........	162	170
North Pennsylvania	201	210
Northern R. R. of N. H...........	130	150
Northern R. R. of N. J............	85	95
Norwich & Worcester, pref........	200	220
Ogden Mine R. R..................	95	105
Old Colony	195	200
Oswego & Syracuse................	220	230
Peoria & Bureau Valley...........	185	195
Philadelphia & Trenton...........	250	...
Pitts., Bessemer & Lake Erie.....	34	37
Pitts., Bessemer & Lake E., pref..	72	74
Pittsburgh, Ft. Wayne & Chic.....	174	177
Pittsfield & North Adams	125	135
Pittsburgh, McKeesp't & Yiough..	127	133
Providence & Worcester...........	270	280
Rensselaer & Saratoga.............	195	202
Rome & Clinton....................	135	142
Rome, Watertown & Ogdensburg..	124	128
Saratoga & Schenectady...........	168	175
Southwestern of Georgia...........	111	113
Troy & Greenbush..................	174	180
Upper Coos	135	145
Utica & Black River...............	174	180
Utica, Chenango & Susquehanna...	151	155
United N. J. R. R. & Canal......	250	255
Valley of New York...............	123	130
Ware River	165	175
Warren Railroad	175	183

BANK AND TRUST COMPANY STOCKS.

Corrected to August 15, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	176	...
Amer. Exchange Nat. Bk..	10	245	255
Bank of America	26	576	585
Bank of the Manhattan Co.	12	330	345
Bank of the Metropolis....	16	380	410
Bank of N. Y., N. B. A...	14	325	340
Bank of Washington Hts..	8	265	...
Battery Park Nat. Bank..	..	130	140
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	...
Century Bank	6	160	170
Chase National Bank	6	300	...
Chatham National Bank...	16	290	300
Chelsea Exchange Bank....	8	185	...

	Div. Rate.	Bid.	Asked.
Chemical National Bank...	15	425	...
Citizens Central Nat. Bk....	6	150	160
Coal & Iron Nat. Bank.....	10	260	270
Colonial Bank	10	375	...
Columbia Bank	12	375	425
Corn Exchange Bank	16	330	335
East River Nat. Bank.....	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	300	...
First National Bank	32	800	...
Fourteenth Street Bank...	10	140	...
Fourth National Bank	8	225	...
Gallatin National Bank....	12	340	355
Garfield National Bank....	12	275	...
German-American Bank ...	6	135	...
German Exchange Bank...	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	270
Hanover National Bank....	16	545	...
Importers' & Traders' Nat. Bank	20	535	550
Irving Nat. Exchange Bk..	8	185	...
Jefferson Bank	10	180	...
Liberty National Bank	20	530	...
Lincoln National Bank.....	8	400	440
Market & Fulton Nat. Bk.	12	255	265
Mechanics' Nat. Bank	12	250	260
Mercantile Nat. Bank	4	180	190
Merchants' Ex. Nat. Bk...	6	160	170
Merchants' Nat. Bank	7	155	165
Metropolitan Bank	8	185	195
Mount Morris Bank	10	250	...
Mutual Bank	8	290	310
Nassau Bank	8	205	...
Nassau Bk. of Commerce..	8	184	188
Nat. Butchers' & Drovers'..	6	140	155
National City Bank	10	350	355
National Copper Bank	8	245	255
National Park Bank	16	467	475
National Reserve Bank	..	140	150
New Netherlands' Bank.....	..	200	...
N. Y. County Nat. Bank..	40	765	...
N. Y. Produce Ex. Bank....	8	167	175
Night & Day Bank	..	200	240
Nineteenth Ward Bank	15	...	425
Northern Bank	6	105	115
Pacific Bank	8	230	250
Peoples' Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	610	635
Seaboard National Bank...	10	350	...
Second National Bank	12	350	...
Sherman National Bank....	..	140	...
State Bank	10	290	325
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk....	6	175	...
Union Ex. Nat. Bk........	10	185	195
West Side Bank	12	500	...
Yorkville Bank	16	450	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	315	330
Bankers Trust Co.	16	750	...
Broadway Trust Co.	6	140	...
Brooklyn Trust Co.	20	415	...
Carnegie Trust Co.	8	180	195
Citizens' Trust Co.	..	135	140
Central Trust Co.	80	1000	1075
Columbia Trust Co.	8	265	290
Commercial Trust Co.	..	142	150
Empire Trust Co.	8	290	...
Equitable Trust Co.	20	475	...
Farmers' Loan & Trust Co. (par $25)	40	1400	...
Fidelity Trust Co.	6	200	207
Fifth Avenue Trust Co.....	12	400	...
Flatbush Trust Co.	8	210	...
Franklin Trust Co.	8	205	...
Fulton Trust Co.	10	265	...
Guaranty Trust Co.	20	680	...
Guardian Trust Co.	..	140	...
Hamilton Trust Co.	10	265	275
Home Trust Co.	4	105	...
Hudson Trust Co.	6	165	185
International Bank'g Corp..	4	120	...
Kings Co. Trust Co.	14	480	...
Knickerbocker Trust Co.....	..	325	350
Lawyers Mortgage Co.......	12	220	230
Lawyers Title Insurance & Trust Co.	12	240	255
Lincoln Trust Co.	..	160	167
Long Isl. Loan & Trust Co.	12	295	305
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	30	750	...
Metropolitan Trust Co.	24	550	563
Morton Trust Co.	20	500	...
Mutual Alliance Trust Co..	8	120	130
Nassau Trust Co.	8	...	165
National Surety Co.	8	180	...
N. Y. Life Ins. & Trust Co.	45	1080	1120
N. Y. Mtg. & Security Co..	10	200	210
New oYrk Trust Co.	32	590	...
Peoples' Trust Co.	12	285	300
Standard Trust Co.	12	340	...
Title Guar. & Trust Co......	20	500	505
Trust Co. of America......	10	360	380
Union Trust Co.	50	1275	...
U. S. Mtg. & Trust Co.....	24	440	455
United States Trust Co....	50	1200	...
Van Norden Trust Co......	12	...	265
Washington Trust Co.	12	390	...
Windsor Trust Co.	6	130	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	140
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	328½
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants National Bank	10	250½
Metropolitan National Bank	6	122
National Bank of Commerce	6	172½
National Market Bank, Brighton..	6	102
Nat. Rockland Bank, Roxbury....	8	167
National Shawmut Bank	10	315
National Union Bank	7	186⅛
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	125¼
Peoples' National Bank, Roxbury..	6	130
Second National Bank	10	227¼
South End National Bank	5	104½
State National Bank	7	175¼
Webster & Atlas National Bank..	7	165⅛
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	211
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	625
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	12	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Bankers National Bank....	8	233	238
Calumet National Bank....	6	150	...
Commercial National Bank.	12	334	340

	Div. Rate.	Bid.	Asked.
Continental National Bank.	8	320	325
Corn Exchange Nat. Bank.	12	383	387
Drovers Deposit Nat. Bank.	10	221	225
First National Bank	16	480	485
First Nat. Bk. of Englewood	10	240	...
Fort Dearborn Nat. Bank..	8	187	191
Hamilton National Bank...	5	186	188
Live Stock Exchange Nat. Bank	12	252	262
Monroe National Bank	4	131	141
Nat. Bank of the Republic..	8	202	205
National City Bank	6	190	200
National Produce Bank	..	130	135
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
American Tr. & Sav. Bank.	8	268	272
Austin State Bank	..	275	...
Central Trust Co.	7	170	173
Chicago City Bank	10	174	178
Chicago Savings Bank	6	139	143
Colonial Tr. & Sav. Bank..	10	189	196
Drexel State Bank	10	172	...
Drovers Tr. & Sav. Bank...	8	180	189
Englewood State Bank.....	6	110	113
Harris Tr. & Sav. Bank....	8	300	...
Hibernian Banking Assn...	8	226	230
Illinois Tr. & Sav. Bank..	16-4ex.	505	520
Kenwood Tr. & Sav. Bank.	7	119	122
Lake View Tr. & Sav. Bk.	5	112	115
Merchants Loan & Tr. Co..	12	400	400
Metropolitan Tr. & Sav. Bk.	6	119	121
Northern Trust Co.	8	303	320
Peoples Tr. & Sav. Bank...	8	160	175
Prairie State	8	250	...
Pullman Loan & Tr. Bank.	8	155	...
Railway Exchange Bank...	4	115	...
Security Bank	..	150	155
South Chicago Sav. Bank..	6	130	135
State Bank of Chicago....	12	290	300
Stock Yards Savings Bank.	8	210	...
Union Stock Yds. State Bk.	6	125	130
Union Trust Co.	8	320	...
Western Tr. & Sav. Bank..	6	155	160
Woodlawn Trust Co.	6	124	126

A FAMOUS BANK NOTE.

ONE day about the year 1818 George Cruikshank was passing Newgate on his way to the exchange when, seeing a crowd collected, he went forward to learn what was the matter and saw that it was the execution of several men and women. He was horrified at the spectacle and on inquiring learned that the woman was being hanged for passing counterfeit one pound notes. He learned also that this punishment was quite a common thing, even though the poor wretches often sinned in ignorance, being the dupes of men who sent them to buy some trifles and return the change to them. Wrung with pity and with shame, Cruikshank went home and immediately, under the inspiration of his feeling, sketched a grotesque caricature of a bank note. He called it a bank restriction note—not to be imitated. He represented on it a place of execution, with spaces about filled with halters and manacles, a figure of Britannia devouring her children and transport ships bearing the lucky or unlucky ones who had escaped death to Van Dieman's Land, or Australia, while in place of the well known signature of Abraham Newland was that of "J. Ketch."

He had just finished this when his publisher, Hone, entered and, seeing it, begged to have it for publication. So Cruikshank etched it and gave it to Hone, who exhibited it for sale in his window with startling effect. Crowds quickly began to gather and purchased so eagerly that the issue was soon exhausted.

Cruikshank was kept hard at work making more etchings. The crowds grew so great that the street was blocked, and the mayor had to send soldiers to clear it. Hone realized over £700 in a few days.—*London Standard.*

A SERIOUS MISTAKE.

ONE of San Francisco's banks had an experience recently that fairly left it gasping for breath. Also the experience cost it a couple of hundred dollars.

A man from the firm of Johnson & Nelson asked the paying teller for $6 in nickels. The teller shoved over a paper roll of coin.

When the rolls were opened they were discovered to contain five-dollar gold pieces —120 of 'em, totalling $600. The customer nearly fainted. Then he asked the paying teller if he hadn't made a mistake.

The paying teller hadn't seen the contents of the package. Besides, it is the policy of every bank to inculcate the doctrine of its infallibility.

"We never make mistakes," was the calm reply.

The customer left, scratching his head.

Some hours later he was reached by a frantic telephone call. But by that time the customer thoroughly understood that the bank never made mistakes.

The bank got back all except $200 of its extra money by the process of buying it back.

A NEW BOOK ON GREAT FORTUNES.

MISS ANNA YOUNGMAN'S interesting and valuable new book on "The Economic Causes of Great Fortunes" will be issued by this company this month. Miss Youngman, who is connected with the department of economics at Wellesley College, has given her subject careful study and close research. Her book will be read with interest and profit by all students of economic subjects. The new book will be issued in attractive and readable form, making a volume of 200 pages, bound in red cloth, with title in gold. The price will be $1.50 net.

REMARKABLE GROWTH OF THE COAL AND IRON NATIONAL BANK OF NEW YORK.

WHEN the Coal and Iron National Bank of the City of New York was organized, in April, 1904, it had a capital of $300,000, surplus $180,000. The bank was a success from the start, and the increase in its business developed so rapidly that it became desirable In June, 1907, to increase the capital to $500,000. Thereafter the earnings grew in proportion, and the following year dividend was increased from six per cent. to ten per cent.

As the business was further extended and enlarged even the capitalization of $500,000 proved inadequate. On July 14, of the present year, $500,000 additional capital was added, bringing the present capital up to $1,000,000. This increase was effected by the declaration of a 100 per cent. cash dividend out of the bank's surplus and the use of this money for subscription by the stockholders at par, thus leaving a surplus and profits in excess of $300,000.

JOHN T. SPROULL
President Coal and Iron National Bank.

DAVID TAYLOR

2nd Vice-President Coal and Iron National Bank.

For four years the bank was an associate member of the New York Clearing-House Association. On July 27, 1909, at a special meeting of the association, called for that purpose, the bank was elected to full membership. It was a most complimentary action, in view of the fact that there are but fifty members in the Clearing-House Association.

The Coal and Iron National Bank of New York is a desirable correspondent for the small country bank, and its wonderful growth has been largely attained by cultivating this particular class of business. The bank's relations with customers are conducted with a keen appreciation of the fact that the interest of the bank and its depositors are essentially mutual.

Full credit must also be given to the executive staff for their loyal efforts in behalf of the institution over which they preside. These officials are John T. Sproull, president; Anthony A. Lisman, vice-president; David Taylor, 2nd vice-president; Addison H. Day, cashier; H. J. Dorgeloh, assistant cashier.

On the directorate of the Coal and Iron National Bank of New York there are thirty men, representing almost every line of business. Undoubtedly their connections with this bank have brought it in touch with

PHOTO BY LIPPINCOTT, N. Y.

A. H. DAY

Cashier Coal and Iron National Bank, New York City.

many of the largest industrial and railroad interests in the country.

The directors are: Francis J. Arend, treasurer Delaval Separator Co.; Wm. G. Besler, vice-president and general manager Central Railroad of New Jersey; D. G. Boissevain, director Kansas City Southern R. R., director Rock Island Company; M. F. Burns, president Burns Brothers, coal; George H. Campbell, general supt. B. & O. R. R., vice-president S. I. Rapid Transit R. R.; Daniel F. Connor, Whitney & Kemmerer, wholesale coal; Alfred A. Cook, Leventritt, Cook & Nathan; Henry L. De Forest, 143 Liberty street; Allison Dodd, director Burns Brothers, coal; H. W. Douty, real estate agent, Central Railroad of N. J.; W. Butler Duncan, Jr., Havemeyer estate; George D. Harris, of George D. Harris & Co., coal; John C. Juhring, vice-president, Francis H. Leggett & Co.; Albert B. Kerr, Zabriskie, Murray, Sage & Kerr; Anthony A. Lisman, of A. A. Lisman & Co.; E. E. Loomis, vice-president, D. L. & W. R. R.; James A. McGraw, president, McGraw Publishing Co.; John A. Middleton, first vice-president, Lehigh Valley R. R., vice-president Lehigh Valley Coal Co.; James H. Parker, president, Mutual Alliance Trust Co., director, National Bank of Commerce; Edwin H. Peck, of E. H. & W. J. Peck, coffees; Wm. S. Rodie, president, North River Coal Co.; George Sheffield, of Sheffield & McCullough, members of New York Stock Exchange; John T. Sproull, president; Wm. H. Taylor, president, Goodwin Car Co.; David Taylor, second vice-president; Stephen H. Voorhees, agent Royal Bank of Canada; G. O. Waterman, treasurer, Lehigh & Wilkes-Barre Coal Co., treasurer, Central R. R. of N. J.;

PHOTO BY LIPPINCOTT, N. Y.

H. J. DORGELOH

Assistant Cashier Coal and Iron National Bank, New York City.

Samuel Weil, Samuel Weil & Son; Wm. H. Woodin, American Car & Foundry Company.

The bank's statement at the close of business July 15, 1909, was as follows:

RESOURCES.

Loans and discounts	$3,136,430.73
U. S. bonds at par	410,000.00
Other stocks and bonds	1,952,370.31
Due from banks	487,357.49
Cash and exchange	2,276,796.73
	$8,262,955.26

LIABILITIES.

Capital stock	$1,000,000.00
Surplus and profits (earned)	303,934.72
Circulation	401,400.00
Deposits	6,550,015.96
Reserve for taxes	7,424.58
Dividend unpaid	180.00
	$8,262,955.26

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America: but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

THE GROWTH OF AMERICAN INVESTMENTS IN MEXICO.

By George D. Cook.

THE late financial crisis, which resulted in a stringent money market in all the large financial centers of the world, brought to the attention of investors all classes of securities, especially the ones relating to foreign bonds, not the least among which were the Mexican government, state and municipal bonds.

The very slight depreciation in the value of these securities, caused much favorable comment by prominent bankers, but evidently the fair rate of interest, the fact that the bonds have been so generally distributed throughout the world, and the high credit of Mexico, are good reasons for the steadiness of the Mexican securities.

Below are some very interesting figures showing the wonderful increase in the Republic's revenues from 1895 to 1909:

Fiscal Years.	Ordinary Revenue in cash.
1895-1896	$50,521,470
1896-1897	51,500,628
1897-1898	52,697,984
1898-1899	60.139,212
1899-1900	64,261,076
1900-1901	62,998,804
1901-1902	66,147,048
1902-1903	76.023,416
1903-1904	86,473,800
1904-1905	92,083,886
1905-1906	101,972,623
1906-1907	113 000,000
1907-1908	96,611,549
1908-1909	103,385,000

Another important item is that Mexico never has any deficit, but always makes its budget come within its revenues.

The growth of American investments in Mexico, is a credit to the sagacity and good business judgment of discriminating investors; and while this movement commenced at a comparatively recent rate (the first to amount to anything having been in 1898) it is now estimated at some seven hundred million dollars gold. This is undoubtedly due to a better and clearer

George D. Cook.

understanding regarding the stability and conservativeness of Mexican finances.

While the Federal Government does not guarantee the loans of states and municipalities with the exception of three of the states where the bonds were issued for harbor improvements, ports of entry, etc., it does give careful supervision to all state and municipal issues, advising the proper authorities not to make any debt unless the principal and interest can be properly and promptly met from its regular annual revenues.

The laws of Mexico are much the same as those of the United States, with one important exception, which is that the states of Mexico may be sued for a debt, while this is not so in the United States. When this fact was brought to the attention of one of New York city's most prominent attorneys, he was not only agreeably surprised, but invested some of his own personal funds in the securities.

The wonderful richness of the country and the economical and able management of President Diaz, surrounded as he is by capable assistants, contributes very largely to the high credit of the nation. In this connection, it is quite pertinent to say that it is scarcely possible that a man as wise as President Diaz has not looked forward far enough into the future and provided as much as possible for the continuation of the present policy. Mexican debtor countries, without a doubt, thoroughly believe the present financial policy will be carried out after the Diaz regime. Probably the best evidence of the faith of the debtor nations is the fact that all of the Mexican securities extend beyond what will in all probability be the natural life of President Diaz, yet this fact has in no wise retarded or affected the sale of these securities.

Much credit is due to Mexico for her decision in adopting a gold basis of fifty cents on the dollar, thereby establishing a uniform rate of exchange, which has proved most advantageous to the Republic. There seems to be no reason, should she continue her increased revenues, why she should not eventually adopt a basis of one hundred cents on the dollar and take her rightful place financially among the leading nations of the world.

While there are a great many opportunities offered in Mexico for investment in industrials, any one, before investing, should use careful and conservative judgment, and if this is properly done, there is no reason for hesitating to make an investment in a Mexican industrial.

The government ownership of railroads has always been an open question, but with Mexico it is different as there were only two main lines to consolidate; this was done and has proven very successful and the securities arising therefrom have found a ready and advancing market.

AGRICULTURAL DEVELOPMENT OF THE MEXICAN WEST COAST.

American Capital and Enterprise Being Attracted by Our Neighboring Republic.

THE development of the West Coast of Mexico constitutes one of the remarkable features of the present commercial and agricultural era. American capital has found a safe and none the less profitable field for exploitation, and the predictions of careful investigators as to the great future of the West Coast country justify the belief that the stream of American dollars turned into the Mexican land of romance and mystery will flow back in multiplied proportions.

PROMINENT AMERICAN FINANCIERS ATTRACTED BY THE WEALTH OF THIS REGION.

The development of this region is conducted on a basis of permanency. That is why E. H. Harriman, Harry Payne Whitney, James J. Hill, John Hays Hammond and other Americans of large financial importance have invested immense sums there. When Mr. Harriman began to extend his gigantic railroad building operations down into the Mexican West Coast country, people began to realize to some extent the wealth of the vast territory, contiguous to the American boundaries and along the Gulf of California, for Mr. Harriman does not capitalize dreams. His operations are not stimulated by chimerical probabilities. He has extended his Southern Pacific System southward from Arizona through the Mexican States of Sonora and Sinaloa to tap the vast richness of the country that has lain dormant for centuries awaiting the call of militant American industry.

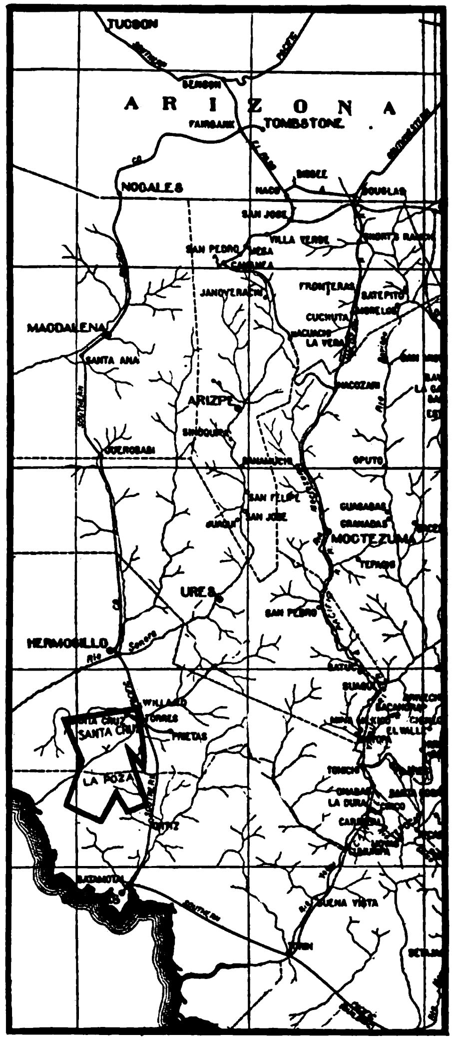
BEGINNING OF AGRICULTURAL DEVELOPMENT.

The development of the mines first brought the outriders into Mexico, as was the case with California in the past; and again, as in California, it is the agricultural wealth that, originally neglected, or overlooked, has now become the principal basis for the stirring activities of the present along the fertile alluvial lands of the Mexican West Coast. Where these lands are not watered, they have in the past been considered useless for the purposes of cultivation; but to-day, as in various of the Western American States, the installation

Heniquen Plant, Used for Making Rope.

of irrigating systems, fed by neighboring rivers, etc., renders them luxuriantly productive.

But the soil of the Mexican West Coast is more variedly productive than that of the Western States of the Union. The region is a continuation of California, except for the artificialities of governmental



Map Showing Location of Santa Cruz y La Poza Ranch.

boundaries, with the added advantage of a tropical climate.

A Typical Case of Modern Agricultural Development in Mexico.

The broad tract owned by the Sonora Land and Irrigation Company, in the State of Sonora, affords a striking illustration of what progressive Americans are doing to take advantage of the agricultural possibilities of the Mexican West Coast. This tract, covering 141,000 acres, eight-tenths of which is either already under cultivation or capable of being rendered so by means of irrigation, adjoins the route of the Sonora division of the Southern Pacific Railroad. The plantation parallels the track for about fifteen miles.

The plantation, or ranch, is the historical Santa Cruz and La Poza ranch. The historical side of this region should not be overlooked. The fertile valleys, broad plains and mineral-laden hills have been the prizes of conquest, and the Indians fought to preserve these fair expanses from the inroads of their copper-colored rivals as well as from those of the Mexicans and American "pale faces." It is the land of the Yaquis and the Papagos. Here the tribes gloried in the expanses of river-watered lowland, and gathered their crops. Here the braves hurriedly pointed the way into the hills for their squaws and young ones when war danger threatened. Here were bloody battles fought, to prepare the land for days of peace, when those who had not fought reaped the rewards the land provided for those who died in agony.

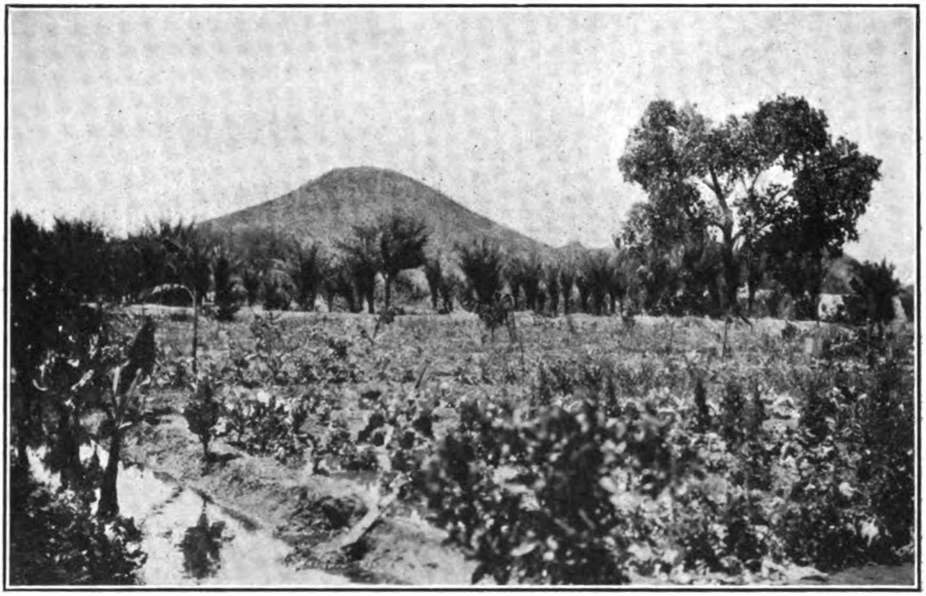
Much of the popularity of this territory with the Indians, aside from the natural fertility of the soil, arose from the plentifulness of choice game. In the past the huntsman never returned empty-handed, for deer and gamebirds, quail, etc., were obtainable in surprising numbers. Wild turkeys blackened the tree limbs at night and strutted through the bushes by day. The same conditions exist to-day. The denizons of the wildwood proved too numerous for even the dexterous, hunger-spurred Indians to exterminate, and the huntsman today has most enviable opportunities to replenish his larder with venison and other game.

A Scene of Historic Interest.

To recur to the historical side. On the Santa Cruz and La Poza Ranch property is found a romantic memento in the shape of a monument erected to the memory of a French colonel, who was one of the aides of the ambitious but ill-fated Emperor Maximilian, who lost his life in the attempt of France to gain a foothold on the American continent.

Here it was that General Nelson A. Miles, of the United States army, pursued the warlike Geronimo, when that famed chieftain was making his last stand against the whites. Geronimo was captured along the Yaqui River by a force smaller than his own, a tribute to the stamina and fearlessness of the American soldier.

General Miles began his campaign against the Apaches in 1886, when brigadier-general, in command of the Department of Missouri. His primitive force consisted of three regiments of infantry and four of cavalry. It was after a most hazardous campaign and after weeks of strenuous effort, on the heels of a flying but treacherous foe, that General Miles pursued the Apaches through Sonora and attacked them on the banks of the Yaqui River. Geronimo and his hideously painted and scarred



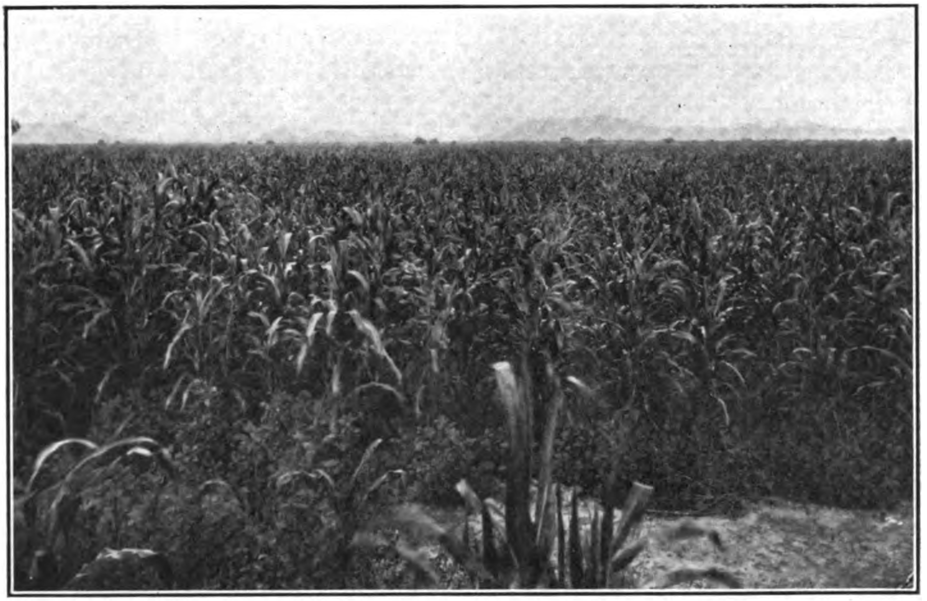
View of Garden—Two-Year Old Date Palms in the Distance.

braves surrendered to the chief of the pale-faces. Shortly after this Naichi (Natchez), the hereditary chief of the Apaches, capitulated with three hunderd and forty warriors.

The Yaquis have made trouble in Sonora in the past, but the turbulent ones have either been shot by the Mexican troops or deported to distant points. Many of the Papagos, in fact all of them that might revolt against the supremacy of the white man, have also been deported.

Cortez, the Spanish adventurer and explorer, encamped in and crossed Sonora,

Irrigation Ditch, with Orange Trees on the Right.



Uncultivated Growth of Corn.

and relics of his occupation in the shape of crumbling ruins of stone defenses, erected against his many native foes, are found to-day on the Santa Cruz and La Poza Ranch. The company plans to remove some of the relics found on the plantation to their central office, at 42 Broadway, New York city, where they will be placed on exhibition, with the consent of the Mexican Government. Cortez traversed this section in 1535, when after humiliating the kindly-souled monarch, Montezuma, he pushed northwestward and discovered the Peninsula and Gulf of California.

Location of the Ranch.

This ranch is located twelve miles south of Hermosillo, the capital of the State of Sonora, and three hundred and fifty miles nearer Chicago than is Los Angeles. The advantage of this location is apparent in that it places a tropical garden in ready communication with American markets. The ranch, formerly operated under the crude Mexican methods, is calculated to respond materially to American innovations other than those identified with irrigating land that is unproductive only through lack of moisture. Improved implements and farming machinery replace the antiquated methods of the Mexicans. Traction engines and steam-plows will enable the land to be cultivated to its absolute maximum capacity. The day of the old-style Mexican ploughing, with eight to ten mules to a plough, has passed. With the aid of a traction engine, a strip of ground forty feet wide can be ploughed at the rate of three miles an hour.

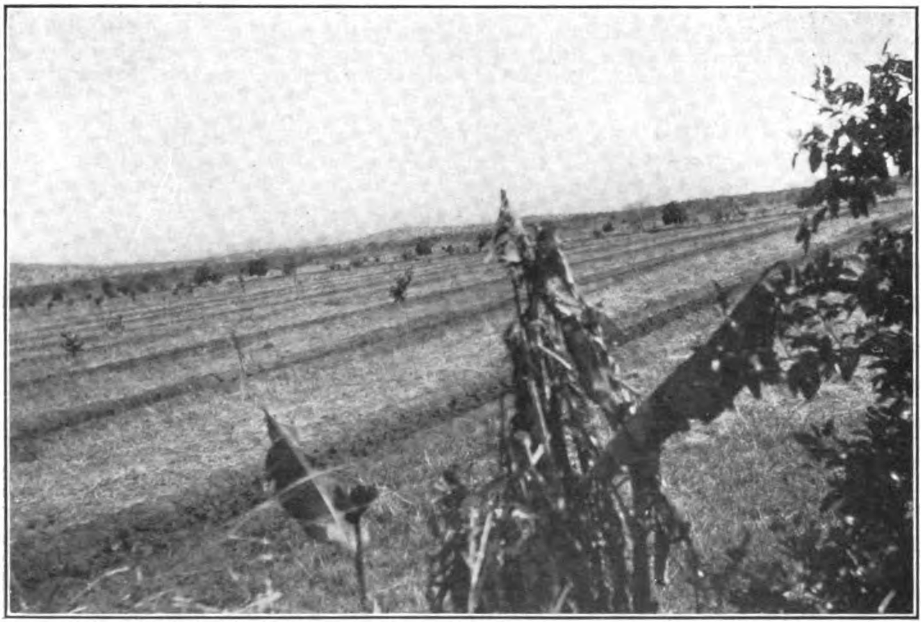
A Variety of Valuable Products.

The crops raised on the ranch, even under the handicap of Mexican methods, show a markedly large output to the acre, in spite of the fact that Mexican farming provides for very little care of the crops while growing. In 1907 on this estate corn sown and raised after the Mexican method on 600 acres brought a return of $18,000 above all costs. The increase in profits resulting from the installation of up-to-date processes and labor-saving machinery, etc., is susceptible of actual demonstration. A wide market for corn exists in Mexico itself. Large quantities are imported into the Republic, where it sells for seventy-five cents (gold) per bushel. Wheat, barley, hay, cotton, citrus fruits, tomatoes, fancy vegetables, melons, dates and figs are products of the soil of the Santa Cruz and La Poza Ranch, which are never at a loss for a market. The demand for frijoles (a staple bean) and garbanza (a popular kind of small pea) is by no means confined to Mexico, where they are consumed in large quantities. Several European countries, Spain in particular, import immense quantities of garbanza. The frijoles are a staple food of Mexico, served everywhere, and eaten by all classes.

From fifty to sixty bushels of corn are raised per acre; wheat, thirty to sixty bushels; frijoles and garbanza, 100 bushels, and from six to eight crops of alfalfa are gathered every twelve months. Leaving the American markets out of consideration the demand for farm products in Mexico itself exceeds the supply by a wide margin, because comparatively little attention has been paid to intelligent farming. It is estimated by experts that nine-tenths of all foodstuffs for both man and beast are imported.

The hennequin plant, from which high quality rope is manufactured, grows to perfection in the soil of this ranch. Twenty million dollars' worth of the raw material was sent out of the country last year to the United States alone.

The timber is no mean item. A heavy



Irrigated Land, Showing Laterals.

growth of mesquite and ironwood and other trees suitable for fuel and construction work is found in the lower sections of the ranch, although the northern part of the valley is pretty well cut over. A market for timber and fuel is found close at hand among the various mines. For instance, the El Colorado gold mine is located seven miles from the boundary of the ranch. Ironwood, in addition to being used for shoring up in mines, is used for railroad ties, etc.

The soil of the region covered by this

Bunches of Grapes Measuring Seventeen Inches; also Garden Vegetables.

ranch is found to be adapted to raising large quantities of oranges of fine quality. The planting of orange groves will be one of the chief activities of the company.

The almost limitless grazing ground makes the raising of cattle and horses comparatively easy. The company has exclusive government rights for grazing on between seventy and eighty thousand acres of upland. The company also owns the right to purchase on or before 1912 40,000 acres of additional valley land adjoining the main estate.

Eucalyptus trees grow readily on this ranch. The untillable twenty per cent. of the land will, so far as possible, be utilized for growing these trees. They can be cut in from seven to ten years for timber yielding from $2,000 to $2,800 an acre. This has been shown by the United States Government Reports. This timber can also be used for construction purposes on the ranch when desired. Several hundred date palms are already bearing their clusters of saccharine fruit, for which a market is never lacking. A section of the ranch will undoubtedly be devoted to extending this industry.

Increased Value Resulting From Irrigation.

Of course, the full limit of the productive possibilities of this ranch, like others along the Mexican West Coast, will never be reached until the irrigation system is perfected. But it is this fact that has served largely to attract American capital, for the unimproved land is obtained at prices which must be considered ridiculously low, in view of its value when the continuous water supply has been obtained. For instance, the Richardson Construction Company, representing the Harriman-Whitney-Hammond interests, bought thousands of acres on the West Coast at eighty-one cents an acre. They have sold thousands of acres to homeseekers, and are now selling it with water rights at twenty-five dollars an acre, with a further raise in price momentarily imminent.

The Santa Cruz and La Póza Ranch owners demonstrate that by the expenditure of several thousand dollars a complete irrigation system can be established which will enable the company to bring under cultivation 90,000 acres of richest soil in addition to the 10,000 acres that can already be farmed under the present Mexican method of irrigation. As this land will yield an average of thirty dollars an acre (gold), the value of the irrigated land will be in excess of $200 per acre.

The former or Mexican system of irrigation consisted of flooding the land indiscriminately. This is known as the "flood system." The water was turned upon the land from the La Poza River, which runs through the ranch. The water was diverted from the river by means of rough, crude embankments and ditches, and it was promptly absorbed by the soil. The flood season of July and August was always chosen for this work. Then the crops of corn, wheat, etc., were sown broadcast.

But the present plans will show a vast improvement over that promiscuous, extravagant, ill-directed procedure. The fact that the ranch lies on both sides of the La Poza River renders the matter of obtaining an all-the-year-round supply of water to feed irrigation ditches, scientifically planned and constructed, more simple than is usually the case where a water supply must be artificially procured. A dam will be constructed across the La Poza River, the site for which has already been selected. The barrier will cross the stream at a point where two chains of hills, running almost parallel, slant upward in the shape of a V, and approach to less than three-quarters of a mile of each other.

The length of the dam, connecting the two lines of hills, will be 2,900 feet. At the site of the dam, bed rock, to which its foundations are of course to be carried, is found at an average depth of fifteen feet. When the storage dam is completed, fully 100,000 acres can be put under cultivation, and the company will then be able either to operate one of the largest farms of the world or sell three-quarters of its land to colonists, with water rights, at prices ranging from $100 to $200 per acre.

The dam will enable the company to hold enough water in reserve to give adequate supply when the river runs low and at all seasons of the year. Thus the planting of crops will not have to be delayed on account of lack of moisture.

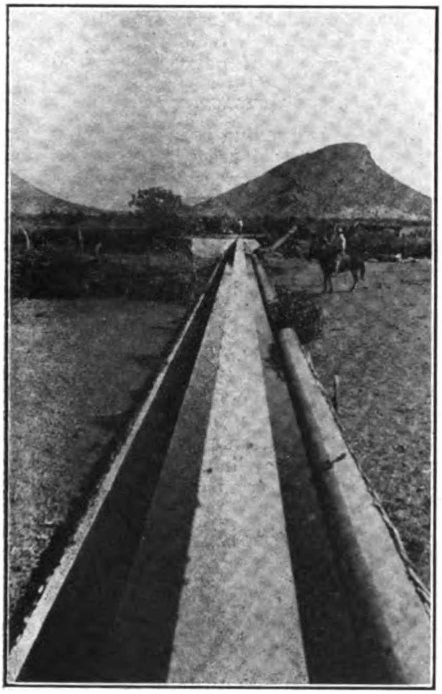
Water Supply—Character of Soil.

Water is found on this ranch at all points where the surface is not rocky at a depth of from six to eight feet. This is an apparent advantage, and one that is not found in very many sections of Mexico distant from the West Coast. The soil of the valley is a fine silt, from forty to sixty feet deep, the product of centuries of deposit by the waters of the La Poza River. The soil, carried down from the mountains and hills by the river, owes much of its richness to the manner by which its present formation was gained. Thus it is comparable to the famous delta of the Mississippi, and the Nile Delta, for although the ground does not lie at the mouth of a river discharging into some larger body of water, yet the formative processes were the same, and as on the Mississippi and Nile deltas, cotton can be raised, so it can be raised on the Santa Cruz and La Poza Ranch, and on other estates on the Mexican West Coast. Egyptian cotton, which brings seven cents a pound more than the cotton of the Southern States of the Union, is being raised in this section, and tests show that it here reaches the Egyptian standard of excellence. It has been found impossible to raise Egyptian cotton successfully in the United States.

The average rainfall for the past eighteen years has been 11 3-10 inches, of which eight inches has fallen during the months of July, August and September. The maximum temperature of 115 degrees Fahrenheit is reached in June and the minimum of thirty-eight degrees in December. The minimum temperature is several degrees above that of the warmest parts of the United States, viz., Southern California, Arizona and Florida.

An Abundant Labor Supply.

The labor problem often enters seriously into the question of the success or failure of an enterprise like the Santa Cruz and La Poza Ranch. The scarcity of labor at one time hindered the growth of California, and later, when labor became obtainable, it developed that the wages demanded were so high as to constitute another severe handicap. Happily for the men who are turning the neglected acres of Western Mexico into broad, productive gardens, the question of labor is one that is not difficult to solve. At the ranch under consideration, for instance, the fact that the country has been habited for centuries is responsible for the presence of numbers of the peasant classes who work for low pay, and men adapted to the more responsible labor as well are not lacking. Laborers can be se-



Watering-Trough, Made from Natural Cement.

cured at the rate of from fifty cents to one dollar (Mexican) a day. Skilled labor costs one dollar (gold) a day. For example, at the latter rate, can be employed good blacksmiths, wheelwrights, engineers and harness makers. The admitted cheapness of labor, in fact, is one of the reasons why keen American capitalists have been willing to invest money along the West Coast.

Attitude of the Government Toward Foreign Investments.

The benefits of the advent of outside capital to the Republic of Mexico at large naturally are appreciated and recognized by President Diaz and other officials. Consequently, a broad policy of encouraging investment by foreigners has been promulgated. The Mexican Government has borrowed millions of dollars in the United States to be used in improving railroads, building bridges and in subsidizing the kind of improvements under way on the Santa Cruz and La Poza Ranch, relating to dam building and irrigation. The protection and encouragement of the Government have been found greatly to facilitate the operations of newcomers in the Republic. One effect of this policy has been to divert to various of the Mexican States homeseekers from the United States of the class that have formerly been overflowing into the Canadian Northwest. This overflow into Mexico particularly benefits localities within easy reach of the American border, like the Santa Cruz and La Poza Ranch, and the migration of the homesteaders southward is generally believed to be one of the reasons why Mr. Harriman, Mr. Whitney, Mr. Hammond and Professor Leigh Hunt, of Iowa University, secured control of 360,000 acres in a section not far distant to the south of the ranch under consideration.

A Pea Field in Full Bloom, January 8, 1909.

Railway Facilities and Available Markets.

The Sonora division of the Southern Pacific Railroad does more than connect the Santa Cruz and La Poza Ranch with the markets of the United States. It brings it into close contact with the rapidly-growing cities of Guaymas and Hermosillo. These cities, in addition to forming local markets for ranch products, are centers of communication and shipping. Hermosillo (aptly meaning, "The Little Beauty") is a city of about 15,000 inhabitants, on the verge of a broad and beautiful valley, and shadowed by a mountain of marble. A city of antiquity, yet this picturesque capital of the State of Sonora hums with the spirit of energy, a striking contrast to what has become the American idea of Mexican life. True, the sleepy Manana atmosphere will probably never disappear entirely, but a complete telephone system, stone-paved streets lighted by electricity, and street-cars are indications of the advent of northern progressiveness. It is the center not only of rich agricultural districts, but of great mining industries as well, having such camps as Minas Prietas, Zubiate, Gabilan, Copete, Verde Grande, etc./ It has the Government buildings, public squares, banking-houses, flour-mill, electric light plant, cracker and clothing factories, first-class hotel, brewery, ice plant, etc. On long, pleasant, winter evenings a military band from one of the Mexican regiments plays stirring or romantic music, as the case may be, on the Plaza Zaragora, a public square, filled with fruit and flower trees and great groves of palms.

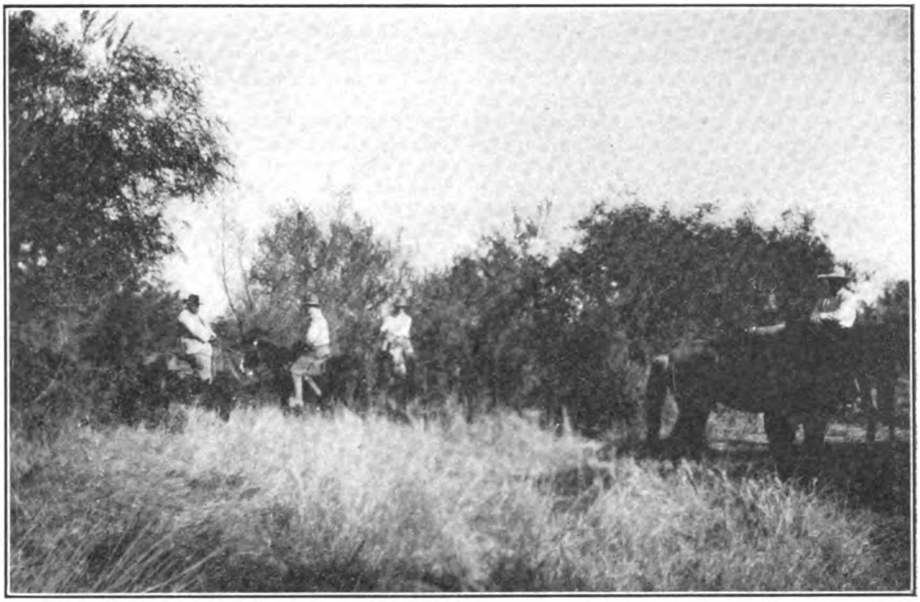
Numerous Attractive Features.

In the surrounding country are many points of interest, large orange plantations, old churches and ancient mission houses. From September to May the climate is irresistibly attractive. Hermosillo is twelve miles from the Santa Cruz and La Poza Ranch.

Guaymas is located on Guaymas Bay, an arm of the Gulf of California. It is, like Hermosillo, a city of beauty, and has a population of 10,000. Towering red brown mountains surround it on all sides, except where the deep, clear waters of the Gulf flow in to make a superb harbor, filled continuously by steamers from all parts of the world. Five lines of steamers sail regularly to and from Guaymas to distant ports, and these are supplemented by the ubiquitous "tramp" steamers that are always ready for almost any sort of commission.

Section of Open Cut, 20 feet deep, 80 feet long, furnishing abundant water to irrigate 500 acres.

Guaymas is the central point of the operations of the Southern Pacific Railroad in this region. Branch lines spread in almost



View along Arroyo, Showing Grazing Grounds, Unirrigated.

every direction, and across the bay, at Empalme, the railroad has its division headquarters, shops and engine sheds.

Several industrial corporations of international scope have factories, warehouses and offices at Guaymas. It has splendid residences, spacious hotels and well maintained clubs. In addition to its commercial activities, the city is blessed by the existence of vast beds of delicious oysters in the Gulf, and by the ease with which the large green turtles, so prized by gastronomic connoisseurs, are obtained in large numbers.

The country back of Guaymas is dotted with mines of known producing ability. The annual production of these mines, from the State of Sonora alone, exceeds sixty million dollars, and, furthermore, Guaymas is the port of the Yaqui Valley, which is a delta containing a million acres of alluvial land where, as northward to the American border and beyond, the modern propaganda of intense cultivation or "intensive agriculture," as described by Mr. Bolton Hall, of New York, and other experts, produces results which startle the veteran grower as well as the nervous novice.

The quaint old city of Guaymas, like beautiful and progressive Hermosillo, is feeling the spur of ambition and opportunity. It is awakening from years of stolid indifference into active accomplishment, and the call to arise and join in the march to industrial and agricultural prosperity has not fallen on unheeding ears. Guaymas, like Hermosillo, has realized that the stability of time is of value only as a foundation on which to build, and that an honorable past, while it has its advantages, is not to be compared to a successful present, and a golden future, none the less honorable than the past.

Guaymas has the principal branch of the Bank of Sonora, an institution which, centering at Hermosillo, has won the confidence of the leading men of Mexico, as well as of the responsible Americans doing business in the Republic, and of the bankers of such Pacific Coast American cities as San Francisco, Portland, Seattle and of the Canadian cities of Vancouver and Victoria, B. C. Mr. Adolph Bley, the president, is one of the foremost financiers of Mexico, and head of Bley Brothers, the largest importers in Hermosillo. Mr. Max Muller, the vice-president, is a man of years of experience in banking in both the United States and Germany. The dividends paid on the capital stock of this bank, at the close of the business year of 1907, were sixteen per cent.

The opening of the Panama Canal will render the West Coast of Mexico an important service, in that it will give it a short water connection with the Atlantic seaboard.

The time of the opening of this artificial waterway is not so far off as to be without the range of present calculation, and the men who are now developing the West Coast areas feel confident that they will reap a benefit from it that will make the dreams of the hardy "Forty-niners" of California's golden past seem insignificant indeed.

MEXICAN NOTES.

—On June 30 the Banco de Sonora, Hemosillo, with branches in Chihuahua, Guaymas, Alamos and Nogales, reported a capital of $1,500,000 and surplus of $1,006,505; loans and discounts, $7,071,572; deposits, $6,973,854; cash in central office and branches, $1,432,898; total resources, $11,914,634.

—Martin G. Ribon has been appointed a member of the Mexican board of the National Railways of Mexico, to succeed S. M. Felton, who resigned and became a member of the local board of New York, taking the place of Judge Henry S. Priest.

That the merger of the Mexican National and the Mexican Central under one management, and that management the government's, has been productive of good results is made evident from a statement issued by the officials concerning the financial status of the roads prior to the merger and subsequently to it.

The statement shows that the surplus of the earnings of the National, from July 1 to December 31, 1908, amounted to $354,262.73 and of the Central to $149,574.14, making a total of $503,836.87. The gross earnings of the two lines after merging them has reached the sum of $23,396,696.50, from which there is to be deducted for operating expenses and taxes the amount of $13,307,745.74, leaving the net earnings of the road at $10,088,950.76. Interest on securities held by the merger amounting to $6,403,840.60, there is a total of net receipts of $16,996,628.23.

The total in fixed charges is shown to be $15,020,387.85; the comparison of the receipts and expenditures shown as a surplus of $1,976,240.38.

—President Taft and President Diaz of Mexico are to meet at El Paso, Tex., October 18. There will be an exchange of greetings between the two executives, but the function will not be of an ostentatious nature, so far as President Taft is concerned.

—The recent trip of the Governor of Oaxaca has borne fruit, and a company to improve the conditions in the city of Oaxaca has been formed with $1,800,000 capital. This company is to install water and drainage systems and pave the streets of the city of Oaxaca. The city of Oaxaca has issued bonds for this company, and the firm of Schondube and Neugebeaur have purchased the entire issue of bonds.

—The Rio Grande, Sierra Madre & Pacific Railroad Company has been purchased by the Mexico Northwestern Railway, which has been negotiating for the property since early in the spring, when it acquired the Chihuahua & Pacific Railroad Company and the Sierra Madre & Pacific Railroad, with a combined mileage of 107 of completed line. All of these roads are in the lumber districts of Northwest Mexico, which the Mexico Northwestern was organized to develop. Its newest acquisition, which was one of the old enterprises of Col. W. C. Greene, is 160 miles long, and extends from El Paso, Texas, to Casas Grandes.

—A merger has been arranged, to go into effect October 1, between the Wells-Fargo Express Co. and the National Express Co., of Mexico, as to the former company's business in Mexico.

GENERAL NOTES.

—Gonzales Valencia has been elected President of Colombia by the National Congress to complete the unexpired term of Gen. Rafael Reyes, resigned, which has about a year to run.

Gen. Jorge Holguin, who has been acting President since Gen. Reyes abandoned the office, withdrew his candidacy, leaving the contest between Gonzales Valencia and Marco Fidel Suarez.

Gonzales Valencia was Vice-President of Colombia in 1905, but resigned in March of that year. Recent dispatches from Colombia credited him with being the leader of the revolutionary movement that broke out at Barranquilla a month ago, but Senor Valencia repudiated that uprising, in spite of the fact that he was locally proclaimed President.

—William Franklin Sands, who was first Secretary to the Embassy at Mexico City, has been promoted to be Minister to Guatemala, and the present Minister, William Heimkel, is transferred to a similar diplomatic post to Salvador. Minister Sands has been in the diplomatic service only a short time, but he has shown remarkable adaptability. He is only 36 years old, but at the age of 26 he was confidential adviser to the Emperor of Korea, a position he held for more than five years.

Minister Heimkel is of French birth, but has been a naturalized citizen for many years, and has a civil war record. He has been in diplomatic service for eight years, and was appointed Minister to Guatemala March 10, 1908.

—Through the efforts of Congressman William Sulzer of New York and a large New York syndicate, President Cabrera is negotiating for the refinancing of Guatemala, according to reliable reports received from that country.

It is stated that Mr. Sulzer has arranged through the syndicate to negotiate a loan of $25,000,000 for Guatemala. With this money it is intended to recall all the paper currency of the country at the value of fifteen cents gold on the dollar and place the country on a gold basis.

—After negotiations with various banking firms in New York during the last two months, the Costa Rican loan of $10,000,000 to $12,000,000 has been arranged by the National City Bank through the firm of W. R. Grace & Co., who acted as intermediaries between the Costa Rican Government and the bank.

The contract was signed on Thursday by the representatives of the National City Bank and Jose Rehmoser, representing Costa Rica, who had been in New York since the beginning of May for the purpose of negotiating the loan. Mr. Rehmoser sailed from Boston July 23 on one of the United Fruit Company's steamships for San Jose, the capital of Costa Rica, via Port Limon, with the contract which he will lay before the Chamber of Representatives of the Republic for its ratification.

It is understood that the agreement with the National City Bank covers the funding of all debts of Costa Rica, both internal and external, which are said to amount to over $10,000,000. The time given in the contract is fifty years, and the rate of interest is five per cent.

—Dr. Ubaldino Amaral has been appointed president of the Bank of Brazil at Rio, succeeding Dr. Ribeirio.

—The National Bank of Commerce in New York has opened a special department for Central and South American business. Formerly telegraphic payments in certain sections of Central and South America were made more advantageously via Europe, but the National Bank of Commerce in New York has perfected arrangements whereby collections and cable payments on these countries are handled direct, even in many towns having no banking facilities. This arrangement will naturally result in a large saving in cable tolls, commissions and time.

In the present gold export movement to Argentina since January 1, the largest amount has been shipped by the National Bank of Commerce.

—The Uruguayan Senate has passed a bill authorizing a concession for the construction of a railroad from Colonia, a port of Uruguay, opposite Buenos Ayres, across the republic to San Luis, on the Brazilian frontier.

American interests are concerned in the project, which is part of the Pan-American railroad development going on all over South America.

This line, when completed, will connect with the Brazilian system, probably at Bage, and in due course it will be possible to travel from Rio Janeiro to Valparaiso by rail, with the exception of the short ferryage between Colonia and Buenos Ayres.

—New banks in Brazil are reported by Vice-Consul D. P. De Young—a French one with a capital of $1,930,000 at Santos, and another with $300,000 capital at Porto Alegre for aiding the planters.

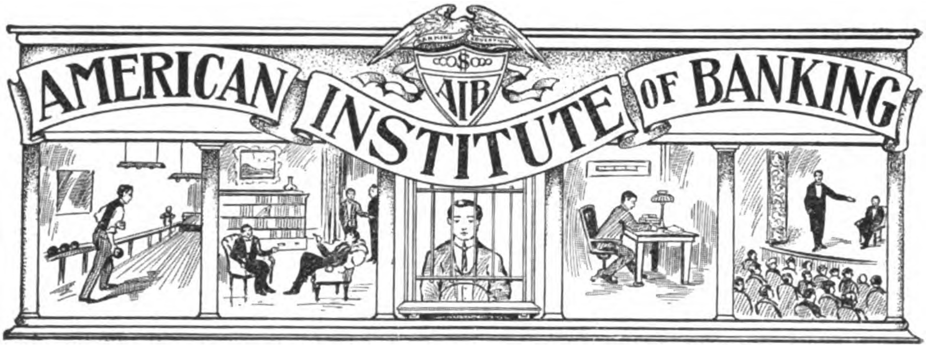
—American banking houses are to have an opportunity to take part in another foreign loan. Uruguay, according to advices reaching the state department, is about to negotiate a loan of $6,000,000 at five per cent., tax free, for public works. Of the amount $2,500,000 is to be devoted to the building of roads and the prosecution of sanitation work. The remainder is to be distributed in the construction of a government palace, a home for the legislative branch of the government, and the construction of buildings for a military and naval academy.

STATE BANKERS' CONVENTIONS IN 1909.

Illinois—Decatur—Oct. 12 and 13.

Pennsylvania—Bedford Springs—Sept. 7 and 8.

American Bankers' Association—Chicago—Week of Sept. 13.



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

THE BANK OF FRANCE.

By William M. Rosendale, of the Market and Fulton National Bank of New York, President of New York Chapter, American Institute of Banking.

MANY of us gain our impressions of the French from the tales of their places of amusement and the stories of the pleasure loving crowds that throng its Paris boulevards. In the direction of individual economy and systematic saving the French people far surpass any nation. It is owing to their advance in this direction that France is to-day the wealthiest nation per capita in the world and occupies a position in international finance that has earned her the name of the world's banker. People who know Paris merely from the boulevards, merely from the Latin quarter or from Montmarte do not know the real Paris.

The Bank of France was originally chartered in 1800 with a capital of 30,000,000 francs in shares of 1,000 francs each, Napoleon, then the First Consul of France, taking 100 shares himself. While it has survived many changes from a Republic to an Empire, then to a Kingdom, again to a Republic, once more to an Empire and again to a Republic, it has practically continued with a very slight change along the lines of its original constitution.

Its right to issue notes not being regulated by law, but left to the judgment of its managers, the provision only states that bills should be issued against its coin reserve and its purchased paper. With such regard to the maturity of its purchased paper that the bank could at all times meet its bills when presented, its issue is now limited to 5,000,000,000 francs, and as low a bill as 5 francs is issued.

Although favored by the government, still at its organization the bank enjoyed no privileges which the other banks did not have, so in 1803 it was consolidated with two of the largest banks, its capital raised to 45,000,000 francs and the Bank of France made the only bank of issue in Paris. All the other issues of notes were withdrawn.

Under this plan of issuing notes against discounts the circulation of the bank increased rapidly and the strong preferences of the public for credit in the form of bank notes, a custom which continues to this day, left a narrow field for the other banks which could only open deposit accounts of paper discounted as we do here. This gave the Bank of France a practical monopoly.

In 1805 the Emperor became involved in war with England and borrowed so much from the Bank that it ran out of specie and was obliged to curtail its redemption of notes to 600,000 francs daily.

The Emperor felt the cause of this embarrassment was the lack of government control, though really the government had drained it of its specie. So in 1806 the Emperor changed the management of the Bank, hitherto confided to a board of regents elected by the stockholders, to a governor and two sub-governors chosen by the Chief of State and removable by the Minister of Finance. With this exception, the principles of its organization remained the same. At this time the capital was raised to 90,000,000 francs.

Government Control.

While the Bank continued a private corporation as to the legal ownership of its property, it was a state institution in regard to the management of its property and as such successive governments in France have used it as their needs required and so it has continued subject to the control and available for the needs of the Government.

At the present day in addition to the governors appointed by the President of France, it has a general council that meets weekly. It is chosen by 200 of its largest stockholders.

About 1810 the Emperor, realizing that the Bank was a good thing for the business men of Paris, compelled it to open three branches. The Bank continued with these branches till 1814 when France met with reverses which culminated at Waterloo, bringing ruin throughout the country. This developed a run on the bank, causing it for about three months to limit its redemption of its notes to 500,000 francs a day. The branches having proved unprofitable they were closed. Independent banks took their place and the Bank of France reduced its capital to 67,900,000 francs.

About 1819 many independent banks opened throughout France. Everything went smoothly till 1830 when the Revolution broke out, which ended the Bourbon rule. This was a very trying time and the Bank of France rendered help to many merchants through Discount Bureaus which it established. About this time it was authorized to open fifteen branches to have the monopoly of the issue of notes wherever they opened a branch.

The revolution of 1848 found in existence the Bank of France with fifteen branches, also nine independent banks of issue. No regular method of redemption of their notes was pursued at any central point. This caused confusion in their redemption. Notes would not pass at par out of their own district; this affected their credit, demands for loans increased and note holders wanted their notes redeemed in coin. This brought about a suspension of specie payment and notes were made a legal tender.

All independent banks of issue were made branches of the Bank of France, making in all France only one bank of issue. Its capital was raised to 91,250,000 francs. The government from this time on forced it to open more branches. The law to-day authorizes the Bank of France to have a total of 377 banking places.

About 1850 specie payment was resumed and the legal tender of notes destroyed, from now on the bank did well and 1857 raised its capital to 182,500,000 francs.

A law was passed not to restrict its rate of discount though what was earned by charging over 6 per cent. should go to the surplus and not to be paid in dividends. Its rate though seldom changes.

About 1864 they purchased the Bank of Savoy which had been ceded to France by Sardinia, once a Kingdom of Italy, paying 4,000,000 francs for the right of note issue and the right to open branches.

The Franco-Prussian War.

This led up to the breaking out of the Franco-Prussian War, which was one of the worst periods in the bank's history.

The approach of the war caused a heavy drain on its specie and notes, and a large increase in discounts. A law was passed suspending the collection of commercial obligations. Its notes were again made legal tender and specie payment was suspended.

When the war with Germany closed, which was succeeded by the Commune, France owed the Bank 761,000,000 francs, and Paris 210,000,000 francs. The Bank resisted all efforts of the Commune to use its funds. For weeks it looked as if open plunder would be resorted to, but the devotion of its managers and the loyalty of the subordinates together with the help of one of the revolutionary leaders, a citizen by name of Beslay, who represented the revolutionary party at the Bank, saved it, though 17,000,000 francs were taken.

In August, 1873, France completed its payment of 5,000,000,000 francs of indemnity to Germany, and in December, 1877, specie payments were resumed, though its notes continued as legal tender and are such today.

The fact that the bank was a private institution saved it in the war with Germany for if it were a public bank, open pillage would have been resorted to. This has been used as an argument in other countries against a public bank.

Since then the bank has had a peaceful uneventful career except in 1889 when it helped the Comptoir de Escompte to the extent of 200,000,000 francs, averting a most disastrous panic, for which all France was grateful. In 1890 it loaned the Bank of England 75,000,000 francs to prepare them for the results of the Baring failure.

It pays no royalty to the government, but is liable for taxes such as are imposed on ordinary banks. It pays a small tax on its circulation. Its coin reserve is not fixed by law, but is left to the judgment of the managers—they keep it at about 60 per cent.

It now has about 261 banking places, of which about 180 are branches.

The Independent Banks.

Although handicapped as they are, the independent banks in France seem to thrive. The branches of the Bank of France have not entirely filled the places of local banks, the business of the branches is conducted under the supervision of the head office who even arrange the rate of discount and surely they cannot know each local condition. The local manager and assistants are frequently strangers appointed by the Government or transferred from Paris, lack in granting credit that which counts for much in small borrowers, an intimate personal knowledge of them.

All loans require three signatures. A large part of the small paper is obtained from independent banks, who take it with two names, adding their own, which makes the third signature. This I think explains its large number of loans to small borrowers.

For that reason, in the past it has often been styled the banker's and not the merchant's bank. As small a loan as 250 francs will be made.

STATEMENT OF THE BANK OF FRANCE.
May 6, 1909.

Expressed in sterling.

Gold	£145,200,000
Silver	35,700,000
Bills	27,800,000
Circulation	204,800,000
Public deposits	5,200,000
Private deposits	25,900,000

Convert at 25 francs per pound.

SOME CURIOUS ARTICLES IMPORTED LAST YEAR.

"NUX VOMICA" forms a more important feature of the import trade than would probably be realized by the average individual unacquainted with this particular trade. The Bureau of Statistics' figures show that the importation of nux vomica amounted, in round numbers, in 1908 to three million pounds, valued at fifty-four thousand dollars, while the quantity imported in the decade ending with 1908 amounted to about twenty-five million pounds, valued at over four hundred thousand dollars. This article comes in in the form of large round seeds of a tree grown chiefly in southern Asia, and is used in the manufacture of strychnine and certain tinctures and tonics prescribed as medicines, and since it does not compete with any product of the United States enters free of duty.

Musk importations in 1908 amounted to over eighty thousand dollars. The musk of commerce is a secretion of a special gland of the musk deer, and comes chiefly from China, Tonkin, and other oriental countries, being thus exported in most cases in the gland as cut from the slaughtered animal, and when imported in this form is described as "musk, crude, in the natural pods," and when entering in this form is free of duty.

The extension of the chewing-gum industry and the use of that product among the people of the United States is illustrated by the fact that the importation of "chicle," in 1908, chiefly for the use in the manufacture of chewing gum, amounted to more than four million pounds. This article, "chicle," is obtained in southern Mexico from the trunks of the sapodilla plum tree, and the importation of this gum during the last decade has amounted to about thirty million pounds, or over thirteen thousand tons, valued at over 8 million dollars.

"Dragon's blood" imported, amounting on the face of the returns to fifteen thousand pounds in 1908 and to over two hundred thousand pounds in the last decade, is of course not in fact dragon's blood at all, but a mere name for a deep reddish resinous substance obtained from a variety of trees in the Orient, especially the east coast of Sumatra, and used as an ingredient in varnishes, stains and dentifrices. The value of the importation of 1908 was about five thousand dollars, and during the decade about sixty thousand dollars.

THE WORK OF THE MONETARY COMMISSION.

THE news that the National Monetary Commission will issue monographs on the banking systems of the leading countries of Europe indicates the thoroughness with which they are pursuing their work. It is interesting to learn that the monograph on the Bank of Belgium is being written by Charles A. Conant, whose long, practical experience has made him so familiar with banking methods, both in America and Europe. The charter of the Bank of Belgium is of peculiar interest, in spite of the limited area of the country, because it was adopted when banking experience was well advanced, and it has become in a measure the model for later bank charters. The governments of The Netherlands and of Japan openly admitted their indebtedness to the legislation of Belgium when reorganizing their own banking systems. The analysis of the Belgium system, therefore, will have unusual interest for the banking community and will, of course, amplify the brief sketch of the bank given by Mr. Conant in the recent revision of his work, "A History of Modern Banks of Issue." In spite of the comprehensive volumes which are promised by the Monetary Commission, Mr. Conant's work is likely to remain the standard for students who wish to obtain a bird's-eye view of the development of banking from early times down to the present day.

AN INTERESTING RELIC.

A five dollar note of the old Lehigh County Bank of Allentown, Pa. It is dated 1844. A sample of bank currency ante-dating the National Bank Act.

THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing-house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 90 William Street, New York.

Conducted by T. D. MacGregor.

SUCCESSFUL BANK ADVERTISING.

By Henry G. Longhurst, Advertising Counsellor for the California National Bank, Sacramento.

ALTHOUGH among the last of what might be called the dignified members of the great commercial world to use modern advertising methods, yet now that they have begun, up-to-date banks are realizing more and more how potent and powerful an ally they have secured.

It took a good deal of nerve a year or two ago for a young and progressive bank to make a start in modern advertising. All the old traditions were against it and all the elderly presidents and directors frowned upon it. Nevertheless, a start was made, the good work was begun and to-day no first class bank considers its equipment complete without an advertising department.

At first glance, it might be thought that the field of the bank's advertising department would be very circumscribed and limited, but a little investigation soon proves that there is ample scope for wide and effective work among all classes of the community. Assuming that the bank has the regular different departments of checking, savings, foreign exchange, safe deposit vaults, etc., each of these can be taken up in turn and a great deal of intensely interesting data given to the public, who will quickly and profitably respond.

The trouble has been and still is that a large proportion of the public know absolutely nothing about banks or banking, have no idea of the methods involved or the services at their disposal and in fact look askance at all financial institutions. This ignorance and prejudice it is the duty of the advertising manager to remedy and to this end interesting and catchy ads. dealing with topics well known to the people can be used with great advantage. The writer has found in the course of some very successful bank advertising that there are certain psychological conditions and under-currents of thought among the people which can be utilized to great advantage. To illustrate, last spring when storms were raging and rivers running high in this section, the underlying thought in the mind of every man and woman in Sacramento was the question as to whether the levees and bridges would hold. What more natural than that bank advertisements with headings such as, "Why is a good levee like a good bank," "Bridges that never go down," etc., would be read with interest, be quickly understood and consequently driven home. In the same way local conditions in any community may be utilized with good effect. An unusual number of burglaries in this city recently afforded the writer the theme for the ad. shown herewith, "Banks vs. Burglars," and the Fourth of July celebration suggested the ad. entitled "True Independence."

Needless to say the advertising of a modern bank should be in the hands of a man of tried and tested ability who understands human nature and who knows the best methods to reach the particular field in which the bank operates. Such a man must have the entire confidence of the directors, otherwise he is not fit for the position and cannot do himself or his bank justice. The printing of all literature, stationary and accessories also belongs to the advertising department, and the careful and intelligent advertising man, if given an appropriation, will not only save the bank many a dollar which would otherwise be

Banks

Versus

Burglars

Burglars are a menace to public safety. Banks are the natural antidote—or, rather that splendid "ounce of prevention" which is worth more than an "pound of cure." Money in your home or store is exposed to danger—in a good bank it is safe

The California National Bank affords its clients every possible safeguard plus convenience and highly trained service.

You can protect your silver and household valuables while away on vacation by placing them in our special vaults, the fee for which is very, very nominal.

CALIFORNIA NATIONAL BANK

OF SACRAMENTO

United States Depositary.

True

Independence

can only be enjoyed by the man who has the backing and support provided by a Bank Account To all those who have no affiliation with any financial institution The California National Bank offers the most complete equipment and up-to-date service known to modern banking. Small checking and savings accounts are equally as welcome as large ones.

Bank Closed Tomorrow

CALIFORNIA NATIONAL BANK

OF SACRAMENTO

United States Depositary.

"And the rain descended and the floods came and the winds blew and beat upon that house and it fell not, for it was founded upon a rock."

No finer description of absolute security was ever written, and the past history and present condition of The California National Bank is fully worthy of the simile.

It has stood at all times without a quiver the shock of financial stress, and has so thoroughly safeguarded its clients as to win their absolute confidence. They number over four thousand (4000) now, and you—even though your account is small—are cordially invited to join the happy crowd. One Dollar will open a savings account.

U S DEPOSITARY

CALIFORNIA NATIONAL BANK

ASSETS OVER $10 000 000 OF SACRAMENTO. COR 4TH & J STS.

DIRECTORATE

W E GERBER, C W CLARKE, GEORGE W PELTIER, F J KIESEL, PETER BOHL, ALDEN ANDERSON, JOSEPH STEFFENS, ADOLPH HEILBRON, FRED W KIESEL, CASHIER, EGBERT A BROWN, ASST CASHIER

Strong Copy.

foolishly spent, but will prove to be one of the most important and valuable members of the staff.

ADVERTISING NOTES.

DON'T put jokes in your advertisements. The only place a clown can make money is in a circus.

It is noticeable that when one bank in a community has been doing modern advertising for awhile, other banks in the same place sit up and take notice and pretty soon begin to do some real advertising likewise. It is often a case of "first endure, then pity, then embrace."

The use of catch phrases is becoming quite common by banks, the idea being to use them in every ad. The Yakima Trust Co. of North Yakima, Wash., uses the phrase "A Bank of Excellent Service."

Fred W. Ellsworth has left the position of manager of the Department of New Business of the First National Bank, Chicago, to be associated with the Trowbridge & Niver Co., of Chicago, dealers in municipal bonds. Mr. Ellsworth's articles on "Bank Advertising" and "System in a Central Reserve City Bank" have been reprinted in booklet form. Leigh Sargent succeeds Mr. Ellsworth with the First National.

It is possible to make advertising capital of the weather. The Washington Trust Co., of Westerly, R. I., during the hot days of the summer in a prominent place in the local papers ran this ad.:

WEATHER BULLETIN.

Prepare for Rainy Days.
Every home is liable to sudden gusts and hard downpours.
Place your defence where it will not be carried away when the storm strikes.
A deposit at 4 per cent. interest in our Savings Department will be your shelter in the Rainy Days.

WASHINGTON TRUST COMPANY,
23 Broad Street.

A NATIONAL PUBLICITY ASSOCIATION.

FOR the past year the establishment of a Bankers' National Publicity Association has been advocated for the purpose of promoting bank and financial advertising and to overcome the ignorance which exists relative to such interests throughout the country.

Hundreds of banks and bankers have already become interested and it is hoped hundreds of others will follow. The movement is an excellent one and should be supported.

A meeting will be held at Chicago this month, during the convention of the American Bankers' Association. The organization committee consists of F. W. Ellsworth, Chicago; F. R. Fuller, Cleveland; F. W. Finch, Kansas City; and C. A. Luhnow, New York city.

A. L. Callopy, publicity manager of The International Trust Company, Denver, is temporary chairman.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

A. GORDON TAIT, of the advertising department of the Head Office of the Royal Bank of Canada, Montreal, (the third largest bank in Canada) wrote us under date of July 9 as follows:

The section of your magazine which is devoted to banking publicity is always interesting and must be of great value to advertising managers in banks throughout the United States. Thinking that possibly you might be interested in bank advertising in Canada, I am taking the liberty of sending you under separate cover specimens of a few of the booklets, folders, blotters, etc., made use of for general advertising purposes by this bank. (The large blotters are prepared in English and French and the small ones in English and Spanish. The folders, showing bank statement in condensed form, are prepared in English, French, Spanish and German.)

I should be very glad of your criticism and suggestions.

Our reply in part was:

For your own benefit, I will say that I think all the samples sent are very good advertising, although perhaps some of it might be strengthened. But I realize that Canadian banks have a good deal of the British conservative spirit which might prevent your branching out in your advertising the way some of the banks in the United States do. However, I do not see but what your booklet entitled "Banking by Mail" is just as effective as anything for this purpose which I have seen gotten up by banks on this side of the line.

Your annual report is a very handsome book and the showing therein is certainly confidence-inspiring. You did not send me any samples of your newspaper advertising. Possibly you do not do very much along that line. My experience has been that it is wiser to put most of the advertising appropriation into newspaper publicity rather than into souvenirs, novelties, memorandum books, etc., although the latter are good as supplementary to other advertising. I heartily approve of the blotters, as they are a cheap method of keeping your name before the business people and provide you with a medium for conveying concise information concerning your institution.

If, at any time, you feel like writing an article for us on the subject of bank advertising in Canada or giving some facts and figures concerning the advertising of your own institution, we would be very glad to publish it in full in the publicity department of the magazine.

Mr. Tait wrote us again on July 20, as follows:

I am much obliged for your letter of the 13th inst., which would have been acknowledged before but for my absence from head office for two or three days.

I thank you for your kind remarks on the subject of this bank's advertising matter, and am much indebted for your valuable criticisms. I did not send any specimens of newspaper advertising, as we do but little in that way, and public opinion requires that it be kept strictly along certain stereotyped lines. A page of the "Monetary Times" enclosed herewith will illustrate what I wish to convey. In the United States you do not call cards of this character "advertising"; the specimen page which I send rather resembles a page from a bank directory. Branches, however, in the various localities (farming, lumbering, mining, city, residential, etc.) are at liberty to call attention to special local facilities, but the approved form of general bank advertisement in this country consists merely of a statement of figures representing capital and reserve fund, date of incorporation, location of head office, names of directors and executive officials, a list of branches and, sometimes, of correspondents. The only outlet for originality is in the preparation of booklets, folders, blotters and calendars. We do not regard these as "novelties"; only celluloid, etc., pocket or desk trifles are classed as such.

I am obliged for your suggestion that I should submit an article on Bank Advertising in Canada, and I hope to be able to do so in the fall.

Again thanking you for your kindness in this matter, I am, etc.

Burdett Eglin, cashier of the Northville Bank, Northville, N. Y., writes:

The banker who doesn't derive pleasure and profit from a perusal of the Publicity Department of THE BANKERS MAGAZINE isn't interested in promoting the growth of his institution—that's all.

This clearing house of bank-ad. ideas which you are conducting is certainly a "winner" and the fraternity should extend a vote of thanks.

The enclosed copy has been "run" by us since the week of June 6th. I note that you call attention to this news item in the July number. We would like you to put the "hook" into our treatment of it.

The "hook" is used only on bad actors, and as this ad. is a good one we will just let it stay on the newspaper stage and

HOW ABOUT THIS?

Is Your Bed Your Bank ?

FOUND $20,000 IN A BED.

Burglars in Seattle Suburb Hit Upon Hiding Place For Treasure.

SEATTLE, Wash., June 1.—Mrs. Stern of Duluth, Minn., who is visiting her sister Mrs. John English, at Alki Point, a suburb of Seattle, has reported to the police that she has been robbed of $20,000 in currency.

Mrs. Stern's husband, who intended to follow her from Duluth, and lease property here, shipped the money to her by the Great Northern Express Company, which delivered the package to her on Thursday. She intended to put the money in a bank at once, but for various reasons put it off. Yesterday she and her sister decided to visit Seattle to see the decorations. She hid the $20,000 between the sheets of a bed. On returning home at night she found that burglars had ransacked the house and stolen the treasure.—From N. Y. Times, June 2, 1909.

Your Home May Be Next !

This woman intended to put her money in the bank where there would be no question concerning its safety. She waited too long. There's a similar occurrence most every day—happened right here in town one day last summer.

Whether you have laid away $20,000.00 or $2.00, this bank provides absolute safety for your funds—returnable immediately upon proper demand.

$1.00 starts an account. Three per cent. interest paid on deposits.

THE NORTHVILLE BANK.
NORTHVILLE, N. Y.

The burglars 'll get you if you don't watch out.

speak its piece to the good people of Northville. To other banks we would say: "Go, and do thou likewise."

Treasurer Merkel Landis of the Carlisle (Pa.) Trust Co. asks us for advice on some novel advertising for a financial institution. He writes:

As one of your subscribers we want to ask for some suggestions along the line of a float in a civic day parade to be held in this town during the latter part of August.

We want to place a float in the parade to "help along" and at the same time we want

Local Loans

We are prepared and willing at all times to make loans upon approved security to our local merchants, manufacturers, farmers and others.

You do not have to be a depositor with us to obtain a loan.

It is our policy to keep our investments at home where we know all about them and where the money so loaned will assist in the support and upbuilding of the community.

No loan is too small for our consideration.

Carlisle Trust Company

A Neat Little Ad.

it to be of some advertising value to the company. We can spend about $50 on it. Anything that your advertising department can suggest will be appreciated.

What is your opinion of the enclosed home-written ad.?

We use the local daily papers with a space this size.

We suggested a float showing the difference, now and later on, between the Spendthrift and the Saver, or a spectacular representation of the financial strength of the company by means of bags of "gold" and display figures of capital, surplus, etc.

The newspaper ad. referred to is produced herewith and we believe it can not be criticized otherwise than favorably, as in typography and copy it is in harmony with modern advertising ideas.

H. A. Dalby, teller of the Naugatuck (Conn.) Savings Bank, writes:

Thanking you for the favorable notice you have given my advertisements in THE BANKERS MAGAZINE. I am sending you herewith a few copies which I have recently gotten up and which I thought might be of interest to you.

The advertising department in the MAGAZINE is very helpful and I am very glad to avail myself of the many good suggestions which are contained therein.

Hoping that it may long continue.

That's the way we like to hear people talk. And we like to have people come again and again because it helps us to help others by passing the good ideas and suggestions along. Mr. Dalby is a persistent advertiser and seizes every opportunity to advertise his bank. On the front page of the program of sports for the Field Day of the Naugatuck Public Schools he printed this ad.:

YOU CANNOT
RUN
VAULT
CLIMB
HOP
SKIP
or
JUMP
Away from Facts.

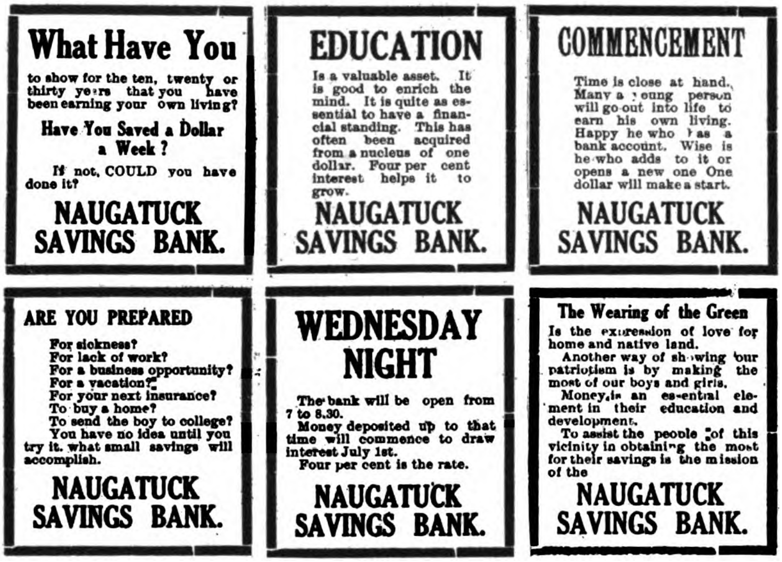
HERE'S ONE:

The child who develops a strong body, a strong mind and a strong bank account cannot fail to be happy.

NAUGATUCK SAVINGS BANK.

In the program of the annual outing of the local aerie of the Fraternal Order of Eagles this ad. appeared:

$ $
Many a
WIDOW
—— and ——
ORPHAN
has found the way easier by an account in
The
Naugatuck
$ AVING $
Bank
Four Per Cent. Interest
$ $



Right to the Point.

As a rule it is wise for bankers to eschew program advertising. But if you're held up and can't get out of it you might as well put in a strong and appropriate ad.

The other advertising sent includes a high school baseball score card, a trolley schedule card, some good pay envelopes and a collection of two-inch, single column newspaper advertisements, some of which are reproduced herewith.

Assistant Cashier James W. Andrews of the American National Bank of Pensacola, Fla., writes:

Good, But Rather Crowded.

I have just examined with a great deal of interest the specimens of advertising submitted by some of your readers, and commented upon by you in the current number of THE BANKERS MAGAZINE.

I am enclosing some of my work along this line, this being one of my duties here. I can truthfully say that our advertising has brought results highly satisfactory in our savings department, which we feature in our advertising almost exclusively.

The idea of the mortised cut of our new office building, though not strictly original, is new down this way, as high buildings are still more or less of a novelty in this section. My idea is to work it for all it is worth while it is new. The phrase "Money Makes Money" is an ordinary one, but I have never before seen it used in bank advertising, where it seems to me to be most appropriate.

I would like to have the benefit of any criticisms or suggestions you may wish to make through the columns of the MAGAZINE, and trust that you will find at least some of them worthy of reproduction in that excellent periodical.

I shall thank you to return the specimens, if convenient, for which I enclose stamped envelope.

We reproduce three of Mr. Andrews' ads. They are good, but we told Mr. Andrews that it would be better to have a two-column cut with a mortise, as that would give more room for headline and copy. It is interesting to learn that this savings advertising has been "highly satisfactory" in results.

HOW BANKS ARE ADVERTISING.

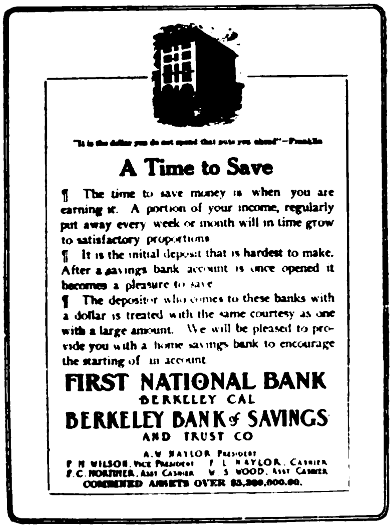
Note and Comment on Current Financial Publicity.

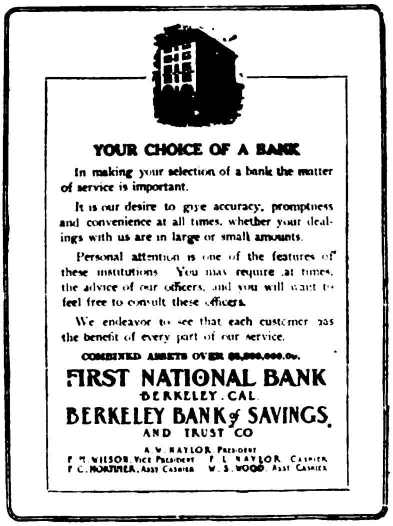
THE Mercantile Trust Co. of St. Louis issues a handy card giving a table for finding interest on daily balances at 2 per cent.

The Bank of South San Francisco, Cal., published a leaflet containing a reproduction from the savings book of one of its most regular depositors showing how rapidly regular deposits accumulate with compound interest. It also explains what 4 per cent. compound interest means by use of this example:

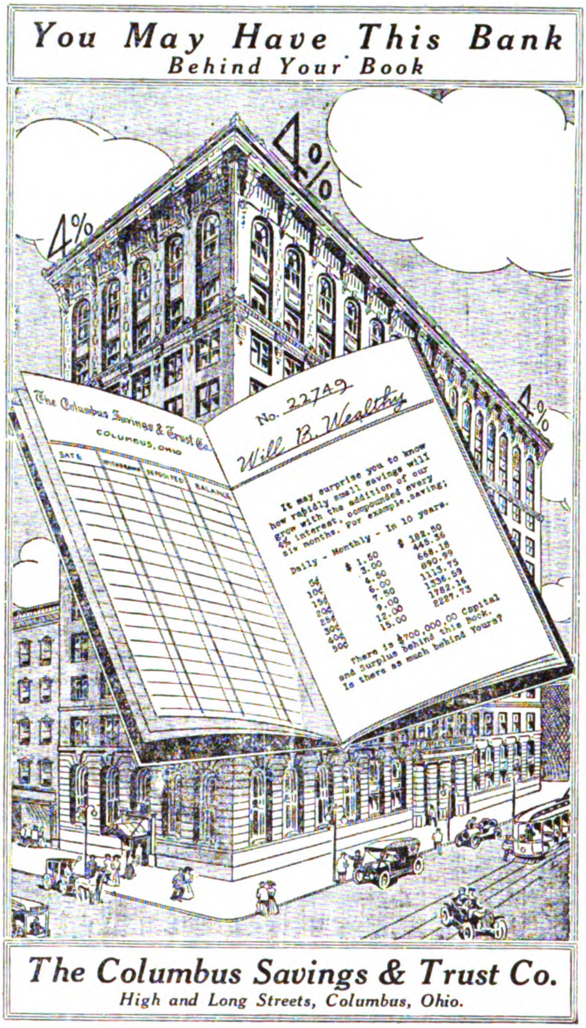
Jan. 1st—Deposit	$100.00
June 30—Int. 6 mos. at 4% per annum.	2.00
Total	$102.00
Dec. 31.—Int. 6 mos. at 4% per annum.	2.04
Total	$104.04
June 30—Int. 6 mos. at 4% per annum.	2.08
	$106.12
Dec. 31—Int. 6 mos. at 4% per annum.	2.12
Total	$108.24

And so on as long as the deposit is left undisturbed.





Perfectly Balanced Ads.



The Bank Behind.

C. F. Hamsher, cashier of this bank, is a good advertiser and he appreciates our good opinion, if the following from his little house organ is any criterion:

"A little commendation now and then is relished by the best of men." Even if one feels he is doing good work, it is a source of satisfaction to occasionally have some one else express approval.

THE BANKERS MAGAZINE of New York City is one of the leading financial journals of the United States. That magazine has on numerous occasions in the past commented quite favorably on advertising issued by this bank, and several times has reproduced articles appearing in the "South San Francisco Banker."

Early in January of this year, we issued an edition of the "Banker" each in Italian and in Greek.

The magazine referred to above had a photographic reproduction made of the front pages of the two editions, and it appeared in their March number over the line, "All Things to All Men."

The First National Bank of Chicago reprints in booklet form excerpts from an article by Will Payne in the "World's Work" entitled "The Workings of a Model Bank."

The Central National Bank of Kearney, Neb., sends out its condensed statement on a postcard containing a beautiful embossed figure representing "Fidelity."

The First National Bank of Billings, Mont., advertises itself and its city by a booklet containing photographic reproductions of prominent buildings in Billings.

The Perth Amboy (N. J.) Trust Co. is using the classified advertising columns of its local paper. This is one of the ads.:

WANTED—Your money on deposit in the special department of the

PERTH AMBOY TRUST COMPANY

on or before the tenth day of July, when it **will draw interest for you at Three Per Cent. from the first day of same month.**

The Franklin Society for Home Building and Savings, of New York, brightens up one of its follow up letters by printing in red typewriter type in the upper right hand corner just under the date the notice of the payment of its forty-first consecutive dividend. The copy of this letter reads:

We invite your notice not only to that dividend statement, but to the interesting fact that the most active directors of the Society are those who have been continuously connected with its management for more than twenty-one years.

During that time it has handled nearly $10,000,000 of savings without loss to any one, while the safeguards and restrictions demanded by experience and by the State Banking Department have been drawn closer and closer, always with the intent to protect the investor.

Conservative and equitable methods have won for the Society the confidence of the thousands with whom it has had business dealings.

Now is the time for you also to invest your savings with it. You can do this by filling out the enclosed blank and bringing it, sending it by messenger, or by mailing it together with your remittance, be it Ten Dollars or Five Thousand (the limit).

Yours very truly,

H. A. THEIS,
2nd Vice-Pres.

P. S.—Accounts of Ten Dollars or more opened on or before Saturday, July 10th, earn from July 1st.

The Citizens Savings and Trust Co. of Cleveland on one of its pieces of follow up literature reproduces one of its ads. and says:

As you have manifested by your inquiry an interest in the Citizens Savings & Trust Company and its successful system of Banking by Mail, we take this opportunity of calling your attention to the above copy of an advertisement which will appear in the Cleveland daily newspapers, it being our aim to give out-of-town residents the same opportunities and facilities which this bank has afforded to Cleveland people for over forty years.

Banking by Mail with this large, safe bank has been established long enough to be thoroughly worked out in every detail. It is as easy and satisfactory a method as visiting a bank in person. By means of this simple and convenient system, your money will be protected by the large Capital, Surplus and Resources of this bank and at the same time earn the largest rate which can be paid by any safe savings bank—4% compounded twice a year.

By mailing your deposit so that it will reach us on or before July the third, you will procure the advantage of receiving interest from July the first.

The same company recently reproduced an article from the Cleveland "News" showing Cleveland's remarkable growth in population in the past eight years, and containing also a "write-up" of the institution.

The Union Dime Savings Bank of New York on the folder containing its one-hundredth semi-annual statement, showing deposits of over $28,000,000, gives this information concerning savings banks.

WHAT IS A SAVINGS BANK?

Under the laws of the State of New York, a Savings Bank is carried on for the benefit of its depositors only.

All its property Belongs to the Depositors and to Them Alone.

Each depositor owns individually all that stands on his account, and all the depositors JOINTLY own the surplus. The surplus is earning money for the depositors all the time so that a dollar in the savings bank is really worth more than a dollar.

The Savings Bank Has no Stockhlders.

A business bank (State or National) or a trust company has stockholders who must receive dividends out of the earnings.

The savings bank is closely guarded by law as to its investments; it cannot discount notes or loan on stocks, or sell exchange, or do many things which a bank or trust company can do, but which are not so safe.

Therefore, when a bank or a trust company takes savings deposits it is doing what the law never intended, and when it pretends to be a savings bank, it violates the law and deceives the public.

"Our Tenth Anniversary" is the title of a good booklet issued by the Lake County Bank of Madison, S. D., commemorating the completion of the first decade of its history.

The Central National Bank of Cleveland has issued a superb booklet descriptive of its handsome new building. The booklet is printed on fine pebbled paper in two

Fourth of July Copy.

colors and tint block. The illustrations are "tipped in" photographs which convey a splendid idea of the appearance of the exterior and interior of the bank's home.

The National Bank of the Republic of Chicago uses on its statement folders these rather poetic prose paragraphs:

Lying at the foot of Lake Michigan, which drops like a pendant from the great water-chain that extends from the heart of the continent to the Atlantic coast, Chicago is the tollgate, the workshop and the bank of the greatest empire under the sun.

Within the lives of people already born, Chicago should be the largest and richest English-speaking city. Great as has been its growth, its broader development will begin when the completion of the Panama Canal shall have given it central control of the world's trade channels, from the railways of all America to the water-routes of all the seas.

The First National Bank of Beaumont, Texas, runs an ad. which speaks volumes for the growth of that city as well as for the bank itself. The ad., which appeared in the local newspaper, printed in red and black ink, is as follows:

BUILDING BEAUMONT.

From a town of 3,000 inhabitants to a modern city of 25,000 inhabitants is the change that has been witnessed in our city since the organization of

The First National Bank of Beaumont

over twenty years ago. That much of the growth is due to the desire and ability of the First National Bank of Beaumont and its directors to nurture and encourage the industries which have built up this city's business cannot be denied by any one who will compare the following list of directors of said bank with the names of the organizers of our city's principal industries:

W. S. Davidson, V. Wiess, Jno. N. Gilbert, R. C. Duff, Joe E. Carroll, Jno. C. Ward, W. P. H. McFaddin, Jno. L. Keith, Leon R. Levy, E. C. Ogden, Frank Alvey.

Why not identify yourself with a bank whose policy has always been to give financial aid to every worthy project that will benefit Beaumont by opening an account with the First National Bank of Beaumont?

MORE ADVERTISING MATERIAL.

News Items That Can Be Worked Into Ads.

At great risk a Hartford fireman yesterday entered a blazing building and rescued $40 in bills which, for safety, had been kept under a carpet. Loss of the money would have been a hardship to the family.

In Campbell, N. Y., yesterday a farmer reported to the police that $4,000 in cash which he had in a trunk in his house had been stolen. A suspected farmhand is missing.

These two incidents, occurring in adjoining States on the same day, emphasize, each in its own way, the folly of risking considerable sums of money in the house. No hiding place under a carpet is a hundredth part as secure as a savings bank. No trunk in a home can match a bank vault as a depository for surplus earnings. Hundreds of thousands of dollars in cash have been stolen, or burned, or eaten by mice, because the owners of the money either distrusted savings banks or were ignorant of them.

The facilities which banks afford for caring for one's savings represent a maximum of safety and a minimum of risk. To expose cash to danger or loss by theft or flames by hiding it in a trunk, or under the carpet, or in the family Bible, is folly.—Hartford (Conn.) "Times."

MAHIN'S DATA BOOK.

A Handy Book For All Advertisers.

THE Mahin Advertising Agency, Chicago, publishes a handy book entitled "The Mahin Advertising Data Book" which contains a list of representative magazines, newspapers and other periodicals, with their circulation, rates, dates of publication, etc.; street car service; population and bill posting facilities of the important cities and towns in the United States and Canada; specimens of type faces; printing and engraving pointers; trade-mark and copy-right regulations; and other important and authoritative data on advertising and selling problems greatly condensed and simplified for the busy advertiser's instant reference.

The price of this valuable book is $2.00.

KNOX—"ABLE CITIZEN."

WHEN a public man has succeeded in winning the undivided approbation of Washington critics and observers, he becomes, in the local phrase, an "able citizen." Whatever other attributes he may possess, two qualities invariably mark the able citizen: simplicity and industry. Philander Chase Knox, Secretary of State in Mr. Taft's Cabinet, has these two attributes. He is concededly an able citizen. He has to a marked degree the ability to get at the heart of a problem and to set forth simply, lucidly, clearly and in orderly array the essentials of a complicated, involved and generally muddled up case or proposition. The processes of his mind are orderly and advance by well-defined steps from premise to conclusion. His intellectuals at work give out light without heat; a steady, clear, constant light marred by no sputterings or meteoric flashes. It has been described as a light "in which it is easy to read assured interpretation of law."

Standing on the beach, the crown of Mr. Knox's head rises not more than five feet and six inches above sea level. He is a small receptacle but tightly packed, sharing with his predecessor, Mr. Elihu Root, the distinction of being one of our most highly finished domestic products. Because he is so highly finished, Mr. Knox is a difficult man to describe. It is like trying to characterize intimately a billiard ball, or a high-power cartridge. Mr. Knox looks far more like a French or Italian churchman, whose avocation is diplomacy and statecraft, than an American politician. There is shrewdness in the distinctive droop of his keen eyes. His face is an immobile mask which effectually conceals his thought. —*E. G. Lowry, in August Putnam's.*

STATES WHICH CAN JOIN THE INSURGENT LIST.

WITHIN a year, in each of the following states, the people will have the opportunity of choosing a Senator: Michigan, Ohio, Wyoming, Montana, California, and Oregon.

In the character of their population and in their political ideas these commonwealths are akin to the Insurgent States. What is the matter with Michigan? It should not be different from Minnesota and Wisconsin. Both its Senators, Smith and Burrows, have been servile followers of Aldrich. The term of Burrows expires with the present session. A new man would better represent the sentiment of Michigan.

In Ohio not even the machine will try to return to Dick. Impossible as it may seem, it is said that Foraker will try to come back. Has Ohio no other public man fit to stand beside Burton? Burton is not an Insurgent; but he obeys his conscience and his intelligence more than he does Aldrich. He is a satisfactory Senator, and Ohio should have either two like him, or him and one like Beveridge.

Wyoming, Montana, Utah—all these are communities of spirit. Do they relish the idea of being represented by Senators who play into the hands of Aldrich? They would laugh at Aldrich if he himself asked them to elect him to the Senate; they will do what amounts to the same thing if they return the Senators who always vote as Aldrich dictates. We think the next Senate will contain at least fifteen Insurgents. —*Mark Sullivan in Collier's for July* 31.

PRIVATE SAVINGS BANKS OF SWEDEN.

CONSUL-GENERAL Edward D. Winslow, of Stockholm, reports that the private savings banks of Sweden, on June 1, 1909, had 700,000 depositors, and $70,000,000 deposits. This does not include the amounts deposited in the postal savings banks, which are state institutions.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

MORALS IN MODERN BUSINESS. A collection of six papers written by Edward D. Page, George W. Alger, Henry Holt, A. Barton Hepburn, Edward W. Bemis and James McKeen, originally prepared as lectures before the Sheffield Scientific School of Yale University, with an introduction by Ripley Hitchcock. Yale University Press. (Price, $1.25 a copy, net.)

This is a book which should appeal with peculiar force to business and professional men everywhere. The subjects treated by the authors of the several chapters are as follows: "The Morals of Trade in the Making," Edward D. Page; "Production," George W. Alger; "Competition," Henry Holt; "Credit and Banking," A. Barton Hepburn; "Public Service," Edward W. Bemis; "Corporate and Other Trusts," James McKeen.

Every one of these men is a successful business man and likewise a student of practical economics. The essays are of an interesting and thoroughly sensible character, helpful to any thoughtful business man.

LIFE OF FRIEDRICH LIST, and Selections from His Writings, including the Outlines of American Political Economy. By Margaret E. Hirst, with an introduction by F. W. Hirst. New York: Charles Scribner's Sons. (Price, $2.00 net.)

An entirely new book about Friedrich List, the great tariff reformer, founder of the German Zollverein, and advocate of the American system of protection. A book to be read by all interested in tariff questions.

In Miss Hirst's volume List's "Outlines of American Political Economy" are for the first time republished, with some other (translated) pieces in which his ideas and aims are clearly shown. Miss Hirst has had access to an important collection of List's papers and manuscripts among the municipal archives at Reutlingen, his native town, and from these papers and from other sources she has been able to give a more complete account than any which has yet appeared of List's English and American experiences. Miss Hirst has also made use of material which she found during her researches in the University Library of Tubingen and the Royal Library at Stuttgart.

The book is an interesting and valuable one for students of political economy.

LOMBARD STREET, A DESCRIPTION OF THE MONEY MARKET. By Walter Bagehot. A new and revised edition, with notes by E. Johnstone. New York: Charles Scribner's Sons. (Price, $1.25.)

In the new edition this book, by the famous British publicist, is improved and, in regard to some of its figures and statements, brought up to date by the appendix of notes by E. Johnstone. "Lombard Street" is a popular and standard work on the money market. It is written in a brilliant style, and covers fundamental principles in a thorough, but at the same time not a heavy, manner.

CHOOSING A VOCATION. By Frank Parsons, Ph. D. Boston: Houghton-Mifflin Company. (Price, $1.00.)

In this book the author outlines in an interesting manner the work of the Vocation Bureau, established in Boston, which is helping hundreds of young men and women to select a trade or profession for their life work. There are ninety specific cases quoted, giving the questions asked and the answers to them by the applicants. These are exceedingly helpful.

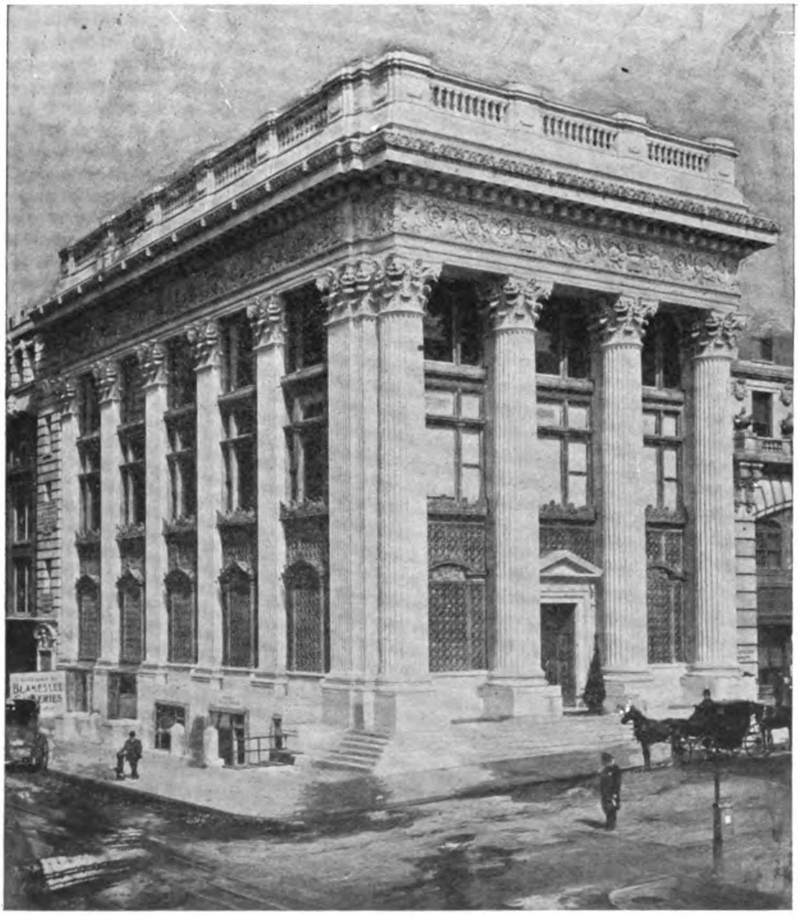
MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

KNICKERBOCKER TRUST COMPANY, NEW YORK.

COMFORTABLE, conveniently located, simply, but tastefully furnished—and there you have in a few words a complete description of the handsome offices which the Knickerbocker Trust Company of New York has recently opened in its new building at Broadway and Exchange Place.

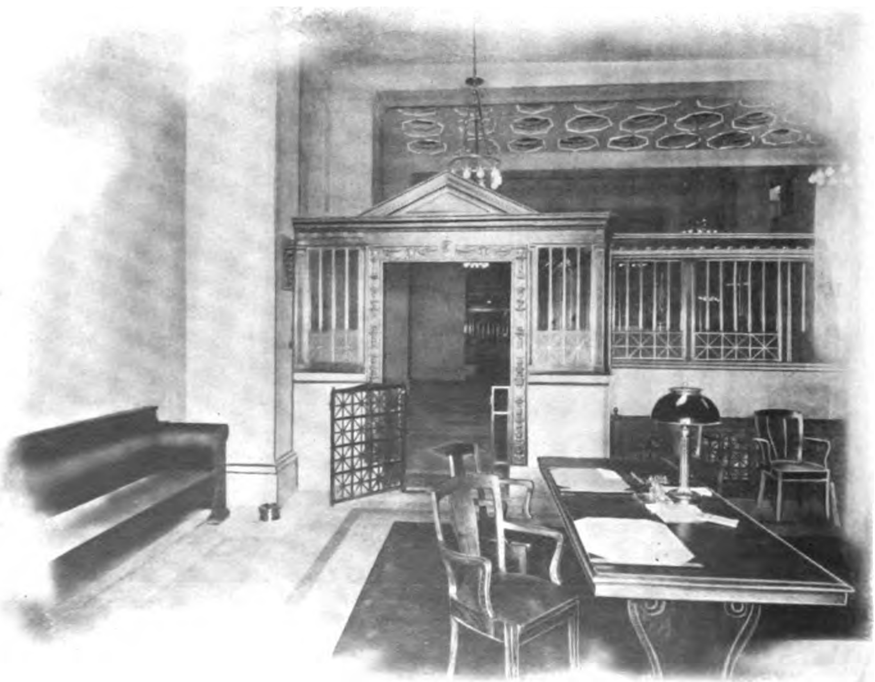
This building, designed by the well-known bank architects, Messrs. McKim, Mead and White, is of the pure classical type, eight stories high, and the whiteness of its marble exterior stands out in striking contrast to the dingy buildings which are all around it.

A broad, double doorway, with portals of heavy bronze, gives entrance into the main hallway, and this in turn leads to the elevators on the left and to the banking rooms on the right, overlooking Exchange Place.



The Knickerbocker Trust Company Building, Fifth Avenue, New York.

Passing into the bank proper, the visitor will observe at once that the interior ar-



Views of Reception Room

rangements have been well planned and executed. A long counter of Italian marble, topped by a grill of solid bronze, extends nearly the length of this room from east to west, and it is here that the various tellers' windows are located and depositors accommodated.

Facing on Broadway, at the extreme western end of the building, are the executive offices, separated from the public space and the tellers' cages by a public reception room, which extends across the building from north to south. Here Vice-President F. C. Walcott, and the secretary and treasurer, H. A. Dunn, have their desks.

All three of the rooms mentioned are exceptionally well lighted and have been furnished in excellent taste, the woodwork being of Italian walnut, a beautifully grained wood that appears to advantage with the rich cream of the paneled ceiling and the harmonizing buff of the side walls.

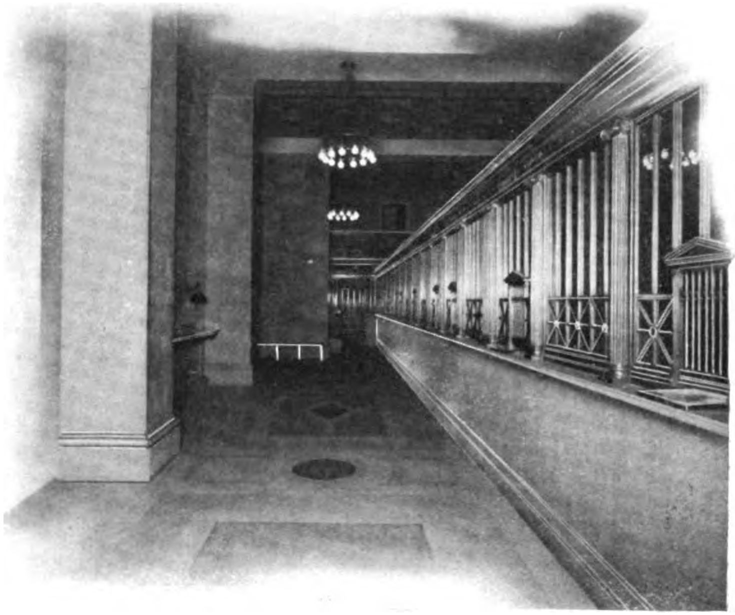
From this waiting room a stairway leads to the basement below, which contains the locker rooms and the massive steel vaults.

These vaults are a marvel of mechanical construction, and constitute one of the distinctive features of the Knickerbocker's new home. They are built of Harveyized nickel steel, and rest upon a foundation of their own, absolutely independent of that of the building, so that even an earthquake of sufficient violence to destroy the building itself would have no appreciable effect upon them. The outer door to the main vault has a weight of seventeen tons and the inner and smaller door a weight of seven tons.

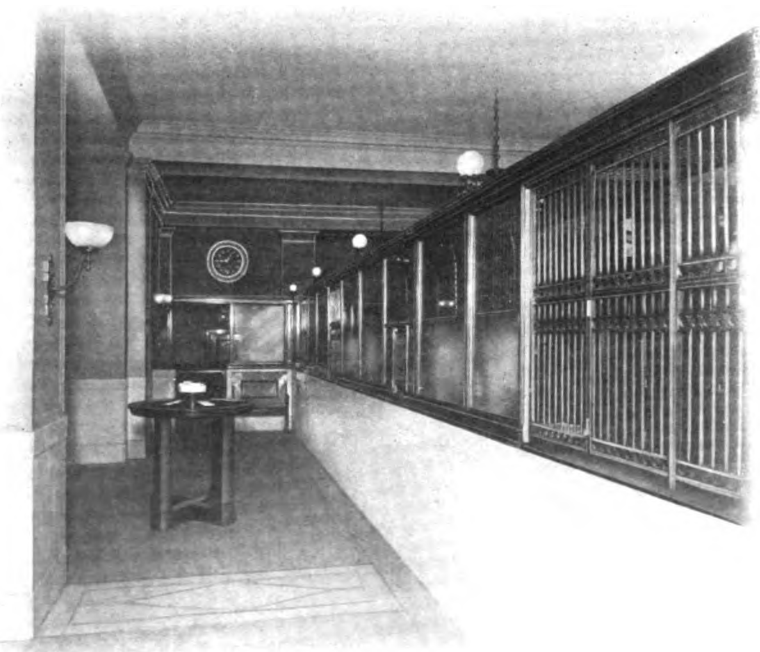
Then there is an emergency door, fitted

CHARLES HALLAM KEEP

President of the Knickerbocker Trust Co. of New York.



Main Banking Corridor



Trust Department

with intricate time locks, which would give entrance to the vault if the mechanism of the main door should go wrong.

There is also a private automatic elevator, running from this basement to the floors above, thus providing a convenient and safe means of transferring currency from the various departments to the security of the vaults below.

Beneath this basement there is a sub-basement, where all the machinery necessary to keep the building lighted, heated and ventilated is located.

A mezzanine floor extends across the eastern end of the main banking room. It can be reached by a stairway from within the working space and is for the use of stenographers.

By this means if a mistake is made the clerk responsible for it can be determined immediately, and it can be rectified. Moreover, it takes no more time for an uptown teller to make sure of the balance of an account in the downtown office, than of one in an account of the Fifth avenue branch.

The bookkeepers uptown are on a floor above the tellers' cages, and the telautograph has to be used to communicate with them. It takes just as long, therefore, to inquire about an uptown customer's account as the account of a depositor in the financial district.

Vice-President's Office

The trust, mortgage, and other departments are located on the second floor, within easy reach of the public, and quite like the quarters on the first floor in their general arrangement and appearance. Back of the screen, however, the furniture and all woodwork is of solid mahogany, and the walls are tinted a soft cream color.

One of the most up-to-date features of this most up-to-date home which the Knickerbocker Trust Company has provided for itself at Broadway and Exchange Place is the use of the telautograph for the transmission of all messages passing between the downtown office and the one at Fifth avenue and 34th street. Every message is written down and is reproduced in exact facsimile five miles away in the other office.

By maintaining an office uptown in the shopping district and also one downtown in the financial district, the Knickerbocker Trust Company is prepared to offer admirable accommodation to women depositors, and a growing number of women are learning to appreciate the advantages to be gained by having a checking account with this institution.

Since its organization, in 1884, the Knickerbocker Trust Company has grown to be one of New York's largest and best equipped financial institutions, with a capital stock of $1,200,000, and a surplus of over $12,800,000.

Men of unquestioned integrity and loyalty are concerned in its management, some as officers and others as directors. Those who serve on the board of directors are: G. Louis Boissevain, F. G. Bourne, Franklin Q. Brown, Edward H. Clark, Dumont Clarke, Charles F. Hoffman, J. Horace

President's Room

View from the President's Office across Reception Room into Main Banking Room

Harding, Wm. B. Joyce, Charles H. Keep, Hinsdill Parsons, Samuel T. Peters, Herbert L. Satterlee, Wm. A. Tucker and Payne Whitney.

Those who serve in an executive capacity are: Charles H. Keep, president; B. L. Allen, vice-president; Jos. T. Brown, vice-president; F. C. Walcott, vice-president; Wm. Turnbull, vice-president; Harris A. Dunn, secretary and treasurer; J. E. Miller, asst. secretary; Archibald G. King, asst. treasurer, and J. Sperry Kane.

The company's statement as of July 1, 1909, follows:

ASSETS.	
Cash on hand and in banks	$12,143,312.61
Bonds and other securities	12,779,978.21
Demand loans	4,718,366.40
Time loans	13,338,346.94
Bonds and mortgages	3,513,090.15
Real estate, banking houses	3,384,526.16
Accrued interest receivable	712,140.49
	$50,589,760.96
LIABILITIES.	
Capital stock	$1,200,000.00
Undivided profits	1,473,688.34
Surplus certificates	12,756,319.56
Due depositors	34,592,340.55
Reserved for taxes, etc.	48,714.00
Accrued interest payable	518,698.51
	$50,589,760.96

A PRE-EMINENT BANK IN A GREAT FIELD.

Description of the Present Home of the First National Bank of Cleveland.

TWENTY years ago the amount of capital invested in manufacturing in Cleveland, Ohio, was sixty-six million dollars. To-day the amount is not far from two hundred and fifty million dollars.

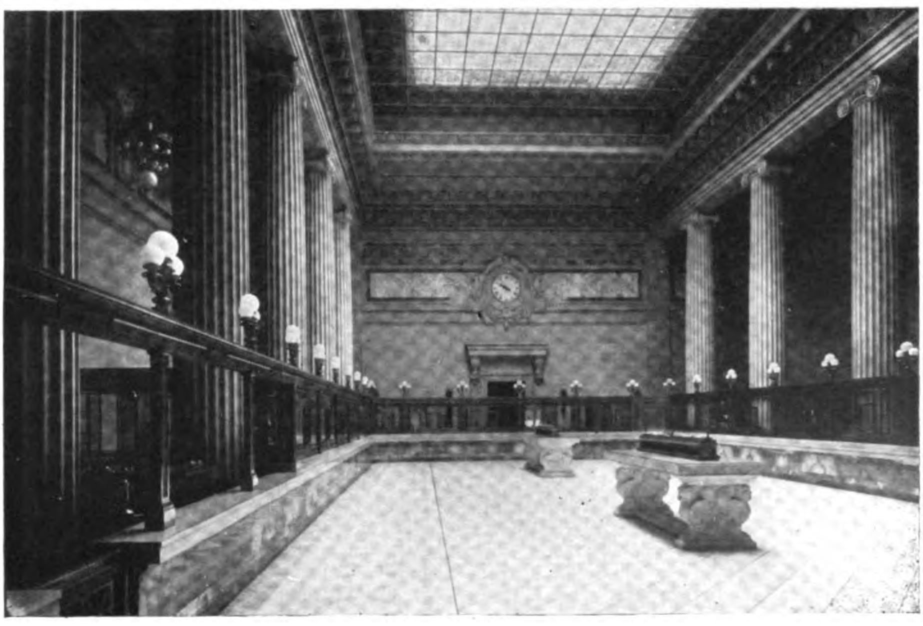
This growth has come about largely through the instrumentality of Cleveland's financial institutions; without the credit they have furnished, such an expansion would have been impossible.

The resources of the First National Bank of Cleveland have grown with the city; in the past twenty years they have increased from one million, eight hundred thousand dollars to over thirty-four million dollars, an indication that this bank has played a leading part in the commercial development of the city.

As a natural sequence to the increased business enjoyed by this institution, it became necessary to procure much larger and better appointed quarters, and this need resulted in the handsome building herein pictured. To banks who intend to some day build a home of their own, the following description of the building owned and occupied by the First National Bank of Cleveland should prove interesting.

Every line of the imposing exterior, which is an adaptation of the Roman classic, reveals some new beauty and prepares the visitor, in a way, for the magnificent interior banking room. Pink Milford granite was the building material used, with window frames of solid bronze.

The four columns enclosing the three stories on the front elevation, in reality



Well-lighted and Handsomely Furnished Banking Room of the First National Bank of Cleveland.

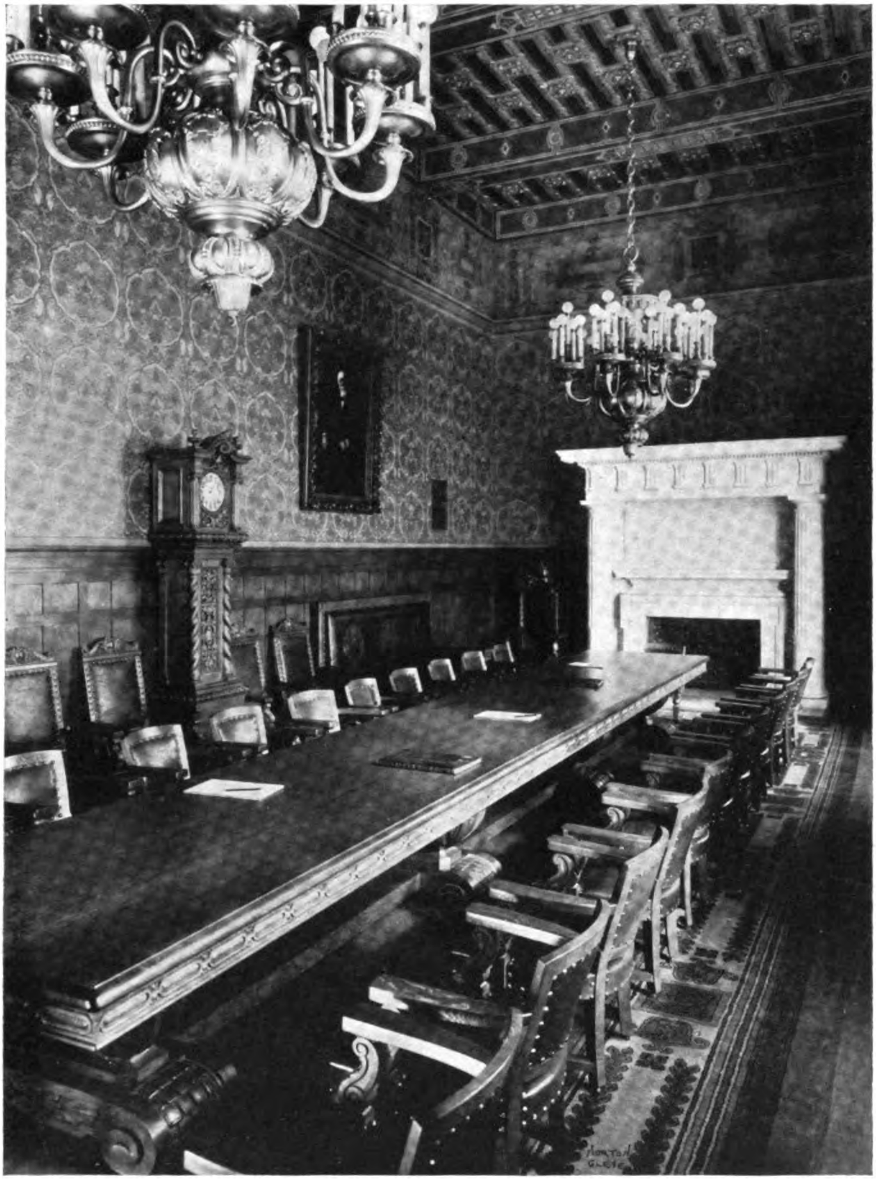
form the order for a seven-story building, the six upper stories being arranged about an inner court above the skylight of the main banking room. In the architectural treatment of the elevation is included a sculptural frieze, which divides the first floor from the two upper ones, the last two being grouped together as a single story. This frieze was executed by Mr. Karl Bitter of New York, and represents Agriculture, Commerce and Science in a spirit in harmony with the purpose of the building, and the dignity of the architecture. All of the low reliefs are made of Tennessee marble.

Imposing Exterior of the First National Bank of Cleveland.

Every floor of the building is utilized by the bank, and while the various rooms are elegantly furnished, they contain only a minimum amount of woodwork, thus insuring against damage by fire. The general clerical work is accommodated in the five upper stories, lighted from the rear and an interior court.

One entire floor is given up to dining and recreation rooms for men and women, and to a private dining room for the officers. The directors' room, with the hall and stairway, occupies the entire front portion of the third floor.

Overlooking the main banking room, which is eighty-five feet long and sixty feet wide, with space for fourteen banking cages and six officers, there is a mezzanine floor, where the president's private offices and a committee room are located. Standing on this mezzanine landing, the view of the room below is one of unusual beauty and attractiveness. Around the three sides of a rectangle there is a counter of a very fine marble, known as Monti Sienna, topped with Bassville marble. On top of this rests



Room in which Directors of the First National Bank of Cleveland meet.

Bronze Entrance Doors of the First National Bank of Cleveland.

a handsome screen of cast bronze, topped with clusters of electric globes at regular intervals around the room.

Supporting a richly carved ceiling are monolithic columns, thirty feet high and of the same polished marble as the side-walls.

On the rear wall is a handsome marble clock, forming the main decorative feature of the room. The frame is of marble, highly sculptured, and measures eighteen feet across. Massive marble writing desks stand in the center of the public space and complete the furnishings.

In addition to the features already mentioned, the building is equipped with armor plate vaults, constructed by the Carnegie Steel Company, located in the basement, with elevator communication with the main banking room. Then there is a spacious basement, designed with a view of further extending the main banking space, with direct access to the floor above.

This meagre description, when supplemented with the accompanying illustrations, may serve to give the reader some idea of the many conveniences enjoyed by the First National Bank of Cleveland in its splendid new home.

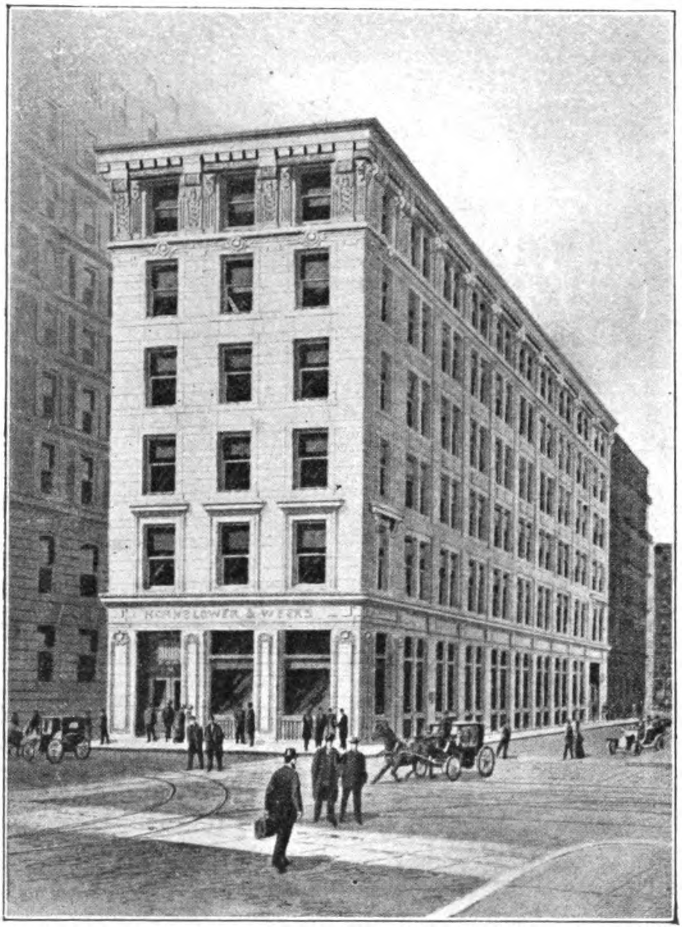
Reading from top down: Individual Bookkeepers and Statement Clerks; Transit Department; Country Ledger and Statement Clerks.

HORNBLOWER & WEEKS.

HORNBLOWER & WEEKS, the New York and Boston stock exchange house, have recently transferred their New York offices to new quarters on the second floor of the building at No. 42 Broadway. The office is in charge of James H. Wainwright and John W. Prentiss, the New York members of the firm, Mr. Wainwright being a member of the New York Stock Exchange.

The floor space of the new office approximates nine thousand feet. The offices are located around the large open court at the head of the grand staircase and are in the shape of a letter E, with large windows across the rear end, facing New street.

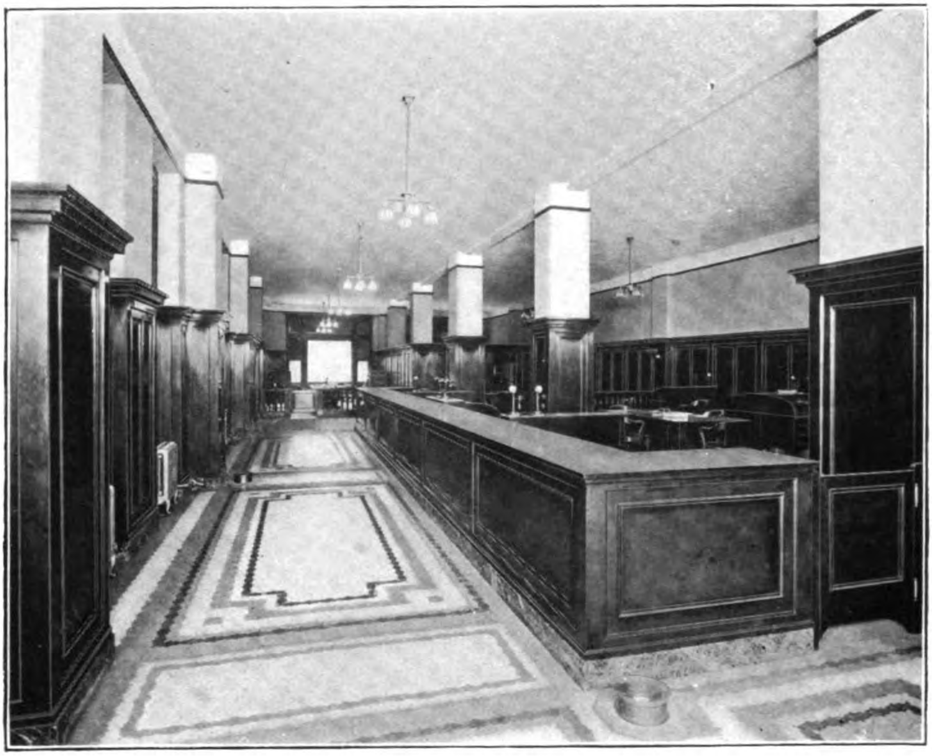
The new offices are airy and spacious, the dimensions being as follows: Eighty-nine feet on the north side, one hundred and fifteen feet on the east (all large windows facing on New street) and one hundred and five feet on the south side. The woodwork and furniture throughout are of African mahogany, the walls being paneled to a height of seven feet six inches in this wood.



Hornblower & Weeks Building, Boston.

On the south side of the office is a space given up to the banking department, where the members of the firm and the men who handle bonds and customers' accounts have their desks.

On the east end of the room, facing on the New street side, are located a directors' or conference room, a library where all books of reference may be found, a



The Banking Department.

Quarters of the Firm Members.

board room and a large wire room. The board room is equipped with a stock board over thirty feet long, and in the wire room ten telegraph operators and five order clerks have their stations.

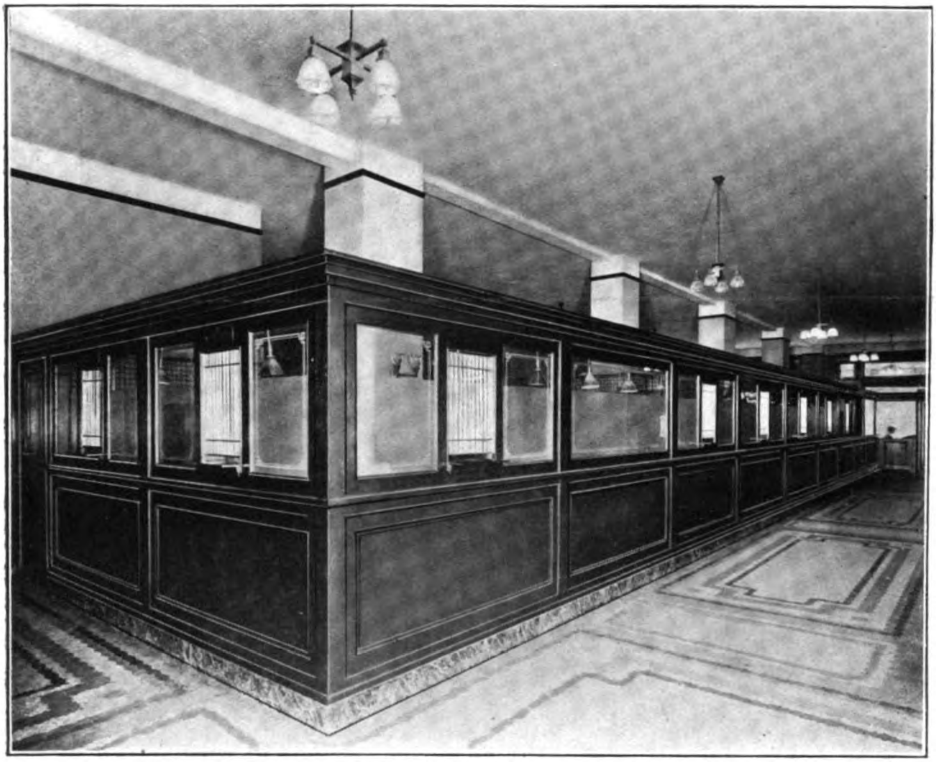
The walls of the board room and wire room are carried above the mahogany paneling with plate glass to the ceiling, so that the sound of the tickers and telegraph instruments is not noticeable in the rest of the office.

Facing the court are two private offices for the convenience of customers, and a room for the stenographers and telephone operators. This latter room has also been enclosed in plate glass to the ceiling, in order to shut in the noise. The switch-board was constructed especially for the firm, and is operated by two girls. It has at present fifteen trunk lines, and some seventy-five extensions. It has, however, been made sufficiently large to have its capacity doubled or trebled at short notice.

On the north side of the office a large two-story fire and burglar-proof vault has been built, and on this side the clerical force have their quarters.

The main passageways of the office are carpeted in interlocking rubber tile, with a special design in green and white, drawn by the architect to harmonize with the walls, which are tinted in green, and with the cork carpet which covers the rest of the office, and which is also of a tint to harmonize with the walls and interlocking tile.

Hornblower & Weeks employ in their New York office a clerical force of some seventy-five persons, this large force being necessary on account of the diversified character of their investment business, as they carry stocks not only for individuals, but also for out-of-town brokers, and in addition, deal in investment securities.

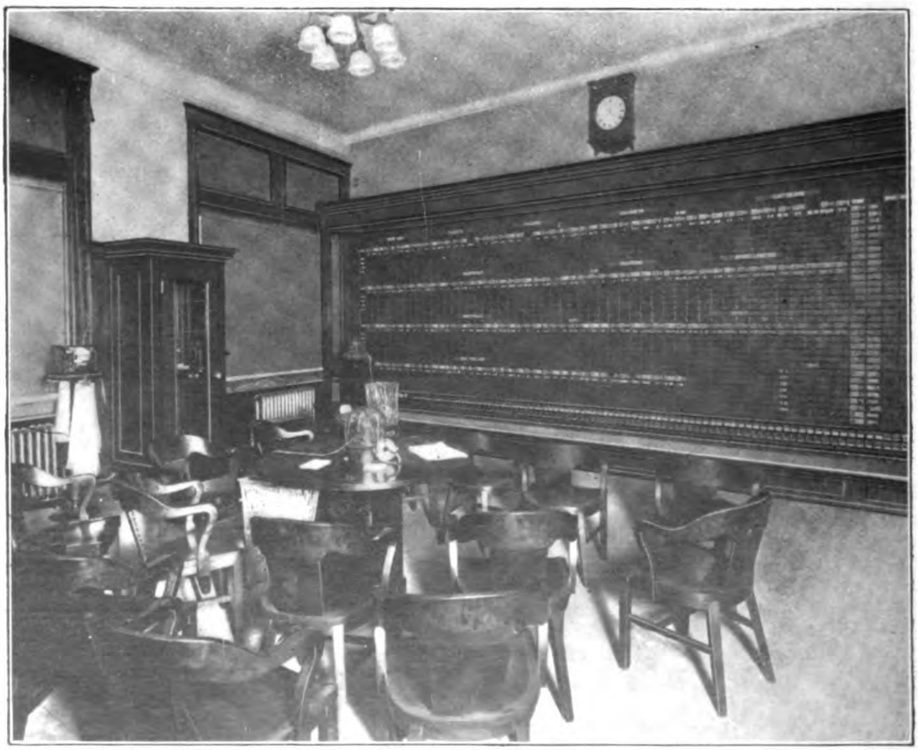


Clearing, Stock and Cashier's Departments.

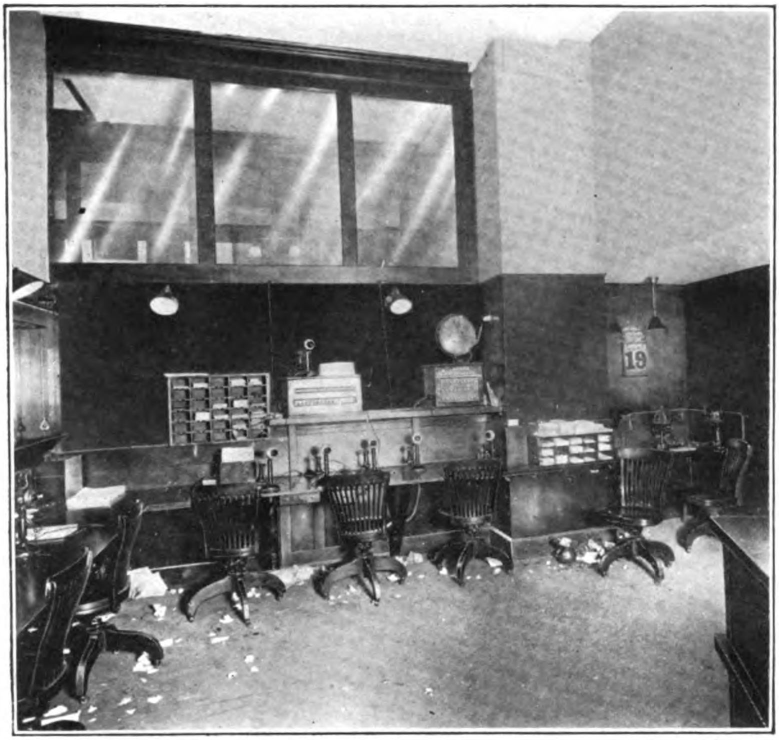
Hornblower & Weeks are one of the oldest and largest of the so-called Boston houses, having been organized Aug. 6, 1888. At the start the business of the firm was conducted in a modest manner in one room of the old Merchants Exchange Building in Boston, with Mr. Phelan, now a member of the firm, as clerk. From the start a high standard of conducting the business was adopted, and this policy has been largely instrumental in the phenomenal growth of the business.

Mr. Hornblower, the senior member of

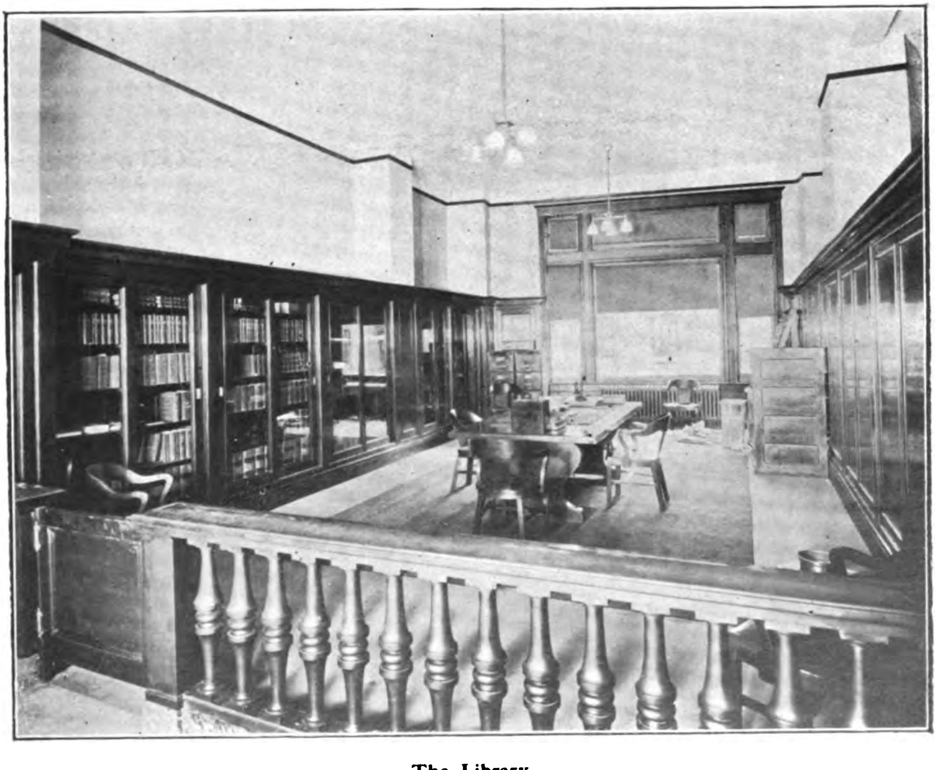
Telephone and Stenographers' Room.



The Board Room.



The Wire Room.



The Library.

the firm, has been a member of the Boston Stock Exchange since 1888, was elected to a place on the Governing Board in 1901, and is to-day vice-president of the Exchange. He is also a director in several banks.

Congressman Weeks is now too well known in financial and public circles to require any introduction to our readers. He is an important member of the National Monetary Commission, and is now devoting a great deal of time to a study of methods for improving monetary conditions in this country. He has also recently been made chairman of the important Committee on Post-offices and Post-roads.

Mr. James J. Phelan, third member of the firm, was admitted in 1899, and has been a member of the Stock Exchange since 1897. He is also officially connected with several banks and other corporations in Boston and is a member of the Chicago Board of Trade.

The other members of the firm are Edward L. Geary, Andrew S. Woods and Henry N. Sweet.

Hornblower & Weeks have maintained their own office in New York for the past nine years. In addition to the home office in Boston, and the New York office, the firm has its own offices in Chicago and Detroit, an all-year-round office in Newport, branch offices in Providence, New Haven and Hartford, and an uptown office at 26 West Forty-third street, New York; also a summer office at the Maplewood Hotel, White Mountains.

Its private wire system is most complete, reaching to the most important points of the United States and Canada, and great attention has been given to the details of the system in order to make the service in executing orders and giving market reports the most efficient possible.

PROPOSED NEW HOME OF THE OLD NATIONAL BANK OF SPOKANE, WASHINGTON.

A SPLENDID bank and office building is now in the course of erection for the Old National Bank of Spokane, Wash. The first ground is to be broken September 1 and barring delays in shipments and labor difficulties, the officers of the bank confidently expect to be in their new quarters not later than January 1, 1911. Shareholders of the Old National Bank have organized a separate company which will take over the property and erect the building, and from the plans decided upon it is evident that no expense will be spared to make the bank's future home attractive and convenient.

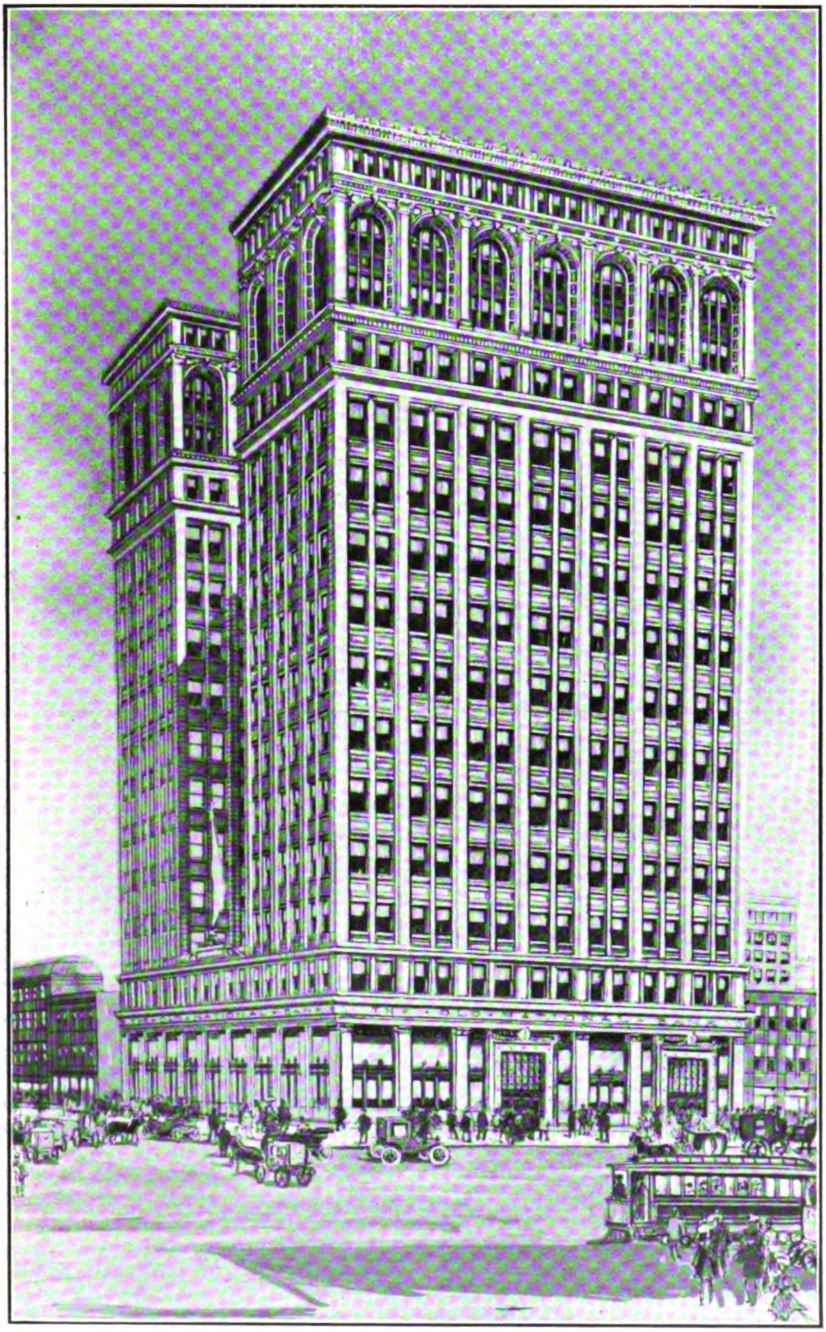
All of the offices for rent will be finished in mahogany and their equipment will include clothing lockers, wash-stands, conduits for 'phone and messenger service; there will also be private vaults for the storage of records, files, etc., which tenants can have access to.

Description of the Bank's Interior.

The illustration given here does not begin to show the magnitude and beauty of the new banking room.

The spacious lobby, thirty feet wide by seventy-two feet deep, will be in the center of the banking room, and affords direct access to the officers' quarters; and at the same time, to all the wickets of the different cages. Great columns of majestic proportions, rising to the height of the ceiling, twenty-three feet, will surround the public lobby, while the skylight directly above the lobby will be carried up one story higher than the surrounding portions of the room, thus producing a most stately and dignified architectural effect. The ceiling of the banking room will be richly but simply decorated in ornament and color. The floor will be of marble laid in patterns, and the bank counter will be of marble surmounted by a screen of bronze and glass in which the wickets will be placed. A special apartment is provided for the use of the ladies, with telephone booth, retiring room, and special wickets where they may transact their business. A public waiting room with telephones is also provided just off to the right of the main lobby for general use of the bank's patrons.

The officers of the bank will be located at the left, just inside the main entrance, and directly opposite is the only other entrance, leading from the elevator lobby of the office building. This arrangement places the officers in the closest possible touch with the bank's customers and the public, and affords them an unobstructed view of the entire room. Private consultation rooms adjoin the officers' quarters at the extreme left.



New Home of the Old National Bank of Spokane, Wash., to be ready for occupancy not later than January 1, 1911.

The sketch below shows the banking room as it will appear on immediate occupancy, but the plans are so elastically made that at any time in the future the room may be readily extended to the full depth of the building, forming one great banking room of the most imposing proportions, and decorated architecturally as befits a great institution of this character.

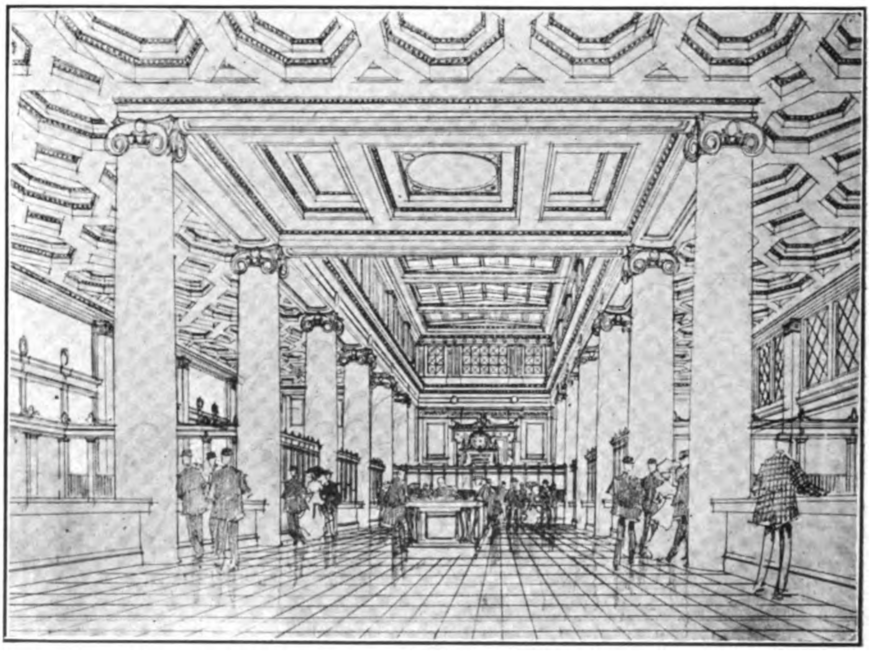
Working Space.

Special study and attention have been given to the laying out of the working space of the bank, and a number of the foremost institutions of the country, both East and West, were visited and studied before the arrangement now adopted was decided upon. It is the opinion of those who know of this arrangement that it will be the most convenient and up-to-date for both the public and the bank's employes of any institution in the country.

Vaults.

In order to leave the banking room as free and unobstructed as possible for future expansion, all of the vaults have been placed in the basement directly below the bank. Access to these is had by means of both elevator and stairway. The cash vault, twenty-seven by nine feet, is lined throughout with two and a half inches of laminated steel built up in three layers. The center layer is of five-ply welded chrome steel. All of the mechanism will be of the most improved manufacture, and the vault will be absolutely fire and burglar proof.

The entrance door to the vault is an entirely new feature, being so designed that it opens in two panels instead of one enormously heavy one as heretofore, each panel being opened separately and independently, thus doing away with the necessity for the usual emergency doors.



Pen and ink sketch of the Main Banking Room in the Old National Bank of Spokane, Wash., as it will appear when completed.

This will be the first bank in the West in which this improved vault entrance will be used.

Another ingenious and unique feature in the construction of this vault is the sinking of the floor immediately surrounding it, to a depth allowing the full swinging of the doors, thereby effecting a perfectly level entrance into it from the level of the corridor floor. Altogether, the vault may be said to be the most modern and complete in every detail that it is possible to provide.

A BUSINESS MAN'S BANK—THE STATE BANK OF CHICAGO.

LOCATED on the dividing line between the great wholesale and retail districts of Chicago—La Salle street, the Wall Street of the Metropolis of the Middle West—and directly across Washington street from the new city hall and court house, the State Bank of Chicago has the distinction of being virtually in the center of business operations of every kind. Within four blocks of the State Bank are located all the great daily newspapers of Chicago, several of the city's leading hotels, most of the big banks and trust companies, many of the largest wholesale and retail mercantile houses, and innumerable sky-scrapers and business blocks containing the offices and headquarters of professional men, manufacturing plants and business occupations of every description.

PHOTO BY GIBSON, SYKES & FOWLER.

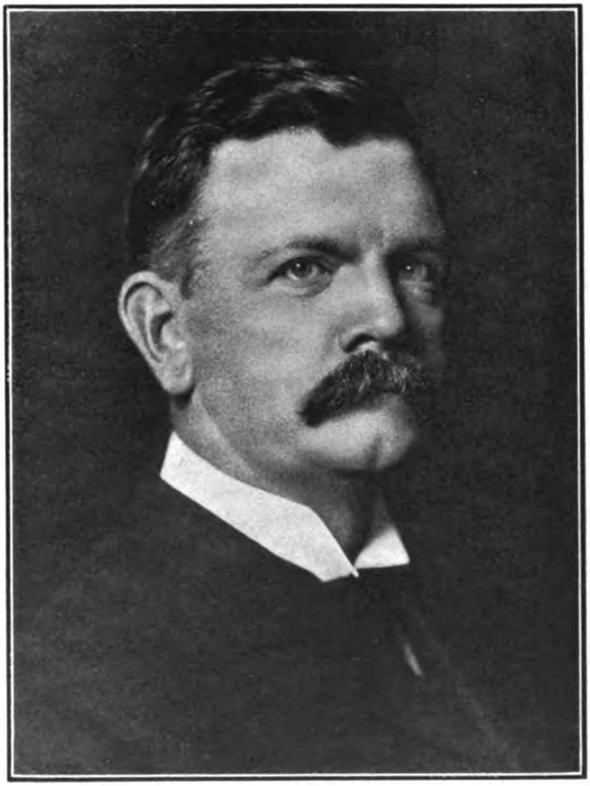
LEROY A. GODDARD

President State Bank of Chicago.

With so much in its favor in the matter of location, and being dominated, as it has been throughout its entire career, by men of the highest integrity and standing in the business world, it is not surprising that the State Bank of Chicago has achieved its present measure of success, even though it has voluntarily limited its field to purely local operations. This is an item of no small import in reckoning the growth of the institution, for it has practically all been accomplished without the aid of out-of-town business. The bank has ever stood for Chicago as Chicago stands for all its local institutions, and its growth is simply a reflection of that policy.

The State Bank of Chicago had its inception in the private banking house of Haugan & Lindgren, which was established by H. A. Haugan and John R. Lindgren in 1879. At that time Chicago had a population of about 460,000, and its banking facilities were proportionately circumscribed. The young men comprising the firm, however, were built of the material which made it possible for Chicago to more than quadruple its population in thirty years, and they forged ahead along the lines of other successful Chicago business men. At the end of the first year the banking house of Haugan & Lindgren had deposits of $33,860, which amount was practically doubled at the end of the second year.

In 1884 Mr. H. G. Haugan, Land Commissioner of the Chicago, Milwaukee and St. Paul Railway, was admitted to the firm and the capital increased to $100,000. In 1887 the deposits had reached $346,551 and by 1890 the firm enjoyed the distinction of being one of the leading private banking firms of the City.



JOHN R. LINDGREN
Vice-President State Bank of Chicago.

Beginning as State Bank of Chicago.

In the year 1891 the bank was incorporated as the State Bank of Chicago, with a paid-up capital of $500,000 and deposits of $1,088,657. Mr. Haugan was elected president and Mr. Lindgren cashier. The first board of directors consisted of Henry C. Durand, John H. Dwight, Theodore Freeman, H. A. Haugan, Charles L. Hutchinson, A. P. Johnson, A. Jurgens, J. M. Larimer, John R. Lindgren, Thomas Murdoch and P. S. Peterson.

By the close of the year 1892 the bank's deposits had passed the two million dollar mark. The years of business depression which followed (1893 to 1896) served to emphasize the institution's stability by a gradual increase in its business, and the year 1897 found it domiciled in the Chamber of Commerce building, at the corner of La Salle and Washington streets, its present location.

In January, 1900, the capital was increased to $1,000,000, after a cash dividend of forty per cent. had been distributed among its shareholders on its previous capital of $500,000. At that time its deposits amounted to $4,696,403. Since then it has sustained the following substantial growth:

	Capital, Surplus and Profits.	Total Deposits.
Jan. 1, 1901	$1,163,301	$7,096,286
1903	1,321,370	10,385,799
1905	1,566,438	12,838,995
1907	1,924,984	16,045,291
1909	2,314,361	19,088,076
July 9, 1909	2,920,514	20,341,800

July 8, of this year, the capital was increased to $1,500,000, which with its surplus and undivided profits, gives the bank a capitalized strength of nearly three million dollars. All of its surplus and undivided profits have accrued from its earnings, and none of its deposits have been gained by purchase or consolidation. The fact that its shares have a market value of $300 on a par value of $100, is proof that it is conducted on the soundest of business principles.

Scope of the Bank.

The scope of the operations of the State Bank of Chicago embraces savings and trust features, it having conducted a savings department from its organization and having qualified as a trust company under the laws of Illinois in 1894, and deposited with the State $500,000 in approved securities to cover its fidelity as trustee, executor, receiver, agent and other capacities. The savings deposits of the bank are equalled by only four other Chicago institutions.

Of the two men who conceived and developed this splendid business man's bank, Mr. Lindgren is the only survivor and is still engaged as vice-president. His reputation as a banker and his standing in the business world are among the most tangible assets of the bank.

HENRY A. HAUGAN
Vice-President State Bank of Chicago.

Mr. Haugan, who died in May of this year, is succeeded as president by Mr. Leroy A. Goddard, formerly president of the Fort Dearborn National Bank. Mr. Goddard is giving the bank the benefit of a ripe experience as a banker and a thorough knowledge of business and financial affairs. Few men have crowded more hours of usefulness into fifty-five years of existence than has Mr. Goddard. At the age of twenty-four he started a private bank in his native town, Marion, Illinois, and in 1890 he organized and became the president of the First National Bank in Mt. Carmel, Illinois. In 1892 he was tendered the cashiership of the Fort Dearborn National Bank of Chicago, where his opportunities for development as a banker were much greater than his previous positions offered. When Mr. Goddard entered the Fort Dearborn National Bank its deposits were $2,000,000. When he resigned from the institution in 1908 they were in excess of $11,000,000. In 1897 he was elected vice-president of the Fort Dearborn and in 1904 he was chosen president. In June, 1908, he was elected vice-president of the State Bank of Chicago, and president in May, 1909. In 1908 he served as president of the Union League Club of Chicago.

Mr. Henry A. Haugan, the second vice-president, received his entire training in the bank, and possesses much of the aptitude for the business that characterized his father, H. A. Haugan, one of the founders of the institution. He is a graduate of Dartmouth College, and is treasurer of the University of Illinois.

HENRY S. HENSCHEN
Cashier State Bank of Chicago.

Mr. Henry S. Henschen, the cashier, has seen twenty years' service in the bank. He is the Swedish vice-consul in Chicago.

The officers of the State Bank are as follows:

L. A. Goddard, president; John R. Lindgren, vice-president; Henry A. Haugan, vice-president; Henry S. Henschen, cashier; Frank I. Packard, assistant cashier; C. Edward Carlson, assistant cashier; Samuel E. Knecht, secretary; William C. Miller, assistant secretary.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—The West Side Bank of New York, of which Christian J. Tietjen is president, is erecting a handsome white marble building for its exclusive use, at the northwest corner of Eighth avenue and Thirty-fourth street, next to its present location at 485-487 Eighth avenue. The new building will adjoin the Manhattan Opera House, and will be only a block from the new Pennsylvania station.

—At a special meeting of the stockholders of the Bankers' Trust Company, August 3, the recently proposed increase of capital stock from $1,000,000 to $3,000,000 was ratified. The new stock is to be issued at 300 and the $4,000,000 thus obtained over requisite $2,000,000 for capital will be added to surplus account. The directors have declared a dividend of $50 a share on the capital, or $500,000 payable out of surplus. As a result of this action the company which before had a capital of $1,000,000 and a surplus of $2,500,000 will now have a capital of $3,000,000 with a surplus of $6,000,000.

—On July 31, the Bowling Green branch of the Equitable Trust Company, No. 26 Broadway, was discontinued and all business transferred to the main office at 15 Nassau street. The branch was formerly the Bowling Green Trust Company, which a few months ago was taken over by the Equitable. Edwin Gould was its president at the time of the absorption.

—J. Sperry Kane has been elected an assistant treasurer of the Knickerbocker Trust Company.

—John J. Riker, a son of the late John L. Riker, who was a director of the Fidelity and Casualty Company, has been chosen to succeed his father in that position.

—At present the Fidelity and Casualty Company has assets of $9,379,327, as against $8,649,885 on December 31, 1908, and the surplus to policyholders is $3,571,734, as against $3,011,834. The unearned premium reserve is $3,671,579.96, as against $3,570,269.09, an increase of $101,310.87, and the loss reserves are $1,664,711.14, as against $1,629,597.62, an increase of $35,113.52.

The cash premium income was $3,480,059.89 in the first six months of 1909, as against $3,349,665.36 in the first six months of 1908, an increase of $130,394.53.

Some part of this excellent result was due to appreciation of securities, but far more to the business proper.

—The new building now in course of construction for the Emigrant Industrial Savings Bank promises to be a noteworthy addition to the group of modern structures surrounding City Hall Park.

With the periodic revival of the project to acquire the land east of Broadway, between Chambers and Reade streets, for a new municipal building or Court House, it was only recently that the bank decided to go ahead with its building operation, but now the work is being pushed with all possible speed, and it is expected that the structure will be ready for occupancy on May 1, 1910.

The building is to be fifteen stories high on a plot fronting 123 feet on Chambers street and 125 feet on Reade street, with a depth of 151 feet, including the site of the bank's present home, as well as the seventy-five foot plot adjoining on the east.

The bank's quarters in the new building will take in the whole of the ground floor and basement with separate entrances on Reade and Chambers streets. The upper part of the structure has been planned by Architect Raymond F. Almirall, with large exterior courts, insuring an abundant supply of light and air for all its rooms.

The facades will be of Indiana limestone, resting on a base of granite. Marble will be the material for the entrances and hallways, and the staircases will be of bronze, in richly ornamented design. No expense will be spared in the building's equipment, and it will be provided with all of the thousand and one conveniences that are to be found in the downtown skyscrapers.

—George S. Mason, formerly connected with Baring, Magoun & Co. and later with Kidder, Peabody & Co., and who has recently been engaged in the bond and foreign exchange business on his own account, has been engaged by the Bankers' Trust Company in their foreign exchange department. He entered upon his new duties on July 26.

—The Bank of Coney Island opened August 10 in the building formerly occupied by the Lafayette Trust Company at Surf avenue and Thompson's Walk. Since the Lafayette Trust closed its doors, a year ago, Coney has been without a bank. Fred Henderson is president of the new institution. The directors are William J. Ward, Charles L. Feltman, Henry Grashorn, Stephen E. Jackman, Joseph Huber, Frederick Kister, Adolph Arrbeiter, Charles G. Balnnanno, Richard Garms, William C. Courtney and James M. Gray. President Henderson said that one hour after the bank opened the deposits amounted to $50,000.

—It is announced that a new savings bank is to be opened in Flatbush. That section of the city has demonstrated unusual activity in every direction this summer, and this institution is destined to meet certain phases of financial needs arising among the inhabitants. It is understood that Superintendent of Banks Clark Williams has approved the purpose of the association, and that the plans for the institution, when formally submitted, will have the complete sanction of the head of the Banking Department.

The men who have organized the "Flatbush Savings Bank," as it will be called, are all well known business men of the city. They are:

Lewis H. Losee, assistant general manager of the Lawyers' Title Company; Dr. Walter B. Gunnison, principal of Erasmus Hall High School; Henry P. Read, iron manufacturer; Jerome Lott; Harry M. DeMott, assistant cashier of Mechanics Bank, Brooklyn; Everett C. Terry, of Case & Terry; William E Harmon, trustee of People's Trust Co.; DeHart Bergen, real estate, Flatbush; John F. James, Jr., president Flatbush Merchants' Association; Benjamin H. Knowles, member of executive committee of Home Trust Company; Asa D. Sawyer; William D. Buckner, president Prospect Park Bank; Hugo Heyman, market provisions; John Reis; Martin L. Hamilton; James H. Oliver, of Oliver Bros.; Alexander McKinney, general counsel of Flatbush Taxpayers' Association.

The bank will be located on Flatbush avenue, near Church avenue, the present financial center of the Flatbush section.

—On Monday, August 16, the Bank of British North America moved across the hall at its old location, 52 Wall street, into the old offices of the National City Bank. The new quarters are very convenient and comfortable.

—The International Banking Corporation, 60 Wall street, is extending its Far Eastern connections by establishing another branch office in China, at Hankow. The institution is the first American banking concern to enter Pekin, having opened a branch there last month. The International Banking Corporation organized in 1902, has $6,500,000 capital and surplus and has other branches in London, Bombay, Calcutta, Singapore, Canton, Hongkong, Manila, Shanghai, Kobe, Yokahama, San Francisco, City of Mexico, Washington, D. C., Panama, Colon and Empire, Canal Zone. General Thomas H. Hubbard is president of the corporation, which is the Government depositary in the Philippine Islands and the Canal Zone in Panama.

—After Sept. 1, 1909, William M. and Harrison M. Wall will become associated with their father, Judson G. Wall, in the business of municipal, railroad and industrial corporation securities at 10 Wall street. The style of the firm after that date will be Judson G. Wall & Sons.

NEW ENGLAND STATES.

—Francis R. Hart, vice-president of the Old Colony Trust Company of Boston, states that his institution is in no hurry to occupy the new building now nearing completion, but thinks the removal will take place before winter.

—Officers of the Haverhill (Mass.) Savings Bank for the current year are as follows: President, Elbridge G. Wood; vice-president, Wm. W. Spaulding; trustees, R. Stuart Chase, John L. Hobson, Elbridge G. Wood, William H. Floyd, F. E. Hutchinson, Wm. E. Bixby, John A. Colby, Isaac Poor, Wm. W. Spaulding, E. G. Frothingham, Warren Emerson, Ira J. Webster; treasurer, Raymond Noyes; investment committee, Elbridge G. Wood, Wm. W. Spaulding, Warren Emerson.

—C. A. Pingree of Georgetown, Mass., has been chosen as cashier of the Essex National Bank, to succeed Jonathan Russ, deceased. Mr. Pingree acted in that capacity during the illness of Mr. Russ, and is well and favorably known.

—At a meeting of the incorporators of the Berlin Savings Bank of Kensington, Conn., the following officers and trustees were elected for the ensuing year: William Bulkley, president; Edward Alling, vice-president; Theron Upson, secretary and treasurer; Frank L. Wilcox, Roger M. Griswold, E. W. Mildrum, Daniel Bradley, directors. Francis Deming was elected assistant treasurer. A semi-annual dividend of two per cent. was declared, and the annual report showed that the surplus had been very materially increased the past year.

—The Winsted Savings Bank, at its annual meeting, elected the following officers for the ensuing year: President, A. L. Clark; vice-president, E. H. Persons; secretary and treasurer, George S. Rowe; directors—R. E. Holmes, D. L. Vaill, S. Landon Alvord, Ralph W. Holmes, A. L. Clark, E. H. Persons and George S. Rowe.

—George M. Welles has been elected president of the People's Savings Bank of Woonsocket, R. I. Other officers elected for the year are: E. C. Delabarre, vice-president; treasurer and clerk, Reuben G. Randall; trustees, George M. Welles, E. C. Delabarre, John R. Boyden, Alphonse Gaulin, Sr., Charles I. Welles, Harry L. Delabarre, Arthur C. Milot, William S. Preston, James M. McCarthy, Henry F. Sayles, George Schlosser and R. G. Randall.

EASTERN STATES.

—John E Haines has resigned as assistant cashier of the Federal National Bank of Pittsburgh, and is succeeded in that position by H. W. Loos.

—The Tradesmen's National Bank of Philadelphia has awarded the contract for the remodeling of its new banking quarters, at 431 Chestnut street, to Henry E. Baton. This property, which was purchased some time ago from the Finance Company of Philadelphia, consists of a granite building on a lot 30x173 feet, and is assessed for $100,000.

Officers of the Tradesmen's National Bank are: President, George H. Earle, Jr.; vice-presidents, August B. and Howard A. Loeb; cashier, H. D. McCarthy; directors, Henry C. Butcher, Richard Y. Cook, George H. Earle, Jr., Bayard Henry, Herbert M. Howe, August B. Loeb, Howard A. Loeb, H. D. McCarthy, John B. Parsons, James F. Sullivan, Rollin H. Wilbur, Joseph M. Steele. The bank expects to occupy its new quarters by the first of next year.

—Under the able direction of Benjamin Githens, who has been president of the Corn Exchange National Bank of Philadelphia for the past nine years, that bank has nearly trebled its resources.

Ten years ago the surplus of the Corn Exchange National Bank was less than $500,000 and the deposits were a little less than $7,000,000. To-day the surplus is $1,200,000 and the deposits nearly $19,000,000.

—Directors of the Merchants' National Bank of Allentown, Pa., by unanimous vote have elected Thomas F. Diefenderfer president of the institution.

—Authority to begin business has been given the Farmers and Mechanics' National Bank of Bridgeton, N. J., with a capital of $150,000. Reuben C. Hunt is president and Archer Platt cashier.

—Frederick W. Egner, for many years secretary and treasurer of the Fidelity Trust Company of Newark, N. J., has been elected third vice-president, but continues also as secretary. Jerome Taylor was elected treasurer, and will discharge the duties of that office in connection with his present office as trust officer.

—At the close of business, July 31, the First National Bank of Frederick, Maryland, went out of existence. Its stock has been bought up by a syndicate working for the Central National Bank, by which the First will be absorbed. The bank was founded in 1865, its charter number being 1,589.

—Grange Sard has resigned as vice-president and director of the National Commercial Bank of Albany, New York, and his son, Russel E. Sard, has been elected a director in his place.

—Directors of the Bank of Gouverneur, Gouverneur, N. Y., met on August 10, and

elected Henry Sudds president, to succeed Newton Aldrich, deceased. Herbert S. Aldrich was elected vice-president and James O. Sheldon was appointed cashier.

MIDDLE STATES.

—John W. Low, of the firm of Wayne and Low, Chicago, has been elected a director of the National Produce Bank of Chicago.

—James R. Chapman, vice-president of the American Trust and Savings Bank, of Chicago, on reaching his office, July 29, found his desk covered with roses, the gift of the employes of the bank. It was the twentieth anniversary of the opening of the bank, and Mr. Chapman was with the institution when it started. The only other person who has been connected with the bank from the beginning until now is Gilbert B. Shaw, its first president and now a director. Mr. Shaw was succeeded in the presidency several years ago by Edwin A. Potter. Mr. Chapman left a position as note teller in the First National to become assistant cashier of the American Trust. After a few months he was made cashier and held that position until about nine years ago, when he was made vice-president. In addition to being a capable and thoroughly trained banker, Mr. Chapman has personal qualities that have endeared him to his associates and his subordinates and have made him many warm friends among the patrons of the bank. The American Trust was the first of the trust companies to be started under the banking law passed in 1889. It began business in small quarters in the Owings (now the Bedford) Building, at Dearborn and Adams streets. It has upward of $33,000,000 of deposits and $3,000,000 of capital, and is now consolidated with the Continental National Bank.

—Several changes in the officers of the Drovers' Deposit National Bank of Chicago became effective August 1.

John Fletcher, former assistant cashier, now discharges the duties of vice-president, and J. C. Morrison and H. P. Gates are serving as assistant cashiers.

—N. W. Harris has purchased for the Harris Trust & Savings Bank of Chicago, of which he is president, a plot ninety-one feet by 189 feet in the heart of the financial district, 140 to 146 Monroe street, Chicago. This plot is within two blocks of all the principal banks of that city. The purchase price was about $1,000,000. Plans are being drawn for the erection of a twenty-one-story modern office building, to cost approximately $1,500,000.

—In order to meet the imperative requirements for space, resulting from the merging of the American Trust and Savings Bank and the Continental National Bank, H. M. Byllesby & Co. have vacated the fifth floor of the American Trust building and taken temporary offices in the banking rooms at the corner of Dearborn and Monroe streets, Chicago, formerly occupied by the Commercial National Bank. On October 1, the firm will move to the banking rooms at present occupied by the Continental National Bank and will remain in that location until they return to the American Trust building on June 1, 1910.

—Fred W. Ellsworth, for seventeen years connected with the First National Bank of Chicago in various capacities, and latterly

Fred W. Ellsworth.

manager of its department of new business, is now associated with Trowbridge & Niver Co., the Chicago bond house.

—Charles G. Brown, vice-president of the Illinois National Bank of Springfield, Ill., has been chosen president in succession to the late A. Farr.

—Ross H. Wallace, assistant secretary of the Union Trust Co., of Indianapolis, Ind., has resigned his position with that institution, in order to accept the position of cashier of the Union National Bank of the same city.

—The City Bank of Kalkaska, Mich., has been reorganized as the Peoples State & Savings Bank, with a capital of $20,000. Wm. Childs, cashier, will continue as active head of the reorganized bank. The City Bank has been in existence since 1893, and has built up a splendid business, largely owing to the efforts of Cashier Childs, who has been connected with the institution for the past seven years. The stock of the new bank is all held in Kalkaska County. The officers of the new bank are: President, A. E. Bowerman; first vice-president, Solomon Loeser; second vice-president, F. E. Joy; cashier, Wm. Childs.

—The Ann Arbor, Mich., Savings Bank was organized in 1869 and to-day reports a capital of $50,000, surplus of $250,000 and resources of $2,692,724. Deposits are well over $2,000,000, and altogether the bank is in a most prosperous condition. Charles E. Hiscock is president; W. D. Harriman, vice-president; Michael J. Fritz, cashier; Carl F. Braun, assistant cashier, and Wm. L. Walz, assistant cashier savings department.

—On the morning of August 2, the Highland Park State Bank of Highland Park, Mich., opened for business. One of the features of the new bank is the fact that no officer, director or employe will be permitted to borrow a dollar of the bank's funds, directly or indirectly. A new building, modern in every particular, and costing $20,000, stands completed and occupied by the bank. Seventy-five thousand dollars in deposits were taken in during the opening day, and the outlook for future success is bright.

Ernest G. Liebold, the cashier, is an experienced banker, and with the co-operation of the president, James Couzens, and the vice-president, James I. Whitehead, expects to build up a comfortable business.

—Carl Penshaw has become a vice-president of the Milwaukee National Bank, of Milwaukee, Wis., succeeding the late John P. Murphy.

—Directors of the Scandinavian National Bank of Minneapolis, Minn., have voted to increase the capital stock from $250,000 to $500,000.

—A deal whereby the Commercial Bank & Trust Co. of Louisville, Ky., becomes the purchaser of the assets of the Continental National Bank of the same city was consummated on July 24. The amount involved in the purchase is said to be about $1,000,000, which represents the deposits and capital of the Continental. President W. H. Netherland and Cashier C. W. Dieruf of the Continental National become, respectively, third vice-president and cashier of the Commercial, and Mr. Netherland also becomes a director. The other officers of the Commercial remain as at present, and are: Sam P. Jones, president; Caldwell Norton and Hewett Brown, vice-presidents. Louis F. Metz, former cashier of the Continental, will become assistant cashier. The Commercial Bank & Trust Co. has a capital of $500,000, surplus and undivided profits of $41,102, and, with the acquisition of the Continental National, deposits of $1,671,121. The Continental was formerly known as the Western Bank, and was organized in 1872 with a capital of $300,000. Subsequently it closed and then reopened as the Continental, with T. L. Jefferson at its head.

—Charles F. Enright, vice-president and treasurer of the Missouri Valley Trust Co., of St. Joseph, Mo., and Albert Enright, his brother, have disposed, it is stated, of their holdings in the institution to Milton Tootle and Graham G. Lacy. The reason given for the transfer of interests is that Charles F. Enright is interested in railway enterprises, to which he will devote his time in the future. He is succeeded as treasurer by William A. Evans.

—On August 2, the First National Bank of Louisville, Ky., became the property of the Kentucky Title Savings Bank of that city. Over a million dollars is involved, but for the present each institution will maintain its identity.

SOUTHERN STATES.

—Consolidation of the Maury National Bank and the Farmers & Merchants' Bank, both of Columbia, Tenn., has been ratified by the stockholders. The new bank will be known as the Maury National Bank, and will occupy the same building as the present institution. The bank is capitalized at $200,000, with an additional stockholders' liability of $200,000, with deposits aggregating $1,000,000. It is possibly the strongest bank outside the large cities of the state.

The officers of the institution will be as follows: R. C. Church, president; W. P. Ridley, J. F. Brownlow and John W. Fry, vice-presidents; C. A. Parker, cashier; H. B. Cochrane, teller. The directors will be as follows: W. P. Ridley, R. C. Church, G. T. Hughes, James Andrews, Jr., J. D. Barrow, Dr. J. A. Edwards, B. P. Dalton, R. L. McKinney, J. F. Stockard, W. V. Thompson, B. A. Satterfield, J. C. Wooten, Dr. J. W. Woodard, C. A. Parker, E. E. McLemore, G. W. Killebrew, W. B. Turner, W. C. Salmon, John W. Fry, J. P. Brownlow, J. F. Brownlow, C. H. Sharp, M. E. Wheeler, W. J. Howard and J. O. Cheek.

The Maury National Bank building is in

excellent condition, and no changes will be necessary. The Farmers & Merchants' Bank had a lease on the building they were occupying and will retain possession of it for the present, though they have a number of offers for it and will eventually sub-let it.

—Directors of the Loudoun National Bank of Leesburg, Va., have elected William F. Lynn president of the institution, to fill the vacancy caused by the recent death of Capt. William B. Lynch.

Mr. Lynn has held the office of vice-president of the bank for several years, is familiar with its financial affairs, and has been active in its management. R. H. Lynn, president of the American National Bank of Washington, is a son of the Leesburg banker.

—The Georgia State Savings Association, of Savannah, Ga., a new financial institution, has been granted a charter by Secretary of State Philip Cook. The capital stock of the association is to be $325,000, and it is to do a general savings bank business. The incorporators are B. H. Levy, E. W. Bell, Julian Schley, H. E. Dreeson, C. G. Anderson, Jr., W. H. Stillwell, J. F. Buckner, W. K. Bell, G. W. Tiedeman and F. T. Saussy, all of Savannah.

—All the old board of directors of the Bank of Newton, Miss., were re-elected at a recent stockholders' meeting. A dividend of ten per cent. was also declared, and the directors met and elected W. W. Fant active vice-president and manager, and J. M. Cole, cashier. Other officers were re-elected.

—To fill the vacancy left by Wyatt H. Ingram, Jr., former trust officer of the Hibernia Bank & Trust Co., of New Orleans, the directors of that institution have elected R. Joseph Druhan, formerly assistant cashier, to that position. Mr. Druhan has been with the Hibernia Bank & Trust Co. since 1893, serving as assistant cashier since 1905, in which position he is now succeeded by W. B. Machado.

—H. N. Tinker, active vice-president of the Union Bank and Trust Company of Houston, Texas, has organized and is president

H. N. TINKER

President New Bankers Trust Co. of Houston, Texas; Vice-President Union Bank and Trust Co., Houston.

of the Bankers' Trust Company of Houston, capitalized for $500,000, surplus $25,000.

There are nearly three hundred stockholders scattered through seven states, and among these are a number of the most substantial financiers of St. Louis, who will work in harmony with the local officials in handling investments in Texas.

The Bankers' Trust Company will occupy the second floor of the new twelve-story office building at the corner of Main and Preston streets, which floor is being especially prepared with fixtures and vaults, and thus will be an ideal location for the high class business to be conducted. A regular trust company business will be carried on under the direct management of department heads. The company, while being closely identified with local enterprises, will not be run in the interest of any particular faction, being organized to be of use to the community, and to the profit of its large list of shareholders, whose support alone assures its success. Many of the principal bankers of the state and the United States are closely associated, forming a connection which will greatly facilitate the handling of Texas securities and loans, it being one feature to buy good notes and make loans on real estate not to exceed fifty per cent. of real cash value. All these notes will be for sale to any investor. Other departments are the public audit or accountant, legal, rental, collection, publicity, abstract, money order and real estate. No money will be received except for investments.

—The Commercial National Bank of Houston, Texas, has stepped into a class ahead by the recent increase in its capital stock, which occurred at the last directors' meeting, when they voted to increase from $300,000 to $500,000. This with the surplus and undivided profits puts the bank on a $1,000,000 footing and makes it the second concern of this magnitude in Houston.

In noting this step forward it is interesting to look backward just a few years and note the growth of this institution. It was organized in 1886 with a capital stock of $200,000. In 1902 it voted an increase of capital stock from $200,000 to $300,000. At the time of the vote for the increase of capitalization from $300,000 to $500,000 there was a surplus of $500,000 and undivided profits of $150,000.

The bank had been growing so rapidly and so far ahead of its capital stock, as far as its loaning capacity was concerned, that it was forced to increase its capital stock so that it would not cripple its loaning power. The law provides that a loan to single individuals must not exceed ten per cent. of the capital stock and surplus, provided, however, that this loan does not exceed thirty per cent. of the capital stock. Prior to voting the increase in capitalization, a special dividend of thirty-three and one-third per cent. was declared and paid out of the undivided profit account, and most of the money realized from this dividend was paid directly back into the company on new stock. The old stockholders took up the new issue after the increase.

The deposits of the company for the past year, including individual and bank deposits (about equally divided), will average $4,000,000. As the bank stands now there is a capital stock and surplus of $500,000 each, with undivided profits after deducting the thirty-three and one-third per cent. dividend of $50,000.

—Announcement was made July 28 that the American Trust Company of Houston, Texas, with a capital stock of $300,000, is being organized by Houston bankers and capitalists. W. E. Richards, president of the American National Bank, is the prime mover, and will be at the head of the new enterprise.

It is understood that this company will operate under the old charter of the Park Bank and Trust Company of Beaumont, which charter the American Trust Company has purchased from the Commercial Bank of Beaumont.

In addition to Mr. Richards as president, the American Trust Company will have Garey Haynes as vice-president, and E. L. Crooker as secretary and treasurer.

This makes the fourth trust company organized in Houston during the year 1909, the list being as follows:

Texas Trust Company, capital $500,000, surplus $125,000; Jesse H. Jones, president.

Bankers' Trust Company, capital $500,000, surplus $25,000; H. N. Tinker, president.

Texas Loan and Guaranty Company, capital $500,000, surplus $50,000; W. E. Richards, president.

American Trust Company, capital $300,000; W. E. Richards, president.

—The State Bank Examiners of Texas met recently in Austin and organized a State Bank Examiners' Association, the object of which will be to foster the work of the bank examiners, aid in its efficiency, and also prove a benefit to the Department of Insurance and Banking.

Officers elected were: President, Edwin Hobby; vice-president, William Z. Hayes; secretary-treasurer, August de Zavala.

In the new association are ten members, the six newly-appointed examiners, Robert E. Chambers, George L. Campbell, A. D. Thompson, C. S. Holderness, John K. Woods and B. B. Samuels, as well as the four old examiners, Edwin Hobby, August de Zavala, Paul Smith and William Z. Hayes. All are state bank examiners, and will, through their association, try to benefit one another, the Banking Department, and the banking concerns of Texas.

WESTERN STATES.

—At a recent directors' meeting of the Pueblo, Colo., Savings Bank it was decided to convert the bank into a trust company, with largely increased capital. The new institution will be known as the Pueblo Savings and Trust Company. The officers and directors of the new institution are: President, Alva Adams; vice president, John A. Thatcher; cashier, W. K. Dudley; assistant cashier, Dwight C. Meigs; directors, Alva Adams, John A. Thatcher, M. D. Thatcher, Chris. Wilson, W. L. Graham, Geo. J. Dunbaugh and W. K. Dudley.

—At the annual meeting of the directors of the Continental Trust Company of Denver, Colo., Robert B. Gaylord was elected second vice-president of the company. Mr. Gaylord has heretofore been identified with insurance interests, and the trust company has decided to enlarge its sphere through the addition of both insurance and bonding departments. It is stated that Mr. Gaylord will have charge of the fire insurance department.

—About 125 state bankers of Kansas met in Topeka in July and organized an association to act independently of the regular Kansas Bankers' Association.

This is not a secession movement on the part of the state bankers from the parent association. It is an independent side issue and was organized for the purpose of enabling the state banks to protect themselves in case a fight comes with the national bankers over bank guaranty.

The officials of the new association are: President, C. N. Prouty, Kansas City, Kas.; first vice-president, William McFerran, Topeka; second vice-president, George W. Robinson, Wichita; secretary, W. E. Wilson, Washington; treasurer, John R. Mulvane, Topeka.

The next meeting will be held at Topeka in November. In the meantime the bankers interested will try and get all the state bankers who participated in the state guaranty fund to join the new association.

—South Omaha, Neb., has been selected as a Government reserve city, and thus is ended a long contest for the honor between Omaha and South Omaha.

—A syndicate of capitalists has purchased the First National Bank of Tulsa, Okla., the oldest banking institution in the city, and J. F. Orr has succeeded A. F. Ault as president. Under the new management, W. E. Gordon becomes cashier.

The bank is capitalized for $125,000, and has deposits aggregating $600,000.

—At Knowles, N. M., in the eastern part of Eddy County, the First National Bank, with a capital stock of $25,000, has been chartered, and expects to be open for business in a new building by September. Local residents hold a majority of the stock.

—Since the plans for oganizing an Indian owned and managed bank at Lapwai, Idaho. have been abandoned, business men have organized a bank and will take charge of the building now under construction for the Indian institution. J. J. Shultz, formerly president of the First National Bank of Cottonwood, will occupy a similar office in the new institution. The bank will be opened in a few weeks. An architectural feature of the structure is an Indian tepee with an open flap on the roof. The structure is modern, and was built not only for its architectural lines, but with a view to conforming to modern bank building ideas. Corbett Lawyers, a full blooded Indian and graduate of Carlisle, was the promoter of the Indian bank, but was unable to give it his attention.

—The First State Bank of Kellogg, Idaho, has been organized with a capital of $40,000. B. F. O'Neil, president of the State Bank of Commerce of Wallace, Idaho, is head of the organization. J. R. Waldron will be cashier. The bank has awarded a contract for a brick structure to be ready in November.

PACIFIC STATES.

—The Colville Trust Company has opened a bank at Colville, Wash. It has a capital stock of $25,000, is organized under the state law and will be under the management of George W. Seal. This is the third bank for Colville.

—Employes of the Spokane and Eastern Trust Company of Spokane have organized the Bankers' Investment Company of Spokane, with a capital of $25,000, and will erect a three-story building, costing $30,000, at Nora avenue and Division street, where a site has been bought for $10,500. There will be storerooms on the ground floor, and the upper stories will be used for hotel purposes. The officers of the company are: President, Frank W. Williams; vice-president, W. W. Tolman; secretary, Ernest Weinss, and treasurer, E. J. Armstrong. The building will be ready for occupancy in July, 1910.

—A new state bank has been organized at Chewelah, Wash., with a capital of $50,000. R. Peck, formerly cashier and organizer of the Farmers State Bank of Hamilton, Mont., will be cashier of the new bank, he having disposed of his interests at Hamilton.

—O. M. Greene, a banker from Winona, Minn., has taken a position with the Exchange National of Spokane, and will be assistant to the president, E. T. Coman. Mr. Greene will be in charge of the credit department. For thirteen years Mr. Greene was connected with the Second National of Minnesota, and later was assistant cashier of the First National of Winona.

—Harry B. Lear has resigned as cashier of the Green Lake State Bank, to accept the cashiership of the University State Bank of Seattle. He succeeds J. B. Gibbons, and was succeeded at the Green Lake State Bank by Lee S. Forbes.

—An important change has just taken place in the officers of the American National Bank of Pendleton, Oregon. T. J. Morris, who has been president of the bank for some time, retires, to give his attention to his private affairs, and W. L. Thompson, formerly cashier, takes his place. T. G. Montgomery, assistant cashier, is promoted to the office of cashier, and W. S. Beadley is made first assistant cashier. There is to be no change in the policies of the institution.

—T. J. Kirk has succeeded H. C. Adams as president of the First National Bank of Athena, Oregon, and D. H. Preston has succeeded to the vice-presidency, made vacant by Mr. Kirk's assumption of the presidency.

—The proceedings of the fifteenth annual convention of the California Bankers' Association, held at Del Monte, Cal., May 27, 28 and 29, 1909, have been put in neat book form, and distributed to the association's members. About 250 pages are devoted to a verbatim report of the proceedings of the convention, in which appears much instructive matter and some of an amusing nature, while all of it is interesting. The report of the proceedings at the convention is very aptly followed by the text in full of the Bank Act of the State, which became effective July 1, 1909. The contents of the book are copiously indexed, favoring convenient reference to any subject treated. Excellent typographical work and a neat binding makes the book one which any banker can keep in his library for reference.

—An increase in capital, from $100,000 to $250,000, has been put into effect by the Alameda Savings Bank of Los Angeles.

—Zoeth S. Eldredge has resigned the presidency of the National Bank of the Pacific, San Francisco, and has been succeeded by Clarence Grange, vice-president of the Western National and the Metropolis Trust and Savings Bank. It is believed that the National Bank of the Pacific will be consolidated with the Western National or liquidated.

—When the All Night and Day Bank of Los Angeles began business, on January 4, 1909, and announced its intention of remaining open continuously from Monday morning to twelve o'clock Saturday night, there were some who said the bank could not succeed. To-day, after eight months of gratifying success, even the doubters must admit that the bank which accommodates the public will always be successful.

On July 24 the All Night and Day Bank opened 101 new accounts, and for the 171 days of business up to July 28, 6,000 new accounts were opened.

When the bank's first and most recent statement was issued, July 19, it showed assets of $503,036.31, surplus and undivided profits of $8,347.19 and deposits of $405,-089.12.

—To conform with the new law and better to define the scope of the concern, the Los Angeles Trust Company has changed its name to the Los Angeles Trust and Savings Bank. The company always has done a savings bank business. Gen. Robert Wonkowski, cashier, may be the next mayor of Los Angeles, if the wishes of his friends prevail.

—The First National Bank of Berkeley, California, has had a profitable six months for the term ending June 30, 1909. The sum of $50,000 was carried from the undivided profit account to the surplus account, making a total surplus of $200,000, and $14,-000 remains in undivided profits. This bank has, for a number of years past, paid dividends at the rate of ten per cent. per annum. The dividend rate has been increased to sixteen per cent. from July 1.

Work on the addition to the First National Bank building is progressing, and the officers state that they expect to occupy the improved quarters before the first of the year. When the addition is completed the lobby in the new banking room will be 120 feet in length. Pneumatic transmission tubes and modern devices will be installed to facilitate the handling of business.

Officers and directors of the First National Bank, Berkeley, Cal., and the associated institution, the Berkeley Bank of Savings and Trust Co., are: A. W. Naylor, president; Frank M. Wilson, vice-president; F. L. Naylor, cashier; Frank C. Mortimer, asst. cashier; W. S. Wood, trust officer. The combined deposits of the banks are $4,201,271.74.

CANADA.

—H. C. Ferguson, manager of the Melbourne, Ont., branch of the Home Bank of Canada, has been transferred to the same position in the Ilderton, Ont., branch, being replaced at Melbourne by H. D. A. Mackenzie, from the Church street branch at Toronto. H. S. Womack, manager of the Ilderton branch, goes to the Fernie, B. C., branch, to be its accountant.

—The Merchants' Bank of Canada has opened a branch at Acme (Tapscot Post Office), Alberta. A branch of the same bank at Carbon, Alberta, has been closed.

—R. R. Wallis, formerly accountant at the Bank of Montreal, Winnipeg, has been appointed assistant manager of the bank's chief branch at Vancouver, to take the place of Mr. Cronyn, who has become manager of the Northern Crown Bank at Toronto.

—Royal Bank of Canada interests have recently purchased shares in the Montreal Trust Company, and it is understood that the amount acquired constitutes a controlling interest. The Montreal Trust Company, until lately known as the Montreal Trust & Deposit Company, took action toward increasing its capital from $500,000 to $1,000,000 in January. It is stated that H. S. Holt, president of the Royal Bank, will become president of the trust company.

—The Royal Bank has opened a branch at Cranbrook, B. C., under the management of W. A. Schwartz. The bank has also established a branch at New Alberni, B. C., with R. H. Prescott as manager, and one at Hillcrest, Vancouver, under the direction of F. L. Magee, manager at Vancouver.

BANKS CLOSED AND IN LIQUIDATION.

CONNECTICUT.

Bridgeport—Bridgeport National Bank; in liquidation, July 20.

MARYLAND.

Frederick—First National Bank; in liquidation, August 2.

MINNESOTA.

Elgin—First National Bank; in liquidation, July 31.

MISSOURI.

Kansas City—Union National Bank; in liquidation, January 12.

OKLAHOMA.

Ardmore—Bankers National Bank; in liquidation, July 15.
Keota—First National Bank; in liquidation, July 26.
Tuttle—First National Bank; in liquidation, July 1.

PENNSYLVANIA.

Punxsutawney—First National Bank; in liquidation, August 17.

TEXAS.

Ochiltree—Ochiltree National Bank; in liquidation, July 20.

VIRGINIA.

Norfolk—Traders & Truckers Bank; closed, August 16.

"MY TRIP TO DETROIT."

THE Burroughs Adding Machine Co. has issued a very attractive booklet with the above title, which it gives away to visitors. It is a notebook containing facts and views of Detroit and the Burroughs plant. The Burroughs factory is open to visitors and a large number of guides is always in readiness, so that visitors are always assured of an opportunity to make a complete inspection of the plant—the largest adding machine factory and one of the most interesting industrial enterprises in the world.

PUBLISHERS ANNOUNCEMENTS

HERRICK'S "TRUST COMPANIES."

WE are pleased to be able to state that the long-expected book on "Trust Companies, Their Organization, Growth and Management," by Clay Herrick, is now published. There was so much interest in this book that on the day of publication we had over a hundred advance orders for it to fill, and it has been selling rapidly ever since. It is receiving most enthusiastic commendation from those who have secured a copy and are using it. We expect that it will shortly become the standard book on this subject.

LIKES OUR EDITORIALS.

June 22, 1909.

GENTLEMEN:

I am frank to say that no magazine comes to my desk that is more appreciated than THE BANKERS MAGAZINE. It deals with the topics and says the things I am most anxious to know about in a banking way. Your strike-from-the-shoulder editorials are exactly to my liking both in style and in policy, and each department is especially strong.

Yours very truly,
D. N. STAFFORD, Cashier,
Bank of Seneca, Seneca, Mo.

THE INVESTMENT DEPARTMENT.

OUR new department of "Investments" is being very favorably received, as may be judged from the following letter, typical of a number which have come to us since this department was inaugurated:

The North Carolina Bankers' Association, Henderson, N. C., July 21, 1909.

Gentlemen:

I have received notice of your very interesting announcement to the bankers and investment houses, relative to the new department you expect to inaugurate, and publish through THE BANKERS MAGAZINE. This department should be of great value to every institution and every individual interested in any way in investment matters, and your publication should be congratulated upon the inauguration of such a department.

Wishing you much success in this new undertaking,

Yours very respectfully,
W. A. HUNT, Secretary.

NOW FOR FALL ADVERTISING.

NOW is the time for banks and trust companies to take up the matter of their Fall and Winter advertising campaigns. We beg to call attention this month to our new advertisements concerning our facilities for helping banking institutions with this important part of their work. We are now better equipped than ever before to give banks sensible and effective service in this particular.

WHENCE THE PORTO RICANS?

DR. J. W. FEWKES says, in Volume XXV. of the Reports of the American Bureau of Ethnology, that there is reason for thinking that Porto Rico and the adjoining islands have been peopled from the Valley of the Orinoco instead of from Yucanta. When first occupied by man, Porto Rico may have been part of a peninsula connected with South America. Its fauna and flora are of the South American type and it contains relics of a forgotten race which show evidence of a high grade of culture. Few traces of these aborigines are now to be found except in the interior of the island. Among the curious remains are stone-inclosed plazas, on which ceremonial dances were performed. The remains of carved idols and pottery show no small degree of skill and taste. No traces of stone buildings resembling those of the Mayas are found, but the houses are of the South American type. The manner of disposing of the dead also resembles that practiced in the Valley of the Orinoco.—*Youth's Companion.*

NEW PRESIDENT AMERICAN BANKERS' ASSOCIATION.

LEWIS E. PIERSON, the new president of the American Bankers' Association, is president of the Irving National Exchange Bank, of New York City, which is known as the "bill of lading bank," because of the large business it transacts among wholesale merchants and others who use the bill of lading as a basis of credit.

He is thirty-eight years old and a native of Metuchen, N. J. He entered the employ of the Hanover National Bank in 1885, and in 1898 was appointed cashier of the New York National Exchange Bank. He was subsequently made vice-president, and on January 12, 1904, at the age of thirty-three, assumed the presidency. The New York National Exchange Bank absorbed the Irving National in 1906, and Mr. Pierson retained the presidency of the enlarged institution.

As chairman of the Bill of Lading Committee of the American Bankers' Association he has been active in the fight made by the banks and commercial bodies to compel the railroads to safeguard the bill of lading as an instrument of credit. Through the extensive commercial and mercantile connections of the New York National Exchange Bank he has been able to crystallize a strong sentiment in favor of the proposed reforms. At the bill of lading conference held at Chicago Sept. 13, 1909, at which Mr. Pierson presided, commercial bodies of all sections of the country were represented.

,Mr. Pierson is a former president of the New York State Bankers' Association.

LEWIS E. PIERSON
New President American Bankers' Association.

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR — OCTOBER, 1909 — VOLUME LXXIX, NO. 4

POLITICAL ASPECTS OF THE CENTRAL BANK PLAN.

NOTHING more significant politically and financially has happened in a long time than the declaration made by President TAFT in the recent speech before the Boston Chamber of Commerce in which the President came out in favor of the central bank scheme and also praised the work of Senator ALDRICH. This may be taken as indicating that in the next general election, or possibly in the Congress elections of 1910, the Republican party will be committed to the central bank idea, and to the kind of monetary legislation favored by Mr. ALDRICH.

We have no purpose at this time to discuss the merits and defects of the central bank proposition. We have declared more than once that as between the present system and the central bank the latter is preferable. But, in our judgment, it would be better to permit all existing banks to issue credit notes, under proper restrictions, or if the note-issuing privilege is to be limited to certain institutions, that all the reserve city banks be made banks of issue. This, in our opinion, would have the advantages of the central bank plan without the objectionable features appertaining to the latter.

But it is rather in its political than financial and banking aspects that the central bank proposal now becomes of interest. What will be the effect upon the relations of the two parties? Will the dead Democracy be galvanized into life by this issue which will recall the stirring memories of the days when the Hero of New Orleans was a popular idol?

Undoubtedly the central bank scheme will widen the breach between the Eastern and Western Republicans which was plainly manifest in the recent tariff legislation. Will the disruption be so great as to bring the Democracy into power? That will depend upon the course taken by the opposition party. If the Democratic party shall confine itself purely to a policy of negation, offering nothing better than the central bank plan, the latter will go through with a rush. But if the Democrats shall have the political sagacity to bring forward a sound measure, and one that would be free from the valid objections which may be urged against the central bank, they will have a good chance of dislodging the Republicans from power.

If, under the leadership of someone like Governor HARMON of Ohio, the Democrats should propose a credit currency to be issued by all the existing banks, or a plan limiting the issue of bank notes to the reserve cities, or some form of union of banks through the clearing-houses, they would have the advantage of a measure equally as serviceable as the central bank and much less open to hostile criticism. But, on the other hand, if they merely attack the central bank scheme, proposing nothing better, or if they propose something worse—like the issue of Government paper "money," for example—the Republicans will have nothing to fear.

One of the most popular men ever in public life was HENRY CLAY of Kentucky. He made the United States bank a political issue, and upon that issue he was defeated for the Presidency. Whether Mr. TAFT and Mr. ALDRICH can carry to success a measure too burdensome for the "Mill Boy of the Slashes," remains to be seen.

Already there is a pretty sharp cleavage between the Eastern and Western Republicans, and it is believed that the central bank issue will increase the existing hostility of the two factions. Many people think they see in Senator ALDRICH's central bank plan a design to concentrate financial power in the hands of certain favored interests. However this may be, we do not believe that a central bank system is the best thing, either from a banking or political standpoint. What we greatly fear is that this proposal will provoke such bitter antagonism that no currency legislation of any kind will be obtainable. This would be unfortunate, for reform is urgently needed.

We hope to see some alternative proposal brought forth that will effect the beneficial changes in our currency and banking systems that are seen to be desirable, but that will be entirely fair to all and not open to the objection of being a monopoly. Such a measure, in short, in whose support all patriotic citizens can be united.

JAPAN'S statesmen apparently do not believe that a public debt is a public blessing. According to a recent Tokio dispatch, a sum is to be set aside annually for paying the interest and principal of the debt so that in twenty years the total debt may be wiped out. Unforeseeable circumstances may prevent these expectations from being fully realized, but no doubt the debt will be rapidly and steadily reduced.

The Japanese policy is a wise one, for in time of peace if large sums are applied to debt reduction the Government will be in a much better position if war should occur, being able to borrow larger sums and at more favorable rates than would be possible were a huge debt already hanging over the country.

Although a much wealthier nation than Japan, the United States has not of late years consistently followed a policy of debt reduction. This has been due partly to the fact that the extension of the functions of the Federal Government has opened up new sources of expenditure, and partly to the fact that our antiquated system of issuing bank circulation really compels the maintenance of an enormous public debt so that the banks may have a basis for their circulating notes.

While the credit of the United States remains good and the debt is not burdensome, yet with such abundant revenues at command both the greenbacks and the bonded debt might have been paid off long ago, thus effecting an immense saving and placing the country in an unassailable position should an emergency arise calling for a large use of the public credit.

GRADUALLY American banking-houses are obtaining a share in international financial operations. Quite recently a transaction was reported in which Messrs. George W. Young & Co. of New York provided the $12,000,000 necessary for refunding the debt of Guatemala.

Possibly of late years our great banking institutions have not given proper attention to the opportunities for investments of this character. The national banks as custodians of out-of-town deposits are hardly in a position to enter the international securities market. Stock Exchange loans, whatever their defects, generally furnish the readiest means of realization.

But New York has a large number of private bankers not receiving out-of-town bank deposits, and therefore not under the necessity of being required to pay out immense sums of money on short notice. These bankers have the capital and the financial experience required successfully to carry on the negotiation of foreign Government loans. It may be expected that this kind of banking business will continue to grow, and to attain large proportions in the near future.

SECRETARY KNOX'S action in creating a new division in the State Department to be known as the "Division of Latin-American Affairs," emphasizes the enlarged attention that is being paid to our neighboring republics by the Government of the United States. Supplementing the work of the International Bureau of American Republics, the new division ought to furnish ample facilities for extending our commercial relations with Latin-America, so far as these facilities may be furnished at all by the Government.

The functions of the State Department are chiefly of a political character, and the Bureau of American Republics, whose governing board is composed of the Ambassadors and foreign ministers from the Latin-American nations, is also semi-diplomatic in its organization and functions.

Naturally, the cultivation of amicable relations among different countries is an important preliminary to international trade, and therefore the service rendered to American commerce by the State Department and by the Bureau of American Republics has been immense. Both the Department and the Bureau have been energetic, and the Bureau of American Republics has done very much more than to indulge in diplomatic amenities. It has conducted a live campaign of education and has been quick to call attention to opportunities for extending our commerce toward the South.

Without attempting in the slightest to depreciate the value of what has been done by these agencies, it may be said that neither the State Department nor the Bureau of American Republics can render exactly the service that is needed to extend our trade with Mexico, Central and South America. No Government department can do anything, except indirectly, to sell our goods abroad or to add to our foreign investments. The accusation would at once arise that the power of the Government was being employed in furthering private business.

The work being presented by the State Department and the Bureau of American Republics should be fully maintained, but in addition there should be a strong organization in New York, purely of a business character, that would not only cultivate friendly relations with the southern republics, and collect and disseminate information about them, but that would push the sale of our goods in a business fashion, and that would provide some practical means of utilizing the opportunities for trade and enterprise so abundantly offered in Latin-America.

POSTAL savings banks are to be recommended to Congress in the President's next annual message, according to recent reports. Hopes are expressed that the deposits obtained by the postal savings banks may be used in "taking up" the two per cent. bonds now outstanding and which have already suffered considerable depreciation. Should this policy be carried out it would mean that these bonds, which have not turned out to be desirable investments for the national banks, would be shifted upon the postal savings bank depositors. Those who have given conscientious attention to the investment of savings deposits might hesitate to recommend the purchase of two per cent. bonds that are depreciating and liable to go below par. Of course, in this case, since the Government guarantees the deposits, the chance of loss is negligible.

President TAFT is reported as saying that the postal savings banks would attract deposits only from those persons of foreign birth who are afraid to trust the existing savings banks. Strange, that banks which are good enough for native-born Americans should not be good enough for the foreign-born population, but that the latter must have class legislation designed especially for them! Probably a campaign of education conducted by the savings banks of the country might dispel the distrust which the European element of our population is declared to entertain for the banks into which the American joyfully pours his savings. The remedy for ignorance is education, not legislation.

REGARDING the safety of savings deposits in this country, it was stated in an address by Col. F. H. FRIES before the South Carolina Bankers' Association last summer that in the year 1906 the loss to savings bank depositors in the United States was less than three ten-thousandths of one per cent. In several of the States, where mutual savings banks exist, in recent years no losses whatever have been sustained.

Colonel FRIES pointed out that a great deal of the money sent abroad by foreigners residing in this country was not sent because of distrust of our banks, but it went to support dependent relatives in the Old Country. Inquiry and observation upon the part of any one interested will confirm this statement.

If postal savings banks seemed essential to the prosperity of the country, THE BANKERS MAGAZINE would heartily favor them, whether or not they would cut into the business of the other banks. But we are unable to see any real demand for such a departure. There are some serious banking and currency problems demanding immediate attention. We wish that President TAFT might devote his energies to these matters which so vitally concern the well-being of the people rather than to a scheme which offers little other advantages save possibly the cultivation of the foreign vote.

POWER in the financial world, as elsewhere, is often short-lived. One man for a time becomes king, then along comes Death and with a pin bores through the castle wall—and farewell, king. The late E. H. HARRIMAN, though long a prominent figure in the financial world, became only recently a great railroad magnate. His rise to almost supreme power in railway control was so sudden as to excite admiration for sheer brilliancy of achievement. As customarily happens in such cases, the dazzling success of his exploits obscured the methods employed. Perhaps if these were carefully analyzed they would prove neither much better nor much worse than those which have characterized railroad management for at least a generation.

Mr. HARRIMAN's operations have not, of course, been exempt from harsh criticism. Yet he had a dim perception of the principal that will some day universally obtain in the management of great public-service corporations— that they shall be operated with due regard to the rights and the needs of the communities they serve. Mr. HARRIMAN in his railway activities was guided by practices and traditions that have long been considered legitimate and natural. With these he could hardly have broken had he chose to do so. But he began to work in the right direction, and others of a newer day will complete the labors begun by him. His financial genius was unquestioned, and his grasp of the details of railway construction and management almost marvellous. He was, moreover, a great optimist, always believing in the widening prosperity of the country. He had the courage to build railway lines with a view to the needs of to-morrow, clearly foreseeing the rise of future empires of production and trade. That he was regarded with great interest, with affection almost, by the majority of the people, was shown by the keen attention his illness excited and the regret which his death occasioned.

Men of Mr. HARRIMAN's ability in organizing and directing railway enterprise are not numerous. His loss was one that the business world deeply felt.

BY a recent court decision the directors of a trust company have been held individually liable for the losses caused depositors through the company's failure.

Undoubtedly public opinion—which affects the courts more or less—is coming to demand stricter accountability from directors of banks and trust companies. The courts will not go outside the laws, but they may construe them a little more narrowly than heretofore.

Bank directors are bound for their own protection to take notice of this tendency. They can no longer afford to neglect to inform themselves of their duties; and unless they give that reasonable attention to them which the law requires, they may find themselves called upon to pay losses that will entirely absorb their fortunes.

There may be danger that the courts will go to extremes in holding directors responsible for bank losses, and thus frighten many of the best men off of bank boards, but generally where directors have been held individually liable it has been where there was a gross neglect of duty. Decisions of this character have a wholesome influence, and bank directors who suffer from them cannot reasonably complain. Harsh and exacting construction of the laws governing the duties of bank directors are not necessary, but, on the other hand, the director who regards his position as purely ornamental should not be surprised if he is called upon to pay the cost usually appertaining to the enjoyment of luxury.

DIFFICULTY in securing sensible currency legislation has emphasized the defects inseparable from a Democratic form of government. These defects are multiplied almost indefinitely in a country of such vast extent and with so many diverse interests as the United States. Compact republics like San Marino or Andorra may experience little or no trouble in concentrating public opinion to the extent necessary to obtain action on any given problem consistent with the simplest rules of common sense. Even in our own States legislation not infrequently gives evidence of having been intelligently shaped. But in Congress when any question comes up that is liable to affect adversely the position of the party temporarily in power, it is next to impossible for an agreement to be reached without making so many compromises as to bargain away almost every sound principle. If the subject of legislation be the currency or banking, the difficulties ordinarily experienced will be added to many times over. For in some way the people of the United States have come to believe that any measure proposed by experts for improving our currency and banking systems must be designed to serve some private end or to enslave the masses in the service of the "money power."

This attitude of the public mind on these questions is peculiar. We do not know that it prevails elsewhere. It is especially singular, for this is certainly an enlightened nation, measured by all approved standards. Congress may pass a law authorizing the use of airships, wireless telegraphy, or any modern improvement, by the army or navy, and no one objects. In our business methods we are abreast of the most progressive nations, if we are not ahead of them. Our discoverers outrun those of other nations in finding the boreal pole. In every department of scientific investigation and industrial activity, this is a progressive country. And as individuals we are not given to superstitions. When members of our families become sick we do not call in a witch-doctor to practice incantations, but we rely upon physicians and surgeons trained in the most scientific schools.

When Congress authorizes the construction of a battleship, it does not confine the task to somebody whose mechanical ability is insufficient to make a cornstalk fiddle, but it selects the greatest mechanical geniuses of the country.

But if anything is to be done with the currency or with banking, the man who knows least about these matters will be the one whose advice is most religiously followed. The student or the man of practical experience in dealing with these problems has no voice whatever.

It might be said, of course, that those who imagine themselves experts are self-deceived. But Congress itself does not take that position. Talk with Senators and Representatives who have supported the unsoundest measures, and they will freely admit that the experts are right. They will tell you, however, that legislation rarely follows scientific lines, and there are so many conflicting opinions and interests to be reconciled, that nothing really worth while can be done. At the present time this may be true, but we believe that with patience and education the situation may be changed before the end of the present century.

When Alexander Hamilton devised a scheme of government far less Democratic than that we now have, he exhibited that impatience of delay in carrying out great reforms that characterizes many able minds. No doubt with an autocratic or semi-autocratic form of government it would be much easier to correct the existing faults in our monetary and banking systems. Witness the reforms effected by Witte in Russia and by Limantour in Mexico. With us sueh enlightened financial policies are seemingly an impossibility. Actually they are not. But they will require much time and inexhaustible patience. A long era of discussion and education must precede them. But when they are finally accomplished we shall enjoy an advantage possessed by neither Russia nor Mexico. We shall have an electorate informed and capable of exercising sound judgment upon these problems, ready and able to defeat proposals that might be put forward by finance ministers less able than Count Witte or Senor Limantour.

This is an immense advantage, perhaps more than worth all the terrible cost imposed upon the country by our delay in adopting monetary and banking reforms obviously needed.

OUR system of municipal government has become so burdened with incompetency and fraud that in many cities of the country the old plan of electing a full set of officers to administer affairs has been superseded by a method where the city government is vested in the hands of a commission who run things much as the managers of a private business would do.

The commission idea seems growing in popular favor. And these bodies no longer confine their functions to investigating and reporting upon the various problems they are appointed to deal with, but they are clothed with executive and judicial functions, and the "rules" they may make verge closely upon legislative acts.

In no department of the Federal Government is there greater need for the exercise of discretion than in the Treasury Department. The Secretary of the Treasury is bound by laws almost as unalterable as those of the Medes and Persians, yet the conditions under which these laws must be administered are perpetually changing. A huge surplus this year changes to a deficit next. Conducting operations powerfully affecting the money market, and acting under fixed laws, he finds the situation subject to sudden and violent fluctuations. He is hampered often by these laws in taking a course that would immensely benefit the Treasury and the country.

Either the Secretary himself should be vested with larger discretionary powers, or he should have the assistance of a Treasury board or commission that would enable him promptly to take such action as the public interests require. Danger from abuse of this power would not be very great, since the President always has the right of removal.

A locomotive engineer who was prevented by the rules of the company from reducing speed in rounding a sharp curve, or who could not take on fuel and water without first getting a favorable vote from the board of directors, would be seriously handicapped in moving his train, but not more hampered than is the Secretary of the Treasury in conducting his fiscal and financial operations under the present inflexible system.

NEW banking territory is opened up by the recent discovery of the North Pole. Very beautiful building material may be obtained from the ice-fields of the boreal regions, and there will be unlimited "ice" which may be put up as collateral for loans. The directors may suffer occasionally from attacks of "cold feet," but they may console themselves that it will take a year for any of the Comptroller's letters to reach them. Bank clerks and officers will have to subsist chiefly on blubber, but when they close the bank at night they will go to their ice bungalow chuckling gleefully over the fact that they can go to bed and sleep for six months. Their dreams may be disturbed through this long vacation by dread of what the bank examiner may be doing while they slumber. For the cold they must endure there will be compensations. No perspiring depositors will ever rush up to the cage and ask "Is this hot enough for you?" It will never be necessary to look at the clock. Six months of sleep and six months of work, more or less, will be the rule. There will be no worrying about the price of ice for the coming summer. The bank clerk's wife may wear furs whose richness the belles of Broadway or State street would envy. There being no real estate, loans on this kind of collateral will never trouble the banker. If a clerk happens to become a defaulter, the officers of the bank may safely assume that he has fled in but one direction—toward the South. Thus the labor of catching fugitive clerks will be greatly simplified. Extravagance upon the part of bankers will be evidenced by the style of their sledges and the number of dogs used in drawing them. Drafts payable the day after acceptance will have six months to run. A note payable thirty days after date will not mature for so many years that the maker may be rich or dead by the time he is called upon to pay. Altogether, the new banking territory offers many novel attractions of which our capitalists may be expected to take prompt advantage.

PROFIT as an incentive to the increase or decrease of bank notes should be eliminated, according to an address delivered recently before the Pennsylvania Bankers' Association by Mr. VREELAND, Chairman of the Banking and Currency Committee of the House.

It is precisely this element of profit, causing one bank to try to keep its own notes in circulation and the notes of other banks out of circulation, that maintains the bank-note circulation in a healthful condition. With that motive absent, the issue of notes will be subject to arbitrary influences much less likely to adapt the volume of circulation to business needs.

Profit is the chief motive of all other kinds of business. Why should the issue of bank notes be an exception? Is that function a business operation or a charitable undertaking? Mr. VREELAND would have a great central bank, to manage the banking reserves and the note issues with regard to the public welfare rather than the securing of increased profits. If the profit of the business of issuing notes should be determined by the general conditions of trade, we should think that the most natural element for determining the volume of circulating notes.

Of course, a body of gentlemen could be associated together to regulate the reserves and note issues "for the public welfare," but their action would be arbitrary, and we see no reason why it is necessary to go to the trouble of creating a central bank for any such purpose.

Mr. VREELAND, who was one of the authors of the Aldrich-Vreeland Currency Act, declared in his Pennsylvania address that gold and not bonds was the proper basis for bank-note circulation. Though he seems to have made this discovery at a late day, we are glad that he has made it at all.

WHAT appears on the surface to be an important departure was the recent announcement by the Bank of France that hereafter commercial paper drawn on foreign centers would be received at that institution and its branches for discount. Actually, however, while this departure is not without significance, it is less important than it seems, for the French credit banks have been accustomed already to rediscounting such paper at the Bank of France. The new move, therefore, is simply in the line of doing directly what has heretofore been done indirectly.

One reason which doubtless impelled the Bank of France to take a step which may widen its operations was the continued growth in the gold reserve, the total now being about 3,700,000,000 francs.

VEERING the field of their operations from the United States to other countries, the muck-rakers are stirring up a lively muss in our neighboring republic to the South. Under the strikingly sensational title of "Barbarous Mexico," one of the magazines published in New York recently proposed to show up the real or alleged iniquities of the peonage system in Mexico.

These are times when many persons seem to think that in order to attract attention, or to make money, something sensational must be done. Newspapers and magazines wishing to extend their popularity outbid one another in shrieking appeals for notoriety. And if we are to measure success by the number of copies sold, or the amount received for advertising, it must be admitted that these methods appear justified by the results. Yet there is another, and we believe a higher standard, by which success may be estimated. The temporary prosperity achieved by those publications that have cultivated the art of sensationalism has begotten many imitators of this method of enlisting popular attention. "Barbarous Mexico" sounds so much more promising of something thrilling and exciting than would a modest title like "Progressive Mexico."

It is an era of sensationalism, in the press, the drama, and even the church has not wholly escaped its pernicious influence. To this fact we attribute the purposed publication of the articles mentioned. Probably the publishers of the magazine in question were not animated by ill will toward Mexico or by any lofty desire of freeing the peons. They were looking for a series of articles that would make the magazine sell. Editors in these days are bedevilled by publishers for something striking—learning, information, dignity—all must give place to the demand for shilling-shockers. The editor who tries to resist these appeals is deemed an old fogy, hopelessly behind the times. "Give me an account of slaughtering animals by a famous hunter, and I will pay the highest price ever paid for 'literary' work." That voices the position of the majority of the magazine publishers of to-day. Where this craving for sensation will end, no one can tell. It has destroyed already all pretensions to literary form and taste in every magazine in the United States, with two or three exceptions. The average magazine today is far below the dime-novel series of a generation ago.

Where real abuses exist the country suffering from them will gain by their exposure, and if the peonage system prevails in Mexico, and the circumstances and conditions permit of its gradual or immediate abolition, the mere calling attention to the evil will not be harmful to the country, but beneficial. Suppression of real evils will only make matters worse in the long run.

That Mexico has made tremendous progress under the wise administration of General Don Porfirio Diaz we know from the testimony of those who have lived long in that country and from personal knowledge gained by contact with the people. Indeed, we doubt, all things considered, if any nation can show greater progress in a similar period. We do not lose sight of the fact that there are still great problems to be solved; that a system of democratic government remains to be wrought out, and the masses uplifted to a higher civilization.

It is the testimony of those who have lived in Mexico for many years that formerly there were to be found only the very rich and the very poor. Observation, recently made, enables us to say that this condition has changed. There are to be found in that country to-day many people who are not rich but who are by no means poor.

Nor are the natives confined to manual labor and menial pursuits. You find them in stores, offices, banks—everywhere almost. Railways have been built, schools abound, and surely if slowly the changes are going on which betoken the advent of a nation into the highest ranks of civilization. That President Diaz is earnestly, patriotically and wisely leading his country toward nobler aims and achievements, no one familiar with the facts can for a moment doubt.

We have never believed in concealing wrongs that needed publicity in order to insure their correction. But we have never thought much was to be gained by sticking one's head into a garbage-box and exclaiming that the world is decaying.

This sensational episode, after all, resolves itself into a question of taste. The publication of articles under this insulting caption, in an American magazine, would be just as offensive to Mexico as would be the publication of a series of articles in a British magazine entitled "Uncle Samuel, the Grafter."

The most cultivated nations of the world have not been free from faults as serious as those alleged against Mexico. In its golden age, Greece tolerated slavery. France, its modern prototype, is reputed to be among the most wicked of modern States. Solid, respectable John Bull has been accused of forcing opium upon China at the cannon's mouth. Even our own country, if one but employs a microscope, may be seen to have one or two minor blemishes.

Mexico, too, has her defects. They are in the main those appertaining to human nature alike in all ages and in every clime, with some others growing out of the problem of dealing with an aboriginal race, which has not been annihilated but is gradually being uplifted from childish helplessness to self-sustaining manhood in preparation for the dignities and responsibilities of citizenship. The work to be done is vast and difficult. Discriminating, helpful criticism will not be resented, but welcomed.

The proposed series of articles on "Barbarous Mexico" seemed to us not only exceedingly offensive but misleading and false, for they implied that the country has turned its face toward darkness rather than light—an assumption not warranted by the facts.

AMERICANS residing in Mexico City were deeply indignant over this announcement, as may be seen from the following protest, adopted by a committee representing the American Colony:

"To the Editor of the 'American Magazine.'

"Sir: The American colony of Mexico, through the undersigned committee, considers it a duty to all Americans in Mexico, as well as an obligation to the interests of truth and justice, to protest against the proposed publication of a series of articles in your magazine under the caption of 'Barbarous Mexico.'

"(1)—Because the title is a misnomer and misleads the public.

"(2)—Because the proposed articles, as indicated in your announcement, lead us to state that these articles must of necessity be gross exaggerations, and in most instances wilful misrepresentations on the part of the author.

"We do not claim for the government of Mexico that perfection not even found in many other governments, but we predict that the economic conditions of this country do not justify the sweeping assertions made by your correspondents any more than a special exposition of lynchings, sweat-shop abuses, employment of convict labor or race riots, would justify the title of 'Barbarous United States' to be applied to a series of literary efforts to describe the backward conditions of our native land.

"Your correspondent sees one of the sore spots on the body politic of a nation which has made prodigious strides along the highway of civilization during the past thirty years. He does not see the hundreds of thousands of happy homes, the prosperous and contented people, the modern cities, the flourishing industries, the schools conducted in every nook and corner of the republic. He takes no account of what Mexico was, is, and hopes to be. Crime and squalor, Mr. Editor, is the heritage of no nation in particular, neither is progress and justice. There is so much that can be spoken and written of good that is in Mexico, without being obliged to make personal sacrifices, endure hardships and court great dangers, which your correspondent appears to have undergone, for the doubtful privilege of calling attention to evils which this government is trying hard to rectify, not to mention those which do not exist outside of fevered imaginations.

"Your statement that Mexico has no free press, no jury system and that the public school system in 'vast districts is abolished because the governor needs the money,' is absolutely untrue. Your charge that peonage is the rule of the great mass and that 'chattel slavery obtains for hundreds of thousands,' is as untrue as it would be were this charge made against the State of New York; and when your correspondent states that, so far as he knows, he is the only American who was ever in the Valle Nacional, he makes a statement which on the face of it proves malicious, because the Valle Nacional is as accessible as Wall street, and beset with less dangers, and thousands of Americans have visited there. The Valle Nacional is simply a large valley, several times larger than the Mohawk, warmer in climate, devoted to the growing of tobacco. It is not surrounded by walls, ditches nor sentries. The land is owned by several hundred small farmers, and, except for the fact that in some instances convict labor is hired there, it bears quite a decent reputation. As a health resort it is much to be preferred to the phosphate beds of Florida or the lumber camps of Alabama, where convict labor is also employed.

"While this letter is subscribed by a committee appointed to present this matter to your attention, and is endorsed by the Society of the American Colony, we may add that if you desire further confirmation of our statements, we will undertake to secure the endorsement of thousands of respectable Americans living and flourishing throughout the entire republic. We also beg to refer you to the American ambassador, Hon. DAVID E. THOMPSON; to the American consul general, Hon. ARNOLD E. SHANKLIN; to every American consul, vice consul and commercial agent, accredited to Mexico by the government at Washington, and to all the representatives of European powers in Mexico, for the truth of our assertions.

"Very respectfully,

"W. L. VAIL,

"K. M. VANZANDT, JR.,

"W. W. BLAKE,

"Committee of the American Colony."

ADDISON in one of his essays describes an upholsterer in reduced circumstances who "deposed princes, settled the bounds of kingdoms and balanced the power of Europe with great justice and impartiality." Having performed this great service, he modestly requested of the listener the loan of half a crown—little enough, to be sure.

Lately upon some newspapers and individuals has seemed to devolve the duty of adjusting the future boundaries of certain American countries. We hope their reward may be no less than that received by ADDISON's reduced upholsterer. In discussing these weighty suggestions we disclaim any intention of desiring to share in this reward; our share in it will be relinquished to the suffragettes.

Mexico and Central America are the countries to which the upholsterer's prototypes are now giving their attention. The Central American nations are politely informed that if they do not unite with Mexico, they will be gobbled up by the United States. Other prophets, who claim to be more far-seeing, assert that even Mexico's manifest destiny will ultimately lead that country into the American Union.

Oddly enough, as we think, these political prophets have nothing to say about Canada, the country most closely allied to us by language and traditions. While they are about it, they might just as well combine everything from the Arctic circle to the hoped-for Panama Canal. It costs no more, and looks bigger.

Whether these suggestions are worthy of serious discussion may be questioned. So far as this country is concerned, we already have Puerto Rico and the Philippines, and our experience with these recent Spanish dominions hardly whets our appetite for more.

A war of conquest against any of the Latin-American countries is, of course, unthinkable. Public opinion in the United States may not be beyond criticism, but it can never fall so low as to countenance anything so foolish and brutal as that.

We have no wish to usurp the functions of any of the modern political prophets, nor would we wish to say anything that would in the slightest reflect upon the political systems of Central America, yet it would seem that if these States are to relinquish their independence at all, it would be natural for them to cast their lot with Mexico rather than with the United States. The former country is the more closely allied to them in race, language and political methods. Were all the nations of Central America peacefully united to Mexico, the latter country would gain in territory and wealth, while greater political stability might be assured all round. Such a readjustment of international boundaries would nowhere be more warmly welcomed than in the United States. But Mexico seems rather shy in making advances that might lead to an absorption of her Central American neighbors. Some of the latter are a little peppery, and Mexico may think she has troubles enough of her own.

Are there any grounds for believing that Mexico itself will ultimately become American territory? The question is one of no practical importance at the present day. It is merely a matter of speculation about an event that may possibly happen at some remote period. Who can tell what events lie buried in the womb of Time? Americans may be pardoned for thinking that Mexico would benefit immensely by uniting with her northern neighbor. No sane American, however, ever dreams of anything so wild as the conquest of Mexico. The great Latin-American Republic, under the wise leadership of DIAZ, is working out its political destiny in accordance with the patriotic aspirations of its people. True, the question is often asked, "After DIAZ, what?" To us this has always seemed like an insult to Mexican patriotism and intelligence. The DIAZ régime has been sustained because it represented progress, law and order, and the same forces that have upheld his rule will insist that no backward step be taken when the reins of power have fallen from his hands—an event which every friend of Mexico hopes may be long delayed.

The acquisition of Latin-American territory by the United States, should such a thing ever take place, would almost certainly mean bickering, discord and probably periodic revolution. But could Central America and Mexico form a peaceful union, based upon mutual understanding and good will, both would gain in stability, wealth and power, and attain to a higher place in the family of nations.

ANNOUNCEMENT is made by Secretary MACVEAGH that none of the three per cent. Panama Canal bonds authorized in the new tariff law will be issued until Congress shall have had an opportunity of adjusting the tax upon national bank circulation. As Congress has just had that opportunity and failed to grasp it, the Secretary's course may occasion some surprise. He has decided for the present to fill the gap in the revenues by the issue of three per cent. certificates of indebtedness.

Perhaps the Secretary of the Treasury may hope that Congress will deprive the Panama bonds yet to be issued of the circulation privilege altogether, which would undoubtedly be wise. At all events, his course in delaying the issue of the new bonds, in view of their possible influence in depreciating the two per cents., is to be commended.

COMMENDATION of the bank-note system of Mexico was made a short time ago by the Boston "Transcript." In previous issues of THE BANKERS MAGAZINE this system has been fully described by Señor CASASUS, a distinguished Mexican financial authority.

The distinctive feature of the Mexican system is that it practically combines the advantages of a central bank with local banks of issue. In effect the same end might be reached in this country by limiting the note issues to the banks of the three central reserve cities —New York, St. Louis and Chicago— and the banks of the other reserve cities. Taking into account the larger amount of business transacted here and the greater wealth and population, this would give us a fair approximation to the system worked out by Minister LIMANTOUR in Mexico.

BY showing up the record of Speaker CANNON on financial questions, Mr. FOWLER, the former Chairman of the Banking and Currency Committee, has made it clear about what kind of currency legislation may be expected while the House is ruled as it is at present. The existing method of controlling the organization and proceedings of the House of Representatives makes it exceedingly difficult to secure a fair debate and proper consideration of important public measures. The party whip is used to coerce and intimidate members who fear that any opposition to the ruling element will be punished. That this fear rests upon solid ground Mr. FOWLER's own experience amply illustrates.

To the list of unsound financial measures which Mr. CANNON has supported, according to Mr. FOWLER's charge, ought to be added the Aldrich-Vreeland law.

EVIDENCE of the progress of knowledge of banking and currency questions was afforded by the publication in the August number of the "Bulletin of the American Institute of Banking" of three prize essays on these subjects. The first prize essay was by W. G. MEADER of Providence, R. I.; the second by HARRY J. PEAIR's of Pittsburgh, and the third by JOHN DE M. WERTS of Pittsburgh. We regret our inability to summarize in this place the leading points of each essay.

The conclusions reached by these three contestants all favor a credit currency. The essays are remarkable for a thorough comprehension of the intricacies of our currency and banking systems and for a clear and logical presentation of the problems involved in the reforms that have been proposed.

Productions of this character must have a beneficial influence in educating public opinion. They show that the younger bankers are studying these questions attentively and to excellent purpose. The young banker does not appear to be so closely bound by tradition as his elders are, and he is reaching conclusions generally in accord with advanced thought. We have said heretofore that the hope for currency reform lies with the younger bankers of the country. They are more hospitable to new ideas than some of the older fellows, and, what is not less important, they are eager to inform themselves thoroughly in relation to banking and currency matters on the theoretical as well as on the practical side.

The American Institute of Banking is doing excellent service to the cause of education on the currency and banking in offering prizes for essays on these topics. The papers referred to are meritorious and reflect great credit upon their authors.

A stable monetary and banking system is one of the essentials to the continued prosperity of the country. The bank clerks may profitably study this subject, for it is one in which they are deeply concerned since their own interests are bound up with the institutions they serve, and these again with the welfare of the business community as a whole.

DEFICITS in the postal revenues have lately caused serious concern to the Administration, which is seeking to lessen the gap between income and outgo. The rural free delivery system is charged with responsibility for a considerable portion of the deficits in the Post Office Department, but the admission of too many publications to the second-class privilege, and the tricks to which some Congressmen are said to resort when the time comes for fixing the compensation of the railroads for carrying the mails, may have been important factors also. Anyway, there is a big deficit.

Some people are disposed to make light of this chronic deficiency of postal receipts. They contend that the post office is a great educational agency, and no one should object if its expenditures are greater than its income. Cheap postage rates are indisputably a blessing, but if these rates could be maintained and the Department be made self-sustaining, it would lessen none of the present benefits and would be a distinct gain to the national purse.

Perhaps the people would rather see the present deficit made good from the Treasury than to suffer any curtailment of the free-delivery system or an increase in postal rates. Greater efficiency and economy of management might change the deficit into a surplus.

With the Post Office Department running behind some $20,000,000 annually, we can see no reason why it should take upon itself the burden of conducting a savings bank. A concern that cannot pay expenses is hardly a suitable custodian of the people's savings.

OUR paper currency is shortly to be overhauled and made more artistic and uniform, according to reports of an interview with Secretary MacVeagh. The American paper currency, while very convenient and useful, is not exactly a thing of beauty, though it may be a joy forever. Secretary MacVeagh's efforts to have it conform to a higher artistic standard and to make it more uniform are altogether commendable. We hope while he is about it he will devise some scheme whereby we may always get those clean crisp bills so dear to the drama and the writers of pathetic stories.

THE BIG BANKS OF TO-DAY.

IV.—THE SCOTTISH GROUP.

By W. R. Lawson.

(Continued from September BANKERS MAGAZINE, page 333.)

HAVING seen how the Scottish banks regarded their note issues in 1841 and how vigorously they worked them, it may be interesting to supplement that with a present day view of the subject. In 1905 Mr. Robert Blythe, the manager of the Union Bank of Scotland, attended the annual convention of the American Bankers' Association as a special guest and read a paper on the Scottish system of banking. His exposition was at once clear and comprehensive, especially as to the operation of the note issues. Regarding these he had various false conceptions to correct before disclosing the true secret of their value.

"The thirty-four private and joint stock banks in England have authorized (fixed) issues* of £1,755,952. The ten joint stock banks in Scotland have authorized (fixed) issues of £2,676,350. But now comes the striking difference between the two countries. The English banks do not appreciate the value of the right of issue, and provincial issues are likely to become extinct. The Scotch banks do appreciate it. In England the average circulation of notes, exclusive, of course, of Bank of England notes, is only about £590,000; in Scotland it is about £7,500,000. The average circulation in 1904 was £7,643,000, of which about seventy per cent. were one pound notes and thirty per cent. were large notes. In England the average circulation is not one-half of the authorized issue; in the case of private banks not one-third. In Scotland, on the other hand, the average circulation is more than three times the amount of the fixed issues.

Now, where do Scotch banks find the value of the one pound note? Many people say that the mere cost of the paper and the printing of the notes is so small an item in the expenses of the management that the banks make a considerable profit from the interest earned on the amount of the notes in circulation. But this is a mistake. In the first place the cost of the note issued is greater than is supposed. It is not merely a matter of paper and printing; there is the Government duty and there is also the Government license required to be paid in respect of every 'place' where bank notes are issued; and there are other charges affecting the circulation. To return to Mr. Blythe:

"It is in another quarter altogether that the Scotch banks find the value of the one pound note. It is the unissued notes in the tills of the branch offices forming the till money at more than one thousand branches wherein the real value lies. Without them the banks would require to keep eight or ten millions of gold coin not as a reserve but as till money. It is these one pound notes which have enabled branch offices to be planted in every part of the country. There is no such network of branch banks in any other country in the world. It is at these offices that we have collected the savings of the country from hundreds of thousands of small depositors. With a metallic currency and five pound Bank of England notes, branches could not have been profitably established in country districts. The cost would have been prohibitive. It is the one pound note which has enabled the banks to go right down among the masses and make banking possible to the greatest number."

Mr. Blythe rounded off his panegyric of the one pound note by mentioning that the total deposits of the ten

*Issues against which no gold has to be held.

note issuing banks in Scotland then (1905) aggregated £100,000,000. In the two following years a notable expansion took place, the aggregate deposits having increased to £112,560,000 and the total number of branches to 1,150. The details as to the individual banks set out below refer, with one or two exceptions, to the beginning of the year 1907:

banks, namely, on proof of the then actual circulation. A return was called for of the circulation of each bank without any indication of its object. For once Scottish caution overreached itself and in all cases the minimum circulation was given. Had it been known what use was to be made of the return, the highest figures would certainly have been preferred to the lowest.

A. Condition of the Ten Scottish Banks of Issue, 1907.

	Deposits, current balances & circulation.	Cash in hand at call and short notice.	Number of offices.	Percentage of cash to deposits, etc.
Bank of Scotland	£16,587,733	£5,875,433	131	36
Union Bank of Scotland	13,853,155	4,863,069	151	35
Commercial Bank of Scotland	15,843,002	4,957,071	156	31
National Bank of Scotland	15,841,802	4,599,079	125	29
Royal Bank of Scotland	15,163,028	4,441,604	148	29
Town and County Bank	3,182,322	575,307	70	18
British Linen Bank	13,273,907	2,028,755	140	15
North of Scotland Bank	4,631,882	675,953	78	15
Caledonian Banking Company	1,424,579	190,160	35	13
Clydesdale Bank	12,759,419	1,642,985	134	13
	£112,560,847	£29,849,396	1166	27

In the next table the issues of each of the ten banks are analyzed, showing in the first column the amounts of their respective "fixed" issues, in the second the aggregate issue of each at the beginning of 1907, and in the third the amount of the supplementary issue covered by specie. It has been already explained that the "fixed" issues are the amounts allowed to existing banks in the arrangement of 1845. They were determined in the same way as the "fixed" issues of the English provincial

This initial mistake on the part of the Scottish banks made them all the keener to get the most they could out of the subsequent negotiations with Sir Robert Peel. In the end they obtained decidedly better terms than the English banks, though not so good, perhaps, as the Irish ones. In any financial arrangement between the three Kingdoms Ireland invariably comes off best.

In the following table the most notable point is the comparatively small proportion of the "fixed" or uncovered is-

B. Scottish Note Issues, 1907.

	Fixed Issues.	Total Issues.	Issues covered by specie.
Union Bank of Scotland	£454,346	£964,797	£510,451
British Linen Company	438,024	849,112	411,088
Commercial Bank of Scotland	343,418	1,099,213	755,795
Bank of Scotland	374,880	1,009,960	633,080
National Bank of Scotland	297,024	868,922	571,898
Clydesdale Bank	274,321	865,005	590,684
Royal Bank of Scotland	216,451	998,348	781,897
North of Scotland Bank	154,319	476,889	322,570
Town and County Bank	70,133	294,942	224,809
Caledonian Banking Company	53,434	144,131	90,697
	£2,676,350	£7,579,319	£4,892,969

sues to the actual issues as a whole. Conversely, it may be stated as the large proportion of covered issues to the whole. This effectually disproves the popular idea that the fixed issues conceded to the existing banks in 1845 have had a great deal to do with the success of Scottish banking. In themselves they were not a very valuable concession. Had the banks been restricted to them they might not have found them much more profitable than the fixed issues of the English provincial banks proved. What made them unexpectedly valuable was (1) the right conceded at the same time of unlimited additional issues against gold; (2) the guarantee that no further right of issue would be granted in Scotland.

The twelve banks of 1845, in obtaining as they did a monopoly of issue virtually secured at the same time a banking monopoly. When the operation of the system is further explained it will clearly appear that competition of a non-issue bank with the close organization into which the issue banks have formed themselves would be almost impossible. They are not in any invidious sense either a monopoly or a trust, but the law has put into their hands an instrument of which they have made such good use, in the public interest as well as in their own, that however much they may be envied for their strongly entrenched position no one can seriously think of assailing it. Such concessions as they obtained in 1845 cost the Government nothing, while they have been of incalculable benefit to the community. Any other plan which might have been adopted, for example Sir Robert Peel's idea of making Bank of England notes current in Scotland, would probably have done incalculable harm.

The chief virtues of the Scottish compromise of 1845 were (1) that it caused so little disturbance to existing conditions; (2) that it preserved the essentially simple and economical methods of Scottish banking; (3) that it made no pretension whatever to be scientific. It was settled by a certain amount of haggling between the Government and the men in possession. Its rude matter of fact character contrasted strangely with the scientific pretensions of the English Bank Act. The latter was the over-ripe fruit of forty years' economic and financial controversy. Its birth was presided over by a crowd of philosophers and currency experts. It was to be the world's last word in banking science. Automatic, self-adjusting and at the same time educating, it was to be a patent parliamentary antidote to panics, crises and all other financial irregularities.

After sixty years' trial the scientific, automatic, self-regulating, English scheme finds itself in a state of chronic unrest, while the homemade paper money of the Scottish banks is still the best and cheapest currency ever devised. This is a truism which need only be stated in order to find acceptance. The non-Scottish world accepts it only too kindly and readily. Its tendency is to give Scotsmen more credit in connection with it than they really deserve. The least that Scotsmen can do when they find their banking system being overpraised is to confess modestly the many advantages they have had in the development of that system and the many difficulties they have escaped which the banking systems of other countries, especially of England, have had to contend with.

In many ways, legal, political and social, Scotland has been the most favorable of all countries for banking. For exactly opposite reasons England has been the least favorable. Old Scottish law, based mainly on Roman law, allowed absolute freedom of commerce. Old English law, evolved as it was from feudal rather than from commercial conditions, required centuries of reform to bring it up to the level from which Scottish law started. The fundamental reason why England has neither one pound notes, nor "cash credits," why its joint stock banks came so late and its banking facilities have grown up so slowly is that English law rendered them impossible. What the law did not do to check them English lawyers did and are still doing. Their obstructive fingers are ever busy making black letter pie of every attempt, however modest, to get a little nearer to the simple commercial code which other nations enjoy.

In all comparisons between English and Scottish banking and currency that vital difference of origin must be borne in mind. It is the difference between a commercial nation brought up in bandages and another allowed to grow up with free limbs and open mind. When Englishmen lament the backwardness of their banking methods and still more the crudeness of their joint stock finance it is not for Scotsmen to be Pharisaic about their superior advantages in these respects. What they ought to feel is gratitude for the much better start they got centuries ago in banking and commerce generally. It may be wholesome for them to remember this when they read English panegyrics like those of Professor Jevons on Scottish banks. What he said of them fully thirty years ago in "Money and the Mechanism of Exchange" was sheer flattery with very little criticism in it. There is need now for greater discrimination, both as a matter of justice to English banking and for a true understanding of the merits of the Scottish system.

"It is common indeed," he wrote, "to point to the Scottish banks as a proof that a sound currency may be furnished by banks acting on their own unfettered discretion. Up to 1845 the twelve or thirteen Scotch banks certainly did possess the right of freely issuing notes down to one pound notes, and only in one or two cases did bankruptcy occur. All this I grant, holding that Englishmen and Americans and natives of all countries may well admire the wonderful skill, sagacity and caution with which Scotch bankers have developed and conducted their system. There is no doubt, too, that Scotch bankers are guiding the course of development of the banking system in England, India, the Australian colonies and everywhere with conspicuous success. If we were all Scotchmen I believe the unlimited issue of one pound notes would be an excellent measure."*

*"Money and the Mechanism of Exchange," by W. Stanley Jevons, p. 319.

Obviously too much stress is laid in the above quotation on the personal qualities of the Scottish banker and a no less important factor is entirely overlooked, namely, the superiority of the mechanism he has to work with. This is specially true of the elaborate arrangement of the Scottish banks for the daily exchange of notes. Its practical effect is to give them a circulation double or treble their nominal amount. The foregoing Table B gives the aggregate circulation of the ten banks rather more than seven and one-half millions sterling, but that is only the amount of the notes outstanding at the end of each day's clearing. In order to ascertain the effective circulation the amount of the notes cleared should be added.

The latter were issued by their respective banks during the day. They passed from hand to hand at least twice and possibly four or five times. Having done their work, they returned home at night and were put back in the safes they had been taken from in the morning. Or if the same notes did not return others of the same denomination did. The result in either case was that all the notes locked up overnight in the bank safes ceased to be circulation, and no gold had to be held against them.

In this respect the Scottish Act of 1845 was much more liberal to the banks concerned than was the English Act of 1844. The latter included in the note issues not only all notes in the hands of the public, but all that happened to be in the bank tills. English notes were counted as circulation from the moment they were printed and signed, but Scottish notes only counted when they were actually outside of the issuing bank. It is difficult to imagine what a difference it would have made to the English banks of issue, above all to the Bank of England, if they had been placed on the same footing as the Scottish banks with regard to notes on hand.

How the Scottish banks obtained this immense advantage over the English ones is not self-evident. They may have had their native shrewdness in negotiation to thank for it, or sheer good luck, or the superiority of the Peel Cabinet of 1845 to minor details. But this particular detail was destined to prove far more important in practise than all the fine theories of Lord Overstone and the other currency experts. If the Scottish definition of note issues had been extended to England, the Bank Act of 1844 would have escaped at least one of its many pitfalls. It would have been quite as applicable to the issues of the English provincial banks as to those of Scotland, and though private banks could not have realized the full benefit of it, the joint stock banks could have done so.

The chief secret of the success of the Scottish one pound note is the rapid and systematic clearing that it undergoes. As has been already explained, this produces at the same time two distinct advantages. It quickens the circulation of the notes and restricts the amount of them in use to actual needs. The Scottish banks had discovered this secret long before 1845. Their note clearing system had been in operation for nearly a century, having been started in a small way in 1752. Its original object appears to have been to compel dilatory country banks to retire their notes. In 1765 its power was greatly increased by an Act which gave banks the right of "summary diligence" on each other's notes. At first differences were paid in gold, then in drafts on London at ten days' date, next in special £100 notes of the Bank of Scotland and finally in Exchequer Bills.

In 1845 the clearing had become an integral part of the one pound note system. Sir Robert Peel could not have abolished one without the other, neither perhaps could he have preserved one without the other. The fixed issues might not have been worth retaining without the right of clearing. In any case the fortunate Scottish banks were not only allowed to retain both advantages, but they got them placed on a definite and permanent basis. The right of clearing involved the limitation of their liability for gold to cover notes actually in circulation outside of their own offices. Notes in their own offices did not come within the cognizance of the law.

The Scottish banks were further favored in the form of the periodical returns required of their circulation. These are of two kinds—first, a weekly return to be made every Saturday of the amount of notes in circulation on that date, and the total stock of gold and silver held by the bank at its head office and branches; second, a special return every fourth Saturday giving, along with the foregoing items, several extra ones, namely (a) the number of notes of each denomination, (b) the amount of the authorized circulation, (c) the average circulation of the preceding four weeks distinguishing the one pound notes from the larger ones, (d) the average amount of coin at the head office to be obtained by dividing the total sum of the four weeks by the number of weeks.

In order to realize the liberality of these provisions it is only necessary to compare with them the corresponding regulations applied to the Bank of England. The latter is allowed no weekly or monthly averages, but must return its exact figures on a given day of the week. Clause VI. of the Bank Act of 1844 says that "an account of the amount of Bank of England notes issued by the Issue Department of the Bank of England and of gold coin and of gold and silver bullion, respectively, and of securities on the said Issue Department on some day in every week to be fixed by the Commissioners of Stamps and Taxes shall be transmitted by the said Governor and company weekly to the said Commissioners in the form prescribed." Thus the entire issue has to be accounted for and not merely the amount of actual circulation as in Scotland.

In the second place, the Bank of England has no control over its circulation corresponding to that which the Scottish banks derive from their clearing system. It has no direct power to regulate either the outflow or the return flow of its notes. It can act on them only by the clumsy roundabout expedient of raising or lowering the value of money.

The English provincial banks in 1844 made quite as hard a fight for the preservation of their note issues as the Scottish banks did in the following year. They were also supposed to have obtained good terms of compromise, but the regulations imposed on them were neither so liberal nor so intelligible as those granted to the Scottish banks. The weekly return was practically the same, but in the four weekly returns a material difference was made. From the English provincial banks daily averages of circulation for the four weeks were required, while the Scottish banks had only to give a general average for the whole period. Why an identical form of return should not have been prescribed in all three cases—the Bank of England, the provincial banks and the Scottish banks—it is difficult to guess.

A general form applicable to all banks of issue had, in fact, been introduced in 1833 and it might have been easily adapted to the new conditions created in 1844-5. It required in all cases a quarterly return showing the average circulation "calculated upon the sum in the hands of the public at the end of each week." A monthly return on similar lines would have sufficed for the new system, but instead of one uniform change it was deemed necessary to make three. In this needless discrimination the Scottish banks came off best and the Bank of England worst. To the framers of the bank laws of 1844-5 this may have seemed a mere detail of drafting, but it has had practical effects which they never anticipated and which probably they were incapable of appreciating.

It can now be seen, however, that small details have had an important influence in the evolution of our various forms of note issue. On the whole, they were more favorable to the Scottish issues than to any of the others. Even with regard to the payment of stamp duties, special privileges were granted to them. Since 1853 they have been allowed to compound for these duties, with a small percentage on the average amount of circulation shown in their returns. This last concession made the issue of bank notes in Scotland almost as free as the drawing of checks. The one pound note may be a wonderful banking instrument, but it has been fortunate at the same time. History, law, politics and public opinion have all favored it and smoothed its path for it. On the other hand, English note issues have had history, law and politics nearly always against them. Their greatest misfortune, however, has been the want of a note clearing system like that of Scotland. If the latter could be transplanted to England, one pound notes might be practicable there also, but without it they would be a mere exotic.

NOTED JAPANESE FINANCIERS TO TOUR THIS COUNTRY.

BARON SHIBUSAWA will be at the head of the honorary commercial commissioners of Japan on the tour of the United States next fall under the auspices of the Associated Chambers of Commerce of the Pacific Coast, including the organizations at San Francisco, Seattle, Portland, Tacoma, and Spokane. The party will be accompanied by fifteen trade experts, five of whom will be appointed by President Taft, with two each from the five cities represented. E. F. Blaine, of Seattle, is chairman of the executive committee, on which Spokane is represented by Frederick E. Goodall, president of the Chamber of Commerce. The party will travel in a special train, and will go as far east as New York and Boston, also making stops at Chicago, the Twin Cities and forty-five other points. The purpose is to investigate the varied products of the United States with a view to trade extension. Baron Shibusawa was a visitor in the United States several years ago, making a tour of the principal cities, to study the commercial organizations, and it was largely through his influence that the Chamber of Commerce idea was introduced into Japan.

Among the visitors will be Baron Shebusawa; B. Nakano, chairman of the Tokio Chamber of Commerce; J. Nishimura, chairman of the Kioto Chamber of Commerce; Baron K. Takahashi, president of the Industrial Bank; R. Kondo, president of the Yokohama Specie Bank, and K. Iwahara, of Mitsui & Co. The party will visit nearly every large city in this country.

WOMEN AS BANKERS.

By Mrs. E. B. B. Reesor.

"I AM greatly in need of some money this morning, but I do not know how to ask for it in a business way," a lady said to the manager of the women's department in one of our banks shortly after the department had been organized.

"Tell me about it, and I may be able to help you," the manager advised, stopping her work and looking as interested as she felt in the woman with a money difficulty.

The matter was explained. It took nearly an hour, for all the family relations, shopping, what one said and what another did, were some way woven into the recital. But at the end of the time a few words were on a slip of paper:

"Mrs. —— has purchased a house. Each payment has been met. Another is due to-day; she lacks ninety dollars. Two hundred and fifty dollars is coming to her on the first of the month."

The woman manager knew intuitively that this customer was worthy of accommodation. She took the slip with particulars and placed it before the head official of the bank. A few telephone inquiries, and a note was made out allowing the customer ninety dollars for one month. Her thanks were profuse.

"The obligation is ours," said the woman manager. "We are glad that you came to us, and we should like to have your account and enter your name upon our books."

That was three years ago. That customer now owns her $15,000 rooming house and is buying another. She brought much custom to the bank, and now understands banking methods thoroughly.

The Practical Value of a Woman's Department.

There are thousands of women—hundreds of thousands—wishing to do their business through a bank, but they dread the first interview. That is one reason why nearly every large bank in Canada and the United States has (or is on the lookout for) a capable business woman as manager of its woman's department. It brings business. A woman is quick to grasp what another woman wants to tell, but who does not know exactly how to put it into words. A busy business man seldom reads between the lines. He knows what a customer says, but not always what she means. Women have a way, when worried, of saying just what they don't mean, and meaning the very thing that they neglect to say.

As yet, comparatively few women go to banks for accommodation, but, as they enter into greater business enterprises, they will naturally ask for all the banking privileges that business men enjoy.

Miss Harriet E. Moorehouse, superintendent of the women's department of the Portland Trust Company, Portland, Oregon, in a letter telling about her department, says: "The results have been more than satisfactory. A woman's department in a bank appeals to every class of woman, from the one of wealth to the maid in the house. Each needs a place where she can talk over business matters in confidence and in an informal way with one of her own sex; where she can be frank; where she can display what she thinks is ignorance (and many of them feel it keenly) without embarrassment. She would hesitate to go to the window, stand in line and ask questions that a busy clerk could only answer briefly, and, in all probability, in a way that she would not comprehend—not being familiar with business and business terms. Many women, who have wholly depended upon their husbands or some male relative to do their banking, are suddenly left to their own resources and find themselves almost helpless in their ignorance of business methods, and to this class a woman's department of a bank most strongly appeals."

The foregoing gives a reason, and a powerful one, for the establishment of women's departments with women managers, but there are other openings in banks for women, and of them I shall tell you a little.

Mrs. F. V. Church, cashier of the Cunningham National Bank, Joplin, Mo., has been in banking circles for twenty years, ten of which she has been cashier, and her two assistant cashiers are also women, Miss Tillie Muller and Miss Blanche Jenkins. In speaking before the Bankers' Association at St. Louis, Mrs. Church said: "It is due to Mr. Cunningham that I am here before you this morning as cashier of a banking institution. I presume that he, like our forefather Adam, felt that it was good to have associated with him, even in business, a woman." In saying that, Mrs. Church gave the one and only reason why women were first admitted to the ranks of officers of a bank.

Opportunities for Women in Banking.

The openings for women in banking life are growing broader, though not of very wide dimensions yet, nor, for the higher positions, will they likely be for several years. Of course, there are plenty of positions as stenographers, filing clerks, and record keepers; but women who meet the customers over the counters, who receive confidences and advise clients, who grasp the whole theory and practice of banking laws and keep them in force, are rare yet up to a certain point. Capable, well-balanced women can fill these positions. Not many men reach the highest places in financial institutions, and the cry is for them rather than for those who can rise only to a moderate level and can go no further.

I know of one bank where women are enrolled upon the staff in the same manner as men. It is a bank in Canada. Young women's applications are received and submitted to the same scrutinizing process of inquiry as are the applications of young men. A personal interview is asked. At this conference, the manner of deportment, the mode of dress, the method of speech are carefully noted, and all the details of breeding that make a favorable or unfavorable impression upon a first meeting taken into account. There is the handwriting, the ability to answer business questions in a business way, the respect shown to a superior officer, and—something that counts more than people realize—the standard of the circle of friends with which a young woman has surrounded herself.

Duties and Responsibilities of Women in Banking.

Should the applicant be accepted and enter the bank's service, she does so as a probationer for three months. As a member, *pro tem.*, of the bank's staff she signs her secrecy bond, which means that the affairs of the bank and of the people who are customers of the bank are no more hers to talk about than their money is hers to spend. When the bank door closes at night her one remembrance is that she is expected to be at her post promptly next morning. Mothers are oftentimes the cause of their daughters losing their bank positions, for many, many mothers feel that they have a right to know all that their daughters know; they question them when they get home, and if they find that Mrs. A. has overdrawn her account, or Mrs. B. has placed a big deposit in the bank, they talk it over with other mothers and write about it to friends. The bank hears of it, the source of information is traced to the family of the girl whose business it was to know of these facts. A notice, in a few words, deprives her of her position; she may surmise why, but the mother is apt to upbraid the bank and talk until custom is withdrawn from it.

The young woman banker also fills in her guarantee bond, in which everything relative to her is put down in black and white and filed with a guarantee company. She must live at home or at some place approved of by the bank. In fact, when a young woman is accepted for a place upon a bank staff her whole life, as it were, is an open map before the eyes and minds of the head officials.

And thus it must be for the safe-keeping and the upbuilding of the bank. Tens of thousands of people keep their money there; money is the business moving-power of the world and is as sensitive to the world's opinion as is a woman's honor. Let there be one breath detrimental to a bank or to an officer of a bank and accounts are withdrawn, money creeps fearfully away—and the bank has no redress. Women in a bank must not gossip, they must be above reproach, they must be womanly women, yet with such good sense, tact and business knowledge that they may inspire confidence, respect and great esteem.

I do not say that such women are found, but that is the standard that men have placed for them before admitting them to the banking profession. It is not a bad standard to try to live up to, but it is woefully hard on those who come first and become patterns, as it were, for all others who follow.

For certain parts of banking women are peculiarly adapted (that is, outside of the women's departments) where they occupy positions that were formerly filled by men.

How Women Can "Make Good" in a Bank.

System and detail appeal to a woman. She slips quickly into the routine and grasps the meaning of the work; she possesses greater patience, has more physical endurance and is endowed with keener intuition than men. The part of the business to which she is assigned becomes at once to her her life; she wants it to succeed and puts her best thoughts into it. Every depositor is her friend; she feels that the accounts must grow and suggests ways to young people of keeping their money; she tells what their interest will be and does little sums for them, showing how money can be spent better on an increasing bank account than upon trifles that happen to be bought because, for the moment, they appeal to the eye, and the money is in the pocketbook to buy them.

A young woman knows that an erasure must never be made in a book—should an error occur it must be initialed; she wants no initials of hers tagging after errors in bank books away down to the end of time, and she takes care. A customer's signature is remembered as easily as a pattern on a piece of lace; the slightest deviation, and she detects it, and this power of picturing the tiniest details in the mind is of greatest service in remembering handwriting. I have not heard of a forgery where a woman stood as paying teller in a bank. Her fingers are quick in counting money, her eye observes each particular piece, she knows where everything is, and when the day is done her balance is before her—she has not lost sight of it for one moment during banking hours.

Young women have less outside temptations than young men. I have asked the questions many times, "Does the money that passes through your hands appeal to you as money; do you ever feel that you would like to possess it?" And the answer invariably was "No." It is simply the material with which they are working during the day. They want the amounts to increase, they must make it balance; but the salary that comes in their pay envelope every two weeks is a big thing to them. It is what they have earned. I have heard that women are more honest than men; I would not say that, but I would say that women are not drawn into games of chance, they have not the offerings of flowers and bon-bons to make that young men have, their club life is not expensive, there are neither cigars nor treats—in fact, when they get their money it belongs to them, and they are not tempted to take more.

Salary and Advancement.

The matter of salary has not yet been adjusted. In the junior positions young men and young women receive the same amount for the same work. In the higher positions men receive more. I do not know what Mrs. Hetty Green gets (she is woman's representative as a bank director), but I have never heard of a $10,000 or even a $5,000 position for a woman in a bank(and there are plenty of them for men). A woman who gets $2,000 or $2,500 is looked upon as a marvel of cleverness, but the salaries range from $1,000 to $1,500. A beginner starts at $200 or $300 at the most, and has a chance twice a year of having her salary raised.

Of course, there are positions in a bank that women cannot fill. She has not the grasp of world-wide conditions that man has; she cannot meet everyone who can give her pointers about business. There are places she may not go; facts she must never know of. Men may go everywhere; ferret out business and gain information, no matter from whom or where. Every woman who has risen to a high position in business knows instinctively when she has reached her limit; there is a barrier across which she may not pass, which not one out of a hundred has any desire to pass.

The Question of Dress.

A banking woman's dress is distinctive in that it is plain. In the United States white linen tailored suits are worn in summer, and cloth costumes with linen shirt waists in winter. In Canada dark shirtwaist suits with white linen collars and cuffs are worn. Elbow sleeves, transparent waists, ribbons and jewels have no place behind bank counters in any country.

I have been frequently asked about the training of women in banks, whether their allegiance is more readily given to a man or to a woman superior; whether women and men employes get along together amicably; if young women are found to be more jealous than men; and other questions that are always put when young men and women work in the same office. I have written to women managers and inquired of them, and the majority confess that a young woman prefers to appeal for information to a man, that she will take a correction better from a man than from a woman, but, if there is no man to whom she can appeal, she remains the faithful ally of her woman superior; this is natural, the same state of affairs exists the world over.

She is not as jealous of precedent and position as are men clerks. This was a surprise to me, and will be to others; and, too, she is loyal to the core to her fellow women workers. In the junior positions she is a better worker, and young men recognize it, and work in harmony with her.

The Women Bankers of To-day.

Among the women who have made enviable records for themselves as bankers are Miss Helen Forster, of Toronto, Canada, who, as private secretary to the chief officer of a bank, has absorbed the details of the highest offices until she has made herself invaluable as a deputy, and, with equal clear-sightedness, has grasped the meaning of the bigger conditions, not through coming in direct contact with them, but by keen observation of events as they are made public and a power to get at the gist of what business men talk to her about. Miss Naomi Farrell, of Winnipeg, is invaluable in her double position as manager of the savings and superintendent of the women's departments of the Northern Crown Bank. Miss C. Amy Ready, manager of a savings department, Mrs. Susie Northgrave, Miss Nellie Coburn, Miss Clare Corson, Miss Miriam Morphy, are a few of the many Toronto young bank women who have done good work in positions that a few years ago were given only to men. Other successful bankers are: Mrs. F. V. Church, of Missouri, who has had the longest banking experience of any American woman; Miss Harriet Moorehouse of Oregon; Miss Agnes Maud Deanes, of Detroit, Mich.; Mrs. Ronald H. Barlow, of Philadelphia; Miss Russell, of Alabama, and Miss Laflin, of St. Louis.

Another department in which women are doing good work is the bank advertising, for which they have peculiar adaptability. Bank shopping and furnishing is also done by women officers, and, as for stenographers and entry clerks, hundreds of them are employed in each of the different States.

Banking business is an excellent training for a young woman, no matter what her position in life may be. She should enter the bank's service when she leaves college, and be willing to accept a small salary while she is in training, for it will prove more useful to her than a university course for which she has to pay, instead of being paid.

PRACTICAL BANKING

AN IMPORTANT ADDITION TO THE COLLECTION DEPARTMENT.

By Charles W. Reihl.

DURING the past ten years the motto of the banks throughout the country has been, "Improve the system of work and thus protect the interests of the bank." Many changes have been made with this thought in view, and the records of the average bank are now at least 100 per cent. better than they were ten years ago. Not only have the banks profited by the changes, but the publishers of bank books have made a bit of profit out of the movement—in some cases they got all of the profit and the bankers got systems that did not fit their needs. Still that was to be expected in the clamor for new systems.

New Systems—What Might Be Expected of Them.

The records of many banks do not now show the amount of detail in the entries that they showed under the old system, while many others show more detail than they did before. The idea of the new systems, if properly arranged, was not to increase or decrease the volume of work, nor the multiplication of records, but to have the amount of detail with the entries that would make them self-explanatory and complete. In brief, to make the entries intelligent—if that word can be used of an entry, and we think it can.

It is true that many banks have for years been making their records in an abbrievated manner, using short cuts and time saving methods, with the result that in those banks they have books showing column after column of figures that mean nothing but dollars and cents—there being no explanation for any of the amounts. Such bookkeeping lacks definiteness and cannot be called either proper or scientific.

All the improvements that are worthy of the name "improvement," or that can be called either proper or scientific, have eliminated the faults of the old systems and have so arranged the forms that they are time-saving, so far as saving time is consistent with the correctness of the records. Thus giving records that will be of use not only for making the settlement, but that will explain themselves when referred to later, even though it be years later.

A Neglected Improvement.

But with all the improvements that have been made one important thing has been overlooked. It is the proper safeguarding of the collection department. Forms have been devised for the collection department. The slip system has been adopted by many as an improvement, but whether it is an improvement or not is questioned by some bankers. The loose-leaf system has been put in operation with satisfactory results when the ruling on the sheets had been properly arranged—otherwise it was not so satisfactory. These and other new features have improved the records of the collection departments; but there is still one thing missing that is of almost vital importance—*it is that no controlling account is kept for the total amount of the notes and drafts carried in the department.*

There is probably not more than one bank in any five hundred in this country that carries such an account on the general ledger, or on any other book in the bank. It ought to be so that the statement would read: there is not one bank in five hundred that does not carry such a controlling account.

The Controlling Account.

In the "old country" they have had more years of experience in the banking line than we have had, and consequently they have some very good methods that we do not have. It would show our wisdom if we would copy some of them. One of the things we ought to copy is the controlling account for the time and sight collections, as they have it. In some of the "foreign" banks they carry two accounts for this purpose—one on the debit side and one on the credit side—the one offsetting the other. In this way the ledger is kept in balance, and by this arrangement the amount will appear in both sides of the statement. The balances in the account are shown on the daily and weekly statements, but they are not usually included in the total footings of the statements. The amount is usually carried in the short or inner column.

The absence of the controlling account for the items in the collection department makes this the one weak and dangerous department in many banks. Without such an account the examiners find it impossible to check up the department with any degree of satisfaction, although attempts are sometimes made. The absence of this account makes it impossible for the auditors or officials of the bank to either prove the account or to know how much is being carried in the department.

The idea of the controlling account was first called to the attention of the writer by a bank man from Ireland, who is now a bank examiner in this country. He says that every bank in Ireland carries such an account.

The Unprotected Collection Department.

Besides the above disadvantages caused by the absence of the controlling account, the fact that the department cannot be proprely checked makes it a source of temptation to some of the men in charge of the department. It was through the dishonesty of the man in charge of an unprotected collection department, and whose defalcations were discovered by accident, that the writer of this article was given his first position in a bank. Getting a position in that way is not much of a pleasure. If one rises because of another one's fall it cannot be much of a credit to either—surely not to the one who fell, and it is a questionable credit to the one who rose. It is far better that we get no advance in position than to get it through the disgrace of a fellow being.

The question now arises—how can such an account be operated? The first answer is this: Operate it much the same as the controlling account for the loans and discounts is operated. But inasmuch as there is now no controlling account for the collections, the starting of the account will, in many banks, be the difficult part. We will first consider what account or accounts should be carried, then how to start and operate them.

Operating the New Account.

In the banks that usually come under the classification of small banks all the collection items can be carried in one account; but in the larger banks it will be found advantageous to have three divisions—the first for drafts, the second for local notes, and the third for out-of-town notes. Good headings for these accounts would be as follows: "Collections—Drafts," "Collections—Local Notes," "Collections—Out-of-town Notes." These divisions will allow the accounts to be in such a form that they can be handled quite easily, whether the volume is heavy or light.

In some banks it will be found to be an advantage to divide the account for drafts, by having the local drafts in one account and those on outside points in another account. It may be that some bankers will object to having so many new accounts on their general ledger, if so it can be arranged that the details for the various accounts be carried in the collection department and only one controlling account called "Collections" be carried on the general ledger and the statement. This one account should show the daily totals of credits and debits to the various accounts and throw out the balance each day.

Details of Operation.

The way to open the accounts mentioned above would be this: At the close of to-day's business make a machine list of all the drafts, including those sent out and those on hand, and credit the total to the account for drafts. Then list all the local notes and credit the total to the account for them. After that make a list of all the out-of-town notes, including those sent away as well as those on hand, and credit the total to the account for the out-of-town notes. The reason for crediting, instead of debiting, these amounts to the accounts, is that the amounts represent liabilities and not resources. The proper side for liabilities is the credit side.

Further Hints on Operation of New Accounts.

By following the plan here given the accounts will have their beginning. The way to continue or operate them would be this: The total of the collection items, of each class, received during the day should be credited to the accounts, and the total of those paid or returned should be debited to the accounts. It would be better to make separate debits for the returned items and for those paid; by so doing the accounts could be more easily checked—the credits to the various depositors' accounts, for collections paid, would agree in total with the debits to the collection accounts. The balances thrown out in the balance columns at the close of the day would give the amounts that should show on the daily statement, but not included in the footings of the statement. The best place for this on the statement is following the total of the liabilities. The copy of the daily statement for May 18 and 19 given with this article will show how the account can be carried on the statement.

The writer has had the privilege of discussing this improvement with several leading bank men, and to each of them it seemed to appeal with quite some force. There is no doubt that every bank will, before very long, carry such an account, or accounts, for the control of the collection department. The advisability of it will be apparent to all bankers who desire to properly keep their records and to protect their banks—and that is what every banker desires.

Inasmuch as this is a new idea to most of us, we add this: All who are interested, especially auditors of banks and bank examiners, are requested to send to The Bankers Magazine their opinions of the proposed controlling accounts for the collection department.

DAILY STATEMENT FIRST NATIONAL BANK.

	May 18.	May 19.
ASSETS.		
Loans and discounts	$4,249,127.22	$4,450,250.90
U. S. bonds	600,000.00	600,000.00
Bond account	545,400.00	545,400.00
Stocks and securities	285,479.02	285,479.02
Real estate	53,000.00	53,000.00
Premiums paid	21,000.00	21,000.00
Due from U. S. treas.	30,000.00	30,000.00
Furniture and fixtures	5,265.00	5,265.00
Cash Resources:		
Due from oth. bks.	867,580.44	810,500.50
Due from app. res. agents	949,155.83	930,750.75
Cash on hand	870,509.67	845,873.72
Total	$8,476,517.18	$8,577,519.89
LIABILITIES.		
Capital stock	$600,000.00	$600,000.00
Surplus	500,000.00	500,000.00
Undivided profits	224,570.79	225,750.85
Reserve for taxes	7,500.00	7,500.00
Circulation	595,590.00	595,590.00
Deposits:		
Checking accounts	3,984,896.50	4,065,938.70
Savings accounts	1,775,474.14	1,780,565.14
Certifi. of deposit	751,550.75	764,505.20
Cashier's checks	20,750.00	21,500.00
Dividends unpaid	16,185.00	16,170.00
Total	$8,476,517.18	$8,577,519.89
Collections	$725,984.76	$718,357.95

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the every-day work of banks, savings banks and trust companies are desired for publication in The Bankers Magazine.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

SAVINGS BANKS

BRANCH SAVINGS BANKS.*

By Edward B. Carney, Treasurer of Lowell Institution for Savings, Lowell, Mass.

THE Legislature of the Commonwealth of Massachusetts, during the session of 1908, codified, revised and amended the laws relative to savings banks and institutions for savings. Very few of the old laws were stricken out, but a number of new ones were added. One of the important amendments to the statutes was that allowing savings banks to receive deposits outside of the banking rooms. This statute as amended is as follows:

"Such corporation shall carry on its usual business at its banking house only and a deposit shall not be received or payment on account of deposits be made by the corporations or by a person on its account in any other place than at its banking-house, which shall be in the city or town in which the corporation is established; except that the corporation may, with the written permission of and under regulations approved by the commissioner, maintain and establish one or more branch offices or depots, for the receipt of deposits only, in the city or town in which the banking house is located, or in towns not more than fifteen miles distant therefrom in which there is no savings bank at the time when such permission is given. The annual meeting and meetings of the trustees or board of investment of such corporation may be held at any place in the city or town in which its banking-house is located."

In compliance with this statute, written permission was given by the Bank Commissioner, July 7, 1908, for the Lowell Institution for Savings to establish and maintain branch offices for the receipt of deposits only at the factories of Abbot & Co., worsted manufacturers, and C. G. Sargent's Sons, makers of wool washing machinery, in the town of Westford, which is ten miles from the city of Lowell, and the first deposit was received July 18, 1908. The operatives in these factories had for many years been depositors in this savings bank, as it offered them better accommodations when they came into the city Saturdays than the other banks did. They formerly depended on the steam railroad for transportation, and the last train left for their homes at five o'clock, but now an electric car line has been built from Lowell to Westford, so that the time of their departure from the city is not limited as it was.

Each Friday afternoon—which is pay day at these factories—one of the clerks of this bank leaves at half-past one on the electric cars, reaches the first of the mills about half-past two and finishes at the last mill shortly after five o'clock. The carfare for the trip is thirty-five cents. For the first few weeks the clerk remained in the office of the superintendent while word was sent to the overseers of the various rooms that the "bank man" was ready to receive deposits. This method did not prove a success, as it was afterward found that an operative seldom went to the office for any other purpose than to receive chastisement, and he, therefore, kept away as much as possible. Another reason offered was that the op-

* An address delivered before the Savings Bank Section American Bankers' Association, Chicago convention.

erative did not want the superintendent or the management to know that he was saving money for fear that his wages might be reduced. A tour of inspection was made through the various rooms, and, after talking with the overseers and many of the operatives under them, it was decided to go directly to the operative at his machine and there solicit deposits. This change proved to be a marked success at once, as in this way we came in personal contact with the very ones to whom the idea of a savings bank had never suggested itself, for those that we reached were the foreigners and the boys and girls. A large per cent. of the unskilled operatives in the New England factories are foreigners, and a personal appeal to them by a representative of a savings bank, with the assurance and approval of the management of the factory, has done more, in our case, at least, to gain their confidence in our savings banks than any written guarantee could do. Within a month of the time that we changed to personal solicitation one afternoon the clerk opened two new accounts with Polanders, one for $200 and the other for $100. It is the custom of these foreigners to keep on their person the actual money that they receive, and when a sufficient amount has accumulated to send it to their native land. These are the funds that should be brought into our banks, and in a modest way we have diverted some from their garments to our bank. One operative allowed his deposit to accumulate until it amounted to $7, when he withdrew the full amount. We afterward learned that this was made a test case to satisfy him and his associates that the money given at the factories actually found its way to the bank. He has since opened a new account and has quite a respectable deposit.

For a number of months the boys and girls were very apt to sit in the seats of the scornful and laugh at those who made deposits. Talking to them brought no result, but finally a plan was adopted that made eight of them depositors, with the promise that more would become so later. It had been the custom for quite a few years for a certain number of these boys and girls to form themselves into clubs, and each member would deposit weekly twenty-five cents into the treasury of the club. Some member, previously drawn by lot, would get all of the week's deposit, and so each week a different member would receive the deposits. In this way, while the member of the club contributed twenty-five cents each week, once in so often, depending upon the number of members in the club, he would receive a good-sized dividend. This method was very good for saving, but the one who received the week's deposit was quite apt to consider it so much clear gain and spend it at once. Acting upon the suggestion offered by these weekly deposits, two clubs, with four members each, have been started, one of boys and one of girls, to make deposits in the bank each week, and as a special inducement to encourage them to save the members of the board of investment, personally, have offered to give $5 bonus, when the deposits on the bank books of each club shall amount to $50. Each member of a club has the privilege of making deposits besides that received from the club, and so receive a greater share of the bonus money when the amount of deposit of the club to which he belongs shall reach $50.

A number of the overseers have taken a special interest in having the operatives under them open accounts and make regular weekly deposits, for with money deposited in a savings bank nearby the operative is more contented with his work. One overseer reports fewer changes among those under him than before we began to receive deposits.

We have heard from a number of individual cases where a good deal of comfort and aid has been possible because there was a bank account, even if a small one, to draw from.

After thus outlining the methods used to solicit deposits it is interesting to note what has been the result:

NEW ACCOUNTS OPENED AND DEPOSITS RECEIVED AT THE NEW BRANCHES OF THE LOWELL INSTITUTION FOR SAVINGS.

Date. 1908.		Number of New Deposits.	Total Number Deposits.	Amount.
July	18	7	8	$27.00
	25	4	10	132.00
Aug.	1	5	14	708.80
	8	1	5	33.00
	15	1	4	14.00
	22	1	7	39.00
	29	..	11	99.00
Sept.	5	5	10	318.00
	12	5	16	271.00
	19	1	11	122.00
	26	..	6	35.00
Oct.	3	2	10	200.00
	10	..	4	45.00
	17	4	15	418.00
	24	4	13	142.00
	31	..	7	46.00
Nov.	7	5	20	246.25
	14	1	16	99.00
	21	1	13	98.00
	28	1	12	78.00
Dec.	5	2	13	164.00
	12	3	17	177.75
	*19	..	..	.....
	*26	..	..	.....
1909.				
Jan.	2	2	7	147.50
	9	3	25	715.50
	16	3	19	159.00
	23	2	23	229.00
	30	2	17	513.50
Feb.	6	5	30	436.50
	13	4	25	358.00
	20	3	20	145.00
	27	3	22	220.00
Mar.	6	4	27	170.25
	13	5	25	346.00
	20	2	26	228.00
	27	3	28	196.00
April	3	1	19	139.00
	10	2	31	254.00
	17	3	31	1,786.00
	24	1	24	166.00
May	1	2	34	493.00
	8	3	22	209.00
	15	..	24	148.18
	22	..	18	110.00
	29	2	25	329.50
June	5	5	26	659.00
	12	1	18	179.50
	19	1	27	260.50
	26	4	27	632.00
July	3	1	22	205.00
	10	2	35	248.50
Totals		122	919	$13,196.23

*Bank not opened.

At the time of the starting of our branch offices these factories, in common with all New England industries, had not recovered from the financial depression that had so recently been felt throughout the whole country. The number of operatives had been reduced and the hours of labor were very much shortened. This condition existed well into October, when full time was re-established, and the number of operatives was gradually increased until the full force was finally taken back. These factories are not large, employing at the most about five hundred, of which number 120 are aliens, coming mostly from the Russian provinces, with a few from the southern European countries. Of these foreigners, thirty-three, or about twenty-five per cent., have become depositors, with a deposit amounting to $3,442, and only one of the accounts has been withdrawn, and that was done because the depositor moved to a Western city.

Deposits have been received during the period of one year every week, except the two weeks previous to Christmas. For the fifty times that we have been to the factories 919 deposits from 156 depositors have been received, amounting to $13,196, or an average of $84.58 per depositor per year. Of the 156 depositors 122 have opened new accounts at the factories. About thirty-one per cent. of the total number of operatives are depositors, and of this number twenty-four per cent. have become new depositors. The average deposit per week has been $264, with a minimum of $14 and a maximum of $1,786. The largest number of deposits made by one individual was thirty-three, with a deposit amounting to $52. This one case is evidence of the success of the undertaking.

In conclusion, we believe that the benefits derived from the experiment warrant its continuance for three reasons:

First, the spirit of saving and confidence in our savings banks has been brought to the operative; second, the amount of deposits in the savings bank has been healthfully increased, and, third, the operators of these factories have received the benefits, derived from those who are more contented since they have become an active part in the great financial system of this country.

THE BY-LAWS OF A SAVINGS BANK AND WHAT THEY CONTAIN.

By W. H. Kniffin, Jr.

LOST PASS BOOKS.

IF a savings bank book be accidentally destroyed or lost, and the owner makes *affidavit of that fact* and of its circumstances, and *gives a receipt* for money drawn on such account, such money will be paid unless the case be such as to afford *reasonable ground of suspicion or fraud.* In all cases of loss or destruction of any savings bank book, any officer of the bank *may require a bond,* with sufficient sureties, conditioned to indemnify the savings bank from loss by reason of making such payments, before the same shall be made. (New York.)

If a pass book is lost, *the depositor should immediately notify the bank,* and if after a *reasonable time* the book is not found, and the *balance thereon is not over ten dollars,* a receipt shall be taken for the balance, stating that the pass book is lost. If the balance due on the book *is more than ten dollars* and not exceeding *fifty dollars,* the depositor shall make an affidavit as to the loss of the book and give a receipt for the balance. If the balance due is *more than fifty dollars,* the depositor shall execute to the bank a *bond of indemnity* for twice the amount of said balance, with sureties to be approved by the officers of the bank. In all cases of lost books, the accounts shall be closed, and the balance, if not withdrawn, shall be transferred to a new account, under another number. (New York.)

If a depositor shall lose his, or her, deposit book, immediate notice of the loss must be given at the office from whence the book was issued, and a new book will be issued to the depositor *upon satisfactory proof of identity,* and *after the depositor shall have advertised the loss of the book in one daily newspaper published in the city of Philadelphia,* and after the depositor shall have given to the Society *satisfactory indemnity* against any loss to the Society in respect of the book so lost. (Penna.)

In case of the loss of the pass book, notice thereof shall be given at the depositor's expense, at *least once a week for four successive weeks,* in one or more of the daily newspapers of the city of St. Paul. The pass book may then be considered void and of no value, and after two weeks have passed from the last advertisement, the bank may make payments without having the pass book produced. *Adequate indemnity* must, however, be furnished the bank before payments are made. (Minn.)

In case of the loss of a pass book, notice thereof shall be given, at the depositor's expense, once a week for two consecutive weeks, in one or more of the daily newspapers of the city of New York. The pass book may then be considered void and of no value, and the bank may, after two weeks have passed from the last advertisement, make payments without having the pass book produced. The bank may, moreover, demand satisfactory security. (New York.)

The funding committee may order duplicate books to be issued for lost books, *under suitable regulations* for the protection of the bank against frauds and losses thereby. (New York.)

Pass Book Regulations.

Books must be presented at the bank at least once each year, for entry of interest.

Books must be surrendered when all the money is withdrawn.

Keep this book in good order; do not fold or roll it. If lost or mislaid, give *immediate notice* to the bank.

Transfer of Pass Books.

No transfer of pass books shall be binding upon the bank *unless approved by the treasurer* and such approval endorsed on the pass book.

No transfer or assignment of a depositor, or any part thereof, *will be recognized by the society*. (Ohio.)

Transfer of pass books shall only be valid when entered *on the books of the bank* and *on the pass book*, which must be presented for that purpose by the original depositor, accompanied by the person to whom the depositor desires to make the transfer.

No assignment of such bank book *shall be made to any other person*. To render any transfer of such money effectual, *the money must be withdrawn by depositor and receipted for in the regular way*.

No gift, assignment, or transfer of the whole, or any part, of the amount due a depositor shall be valid, unless such gift, assignment, or transfer be made in writing signed by the depositor and duly acknowledged or proved before an officer legally authorized to take acknowledgments or proofs of deeds. *No gift in contemplation of death shall be made* in any such manner as to prevent the bank from discharging itself of all liability by payment to the executor or administrator of the deceased depositor.

No assignment of any depositor's account will be recognized by this bank *unless notice in writing of the same* is given the bank and its assent thereto entered in depositor's book. (Washington.)

Undesirable Accounts.

Under direction of the finance committee, any account may be closed or deposits refused, by giving one month's notice of the same. (Minn.)

Any account may be closed by giving one month's notice, after which interest ceases. (New York.)

Deposits may be returned *at the pleasure of the board*.

The trustees shall be at liberty to refuse to receive any deposit at their pleasure.

The officers of the bank are authorized to close the account, or to refuse to receive the deposits *of any individual*, whenever they may deem it expedient, and the board of trustees shall be at liberty to return the amount of all or any part of the deposits, on giving one month's previous notice of their intention to do so. All notices relating to deposits or depositors, published daily for one week, by order of the board of trustees, in one or more of the public newspapers printed in the Borough of Brooklyn, shall be deemed and taken for all purposes as actual notice to each depositor. (New York.)

This bank may refuse to receive a deposit and may return the whole or any part of any deposit. The interest on any deposit will cease upon giving to the depositor personal notice or such other notice as may be provided for by the rules and regulations of this bank. *The bank may retain any pass book* and issue a new pass book in place thereof; but in such case the pass book so retained shall *not be destroyed*, nor shall *any alteration be made therein*, but the same *shall be preserved* and be subject to the *reasonable inspection* of any person interested therein. (New York.)

Dormant Accounts.

All accounts on which no deposit or draft shall have been made for *twenty-two* years shall cease to be entitled to any further interest after twenty-two years from the last deposit or draft. (New York.)

All accounts on which no deposit or draft shall have been made for *twenty years* shall cease to draw interest, *except endowments* for children and others.

All accounts on which no deposit or draft shall have been made for *six years* shall be *suspended*.

After ten years * * * shall cease to be entitled to interest *unless by special agreement*. * * * After *ten years* shall be closed.

Accounts of depositors whose pass books have been presented at the bank for the entry of interest within the period of twenty-two years, shall *not* be deemed dormant.

The board of trustees *may discontinue interest* on accounts of depositors on which no deposit or draft has been made for twenty successive years, nor shall any dividend be declared or any interest be credited upon any *dormant account;* that is an account in which no entry of deposit or withdrawal shall have been made for a period of twenty-two successive years; nor shall the deposit or withdrawal of any amount from such account after the expiration of twenty-two successive years *require the credit of any interest* for any period of time *prior* to the date at which such entry or withdrawal takes place; but where such deposit or withdrawal is made *after the expiration of a period of twenty-two successive years,* dividends *shall be declared* on and interest shall be credited to the account subject to all the provisions of these by-laws, in the same way *as if such account had been opened at the date at which such last mentioned deposit or withdrawal may be made.* (New York.)

INTEREST.

When Interest Is to Be Credited.

The board of trustees shall, *by resolution,* order to be credited to depositors on the first days of January and July in each and every year, payable to them on or *after the twentieth day* of said month (unless the same shall fall on Sunday or a legal holiday, in which case, then the next succeeding day on which the bank shall be open for the transaction of business) such rate of interest, in conformity with law, *as the earnings of the bank may justify,* on all sums of five dollars and upwards, which shall have been on deposit for the *six months* next preceding the period at which such interest shall be credited; and the same rate of interest on such sums, as shall in like manner have remained on deposit for *three months* next previous to the aforesaid time; and interest may also be allowed for the full terms above named, on deposits made not later than the *tenth day* of January and July or the *third day* of April and October; but *no interest* shall be allowed on any sum withdrawn previous to the first day of January and July, for the period which shall have elapsed since the last dividend; nor shall interest be paid on the fractional parts of a dollar. (New York.)

The board of trustees will semi-annually *apportion* to all depositors a dividend of all the earnings of the institution; *reserving only such portion* as in their judgment prudent management would require as a *guarantee fund,* as provided by statute. Such dividends shall be payable to depositors on the first Mondays of April and October in each year. In making such dividends of net earnings, the trustees *reserve the right to discriminate* in favor of depositors of sums not exceeding one thousand dollars, by paying a rate of dividend not exceeding one per cent. per annum higher than to depositors of larger sums.

All moneys deposited on the *first day* of *any month* shall draw interest *from the date of such deposit.* All deposits made during *any month after the first day* thereof shall draw interest from the first day of the *succeeding* month, excepting that deposits may be taken during the *first ten days* of April and October and during the first *three days of other months,* to draw interest from the first days of those months respectively.

At whatever time money may be drawn out, interest thereon shall be credited only to the *last previous* dividend day. All interest not drawn out will be added to the principal, and will draw interest from date of the dividend crediting it. (New York.)

Interest is estimated by *calendar months.* No interest is allowed upon any sum withdrawn before the end of the month following the date of its deposit excepting deposits made on or before the *twenty-first day* of January, or on or before the *fifth day* of any other month, which will receive interest from the first day of the month in which such deposit is made; and excepting also, that after a deposit has remained *undrawn more than one calendar month,* and is withdrawn on or after the *sixteenth* day, but before the *last day,* of the month *following,* it will receive interest for *one month and a half;* and if the deposit is not withdrawn before the first day of the next month, it will receive interest to the day preceding such first day. (Penn.)

After the first day of February in each year, *every deposit book shall be presented at the office,* or agency, from whence issued, and when so presented, interest as accrued to the thirty-first day of December of the preceding year will, at the depositor's option, either be credited as an addition to the principal, or will be paid to the depositor. (Pa.)

All dividends not called for within three months after being declared shall be added to the principal of the depositor, and draw interest from the time they were declared at the same rate as the principal. (New York.)

Interest shall be credited for *such time as it shall have been on deposit,* but *no interest* shall be paid for *fractional parts of a month,* nor for *fractional parts of a dollar.*

No interest will be entered upon the book until *after the first days of February and August.*

Interest not withdrawn will be added to the principal.

Interest will be forfeited *if money is withdrawn before the first days of January and July.*

Depositors shall share *their just proportion of all dividends* that may be declared. (Conn.)

Accounts of Deceased Persons.

Upon the death of any depositor his deposit shall be paid to his *legal representative,* but if the sum shall not exceed *one hundred dollars* the same may be paid to the husband, widow or next of kin at the discretion of the treasurer, without any letter of administration, and such payment shall discharge the corporation. (Mass.)

The amount due on any account shall be payable to the depositor, his or her order, *or his or her administrator, executor, or assign,* except where *special arrangements* shall be made otherwise by the depositor, or by the terms of any order of court. In the event of the death of any depositor, the bank may, if it sees fit, pay any sum to the credit of such *depositor direct to his or her heirs,* without requiring the appointment of any administrator or executor. and such payment shall discharge the bank; but *before making such payment,* the bank may require from such heir or heirs such indemnity as the bank may deem satisfactory. (Washington.)

If any depositor shall die without heirs, any balance to the credit of such depositor not otherwise disposed of by decedent shall not escheat to the State, but shall belong to the bank, and be carried into its reserve for the greater protection and security of the savings depositors of the bank. (Washington.)

Upon the death of any depositor, the money standing to his credit shall be paid to his legatee, or heir-at-law, or legal representative *conformably to the laws of the State;* and, if the sum shall be *under fifty* dollars, the same may be paid to the legatee, or next of kin, or legal representative, without the expense of any probate of will or letter of administration, and it is agreed that such payment shall discharge the corporation. (Mass.)

After the decease of any depositor and on notice to the institution of said decease the amount standing to the credit of deceased shall *be payable to his or her legal representative,* except in the case of an account *in trust for another;* in the event of the death of the trustee, the total amount to the credit of the deceased shall be payable to the person for whom the deposit was made—unless other further notice of the existence and terms of a legal and *valid trust* shall have been given in writing to the institution—and in the event of the death of the trustee and the person for whom said deposit was made, the amount thereof shall be payable to the legal representative of such person.

Any depositor, with the consent of the board of trustees, may designate in writing the time the sum deposited by him shall remain in the bank and the person to whom the deposit and dividends thereon shall be payable, and may prescribe any other special conditions of deposit, which directions and conditions shall be observed by the bank and shall be binding on the depositor and his legal representatives. (Maine.)

Upon the death of any depositor, should the amount standing to the credit of such depositor be less than one hundred dollars, it may be paid to the legal heirs without expense of probate, and it is agreed such payment shall discharge the corporation. (Maine.)

Any balance to the credit of deceased depositors, *not exceeding two hundred and fifty dollars,* may in the discretion of the president or treasurer be paid to his, or her, next of kin, *without requiring them to take out letters of administration,* upon delivery to the bank of an *indemnity bond,* the form and amount of such bond to be approved by the president or treasurer of the bank. (New York.)

A book shall be kept at each office, or agency, of the society, in which every depositor shall be at liberty *to appoint some person,* or persons, to whom, *in the event of his, or her, death,* the money shall be paid, if not otherwise disposed of by will. (Pa.)

Society Accounts.

Deposits may be made by any person as trustee for the benefit of another, or of any *unincorporated society or association,* at the discretion of the treasurer. In all such cases the deposit shall be made in the name of the trustee "in trust for" such person, society or association. Said trustee, or his successor, shall alone be entitled to receive payments, and his receipt, with the production of the book, shall be a sufficient discharge. Provided, however, that in case of deposits for the benefit of another person, the corporation may, at their discretion, by a vote of the executive committee, make payment to such person on the production of the book, which payment shall also be a sufficient discharge. And provided, further, that in case of deposits for the benefit of any unincorporated society or association, *a certificate signed by the* secretary and under the seal of such society or association, that a new trustee has been appointed, shall be sufficient evidence of such appointment, and a payment to such new trustee shall be a sufficient discharge. (Pa.)

Deposits by, or on behalf of, any unincorporated society, or association, shall be made only in the name of some person, or persons, *"in trust for"* such society or association; and in every such case, the trustee, or trustees, only will be entitled to receive payment, and his, or their, receipt, with the production of the deposit book, will be a full discharge to the society. If the society, or association, in trust for whom the deposit has been made shall appoint a new trustee, or trustees, such appointment *must be made according to law,* and *written notice thereof filed with the society.* (Pa.)

Checks.

All checks shall be signed by the treasurer or president and countersigned *by a teller.*

All checks shall be drawn by the *president* or *treasurer* or *secretary* and every check shall be made payable to or specialized by endorsement to the *parties entitled to receive the same.*

All checks, drafts or orders for the payment of moneys by the institution, shall be drawn by the *treasurer* and *countersigned by the president,* and made payable to the order of the person in whose favor the same may be drawn. (New York.)

All checks or drafts for the sum of *$3,500* or over shall be signed by two of the following officers, viz.: The president, the treasurer and the assistant treasurer. In case, however, of the absence from the city or disqualification of the above officers, or any of them, the board of trustees; or, during the interval between the meetings of such board, the executive committee may, by resolution duly passed and entered in the minutes, temporarily authorize other officials or employees of the bank to so sign. (New York.)

All checks shall be drawn by the treasurer or secretary, countersigned by the president; or, in case of his absence, by a vice-president, or by a trustee. *In the absence of the treasurer and secretary,* checks may be drawn by a *member of the funding committee,* and countersigned by the president, vice-president or *a trustee.* All checks when signed shall be made payable to the order of the party entitled to receive the money, *except that in case of mortgage loans, the check may be made payable to the order of the attorney of the bank.*

Examinations and Audits.

The judges of the District Court for the county of Allegheny may, at any time, on the application of two trustees, or three depositors in said corporation, and on reasonable cause shown therefor, to the satisfaction of said Court, appoint two or more persons to examine into the investments thereof, and its affairs and business generally. The books, papers and business of said corporation shall be open and subject to the examination of such persons; and the trustees, officers and clerks thereof, or any other person, may be examined on oath by such persons; and the said Court may confer such other powers on the persons so appointed as they may consider necessary for more thorough and perfect protection. (Pa.)

The trustees shall have the entire supervision and management of the affairs of the institution, except as otherwise provided by these by-laws; they shall, in the exercise of their best judgment, see that the funds of the corporation are safely invested according to law. *It shall be their duty at least twice in each year to make an examination of the affairs of the bank and of its assets and settle the account of the treasurer.* (New York.)

The auditing committee, consisting of three members, shall examine all funds, securities and property of the institution *monthly,* or oftener, at the option of the committee; they shall have power to *employ experts* to make or assist in making examinations, and shall report at each regular meeting of the board of managers. (New York.)

Common Seal.

There shall be a common seal, to be kept in the bank under the charge of the president, and to be used only by authority of the board of trustees, or as hereafter provided.

The corporate seal of this bank shall consist of a circular design having in the center a picture of the present banking house with the word "Economy" below the same, and in a circular band about said picture or design the following inscription: "Albany Savings Bank—Incorporated 1820." The above to be cut in metal in such a way as to give a clear impression of the entire design upon any instrument to which it may be affixed. (New York.)

Miscellaneous Provisions.

Expenses and Supplies.—No bill for expenses or supplies shall be paid unless in pursuance of a resolution of the board, until the same shall have been *audited* by the *president or treasurer.*

Tax Receipts.—Receipts for taxes and assessments upon property mortgaged to the bank must be shown at the time of payment of the *December interest.*

Securities of the Bank.—The securities of the bank shall be kept under the charge of the president, treasurer and secretary, in the safe or vault, and access to the same shall *only* be had by the president, the treasurer, the secretary, the examining committee and the funding committee. except by *special vote* of the board of trustees. (New York.)

Publication of By-laws and Where Obtained.—The by-laws and regulations, defining the rights and duties of the depositors, shall be *exhibited in the bank and copies* thereof may be obtained from any of the officers of the bank, and such by-laws shall be incorporated in the pass book of the depositor. *Whenever any alteration* or amendment to these by-laws shall be made which in any way affects the *rights of the depositors,* the bank shall publish in one or more of the daily newspapers of the Borough of Brooklyn a notice thereof, and state that a copy of the by-laws as amended *can be obtained by calling at the office of the bank.* (New York.)

Transfers of Stocks, Bonds, etc.—All

transfers of stocks, releases, satisfactions, assignments, etc., shall be signed by the president and countersigned by the secretary, *but no transfer beyond $5,000* shall be made without authority of the *board of trustees.*

No transfer of securities, or assignment of any mortgage shall be made *except by authority of the board of trustees,* regularly recorded on the minutes of the bank. Such transfers shall be made by the president or one of the vice-presidents.

Every satisfaction piece or assignment of any *mortgage or security held by this bank, every conveyance of its real estate,* release of any part of any real estate covered *by a mortgage held by it* and every extension or *modification of any mortgage* held by it, shall be executed by *either the president or treasurer,* and by no other *officer or employee.*

In no case shall a mortgage be assigned unless by *special authority* of the board of trustees.

The *investing committee* shall have the disposal of all the *money of the bank* and make investments. *No loan shall be made on property but such as is actually productive,* or which it is estimated by the committee will yield, exclusive of all other charges, an amount annually above the interest on the money loaned. (North Carolina.)

No investment shall be made without the consent of the president and the *objection of any one of the committee present* shall prevent the investment. (North Carolina.)

No loan that has been *rejected* shall be *reconsidered* without the consent of the trustees objecting thereto. (New York.)

Deposits in other institutions must be made by a *majority of the board.*

All deposits in other banks shall be in the name *of the bank.*

Application for Loans.—All applications for loans on real estate shall be in writing, and shall state the location boundaries and value of the same, together with such other information as shall enable the board to form a reasonable estimate of its value; and all expense of searches, drawing of papers, and examination of premises, shall be borne by the party asking the loan.

Repeal of Existing By-laws and Amendments.—Amendments shall be binding *from the time of their adoption.*

Amendments shall be binding *when published.*

No alteration shall be made in the by-laws of the bank unless a notice specifying the proposed alteration shall have been given at *the previous regular meeting* and entered in the minutes of the board, and a like statement shall be made *in the notice* mailed to the trustees of the meeting at which the alteration shall be acted upon. (New York.)

No alteration of these by-laws shall be valid unless at least *nine trustees* shall vote in favor thereof. For such purpose the motion for such amendments must have been made at a *previous stated meeting* of the board of trustees and a *special written notice* of the object of the meeting, at which the same may be considered, shall be given. (New York.)

No by-law shall be altered or repealed, nor shall any new by-law be made, unless a *majority of the whole number of trustees be present,* and the alteration, repeal, or new by-law, as the case may be, shall have been proposed at a previous meeting of the board.

The trustees may, at *any regular meeting,* or at a *special meeting* called *for that purpose,* make such further regulations or by-laws or alterations of those already made, as they may deem necessary, provided notice of the intention to alter or enlarge the by-laws shall have been given at the *next preceding regular meeting* of the trustees or at a special meeting called *for that purpose; provided,* that the said action of the trustees shall be laid before the corporation at their next meeting for their approbation or rejection. All such regulations and by-laws and alterations shall be equally binding on all depositors as those by them subscribed, after the same shall have been duly made known to them, or until their rejection by the corporation.

NOTICES TO DEPOSITORS.

Publication of notices affecting depositors printed in a public newspaper circulating in the county of blank for *three weeks* consecutively and *posted in the banking room,* shall be notice to all. Or, a letter *addressed as per the address* given on the signature book, shall be deemed actual notice to each depositor in person.

(Time varies from six days to one month.)

BATHING SORDID BANK NOTES.

DIRECTOR RALPH of the Bureau of Engraving and Printing at Washington is going into the business of laundering filthy bank notes. Of course an expeditious way to get rid of the billions of germs—all of them harmless, by the way—with which some of the filthiest bills are infested would be to burn them and make brand-new notes in their stead. Paper is cheap, the cost of stamping is slight. But this solution of the problem is too simple, it seems. An elaborate chemical "bath" is being prepared for bills already much worn, and in this they are to be plunged to eliminate the "dangerous" bacteria. Of course the bacteria are bound to colonize afresh their worn and macerated surfaces at the first contact of the notes with hands and with the atmosphere. Dr. Warren W. Hilditch of the Sheffield Laboratory of Bacteriology and Hygiene of Yale University published last year a report on the "disease germs" supposed to inhabit old bills, in which he says:

> The soiled money used for this study was the dirtiest I could obtain from various sources, such as railroad, trolley, and theatre ticket offices, banks, drug stores, and individuals in different parts of the state. Some of the bills were much more worn than others, being very soft, cracked, and soiled, with frayed edges. . . . From the observations that I have made it would seem that the bacteria present on paper money are non-virulent and the forms most common are the air forms.

The fomites theory of disease transmission—that epidemics are kindled and spread as by conflagrations from infected rags and the nasty Government paper which the Government officials never think to renew—has been pretty well exploded in the recently published studies of Dr. Alvah H. Doty, Health Officer of this port. Dr. Doty has shown that the sorters of domestic and foreign rags are no more subject to infectious disease than are persons engaged in other pursuits. The men and women who handle the filthy paper money in the Treasury Department at Washington are not subject to infection. Clean, crisp bank notes should, of course, be kept constantly in circulation. But it is little short of ridiculous that our rich and extravagant Central Government should suddenly begin to economize by playing washerwoman to its old notes.—*New York Times.*

IMPROVINC OUR CURRENCY.

THAT we have the head of the good George Washington on all our present postage-stamps except the *ones* is due, we suppose, to the fact that former Postmaster-General Meyer lived a long time abroad, and got to like foreign styles in postage stamps. Mr. Secretary of the Treasury MacVeagh has also been abroad, and likes the look of some of the European money, and thinks we ought to make improvements in ours. He thinks the French paper money is handsome, and would have us take that for a model, reducing our notes in size by one-fourth or one-third, giving them a uniform system of design, and uniformity of color in bills of the same denomination. He wants us to have handsomer coins, too, which attests the unterrified quality of his zeal.

His ideas about the paper money are interesting, and we hope he will carry them out. It amuses the people to have new postage stamps and bills and coins now and then, and if their taste in art can be educated a little by such changes, so much the better. The Lincoln cents have given a great deal of entertainment and have been enormously discussed, and barrels of ink were innocently shed over the Roosevelt-St.-Gaudens gold coinage which preceded them. The main trouble with our present paper money is that you can't buy enough with it. It wears pretty well, and stands hard use, and averages considerably cleaner than it used to. But so far as we know, nobody is especially attached to the form or size of it, and if Mr. MacVeagh can better it, we'd like to see him.—*Harper's Weekly for Sept. 4.*

SILVER "PLUNKS" NOT SOUGHT AFTER.

INCREASING unpopularity of the silver dollar has resulted in bringing the number in circulation down to 71-000,000, a decrease of 11,000,000 in the last three years. The Government's refusal to pay express charges on silver sent for exchange for notes has added to the disfavor in which the silver dollar is held.

TRUST COMPANIES

Conducted by Clay Herrick.

STRENGTH IN UNITY.

By Charles W. Stevenson.

ACTING in the fourfold capacity of trustee, agent, surety, and banker, the modern trust company is a distinct response to the need of present-day complexity of commercial and financial interests. For commerce is nothing unless finance comes after it to render secure and safe that which industry has created and saved. Nor could finance be what it is save for the enormous trade of the world, the unwearied industry of man.

It is because of a peculiar combination, therefore, of powers and duties that the trust company appeals to the public as one of the most useful, as it is one of the strongest corporations ever ministering in service to the public at large.

As a Servant or Trustee.

Take the matter of its fiduciary capacity. Trusteeship is its primal purpose and its distinguishing feature. A trustee is desirable because of efficiency, fidelity, and perpetuity. In the trust company, as now organized under State laws, there is the perpetuity which is accorded the corporate form of life. For the rest, the company has efficiency because it is an equipment for the purpose of performing this kind of service, and the courts of the land come and stamp it as worthy by granting to it the many fiduciary capacities in which it may act. As to its fidelity the situation is fully met by a large capitalized concern which cannot abscond, which is ever at its place of business, which has within itself the guaranty of a large capital stock, and employs a large and competent force in accordance with a modern demand.

Again, an agent is valuable on account of experience, ability, and system. Here is an institution which has the experience because it has the opportunity and because it acts in the many well-known capacities of an agent or representative of the individual, and also the corporation, in financial affairs. It is because of its wide and varied powers and duties, stated and recognized by statute, that the trust company obtains ability through experience.

It brings together all the most skillful men in their respective lines, whether real estate, bonds and stocks, banking, or what not, and by so doing it gathers ability from the business of the world. The more complex the operation in finance the greater need for employing the trust company as an agent.

And thus having to do with all that demands the service of another in any of the needs of complex business it can do those things which are impossible of acquirement by a single individual, unless perhaps through long years of actual business operation; and even then with a perfect system one individual cannot acquire the extent or the detail of management possible to the larger corporation such as we designate herein.

The Trust Company as a Banker.

In its capacity as banker the trust company does not attain to any greater strength, perhaps not to that single sole strength, than that which belongs to the commercial bank. Its banking indeed arises not from the banking but from the trust principle. But that it can act in some kinds of banking with perfect service to the individual or interest is apparent from the nature of savings and their investment. It comes into the banking field naturally because customers have sums of money that must be taken care of, and because all such money left with the institution demands and obtains interest on the deposit.

As a Surety Company.

In acting as a surety the trust company attains an added degree of service, and thereby strength, because it is better fitted by its intimate touch with all forms of financial procedure and with the risks and temptations of the different forms of business than any other concern save that one devoted to this form of insurance alone. But being under a wise provision of the law compelled to keep separate its accounts as trustee, it naturally becomes a security in court and a surety for certain funds and for the performance of certain duties in the handling of estates that could not otherwise be obtained.

The trust company, then, is chartered with perpetual life for the distinct purpose of performing those acts and functions which lie outside the sphere of the average bank, either state, national or private. And herein, because so acting and so recognized and constituted by law, the modern trust company is one of the strongest institutions in finance, one of the most efficient servants of the people, and one of the safest guardians of all interests committed to its care, that could be created, or is to be found in our corporate or individual life.

Strength in Unity.

The elements of inherent strength thus declared will bear individual mention. Let us look at a few of them:

The worth of an opinion given on a financial transaction by a coterie of experts such as are employed by the trust company cannot be duplicated elsewhere, it is reasonable to say. There can be no disparagement of the individual in his relation to his client, be he an agent or a banker, to say that this is the case; while, in the instance of the trustee, it is easily discernible that the company must have far greater facilities and information than the individual or the firm.

In this behalf it is pertinent to say that the great corporation, with its millions of capital stock and its greater millions of deposits and loans, can and does supply legal and financial talent that the individual or firm acting in a lesser way cannot. This is not to say that in special interests the attorney, acting for them, may not (and, in fact, such attorneys often do) possess far greater experience in a given line than the talent employed by the corporation we are speaking of. But where it comes to the general practice the trust company, with its knowledge of cases which are similar, cannot have a real competitor in the individual. There is reason for the conclusion, and there is no curtailment of the demand for the individual practitioner because of the fact. To be the legal adviser of such a corporation is to act in the light of the combined experience and opportunity of such a company.

Again, turning to the financial side of the services of the company, it is a greater power than the individual can be because it acts within itself for both the buyer and the seller. It furnishes a market within itself and patronizes this market.

Its Varied Services.

Again, that is a successful institution which has within itself the elements of growth and attraction. The trust company by its service to so many diverse interests attracts thereby a large clientele. If the trustee needs to deposit money the banking department is at hand; if the investor wishes to buy or sell, be it real estate, or stocks or bonds, the corporation is ready; if the agent finds a purchaser or a renter that person is attracted toward the company; if the depositor wishes any of the services of the company he is made to realize the helpfulness of his banker; if a new country is to be opened up through the promotion of the enterprises incident thereto then there is a distinct drawing of general patronage in the direction of the company; if the individual has any of the needs, which are supplied by the company, in active life and business, he is drawn to the company when he has a special trust to be performed whether during his life or to be done after death.

And so it is that one interest attracts another, and taking them altogether they make for a corporation which is constantly growing with the growth of population and the expansion of the country and the complexity of business.

It is further great and sufficient within itself because, through attracting the small interests and savings of its customers, it is enabled to accomplish great things for individual firms and communities, by means of the power that lies in the investment of money in bonds for improvement and the earning of adequate interest rates. Taking the money thus of the small saver it is enabled to go out and do great deeds of improvement; and return to him with the obligation of communities in small denomination for his own purchase and holding. That which gathers and distributes must have increased strength thereby.

The Functions of a Trust Company Mean Strength.

Now, the filling of these many services entails a great diversity of interests. The trust company does not, therefore, depend on one line of business for its returns, and so it is enabled to make larger dividends because of that fact. Neither is the fund committed to its care by these many interests subject to the turn of a die, as is the case in one single industry. It has the money of its customers variously invested. Thereby it gains both in the distribution of its responsibility and the exercise of its power.

Unless the whole fabric of business shall go down this corporation cannot be adversely affected by the momentum or the volume of industry. For it deals in only the legitimate, and in so doing, with its widespread outlook, its diverse operations, it proceeds with the general trend of man's genius and economy. Herein is financial strength such as comes to the commercial bank in its varied loans, depending as it does on the whole, and not a single part, of the great fabric of trade.

Shall we mention also thé economy of operation which adds to the strength of the corporation, since the expense of any industry or enterprise is one of its necessary weaknesses?

Here, then, is the opportunity to use large capital, and in behalf of those who are comparatively poor and shut out of the great things in business and manufacturing. Here is an aid to legitimate investment by which individuals and corporations and communities may become the richer. In this necessary and important service lies great and abiding strength, for service is always the keynote to strength and success in all that man does in the traffic of the world. And because of its peculiar relation to its customers the trust company is essentially free from speculation and cannot be drawn from the legitimate by the attraction of any business, for it engages in none of and within itself. In all of which the trust company establishes and proves its strength.

THE TRUST COMPANY AND THE MAN OF MODERATE MEANS.

THE custom of using the trust company as trustee, executor, etc., is doubtless growing more rapidly among the wealthy than among persons of moderate means. It is not difficult for the man having very large interests to look after to discover that for him the trust company is not simply a convenience, but a necessity. For the handling of large estates, the superior facilities and the security offered by the trust company need no demonstration.

Are the advantages to be gained by the use of the trust company by the man of moderate means equally marked? At the outset, a definition is necessary: What is meant by a man of moderate means? There are circles which would apply the term to a man worth half a million dollars. To be specific, then, is it worth while for the man whose estate, perhaps in life insurance, is ten or twenty thousand dollars, to appoint a trust company executor and trustee of that estate?

To that question the writer has no hesitation in replying, with emphasis. yes. From one point of view, such a man is under greater necessity of having the best possible trustee than is a man of large means. He can take no chances of losing even a part of the principal; the income must be certain, and as large as safety will permit. The large estate might lose a part of the principal or income, or -ermit some of the property to remain unproductive, without fatal or perhaps even serious results; not so with the small estate. If either can afford to take chances, it is the large estate.

Taking Chances.

What are the chances that a man would take in appointing an individual as his trustee? The possibility that the trustee might prove dishonest; that he might prove incompetent; that he might make fatal mistakes; that his own affairs might take so much of his time and attention that he would have none left to give to the estate; that he might take a business or pleasure trip necessitating so long an absence as to neglect the estate; that removal from the neighborhood, or prolonged sickness or death might make necessary the appointment of a new trustee, whom the original owner of the estate never knew, or would not, if alive, trust to administer his estate.

None of these chances are taken if a trust company of good standing is appointed. It cannot, as a company, be dishonest; and if any of its employes should prove so, the company is responsible, and will make good the loss; it is not incompetent, for work of this kind is its regular business, and its officers are selected because of their skill and reputation for such business; besides which all important matters are decided by a body of men skilled in such affairs, so that it is not apt to make the mistakes which individuals often make, while it is liable for mistakes if they should occur; it must have time to look after the estate, for that is its business; it takes no trips, is not away, cannot neglect the estate on that account; it does not get sick, remove from the neighborhood, or die.

Fees Fixed by Law.

This superior service is not beyond the reach of the man of moderate means, for its fees are fixed by law, being the same as those allowed to the individual trustee. As a matter of fact its fees are apt to be smaller than those of the individual, because it does not need special legal services for matters which the inexperienced individual trustee finds it necessary to consult a lawyer about, and for which he presents an extra bill. The fee is dependent in any case upon the amount of money handled, and is proportionate to the size of the estate.

The fact is that the existence of the trust company enables the man of moderate means to have as expert and reliable a trustee as the man of large wealth may have, at no greater expense than is occasioned by appointing an individual trustee of uncertain ability and responsibility. The services of a body of talented and experienced officers, directors and clerks cost him no more than those of one man.

These considerations show how large a field is open to the average trust company for the upbuilding of its trust department. It need have among its clientele no men of great wealth in order to build up a satisfactory business. There is ample field in the ordinary community, among people of moderate wealth, to support a good trust business,—to the mutual advantage of the company and of the community.

The trust company which fails to cultivate this class of business, which thinks only of the large estates, is making a mistake. While the profits for each estate are of course small, they aggregate a large sum if many estates be secured, and provide a steadier and ever-enlarging stream of business.

IN THE ROLE OF ADVISER.

TRADITIONALLY the country banker is the adviser of his community on all things directly or remotely connected with financial matters. He is pictured to us as a very Nestor to whom young and old flock for advice on all manner of subjects. There is no good reason to doubt his standing and his usefulness in this role.

Do city folks stand in less need of advice? Not so. What they have needed has been some one willing and capable of delivering that cheap and often unappreciated article. And now comes the trust company to fill the void. Several companies, led, we are informed, by the Northern Trust Company of Chicago, have established "Consulting Bureaus." A junior officer or other employe is assigned to the task of being ready and willing to answer questions and give such information and advice as he can. His services are at the disposal of any one who asks for them and there is no fee. The enquirer need not be a customer, and is not petitioned to become one.

The idea is not a bad one. The majority of people are unskilled in matters financial. Especially is this true of those who are not actively engaged in business, including many professional men, and most women; including a considerable proportion of those who carry savings accounts with trust companies. Such simple matters as making out a check, reconciling an account, figuring interest are often puzzlers. In the field of investments they are as though lost in an impenetrable jungle. Then there is a large wilderness of semi-legal questions upon which they feel the need of counsel.

Nor is the need of advice confined to those who are not engaged in business pursuits. Many a successful business man feels at a loss when he considers matters outside the routine of his daily occupation. That he is already in the habit of seeking the counsel of his friends in the financial world will be testified to by any bank or trust company official of experience. So that this movement really means the extension to the other customers of a service that has long been at the command of the larger depositor.

The usefulness of a "Consulting Bureau" in preventing loss through foolish "investments" must be evident enough. How many thousands of dollars each year are lost, by persons who cannot afford the loss, through get-rich-quick schemes and sundry gold-brick enterprises! And how many more thousands through investment propositions which, honest in intent, come into being without the remotest chance of meeting with success! It is not to be supposed that any adviser, however capable, could prevent all such losses if he were consulted, but in many cases a little level-headed counsel will prove invaluable.

There is an economic service involved in this work which should not be overlooked. When any considerable number of people in a community feel free to consult their trust company or bank officials regarding financial affairs, a big step has been taken towards removing any latent distrust of banks or of capital. Thus is another opportunity given the trust company to perform a public service.

Whether a separate consulting bureau is the best means of performing the service is a question which depends upon local conditions. As a matter of fact, every trust company official should be glad to be of use in this way, both as a duty to his company and as an expression of his public spirit. The whole office force, to the extent of each individual's capacity, may well be part of a general consulting bureau, extending such assistance in the same courteous manner as they should perform their routine services to customers.

Will it pay? The question is out of date. In these days when there is such general recognition of the value of courteous attention to and anticipation of the wants of customers of banks and trust companies, one should rather ask the question: Can the progressive trust company afford to omit a service which must add to its usefulness, its popularity and its group of customers?

REFORM IN RECEIVERSHIPS.

MUCH favorable comment has been made upon the handling of the receivership of the Binghamton Trust Co. of Binghamton, New York, by Superintendent Clark Williams of the New York State Banking Department. It is reported that $1,560,318 was collected at an expense, including the salary of the Deputy Superintendent in charge, of $10,626, or less than two-thirds of one per centum of the amount collected. This sets a precedent that shines by contrast with the many legal robberies of defunct institutions, and marks another forward step in what is to be hoped will be a permanent reform in the manner of administering the affairs of failed corporations. It is difficult to understand why the public has thus long tolerated a system under which the creditors of insolvent concerns have had to be robbed of considerable portions of the remaining assets.

BANKS OWNED BY FARMERS.

NEW light has been thrown on the movement of farmers toward banking investments in the agricultural states by some recent investigations regarding the average holdings of these thrifty people. It has been widely heralded that the farmers are becoming stockholders of banks in large numbers, and while this is a fact, they are not by any means large investors. A recent law of Kansas, for instance, requires that every director of a bank shall have at least $500 worth of stock—five shares. In many of the small banks farmers have been dropped from the board because none held the requisite amount of stock and did not wish to purchase more. The average farmer stockholder has $100 or $200 of bank stock, and is satisfied. He wants the glory of being a bank stockholder, and does not purchase so much for investment as for the notoriety it gives him.

It is not uncommon for banks in the wheat belt with $10,000 capital to have forty stockholders, all but three or four owning one share each. These stockholders take little interest in the bank, and are less a factor in the management than is generally supposed. The cashier or president is the one-man power, and the stockholders are mere investors on a small scale. The Western farmer is able to make more out of his money by buying land and putting it into crops than he can by loaning money through the bank at the rates now prevailing. He is able to buy more stock, if he wishes, for many of the banks have rich farmers as stockholders, but the banking profits are not now sufficient to induce the well-to-do farmer to enlarge his holdings. —*New York Evening Post.*

EXTRAVAGANCE IN CITY GOVERNMENT.

THE problem of municipal government is one of the most important matters which to-day engage the attention of the thoughtful elements of the American people. The expense of administering the municipal government of New York is approximately $160,000,000 a year. The cost of city government in Philadelphia and Chicago is enormous. The taxpayers are mulcted heavily. In some cases their money is squandered scandalously, and a condition prevails which reflects seriously upon the ability of the people of the United States to administer their municipal governments without an extravagance that is senseless and indefensible, and at times criminal. The annual cost of state, city and county government in the United States exceeds, it is estimated, more than one billion dollars. Much of this vast sum is wasted through incompetence and through the lack of business methods. If it were spent wisely and upon the principle that the taxpayers are entitled to an adequate return for the money which they pay into the public treasury, there would be no necessity for municipal officials to be looking around for new subjects of taxation. On the contrary, there might be a reduction of taxation with no loss of efficiency in the government of many American cities. —*Baltimore Sun.*

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

TRANSFER OF DEPOSIT ON ORAL ORDER.

WHITSETT vs. PEOPLE'S NATIONAL BANK OF WARRENSBURG.

KANSAS CITY COURT OF APPEALS, MAY 31, 1909.

It is not essential that a transfer of a deposit should be effected by a check or other written order, but an oral order is sufficient.

PLAINTIFF, a dealer in live stock at Centerview, a town about six miles from Warrensburg, shipped some cattle in his own name to Kansas City, and sold them on the market on January 17, 1906. A commission firm acted as his agent, and, pursuant to his instructions, deposited the net proceeds of the sale ($411.42) in a Kansas City bank to the credit of defendant, a bank at Warrensburg, for the account of plaintiff. The Kansas City bank notified defendant by letter as follows: "We credit your account $411.42 deposited with us by direction of C. T. Whitsett." Defendant received this letter January 18 and immediately entered the sum on its books as a deposit of plaintiff. Before the cattle were shipped in the name of plaintiff, Charles Ferguson, a live stock dealer at Warrensburg, had told the cashier of defendant bank that he was about to ship some cattle to the market at Kansas City, and that the proceeds would come to defendant for deposit to his account. Ferguson called at the bank on the day it received the notice of the deposit in the Kansas City bank, and asked the cashier if the proceeds of the sale of his cattle had been received. The cashier replied that the proceeds had been deposited at Kansas City in the name of plaintiff and entered on defendant's books to plaintiff's credit. Ferguson declared a mistake had been made, that the cattle shipped and sold in the name of plaintiff belonged to him (Ferguson), and that the proceeds should have been entered to his credit. The cashier then told Ferguson to bring plaintiff in, and "we would fix that up in a minute." Ferguson left and returned in a short time with a check to his order, signed by plaintiff, for the exact amount of the deposit. The cashier discovered the check was drawn on the Bank of Centerview, instead of on defendant bank, and called Ferguson's attention to that fact. Ferguson said: "Well, it should have been on this bank. He surely made some mistake. This is my money for my own individual cattle, and he has evidently made a mistake; should have drawn that on the People's National Bank." It appears plaintiff was not a regular customer of defendant, but transacted his banking business with the Bank of Centerview. Satisfied a mistake had been made by plaintiff, and that the check was intended to be on defendant bank, the cashier told Ferguson to indorse it, and, after this was done, immediately altered the check to make it read on defendant bank, and then charged the amount on the books to plaintiff, and gave Ferguson proper credit. No certificate of deposit or pass book was issued by defendant to plaintiff, nor did plaintiff issue any checks against the deposit. About two months after the transfer to Ferguson the Bank of Centerview failed. Plaintiff had continued to do business with that bank, and on the day of the failure gave checks to farmers in payment of live stock purchased from them. Learning that the bank had closed its doors, the holders of these checks went to plaintiff for their money. He told them his money was in the bank that failed, and that he had no other funds. One of the farmers insisted on payment and plaintiff told him: "I cannot give you a check here [meaning on a bank in Warrensburg], but Ferguson will give you a check on the People's National Bank." The farmer agreed to take Ferguson's check if the bank would cash it. They went to Ferguson, and he gave his check on defendant bank for the amount of the debt, and the farmer took the check to defendant bank, and received the money. A few days later, plaintiff called at the bank, and asked the cashier to give him the amount of his deposit. The cashier told him he had no funds to his credit, as he had transferred the amount of his deposit to Ferguson. Plaintiff asked the cashier to show him the check by which the transfer had been made. The cashier at first refused, but afterward, under considerable pressure, produced the check. Plaintiff denounced it as a forgery, and then presented a check for the amount of the deposit. The cashier refused to honor the check, and this suit followed.

Johnson, *J.* (omitting part of the opinion): Ferguson, who either was a partner or an employee of plaintiff, owned some cattle which he shipped to market in the name of plaintiff, with the understanding between him and plaintiff that the proceeds of the sale were to be deposited with defendant to the credit of Ferguson. By mistake, the deposit was made in the name of plaintiff, who had no interest in the cattle or their proceeds. Ferguson and plaintiff then agreed orally that the deposit should be transferred to Ferguson, the rightful owner, and, to effectuate this agreement, plaintiff gave Ferguson his check for the exact amount of the deposit, intending to direct the check to defendant bank, but in using a blank check on another bank where he transacted business he failed to erase the name of the bank printed thereon, and to substitute therefor the name of defendant bank. Defendant's cashier, being informed of these facts and being satisfied that the money belonged to Ferguson, that plaintiff had agreed that it might be transferred to him, that the check was given for that purpose, and that the failure properly to direct it was a mere mistake, concluded to make, and did make, the transfer without requiring Ferguson to return to plaintiff for another check. The act of the cashier in altering the check was in good faith; but it was a serious blunder, and is the foundation of this lawsuit. It is astonishing, to say the least, that a man of long experience in handling commercial paper would deliberately spoliate in this way a negotiable instrument, the validity and preservation of which were matters of importance to the institution he served. There is no direct evidence in the record of the existence of an agreement between plaintiff and Ferguson that the deposit in defendant's bank should be transferred, and defendant was not required to prove that fact by direct evidence, but could establish it by facts and circumstances from which its existence might follow as a reasonable inference. The facts and circumstances adduced very strongly support such inference. In addition to the facts to which we have referred, it appears that plaintiff at the time he gave the check to Ferguson was overdrawn at the Bank of Centerview, and knew that his check for that amount would not be honored by that bank. He must have known that the transfer had been made by defendant, and apparently was satisfied, and went on with his business affairs in a manner to indicate that he did not think he had a deposit with defendant. He bought and sold and had use for the money if it belonged to him, but he did not attempt to use it, and, when greatly embarrassed by the failure of the Centerview bank, did not attempt to relieve his embarrassment by checking on the defendant bank. These facts bespeak the existence of a valid contract for the transfer of this deposit, as well as knowledge and ratification of the transfer and of the act of the cashier in altering the check. Plaintiff argues: "The bank having received the deposit from Whitsett and given him credit for it on its books, he became its depositor and the bank, when sued by him, cannot question his right to it and plead title or ownership in another. An attaching creditor or the true owner can, but the bank cannot"—citing 1 Morse on Banks and Banking, Sec. 342; Lund vs. Seaman's Bank, 37 Barb. (N. Y.), 129; Citizens' National Bank vs. Alexander, 120 Pa., 476; Interstate Bank vs. Claxton, 97 Tex., 569; Martin vs. Minnesota State Bank, 7 S. D., 263; Himstedt vs. German Bank, 46 Ark., 537.

We accept this rule, but say that it does not preclude defendant from showing that it paid out the deposit by transfer on its books to Ferguson, pursuant to the agreement and direction of plaintiff the depositor. Further, plaintiff argues that the deposit was not legally transferred because of the alteration of the check by defendant, the indorsee. We concede no authority to make the transfer was conferred on defendant by the check. In the first place, the check was not directed to defendant but to another bank. Consequently it amounted to nothing more than mere evidence to the cashier of an intention on the part of plaintiff to pay over to Ferguson the amount of the proceeds of the sale of the cattle. Had the cashier refrained from mutilating the check, defendant, if called on for the deposit by plaintiff, would have had to justify its refusal to pay the money to him by establishing the facts that it had transferred the deposit pursuant to his agreement with Ferguson that it should be so transferred, and that he had authorized Ferguson to attend to having the transfer made. Certainly a check drawn on another bank would not of itself be sufficient evidence of the right to make the transfer. In the second place, the alteration of the check by defendant so completely destroyed it that defendant thereby deprived itself of all rights and remedies under that instrument which otherwise it would have had against plaintiff, Ferguson, or the Bank of Centerview. And it is immaterial that the cashier acted from an honest, not a fraudulent, motive. "An alteration which in any degree varies the legal effect of the instrument, to the prejudice of the other party, releases the latter from it, though no actual fraud is meditated. An alteration is a fraud in law when not a fraud in fact." (Law vs. Crawford, 67 Mo. App., 150; Laws 1905, p. 257, Sec. 119, 124 [Ann. St. 1906, Secs. 463-119, 463-124]; German Bank vs. Dunn, 62 Mo. 79; Evans vs. Foreman, 60 Mo., 449; Moore vs. Hutchinson, 69 Mo., 429; First National Bank vs. Fricke, 75 Mo., 178; Morrison vs. Garth, 78 Mo:, 434). But, with the check completely emasculated, it still appears from the evidence offered that defendant had ample authority for the transfer. Though usually banks do not pay out the money of depositors except on the depositor's checks, a check is nothing more than a written order, and there is no reason in law for saying that a bank may not lawfully pay out or transfer money on a depositor's account by oral order. Suppose, for example, plaintiff and Ferguson had gone to the bank and plaintiff had told the cashier to transfer the deposit to Ferguson, as the money belonged to him, and, accepting this oral order, the cashier had made such transfer, would any one have the hardihood to contend that the transfer was invalid because made without a written order? In effect, this is just what occurred in the present instance. Plaintiff did not go to the bank in person, but he did agree to the transfer, and it is a fair inference to say that he authorized Ferguson to communicate the agreement to defendant in order that the transfer should be made and afterward ratified it by his silence and apparent acquiescence in what the bank did. We conclude that the evidence tends to show the existence of a legal transfer, and that the issue thus raised should have been submitted to the jury.

USURIOUS INTEREST—SUIT TO RECOVER PENALTY—STATUTE OF LIMITATION.

McCARTHY vs. FIRST NAT. BANK OF RAPID CITY.

SUPREME COURT OF SOUTH DAKOTA, MAY 21, 1909.

Whenever upon the extension or renewal of a note held by a national bank a payment is made which is applied on account of usurious interest, the cause of action for double the amount thereof provided by Rev. Stat., U. S., sec. 5198, accrues, and the period of two years within which such action may be brought begins to run from that time.

THIS action was brought by Patrick B. McCarthy against First National Bank of Rapid City, to recover penalties in the sum of $7,605.48, being twice the amount of usurious interest which plaintiff claimed he paid to the defendant, and that defendant received in violation of sections 5197 and 5198 of the United States Revised Statutes (U. S. Comp. St. 1901, p. 3493). In August, 1887, plaintiff borrowed of defendant $4,000, evidenced by four promissory notes of $1,000 each, payable three, six, nine and twelve months after date, with interest on each note at 18 per cent. per annum until paid. These notes were extended until August 7, 1888, when a new note in the sum of $4,000 was given by plaintiff, his wife, and one other party. This note was due in ninety days, with interest at eighteen per cent. per annum. Considerable interest upon this note was paid, but no part of the principal, and on May 22, 1889, a new note was given signed by plaintiff, his wife, and a third party, which note was for $5,000 due in one year, bearing interest at twelve per cent. per annum. Nine hundred dollars was paid and indorsed as interest upon this note, and on July 22, 1891, a new note of $5,000 was given by plaintiff and his wife, the same due in six months, bearing interest at twelve per cent. per annum. This last note was secured by a mortgage upon real estate belonging to the makers. It was admitted that the only consideration for this last note was the original $4,000 loaned to plaintiff, together with certain usurious interest upon such original loan. It was admitted that the plaintiff made a large number of payments dating from February 8, 1892, down to January 2, 1896, upon this note, all of which payments were indorsed upon the note as interest, and upon February 17, 1896, the plaintiff and his wife gave to defendant two notes in renewal, one for $5,000 due in four months with twelve per cent. interest, the other for $675.50, due in thirty days, with twelve per cent. interest; this last note purporting to be interest upon the note of July 22, 1891. Payments as and for interest were made upon the last $5,000 note; the last payment being made on or before January 1, 1897. It was alleged and admitted that the total payments by way of interest and which were by the defendants applied as interest upon the several notes aggregated the sum of $3,802.74, for twice which the plaintiff brought this action.

WHITING, *J.* (omitting part of the opinion): It is the theory of the plaintiff and appellant that, inasmuch as the total amount of payments prior to the rendition of the judgment above referred to did not amount to the original loan of $4,000, until such judgment was paid, no cause of action arose in plaintiff's favor against the defendant for the penalties provided by section 5198 above referred to. It is the theory and claim of the defense that at the time any payment was made by plaintiff on any of said notes as interest and so appropriated and applied by the defendant that immediately a cause of action for the penalty provided by said section 5198 accrued, and that the statute of limitations provided by said section commenced to run. In fact, in their briefs both parties admitted, there being no dispute as to the facts, the sole question was whether or not the plaintiff's cause of action to recover the penalty claimed in his complaint is barred under and by virtue of the provisions of section 5198 of the Revised Statutes of the United States.

The Revised Statutes of the United States provide: Section 5197: "Any association may take, receive, reserve and charge on any loan or discount made or upon any note, bill of exchange, or other evidence of debt interest at the rate allowed by the laws of the State, Territory or district where the bank is located and no more. * * * " Section 5198: "The taking, receiving, reserving or charging a rate of interest greater than is allowed by the preceding section when knowingly done shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case a greater rate of interest has been paid, the person by whom it has been paid or his legal representatives may recover back, in an action in the nature of an action on debt, twice the amount of the interest so paid, from the association taking or receiving the same, provided such action is commenced within two years from the time the usurious transaction occurred. * * *" This cause has been very fully briefed on behalf of each party and a large number of authorities have been cited, and the briefs contain extensive quotations from the holdings of the several courts, both Federal and State; and, while a reading of the two sections of the Federal statute above referred to might not at first awaken any doubt as thereof, yet a reading of the cases cited apparently presents for consideration an irreconcilable conflict of opinion as to the legal effect of such sections. We believe, however, that a thorough study of these cases, together with the facts in each case, will show, with possibly one or two exceptions, that there is no real conflict upon the construction which should be given to these sections as applied to the facts in this case. In reviewing and analyzing many of the decisions, as we shall do herein, it will be found that many of the cases cited in support of appellant's contention are based upon some previous ruling in these or other cases, which rulings will be found not to support the position claimed for them. In view of the importance of the question herein involved and the apparent conflict between the opinions of courts of very highest rank, we deem ourselves justified in a somewhat extended consideration of this case.

It will be noticed that there are two entirely different parts to section 5198, supra—the first provides for forfeiture of all interest unpaid when usury has been contracted for and such usury enters into the note or the consideration for such note; the second provides for an action to recover as a penalty double all interest paid whenever such interest so paid is in part usurious. The courts uniformly hold that under the first a debtor can defend against the paying of any interest, either legal or usurious; while, on the other hand, if, in fact, he has made any payment or payments on interest even to the extent of paying usurious interest, he cannot plead such payment either as a credit on the principal or as an offset or counterclaim to the principal, but his only remedy for such usury paid is found in the second part of said section, and consists solely in his right in a separate suit brought under the second part of said section to recover the penalty therein provided for. In other words, that the common-law remedy by a suit or counterclaim for money had and received will not lie (Schuyler Nat. Bank vs. Gadsden, 191 U. S., 451; Haseltine vs. Central Nat. Bank, 183 U. S., 132; Driesbach vs. Wilkesbarre Nat. Bank, 104 U. S., 52; Barnet vs. Nat. Bank, 98 U. S., 555; Farmers', etc., Bank vs. Dearing, 91 U. S., 29; Walsh vs. Mayer, 111 U. S., 31; Stephens vs. Monongahela Bank, 111 U. S., 197). We call particular attention to the above propositions, as they seem to us very material upon the construction to be placed on this question of when the statute of limitations begins to run, and these holdings will be hereinafter referred to. The courts also uniformly hold that the including of interest in a renewal note is not a payment of such interest so as to entitle maker to sue for the penalty provided for payment. Neither is the deduction of a discount from the amount of the note, taken at the time of giving the note, a payment of such discount so as to authorize a suit for the penalty providing the amount of the discount is usurious (Brown vs. Marion Nat. Bank, 169 U. S., 416; Driesbach vs. Wilkesbarre Nat. Bank, 104 U. S., 52; Louisville Trust Co. vs. Ky. Nat. Bank [C. C.], 102 Fed., 442; McBroom vs. Investment Co., 153 U. S., 318; Harvey vs. Nat. Life Ins. Co., 60 Vt., 209; First Nat. Bank vs. McInturff, 3 Kan. App., 536). These cases are based upon the theory that the mere reserving of a discount or the including of accrued usurious interest in a renewal note, while it may be the "reserving or charging" of usury, it is not the "paying" of same.

Where the authorities divide is upon the question of whether when the maker of a note has paid money thereon which the payee, with maker's knowledge and consent, has applied in payment of usurious interest, a cause of action at once arises for the penalty provided by section 5198 regardless of whether the principal debt has been paid, or whether, on the other hand, no such action arises on behalf of the maker of such note until he has made payment thereon in excess of the original debt and legal interest thereon. The respondents take the first position and the appellants the latter, and a determination of this point determines this cause. We think that many of the cases upholding the latter position have erred through not making a careful distinction between cases where payments had been made which payments had been applied upon usurious interest with the knowledge and consent of the debtor and cases where such application had been made or attempted to have been made by the creditor without the consent of the debtor. A distinction between the two classes of cases will be noted as running throughout many of the decisions hereinafter referred to. Those cases which uphold the appellant's contention are founded upon the theory that, although the payee may have applied money upon usurious interest, yet no matter how long the indebtedness may have run, and no matter how many such applications there may have been, and no matter how many renewals had been made by the giving of new notes for amounts greater than would be due if only legal interest had been charged on the prior notes during all this time, which may extend one or even ten years, the doctrine of locus pœnitentiæ will be held to apply on behalf of the payee up to such time as he takes a payment which with all other payments received exceeds the amount of the original debt and legal interest; the courts holding that, up to that time the payee had an election, he might repent and reapply all the payments charging only legal interest. The cases supporting respondent's position hold that, while the payee after contracting to take, receive, or charge an usurious interest has at all times before applying a payment the benefit of the doctrine of locus pœnitentiæ, yet, if he does actually make the application of a payment to the payment of usurious interest, his election as against him is final, and he becomes at once liable for the penalty. And, furthermore, if when such payment is made and applied such application is with the consent of the debtor, the maker of the note, then, as against his right to action to recover, the statute immediately commences to run.

It is true there are some early cases brought for the recovery of usurious interest under different statutes which have held that an equitable rule should apply, and the debtor should not be entitled to recover a penalty until he has done equity by paying the debt with legal interest in full, but we fail to see wherein any equitable question can arise in this class of cases. These statutes were enacted for the purpose of preventing the taking of usurious interest, and to punish the creditor for contracting for the receiving of usury. There certainly is no question of equity, as ordinarily understood, in any statute providing for penalty, forfeiture, or punishment. On the other hand, what the debtor is entitled to recover by way of penalty, or to avoid by way of forfeiture is nothing to which he is equitably entitled, but is based more on the principle underlying the rule of punitive damages. It is not to recover simply what he has suffered, but at the same time to punish the creditor for wrongdoing. Neither does it seem to us that there is either reason or logic in attempting to apply the rule of locus pœnitentiæ to any case where a party has made an absolute application of money received by him, and continued his business transactions with the party making the payment upon the basis of such application. Of course, all laws against usury are based upon the idea that the contracting for or taking of the same is a wrong. It might as well be said that the embezzler, after converting the thing embezzled, or the thief after taking the thing stolen, when the converting and taking had been with criminal intent, still has the locus pœnitentiæ, and can purge his soul of the crime. As we have noted above, the courts are unanimous in holding that under this statute the maker of a note when sued thereon cannot plead the payments of usury either as a credit on the note or as a counterclaim or offset. So in the case at bar, when the plaintiffs were sued on the notes herein, they could not plead in any manner as a defense to the principal of said note any part of the large sum which they had paid as interest. Why was this? Because they were payments which had by the act of both parties already been applied on usury. It may well then be asked can these payments be held to have been such payments for one purpose, to wit, to prevent the debtor from receiving a credit therefor, while, on the other hand, the law be allowed to step in and relieve the payee who has made this application, and say to him, "You have done no wrong for which you can be holden, because perchance the debtor has been unable to pay the debt." In considering any interpretation to be put on the section in question, it is well to bear in mind two other propositions sustained by the courts. The penalty to be recovered is twice all the interest that has been paid, not merely twice the excess which has been paid above legal interest (First Nat. Bank vs. Watt, 184 U. S., 151; Louisville Trust Co. vs. Ky. Nat. Bank [C. C.], 87 Fed., 143). The action for the penalty can only be brought by the party who made the payment or by his representatives (Lealos vs. Union Nat. Bank, 9 N. D., 60).

Let us consider briefly the results which might flow from the enforcement of the rule contended for by the appellants. A party giving a note makes numerous payments which have been applied upon usurious interest with his consent. This note is secured on real estate. He sells the land, and the purchaser assumes the indebtedness, and then pays the note. Who would have a right to recover for the penalty? A debtor and creditor, having had usurious dealings for several years, reach an adjustment of the balance which they consider should be paid by the debtor, and which balance could only be reached by crediting some other previous payment upon usurious interest. A new note is given upon this settlement, which new note draws legal interest. The debtor pays this conventional interest for more than two years, but no part of the principal. The conventional interest is the extreme legal interest allowed by statute. The debtor sues to recover the penalty provided by the Federal statute. Under appellant's contention he cannot recover; but, while the result reached is just and right, the reason upon which the same is based is not because whatever wrong has been done by the creditor is barred by the statute, but rather upon the ground that the creditor has yet a chance to repent of the wrong done years before, and the appellants would hold that if, on repenting, he afterwards receives the principal of this new note, he will render himself liable to an action for the penalty; though perchance, if at the time he took the usury he had stolen debtor's horse or committed any other crime except murder, not only the limitations as to time for criminal prosecutions would have run, but the regular six-year statute fixing the time within which actions for damages might be brought may have run. A party gives a note under exactly the same conditions as last above mentioned, and, after paying conventional interest for one or more years to his creditor, a national bank, such bank then assigns the note to a party, not a national bank, and the debtor continues to pay the conventional rate of interest, but no part of the principal. Under appellant's theory no recovery could be had. Neither could there be under respondent's theory. But, suppose debtor finally pays the principal, then under appellant's theory, if the note had not been assigned, the payee would be liable for the penalty. Under the facts as stated, where there had been an assignment of the note, who would be liable? Instead of the above case, where a settlement had been attempted to be made so that the new contract should be fair and without usury, take a case where a note is given for $1,000 and $100 discount is deducted, $900 being paid to the debtor, and such note drawing twelve per cent. interest. Here we have usury in the new contract. Then, letting the facts as to the payment of interest and principal and as to the assignment of the note be as in the illustrations above given, it will be found that the results will be exactly the same on appellant's theory while the moral wrong is entirely different, but under respondent's theory the remedy would in each case fit the wrong. Suppose a case where the note is given for the exact amount loaned, but the note provides for a usurious rate of interest, such interest is paid from year to year with the knowledge and consent of the debtor and settlement made on that basis, but such payments never amounted to the principal of the note. This is practically the case at bar, except that we will suppose the payments of interest as made were part at least within two years of the time debtor seeks to recover. The debtor, under appellant's theory, cannot recover, and there will never come a time within which he can recover unless he shall pay enough to amount to the principal, together with perhaps hundreds of dollars of legal interest. He has absolutely no remedy against the party who has crushed him, but who still perchance holds a debt against him as large as the original loan; but if he can raise enough money to pay even one dollar more, and this, with what he did pay before, should exceed such principal and legal interest, then immediately he shall have a cause of action, not for this excess over the principal and legal interest, which in this case would be less than a dollar, but for twice all the interest he has ever paid, no matter whether for two or twenty years in the past, which penalty might amount to more than the principal of the debt. Many further illustrations might be given, but the above we think are sufficient to show, not only the injustice of appellant's position, but the unsoundness from a legal point of view.

[The court here examined a number of decisions.]

In closing we would cite First Nat. Bank vs. Smith, 36 Neb., 199, 54 N. W. 254. In this case the plaintiff was contending the same as the plaintiff in the case at bar, that the cause of action did not arise until the principal debt was paid, and the court says: "If the interpretation for which plaintiff contends should be adopted, then it would follow that a suit to recover the penalty for taking usurious interest by a national bank cannot be maintained until the loan is fully paid off. Stated differently, one who has paid large sums of money as illegal interest on a loan, and is unable to pay the entire debt, is not entitled to the benefit of the section.

Such was not the intention of the Congress, nor is it the fair and reasonable import of the language of the section."

We are therefore satisfied that, under the facts in this case, there was a mutual application of many payments in satisfaction of usurious interest; that such mutual application was a usurious transaction as contemplated by the last part of section 5198, which transaction was complete the moment of such mutual application, whether it be at the time the payment was made or at the time of the renewal when such payment was figured on interest; that, upon such mutual joint application, there arose a situation that does not admit of the doctrine of locus pœnitentiæ; and that, therefore, there is no election on behalf of either party authorizing them to afterwards insist that the payments be applied to that part of the note which was legal; that for the above reasons the cause of action arises immediately when such mutual application is made and the statute of limitations commences then to run.

The judgment of the circuit court and the order denying a new trial are affirmed.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

BANKS AND BANKING—BANK ACT, S. 74—ADVANCES MADE UNDER — RESTRICTIVE CLAUSE IN TRUST DEED—NOTICE — EFFECT OF — EVIDENCE—WEIGHT OF.

The Indian and General Investment Trust, Ltd., vs. The Union Bank et al (42 N. S. Rep'ts, Supreme Court, p. 353).

The trust deed to plaintiff company to secure debentures of the A. P. Co., contained a clause charging in favor of the trustees "its other assets whatsoever and wheresoever with the payment" of all moneys for the time being owing on the security of these presents and providing that "such charge shall rank as a floating charge, and shall in no way hinder the company from selling or otherwise disposing of such assets in the ordinary course of its business, and for the purpose of carrying out the same." The deed contained the following restriction: "but the company shall not be entitled to mortgage or charge the same in priority to or pari passu with the security hereby constituted."

It becoming necessary for the company to obtain an advance to pay for pulp wood and to carry on its business, the defendant bank was applied to for a loan, and granted the same upon security being given, under the terms of The Bank Act, s. 74, upon the company's wood at different places.

Held, by Townshend, C. J., and Longley, J., Meagher, J., concurring in the conclusion, that in determining the question whether or not the restrictive clause in the trust deed was brought to the attention of the bank before the money was advanced, the positive evidence of an officer of the company giving details of what occurred must be preferred to the evidence of the bank manager, who testified that he had no recollection on the subject.

Also, that so long as the money remained under the control of the bank it was open to the bank to cancel the loan and retain the money upon discovering that the credit was given under a misapprehension as to the nature of the security.

Also, the fact that the bank, in making the loan, relied upon the assignment under The Bank Act, s. 74, could not prejudicially affect plaintiff when it was shown that the advance was made after notice of the restriction contained in the trust deed.

The Acadia Pulp Company had given to the plaintiff trust company a trust deed to secure debentures of the company, the third clause of which was as follows: "The company hereby charges in favor of the present trustees its other assets whatsoever and wheresoever for the time being, both present and future, including its uncalled capital with the payment of all moneys for the time being owing on the security of these presents and such charge shall rank as a floating charge and shall accordingly in no way hinder the company from selling, alienating, leasing, paying dividends out of profits or otherwise disposing of or dealing with such assets in the ordinary course of its business and for the purpose of carrying on the same; but the company shall not be entitled to mortgage or charge the same in priority to or *pari passu* with the security hereby constituted."

Later the pulp company applied to the Union Bank of Halifax for a loan of $40,000 and tendered as security a hypothecation in form C under the Bank Act of the company's wood in different places. Upon this form of security appears the words: "The said goods, wares and merchandise are now owned by us and are now in the possession of ourselves and are free from any mortgage, lien or charge thereon." The manager of the pulp company testified that when he read this clause he made known to the general manager of the bank the existence of the floating security and later by telephone read clause 3 of the trust deed to the general manager with the firm intention of avoiding any possibility of wrong doing under the bank act. The advance of $40,000 was agreed to and a considerable proportion of it actually advanced when the trust company were forced to take possession of the assets under their trust deed and brought the action against the bank to have it declared that the wood hypothecated to the bank was in fact subject to the trust deed to secure the debentures.

The trial Judge (Mr. Justice Graham) held that the positive testimony of the manager of the pulp company, that he had acquainted the manager of the bank with clause three did not overcome the effect of signing the form C hypothecation containing the declaration that the goods, wares and merchandise in question were free from any mortgage, lien or charge when in addition the general manager of the bank denied any recollection of the conversations with the manager of the pulp company in which notice of clause three was said to have been given and he therefore held that the hypothecation was valid and binding. On appeal to the Supreme Court of Nova Scotia (Townshend, C.J., Meagher and Longley, J.J.) this judgment was reversed, the Court being unanimously of the opinion that the positive evidence of the pulp company's manager with regard to the two conversations was conclusive in establishing that the bank had notice of clause three and that having such notice they could not rely upon the assertion in the form C security. The Court then dealt with the relative position of a floating security and a hypothecation where the hypothecation was taken with notice of a prior floating security having been given.

Longley, *J.:* If clause three of the mortgage to plaintiffs contained merely the usual words of a floating charge I think no question could have arisen, for it is a recognized principle of law that a mortgagor, under a floating charge, can always deal with the property in his hands in the ordinary course of business—sell, lease, alienate, etc., for the purpose of carrying on the business. But in this section creating a floating charge there is a prohibitive clause in these words: "But the company shall not be entitled to mortgage or charge the same in priority to or *pari passu* with the security hereby constituted." The insertion of these, or words of similar effect, has recently become not uncommon in England, though, so far as I can learn, not general in this province. Palmer, in his elaborate work on company law, says that this prohibition clause grew out of "the extreme elasticity of a floating charge, and the wide powers which it allows to the company are in some cases considered excessive."

That such a clause is effective is established by recent English decisions; but it seems clear that to make it effective against a lien created by the company *bona fide* in favor of a third party, to obtain money for carrying on the business, it is necessary that notice of this prohibitive clause should be brought to the attention of the party before the advance was made. It must be actual notice; constructive notice will not answer.

The learned counsel for the defendants urged that the words of prohibition, "The company shall not be entitled to mortgage or charge the same," etc., has a limited meaning, and would only be applicable to a new issue of mortgage bonds, and not to loans in the way of carrying on the ordinary business of the company. I am not able to draw this fine distinction in respect of liens created after plaintiff's trust deed had been recorded. A charge in favor of a party advancing money in respect of ordinary business would not, it seems to me, differ in character from a charge made in a second bond issue. My view is that it is solely a question of notice. If defendants received notice of the prohibiting clause in plaintiff's trust deed, and advanced money afterwards, any lien they took, I think, would be subject to plaintiff's prior lien as fully as if advances were being made on another bond issue.

I think, therefore, that the appeal must be allowed with costs, and the judgment of the learned judge below, in favor of defendants be set aside, and a judgment entered for plaintiffs in accordance with the prayer of their statement of claim.

BANKS AND BANKING — CUSTOMER'S CHECK—EVIDENCE OF PRESENTATION — REFUSAL TO PAY — ACTION FOR DAMAGES.

REAR VS. IMPERIAL BANK OF CANADA (42 S. C. R., p. 222).

APPEAL from the judgment of the Supreme Court of British Columbia (1) affirming the order made by Clement, J., at the trial, who withdrew the case from the jury and dismissed the action with costs.

The action by the present appellant claimed damages from the bank for alleged wrongful refusal to cash the plaintiff's check upon his deposit account at the office of the bank where the check was presented for payment, there being, at the time of presentation, at the credit of his account sufficient funds to meet the amount of the check, which was duly drawn and indorsed. The defence was non-presentment. It appeared that a clerk from the bank which held the check presented it at the office of the defendant bank upon which it was drawn, but at the wrong ledger-keeper's wicket, and was directed to present it at another wicket to the clerk there who had charge of the ledger containing the drawer's account. There was no evidence that this was done, but the bank which held the check sent out a telegram stating that the drawer had no account. At the close of the plaintiff's evidence the trial judge withdrew the case from the jury for want of sufficient evidence, and his order was affirmed by the judgment appealed from.

After hearing counsel on behalf of the appellant and without calling upon counsel for the respondent, the Supreme Court of Canada dismissed the appeal with costs.

CONTRACT — DELEGATION OF PAYMENT—REVOCATION OF AUTHORITY.

THE BANK OF OTTAWA VS. HOOD.

APPEAL from the judgment of the Superior Court sitting in review at Montreal (1), affirming the judgment of the Superior Court, District of Montreal (Doherty, J.), by which the appellant was ordered to account to the respondent for certain moneys received by it from the Government of Canada in connection with a contract for the construction of public works by the firm of Brewder & McNaughton.

The firm of Brewder & McNaughton, contractors for the works to be constructed for the Government, sublet their contract to the respondent. After assuming the contract, the respondent raised a question as to the manner in which payments for the works were to be made to him, on progressive estimates, and this formed the subject of correspondence between Brewder & McNaughton and the appellant, that firm having already given the Ottawa branch of the bank a power of attorney to draw these moneys from the Government. The respondent wished to be furnished with an undertaking by the bank to pay to him in Montreal the moneys it received under the power of attorney, and the bank's manager, at Ottawa, wrote a letter to Brewder & McNaughton stating that "as each payment is made to the bank by the Government it will, with your consent, be forwarded to William Hood & Son in payment of their work." This arrangement having been assented to by Brewder & McNaughton, the bank wrote to the respondent in regard to drawing the moneys in Montreal, referred to the correspondence with Brewder & McNaughton and enclosed a copy of their letter assenting to the arrangement above mentioned. The moneys received by the bank from the Government were credited to the firm of Brewder & McNaughton and, upon their instructions, certain of the payments were forwarded to the respondent, none being so forwarded except those so authorized. Subsequently, Brewder & McNaughton notified the bank to make no more payments to the respondent and, on their order, some payments were made to another person. In August, 1901, Brewder & McNaughton became insolvent, the Government cancelled their contract and the last payment received from the Government by the bank was placed to their credit. On refusal by the bank to recognize the respondent's demands for payments made from time to time, he brought action against the bank for $3,300 alleged to be due to him out of $3,500 alleged to be in possession of the bank, and for an account of all moneys received by the bank from the Government. The defence to this action was, in substance, that the only agreement the bank made was with Brewder & McNaughton, that this contract was entered into in Ontario and was governed by the law of that province under which there existed no privity of contract between it and the respondent. The respondent's action was maintained at the trial and affirmed, on an appeal, by the Court of Review.

After hearing counsel on behalf of the parties on the present appeal, the Supreme Court of Canada reserved judgment and, on a subsequent day, delivered judgment allowing the appeal and reversing the judgment appealed from with costs.

PRACTICE — EVIDENCE — IMPEACHMENT OF TESTIMONY —NOTICE OF IMPUTATIONS— PROMISSORY NOTE — FRAUD — SUSPICIOUS CIRCUMSTANCES—TRANSFER OF NEGOTIABLE INSTRUMENT.

PETERS VS. PERRAS ET AL.

APPEAL from the judgment of the Supreme Court of Alberta (1), affirming the judgment of Scott, J., at the trial (2), which dismissed the plaintiff's action with costs.

The action was upon a promissory note, which had been obtained by fraud and had been transferred by the payee to the plaintiff, who sought to recover upon it as a holder in due course for valuable consideration without notice of invalidity. At the trial Scott, J., dismissed the action, holding that the makers were not liable, that the note, on its face, showed that interest thereon was overdue at the time of the transfer, and, consequently, that the transferee was put upon inquiry before purchasing it, and that this circumstance, coupled with other suspicious circumstances, prevented the plaintiff being deemed a holder in due course. The Supreme Court of Alberta, in *banco,* affirmed this decision by the judgment appealed from, and held that the burden of proving affirmatively that he became holder of the note in question honestly and in good faith had not been satisfied by the plaintiff, and that his neglect to make inquiries, though not inconsistent with good faith, constituted some evidence of bad faith.

After hearing counsel for the parties on the appeal, the Supreme Court of Canada reserved judgment and, on a subsequent day, allowed the appeal and maintained the action with costs, the Chief Justice and Idington, J., dissenting. The majority of the court were of the opinion that the courts below were not justified, under the circumstances of the case, in refusing to accept the uncontradicted testimony of a witness (examined abroad under commission), as to particular facts, of which notice had not been given in the pleadings or otherwise, relating to circumstances relied upon as sustaining or pointing to the imputation of bad faith and no opportunity afforded to the witness of explaining or qualifying the facts or conduct on which the attack upon his veracity or honesty was based. Browne vs. Dunn (1) applied; Union Investment Co. vs. Wells (2) followed.

Appeal allowed with costs.

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.

CHECK PAYABLE "IN CHICAGO EXCHANGE" — CHECK PAYABLE "WITH EXCHANGE."

MACON, GA., August 24, 1909.

Editor Bankers Magazine:

SIR: (1) A customer drew a check on us payable "in Chicago exchange." As we understand it, we cannot be compelled to pay anything but Chicago exchange on this check. Is that correct? This was deposited in a Chicago institution, sent to us for collection. Are we compelled to issue this Chicago exchange at par, or can we charge current rate? (2) The customer issues a check payable "with exchange." We are compelled to issue without charge, are we not? CASHIER.

Answer: (1) As the relation between a bank and its customer is merely that of debtor and creditor, it is under no obligation to make payment in anything but current funds, and the customer is not entitled, as a matter of legal right, to require that the bank pay his checks in exchange on some other point. If, then, in the case stated in the inquiry, the bank should tender money in payment of the check, the drawer would have no legal cause of complaint. In asking the bank to issue exchange in payment of his check the effect is the same as if he had sent his check to the bank to buy exchange, and there is the same implied agreement on his part to pay therefor. If, therefore, the bank pays the check by a draft on Chicago, it can charge the drawer's account with the amount of the exchange. (2) Where a check is drawn payable "with exchange" the amount is to be added to the face of the check and paid to the holder, and the amount charged to the drawer.

CERTIFICATION FOR LESS THAN AMOUNT OF INSTRUMENT.

BALTIMORE, September 7, 1909.

Editor Bankers Magazine:

SIR: Something came to my notice recently which raises a question with which heretofore I have had no experience. A note for $2,700 was presented to a bank for certification on its due date and as the figures were badly written they looked like $27.00. The teller took it for such and certified it with the stamp, marking it "Good for $27" over his signature. The note was charged through the clearing house next day for $2,700. The maker of the note was light financially and never had at any time $2,700 to his credit and the certifying bank refused to pay it, returning with the notation, "We certified for $27, only." The other bank accepted this as a reasonable explanation, and nothing came of the mistake, but as a matter of curiosity I would like to know if the certifying bank could have been held responsible for $2,700.

PRESIDENT.

Answer: Under the Negotiable Instruments Law, a certification is equivalent to an acceptance (Md. Act., Sec. 206), and a certification "Good for $27," has the same legal effect as if the words had been "accepted for $27." If the paper is for $2,700, such an acceptance is a partial acceptance, that is to say, an acceptance to pay part only of the amount for which the instrument is drawn. (Neg. Inst. Law, Sec. 160 Md.) The holder is not required to receive such an acceptance, but, if he does, he can hold the bank only for the amount specified in its acceptance; for the obligation of an acceptor is to pay, not according to the terms of the instrument as originally drawn, but "according to the terms of his acceptance." (Neg. Inst. Law, Sec. 81).

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE BIG LONDON MERGER.

THE last big amalgamation of London banks, which combines in one the London and County Bank and the London and Westminster Bank, comes near creating the largest joint-stock banking institution in the world. The combined assets of the two institutions, as appears from figures quoted below, are about $425,000,000. The object of the amalgamation is primarily to give to the London and Westminster provincial connections. The process of bank amalgamation in England has in recent years gone on steadily and quietly, by the absorption of country institutions into the systems of companies with a head office in London. Of this class of amalgamation the most important recent examples were the absorption of the North and South Wales Bank by the London City and Midland, the acquisition of the business of Messrs. Lambton by Lloyds, and combination of the York City and County with the London Joint Stock. Unusual interest was aroused by this last because it marked a new era in the history of the latter bank, which had until then confined its operations to London and its suburbs, and thus, by this excursion into the country, changed the essential character of its business. It also left the Westminster as the only one of the ordinary joint stock banks which had a purely London business, and since the whole tendency of English banking for the last three-quarters of a century has been in the direction of local diffusion through widely scattered branches, it was recognized as inevi-

LIABILITIES.

	London and Westminster. £	London and County. £	Total. £
Capital paid up	2,800,000	2,000,000	4,800,000
Deposits	26,814,482	44,841,059	71,655,541
Circular notes, rebates, &c.	880,695	23,685	904,390
Acceptances and liability by endorsement	1,748,325	2,840,320	4,588,645
Reserves	1,500,000	1,800,000	3,300,000
Profit and loss account	198,714	151,679	350,393
	33,942,216	51,656,753	85,598,969

ASSETS.

	London and Westminster. £	London and County. £	Total. £
Cash in hand and at bank	4,018,278	8,008,083	12,026,361
Cash at call and notice	8,018,625	3,748,424	11,767,049
Bills	....	7,291,622	7,291,622
Loans and advances	15,013,523*	20,038,124	35,051,647
Investments	4,345,717	8,929,051	13,274,768
Acceptances, &c.	1,748,325	2,840,320	4,588,645
Premises	797,748	801,129	1,598,877
	33,942,216	51,656,753	85,598,969

*Including bills discounted.

table that the Westminster should go and do likewise, and the only question was where and how the Westminster would find a country outlet worthy of its position and aspirations. This question has now been answered in a manner which was wholly unexpected. It was generally assumed that the Westminster would follow the example of the Joint Stock and solve the problem of a country connection by amalgamation with a provincial bank.

In the table on page 548 the London "Economist" of July 31 gives the summary of the balance sheets of the two banks.

Commenting upon these figures the "Economist" declares:

It is impossible to smother completely all feeling of regret when we remember that the creation of this new giant has been only possible by the abolition, as separate entities, of two great institutions which have long stood high in public estimation. Probably enough they have both made a good bargain. The Westminster has got its country outlet, and the County has acquired valuable connections in the City and West-End of London. But if sentiment can be allowed to obtrude itself into the pages of the *Economist,* it will be admitted that on sentimental grounds we have reason to lament the disapparance, into the body of the new bank, of the old London and Westminster, which was the first of the joint stock concerns established in the Metropolis on the discovery that the Bank of England's note-issuing monopoly in London, as far as joint-stock banks were concerned, was no bar to the creating of joint-stock banks of deposit. It is well known that the new development was unpopular, and that its possible results were viewed with apprehension. Private bankers naturally condemned their joint-stock rivals with bell and with book, Lord Overstone roundly stating that "joint-stock banks are deficient in everything requisite for the conduct of banking business except extended responsibility." Sir Robert Peel thought them so dangerous that in 1845 he introduced a measure by which no new ones could be established except with shares of £100, £50 paid. He thus checked the formation of new joint-stock banks, and indirectly helped to strengthen the position of those in existence. The history of the last half-century has abundantly shown that these apprehensions were mistaken, and that Adam Smith had been right when he stated in the "Wealth of Nations" that banking was a business to which the joint-stock principle could be applied with special probability of success. The joint-stock banks have driven the private companies out of by far the greater part of the field, banking is stronger, and more prudently managed than ever before, and banking facilities have been granted to all ranks of the community in proper accordance with democratic progress.

DIRECT LOANS AT THE BANK OF FRANCE.

An interesting circular has been issued by the Governor of the Bank of France to the managers of branches in regard to the development of direct relations with manufacturers, merchants and agriculturists. Efforts in this direction were stimulated by a circular of November 12, 1908, to which the recent circular is a supplement. It appears that already the proportion of direct loans at the branches and their auxiliary bureaus has increased from thirty per cent. of the total amount of commercial paper held at such branches on November 1, 1908, to thirty-six per cent. on July 1, 1909. These figures appear to be exclusive of loans at the head office of the bank in Paris and advances on securities. It is set forth in the circular that the low rate for the rental of money, while it has increased the facilities of bankers for rediscounts, should not restrict the efforts of the managers at the branches to increase their direct clientele. It is declared that the Bank of France, in pursuing this policy, is realizing a legitimate ambition to participate more closely under all circumstances in the economic life of the country and is thereby accomplishing an essential part of its mission. A hint of the determination to increase the holdings of foreign bills is embodied in the following paragraph of the circular:

With the object of facilitating your efforts in this direction and to offer to our direct clientage the means of recovering more readily by our intervention the amount of their exportations as well as their sales in the home market, we are disposed to give a wider scope to the authority already given for accepting foreign paper for collection and discount. Special instructions will soon be sent to you on this subject.

This effort to deal directly with the merchants of France supplements in a measure the favor which the bank has always extended to small pieces of commercial paper, but the collections of the latter in Paris and at other important branches have usually been in the form of rediscounts. It is well known that the Bank of France accepts bills as low as ten francs ($1.93). The number of these has greatly increased within the last few years, having been, in 1902, 90,606; in 1904, 165,728; in 1906, 232,074, and in 1908, 243,675.

When a somewhat higher limit is taken into consideration, it appears that the number of bills discounted below 100 francs ($19.30) in amount has increased more than four times since 1876. The number in 1876 was 815,823; in 1890, 1,943,688; in 1900, 2,328,300; in 1905, 3,280,945; in 1907, 3,646,229; and in 1908, 3,964,615. It is not without justification, apparently, in view of these efforts to meet the needs of the humblest merchant, that the friends of the Bank of France repudiate the charge that it is "a bank for banks," and insist that it is a bank of the people.

THE INDUSTRIAL BANK OF JAPAN.

A REPORT indicating marked progress was made at the fifteenth half-yearly general meeting of the Industrial Bank of Japan, held in Tokio on August 3 last. The bank was organized in 1902 to meet the demand for industrial loans for longer terms than the ordinary commercial loans and now has assets of 63,529,362 yen ($32,000,000). The profit distributed in dividends for the half year is 650,000 yen. The purposes for which the bank was organized are stated in the report as follows:

1. Making loans on the security of national loan-bonds, prefectural or municipal loan-bonds, or the debentures and shares of companies.
2. Subscribing for, or taking over by transfer, national loan-bonds, prefectural or municipal loan-bonds or debentures of companies.
3. Receiving deposits of money and valuables for safe custody.
4. Undertaking trust business.
5. Discounting bills on the security of national loan-bonds, prefectural or municipal loan-bonds, or the debentures or shares of companies.
6. Making loans on the security of estates (zaidan) created by virtue of special laws.
7. Carrying on all other banking business sanctioned by the Minister of State for Finance in accordance with laws or ordinances.

In just what directions the assets have been invested is indicated by the following statement of this side of the balance sheet:

		Yen.
By cash on hand and at bankers		732,700.886
By money at call and short notice		1,258,916.800
By loans		26,807,486.800
By bills discounted		5,019,394.400
By national loan bonds:—		
Special imperial 5% loan bonds	2,461,017.600	
Imperial 5% loan bonds	13,413.000	
Ko-Ro Imperial 5% loan bonds (Railway purchase bonds)	1,019,688.500	
		3,494,119.100
By local loan bonds (Tochigi prefectural loan bonds, etc.)		13,502,409.255
By treasury bills		3,800,000.000
By debentures (debentures of Fuji Paper Manufacturing Co., etc.)		4,437,479.000
By capital not paid up		1,250,000.000
By advances made in trust		780.615
By funds for miscellaneous account		1,294,883.578
By difference on subscription of debentures		1,796,069.441
By sundry account		109.202
By bank premises, furniture and safes		135,013.719
Total		63,529,362.796

THE MONETARY REFORM IN ARGENTINA.

THE subject of the definite resumption of gold payments and the fixing of a permanent value for the paper peso is rapidly becoming a leading issue in the Argentine Republic. Conditions have been prosperous for several years and the conversion fund in the National Bank increased during 1908 by $5,237,593 in gold. This fund now amounts to about $28,000,000 in gold, in addition to a fund of nearly $200,000,000 in the conversion office of the Government. Of the proceeds of a new loan which has been proposed, a part will be employed in the increase of the capital of the Argentine National Bank. The profits of the bank for 1908 amount to $7,318,591 in paper, equal to about $3,300,000 United States gold. The balance sheet of the bank showed deposits of $283,808,677 in paper and $2,618,988 in gold, equal together to about $115,000,000 United States gold. Discounts and advances in paper were $254,266,672 and cash in the banking reserve about $94,000,000 United States currency.

A question which is causing some division of opinion in the Republic is the rate of resumption. For several years now the Government has been issuing paper for gold at the rate of forty-four centavos (nearly equivalent to forty-four cents United States currency) to the peso. It is the belief of many that this is the proper rate of resumption and that disturbance to industry and commerce would be avoided by thus giving legality and permanence to existing conditions. There are some, however, who favor resumption at a high rate, in the manner in which it was carried out in the United States after the Civil War. There is some talk also of abandoning the peso as a unit and adopting a unit equivalent to the franc. This could be done without changing the ratio of values if the old paper were received in exchange at the rate of about 220 to 100 in the new unit. The President of the Republic, as recently set forth in this department, is urging resolute action, but it may be necessary to form an expert commission to decide upon the best basis of resumption.

MONETARY CONDITIONS IN CHILE.

THE Chilean Congress has again postponed the resumption of gold payments from January 1, 1910, to January, 1915. This action has been anticipated for some time, in view of the uncertainty of exchange and the apparent indisposition of the Government to take resolute action to put an end to the existing regime of irredeemable paper.

The redeeming feature of the new law is a provision that specie payments may be resumed at an earlier date if for six consecutive months exchange does not fall below seventeen pence (34 cents) to the paper peso. Resumption in 1910 was decreed by the law of December 29, 1904, but the vicissitudes of the earthquake of 1906 had a very disturbing effect upon monetary conditions and the value of the paper money. In 1904 exchange was kept within limits of sixteen pence and seventeen pence and even 1905 closed with a rate of fourteen and seven-eighths pence. The year 1906, when the earthquake occurred, witnessed a minimum below fourteen pence and the crisis of 1907 carried quotations down sharply from twelve and one-quarter pence on October 1 to eight and one-half pence on December 3.

It was proposed by a law of December 9, 1907, to limit the issues of paper to 150,000,000 pesos and to issue paper upon deposits of gold at a fixed rate of eighteen pence. The latter policy—of issuing paper at a fixed rate for gold—follows the system of Brazil and the Argentine Republic, which have accumulated considerable amounts of gold by this process. There seems to be grave question, however, whether the government of Chile has not made a mistake in attempting to restore stability of exchange by means of a pure gold currency, instead of adopting the gold exchange system which has been so successful in Mexico, Peru and Ecuador.

READJUSTING THE DEBT OF HONDURAS.

SOME of the details of the proposed readjustment of the debt of Honduras are given in "L'Economiste Européen" of August 6 last, based upon the proposals submitted to the National Association of French holders of foreign securities. According to these reports, the financial group in question proposes to buy the entire external debt of Honduras by a cash payment of fifteen per cent. of the nominal value of the obligations actually in circulation, the defaulted interest being abandoned by the holders. The consummation of this project depends upon the conclusion, within the delay of a year, of an agreement between the United States and Honduras, which shall give to the bankers who are interested the guarantees considered by them to be necessary. The adhesion of the holders will be indicated by the deposit of their securities, pending the delay of one year granted for the conclusion of the diplomatic agreement.

The committee of defense created by the bondholders in 1903 under the auspices of the National Association, while noting the long delay desired by the financial group and the uncertainty which will result from it on the subject of the realization of the plan, has agreed to recommend this project to the French holders of the Honduras loan of 1869, with certain modifications. The National Association has been authorized to transmit to the financial group in question the observations of the committee of defense and to give them their support. The meeting of the French holders will be called for the month of October next.

THE NATIONAL BANK OF HAITI.

THE annual report of the Bank of the Netherlands for the year creditable showing, in spite of business depression and strained relations between the bank and the Government. The report of the council of administration discusses the fact that friction exists, but states that the Government has directed its representative at Paris to enter into consultations with the management there in order to find common ground. A project has been drawn up based upon the abandonment of claims on both sides relating to past transactions and the performance in future of the fiscal service of the Government by the bank.

The balance sheet, as set forth in "L'Economiste Européen" of August 6, shows total assets on December 31, 1908, of 17,904,419 francs ($3,456,000), against assets at the close of 1907 to the amount of 19,198,275 francs. The reduction is chiefly in the volume of commercial discounts, which fell from 3,595,902 francs for 1907, to 1,737,151 francs for 1908. Advances on pledges also fell off from 2,426,997 francs to 946,599 francs, but these losses were offset in part by an increase in securities owned by the bank from 1,571,340 francs to 3,160,397 francs. On the side of liabilities there was a decline from 3,241,837 francs in creditor current accounts to 2,819,094 francs. Net profits were computed at 278,406 francs, which permitted a dividend of fifteen francs upon each half paid share of the 10,000,000 francs capital.

THE BANK OF THE NETHERLANDS.

THE annual report of the National Bank of Haiti for 1908 makes a ending March 31, 1909, shows some of the effects of the crisis of 1907. The period covered by the fiscal year represented the conditions of business depression and low rates for money which followed the crisis and compelled a reduction of the dividend rate from 136 florins to eighty-eight florins per share. The movement of domestic discounts during the year was represented by 125,726 pieces to the amount of 339,587,825 florins ($135,920,000) and by 4,612 foreign bills for 72,814,515 florins ($29,120,000). The movement of current accounts was 299,776,530 florins. The fact that the bank is essentially only a bank of issue and not one of large commercial deposits is revealed by the balance sheet. The total liabilities of March 31, 1909, were 309,328,993 florins ($124,000,000). Of this amount 273,578,470 florins ($109,400,000) was represented by notes in circulation, 25,231,465 florins by capital and reserves, and only 6,478,190 florins by current accounts. The assets of the bank on March 31, 1909, included domestic discounts to the amount of 42,170,962 florins as compared with 55,569,834 florins in 1908, and the foreign bills were 18,603,706 florins as compared with 8,861,993 florins. Cash stood at 80,216,498 florins ($32,000,000) for 1909 as compared with 84,603,723 florins in 1908.

THE IMPERIAL OTTOMAN BANK.

THE leading bank of Turkey was naturally compelled by the political disorders in that country to continue during 1908 the same conservative policy which marked its operation during the previous two years. Current and deposit accounts fell from £11,741,705 at the close of 1907, to £11,081,891 at the close of 1908. Loans and advances were curtailed and cash in hand increased, but the bank was strong enough to pay the usual dividend of nine per cent. and carry a considerable amount to reserve. Referring to the crisis in Egypt and the troubles in Turkey, the London "Bankers' Magazine" in its issue for August comments as follows:

The Imperial Ottoman Bank stands for so much in the business of those two countries that it was bound to feel the crises that they underwent in the time, and it is no demerit that its figures should have been reduced in the period. Bills payable at £1,101,000 have fallen about £600,000, and the fact that they are the lowest in the period under review speaks strongly for the difficulties through which the bank has had to pass. Cash in hand and at call is exceptionally high at £5,244,000, and this to a great extent reflects the difficulty experienced by the bank to employ its reserves. Investments at £3,195,000 are much the same as a year ago, but are considerably below the totals shown in earlier years. Loans and advances at £5,204,000 are down fully $1,900,000, reflecting, of course, the check to business occasioned by the events of the time. In spite of the lower figures reported, the net profits have been very well maintained, being £515,072, or only £4,855 less than in the preceding twelve months. The directors, therefore, maintain the dividend at nine per cent. and add £51,507 to the reserve, raising its total to over a million, the highest at which it has ever stood, and representing twenty per cent. on the paid up capital, which latter is, of course, unusually large for a company of this kind.

THE GOLD STANDARD IN SIAM.

THE Government of Siam has finally taken action to give permanence to the gold standard. A law promulgated on November 11, 1908, of which the details are set forth in "L'Economiste Européen" of July 30 last, terminates the series of measures successively taken during the past six years to bring about stability in the value of the silver tical. As early as 1906 an effort was made to establish a stable rate of exchange by serving notice on the banks that the Treasury would, when it deemed necessary, sell drafts on London at the rate of fourteen and three-fourths pence (twenty-nine cents), which made the rate of the tical about sixteen to the pound sterling. The subsequent fall in the value of silver has led to the proposal to issue 26.80 ticals for the pound sterling in gold. The rate recently paid has been 2662 ticals for £100, but eighteen ticals have been added to cover the cost of shipment. The new tical will be of the same weight and fineness as the old, but of a different design. The first issues will be coined in Europe, but later ones will be made at the Royal Siamese mint.

THE BANK OF SICILY.

THE Bank of Sicily suffered somewhat during 1908 from the effects of the earthquake, but not so much as might have been the case if its share had been greater in the industrial development of the country. The net profits of the year, after the deduction of losses, were 605,068 lire ($120,000), of which the greater part was added to the reserve fund. The outstanding circulation on December 31, 1908, was 95,817,000 lire ($18,500,000), against which a cash reserve was held to the amount of 58,992,000 lire with domestic discounts of 48,013,000 lire and foreign discounts of 9,475,000 lire.

NEW DIRECTOR OF THE MINT.

PRESIDENT TAFT is to be congratulated upon the appointment he has just made—that of Professor A. Piatt Andrew as Director of the Mint to succeed Frank A. Leach, resigned. Professor Andrew for seven years past has held an assistant professorship of economics at Harvard University.

A year ago, when a committee of the National Monetary Commission visited London, Berlin, Paris and other important financial centers of Europe, for the purpose of studying their methods of banking, Professor Andrew was taken along in the capacity of expert adviser, having obtained two years' leave from his academic post.

The new Director of the Mint was born in La Porte, Ind., on Feb. 12, 1873. His parents were Abram Piatt and Helen (Merrell) Andrew. His early education was received at the Lawrenceville School. In 1894 he was graduated from Princeton University and then studied at Harvard one year, later spending two years more in study at Berlin and Paris. In 1900 the degree of Ph. D. was conferred upon him by

PROFESSOR A. PIATT ANDREW
New Director of the Mint—Appointed by President Taft to succeed the Hon. Frank A. Leach, resigned.

Harvard, and that same year he was called to that university as an instructor in the department of economics. Since 1903 he has been assistant professor of economics at Harvard, having for several years conducted the general course in economics for a class of more than five hundred students, and also courses on money, the theory and history of money, theory and history of banking and commercial crises.

In 1906 the Minister of Public Instruction in France conferred upon Professor Andrew the title of "Officier d'Académie," a high honor given by the French people to men of scholarly attainments and notable achievements at home and abroad. It was conferred in this instance for the professor's work at Harvard and his writings on economics, particularly financial matters.

GEORGE ELIOT'S FAME FORGOTTEN NEAR HOME.

JAMES J. FAGAN, vice-president of the Crocker National Bank of San Francisco, besides being a good banker, has the reputation of being an enthusiastic bibliophile, and his quest for rare volumes has taken him through every portion of the United States and more recently to Europe. He returned from Europe only a few weeks ago, bringing a story of an experience in Florence, which shows that the residents of that city are more for business than for art.

While in Florence, Fagan remembered that George Eliot had lived there at one time and had written about her home upon several occasions.

Fagan wanted to see the old place and called upon a banker with whom he had corresponded, and asked where George Eliot had lived.

"I'm sure I don't know," said the banker. "He never had an account with us."

NEW BANK FOR THE FAR EAST.

A CENTRAL Bank of Corea will soon be established at Seoul, with a capital of ten mill yen ($5,000,000), six per cent. of which will be guaranteed by the Corean Government. The bank will be indorsed by the Japanese Government.

THE MAN WHO CAN TALK WELL.

THERE is no other one thing which enables us to make so good an impression, especially upon those who do not know us thoroughly, as the ability to converse well. A man who can talk well, who has the art of putting things in an attractive way, who can interest others immediately by his power of speech, has a very great advantage over one who may know more than he, but who cannot express himself with ease or eloquence.

You may be a good singer, a fine artist, you may have a great many accomplishments which people occasionally see or enjoy; you may have a very beautiful home and a lot of property which comparatively few people ever know about; but if you are a good converser, every one you meet recognizes and appreciates your art. Everybody you converse with feels the influence of your skill and charm.

In other words, there is no accomplishment, no attainment, which you can use so constantly and effectively which will give so much pleasure to your friends as fine conversation. There is no doubt that the gift of language was intended to be a much greater accomplishment than the majority of us have ever made of it.—*Orison Swett Marden, in Success Magazine.*

GERMAN BANKS EXPANDING.

THE "Deutsche Oekonomist" publishes interesting statistics on the activity of German banks in 1908, giving the results for the business year of 214 banks.

The capital of these banks amounted to 3,647,980,000 marks (3,568,500,000 marks in 1907), and the reserves were 1,024,200,000 marks (986,800,000 marks in 1907). The amount of bills was represented by the sum of 4,310,100,000 marks (4,459,800,000 marks in 1907), stocks and securities held by the banks amounted to 1,832,000,000 marks (1,454,200,000 marks in 1907), and the deposits were 3,753,200,000 marks, as compared with 3,377,200,000 marks in 1907. The gross earnings totalled 611,300,000 marks, against 587,900,000 marks in the previous year, the expenses were 186,300,000 marks, as against 169,200,000 marks, and the reserves and depreciation allowances 55,100,000 marks, against 60,300,000 marks. The amount required for payment of dividends was 227,100,000 marks, compared with 276,200,000 marks, and there have been paid dividends amounting to 7.65 per cent. on a share capital of 3,624,300,000 marks, against 7.78 per cent. on a capital of 3,550,200,000 marks in 1907.

A PROMINENT BANKER OF THE SOUTH.

JOHN H. LEATHERS, but recently elected president of the Louisville (Ky.) National Banking Company, was born in Jefferson County, Virginia, in the Shenandoah Valley. At the breaking out of the cival war he enlisted at a tender age in the Second Regiment of Virginia Infantry, one of the regiments that composed the famous Stonewall brigade of the army of Northern Virginia, and followed the fortunes of the Confederacy until its close at Appomattox.

His own country being impoverished by the war, he started out to find a new home in which to make a living, and landed in the city of Louisville, Kentucky, in July, 1865, with less than a dollar in his pocket, and that, together with his railroad fare, had been borrowed to come to Louisville on. He obtained a situation easily, because at that time young men from the South could easily get positions in Louisville if they had any ability at all to recommend them.

Captain Leathers was for some years engaged in the wholesale clothing business and traveled extensively throughout the South, where he is widely known. Some twenty odd years ago he was tendered the cashiership of the Louisville Banking Company, then a state institution. At the expiration of the charter of the bank, in 1898, it went into the national system, under the title of the Louisville National Banking Co., and Capt. Leathers continued as the cashier of the bank until after the recent death of the venerable president, Mr. Theodore Harris, when he was unanimously elected by the board of directors as its president.

JOHN H. LEATHERS
President Louisville National Banking Company, Louisville, Ky.

Capt. Leathers is also president of the Louisville Fire Insurance Co., one of the oldest and strongest local fire insurance companies of the state. He has also been president for many years of the Louisville Industrial School, an institution for the care of dependent and incorrigible children, to which he devotes a great deal of time, and this institution ranks as one of the best of its kind in America. He has also been treasurer of the Grand Lodge of Masons of Kentucky for thirty years. His connection with all these institutions has, of course, given him a wide circle of acquaintance and much prominence as a citizen of Louisville.

INVESTMENTS

Conducted by Franklin Escher.

BOND MARKET OUTLOOK.

INFLUENCES have been at work in the market for high grade bonds during the past month which have brought about a condition of practical deadlock. In the speculative issues there has been more or less activity, but in the mortgage issues of the best grade trading has fallen to very small proportions indeed. A decidedly higher level of money rates, continued rise in commodity prices, and the growing conviction that best bonds have risen about enough in price, have all been factors influencing liquidation. On the other hand, this liquidation has been moderate in volume and pretty nearly offset by purchases made with crop-money and with the profits on stock operations, and by moderate buying by the savings banks.

Special Influences Which Have Raised Bond Prices.

Of the various influences working against the price of high grade bonds the change in the money market is far and away the most important. For nearly two years, now, the stimulus of exceedingly low rates has been operating to put up the price of bonds. The end of this long period of low money now having come, it is well to note just how the cheap money rates affected bond prices in order that some sort of an idea can be formed of the extent of the selling likely to be caused by the changed conditions.

Of the various kinds of buying of high grade bonds caused by low money rates, the buying by banking institutions must be placed first. From February of last year up to within a few months ago there was a period when lending institutions as a whole found it so difficult to put out money profitably that they invested enormous sums in good bonds. Eventually, and due very largely to buying of this class, the price of bonds suitable for such operations rose to a point where lending institutions no longer dared to buy them. That the principal be kept intact is the first consideration in making a loan—it is some time now since the banks and trust companies have bought bonds with the money they would ordinarily have employed in the loan market.

Next to buying of this kind must be placed the buying of individuals who have been carrying bonds on cheaply borrowed money for the sake of making the difference between what the money costs them and what they get out of the bonds. When for any reason good securities sell down as they did during the opening months of last year, this operation becomes exceedingly attractive and is largely indulged in by individuals having the means and the credit facilities. On a large turnover the difference between carrying charges and income amounts to a good deal of money and where the bonds are bought at a low figure there is always the chance of appreciation in the capital.

The third source of the buying which has put bond prices where they are is in the mercantile houses, which, when dull business makes idle their capital, invest that capital in bonds. It is astonishing what an amount of buying originates from this source. Business becomes dull, as it was last year, and the firm's unemployed capital piles up in a non-interest bearing bank deposit. "That money might as well earn something," says some member of the firm and forthwith a suitable bond investment is sought. There the money remains until it is again wanted to carry on the business.

"Until it is again wanted"—that is the keynote of the relations between rising money rates and the bond market. For months the best bonds have been bought by lending institutions, capitalists large and small, money-surfeited business houses. But not only has all such buying stopped, but the liquidation of these temporary investments has commenced. "The money is wanted." Banks want it because rates are again profitable and they can again make money loaning money in the regular channels. Capitalists want it because there is plenty of new enterprise going on again in which they can use it more profitably. Business houses want it because they need it—because trade is active again and they not only need their own capital to carry on the business but are applying to the banks for loans as well. From all over the country comes the demand for the money which has been temporarily put into bonds, but which is now needed to carry on the recreated business life of the country.

Bonds naturally are sold in consequence—sold in large quantity. There is little urgency about the liquidation and the sellers wait for strong spots. But whenever the opportunity presents itself, there is no getting away from the fact that good bonds and in large amount are being sold. The money tied up in the bonds is needed and the only way to get it out is to sell the bonds.

Purchases Offsetting the Liquidation.

Must the price of the best bonds suffer from this selling, or will there be purchasing power sufficient to offset the liquidation? Three sources of new buying power suggest themselves. In the first place, the agricultural sections of the country will buy bonds this fall; secondly, there is a constant flow of money, representing profits on stock operations, into bonds; thirdly, there is the fact that the savings banks have not bought bonds in any quantity for a long time back and sooner or later will have to come into the market to replenish supplies.

Scattered buying of bonds by the farmers and by people who have taken their profits on stocks and want to "salt away" the money, will offset to a certain extent the liquidation which has been spoken of, but, after all, the question as to whether bond prices are to be sustained depends very largely on the degree to which the savings banks come into the market this fall and buy. Opinions vary somewhat, but it is a notable fact that few well-informed bond men expect any very considerable buying from this source before the year is out. The savings banks as a whole, it is true, missed their chance to buy cheap bonds early last year and have since been buyers only on a moderate scale, but that they are to come into the market and buy largely at the present high level is hardly to be expected. Savings bank managers are among the most acute observers of bond market conditions. They realize fully that a really very considerable amount of liquidation hangs over the market and it is only reasonable to expect that they will prefer to do their buying at its end than at its beginning.

A decline in the price of the best bonds has already set in and its continuance will be anything but an unexpected development. It is the inevitable readjustment from the long period of abnormally cheap money, which has but recently given way to a normal condition of things. That the decline will run to any considerable extent, however, seems unlikely—there is too much latent buying power. A rise in money is just what savings banks all over the country have been waiting for in order that they may be able to take on bonds. Their taking advantage of the opportunity will be a great sustaining factor.

AN IMPORTANT RE-ALIGNMENT OF R. R. TRAFFIC.

A MATTER of vital importance to the holders of the securities of trans-continental railways is the re-alignment of traffic which is taking place this fall. In June the Pacific coast extension of the Chicago, Milwaukee & St. Paul Railroad was formally opened for traffic and within a month or so the Western Pacific, the new Gould line from Salt Lake to San Francisco, is expected to be in full operation.

A good deal has been said and written concerning the breaking through of these two new transcontinental lines to the coast, but it is doubtful if investors in general realize the importance of what has been accomplished. Both lines were built because of increasing difficulties in making traffic arrangements with railroads that did go through to the coast, and both of them now present effective competition to the systems which refused to make them fair rates on their through traffic.

The St. Paul Extension.

Take, for instance, the St. Paul's new extension across the continent to Puget Sound. For years St. Paul had been routing its through traffic over the Hill and Harriman lines, continuing to do so until increasing difficulties in making arrangements and the aggressive policies of James J. Hill and E. H. Harriman which threatened to leave the St. Paul a local railroad in the Central West, determined the St. Paul directors to cut loose and build a line of their own. Back of the St. Paul Railroad is one of the strongest and richest groups of capitalists in the world, and the resolve having been made to become independent of Hill or Harriman dictation, the work was rushed to a speedy completion, the new line paralleling Northern Pacific for hundreds of miles at a stretch.

How will the Hill lines' earnings be affected?—that is a question which is receiving investors' anxious attention. It is answered thus in the Finance Department of Harper's Weekly of August 28: "However hopeful a view may be taken of the ultimate development of this territory through which the two roads run, and of its capability of supplying several more through roads with traffic, it is impossible to get away from the fact that for a good while to come much of the new St. Paul Extension's business will be done at the expense of its older rivals. That is sure to be the case and it has had a good deal more of an effect than people think in keeping down the price of the Hill securities. Great Northern and Northern Pacific have been tremendous earners in the past and their low capitalization almost assures continued big returns on the stock, but the earnings of the latter road, particularly, will form an interesting study when once the St. Paul extension begins to compete actively."

THE WESTERN PACIFIC.

To the southward, the Harriman lines will be faced with exactly the same condition when the Goulds' new line, the Western Pacific, begins to run through trains westward from the Great Salt Lake. Western Pacific would probably never have been built but for the trouble the Goulds had in getting fair treatment for the large amount of westbound traffic originating on Missouri Pacific and Denver & Rio Grande, but now that the road has actually been built the Union Pacific system finds itself with an aggressive and well-equipped competitor on its hands. For this Western Pacific road, it must be remembered, is a thoroughly modern piece of engineering work, a line of low gradients and few curves—a line, in fact, capable of going in and competing successfully for traffic even with so well-equipped a property as Southern Pacific. The territory served is exceedingly rich, and capable no doubt of furnishing plenty of traffic to support both roads, but from whatever angle the matter is looked at, it is perfectly plain that Western Pacific's gain is going to be Southern Pacific's loss. There is no getting away from the fact that the Hill and Harriman policy of three or four years ago has resulted in bringing down upon themselves two powerful competitors whose operations are bound to force an extensive re-alignment of transcontinental railroad traffic.

THE PRICE OF "GOVERNMENTS."

QUESTIONS of Government finance continue to excite the liveliest interest, the most important phase of the whole question as it affects the banks being the protection of the price of the $700,000,000 of two per cent. bonds which they hold. Grave apprehension was caused by the passing of the tariff bill carrying with it the authorization of $290,000,000 of three per cent. Panama bonds and not making any provision for a higher tax on circulation based on these bonds. Within a short time after the passing of the bill, however, bankers all over the country were reassured by the following statement of Secretary McVeagh:

"The Treasury Department will not issue any of the new Panama bonds, which were authorized at the special session of Congress, before Congress meets again and has had the opportunity to change the circulation tax. Under existing law the tax on circulation secured by three per cent. bonds is one per cent., while one-half per cent. is the tax on circulation secured by two per cent. bonds. The circulation privileges of the new bonds would therefore be superior to those of the two per cent. bonds and would produce a discrimination against the latter. The Secretary feels that it is a duty of the Government to see that the two per cent. bonds have the protection of a parity. The conference committee concluded not to readjust the circulation taxes at this time. The Treasury Department will therefore sell only three per cent. certificates, with a term limited to one year, if it shall become necessary, before Congress meets, to replenish the Treasury's cash."

Referring to this announcement and the maintenance of the parity between the existing twos and the new threes, the National City Bank of New York makes the following statement:

To have placed the proposed threes on an equal footing with the twos, it would have been necessary to subject circulation secured by the former to a tax of one and one-half per cent. per annum. The net income to banks using either as the basis of circulation would then have been one and one-half per cent., assuming that the new bonds were put out at par and that the circulation tax on twos was allowed to remain at the present rate of one-half per cent. per annum. As the proposed threes would really have been attractive from an investment standpoint, quite apart from the circulation privilege, they would likely have always brought a higher premium in the market than the twos, and the difference in premium would by so much have acted as a deterrent to the use of threes to any great extent at this time for circulation. This would have been desirable also in view of the fact that there are indications of too large a volume of bank notes in circulation now, and any considerable addition will, in the opinion of many, have the effect of sending more gold abroad. In the end, of course, Congress will adjust the circulation tax, or adopt some other proper means of doing justice to the credit of the Government and the holders of its lowest interest bearing obligations; but it all might just as well and better have been taken care of in the legislation recently passed, and which now because of the omission is of no avail.

AMONG the "outside" securities—those neither traded in on the Stock Exchange nor the Curb—few can show a greater margin of recovery from panic prices than the Du Pont Powder securities, in which S. H. P. Pell & Co. of New York specialize. It is in times of depression that securities of this class offer about as good an opportunity to make money as can be had. Not being regularly listed, such stocks during times of stress usually sell down far below their intrinsic value, and offer a great chance to the student of values who has the cash on hand to go in and buy them for the big rise which usually comes when the skies clear.

MUNICIPAL BONDS.*

A SECURITY CONSIDERATION.

By E. Van Deusen.

MUNICIPAL bonds, including therein (in accord with American, rather than English, usage) issues of all the minor political divisions of a state, have long been considered—especially since by-gone days of repudiation—the type of conservative investment, of practically equal security with "governments" and more numerous and available for purchase.

This idea has had good theoretical as well as practical grounds, inasmuch as the municipal bond occupies a kind of middle position between, and combines in itself certain favorable features of government and state bonds on the one hand, and of private corporation bonds on the other. That is,—speaking generally and excluding particularly special "assessment" issues—municipal, like government and state, bonds are *unsecured by a specific lien,* as is the private company mortgage bond, but are, nevertheless, backed by the characteristic power of sovereign government, delegated to municipalities, to tax all—save statutorily exempt—private property for public revenue, out of which the municipal bond and its interest are paid. The more absolute the governmental power, the more nearly does the power of taxation approach the right of confiscation.

On the other hand, the municipal bondholder, unlike the holder of government or state bonds, but like the owner of all private obligations, has a *statutory right of legal action* against his debtor to enforce his claim; in the case of municipal bonds, this chances to be an immediate or mediate right to a "writ of mandamus" to compel the proper municipal officials to levy and collect from all taxable private property within the municipality taxes sufficient to satisfy the creditor's claim. One noteworthy difference, however, between the respective legal rights of municipal and of private company bondholders is that legal actions by the latter can be taken only by a minimum interest, commonly a majority, specified in the mortgage indenture; while the rights of municipal bondholders are limited by no such special contract, and—in absence of any contrary special agreements—may be exercised by each bondholder as such.

Briefly and broadly, the theoretical security of municipal bonds rests ultimately on three factors: (a) the bondholder's legal right of action to enforce payment of his claims, uniformly from general or special municipal taxes, though in rare cases by attachment of private property within the municipality; (b) the absolute taxing power (within any possibly specified limits) of the duly appointed municipal officials, and their theoretically unlimited right—in the absence of contrary statutory limitations—to take of private property for public uses; and, last but not least, (c) the practical consideration of an extremely wide margin of safety in the very low amount of indebtedness which municipalities may incur in proportion to the total value of their taxable property—generally not to exceed ten per cent. of the latter's assessed valuation.

*For last previous discussion of government bonds by this writer see The Bankers Magazine—June, 1907, p. 881-892.

So far as these considerations cover the question and are sufficient, the matter of municipal bond security is relatively simple. A contingency, however, arising from an essential characteristic of the usual municipal bond, introduces a further consideration not commonly recognized, but of at least theoretical significance and worthy of note in view of the past and prospective increase in the amount and number of municipal bond issues, which may be further stimulated should popular agitations for municipal ownership of public utilities become more pronounced.

In consonance with the essential nature of public, as contrasted with private, finance, the great majority of municipal bonds are unsecured by any specific lien—saving, of course, the exceptional cases of special assessment issues, bonds issued for and secured upon some municipally owned public utility enterprise, or those still rarer cases, as occasionally in Massachusetts or Missouri, where the municipal creditor can levy upon and attach to satisfy his claim private property within the municipality. Accordingly, the average municipal bond—in the absence of any specific covenants to the contrary—would be analogous to the ordinary promissory time note and governed by the same general principles.

From this proposition, that the principal of a municipal—unlike that of a corporation—bond does not become due and payable in case and from the fact of an interest default, but only at the bond's maturity, it follows that the municipal bondholder, in the absence of an interest default on his securities prior to maturity, has no ground for attempting the earlier collection of his claim against the municipality.

In the meantime, let it be assumed that the "fathers" of a small municipality, such as a school district, continue to incur floating indebtedness for current obligations and supplies contracted for within the scope of their authority. Now, it is conceivable, especially in the smaller, poorer and more sparsely settled municipalities, that the claims of current creditors might so accumulate as to interfere with the municipality's payment of its regular obligations, or even to endanger the district's solvency as a municipality, particularly in the general case where reliance is had upon a general tax rate and levy. As a result, and moved by an inability of the public exchequer to meet his demand for payment, some general creditor of the municipality presses his claim with a legal suit, obtains judgment and becomes a judgment, or possibly an execution, creditor.

Three questions relative to the protection and security of municipal bondholders consequently arise:

First—Has the bondholder, prior to default on or maturity of his bonds any means to forestall and prevent—as by injunction or writ of mandamus—the continued incurrence of floating indebtedness by the municipality to the possible jeopardy of its solvency and of his claim? As to this, there appears at present no general legal ground for an affirmative answer.

Second—Is the bondholder's claim against the municipality, its taxable or realizable assets, in any respects superior to that of the judgment or execution creditor? This question of priority of claim, in the absence of statutory provisions thereon in the particular locality, depends upon the security for the municipal bonds in question; if, as commonly, there is no specific security, the answer is implied in the fact that a bond is, by nature, merely a formal obligation to pay money, whereas a judgment is a decree of court upon which execution may issue.

This accordingly—and particularly in view of the above suggestion that a bondholder's principal claim is not enforceable until its maturity—indicates that the status of a municipality's general creditor as to his power to enforce his financial claims is actually superior to that of a municipal bondholder's.

In other words, if floating indebtedness is not included within a community's authorized debt limit, and it is possible for municipal authorities to incur, (intra vires), floating indebtedness without limit, it seems quite conceivable that the claims of judgment creditors might accumulate and, in a sense, supercede by precedence in time those of the bondholders.

Third—A supplemental question is accordingly suggested, namely, should floating or unfunded indebtedness be included in the legalized debt limit of a municipality? As to the fact in any particular case, it is a problem of constitutional interpretation, and depends on the particular wording of the constitution under consideration; so far as New York state is concerned, the problem is presumably about to be answered by the Court of Appeals.

Where floating indebtedness is to be included in determining whether or not a municipality has reached its authorized debt limit, (involving, as this matter does, the legality of bonds issued in excess of such limit), it would seem that the whole vast matter of correct municipal accounting is involved, and that municipal bonds could hardly be accepted with safety but after the most careful and exhaustive analysis by expert accountants of the community's financial condition at the time and for several years previous. In short, until the present movement to reform municipal accounting, in the interest of uniformity and definiteness, has wrought its work, the question as to legality of a municipal bond, so far as the same depends upon the question of authorized debt limit, is necessarily indeterminate.

CONTINUAL GROWTH OF "FRACTIONAL LOT" BUSINESS.

FROM Messrs. J. F. Pierson, Jr., & Co., who make a specialty of "fractional lot" business on the New York Stock Exchange, comes the following:

Although the panic of 1907 brought worry and ruin to many, it undoubtedly had many good effects, prominent among which was the lesson of conservatism it taught to untold thousands. Experience has always been and always will be the best of teachers, and in this case it taught the people that ultimate financial success in the stock market could be achieved much more readily by purchasing a small amount of stock, and being in a position to hold it in the event of a slump, than by trading in a large amount on a limited margin and being forced to let go when means had become exhausted.

As a result, the last year and a half has seen a wonderful growth in what is termed "fractional lot" business (amounts under 100 shares). The multitudinous benefits to be derived from this class of trading by the man of limited means are obvious. The time was when a person desiring to invest a small amount of money was almost compelled to go to the Consolidated Stock Exchange, or, if he purchased an odd lot on the New York Stock Exchange, make a considerable concession from the price for 100 shares and then feel himself under obligations to the broker. But this has all changed since several houses have come into the field and made a specialty of buying a fractional amount at the offered price of 100 shares and selling on the bid price.

As a result, even if a person is in a position to carry a hundred shares, but is rather uncertain because of the possibility of lower prices, he can feel at perfect liberty to buy a small part at one time and another portion if the market recedes or advances, knowing that he is getting the execution of his order "at the market."

AMORTIZATION.

AMORTIZATION, the gradual charging off and extinction of the premium paid for a bond by setting aside at each interest period a certain amount of the fixed interest the bond bears, is the subject of an interesting booklet issued by the Guaranty Trust Company of New York. Because of the clashing interests of "life tenants," and "remaindermen"—those to whom the money finally reverts—endless litigation arises over this question as to whether bonds bought at a premium over par should be "amortized" or whether the life tenant should receive the whole amount of each coupon. The subject is thus treated in the Guaranty Trust Company's booklet:

In the absence of specific instructions in deeds of trust or wills, those charged with the administration of trust funds are required by the laws of the State of New York to invest in bonds and mortgages on unincumbered real property in this state worth fifty per cent. more than the amount loaned thereon.

The securities in which savings banks are authorized to invest.

The latter class of investments, on account of the nature of the security, commonly commands a premium, which is lost, if the bond is held until maturity. This loss must be charged either against principal or income. If charged against income, it should not be written off at one time, but should be absorbed by amortization.

Under decisions handed down by the Court of Appeals of this state, it has been held that in the absence of a clear direction in a will to the contrary, where a testamentary trustee purchases, at a premium, bonds having a term of years to run, such a proportionate deduction should be made from the fixed interest as will make good, at the maturity of the bond, the premium paid and thus preserve the principal of the fund intact; in other words, the premium should be amortized.

The language of the will and the surrounding circumstances might indicate a different intention on the part of the testator, in which case his intent would control, but to justify an exception to the rule, the intent should be expressed in the very clearest manner.

If a bond of the par value of $1,000, maturing in seven years, bearing interest at five per cent. payable semi-annually, is purchased for $1,060.53, the investment earns only four per cent. The bond has been purchased on a four per cent. *basis*.

At the end of the first six months the interest earned on the investment is $21.21 (at the rate of four per cent. per annum on $1,060.53), the interest received on the par value of the bond is $25.00, the difference between the two amounts being $3.79.

The theory of scientific amortization is that the difference between the interest earned on the investment and the interest received on the par value (in the example given, $3.79) is not income but principal. As a bond purchased above par approaches maturity there is an inherent and intrinsic depreciation in its value, and the amount of this depreciation at each interest period is the difference between the "interest *earned*" and the "interest *received*." This may be proven by reference to tables of bond values, where it will be seen that:

The value of a five per cent. bond purchased on a four per cent. basis with seven years to run is........	$1,060.53
The value of the same bond with six and one-half years to run is.......	1,056.74
The depreciation during the first interest period being............	$3.79

On the theory that this amount ($3.79) is principal, it should not be paid to life tenant, but should be returned to the principal of the estate for reinvestment, thereby reducing the cost of the bond, as shown by the trustee's books.

This gives rise at each interest period to a new book value upon which the life tenant receives interest at the investment basis, and the difference between this sum and the interest received on the par value of the bond is returned to principal for re-

Note: The Courts have held that when securities are received from the estate of the testator the whole interest received should be treated as income and that the life tenant should not be charged with any part of the premium at which such securities may have been inventoried.

investment. If this process is continued to the maturity of the bond, the book value becomes the par value, and the amount returned to principal exactly equals the premium paid.

EXAMPLE: A FIVE PER CENT. BOND, WITH SEVEN YEARS TO RUN, PURCHASED JANUARY 1, 1905, ON A FOUR PER CENT. BASIS.

	Interest on Par Value.	Int. earned. 4% Basis.	Amortization.	Book Value.	Par Value.
January 1, 1905	Cost			$1,060.53	$1,000.00
July 1, 1905	$25.00	$21.21	$3.79	1,056.74	
January 1, 1906	25.00	21.14	3.86	1,052.88	
July 1, 1906	25.00	21.05	3.95	1,048.93	
January 1, 1907	25.00	20.98	4.02	1,044.91	
July 1, 1907	25.00	20.90	4.10	1,040.81	
January 1, 1908	25.00	20.82	4.18	1,036.63	
July 1, 1908	25.00	20.73	4.27	1,032.36	
January 1, 1909	25.00	20.65	4.35	1,028.01	
July 1, 1909	25.00	20.56	4.44	1,023.57	
January 1, 1910	25.00	20.47	4.53	1,019.04	
July 1, 1910	25.00	20.38	4.62	1,014.42	
January 1, 1911	25.00	20.29	4.71	1,009.71	
July 1, 1911	25.00	20.19	4.81	1,004.90	
January 1, 1912	25.00	20.10	4.90	1,000.00	
	$350.00	$289.47	$60.53		

There is also another method of amortization (the pro rata method) in which the premium is divided by the number of interest periods during the term of the bond, the quotient being written off the cost of the bond and set aside at each interest period for reinvestment. While shown to be far less scientific, this method, when applied to small amounts of bonds of short maturity, is declared to do substantial justice between life tenants and remaindermen and to comply with legal requirements.

SOUTHERN RAILWAY DEVELOPMENT AND GENERAL MORTGAGE FOUR PER CENT. BONDS.

THE best grade of bonds having practically all sold up to a point where they yield to the purchaser an income of less than four per cent., attention has been largely turned to the second-grade issues and much study devoted to the profit possibilities and safety of the bonds which can still be purchased to yield a fair income. Because of the large amount issued since the year's beginning, the improvement in the road's position, and the advance in the price of the bonds which has taken place, the Southern Railway development and general fours have been extensively traded in on and off of the stock exchange, and have been selected as a fit subject for the first of this series of analyses of "Popular Bonds":

It was in 1906, a year of extensive refunding and new capital-raising operations, that there was authorized by Southern Railway a $200,000,000 issue of development and general four per cent. bonds, intended to provide the company with a comprehensive financial scheme for refunding and betterments. Of the amount authorized, $15,000,000 were issued immediately to reimburse the company for previous extraordinary expenditures not theretofore capitalized, and $185,000,000 were reserved for specific purposes. These included $99,834,000 to provide for future acquisitions and betterments, and $65,166,000 to retire existing bonds and equipment obligations.

Bonds issued up to the present time amount to $62,000,000.

Taking up first the question of the security behind the bonds, according to an official statement made by President Finley December 31, 1908, the total book value of the property covered by the lien of the development and general mortgage amounted to $351,082,771, and the net value of the property constituting the security for the development and general mortgage bonds to

$169,007,071. According to the same statement the bonds are:

I. A FIRST LIEN UPON

	Miles.
(a) Railroads in absolute ownership aggregating	765
(b) Leaseholds of, trackage or other rights to use, railroads aggregating	1,085
(c) The majority of stock of railroads aggregating	475
Total	2,325

(d) The stocks which insure perpetual right to use freight and passenger terminal properties at 16 of the principal cities of the South, including a bridge over the Ohio River at Louisville, Ky.

(e) All future acquisitions of railroads constructed or purchased free from lien with proceeds of the new bonds.

II. A SECOND LIEN,

Subject only to the existing divisional mortgages (to retire which bonds are reserved under the new mortgage), and upon the acquisition, or other retirement, of such mortgages, then a prior lien, upon railroads aggregating. 1,272

III. A GENERAL LIEN,

Subject to the first consolidated mortgage and to the underlying mortgages, to retire which the first consolidated mortgage makes provision, upon

(a) Railroads in absolute ownership aggregating	3,854
(b) Controlling interests in securities of railroads aggregating	492
(c) Leaseholds of railroads aggregating	580
Total	4,926

Turning from the question of the security on which the bonds are based to the earnings of the road during the past few years a less satisfactory condition of things is disclosed. Total revenues from operation, for instance, were $11\frac{1}{2}$ millions more than in 1904, while net income over fixed charges was $1,890,000 less. This item of net income over fixed charges during the past few years is, indeed, about the weakest feature of the position of the development and general bonds. Just now Southern Railway's earnings are making a very good showing, but in figuring up the value of a bond it is not the showing of one year that counts. Following is the statement of revenues and net income:

	Total Revenues from Operation.	Net Income Over Fixed Charges.
1905	$48,145,108.15	$5,151,632.00
1906	53,641,438.67	5,229,065.97
1907	56,657,994.39	2,290,321.07
1908	52,941,716.51	401,849.93
1909	52,188,106.00	....

From these figures it is plain enough why the dividend on the preferred stock was cut off and also why the development and general bonds sell where they do. At the same time it is important that the possible influence of largely increased earnings on the price of the bonds should be fully appreciated.

For, up to the time of the panic, Southern Railway's earnings were increasing satisfactorily, and, the thread having been picked up again, bid fair to put the road into a much more comfortable position than it has ever occupied before. Gross earnings per mile, for instance, increased from $5,940 in 1903 to $7,507 in 1907, freight density showing a corresponding increase. Nineteen-eight was a bad year for the road in every way, but then 1908 was entirely abnormal and is not likely to be repeated in a good while. In the meantime, with the business outlook as it is, and industry in the South making long strides forward, there is every likelihood of a series of annual earnings which will raise the item of "net income over fixed charges" to a point a good deal higher than it has ever yet reached.

In the prospective earnings of Southern Railway, in fact, lies the chief hope of decided appreciation of the bonds in question. As will be seen from the figures given below, the industrial development of the territory served has been something phenomenal:

	1908.	1900.	1880.
Capital invested in cotton mills	$266,000,000	$113,000,000	$21,000,000
Capital invested in oil mills	90,000,000	34 500,000	3,800,000
Capital invested in all manufactures	2,100,000,000	1,153,000,000	257,000,000
Lumber products	365,000,000	188,000,000	....
Bank deposits	1,156,000,000	520,000,000	....
Tons of pig iron produced	*3,500,000	2,600,000	400,000
Tons of coal mined	*95,000,000	49,000,000	6,000,000

*Figures for 1907.

This is progress which speaks well for the future earning power of the railroad serving the territory where it is taking place. One of the most prominent banking houses in New York, a firm closely allied with Morgan interests, recently made the following statement over its own signature, "We estimate that by the year 1912, Southern Railway will be reporting gross earnings in excess of $63,000,000, as compared with $53,641,000 for 1906, in which year the company enjoyed its greatest prosperity up to the present time."

Taking these Southern Railway development and general fours by and large, they seem to class as a bond, which, while having not too great a margin of safety at present, bids fair to work into a stronger and stronger position as the earnings of the road increase. As to their price, it may be objected that as soon as the market will stand it more and more of the authorized but unissued $138,000,000 will be fed out. Judging by what has happened so far, that is quite true, and yet the fact must not be lost sight of that the mortgage is strictly drawn and that every dollar of new bonds issued means either the retirement of a dollar of prior liens or else a dollar's worth or more of actual value added to the property. The financial management of the company, moreover, is lodged in skilful hands, and its banking sponsors are in a position to judge the temper of the investment market and the advisability of putting out more of the bonds. The bond market end of the proposition, indeed, is what need give the investor the least concern; that will be well taken care of.

The Southern Railway development and general fours are a good business man's risk. They are hardly the kind of a bond into which one would want to put money held in trust, but for the investor who is willing to take some slight risk in return for a high rate of income and a first-rate chance of capital appreciation, the bonds can be classed as a most attractive investment.

THE INLAND BANK, THE FARMER, AND THE BOND MARKET.

If Mr. Paul Morton, president of the Equitable Life, was correct in the statement which he recently made about the farmer shortly becoming the biggest buyer of bonds, it is evident that the bond market has a new and potent influence with which to reckon: "I believe," said Mr. Morton, "that the greatest buyer of American securities within a short time will be the American farmer. He has had a succession of big crops and high prices. Up to this time he has been buying land and improving his farm, but he is becoming rich so rapidly that he is bound to become a purchaser of securities."

Another crop sold at high prices has been added, and the security-buying power of the agricultural sections further increased. Kansas is now the fourth State in the Union in assessed valuation of taxable property, and expects this fall to become the richest State, per capita, in the entire sisterhood. What that means of the ability to absorb corporate securities, when once a buying movement gets started, it is easy to imagine.

Sentiment Changing.

From the farm mortgage into which the farmer has up to now always invested his surplus to the bond of the great Eastern corporation or railroad is a far cry, and the change will not come overnight, but signs are not wanting of a gradually growing sentiment in favor of corporate securities. For one thing, the increase in the wealth of the agricultural sections has resulted in the paying off of millions of dollars' worth of the mortgages upon which the farmers used to rely for the investment of their surplus, and for another, the big insurance companies have about swept the field bare of any desirable mortgages still to be had. In the meantime crops like the one just being harvested mean an immense influx of money into the crop-raising States, some of which will, of course, be used to purchase land and make improvements, but for untold millions of which some form of permanent investment will have to be sought.

This is the point of interest to the local bank. Up to now the farmer, when he has ventured beyond putting his money into the time-honored mortgage, has bought hesitatingly the bonds of the local street railway or the bonds issued by the county or township where he happens to live. But especially in the agricultural sections, issues of such bonds are small and the amount of money to be invested is large. All the time it is becoming more and more evident that it is only a matter of educating the farmer up to the possibilities of good bonds until there is developed in these rural sections of the country a tremendous absorptive capacity.

Where the Banks Come In.

A long step has been made in that direction this year, a number of banks in the interior of the Southwest advertising in the local papers that they are prepared to furnish their customers with gilt-edged bonds. A campaign of education, too, has been started, many of the banks issuing instructive literature and making a determined effort to break down the hide-bound prejudice against the securities of the Eastern corporations. In some sections, all this has already resulted in the distribution of very considerable amounts of good bonds among the farmers, and that the movement is bound to grow in breadth and scope is a practical certainty.

All of which has been very carefully noted by the bond houses in the East who have been keen to follow up the movement and have not failed to send their representatives hot-foot into the crop-sections of the country. To be able to sell their customers the right kind of bonds, the small banks of the West and Middle West must first have the right securities offered them and at the right prices. It is exceedingly important, therefore, that the inland banks should not only be in touch with the bond distributers of the East, but should keep a close watch on investment conditions in the leading markets, so that they may choose securities profitable for themselves and their customers to buy. Distributing good bonds among the farmers is apt to be one of the most profitable kinds of Western banking for a good while to come.

ATTITUDE OF SAVINGS BANKS TOWARD THE BOND MARKET.

WHETHER or not the savings banks will buy bonds extensively this fall is a question which is being widely discussed among bond dealers. George Reith, head of the bond department of Foster & Adams, New York, expressed the following views for The Bankers Magazine:

During the last four or five months the prices of railroad bonds, legal for savings bank investment, have evidenced a slowly sagging tendency, despite the fact that money during that period has ruled at abnormally low rates. Numerous offerings of new securities, the release of large quantities of bonds owned by national banks which had been deposited as security for United States government deposits, and the rather general indisposition of savings banks to buy, were the main causes contributing to this condition.

Savings banks have not been buyers, nor have they, to any considerable extent, been sellers of bonds. Their attitude might best be described as one of indifference. Most issues had reached prices at which purchases yielded less than four per cent.; in some cases, yields as low as 3.60 per cent. having been shown. As savings banks have pretty generally maintained the rate paid depositors at four per cent., their lack of eagerness to buy bonds yielding less requires no extended explanation. Hence they have been even more keen than usual to place their funds in real estate mortgages which would return them from four and one-half per cent. to five and one-half per cent. Besides many institutions had bought quite extensively during the period following the panic, when funds withdrawn by frightened and needy depositors were being returned and when prices ruled very much lower than recently. Likewise the unfavorable conditions following the panic, many people being out of employment and others employed only part time, tended to restrict materially the usual growth of deposits and the co-incident demand for their investment.

At the moment, no change in the attitude of savings banks toward the bond market is discernable. As for the future, it seems likely that with fully restored prosperity, which will undoubtedly be accompanied by large accessions to deposits, savings banks must shortly become extensive buyers of bonds for, from the best information obtainable, the limit of their investment in real estate mortgages has very nearly been reached and the prices of many eligible railroad bonds have declined sufficiently to make them attractive.

ELECTRIC LIGHTING SECURITIES.

MR. VANDERLIP'S address on Electric Lighting Securities, which was printed in the Investment Department of THE BANKERS MAGAZINE for August, has attracted a great deal of interest, especial attention being given to the point so forcibly made concerning the necessity of combination and coöperation. Along this line a bookelt entitled "The Light of Twenty Cities," issued by A. H. Bickmore & Co., New York, gives some useful information.

"From the tallow candle and the whale-oil lamp of our fathers," says this publication, "to the brilliant arc lamp that now illumines our cities and the soft gas light that brightens our homes is a long step in the march of human progress.

"The growth of public lighting service and of the investment therein is perhaps greater, more rapid and more certain than in any other business development. Recent estimates place the investment in this business in excess of two billion dollars.

"The technical problems of supplying this demand have been overcome in large measure and the business of the modern corporations engaged in furnishing light, heat and power has become as certain as the setting of the sun.

"Business economics have created the corporation, through which large undertakings may be most advantageously handled, and nowhere can the corporate form of ownership and management be more successfully applied than in the public service of light, heat and power.

"Any single company, conservatively financed and well managed is, in this field, practically certain of successful operation, but the consolidation of ten, twenty or thirty such companies, under economical and efficient management, eliminates any possible question of doubt. If 'In Union there is Strength' be true it could not be better exemplified."

NATURAL RESOURCES AS SECURITY FOR BONDS.

BONDS secured by natural resources such as timber, coal, water power, etc., are coming to take an increasingly important place in the investment markets. Coal bonds have, of course, been a recognized form of investment security for many years, but it is only comparatively recently that bonds secured on standing timber, for instance, have found their way into general favor. Bonds of this kind pav a high rate of interest and when properly safeguarded are stable income-producers.

In the purchase of "specialties" such as timber bonds, irrigation bonds, etc., there are two considerations which should go ahead of everything else. First in importance is the character of the bankers behind the project and their facilities for full investigation; secondly, the existence of an adequate sinking fund, offsetting the inevitable decrease in security through the cutting down of the trees, the mining of the coal, etc.

Concerning the extent to which the business of the company should be assessed for the purpose of providing for this sinking fund, there is no hard and fast rule—if the bonds are being handled by safe and conservative interests proper safeguards will be taken. In bonds of this kind—high-income-bearing specialties—the great guarantee is the character of the banker behind the project. With a well-known and well-established bond it makes but little difference who the broker is, but with these "specialties" just that is the all-important point.

From the West comes the report that never before has there been such a market as there is now in the small towns for bonds of this class. One explanation is that the crop money is being largely "pre-invested." Another is that the wealth acquired by the agricultural communities during the past few years has resulted in the paying off of farm mortgages on an enormous scale and that this money is seeking some other form of investment paying a correspondingly high rate of interest.

PUBLIC UTILITY BONDS.

PUBLIC utility bonds, on account of the high income which they still yield are playing an important part in the present bond market. Among the most active issues of this class are the bonds underlying the great New Jersey Public Service Corporation. Of this important group Messrs. B. H. and F. W. Pelzer of New York write as follows for THE BANKERS MAGAZINE:

The Public Service Corporation was incorporated May 6, 1903, and controls practically the entire street railway business of northern New Jersey, and the gas and lighting interests of the greater part of New Jersey under perpetual franchises. The corporation has outstanding $18,750,000 common stock all issued at par, and has offered to stockholders of record Sept. 30 the right to subscribe to additional stock at par to the extent of twenty-five per cent. of their present holdings. This will make the outstanding stock issue after October 1, $23,437,500, all issued at par. Dividends on the outstanding stock are being paid at the rate of five per cent. per annum. Interest bearing certificates to take up stocks of underlying companies, issued $19,730,570, receives dividends in 1909 of four and one-half per cent.; 1910, five per cent.; 1911, five and one-half per cent.; 1912 and thereafter, six per cent. The company has outstanding now $7,250,000 collateral trust notes, due Nov. 1, 1909, which will be retired on that date by an issue of first mortgage five per cent. bonds, of which there is now outstanding $5,500,000. Authorized issue $50,000,000 at par. There are outstanding $6,250,000 five per cent. convertible notes, due November 1, 1909, convertible into common stock at par, or such part as have not been converted up to date.

Underlying these securities are some twenty-five or thirty issues on which interest must be provided for before the Public Service Corporation receives its own bond and stock interest and dividends. There are eight lighting companies whose stockholders are guaranteed dividends as shown below.

The bonds of the foregoing companies therefore should be very attractive as investments for the average business man or woman. They yield from 4.50 per cent. to 5.50 per cent. on the market price, if held to maturity, and should advance in price through the natural increase of business following the building up of their several communities.

BOND NOTES.

—Among recent interesting offerings are the Argentine Government Internal fives offered by Sig. H. Rosenblatt & Co. of New York. The amortization of the bonds is fully provided for by a sinking fund, by the operation of which the loan will be paid off in thirty-six years at the latest. The bonds yield about 5¼ per cent., are listed on the leading continental exchanges and have been issued by J. P. Morgan & Co., First National Bank and the National City Bank. As proof of their popularity abroad, it is a fact that the identical English issue is quoted 2½ per cent. higher than the American issue.

The average proportion of requirements for interest and amortization of the Argentine national debt in relation to the total revenue was as follows:

Year.	Per cent.
1905	34.94
1906	26.36
1907	26.64
1908	26.40

—Borden's Condensed Milk is another company of almost national importance whose securities are not dealt in on any regular exchange, but in which there is at all times a ready market "between houses." Messrs. Dominick Bros. & Co. are the specialists in these stocks.

—Flint & Pere Marquette first 6s at 112½ and interest, netting the investor about 4.54 per cent., are one of

Essex & Hudson Gas Company	8 % in 1909 and thereafter.
Gas & Electric Company of Bergen County	3 % in 1909; rises to 5% in 1915.
Hudson County Gas Company	6½% in 1909; rises to 8% in 1911.
Newark Consolidated Gas Company	5 % in 1909 and thereafter.
Paterson & Passaic Gas & Electric Company	4½% in 1909; 5% in 1910 and thereafter.
So. Jersey Gas, Electric & Traction Company	8 % in 1909 and thereafter.
Somerset, Union & Middlesex Lighting Co.	2½% in 1909; rises to 4% in 1912.
United Electric Company of New Jersey	3 % in 1909; rises to 5% in 1912.
Also:	
Consolidated Traction Company of New Jers.	4 % since 1908.
Public Service Interest-Bearing Certificates	4½% in 1909; rises to 6% in 1913.

the offerings of Judson G. Wall & Sons, 10 Wall street, New York. The line upon which the bonds are a first mortgage extends across the center of the State of Michigan and is the backbone of the Pere Marquette system, which guarantees the bonds. Provision has already been made to retire these bonds.

—Messrs. A. M. Kidder & Co., New York, who make a specialty of guaranteed stocks, report that there is a steady investment absorption of these issues. There are many investors who prefer guaranteed stocks to any but the best of bonds.

—New Amsterdam Gas fives, which underlie the Consolidated Gas Company of New York and at present prices are among the most attractive of public utility bonds, are being offered by Williamson & Squire, New York. The same firm is also making a specialty of Delaware, Lackawanna & Western Coal Company stock.

—Public utility bonds still to be bought on an attractive income basis are the Granite City Gas Light & Fuel Company fives being offered by the Mercantile Trust Company, St. Louis. The company serves Granite City and Madison, which have a combined population of about 16,000, and are located adjacent to the city of East St. Louis, Ill., just across the river from St. Louis. Granite City is now being connected with St. Louis by the new $5,000,000 bridge of the McKinley Traction System. These bonds are secured by an absolute first mortgage on the plants, property and franchises of the company, the duplication value of which is over twice the outstanding bond issue. The net earnings for the year 1908 were almost three times the amount of the annual interest on these bonds.

—Twenty-year first mortgage five per cent. bonds of the Gary & Interurban Railway Company, the electric railway of the new "Steel City" on Lake Michigan, are being offered by Messrs. Cram, Mulliken & Company of New York and Boston. Gary is located at the extreme southern end of Lake Michigan, has a population of approximately 30,000 and is a development of the ideas of Judge E. H. Gary, chairman of the United States Steel Corporation, who is quoted as saying: "Within two years it will have a population in the neighborhood of 100,000 and will no doubt in time become the largest city in the state of Indiana."

—Irrigation bonds, an exhaustive study of which appeared in the "Investments" department of the July issue, are finding increased favor among investors. A good example of this type of bond is to be found in the county of Logan, Colorado, municipal water sixes being offered by Farson Son & Co., New York. The bonds mature serially from 1920 to 1929 and are being sold on a 5.75 per cent. basis. Without exception there has never been a default in the interest or principal payments on Colorado municipal irrigation district bond issues.

—The Equitable Trust Company and Swartwout & Appenzellar will shortly bring out an issue of $3,450,000 twenty-year four per cent. bonds, secured by a first mortgage on the Broad Exchange Building and the property upon which it stands. The total of the issue is only about equal to one-half the appraised value of the property covered by the mortgage. The funding of a maturing mortgage of this size into a twenty-year bond will open an avenue for other transactions of a similar character.

WHETHER or not preferred stocks get the attention they deserve is a good deal of a question in the opinion of Messrs. Schmidt & Gallatin of New York, who make a specialty of this class of security. Preferred stocks of some of the country's leading railroads, which, in point of safety of income, compare favorably with many popular bonds, can still be bought to yield proportionately larger returns. As for the preferred stocks of the industrials whose common stocks have a clear and unbroken dividend record, there are few more attractive "business men's" investments at the present time.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to September 20, approximate yield figured as of October 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 10 Wall st., New York.

STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
Alabama 4s, 1956	104 -105	3.78
Georgia 4½s, 1915	104 -105	3.40
Massachusetts 3½s, 1940	99 - 99½	3.53
New York State 3s, 1959	103 -104½	2.88
So. Car. 4½s, 1933	104 -106	4.10
Boston 3½s, July, 1929	96⅞- 97¼	3.70
N. Y. City 4½s, Nov., 1917	104⅛-104½	3.85
N. Y. City 4s, Nov., 1957	101 -101⅝	3.93
N. Y. City 3½s, Nov., 1954	90⅝- 91⅞	3.96
N. Y. City rev. 6s, Nov., 1910	103 -103½	2.90

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	98½	99	4.65
Am. Cig. B 4s, Mar. 15, '12	97½	98	4.85
Am. Loco. 5s, Oct., '10	100½	100¾	4.20
Am. Tel. & T. 5s, Jan., '10	100½	100¾	3.35
Atl. Coast L. 5s, Mar., '10	100½	100¾	3.20
"Big Four" 5s, June, '11	101⅛	101½	4.05
B., R. & Pitts. Equip. 4⅝s	99½	101½	4.37
C., H. & D. 4s, July, 1913	97	97½	4.75
Del. & Hud. 4½s, July, '22	102⅞	103¼	4.17
Gen. Rubber 4½s, July, '15	94	95	5.50
Int. R. T. 6s, May, '11	103½	104	3.25
K. C. R. & L. 6s, Sept., '12	99¾	100	5.00
Lack. Steel 5s, Mar., '10	99⅞	100⅝	4.45
Louis. & N. 5s, Mar., '10	100½	100¾	3.20
Lake Shore 5s, Feb., '10	100¼	100½	3.50
Mich. Cen. 5s, Feb., '10	100¼	100¼	3.50
Minn. & St. L. 5s, Feb., '11	98¾	99¾	5.45
N. Y. Central 5s, Feb., '10	100¼	100½	3.50
N. Y. C. Eq. Tr. 5s, Nov., '10	100½	101	5.00
N. Y. C. Eq. Tr. 5s, Nov., '12	102⅛	102⅝	4.15
N. Y. C. Eq. Tr. 5s, Nov., '14	103⅜	103⅞	4.15
N. Y. C. Eq. Tr. 5s, Nov., '16	104½	105⅛	4.15
N. Y. C. Eq. Tr. 5s, Nov., '19	106	106⅞	4.15
N.Y.N.H.&H. 5s, Jan. 9, '10	100¼	100½	3.35
N.Y.N.H.&H. 5s, Jan., '11	101	101⅝	3.87
N.Y.N.H.&H. 5s, Jan. 9, '12	101¾	102¼	4.03
Norf. & West. 5s, May, '10	100½	100¾	3.70
No. American 5s, May, '12	99½	101	4.55
Penn. R. R. 5s, Mar. 15, '10	100½	100¾	3.50
St. L. & S. F. 5s, Jan., '11	99⅛	99½	5.50
St. L. & S. F. 4½s, Feb., '12	96	96½	6.00
S.A.L. rec. cfs. 6s, June, '11	100	...	...
S.A.L. rec. cfs. 5s, Jan., '12	100	...	...
Southern Ry. 5s, Feb., '10	100⅛	100⅜	3.87
Tidewater 6s, June, '13	102¼	102¼	5.20
Pitts., Shawmut & North. rec. ctfs. 5s Jan., '14	99	100	5.00
Wabash 4½s, May, '10	99½	100	4.50
Westinghouse 6s, Aug., '10	100½	100⅞	5.04
Wood Worsted Mills 4½s, Mar., '11	99⅛	99½	4.85

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western	5	15
Atlanta & West Point	150	154
Atlantic Coast Line of Conn	280	300
Buffalo & Susquehanna	27	31½
Central New England	5	15
Central New England, pref	15	30
Chicago, Indianapolis & Louisville	50	55
Chicago, Ind. & Louisville, pref	65	78
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref	65	75
Cincin., N. Orleans & Tex. Pac	112	125
Cincin., N. O. & Tex. Pac., pref	107	112
Cincinnati Northern	30	45
Cleveland, Akron & Columbus	65	75
Cleve., Cin., Chic. & St. L., pref	103	...
Delaware	77	81
Des Moines & Ft. Dodge, pref	80	88
Detroit & Mackinac	45	55
Detroit & Mackinac, pref	90	95
Grand Rapids & Indiana	42½	...
Georgia, South. & Florida	33	38
Georgia, South. & Flor., 1st pref	92	95
Georgia, South. & Flor., 2d pref	73	77
Huntington & Broad Top	12	.
Huntington & Broad Top, pref	35¼	...
Kansas City, Mexico & Orient	10	12½
Kansas City, Mex. & Orient, pref	23	25
Louisville, Henderson & St. Louis	13	15
Louisville, Hend. & St. L., pref	29	36
Maine Central	195	...
Maryland, Del. & Va., pref	13	14½
Maryland & Pennsylvania	25	28
Michigan Central	145	155
Mississippi Central	40	43
Pitts., Cin., Chic. & St. L., pref	114	120
Pere Marquette	20	24½
Pere Marquette, 1st pref	54	58
Pere Marquette, 2d pref	30	33
Pittsburgh, Shawmut & Northern	2	5
St. Louis, Rocky Mt. & Pac., pref	35	43
Seaboard Company	17	20
Seaboard, 1st pref	45	50
Seaboard, 2d pref	38	40
Spokane & Inland Empire	45	55
Spokane & Inland Empire, pref	70	75
Texas Central	35	40
Texas Central, pref	70	75
Williamsport & North Branch	1	3

GUARANTEED RAILROAD STOCKS.

	Bid.	Asked.
Albany & Susquehanna	275	...
Allegheny & Western	143	150
Atlanta & Charlotte Air Line	190	200
Augusta & Savannah	112	114
Beech Creek	98	102
Boston & Lowell	220	230
Boston & Albany	220	230
Boston & Providence	295	305
Camden & Burlington County	140	...
Catawissa	115	125
Cayuga & Susquehanna	215	...
Cleveland & Pittsburgh	175	180
Cleve. & Pittsburgh (Betterment)	100	103
Columbus & Xenia	201	205
Concord & Montreal	170	...
Concord & Portsmouth	170	...
Connecticut & Passumpsic River	135	145
Connecticut River	255	265
Dayton & Michigan, pref	187	193
Delaware & Bound Brook	195	203
Detroit, Hilsdale & Southwestern	98	102
East Pennsylvania	135	.
Elmira & Williamsport, pref	130	140
Erie & Kalamazoo	240	250
Erie & Pittsburgh	152	160
Georgia Railroad & Banking	254	260
Grand River Valley	123	130
Hereford	85	94
Illinois Central Leased Lines	99	103
Jackson, Lansing & Saginaw	90	93
Joliet & Chicago	171	175

	Bid.	Asked.
Kansas City, St. L. & Chic., pref.	136	145
Lake Shore & Mich. Southern	300	320
Little Miami	211	213
Louisiana & Missouri River, pref.	165	175
Mine Hill & Schuylkill Haven	120	126
Mobile & Birmingham	75	76
Mobile & Ohio	85	88
Morris & Essex	182	185
Nashville & Decatur	184	189
New Hampshire & Northampton	104	107
New York, Lackawanna & West.	125	130
North Carolina Railroad	163	170
North Pennsylvania	200	210
Northern R. R. of N. H.	130	...
Northern R. R. of N. J.	90	95
Norwich & Worcester, pref.	200	.
Ogden Mine R. R.	95	105
Old Colony	195	200
Oswego & Syracuse	224	230
Peoria & Bureau Valley	185	192
Philadelphia & Trenton	250	...
Pitts., Bessemer & Lake Erie	34	37
Pitts., Bessemer & Lake E., pref.	70	74
Pittsburgh, Ft. Wayne & Chic.	173	177
Pittsfield & North Adams	115	...
Pittsburgh, McKeesp't & Yiough.	125	132
Providence & Worcester	265	275
Rensselaer & Saratoga	195	202
Rome & Clinton	145	150
Rome, Watertown & Ogdensburg	124	128
Saratoga & Schenectady	168	...
Southwestern of Georgia	112	114
Troy & Greenbush	174	...
Up--- Coos	125	...
Utica & Black River	174	178
Utica, Chenango & Susquehanna	153	156
United N. J. R. R. & Canal	252	255
Valley of New York	123	130
Ware River	165	...
Warren Railroad	175	180

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to Sept. 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

	Interest.	Bid.	Asked.
Bleecker St & Ful Fy 1st 4s .1950	J&J	61	68
Bway Surf Ry 1st 5s .1924	J&J	102	104
Bway & 7th Av stock	....	140	160
Bway & 7th Av Con 5s.1943	J&J	102	105
Bway & 7th Av 2d 5s..1914	J&N	100	101
Col & 9th Av 1st 5s...1993	M&S	99	101
Christopher & 10th St	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s .1914	F&A	48	52
42d St M & St N Av 6s.1910	M&S	99½	100¼
Lex Av & Pav Fy 5s .1922	M&S	96	100
Second Av Ry stock	....	17	20
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	74	77
Sixth Av Ry stock	....	110	125
South Ferry Ry 1st 5s.1919	A&O	90	94
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s .1942	F&A	100	103
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	88	95
Central Union Gas 5s..1927	J&J	102	103
Equitable Gas Light 5s.1932	M&S	104	108
New Amst Gas Cons 5s.1948	J&J	101½	102½
N Y & E R Gas 1st 5s.1944	J&J	104	105¼
N Y & E R Gas Con 5s.1945	J&J	97	100
Northern Union Gas 5s.1927	M&N	98	100
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s..1950	J&D	103¼	106
Brooklyn Ferry Gen 5s.1943	....	31	33
Hoboken Fy 1st Mtg 5s.1946	M&N	106½	107½
NY & Bkn Fy 1st Mt 6s.1911	J&J	88	92
NY & Hobok Fy Gen 5s.1946	J&D	96½	98
N Y & East River Fy	Q M	34	39
10th & 23d St Ferry	A&O	36	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	Q J	29½	31
Union Ferry 1st 5s....1920	M&N	96	99

MISCELLANEOUS SECURITIES.

[Corrected to Sept. 20.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Book	148	158
American Brake Shoe & F.	67	70
American Brake Shoe & F. Pref.	105	109
American Brass	112	118
American Chicle	225	230
American Chicle pref.	102	106
American Coal Products	77	79
American Gas & Electric	43	44½
American Gas & Electric pref.	42½	44
American Light & Traction	245	250
American Light & Traction pref.	105	108
American Typefounders	39	44
American Typefounders pref.	96	100
Babcock & Wilcox	105	110
Borden's Milk	120	123
Borden's Milk pref.	104	109
Bush Terminal	34	40
Connecticut Ry. & Lighting	74	77
Connecticut Ry. & Lighting pref.	80	85
Cripple Creek Cent.	30	36
Cripple Creek Cent. pref.	50	56
Du Pont Powder	126	130
Du Pont Powder pref.	86	89
E. W. Bliss	120	128
E. W. Bliss pref.	125	130
Empire Steel & Iron	10	16
Empire Steel & Iron pref.	70	...
International Nickel	105	113
International Nickel pref.	85	90
International Silver	7	10
International Silver pref.	97	102
Inter. Time Recording	50	65
Inter. Time Recording pref.	92	98
Lackawanna Steel	55	58
National Sugar pref.	98	102
Royal Baking Powder	162	172
Royal Baking Powder pref.	108	111
Safety Car Heating & Lighting	128	130
Singer Manufacturing	455	465
Standard Coupler	24	30
Standard Coupler pref.	105	113
Texas & Pacific Coal	93	98
Tri-City Ry. & Lt.	21	24
Tri-City Railway & Light pref.	88	92
Union Typewriter	66	70
Union Typewriter 1st pref.	114	119
Union Typewriter 2d pref.	114	118
United States Envelope	52	55
United States Envelope pref.	112	115
U. S. Ind. Alcohol	26	30
U. S. Ind. Alcohol pref.	90	94
Virginian Railway	25	30
Western Pacific	27½	31
Worthington Pump pref.	107	110

ACTIVE BONDS.

[Corrected to Sept. 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101⅝	102⅛
Amer. Steel Foundries 4s, 1923	70	75
Amer. Steel Foundries 6s, 1935	102	106
Balt. & Ohio, Southwest. Div. 3½s.	90¾	91¼
Bethlehem Steel 5s	88¾	89¼
Chi., Burlington & Quincy Gen. 4s.	99⅛	99⅝
Chi., Burl. & Quincy Ill Div. 4s.	100¾	101¼
Chi., Burl. & Quincy Ill. Div. 3½s.	89¾	90¼
Cin., Hamilton & Dayton 4s	97	97⅝
Denver & Rio Grande Ref'ng 5s.	94¾	95½
Louis. & Nashville unified 4s	99⅛	99¾
Mason City & Ft. Dodge 4s	86	86¼
Norfolk & West. Divisionals 4s	93¼	93⅝
Savannah, Florida & Western 6s.	126	129
Va. Carolina Chem. 1st 5s	98½	100
Western Maryland 4s	85	85½
Wheeling & Lake Erie cons. 4s	86¼	88
Wis. Central, Superior & Duluth 4s	93	93½
Western Pacific 5s	98¼	98¾

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	80	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	86	90
Continental Coal 1st 5s, 1952	95	100
Fairmont Coal 1st 5s, 1931	94½	96½
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	98	100
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	97	99
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	105	107
Pleasant Val. Coal Co. 1st 5s, 1928	81	85
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932	94½	96½
Sunday Creek Co. Coll. Tr. 5s, 1944	70	75
Vandalia Coal 1st 6s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	90	...
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to Sept. 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Elec. Co. Bonds, 6%, due 1932	97½	100
Guanajuato Power & Elec. Co. Pref., 6%, cumulative	87½	91
Guanajuato Power & El. Co. Com.	25½	27½
Arizona Power Co. Bonds, 6%, due 1933	..	...
Arizona Power Co. Pref.	40	42
Arizona Power Co. Com.	22	25
Great Western Power Co. Bonds, 5%, due 1946	90	92
Western Power Co. Pref.	50	52
Western Power Co. Com.	29	...
Mobile Elec. Co. Bds., 5%, due 1946	88	93½
Mobile Electric Co. Pref., 6%	75	...
Mobile Electric Co. Com.	20	...

FOREIGN BONDS.

[Corrected to Sept. 20.]

Quoted by Zimmermann & Forshay, bankers, 9 and 11 Wall street, New York.

	Bid.	Asked.
German consols 3½s	94½	95½
German consols 3s	85	86
Prussian Government 4s	102½	103½
Bavarian Government 4s	102	103
Hessian Government 3½s	94	95
Saxony Government 3s	85¾	86¾
Hamburg Government 3s	84¼	85½
City of Berlin 4s	101½	102½
City of Cologne 4s	101	102
City of Augsburg 4s	100	101
City of Munich 4s	101	102
City of Frankfurt-am-Main 3½s	95	96
City of Vienna 4s	97½	98½
Mexican Government gold 5s	101¼	102¼
Russian Government gold 4s	91	92
French Government rente 3s	97	98
British consols 2½s	83¼	84¼

BANK AND TRUST COMPANY STOCKS.

Corrected to September 10, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	180	200
Amer. Exchange Nat. Bk.	10	240	250
Bank of America	26	575	585
Bank of the Manhattan Co.	12	330	338
Bank of the Metropolis	16	375	410
Bank of N. Y., N. B. A.	14	330	340
Bank of Washington Hts.	8	265	...
Battery Park Nat. Bank	..	130	...
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	...
Century Bank	6	160	175
Chase National Bank	6	300	...
Chatham National Bank	16	290	...
Chelsea Exchange Bank	8	190	...
Chemical National Bank	15	425	440
Citizens Central Nat. Bk.	6	156	[illegible]
Coal & Iron Nat. Bank	..	145	150
Colonial Bank	10	400	...
Columbia Bank	12	375	425
Corn Exchange Bank	16	332	337
East River Nat. Bank	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	300	...
First National Bank	32	825	840
Fourteenth Street Bank	10	150	...
Fourth National Bank	8	230	...
Gallatin National Bank	12	340	350
Garfield National Bank	12	290	...
German-American Bank	6	135	...
German Exchange Bank	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	275
Hanover National Bank	16	560	...
Importers' & Traders' Nat. Bank	20	540	550
Irving Nat. Exchange Bk.	8	195	...
Jefferson Bank	10	180	...
Liberty National Bank	20	540	560
Lincoln National Bank	8	425	440
Market & Fulton Nat. Bk.	12	255	265
Mechanics' Nat. Bank	12	254	260
Mercantile Nat. Bank	4	165	180
Merchants' Ex. Nat. Bk.	6	160	170
Merchants' Nat. Bank	7	157	165
Metropolitan Bank	8	185	195
Mount Morris Bank	10	250	...
Mutual Bank	8	290	310
Nassau Bank	8	210	...
Nat. Bk. of Commerce	8	187	190
Nat. Butchers' & Drovers'	6	140	150
National City Bank	10	386	391
National Copper Bank	8	265	...
National Park Bank	16	455	465
National Reserve Bank	..	135	143
New Netherlands' Bank	..	200	...
N. Y. County Nat. Bank	40	800	...
N. Y. Produce Ex. Bank	8	173	...
Night & Day Bank	..	200	240
Nineteenth Ward Bank	15	...	410
Northern Bank	6	100	115
Pacific Bank	8	235	..
Peoples' Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	610	630
Seaboard National Bank	10	355	375
Second National Bank	12	375	...
Sherman National Bank	..	140	...
State Bank	10	290	...
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	160	...
Union Ex. Nat. Bk.	10	187	193
West Side Bank	12	500	...
Yorkville Bank	16	450	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	335	345
Bankers Trust Co.	16	500	550
Broadway Trust Co.	6	140	150
Brooklyn Trust Co.	20	415	...
Carnegie Trust Co.	8	175	185
Citizens' Trust Co.	..	130	...
Central Trust Co.	36	1000	1025
Columbia Trust Co.	8	285	310
Commercial Trust Co.	..	140	150

	Div. Rate.	Bid.	Asked.
Empire Trust Co.	8	300	...
Equitable Trust Co.	20	475	500
Farmers' Loan & Trust Co. (par $25)	40	1520	...
Fidelity Trust Co.	6	200	210
Fifth Avenue Trust Co.	12	400	...
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	205	220
Fulton Trust Co.	10	280	...
Gua-anty Trust Co.	20	670	685
Guardian Trust Co.	..	160	...
Hamilton Trust Co.	10	265	275
Home Trust Co.	4	105	...
Hudson Trust Co.	6	175	190
International Bank'g Corp.	4	140	150
Kings Co. Trust Co.	14	500	...
Knickerbocker Trust Co.	..	340	350
Lawyers Mortgage Co.	12	240	250
Lawyers Title Insurance & Trust Co.	12	240	250
Lincoln Trust Co.	..	160	165
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	535	550
Morton Trust Co.	20	500	530
Mutual Alliance Trust Co.	8	120	135
Nassau Trust Co.	8	...	165
National Surety Co.	8	190	200
N. Y. Life Ins. & Trust Co.	45	1075	1100
N. Y. Mtg. & Security Co.	10	225	230
New York Trust Co.	32	625	..
Peoples' Trust Co.	12	280	...
Standard Trust Co.	12	350	...
Title Guar. & Trust Co.	20	500	505
Trust Co. of America	10	360	375
Union Trust Co.	50	1300	...
U. S. Mtg. & Trust Co.	24	440	450
United States Trust Co.	50	1250	...
Van Norden Trust Co.	12	...	260
Washington Trust Co.	12	375	400
Windsor Trust Co.	6	...	135

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	145¼
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	328½
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants National Bank	10	250½
Merchants National Bank	10	250
National Bank of Commerce	6	172½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	315
National Union Bank	7	186⅛
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	125
Peoples' National Bank, Roxbury	6	130
Second National Bank	10	227¼
South End National Bank	5	104½
State National Bank	7	175
Webster & Atlas National Bank	7	165⅛
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	211
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	*
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	*
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	625
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
Commercial National Bank	12	220	225
Continental National Bank	8	268	271
Corn Exchange Nat. Bank	12	383	390
Drovers Deposit Nat. Bank	10	220	225
First National Bank	16	478	482
First Nat. Bk. of Englewood	10	240	...
Fort Dearborn Nat. Bank	8	187	191
Hamilton National Bank	5	135	137
Live Stock Exchange Nat. Bank	12	252	262
Monroe National Bank	4	131	141
Nat. Bank of the Republic	8	200	203
National City Bank	6	198	201
National Produce Bank	..	131	136
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Austin State Bank	..	275	...
Central Trust Co.	7	169	170
Chicago City Bank	10	174	178
Chicago Savings Bank	6	139	143
Colonial Tr. & Sav. Bank	10	189	196
Drexel State Bank	10	162	166
Drovers Tr. & Sav. Bank	8	180	189
Englewood State Bank	6	112	115
Harris Tr. & Sav. Bank	8	300	...
Hibernian Banking Assn.	8	220	226
Illinois Tr. & Sav. Bank	16-4ex.	505	520
Kenwood Tr. & Sav. Bank	7	119	122
Lake View Tr. & Sav Bk.	5	114	116
Merchants Loan & Tr. Co.	12	400	406
Metropolitan Tr. & Sav. Bk	6	119	123
Northern Trust Co.	8	305	320
Peoples Tr. & Sav. Bank	8	168	178
Prairie State	8	250	...
Pullman Loan & Tr. Bank	8	155	...
Railway Exchange Bank	4	115	...
Security Bank	..	150	155
South Chicago Sav. Bank	6	130	136
State Bank of Chicago	12	290	300
Stock Yards Savings Bank	8	210	...
Union Stock Yds. State Bk.	6	128	132
Western Tr. & Sav. Bank	6	155	160
Woodlawn Trust Co.	6	124	126

THE GOLD EXHIBIT AT SEATTLE.

IN the Alaska Building at the Seattle Exposition there is an exhibit of gold said to be worth $1,500,000. Besides the display of dust, nuggets and bars brought from Alaska for the Exposition, there are on view Jaget Lindberg's $3,000 Nome nugget, the largest ever found in Alaska, and eighty-three other nuggets from Seward Peninsula, also Mrs. Clarence Berry's $70,000 collection of nuggets, one of which weighs 115 ounces.

THE CHICAGO CONVENTION.

Largest and Most Important Gathering in the History of the American Bankers' Association.

By Edward White.

With Photographs Taken for The Bankers Magazine by J. W. Taylor.

THE thirty-fifth annual convention of the American Bankers' Association was a record-breaker in every particular, having the largest attendance of both delegates and visitors, awakening the greatest amount of interest and transacting the most important business of any gathering in the history of the Association. The same may no doubt be said of every convention of this association, its growth from year to year being so substantial and its volume of business becoming so large and so important as to warrant such a statement at each succeeding meeting. But the Chicago convention went so far in advance of every preceding assemblage that it is difficult to reflect upon it without taking on at least some of the pride and enthusiasm of the occasion.

Growth of American Banking.

Although the facts were not specifically treated by the convention, it is nevertheless fitting that this review should emphasize the standing of the United States as the greatest of all the world powers in banking. In the year 1908, the latest date of available data furnished by the Comptroller, the banking power of the world was $45,750,300,000, of which the United States held $17,642,705,271, or 38.8 per cent. The next highest showing was that of the British Empire, with $11,157,000,000, or about 25 per cent. of the total.

Growth Since the Organization of the Association.

A preliminary organization of the American Bankers' Association was effected at Saratoga in 1875, and at that time there were 6,467 banks of all kinds in the United States, 2,092 of which were national banks. The system of collecting the data and reporting the condition of banking institutions operated under the supervision of the various States was as yet undeveloped, the only absolutely accurate reckoning being the reports of taxable capital and deposits. A consolidation of these items with the capital, surplus, undivided profits and deposits of the national banks in existence October 25, 1875, showed that they reached a total of $2,137,274,484. On June 3, 1908, the individual deposits alone of all the banks in the United States reached the enormous total of $12,784,511,169, or six times the total deposits and capital of thirty-four years previous.

Opening of the Convention.

The first day of the convention found a registration of over 3,000 delegates and visitors, and the opening exercises showed nearly every State and Territory in the Union with representatives in their seats. As President Reynolds, in his easy, natural way, called the convention to order, it was plain to see that a good business session was on hand, and that, although Chicago had fairly outdone itself in its efforts to entertain and please the delegates, there was yet an inclination and a determination to make the "business first" rule stick.

The delivery of the invocation by the Reverend James A. Milburn, pastor of the Plymouth Congregational Church, was followed by an address of welcome on behalf of the State of Illinois by Governor Charles S. Deneen.

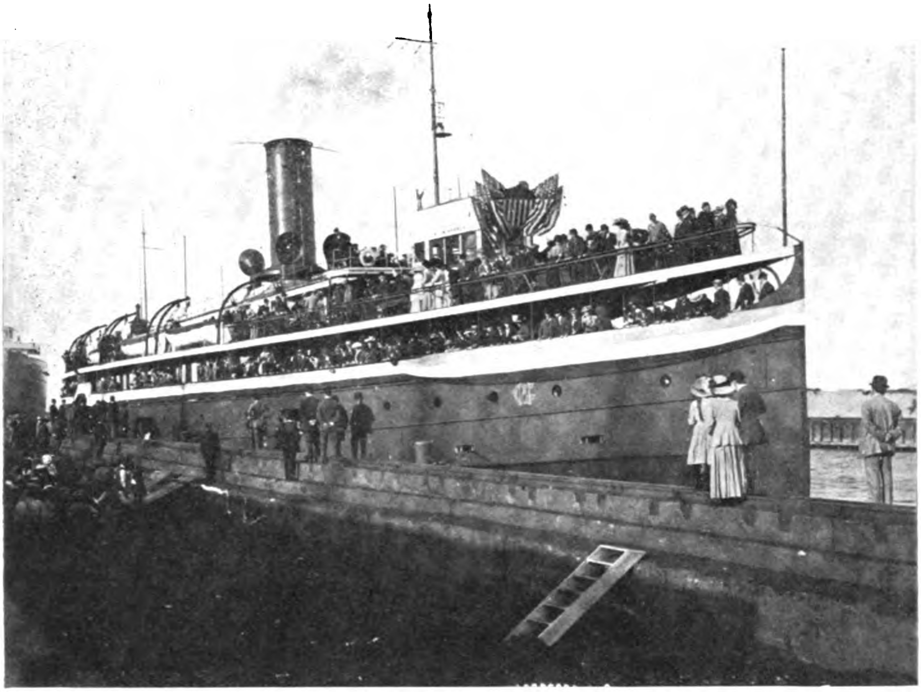
The delegates were welcomed on behalf of the city by Joseph T. Talbert, president of the Chicago Clearing House Association, and vice-president of the Commercial National Bank of Chicago. Mr. Talbert spoke enthusiastically of the growth of the association since its first meeting in Chicago in 1885, and dwelt with considerable impressiveness upon the progress of banking and banking methods, the panic of 1893 and its lessons, the repeal of the Bland Act and the death of the silver question. Then he showed how we had learned to deal with panics and financial depressions by citing the wise course pursued in 1907 by the leading cities in the issue of clearing-house certificates, and the use of our credit in mitigating the evils of such a time. Mr. Talbert closed his treatment of the question with the following pointed observation:

> But we shall not be able to prevent panics until the Government, which itself harmfully meddles in the business of banking, shall permit its chartered banks, always, of course, within proper limitations and under safe regulations, the use of the civilized weapons of financial warfare, and the employment of defenses for protection of individual credit. Without such weapons and defenses we are, and shall remain, almost helpless.

Address of President Reynolds.

The address of the president of the association, George M. Reynolds, president of the Continental National Bank of Chicago, was in many respects the most noteworthy feature of the convention. Aside from his strong presentation of the development of the association, which was in itself a remarkable showing, he took hold of the economic phases of American banking and handled them skilfully and masterfully, manifesting a close study of the entire currency question and its attendant possibilities and evils. His strong recommendation for a central bank of issue has attracted more attention at the hands of financiers, economists and thinkers than perhaps any other public utterance of recent years. While there was apparent some opposition to the plan, and while it has been criticised and objected to by men of known ability, there is yet in its favor the unalterable fact that it stands forth as the product of an able banker, conscientiously endeavoring to make business more stable and more enduring. It was

On the Hurricane Deck of the "South Haven."



Steamer "City of Benton" on its arrival at Gary.

not an effort at sensationalism, but was the result of careful research and analysis, and is generally understood to presage the recommendations which the National Monetary Commission will present to Congress. Speaking of the functions and responsibilities of a central bank, Mr. Reynolds said:

First, it must be a central bank in fact as well as in name and its powers and functions should be restricted to the needs of business; its plan of organization and operation should be such that it would automatically support the needs of and be the servant and not the master of business. Its capital should be large enough to command respect and confidence—say not less than one hundred million dollars. Whether the capital stock should be subscribed for by the national banks of the country or sold to the public under a guarantee of a small dividend by the Government, with the right of the Government to share in the profits above the amount of that dividend, is only a matter of detail. Personally, I believe the latter plan would be the better, as it would do away very largely with the feeling that such an institution would be run for the especial benefit and profit of the banks of the country. This plan would make it a people's rather than a banker's bank, and would popularize it and greatly assist in solving the political problem, which seems to be quite as difficult or even more difficult of solution than is the economic problem.

Speaker Cannon's Remarks.

An impromptu address was delivered on the first day of the convention by Hon. Joseph G. Cannon, Speaker of the House of Representatives. Mr. Cannon spoke in a felicitous vein, drawing from the auditors both laughter and applause. Mr. Cannon spoke of currency legislation, disappointment of the House members of the Currency Commission, "Czarism," the "Reed rules" and other things personal and impersonal. He was thanked by the convention by a rising vote.

Reports of Officers and Chairmen.

Treasurer P. C. Kaufman presented his report at the afternoon session Tuesday and showed the finances of the association to be in excellent shape.

Chairman F. O. Watts, of the Executive Council, followed with his report, which made plain the fact that the association and its sections are decidedly active in their opposition to those after-panic propositions, "Guarantee of Bank Deposits" and "Postal Savings Banks."

Joseph Chapman, Jr., Chairman of the Committee on Express Companies and Money Orders, made an exhaustive report on "Money Orders" and "Travelers' Checks."

Lewis E. Pierson, Chairman of the Committee on Bills of Lading, reported good progress in the important work of his committee, showing that the uniform bill of lading, so much hoped for, is now practically in sight.

J. B. Forgan, Chairman of the Currency Commission, reported progress and asked that the committee be continued in its work.

Thomas B. Paton, general counsel, presented his report, from which it could be seen that the work of his office had been well done.

Mr. Farnsworth read the report of the Standing Protective Committee, which showed among other things that fully eighty per cent. of the criminals arrested during the year had been convicted.

Mr. Farnsworth then followed with his report as secretary of the association. He reviewed in detail the general work of the association through its various committees, sections and departments. The report shows that there are at present 10,682 banks in the association.

Comptroller on the Problems of His Office.

Lawrence O. Murray, Comptroller of the Currency, delivered an able address, in which he covered the entire field of operation, bank examiners and examinations, bank promoters, clearing house examinations, and directoral control. In dealing with the last named question Mr. Murray made a marked impression with his application of correct principles and the rugged truths with which he emphasized his declarations. He struck the keynote of his address at its very beginning:

> The director of a bank who poses before the people as the trusted custodian of their funds, and who is using his trusteeship for the purpose solely of personal gain, who is recklessly speculating with the people's money by borrowing unwarranted sums upon insufficient security, is the greatest menace to the safety of the banking system to-day. The elimination of this type of director from the control of banking institutions and the fostering of a keener sense of responsibility among a certain class of bank directors of the duties of their high office, is being attempted by me through all the means at my command.

J. J. Hill on "National Wealth and the Farm."

Mr. Hill's speech was in the nature of a warning, not only to the bankers, but to the people as a whole, that the attention of the population must be turned more toward the farm, or disaster would follow in the way of an absolute shortage of food supply. He summed up the situation as follows:

> We have almost reached a point where, owing to increased population without increased production per acre, our home food supply will be insufficient for our own needs; within ten years, possibly less, we are likely to become a wheat-importing nation; the percentage of the population engaged in agriculture and the wheat product per acre are both falling; at the same time the cost of living is raised everywhere by this relative scarcity of bread, by artificial increase in the price of all manufactured articles, and by a habit of extravagance which has enlarged the view of both rich and poor of what are to be considered the necessaries of life. These plain facts should disturb and arouse not only the economic student but the men who are most intimately related to the wealth of the nation and most concerned that it shall not suffer loss or decrease.

The Trust Company Section.

The Trust Company Section met on Wednesday, President A. A. Jackson, vice-president of the Girard Trust Co. of Philadelphia presiding. The Reverend Herman Page, rector of St. Paul's Church, Chicago, delivered the invocation.

Edwin A. Potter, president of the American Trust and Savings Bank of Chicago, welcomed the delegates to the city in a brief but pointed speech, and was responded to by President Jackson.

"The Post Mortem Administration of Wealth" was the title of an address by Daniel S. Remsen, of the New York Bar. The speaker handled the subject of testamentary administration in a manner that made it of great interest and value to his auditors. Touching upon the success of corporate administration, Mr. Remsen said:

Under Full Sail.—The gentleman on the left has just finished a good story, the result of which is plainly seen on the faces of those in front of him.

Trust companies have earned an excellent reputation as executors and trustees and offer valuable qualities to the testator. They offer security of assets, continuity of existence, experience, business management, readiness of access, opportunity of favorable investment and due consideration for beneficiaries. In these respects the record of trust companies as a whole is most satisfactory and honorable. Where, however, trust company management is open to criticism its defects relate to individual companies rather than trust companies as a class and arise from undue routine on business, undue pressure of business on individual officials, disinclination to assume liability, a lack of proper self-inspection and the unfortunate selection of directors, officers, counsel and employes. Vigilance in these matters is soon discovered by testators, and is the price of corporate success in testamentary administration.

Trust Company Resources and Revenues.

Edward T. Perine, president of the Audit Company of New York, delivered an address before the Trust Company Section on "Trust Company Resources and Revenues," which was a five-year summary of the growth of trust companies in the United States. The speaker had evidently gone into the subject in earnest, and he made his statistics valuable and interesting by means of comparisons and percentages. The following summary is of especial interest at this time:

The summarizing of the total liabilities of the trust companies, and of their corresponding resources, naturally leads into aggregates of imposing size. It is found that the statements of all the trust companies reporting in 1904 showed an accumulation of 3 billions 138 millions of dollars. The succeeding years of 1905, 1906 and 1907 show 3 billions 802 millions, 3 billions 944 millions, and 4 billions 221 millions, respectively. In 1908 there was a contraction to 3 billions 917 millions, but the recovery of 1909 marks a great growth, the total being the vast sum of 4 billions 609 millions of dollars. These four and three-fifths billions of total resources and liabilities show an increase since a year ago of 692 millions of dollars, or over seventeen per cent., while the increase for the five years is 1 billion 471 millions of dollars, a forty-seven per cent. increase.

At the afternoon session on Wednesday of the Trust Company Section the following subjects were presented and discussed: "The Limitations of the Functions of a Trust Company;" "The Duties and Responsibilities of Trustees Under Corporate Mortgages;" "Value and Responsibility of a Safe Deposit Department;" and "Mortgages as Investments for Savings Funds of a Trust Company." The discussion of the question of "Duties and Responsibilities of Trustees" was very interesting, and was participated in by Messrs. King of New York, Chamberlain of Texas, and Cohan of Oregon. "Limitations of the Functions of a Trust Company" also drew forth quite an animated discussion, the leaders being Messrs. Morrison of Maryland, Witt of Kentucky, Cohan of Oregon, Bowes of Maryland, and McIntosh of Ohio.

Address of Mr. Crane.

Charles R. Crane, the new Minister to China, made an interesting talk to the Trust Company Section in the afternoon, in which he outlined the views of President Taft concerning the important questions now at issue in the Far East.

Clearing House Section.

The Clearing House Section met on Wednesday, with about seventy-five members present, and with President E. C. McDougal, president of the Bank of Buffalo, in the chair.

President McDougal Talks.

One of the most important and noteworthy addresses of the convention was that of E. C. McDougal, the president of the Clearing House Section. He took the stand that the clearing house is destined to be the strongest force in the commercial world, and declared that it had already stepped out of the routine for which it was created. "Recently, in one of our great cities," the speaker declared, "where the clearing house is one of the strongest in the country, it forced several banks to drop individuals from their directorates whose influence and methods were not considered beneficial to the financial affairs of the city. It usurped authority and had no legal right to take such action, but it was for the good of the financial community. So long as the members of our clearing houses are appointed on account of their ability and not through favoritism the bodies will continue to grow in influence and powers."

Mr. McDougal touched upon the currency question, as he said, mainly to show the fallacy in principle which allows bank notes to be held in reserve. He asked for the repeal of the laws which permit State banks to carry bank notes as reserve, and declared that the custom of carrying United States Treasury notes is equally as unsatisfactory, though not unsafe. He emphatically pronounced gold the only safe reserve, and said that ten per cent. in cash in times of panic is more useful than a theoretical reserve of 15 per cent.

"The universal system in the Transit Department" was the subject introduced by C. R. McKay, manager of the Transit Department of the First National Bank of Chicago.

Atlanta's plan of collecting country checks in Georgia was described by Joseph A. McCord, vice-president of the Third National Bank of Atlanta. State clearing houses in California were treated by A. Kains, clearing house examiner of San Francisco. The new system of the examination of State banks in Minnesota was made plain by P. M. Kerst, clearing house examiner for Minneapolis and St. Paul. A discussion of "Clearing House Examinations by Clearing House Examiners" was participated in by several examiners.

Steamers "South Haven" and "Benton Harbor" and their crowds just before starting for Gary.

Savings Bank Section.

The Savings Bank Section convened at 10 o'clock, Thursday, with President John H. Johnson, of the Peninsular Savings Bank, of Detroit, in the chair.

The Reverened William O. Walters, rector of Grace Episcopal Church, of Chicago, delivered the prayer.

The address of welcome was delivered by Henry S. Henschen, cashier of the State Bank of Chicago, and was highly appreciated by all who heard it.

Address of President Johnson.

President Johnson, in his address, dwelt upon the legal regulations and restrictions in existence and proposed, and made it plain that it rests with the savings banks themselves to prevent the enactment of a guaranty of deposits law or the establishment of postal savings banks. He said:

You cannot make a man honest by regulation, and cannot positively prevent bank failures, yet you can minimize the latter, both in number and effect, by wise and practical restrictions.

It is not sufficient that we oppose the plan of state or governmental guarantee of deposits, for the postal bank means that just as much as the so-called guaranty. We must sympathize with the desire of the people at large to have their deposits made as safe as they can possibly be made. It is incumbent upon us, as experts, to take steps to make impossible, as nearly as we can, the failure of any bank—savings, state or national—and we shall fail in our position unless we are able to present that which will practically accomplish the desired end, and at the same time be based on sound business principles. Is it not better to regulate your own affairs than to have them regulated for you? Is it better to be compelled by government influences to do what is right and best or to do it of your own initiative?

R. M. Welch on Real Estate Loans.

R. M. Welch, cashier of the San Francisco Savings Union, had for the subject of his address "Real Estate Loans for Savings Banks and Their Amortization." His talk was replete with wholesome suggestions for both bankers and borrowers, but its chief object appeared to be the encouragement of small loans, on the ground that the greater the number of small borrowers a savings bank has in its clientele the greater will be its degree of popularity and success.

Mr. Creer on Mortgage Loans for Home Buyers.

William R. Creer, of the Cleveland Savings and Loan Company, spoke on the above subject, carefully presenting some instalment illustrations to show the good that may come from that sort of payment and the evil that will result from many "straight" loans.

Commissioner Zimmerman on Savings Deposits.

"The Segregation and Safeguarding of Savings Deposits," made the topic for an address by H. M. Zimmerman, Commissioner of Banking for Michigan. The trend of Mr. Zimmerman's remarks may be seen in the following extract:

Savings deposits have always been regarded as "trust funds" when left with "trustee" or "mutual" savings banks, and surely should be so regarded, both legally as well as morally, when placed with any other institution. The character of such deposits is certainly not changed, no matter what the character of the corporation or association may be into whose hands they are placed. The investment of such funds in ordinary commercial business risks would not be countenanced by the courts if in the hands of administrators or guardians. Neither should it be countenanced when these funds are in the hands of corporations which are not required by the laws of the State in which they operate to invest them in the most stable securities to be had.

Mr. Rother on "Partial Payments Compared with Sinking Funds."

Robert M. Rother, president of the Hopkins Place Savings Bank, of Baltimore, delivered an excellent address on the above topic, which was well received. The keynote of the address was sounded in the following paragraphs:

Few men, however, ask how sinking funds operate. Experience teaches us that they are a doubtful assurance to the lender and an expensive undertaking to the borower. To have any value at all the provisions for a sinking fund must be conscientiously carried out, and the accumulated funds must be advantageously invested. That the first is not always done is well known, and that the investment of the fund is subject to all sorts of contingencies is self-evident.

However sound in theory a sinking fund may be, its administration cannot be placed beyond the pale of human weakness; it always was and always will be an unknown quantity—a speculation.

The partial payment plan is free from these uncertainties. The specific amounts to be paid each year on account of principal and interest are determined in advance, and the liability of the issuing corporation is reduced with every payment made. There is no guessing; it is fixed figures and facts from first to last.

"Department of Mercy," by E. L. Robinson, Vice-President of the Eutaw Savings Bank of Baltimore.

This subject, unique and unusual as it is, was ably handled by Mr. Robinson. He impressed his audience with the fact that a savings bank should have a greater interest in its clients than the mere reception of their deposits, and he showed that he, at least, has plenty of compassion for the honest unfortunates among his fellow-beings. "The Department of Mercy," he says, "should throw its protecting arms about our unfortunates and incompetents; it should be able to give intelligent and disinterested advice in the investment of money; it should point out the dangers of the financial pestilence which lurk underneath so many magazine articles exploiting schemes of acquiring rapid wealth. It should be able to protect its depositors who are ignorant of the real value of their property, which others, wiser than they, are seeking to buy below its value. It should protect them when tempted to place their little capital in questionable enterprises advertised under 'Business Opportunities' in the daily press. It should go farther and warn the spendthrift when he is rapidly frittering away the little hoard laid aside for his benefit by the self-denial of his parents. It should be able to reconcile family difficulties; many domestic problems have been aired in our offices—a few at least have been solved; young married folk who find it difficult to make the necessary adjustments (financial and otherwise) during the first year or so of married life, frequently need friendly counsel."

Getting the Lake Breeze.

Secretaries of State Bankers' Associations.

The meeting of the organization of Secretaries of State Bankers' Associations was held Thursday afternoon, with W. F. Keyser, of Sedalia, Mo., presiding. Mr. Keyser's address indicated the interest the Association of Secretaries has awakened, and pointed out the good it was destined to accomplish.

Secretary Farnsworth's report showed that the membership now embraces forty-one States, the oldest association being Illinois, organized in 1880, and the youngest Utah, organized in 1909.

Other speakers were B. L. Rinaman, of Illinois; William J. Field, of New Jersey; John J. Haflin, of Tennessee; Frederick Bowman; N. T. Gatling, of Virginia; P. C. Kaufman, of Tacoma, Wash.; Mr. Tilden, of Alabama; B. W. Griffith, of Mississippi; Charles R. Frost, of Minnesota; L. W. Gammon, manager of the Protective Department of the American Bankers' Association, and L. A. Coate, of Idaho.

Last Day's Session.

The last day's session was in some respects a notable one. The unanimous endorsement of the resolution of the Federal Legislative Committee, putting its seal of condemnation on the postal savings bank plan, and the animated discussion provoked by the resolution of the same committee recommending a provision for the segregation of assets of banks doing a commercial business, were matters of deep interest.

After prayer by the Reverend William P. Merrill, pastor of the Sixth Presbyterian Church of Chicago, the reports of the Trust Company Section, the Standing Law Committee and the Federal Legislative Committee were made.

The report of the Federal Legislative Committee on the question of postal savings banks, as presented by Arthur Reynolds, met with the hearty and enthusiastic approval of the delegates, but when the proposition was reached which called for a resolution endorsing the segregation of assets of commercial banks, a spirited discussion ensued.

R. E. James, of Easton, Pa., said he feared the convention was treading on dangerous ground, if it adopted such a resolution; that the results would be dangerous if the assets of one class of depositors were segregated and protected while another class was left unprovided for. Others spoke in the same strain, and the resolution was finally disposed of by reference to the Currency Commission.

Opposing Postal Savings Banks and Bank Guaranty.

The following resolution, recommended by the Federal Legislative Committee, was adopted:

Resolved, That it is the sense of this association that we should condemn in unqualified terms the proposition for the establishment of postal savings banks or any other system by which the government enters directly into banking relations with the people.

Resolved, That the American Bankers' Association is opposed to any financial legislation based upon the argument that it was a party pledge and should be redeemed.

Resolved, That we believe the proposed plan to invest postal savings banks deposits to the extent of six or seven hundred million dollars in United States bonds simply to maintain such bonds at par is unsafe and unwise legislation and if enacted would ultimately lead to lack of confidence in our national credit.

J. B. Forgan on Bank Supervision.

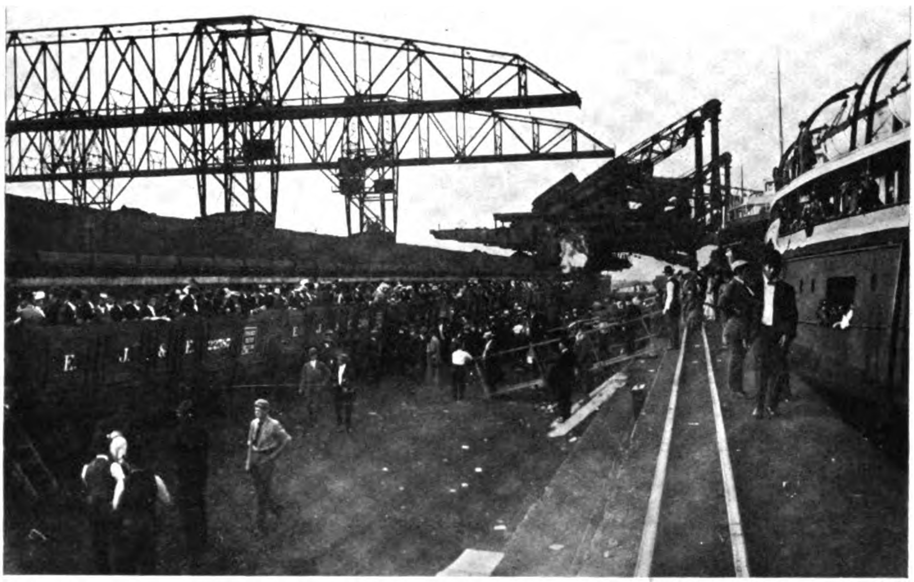
"The Efficacy and the Limitations of Bank Supervision by Examination and the Responsible Source of Bank Management" was the subject ably treated by J. B. Forgan, president of the First National Bank of Chicago. Mr. Forgan was presented to the convention by President Reynolds in one of the most felicitous introductions of the entire meeting, and Mr. Forgan proceeded to make good for all the good things the president had said of him.

The speaker first took up the question of bank examinations, showing how prone the people are to blame the Government for failures, and then explaining the injustice and untenableness of such a position. The powers of the

Comptroller were given fairly and comprehensively, and the abuses that unavoidably creep into our free system were shown, and the restraining influences of bank management were forcibly presented.

The efficacy of Government supervision by examination lies primarily, Mr. Forgan declared, in its restraining influence on bank management.

The knowledge that the banks are to be examined holds the officers in check. This followed by the criticisms of the comptroller based on the examiners' reports is efficacious in inducing or compelling bankers to comply with the law and with proper banking methods and to face and provide for losses as they occur. This should afford the public reasonable assurance. Such are the benefits to be derived from governmental supervision and the degree of their accomplishment is the measure of the efficacy. All external supervision is, however, based on the examination and consideration of transactions after they have occurred. It cannot control the making of loans or investments at the time they are made. It has no control of initiative management. It cannot, therefore, be held responsible for errors of judgment or lapses of integrity. Its business is to discover such and its efficacy depends upon its ability to do so. It is at best a human device and in common with all such devices its limitations should not be ignored or forgotten.



Fifteen cars loaded, not for the Shambles, but for the Sights of the Gary Steel Mills.

Mr. Forgan also took up the subject of clearing house supervision in the interest of associated banks, a system first inaugurated in Chicago three years ago. This very interesting subject was treated at length, as was also the question of supervision by directors.

The afternoon session was addressed by Dr. John G. Kilgo, president of Trinity College, Durham, N. C., on "Industrialism and Americanism."

Election and Installation of New Officers.

The report of the Nominating Committee was adopted and the following officers were elected and installed:

President—Lewis E. Pierson, president Irving National Exchange Bank, New York City.

Vice-President—F. O. Watts, president First National Bank, Nashville.

Chairman of the Executive Committee—William Livingstone, president Dime Savings Bank, Detroit.

For members of Executive Council:

Georgia—Jos. W. Heffernan, cashier Hibernia Bank, Savannah.
Idaho—B. F. O'Neil, president State Bank of Commerce, Wallace.
Illinois—Frank P. Judson, secretary Commercial National Bank, Chicago, and William George, president Old Second National, Aurora.
Indiana—Jonce Monyhan, president Citizens State Bank, Orleans.
Kansas—W. J. Bailey, vice-president Exchange State Bank, Atchison.
Massachusetts—Henry M. Batchelder, president Merchants National Bank, Salem.
Michigan—L. G. Kaufman, president First National Bank, Marquette.
Minnesota—O. H. Havill, president Merchants National Bank, St. Cloud.
Missouri—J. Fletcher Farrell, assistant cashier Third National Bank, St. Louis, for two years; W. C. Harris, president Callaway Bank, Fulton, for three years.
Nebraska—E. R. Gurney, vice-president First National Bank, Fremont, Neb.
New York—E. S. Tefft, cashier First National Bank, Syracuse.
Pennsylvania—D. McK. Lloyd, president Peoples Savings Bank, Pittsburg.
Tennessee—T. R. Preston, president Hamilton National Bank, Chattanooga.
Texas—A. V. Lane, vice-president American Exchange National Bank, Dallas.
Wisconsin—A. J. Frame, president Waukesha National Bank, Waukesha, and John J. Sherman, cashier Citizens National Bank, Appleton.
Wyoming—Arthur H. Marble, vice-president Stock Growers National Bank, Cheyenne.

For member of the Executive Council representing the Trust Company Section:

Lawrence L. Gillespie, chairman of executive committee, vice-president Equitable Trust Company, New York City, N. Y.

For member of the Executive Council representing the Savings Bank Section:

Alfred L. Aiken, chairman of executive committee, president Worcester County Institution for Savings, Worcester, Mass.

For member of the Executive Council representing the Clearing House Section:

George Guckenberger, chairman executive committee, president Atlas National Bank, Cincinnati, Ohio.

For member of the Executive Council representing the American Institute of Banking Section:

Ralph C. Wilson, Commercial National Bank, Chicago.

For vice-presidents for the different states and territories:

Alabama—W. P. G. Harding, president First National Bank, Birmingham.
Arkansas—Henry Thane, president Desha Bank & Trust Co., Arkansas City.
California—James K. Lynch, vice-president First National Bank, San Francisco.
Colorado—H. M. Rubey, cashier Woods-Rubey National Bank, Golden.
Connecticut—C. C. Barlow, cashier Yale National Bank, New Haven.
District of Columbia—W. D. Hoover, president National Savings & Trust Company, Washington, D. C.
Florida—Dr. H. Robinson, president Commercial Bank, Jacksonville.
Georgia—E. W. Stetson, cashier Citizens National Bank, Macon.
Idaho—F. F. Johnson, president First National Bank, Wallace.
Illinois—Walter S. Rearick, of Skiles, Rearick & Co., Ashland.
Indiana—J. L. McCulloch, president Marion National Bank, Marion.
Iowa—E. L. Johnson, vice-president Leavitt & Johnson Trust Company, Waterloo.
Kansas—J. R. Burrows, president Central National Bank, Topeka.
Maine—Sumner C. Parcher, president Saco & Biddeford Savings Institution, Saco.
Maryland—John M. Littig, president National Marine Bank, Baltimore.
Massachusetts—Alfred L. Aiken, president Worcester County Institution for Savings, Worcester, Mass.
Michigan—Henry Idema, president Kent State Bank, Grand Rapids.
Minnesota—J. S. Pomeroy, cashier Security National Bank, Minneapolis.
Mississippi—F. W. Foote, vice-president First National Bank of Commerce, Hattiesburg.
Missouri—Graham G. Lacy, vice-president Tootle-Lemon National Bank, St. Joseph, Mo.
Nebraska—S. K. Warrick, cashier First National Bank, Alliance.
New Hampshire—Arthur M. Heard, president Amoskeag National Bank, Manchester.
New Jersey—W. H. Taylor, cashier First National Bank, Somerville.
New York—Hiram R. Smith, president Bank of Rockville Centre, L. I.
North Carolina—H. W. Jackson, cashier Commercial National Bank, Raleigh.
North Dakota—J. H. Terrett, cashier Michigan City Bank, Michigan City.
Ohio—W. W. Brown, vice-president Merchants National Bank, Cincinnati.
Oklahoma—W. A. Brooks, secretary-treasurer Columbia Bank & Trust Company, Oklahoma City.
Oregon—R. L. Durham, vice-president Merchants National Bank, Portland.
Pennsylvania—James A. Brady.
Rhode Island—George B. Waterhouse, president Centerville National Bank of Centerville.

In the thick of it on the Steamer "South Haven."

South Carolina—John W. Simpson, vice-president Central National Bank, Spartanburg.

South Dakota—John R. Hughes, Delmont.

Tennessee—Walter Howell, cashier First National Bank, Union City.

Texas—L. L. Jester, president Jester National Bank, Tyler.

Utah—F. E. McGurrin, president Salt Lake Security & Trust Company, Salt Lake City.

Vermont—H. O. Carpenter, president Rutland Savings Bank, Rutland.

Virginia—Allen Cucullu, cashier Lynchburg National Bank, Lynchburg.

Washington—W. D. Vincent, cashier Old National Bank, Spokane.

Wisconsin—E. M. Wing, cashier Batavian National Bank, LaCrosse.

Wyoming—B. F. Perkins, president Bank of Commerce, Sheridan.

Canada—Alexander Laird, general manager Canadian Bank of Commerce, Toronto.

Isle of Pines—William Mason, vice-president Isle of Pines Bank, Neuva Gerona, W. I.

Mexico—John Clausen, manager foreign department Mexico City Banking Company, Mexico City, Mex.

New Mexico—Alfred F. Kerr, cashier American National Bank, Silver City, N. M.

Officers of sections:

Trust Company Section—President, H. P. McIntosh, president Guardian Savings & Trust Company, Cleveland. First Vice-President, Oliver C. Fuller, president Wisconsin Trust Company, Milwaukee, Wis. Secertary, Philip S. Babcock, New York City.

Savings Bank Section—President, William R. Creer, secretary Cleveland Savings & Loan Company, Cleveland, Ohio. Vice-President, Edward L. Robinson, vice-president Eutaw Savings Bank, Baltimore, Md. Secretary, William Hanhart, New York City.

Clearing House Section—President, Sol Wexler, vice-president Whitney Central National Bank, New Orleans, La. Vice-President, E. R. Fancher, vice-president Union National Bank, Cleveland, Ohio.

The Social Side.

The entertainment features of the convention were such as to make them extremely difficult to improve upon.

On Monday evening occurred the annual banquet of the Executive Council in the gold room of the Congress Hotel, which was a notable gathering.

Tuesday evening the delegates were entertained at four of the principal theatres of the city, the local committee having purchased their entire seating capacity.

Wednesday the delegates were taken to the new city of Gary on the steamers "City of Benton Harbor" and "City of South Haven" and conducted through the plant of the United States Steel Corporation.

Thursday a trip to the Chicago Stock Yards was tendered by the packers of Chicago. The plants were visited while in full operation. In the evening a grand reception and ball were given by the local committee in honor of the visiting bankers and were attended by President Taft and party.

Personal and Impersonal.

"Uncle Joe" Cannon said he remembered the days of the Red Dog and Blue Puppy bank bills, neither of which could be kept over night with safety to your welfare. According to "Uncle Joe," the difficulty now is to get enough together to make it worth while keeping it over night.

J. M. Elliott, president of the First National Bank of Los Angeles, and one of the oldest and most respected bankers on the Pacific coast, was one of the most convincing talkers in behalf of his city for 1910 that could have been sent to Chicago. He believes in his city, and his belief is a natural one, for he has been a big factor in its development.

George M. Reynolds retired from the presidency not only with the good wishes and profound respect of probably every member of the association, but with the reputation of having done something during his incumbency.

Mr. Watts looms up for 1910 as a very satisfactory prospect.

President Pierson assumes his honors with a wealth of experience in parliamentary work and a fine reputation as a successful banker.

Percival Kaufman is undoubtedly one of the best equipped officials, in an all-round sense, that ever graced the executive staff of the association. In addition to being a practical banker of a high grade, he is a lawyer with a good record, and has the ability to make a convincing public presentation of any subject.

Edwin T. Cowan, of Spokane, is another Washington banker with the word "Coming" written on his escutcheon.

William Howard Taft was not registered as a delegate, but his soul was in the Reynolds Central Bank plan just as if it were made for him.

The trip to Gary would have been more enjoyable if the wind had "minded its own business."

All of the social features of the convention were praised to the top notch by delegates and visitors.

No politics in this convention? And Joe Cannon a guest of honor?

President Reynolds, upon retiring, was presented with a silver set by the association. His remarks upon his introduction of his successor, Lewis E. Pierson, of New York, were fitting.

The Philippine Islands were represented by James B. Peat, teller of the Philippine Treasury. He said the distance was great, but the pleasure of coming to Chicago was greater.

Edmund G. Vaughan, president of the National Bank of Cuba, came all the way from Havana, and T. J. Keenan, president of the Isle of Pines Bank, represented the West Indies.

Germany was represented by Mrs. August Stein, of Knauth, Nachod & Kühne's branch at Leipzig.

FINANCIAL POINTERS.

EUROPE is opening wide its eyes at the wonderful recovery of the United States from its depression and financial stagnation. During the coming five years not less than a billion dollars will be expended by the great trunk line railways running through the southern cotton fields and the wheat fields of the northwest, in order to prevent a congestion of traffic; it is said that the planters and farmers are now producing more rapidly than the railways are able to transport their products.

French investors are clamoring for American securities, and word comes from New York that France is absorbing rapidly all the United States Steel Corporation's common stock it was proposed to list on the Paris Bourse. The investing public, led by its bankers, saw a good thing and took it, and now the increased dividend gives the stock fresh prestige.—*Mexican Herald.*

A STRONG MAN AND A STRONG BANK.

How the Nassau Bank of New York Has Grown Under the Direction of Edward Earl.

TRUE worth is oftener recognized and rewarded in the world of finance than in any of the other vocations of life, and this statement has been borne out—not once—but many times.

When the directors of The Nassua Bank of New York met one day last November, and selected Edward Earl, then active cashier, as the logical successor to their deceased president, Wm. H. Rogers, they furnished but another instance of this highly commendable practice.

And by their vote they placed in office a man who numbers his friends by the hundreds—professional men, merchants, newspaper men, and public officials. Indeed, when the news was given out last fall that Mr. Earl had been honored with the presidency of The Nassau Bank, letters of congratulation and felicitation were sent to him from every corner of the United States.

No better choice for president could possibly have been made. This was the unanimous opinion of Wall Street and of the various business houses downtown, an opinion, we might add, that the record of The Nassau Bank for the past year has fully justified. In ten months' time with Mr. Earl as its head, the bank has gained over two millions of dollars in deposits.

Edward Earl was born in Elizabeth, N. J., just thirty-nine years ago, the son of W. A. C. Earl of that city. For a time after leaving school Mr. Earl was employed in mercantile pursuits. Then he turned to banking.

In January, 1887, he entered The Nassau Bank and became assistant bookkeeper. While holding that position he attracted the favorable attention of the late Francis M. Harris, who was at that time president of the bank, and of Enos Richardson, a manufacturer who took an active part in the affairs of the institution.

In 1898, Mr. Earl rose to the position of assistant cashier, and in 1907 to that of cashier. During his long period of service with The Nassau Bank, he has seen the regime of three presidents: Francis M. Harris, Frank H. Richardson, and the late Wm. H. Rogers.

Mr. Earl is also a vice-president and director of the well-known manufacturing house of Enos Richardson & Co., of New York city, and a vice-president and director of the Richardson Manufacturing Co. He has been entrusted with the handling of several large estates, and with them as with the bank's interests, he is most conservative and exact.

The Nassau Bank was organized in 1852. It has been known to many publishers and advertising men, and has sometimes been called the newspaper bank. It has, however, a large following among conservative business men. The management may well be proud of the fact that not once during the bank's long and honorable career has it ever been compelled to ask for outside assistance.

EDWARD EARL
President The Nassau Bank of New York.

Never-to-be-forgotten is the record made by The Nassau Bank during the panic of 1907. Under Mr. Earl's guidance as cashier, the bank was able to meet all demands made upon it and in addition, loaned $1,500,000 to the Clearing House. And while other banks were losing ground, the Nassau continued to add new accounts each day, which only brought out fresh evidence of the great strength it has always possessed.

FARM LANDS AS SECURITY FOR INVESTMENT.

By Edward White.

THE September number of "The World To-Day," the leading literary and business magazine of the Middle West, contains the following valuable article, under the caption, "Farm Mortgages as Investments":

The return of prosperity to the people of the United States is marked by one very noteworthy fact, and that is that the people have "found their heads" in the matter of investments. They are no longer looking for "snaps" and "flyers," but are seeking only safe investments—investments that produce sure returns instead of promising big interest and dividend rates. This fact is borne out by the reports of concerns handling the best grades of securities, and it is the surest indication there is that prosperity has come to stay. No condition of prosperity can last with the increment of the community and the nation being poured into wild-cat schemes in such volume as was witnessed in the years 1905, 1906 and 1907. That in itself was enough to produce a panic of the most serious character.

The recent crop reports of the United States Government point unmistakably to the fact that investments secured by farm property are among the most safe and stable of any in the world, and that they have become so within the past twenty years is made plain by comparison with the crop reports of previous years. In 1890, the value of farm products in the United States was $2,466,000,000, or about $40 per capita. The estimate for 1909 places the value of farm products at $8,300,000,000, or a trifle over $96 per capita, reckoning the population of the country at eighty-six millions.

It is safe to say that sixty-six per cent. of the large production estimated for 1909 can be credited to the great Middle West, which includes the lake and Mississippi Valley regions. This would make the value of the products of the sixteen states comprising the Middle West reach the enormous total of $5,500,000,000, a sum more than five times greater than the total production of minerals of all kinds in the United States for the year 1907, the minerals referred to including gold, silver, copper, iron, coal, zinc, lead, natural gas, petroleum and thirty-six other products of the earth.

The State of Iowa alone furnishes to the world annually an average of $500,000,000 worth of farm products, a sum equal to the entire output of gold and silver in the world each year. In 1907, the corn crop of Iowa was worth $150,000,000, or nearly one-half the value of the entire pig iron output of the United States for the same period. Iowa, as a state, is not yet sixty-three years old, and it is only seventy-seven years since it was sold by the Indians to Uncle Sam for eight cents an acre. The facts above cited gave something of an idea of the present-day worth of the same land, and show conclusively how scientific farming increases its value.

As has been shown by many writers, all values rest upon the inexhaustible land. No other kind of property is as proof against destruction by the elements, and no other kind of property is affected so little by legislation, panics or upheavals of any kind. All mining or taking out of the earth simply reduces or exhausts the original deposit, but with modern scientific farming the soil is everlasting and inexhaustible.

J. J. Hill has said repeatedly that the railroads must depend primarily upon the farmers for their earnings. The fact that the great railroads of the United States are dependent upon the farmers of the country for their earnings should make the securities based upon the farmers' property as safe as any that can be devised, for the value and stability of railroad securities are themselves among the best that can be had.

Farm mortgages yield a greater revenue than many securities of the higher grades, and if purchased of reliable banks and dealers can always be depended upon as safe investments.

There are two forms of investments of this kind—the direct individual mortgage, or the bond of a corporation issued and guaranteed by it, secured by deposit of such mortgages with a reliable trustee. Issued under the same conditions of care in selection, one is just as safe as the other, and they pay practically the same rate of interest.

Going into statistics a little further, it will be seen that farm values in the United States rest upon the most secure foundation of those of any country in the world. In the year 1906, the last year of available figures, the United States produced 21.2 per cent. of all the wheat in the world, 75 per cent. of all the corn, 31.3 per cent. of all the tobacco, and 70 per cent. of all the cotton for mill use. The soil of the United States is the most fertile of any in the world, and its climatic conditions make possible a greater diversity of crops than in any other country.

Another point that may be made in this connection is the fact that farm values in the United States are increasing at a most substantial rate, and are sure to so continue for many years to come. The development of the country itself insures that. Every new inhabitant creates a new demand for farm products and every new railroad station that is built opens a new market for them. As this development goes on the farmer has an increased demand for his products and the distance to his market place becomes shorter, making his profits surer and at the same time greater.

It is not necessary to go back to the Blackhawk purchase in Iowa for insignificant prices for lands in the Middle West. Within the present generation improved farms—not wild lands—could be had in many of the states for one-fifteenth their present value, and they are still increasing in price at an amazing rate. As shown by "The World To-Day" article, the increase in the value of farm products in the country from 1890 to 1909 was $5,834,000,000, or nearly 200 per cent., while the gain in population in the same period was less than thirty per cent. These facts in themselves tell a wonderful story, and demonstrate to some extent the possibilities in store for the owners of American farms. They show that for every one of the twenty million inhabitants gained by the country nearly three hundred dollars in value was added to the products of the farms, and that in the face of the fact that production in many lines is yet in its infancy.

Viewed in the light of the absolute security of farm mortgages and farmers' paper as investments, the strongest feature of the entire subject is the fact that so little attention has thus far been paid to it by the financial world. It is true, scientific or profitable farming has only become universal in recent years, but it is equally as true that at no time in history has the risk of depreciation of values of farm lands been as great as in other lines of industry. Financial and economic writers are continually adverting to the sensitiveness of capital, showing how it can or should be attracted only by investments that are safe; yet here is a line which is the very foundation for every other industry, and upon which life itself is resting, which is rarely ever alluded to by either newspaper or magazine writers. "The World To-Day" is deserving of no little credit for so pointedly touching upon the matter. It opens a theme of grave importance to the American public, for upon the safe investment of surplus funds depends the duration of the present era of prosperity.

The thought occurs that it is the fluctuation of values of various securities that makes them attractive to both the news gatherers and certain types of financiers. Feature stories and scare heads cannot be built upon stable values, any more than a busy day on 'change can be noted where prices remain firm. In one case, there must be something worthy of record, and in the other the gambler's risk must be taken or there is "nothing doing." Thus it might be, as in the case of farm land values, where the variation is always in one direction, the absence of sensationalism and the elimination of chance will account for the dormancy of the subject. But to the thoughtful, prudent investor those facts alone should constitute his best information.

The last paragraph of the article says: "There are two forms of investments of this kind—the direct individual mortgage, or the bond of a corporation issued and guaranteed by it, secured by deposit of such mortgages with a reliable trustee. Issued under the same conditions of care in selection, one is just as safe as the other, and they pay practically the same rate of interest."

It is the purpose of this article to deal only with the bond or debenture form of security of this kind, it having been brought to the writer's notice that a certain Western corporation, the American-Canadian Land Company, of Tipton, Iowa, had made preparations to make an issue of such bonds, with the Metropolitan Trust and Savings Bank, of Chicago, acting as trustee, and embracing certain unique features worthy of the attention of the financial world. The securities deposited in favor of these bonds are the mortgages and promissory notes of certain well-to-do farmers in Iowa, Illinois, Wisconsin and Minnesota. That they have been selected with care is seen in the fact that high rates of interest are unknown among them, and the further statement of the company that their every investment in that line has been profitable.

The unique features of this security are not that it is guaranteed by the land company and backed by liens upon improved farms, but that the liens remain in the hands of the trustee and *are not sold.* Here is a case where the buyer of the lands is protected throughout the entire life of the bonds by the same security—the security which induced his investments—and where depreciation through elimination or substitution is impossible, except on a basis of absolute equality. The purchaser is secured from the possibility of loss by property liens of the best class, without the annoyance or expense of foreclosure and collection; drawing the five per cent. interest without trouble or effort, and feeling perfectly safe over the outcome of the principal.

Another commendable feature of the bond is that it is backed by *all* the mortgages and notes placed on deposit with the trustee. By covering a wide range of territory in the selection of the securities, and embracing several of the best agricultural sections, nothing short of a general crop failure could affect the value of the bonds, and even such an unknown and unexpected disaster would not cause more than a trifling default, without depreciation. The lands would still be intact, and, with the increased prices for crops of the following year, could more than recover the lost ground. Thus it will be seen that the holder of these bonds will not have to depend upon the management of a single corporation, with a stock of possible dissensions and strifes constantly on hand, or be subjected to the chances of a complete wreck through incompetency; nor will he be obliged to rely upon a single farmer meeting his obligations. His bond will in reality be a blanket mortgage, covering all the paper deposited with the trustee after the most rigid scrutiny and examination, and the basis of which can only be destroyed by an earthquake swallowing up several of the largest states in the Union.

These bonds, the writer understands, are issued in small denominations—$100, $200 and $500—and run one, three and five years. They bear five per cent. interest.

PANAMA RICH IN GOLD.

"PANAMA is rich in gold deposits," said E. Y. Monohan, an engineer of Pittsburgh, who has spent several years in Central America. "The Indians there claim that there are great deposits of gold still to be found in the slopes of the Volcan, the only volcano in Central America, and also in the beds of the rivers flowing down its sides. As long ago as the sixteenth century gold was mined in Panama. The rivers abound with gold, and there are numerous other precious metals in all the ranges extending over an area of 20 leagues on the shores of Almirante Bay. The Indians get the gold out with calabashes, a kind of large gourd, in grains very large. From these same hills, it is said, Capt. Munoz, sergeant major of Don Perafan de Ribera, governor general of Costa Rica, took from the graves of the dead, which he found one league inland from the coast, such a great quantity of gold as to swell two large chests.—*Washington Post.*

BRITISH FOREIGN INVESTMENTS.

LONG ago, Walter Bagehot pointed to the success of prosperous John Bull as an investor in foreign bonds and stocks, and industrial and other undertakings abroad. He began many years since to go far afield in search of a good profit on his surplus capital, and his boldness and enterprise have made him very rich indeed.

Some illuminating facts respecting British foreign placements of capital and the return thereon were recently presented to the Royal Statistical Society of London by George Paish, editor of the Statist. He said that the annual income which British investors drew from holdings in Indian, colonial and foreign governments' bonds amounted to $155,000,000, and that the income from this source had rapidly expanded of late years in consequence, mainly, of new loans to the colonies and Japan.

Great Britain has provided the capital for thousands of foreign companies, that is, companies of British organization operating abroad, and from 2,172 of such companies the income reaches $240,000,000.

If it were possible, said Mr. Paish, to bring together all the income of companies trading abroad and distributing interests and profits in Great Britain, the total would be about $700,000,000, and this great sum did not include the interest upon money deposited in Indian, colonial and foreign banks by persons residing in the British Isles, nor the large amount of income derived from capital privately placed abroad.

The known capital placed in foreign countries amounts to some $13,500,000,000, yielding 5.2 per cent.

These statistics indicate how money flows, in a sort of tribute, from all over the world into John Bull's hands. and makes his big self so rich that, even in dull times, he excites the envy of poorer nations.—*Mexican Herald.*

MONEY IN THE JUNK HEAP.

UP and down the dirty back alleys drives the junk man, singing his mournful, nasal cry, loading his rickety wagon with broken scraps and pieces of old iron—an object of pity or of ridicule to most of the uninformed public.

Let him be admired or envied rather, for if not he himself, at least his employer is probably making more money than nine out of ten professional men. Better than that, his work is of the utmost importance in the world, and, in the aggregate, reaches proportions almost beyond the belief of the casual man on the street.

Few things are more depressing and unsightly than a pile of junk as high as a two-story building. One may see them in every city, and, so far as the casual observer can determine, none of the stuff is ever moved. The piles increase apparently from month to month, and grow rustier and rustier, but the men in the business keep on buying.

How are they able to keep so much money tied up? Where do they get the large amount of capital which seems to be necessary?

They borrow from the banks like any other business man, on the security of their stock in trade.

"No better security," the president of almost any bank will declare. "It can neither burn nor blow away. It can't be damaged by water or smoke. Where is there a collateral like that? It is absolutely safe. The foundries and the nut and bolt works and the stove factories can't get along without it. It pays the largest profits of any business to which we lend money, and these profits fluctuate very little. Junk is always in demand. The men in that business are excellent customers."—*Technical World Magazine.*

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America: but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—*Theodore Roosevelt.*

A GENERAL REVIEW OF FINANCIAL CONDITIONS IN THE LATIN AMERICAN COUNTRIES.*

ARGENTINE REPUBLIC.

THE financial situation remains satisfactory, the national revenues being ample for the ordinary requirements, and the public debt service was promptly met without recourse to the credit available at the Argentine National Bank. At the close of the year the total liabilities of the government were $378,500,000. The province of Buenos Aires successfully floated a loan for the completion of a reclamation project by which a large area of arable land will become available.

The report of the Minister of Finance showed treasury receipts for the year amounting to $112,000,000 derived from customs receipts and internal-revenue taxes. Import duties figured in the receipts to the extent of nearly $57,000,000, divided among Buenos Aires, Rosario, La Plata, and Bahia Blanca in the order named. All of these ports, with the exception of Rosario, showed an increase in imports over 1907. The expenditures reached a total of $103,000,000, leaving a surplus of $9,000,000.

The budget for 1909 as approved by the National Congress provides for expenditures of $25,907,777 gold and 198,344,400 pesos, with estimated revenues of $67,820,433 and 100,639,516 pesos. Bank deposits in the Republic on January 31, 1908, aggregated $23,538,215 and 81,026,530 pesos, while the cash on hand on the same date amounted to $47,570,137 and 230,161,400 pesos. The government gold reserve for the conversion of national currency amounted to $126,482,515.76, an increase of $21,368,644.26 over 1907.

The capital of the Bank of the Argentine Nation was increased by a law authorizing the issue of bonds to the amount of $17,177,000 gold, secured by the general revenues of the Republic.

British capital continued to figure prominently in various enterprises to the extent of £243,000,000, railways proving the principal attraction for investors, with government bonds in second place.

BOLIVIA.

THE budget for the year 1908 showed revenues of $8,000,000 and expenses of $9,000,000, leaving a deficit of $1,000,000. The revenues for 1909 are estimated at $6,283,000.

Bolivia has in effect adopted the pound sterling as the monetary basis, the *boliviano* being valued at 19 1-5d. Since the year 1905 the pound sterling has been current at this rate, now fixed by law. Monetary reform made further progress in 1908 through another act of Congress which declared silver currency simply an adjunct of gold, reserved to the government the right to coin silver for circulation to the extent of 4,000,000 *bolivianos*. The government secured a loan of $2,500,000, the proceeds of which were used in the payment of the internal debt, the installation of machinery in the mint, and the erection of

*THE BANKERS MAGAZINE is indebted to the Bulletin published by the International Bureau of the American Republics for this and the other reviews of financial conditions in each of the Latin American countries.

public buildings. A special sinking fund amounting to 603,300 *bolivianos* annually was created to meet the interest and amortization of the bonds. Under decree of the government the exportation of gold coins free of duty was permitted and a further decree fixed the proportion of customs duties payable in gold, assessing the value of the Peruvian pound when tendered in settlement of these duties at 12.50 *bolivianos*.

On December 31, 1908, the five principal banks of Bolivia had silver coin on hand to the value of $516,600.

BRAZIL.

GOVERNMENTAL receipts for the fiscal year 1908 amounted to $144,-300,664 and expenditures to $143,-632,368, thus showing a balance of $668,296.

The foreign debt on December 31, 1908, was $369,087,633.38.

The gold deposits existing in the Caixa de Conversao on December 31, 1908, amounted to $27,154,141.92, which shows a decrease of $3,233,542.68 over the deposits on the same date of last year.

The imports of gold coins amounted to $688,537, while gold exports were only $100,602.

Exchange was maintained throughout the year at an average of 15 5-32 per cent.

In the annual budget of expenditures for 1909, amounting to $140,268,923, the appropriations of the previous year were increased by $5,600,000. The bulk of this sum represented increased expenditures in the departments of the Treasury, Navy, War, and Industry. The allotment for the latter department provides bounties for the encouragement of native industries, while the state legislatures have also taken measures to promote local enterprises in new directions. The progress of the republic justifies the increased federal expenditures, a large part of which is being spent on railways, the telegraph service, water supply, fortifications, ports, reduction of debt service, retirement of currency, public buildings, and strengthening the army and navy.

The estimated receipts are placed at $125,782,952 from ordinary sources and miscellaneous receipts at $13,631,880, a total of $139,414,832, leaving an indicated deficit of $854,091. These may be classified as follows: Import duties, $79,659,000; wharf and light dues, $246,000; twenty per cent. of the export duties on Acre rubber, $3,-900,000; internal revenue, $23,577,900; ex-

-cise taxes, $10,486,500; miscellaneous revenue, $4,330,366. Of the total receipts, the estimated apportionment for the retirement of paper money is placed at $6,773,186; sinking fund for the redemption of railway bonds, $836,400; fund for amortization of internal loans, $924,000. The proceeds from the tax destined to the port improvement fund are estimated at $5,004,000.

The movement throughout Brazil in favor of a revision of the tariff system, which has been under consideration by the government, has taken definite form in the appointment of a commission to formulate a report on the subject to be presented to the Brazilian Congress at its May session. The tariff system of Brazil of the present day rests upon an act of the Congress of Brazil passed in 1900, but is, as a matter of fact, a system entirely different from the original act as a result of changes made from year to year in the annual budget or appropriation laws passed by the successive congresses. In the law of 1900 a tariff schedule was established which contemplated the collection of duties as therein set forth on an ad valorem basis as to certain goods and a specific duty as to others. The act was drawn much after the order of the Dingley tariff act of the United States except that the fact that Brazil's currency was at that time fluctuating in value between wide extremes led to a number of changes which were of vast and controlling importance.

The securities of the republic continue to be regarded favorably by investors, and the national credit has been firmly established by an uninterrupted and punctual satisfaction of financial obligations. The successful floating of the coffee loan for $60,000,000 and the subscription of $20,000,000 for the Brazilian loan authorized by the decree of July 1, 1908, within twenty-four hours, showed conclusively that the country has excellent credit for its requirements.

Conspicuous success has attended the efforts of the government to raise the credit of the country to its present high standard and to appreciate the current value of its paper currency; in the first place through gradual withdrawal from circulation and incineration, and later, in December, 1906, through a fixed conversion by the creation of the Caixa de Conversao, which has now been in operation for a sufficient length of time to permit of conclusions being formed as to its influence upon the general prosperity of the republic.

British capital invested in Brazil has proved of great benefit in developing the railroads, mines, and other industries of the country. English banks occupy the first place in Rio and in other great commercial centers of the republic.

CHILE.

NOTWITHSTANDING adverse exchange conditions, the financial position of Chile continued satisfactory during 1908. This was largely due to the fact that duties and revenue are mostly collected on a fixed exchange value, so that the government does not feel the brunt of the decline in exchange. The recent issue of $15,000,000 of five per cent. bonds, underwritten by Messrs. Rothschild, may be taken as a fair indication of the rapid readjustment of the financial status of the republic.

The revenues of the government for 1908 were $51,108,000 and the ordinary expenditures amounted to $48,825,000, a margin of receipts over expenditures of $2,283,000 being shown. The duty on nitrate is the largest single item in the list of revenues.

Extraordinary expenditures comprised in the rebuilding of Valparaiso, railway construction, etc., were met by the loan for $15,000,000, from which a balance of over $8,000,000 was reported on hand at the close of the year.

Many notable changes have been made in the rates levied on imports by the Chilean government. Sugar, boots and shoes, and various articles of textile manufacture are included in this tariff-rate reduction, which began to take effect progressively on July 1, 1908.

Duties collected on exports for the year are given at $6,888,431.15 Chilean gold (18d.) and $6,079,581.22 currency; import duties being reckoned as $19,859 Chilean gold and $5,895,404.41 currency.

The external debt on June 1, 1909, amounted to $101,900,000 gold. The internal debt is represented by paper currency issued by the Chilean government, which, if redeemed at its face value, would mean $48,077,308 United States gold in excess of the value of the redemption bonds held to cover a portion of the currency, and would increase the public debt by $24,038,654. To redeem the paper currency of Chile there is now on deposit in European and American banks about $25,000,000 United States gold. These deposits are drawing interest and will be available for the purpose specified on and after January 1, 1910. On August 13, 1908, a law was promulgated imposing an export duty of forty per cent. on silver bullion assaying 0.5 or less.

At the beginning of the year, the savings banks of Chile held deposits aggregating $19,966,774.61, representing 174,791 accounts, while on June 30, 1908, the number of depositors had increased to 198,419, and the deposits to $22,876,141.65, a gain during a period of six months of 23,628 depositors and $2,909,367.04 in deposits.

COLOMBIA.

THE credit of the republic abroad continued stable throughout the year. Interest on the foreign debt was paid regularly and the republic continued the discharge of her obligations to the bondholders. Up to March, 1908, seventy per cent. had been paid.

The total issue of the floating internal debt of Colombia up to June 30, 1908, amounted to $22,419,172.75, of which sum $19,356,160.60 has been paid, leaving $3,063,012.15 as the outstanding internal debt of the republic on the date mentioned.

The promptness with which the government has met the payment of interest due on its foreign loans has strengthened public confidence in the ability of the republic to meet its obligations, and resulted in Colombian foreign debt securities being quoted at higher prices in the financial centers of the world.

At a session of the Council of Ministers, held March 5, 1908, the government resolved to introduce important economies in expenditures for the year, as a result of which the original appropriation was reduced from $16,244,384.20 to $14,237,997.08, thus effecting a total saving of $2,006,315.12. The budget in detail, as presented to Congress by the Secretary of Finance and of the Treasury, estimated revenues at $16,600,000.

Important among the legislative acts of the government was the passing of a customs tariff amplifying and amending the existing law, with a view to improving commercial and industrial conditions.

COSTA RICA.

THE desire of Costa Rica to settle the exterior obligations of the country was evidenced by the expressions of the President in his annual message to Congress in 1907, and although two projects were submitted during 1908 it was found impossible to come to any definite adjustment of the matter. The service of the internal debt has been regularly maintained and large sums of money devoted to internal improvements.

The revenue for the fiscal year ended March 31, 1908, amounted to $3,787,000, and expenditures to $4,398,000, the deficit being occasioned by such extraordinary expenses as railway construction, construction of public buildings, and the establishment of the liquor monopoly by the government.

The estimated expenses for the year 1908-9 were placed by the Congress at $3,458,730, and revenue from all sources at $3,541,450. The customs receipts from April 1 to December 31, 1908, amounted to $1,453,203; receipts from consular tax, $36,798; tax on liquors, $646,280; sealed paper, $155,273; from the Pacific Railway,

$87,844; and from sundry sources, $42,866. The receipts as a whole were $222,735 less than the amount estimated in the budget.

On March 31, 1909, the banks of issue in the republic held $512,185 in bank bills and a reserve fund of $237,392. A comparison of the cash on hand in the banks of issue in December, 1906, with the balances maintained in December, 1908, showed the domestic and foreign gold reserve to have decreased in the latter year as compared with the former to the extent of about $279,000. The decrease is accounted for by the short crops of previous years, which necessitated gold shipments to meet deficits in trade abroad. A new banking institution under the name of *Banco Mercantil de Costa Rica* with a capital of $500,000 was recently established in the capital and is conducting a successful business.

With a view to improving sanitary conditions in San Jose, the capital, and in the municipalities of Heredia, Santo Domingo and Barba, the Department of Finance resolved, on January 9, 1909, to issue two series of municipal sanitation bonds.

The government has suppressed the fees charged abroad for Costa Rican consular invoices, but a surcharge of two per cent. on the amount of import duty levied on merchandise is collected by the customs authorities at the port of entry.

CUBA.

THE Cuban budget for 1908-9 estimated expenditures at $34,220,644.15. In this are included ordinary expenditures, $24,285,303, and additions thereto, $207,495; fixed charges, $2,088,162, and additions thereto, $501,660, to which sum of $27,082,620, must be added $7,137,424.15, the amount of extraordinary expenditures by virtue of decrees of the provisional government.

For 1909-10, expenditures are estimated at $33,800,000. As in the preceding year, expenditures are divided into ordinary and extraordinary. The ordinary expenditures are $26,427,855.94, and extraordinary $6,872,144.06, with $500,000 additional for agriculture.

The financial condition of the island is considered fairly satisfactory; the balance on hand March 27, 1909, amounted to $2,515,363, with outstanding obligations amounting to $12,856,000, including credits authorized under preceding administrations. It is anticipated that the customs receipts will provide sufficient revenue to cover these obligations without recourse to the bond issue authorized by the provisional government.

In view of the fact that the revenue derived from imports will be sufficient to meet the service of the foreign debt, it is proposed to suspend the export duties on sugar, tobacco, and liquors and to enter into a new commercial treaty with the United States providing for a reduction of import duties on certain necessaries of life and agricultural machinery. The total customs receipts at the ports of the island during the year aggregated $22,231,707.46, showing a decline of $4,079,889.40 as compared with 1907.

American capital in the island represents a total investment of $141,000,000, distributed as follows: Railways, $34,000,000;

Picturesque Mexico

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Mexico City, Mexico

An Interior View of the Banco de Coahuila, Saltillo, Mexico, showing the beautifully finished woodwork of ceiling and counters.

sugar and tobacco, $68,000,000; real estate, $18,000,000; banks, $5,000,000; agricultural industries (other than those specifically mentioned), $4,000,000; mortgages, $3,500,000; navigation companies, $1,500,000; and miscellaneous investments, $7,000,000. English capital invested in the island amounts to nearly $90,000,000, about $5,000,000 of which is in steamships, $5,000,000 in real estate, and the balance mostly in railway interests, aggregating nearly $80,000,000.

DOMINICAN REPUBLIC.

FINANCIAL conditions are in every way prosperous, and ample capital is available for the exploitation of the public works undertaken by the government. On

January 1, 1909, the republic was carrying in New York a credit balance of $6,616,850 in bonds and $947,973 in cash.

The revenues of the republic in 1908 amounted to $4,175,033.24, of which sum $3,232,889.93 represented the amount of customs receipts, from which collections the receivership transmitted for deposit with the Morton Trust Company, in New York, the fiscal agent and designated depositary of the Dominican loan, the sum of $1,529,729.05 to apply to the service of the debt. Of this sum $1,200,000 was for payment of interest and amortization of the five per cent. customs administration sinking-fund gold bonds, as authorized by the terms of the American-Dominican convention.

The Dominican National Congress has estimated the public receipts and expenditures of the republic for the fiscal year 1908-9 at $3,984,300. From customs it is estimated that $3,239,200 will be received; from internal taxes, $388,800; communication, $44,000; consular dues, $14,500; stamp tax, $60,000; and from certain specified state properties, $237,800.

These receipts are distributed among the various administrative departments, the sum of $1,808,708 being assigned to the Department of Treasury and Commerce, of which $30,000 is to be expended in taking a census of the republic. The sum of $76,800 is also appropriated for extending existing railway construction and $75,000 for irrigation works in Monte Cristi Province. The building of roads, the construction and repair of light-houses, and other public improvements were authorized.

SR. DON MELECIO GARZA
Manager of the Banco de Coahuila, Saltillo, Mex.

BANCO DE COAHUILA, SALTILLO, COAHUILA, MEXICO.

THIS is one of the important banks of the Republic, being a bank of issue and enjoying other valuable privileges.

It was founded in 1897, and at the present time has branches at Torreon, Monclova and Ciudad Porfirio Diaz. The paid-up capital is $1,600,000 and the reserve fund $253,690.91. That the institution has been profitable may be seen from the following record of dividends paid:

	Per cent.
1897 (three months)	⅛
1898	2.28
1899	7
1900	8
1901	11
1902	10
1903	11
1904	10
1905	12
1906	11
1907	12
1908	10

An idea of the volume of business transacted annually may be gained from the figures for 1908, showing the movement of cash into the bank and its branches as $29,425,125.85, and the outward movement of cash, $29,581,877.33.

The balance-sheet at the close of 1908 exhibited a total of $10,642,519.79.

Saltillo, the head office of the Banco de Coahuila, is the capital of the State of Coahuila, and is one of the prominent commercial cities of Mexico.

The president of the bank is Sr. Lic. Pragedis de la Pena; the manager, Sr. Melecio Garza; the cashier, Sr. Tomas Olivares, and the auditor, Sr. Francisco Santibanez.

Correspondents of the Banco de Coahuila are: All the local banks of Mexico, with their branches and agencies; Mexico City—Banco Central Mexicano, Banco Internacional e Hipotecario, Banco Mexicano de Comercio e Industria, International Banking Corporation, Banco Agricola e Hipotecario, United States Banking Co., H. Scherer & Co.; Paris—Credit Lyonnais, and De Neuflize Co.; Berlin—Deutsche Bank; Chicago—First National Bank; New York—H. B. Hollins & Co., Muller, Schall & Co., E. Nelson Tibbals Co., J. W. Wilson & Co.; Hamburg—Muuckel Gebruder & Co. and Deutsche Bank Filiale; Eagle Pass, Texas—Border National Bank; San Francisco—International Banking Corporation.

STEEL PLANT FOR MEXICO.

A GIGANTIC steel plant will be established in the City of Mexico within the coming year by French and American capital. The initial outlay will be $50,000,000. Victor Belanger of Paris is the head of the concern. It is understood that a large part of the capital will come from Paris and Boston.

Coal and iron mines in Mexico will be acquired later by the company. The steel will be manufactured by new and secret processes.

LATIN AMERICAN COMMERCE.

THE building of the Panama canal is already causing capital to move to the Pacific coast in anticipation of operations through this gateway as remote as 1915. It has been estimated in some quarters that within no longer period a sum of banking capital, amounting to no less than $5,000,000, under the auspices of financial interests in the United States, may be put at the service of the commercial and financial world in Latin-American countries alone. Another part of a comprehensive program of business expansion is the closer identification of United States

Manager's Office and Directors' Room, Banco de Coahuila, Saltillo, Mexico.

Home of the Vera Cruz Banking Company in Vera Cruz, Mexico.

financiers with the floating of government, state and other bonds authorized by South and Central American governments. The annual output of these securities is increasing and the position of their issues has been so much improved with the expansion of economic interests since the Baring failure of 1893, that our own portion of the investing world is prepared to appreciate these offerings. A third portion of the program, looking to closer relations with Latin-America, is the operation of adequate shipping lines. President Taft is known to have under consideration a special message to Congress in which the encouragement of shipping under the American flag is to be earnestly advocated. His predecessor never fully grasped the importance of this subject as a part of the mechanism of expansion. But President Taft has what might be called a world-market mind, and realizes the strategic aspects of the situation confronting the United States. We are throwing open to the world the greatest agency of commercial reorganization since the Suez canal was built, while at the same time we are practically without the maritime facilities necessary to realize any of the advantages which must come with the opening of the Panama canal.—*Wall Street Journal.*

W. BUNDY COLE
President Vera Cruz Banking Company.

SEVEN YEARS OF SUCCESSFUL BANKING.

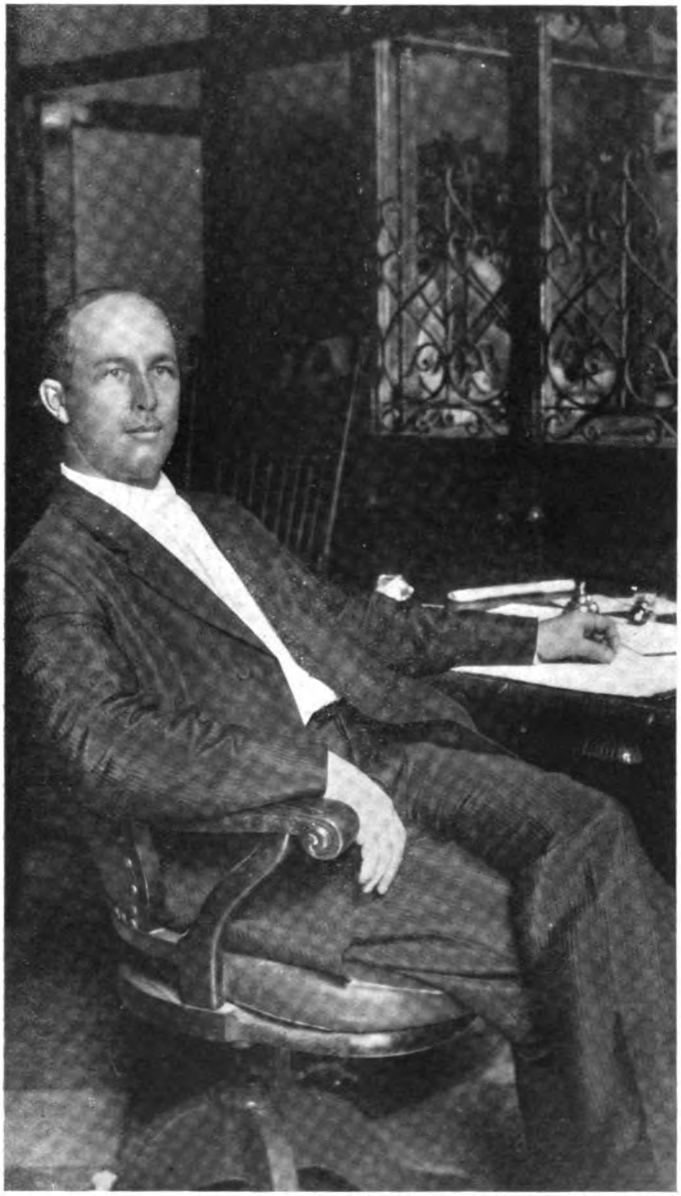
STUDENTS of finance have long been of the opinion that the Republic of Mexico owes its rapid growth and development to its system of banking—a system second to none in the world to-day.

President Diaz has encouraged the placing of foreign capital in his country to such an extent that many of the Mexican banks are being controlled by American and other interests.

One of the best known and most highly successful banks in the Republic is the Vera Cruz Banking Company, Limited, of Vera Cruz. It was formed in December, 1902, with a capital of $100,000, fully paid up, and under the direction of its American officers has made an enviable record.

In 1904 there was an increase of capital of $100,000, making the total capitalization $200,000. Three years later, in 1907, there was a further increase of capital to $500,000, at which figure it stands to-day. Dividends have been paid as follows: For 1903 and 1904, five per cent.; for 1905 and 1906, ten per cent.; then back to seven per cent. for 1907; eight per cent. in 1908 and four per cent. for the present half year.

At the annual meeting last February the following officers were elected: President, W. Bundy Cole; vice-president, J. C.



A. C. SCALES
Manager Vera Cruz Banking Company, Vera Cruz, Mexico.

Caskey; manager, A. C. Scales. The directors elected were: Gonzalo Abaunza, manager of The Mexican Navigation Co.; Guillermo S. Berea, Messrs. Berea, O'Kelly & Co., Ltd.; J. C. Caskey, vice-president; W. Bundy Cole, president; Cornelius Gertz, Messrs. Sommer, Herrmann & Co.; Juan Gomez y Orejan, Messrs. Gomez Brothers; Isidoro de Ochoa, Messrs. Isidoro de Ochoa & Co.; A. C. Scales, manager; Ramon Valdes, Messrs. Valdes Brothers.

Mr. Cole, the president, who has been for over twenty-one years in Latin-American countries, was formerly manager of the North American Trust Company's branch at Santiago, Cuba, and continued in the same capacity with the Banco Nacional de Cuba from 1899 to 1903; he was afterwards with the International Banking Corporation as assistant to the president (General Thomas H. Hubbard), and reorganized its Mexico City branch, and was subsequently manager of its Panama and Colon branches.

J. C. Caskey, the vice-president, is engaged in the steamship business and is a director of the Mexico City Banking Company.

Mr. Scales is a native of Tennessee, and has been the manager of the Vera Cruz Banking Co., Ltd., for over four years.

NICARAGUAN-AMERICAN BANK.

A REPORT from Consul Jose de Olivares states that the American Bank of Nicaragua, which has been chartered in the United States, has been given a fifty-year concession for the establishment of a bank in Managua and other cities of Nicaragua. The government agrees to transact all its commercial and banking operations through the institution.

MEXICAN NOTES.

—Reporting its condition at the close of business June 30, 1909, the Mercantile Banking Company, Ltd., City of Mexico, shows that it is in a most prosperous condition.

Total resources are $2,329,726, while the surplus is $75,000 and undivided profits $34,117. Total deposits are given as $1,720,609.

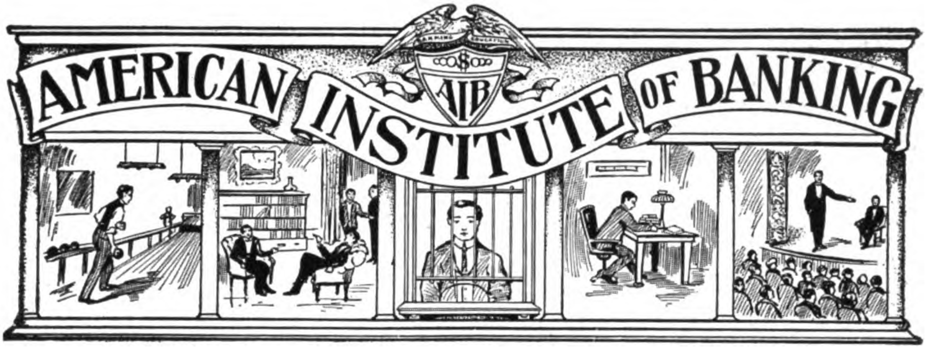
—The Mexico City Banking Company, S. A., reports a present surplus and undivided profit fund of $218,135, total resources of $4,492,451, and deposits of $3,472,177. This bank is a member of the Texas Bankers' Association and also a member of the American Bankers' Association.

—At the close of business on June 30, 1909, the Federal Banking Company, S. A., of Mexico City reported $362,470 of deposits, $455,675 of loans, and total resources of $635,961. The company is making very satisfactory progress.

CALIFORNIA NATIONAL BANKS.

NATIONAL banks in California have been increasing in number at a rapid rate of late. Ten were organized in the first half of the current year, three of these were reported in June. Eight more state banks have applied for national bank charters. The desire to come under a law of more general application than a state law, and one less liable to be amended at every session of the legislature, has no doubt been a factor in some of the conversions of state banks into national banks.

The new law which went into effect on the first of July has been modeled somewhat after the law governing the national banks. It centralizes the supervision of the banks in one responsible head, which is certainly a great improvement over the divided authority which prevailed under the former system. Hereafter if state banks in California are not conducted along legitimate lines after fair warning, the people will know whom to blame.—*San Francisco Commercial News.*



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

THE YEAR AHEAD.

A Retrospect of the Convention and an Outline of the Work before the Institute.

By George E. Allen, Educational Director.

PERHAPS the most gratifying feature of the Seattle Convention was the fact that the educational spirit was uppermost. Delegates from most chapters reported an earnest desire for more earnest and systematic work, and the deliberations of the convention itself and the Executive Council were devoted largely to standardizing and extending the Institute study courses. The report of the Educational Committee was a thoughtful and conservative document and the recommendations therein contained were received with general favor. Many of the recommendations of the Educational Committee were approved and other recommendations from the same source will doubtless receive due consideration during the ensuing year. Upon recommendation of the Executive Council the convention adopted the following resolutions:

"(1) RESOLVED: That the Institute courses of study in practical banking and political economy be combined in one course entitled 'Banking and Finance' to include bank practice and such principles of economics as pertain to banking.

"(2) RESOLVED: That the Institute course of study in commercial law be enlarged and hereafter conducted under the more comprehensive name of commercial and banking law.

"(3) RESOLVED: That the reading courses now conducted by the Correspondence Chapter be assumed by the Institute and text-books and syllabi be created, when funds are available, for the use of chapter classes in general and more particularly for chapter classes where other educational facilities are not available.

"(4) RESOLVED: That in accordance with such changes and extensions the regulations of the Institute covering required study and examinations be revised and restated as follows:

"Educational Standard.—The paramount object of the Institute is to fix and maintain a recognized standard of education in banking and finance and commercial and banking law, by means of official examinations and the issuance of certificates. Such certificates are issued in the name of the 'American Bankers' Associations, American Institute of Banking Section,' signed by officers of the American Bankers' Association and the American Institute of Banking.

"Examinations for Certificates.—Examinations for certificates are termed final examinations and are conducted under such regulations as the Institute may determine. Credit is given severally for final examinations successfully undergone, but certificates are issued only to students who have passed final examinations in both banking and finance and commercial and banking law. Graduation at approved schools of banking and finance will be accepted as equivalents of Institute final examinations in that subject. Graduation at approved schools of law or membership of the bar will be accepted as equivalents of the Institute final examinations in commercial and banking law.

"Preparatory Work.—To be eligible to final examination in either of the subjects of banking and finance, or commercial and banking law, any student must have done at least fifty hours of class or correspondence study in that subject under one or more approved instructors and have passed a satisfactory preliminary examination conducted either by the Institute or by some duly qualified examiner to whom authority has been officially delegated. Credit will be given severally for preliminary examinations successfully undergone, but no certificates will be issued in connection with preliminary examinations."

The subject of small chapters as well as large ones was given much careful attention and the Institute put itself upon record as favoring the organization of new chapters in cities wherever the educational spirit is manifest. To promote such work the president of the Institute was authorized and directed to appoint a committee on Institute extension, whose duties shall be not only to visit existing chapters, but to assist in the organization of new chapters wherever there seems to be reasonable prospect of their success. The Extension Committee will work in co-operation with the educational director in the prolific feat of furnishing suggestions and inspiration for chapter work. The growth of the Institute has made it impossible for the educational director to visit all or even a majority of chapters and the theory of the Extension Committee is to utilize Institute members who travel for banks to aid in such work without material expense to the national organization. While the American Bankers' Association is able and willing to furnish sinews for Institute work there is and ought to be a conservative limit to vouchers upon the parent association. The Institute desires to demonstrate some degree of business sagacity and self-reliance and the Extension Committee promises to meet this situation.

The consolidation of the old study courses in practical banking and political economy into a single course entitled Banking and Finance promises to overcome some difficulties which have heretofore been manifest. There is no dividing line between banking and economics and it is believed that the consolidated course will be easier to operate and easier to explain. There is much popular prejudice against what is commonly supposed to be political economy and in teaching that subject heretofore too much attention has been paid to such features as the tariff, the relationship between Capital and labor and the theories of Henry George. Such subjects are proper for general study, but it is believed that banking education should be more closely confined in form as well as fact to such principles of political economy as come under the more specific title of finance. The consolidated study course is arranged accordingly.

Many of the problems of banking pertain to law and the Institute has enlarged and extended its work in this direction. The old study course in commercial law has been enlarged and is now entitled Commercial and Banking Law. The new name is longer than the old one, but it is more specific and requires less explanation. It covers the subject of commercial law in general and particularizes in the parts of commercial law pertaining to negotiable instruments and the duties and responsibilities of banks and bank officers and employes.

An innovation in Institute work is the preparation of standard courses of lectures in "Banking and Finance" and " Commercial and Banking Law." Such lectures are typewritten and are intended to be read in chapters by some chapter member appointed for that purpose. In connection with each lecture are quizzes to be conducted by the instructor in charge who will have a key to the quizzes for his personal use.

The lectures thus provided are not intended to supersede chapter work conducted in alliance with educational institutions by professional instructors, but they may be used to supplement such work wherever desirable.

The course of lectures thus provided in Banking and Finance will consist, during the coming year, of the leading papers prepared for the Institute text-book and various papers on finance prepared by competent authorities on such subjects.

The president and educational director of the Institute in co-operation with the Extension Committee will assist chapters in every possible way in introducing and operating the lecture courses thus arranged and it is believed that the educational work of the Institute during the year 1910 will be the most systematic and useful in the history of the organization.

SOME DEBATE QUESTIONS.

RESOLVED: That municipalities should own and operate their own utilities.

RESOLVED: That the deposits of a national bank should be insured by the Government.

RESOLVED: That the adoption of the currency plan proposed by the Currency Commission of the American Bankers' Association would be for the best interests of the people.

RESOLVED: That deposit insurance would encourage reckless banking.

RESOLVED: That the Government should establish postal savings banks.

RESOLVED: That a system of branch banking would serve the needs of this country better than the present system.

RESOLVED: That it would be for the best interests of the country to allow national banks to issue credit currency.

RESOLVED: That general business interests would best be subserved if all banking were entirely transacted by national banks.

RESOLVED: That accounts averaging less that $100 are unprofitable to the bank.

RESOLVED: That express companies should be prohibited from selling exchange in the form of money orders, letters of credit, travelers' cheques or drafts.

RESOLVED: That all banking institutions in New York city be required to keep a larger cash reserve.

SUCCESS POINTERS.

William Nelson Cromwell, the Great Corporation Lawyer, Gives Good Advice.

THERE is sound wisdom for ambitious young men in a recent interview given out by William Nelson Cromwell, the famous New York lawyer. He said in the New York "World:"

Life is a wheel and opportunity comes to every man. If a man has the courage and health to grasp his chance and the ability and hard work to persist in his chosen line he will succeed, and succeed materially, for after all there is no real success that does not bring its material reward. A young man should choose his trade or profession in life, make up his mind thoroughly that he knows what his inclinations and ambitions are, then he should work systematically, unremittingly, without hindrance or let up, and he will succeed.

He should look upon his work as his first duty to himself, and he should attend to his duty unflinchingly. His mind should be saturated with his work and his ambition to succeed should be uppermost early and late. He should find out those things that impede his progress or weaken his energies and efficiencies and sacrifice them. No man ever made a great success in life who says:—"I can leave my office at six o'clock and forget my work."

A successful man never forgets his work. He gets up in the morning with it, he works all day with it, he takes it home with him, he lives with it. Of course, we should all have our diversions. One man may hunt, another fish, etc.; but a diversion, whatever it is, should be a rest and refreshment, not a passion or a pastime to which work is secondary. A diversion may be intellectual as well as physical. A man may find rest, refreshment, exhilaration in taking up the study of a foreign tongue or in a course of reading that will take him into new countries and scenes. Diversion must be according to a man's inclinations, and to be helpful must rest and inspire the brain.

I do not smoke—I have never smoked a cigar in my life. I seldom drink—these things interfere with men's successes and sap their vitality. Vitality is the first essential to success, and vitality is not energy, but a spark that is the essence of perfect health and a keen mind. No man can succeed conspicuously without it, and the only way to get and preserve vitality is to go to bed reasonably early and get up early and work; work and sleep will keep any man in good condition if he is interested in his work and has chosen his profession right.

A CHICAGO PROMOTION.

THE "Bank Man" of the Chicago chapter says:

We are very much pleased to announce that Leigh Sargent has been elevated to the managership of the Department of Advertising and New Business of the First National Bank vice Fred W. Ellsworth, resigned.

Mr. Sargent has been in the employ of the First National for about fourteen years, serving in various capacities throughout the office, and was promoted to his present position from the general force.

He is a charter member of Chicago Chapter and has ever been an active worker. He has been connected with the Bank Man since its establishment in February, 1906, and is at present editor of the publication. He has also been associated with Mr. Ellsworth in the editorship of the Review and is now its editor. As Chairman of the Entertainment Committee in 1908 Mr. Sargent's efforts resulted, through his production of the "Yapp from Home," in placing the Chapter on a firm financial basis.

Leigh Sargent.

Mr. Sargent is very popular in banking circles throughout the city and is well known in other Chapters. He has the good will and congratulations of his host of friends. We all know that he will make good and hope that his present promotion will be but a step to others.

MAN'S BUSINESS IN LIFE.

By F. I. Kent, Vice-President Bankers Trust Company of New York. — Address Before Boston Chapter A. I. B.

"Man's proper business in this world falls mainly into three divisions:

First, To know themselves, and the existing state of the things they have to do with.

Secondly, To be happy in themselves, and in the existing state of things.

Thirdly, To mend themselves and the existing state of things as far as either are marred and mendable."

—Ruskin.

MEN of Boston, has it occurred to you that in your affiliation with the American Institute of Banking, you are undertaking all these things, and that the way of their accomplishment is now open to you? That through the Institute you may live according to the best philosophy of the ages,

Fred I. Kent.

and surround yourselves with constantly increasing interests and pleasures? In a copy of The New England Weekly Journal, published in Boston, Monday, April 8, 1728, appeared the following prologue to its general news:

"'Tis not the understanding or poring over books that makes a man wise or serviceable, but the knowing the true nature of things. Were practise substituted in the room of speculation, the good effects of knowledge would become as visible as they are excellent."

Let us for a moment examine the work of the Institute, and see wherein it touches the real things of life. More than half of our waking hours are spent in our offices, and as we are hopeful or despondent, thoughtful or careless, saving or wasteful, honorable or dishonorable, gentlemanly or discourteous in those hours, so will we be in more or less proportion at other times. As we are happy or unhappy in our work, therefore, just so will we be giving pleasure or pain to those with whom we associate during the hours of recreation, and in such manner shall we accelerate or retard our civilization. A stone thrown into Boston Harbor changes the position of every molecule of water in our vast oceans, and so the happiness or discontent of each one of us is reflected in human progress.

DIVISION OF LABOR.

The great division of labor necessary in our modern banking institutions likens the lives of those who would attain the higher positions more to the sturdy mountain climber than to him who ascends by the rounds of the ladder. There are the steep rocky ways of experience, the glimpses of true life through the broken forests of thought, and the precipices of unknown depth that confront the tempted; the long, level stretches of life that are the hardest of all to bear, the clouds of doubt and despair that grow from nothing, but that so often obscure the vision and the final straight reaches toward the summit that only the bravest and srongest can endure.

Mind training is necessary before we can travel such a road, and that is what the Institute aims to give first through arousing a desire for knowledge and then by offering an opportunity to satisfy that desire. Let us see how this works out from a practical standpoint. Suppose you step with me behind the counter of any large bank of today, and without their knowledge study the men employed there. Let us pick out a typical bank-man, who for the moment is engaged in entering checks and drafts on an adding machine. Circumstances have decreed that this particular person shall continue at some such routine work for a period of several years. This through no fault of his, but because the work must be done, and he was in line to do it, and, no vacancy occurring ahead of him, he is serving a long sentence.

MAN OR AUTOMATON?

What are we apt to find? A man turning into an automaton, elasticity of thought being destroyed, and discontent being fostered and nurtured. He is traveling one of the long level stretches of life that are so hard to bear. The mountain climber patiently plods over such waste, his courage and hope kept active by the thought of some marvelously beautiful panorama of mountain, valley, river and forest that he expects to find at his journey's end. Mayhap our bank-man had this hope of the future before him when he entered upon his routine work, but the years have blurred the vision, and he seems to be in an endless desert that appears more and more desolate as each mirage of the promised land dissolves, and leaves him plodding on—plodding, plodding, plodding into eternity. What can the Institute do for such an one? Suppose his lethargic spirit is stirred through the example and activities of chapter work into one moment of curiosity. Some day while at work he idly picks up a draft with a bill of lading attached, and wonders what it all means. Let us build his vision for him. He finds the draft is drawn in Dixie, and upon a cotton mill in the old Bay State. It is for about $1,000 and the bill of lading calls for twenty bales of cotton. He begins to wonder about the cotton, how it was planted, and how it grew, and how it was harvested and why it was shipped to Massachusetts. After his day's work is finished, he goes to his forgotten books, and looks up cotton, and his vision grows. He sees the planting of the seed, the growing plants, the ripening and bursting pods, the Southern fields of beautiful white cotton waving in the breezes. He hears the darkies singing at their work, and sees them picking the great white masses and putting them into the bags they carry. He sees the stripped field, but its beauty gone, he leaves it to follow that which called him hither. He goes with the cotton to the gin, where the seeds are extracted, later to be turned into oil and meal and soap, and then sees the cotton baled and carried to the compressor, and baled again in form for shipment. He sees the bales delivered to the railroad agent, and the bills of lading written. He goes with the bill of lading to an office, where a draft is made out and attached to the bill of lading, and sees them both taken to the Southern banker, and watches him count out the money that the draft calls for. He follows this money and sees it paid to the cotton pickers, the teamsters and other handlers of the cotton, and then sees it go to the grocers and tradesmen in the country town, who pay it back to the country banker in effect for drafts on the city where they bought their goods, and he finds that the banker sent the draft and bill of lading possibly to the same city for his credit, and that the drafts he sold the tradesmen are paid from its proceeds.

LEARNING BY OBSERVATION.

He follows the cotton itself, and sees the freight handlers and trainmen and railroad officials all working to get it to its destination, and he finds that the draft really included the freight, and that all of these men were also paid their share of the amount. He probably finds that a profit or wage had been made by all who touched the cotton. Then he watches it go into the mill and out again as cloth, and sees this cloth possibly go South, and finds those who grew and picked and baled and shipped the cotton buying the cloth with portions of the profit that they made from their part of the work. Then he wonders how that $1,000 was divided among such a multitude, and he may, if he will, divide it fractionally by a little study, and find just what part of it went to the planter and his family, and to the farm hands and the railroad man, and the stockholders of the railroad, and to all who took part in the cotton's history. To do this he must needs analyze the expenses and earnings of railroads. He studies their statements and looks up their history. He finds they issued stock, and that they have bonds outstanding, and he finds that he is obliged to understand stocks and bonds before he can work out his answer.

STUDYING ACTUAL PROBLEMS.

He studies on and on, following first this trail and then that, now into the transportation problem, and now into the currency problem, until he finally reaches banking. Then he will find that while the banker is not, primarily speaking, a producer, yet in effect he is the greatest of all producers. The banker is the world's timesaver, and he makes possible the great railroads and tremendous industries which, working together, enable man to earn his livelihood and still have time to enjoy the luxuries of the age. By conserving the time and energy of the producer, the banker becomes the greatest producer of all. Our bank-man in his investigation has frequently touched the hem of the garment of philosophy, and as he sees men working throughout the land, each striving for his little share of each product only to spend what he receives for a portion of the results of the labor of others, he wonders what it is all about. He sees that the banker is in reality a clearing house of labor, and that it is only through his own labor and that of his fellow bank-men that the industries of others can be cleared, and each worker be given such portion of the industry of other workers in exchange for his own labor as he needs or desires. Then he may wonder for what men are seeking in their daily striving and exchanging of labor, and he will probably find his question answered by Aristotle when he said that "Happiness is the chief end of man." But our bank-man has found that for which we all seek. He has had no time for discontent. One small piece of paper has opened to him the fount of knowledge, and he has been drinking deeply of its sweet waters. Everything in his daily routine has now become a source of wonder and investigation, and as the years go on he becomes a successful banker, and as a man has learned to differentiate between false exhilaration, which leaves unhappiness in its wake, and true happiness, which leaves real exhilaration as its aftermath.

Therefore we say,

Long live the Institute!
Born of necessity,
Reared by hard work and good-will,
It stands to-day for
Friendship, Knowledge and Progress.

VARIOUS CHAPTER EVENTS.

A SUMMARY of some of the activities of various chapters in the past few months follows:

Banquets.

Salt Lake, May 27.—At Commercial Club. First annual. Speakers: J. H. Patrick, Q. B. Kelley, E. L. Parker, A. H. Peabody, Joseph Buzzo, Charles Mabey, and W. W. Riter.

Buffalo, June 5.—At Hotel Broezel. Sixth annual. Speakers: Norman A. MacDonald, Clay Herrick, Eliott C. MacDougal, and Thomas A. Currey.

Denver, June 3. At Traffic Club. First

annual. Speakers included P. T. Slayback and F. N. Briggs.

St. Louis, June.—Annual banquet. Speakers: E. C. Simmons, Festus J. Wade, Virgil M. Harris, and I. H. Lionberger.

Addresses.

Savannah, May.—F. D. Bloodworth, "Commercial Paper."

Milwaukee.—Among the addresses before this chapter last season were these: "Parliamentary Law," by ex-Congressman Theobald Otjen; James I. Ennis, of Chicago, spoke on "Bank Checks;" Prof. Scott, of Madison, lectured on "A Decade of High Finance;" Prof. Taylor, of Madison, on "Commercial Geography of the Distribution of Wheat;" Dr. Hughes, of Ripon College, on "Municipal Government by Commission."

New York.—This chapter is planning this season to have one big meeting a month which will be devoted to special lectures on various topics, some of them, it is hoped, on subjects outside of banking, while besides the annual banquet a number of social events will be conducted to enhance the social side of the chapter work.

Boston.—Prof. Homer Alberts, "The Sources of the Law;" Charles P. Blinn, "Practical Banking."

Debates.

Minneapolis-Chicago, May.—On the Central bank question, Chicago, opposing the Central bank idea, received the decision.

Salt Lake, June.—"Resolved, That it would be for the best interests of the State of Utah to pass a law similar to the Oklahoma law guaranteeing bank deposits." Affirmative: F. M. Mickelson, R. D. Andrews and William McEwen. Negative: M. A. Miller, O. B. Kelley and George Horne. Affirmative won.

Washington chapter won two out of three debates with the Baltimore chapter recently and was awarded a handsome silver cup as a prize.

THE PLEASURE IS MUTUAL.

THE BANKERS MAGAZINE for June contains a timely article on "Some Seattle Banks" by two of our able chapter members, Geo. R. Martin, of the Seattle National Bank, and R. S. Walker, of the National Bank of Commerce. After mentioning the contributors' names it is unnecessary to say that the article is splendidly written, beautifully illustrated and generally a credit to even such a high class publication as THE BANKERS MAGAZINE. We believe the magazine is as much to be congratulated as the joint authors.—*"News," Seattle Chapter, July, '09.*

CALIFORNIA'S SUPERINTENDENT OF BANKING.

ALDEN ANDERSON, present Superintendent of Banking in California, is an executive of unusual ability, and what is more to the point—is a banker himself. As president of the Capital Banking and Trust Company of Sacramento, as vice-president of the London-Paris National Bank, and as a director of the California National Bank of Sacramento, Mr. Anderson is eminently fitted to fill the important position of banking superintendent.

ALDEN ANDERSON

Superintendent of Banking of the State of California.

The banks of California were never in better condition than they are to-day, and for this full credit should be given to the present superintendent.

CURRENT OPINION

NEW BANKING COMMISSIONER OF PENNSYLVANIA COMMENDS TRUST COMPANIES.

WILLIAM H. SMITH of Philadelphia, appointed by Governor Edwin S. Stuart of Pennsylvania to succeed Banking Commissioner J. A. Berkey, recently discussed in the Philadelphia Ledger the banking situation with an intimacy born of experience. Regarding trust companies he said:

Not only do these institutions house themselves in edifices which are especially attractive in a business community, but they supply the funds for home building and for improvements, so attractive of late years. There are at the present time miles of houses being erected by funds supplied by trust companies, and I consider them a decided advantage to the community.

With relation to trust companies, which may be considered modern institutions in the strictest sense of the word, the city presents an entirely different aspect than it did, say, twenty-five years back. An observer walking up Chestnut street twenty-five years ago would have seen a few national bank buildings, which probably were not very imposing, and that is all he would have seen to represent finance. But now there are some sixty trust companies in the city, housed in such manner as to be a credit to any city.

He was asked if there existed any antagonism between the banks and the trust companies over the question of the methods of getting business. The reply was that the two branches of finance go hand-in-hand, that the banks clear for the trust companies and that the relationship between the two was amicable in every sense. He professed to see no cause that in the future would lead to their alienation.

He said he was distinctly in favor of any policy that would upbuild and opposed to destruction in any form. He is an optimist, and in his remarks upon the quick recovery made by the banks and trust companies after the panic of 1907, said that while the banks have suffered as a result of that panic, being compelled to lend money too cheaply, he sees better times ahead for the banks with the general upward trend of business.

Asked if he thought there was a tendency on the part of banks to pay too high interest rates in competition for business, he replied:

That is a matter concerning the individual conduct of banks, which I cannot discuss. The banking department is organized to protect the depositor, and as long as his interests are not jeopardized we are content. I should say that an institution is not in danger while it is turning its money over at a healthy rate of interest.

A FURTHER WORD ON DUMMY DIRECTORS.

DISCUSSING, editorially, the incompetence of the majority of bank directors of to-day and their self-confessed ignorance of banking practices, the *Chicago Tribune* says:

There is nothing startling in the fact revealed through the direct inquiries of the Comptroller of the Currency that only about twenty-five per cent. of the 50,000 national bank directors are familiar with the conditions of their banks in all details. It has long been known that the position of director was in too many cases a sinecure—that the incumbent merely lent his name, knew little or nothing of what was going on in his institution, and was as much surprised as any outsider when anything happened to it.

The percentage of directors who know everything about the business of their respective banks should be larger than it is. It will be larger if the Comptroller of the Currency has his way about it. As far as the small banks are concerned there is little excuse for negligence and ignorance on the part of directors. The volume of business is not large, and it is not a difficult matter for them to keep in touch with it. The situation is different in the great city banks, where a director who is in active business life may find it difficult to keep posted as to all the details.

The ready answer is that a man so circumstanced should not undertake duties he cannot fully perform. In other words, there should be no dummy directors. Banks which have directors who do not attend to their duties should get rid of them. Otherwise they will suffer for it. They will be subjected to an extra number of annual examinations. That will be one of the devices of the Comptroller to raise the efficiency standard of directors. It has been entirely too low. That is hardly to be wondered at when one learns that hardly half of them have read the national bank act, in which they should be letter perfect.

The activity of the Comptroller of the Currency in this matter of directors should stir up the state banking departments. They should begin to investigate the habits of the directors of state banks. Doubtless there is great need of improvement there.

THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing-house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 90 William Street, New York.

Conducted by T. D. MacGregor.

SELLING TRAVELERS' CHEQUES.

How Commercial Advertising Methods Are Being Used By The Bankers Trust Company.—By Edwin B. Wilson, Manager Advertising Department, Bankers Trust Company, New York.

THE present advertising campaign for American Bankers' Association Travelers' Cheques is perhaps unique in the history of bank advertising. It is almost perfectly analogous to a commercial advertising campaign in which the wholesaler or manufacturer, the retail dealer and the consumer must be taken into consideration. In this case, the Bankers Trust Company, New York, acting as general agent for the banks issuing the Travelers' Cheques, stands for the wholesaler, while the issuing banks themselves become the retailers, and those who buy the cheques are, of course, the consumers.

E. B. Wilson.

For once the banks have something more tangible to sell than mere credit, and the customary methods of commercial advertising can be applied with more or less consistency. The Bankers Trust Company, acting as distributing agent or "wholesaler," was confronted with the problem of getting the thousands of banks all over the United States and Canada interested in the proposition to the extent of undertaking to sell the cheques. On the other hand it was necessary to advertise to the public with a view to creating a demand for the cheques which would bring business to the selling banks. To obtain the first result, an elaborate system of circularizing, letter-writing and personal solicitation has been necessary, with the result that thousands of banks throughout America are now selling the American Bankers' Association Travelers' Cheques, and the list is growing daily. To obtain the second result, an extensive magazine campaign has been undertaken in which full-page copy is being used. The central thought in the preparation of all of this copy has been that the public must first be made thoroughly familiar with the *appearance* of the new cheque, must learn to differentiate it from other travelers' cheques on the market. The illustrations, therefore, have been pictures of the cheques, displayed in various ways. Another feature has been the slogan "Buy Them From

These reprints of full-page advertisements published in leading magazines indicate what the Bankers Trust Company. New York, is doing to stimulate a demand for the AMERICAN BANKERS ASSOCIATION TRAVELERS' CHEQUES. They also afford suggestions for copy to banks desiring to advertise the sale of the cheques.

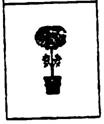
Your Own Banker," no special inducement being extended to the public to send their orders direct to Bankers Trust Company.

Although the first cheque was put on the market only in April, an amazing demand has already been created. The sale of cheques throughout the country has exceeded all expectations, despite the fact that the foreign travel season was practically over before the first cheques were issued. This success must be attributed in part to causes outside of the advertising proper. The field of the bankers had been thoroughly cultivated by correspondence, convention agitation and committee reports of the American Bankers' Association, previous to the launching of the campaign, so that the bankers themselves were ready to co-operate with the movement and push the sale of the cheques.

WHAT SOME BANKS ARE DOING TO INCREASE THEIR SALES OF American Bankers Association Travelers' Cheques

(A few Specimens of Advertisements used by Institutions selling the Cheques)

VACATION PLANS



Most of us are now making plans for our Summer holiday. In making a list of things necessary to our comfort, we must not forget a supply of Travelers Checks. We shall also need steamship or railway tickets and perhaps both. We will find that the Travelers Checks issued by the American Bankers Association are the most convenient means of carrying funds for tourists yet devised. They possess all the advantages of cash, carry the identification of the owner, and may be exchanged for currency without charge at almost any place where money can be spent. If lost or destroyed, payment may be stopped and value recovered.

Steamship Tickets, Railway Tickets and Travelers Checks may be purchased from Rockland County Trust Company at standard rates.

ROCKLAND COUNTY TRUST COMPANY
NYACK, N. Y.

Currency That's Good Anywhere on Earth

This is what you get when you buy the Travelers' Checks of the American Bankers' Association, issued by this bank. These checks can be cashed at par in any city of the civilized world. They are self-identifying and, if lost, payment on them can be stopped.

AMERICAN NATIONAL BANK
Merchants' Exchange Building.
SAN FRANCISCO.

Travelers Cheques

We sell *American Bankers' Association Travelers' Cheques*, the safest, most convenient and attractive medium of carrying funds while traveling in this country or abroad. Issued in denominations of

$10
$20
$50
$100

Payable without deduction, and available everywhere.

FOREIGN DEPARTMENT

The Merchants Loan and Trust Company

ESTABLISHED 1857

135 Adams Street

NO. 5100

THE CORN EXCHANGE NATIONAL BANK
OF CHICAGO.

CHICAGO. April 30th, 1909

TRAVELERS CHEQUES

To our Customers

We take pleasure in advising you that we are now prepared to supply the International Travelers Cheques authorized by the American Bankers Association.

The object of the Association is to provide:

(1) An international currency which can be cashed at par in this or any other country at any time and place.

(2) A UNIFORM guaranteed cheque which will be instantly recognized and regarding which there can be no question as to genuineness or value.

These cheques are issued under the auspices of the American Bankers Association and payment is guaranteed by its agents, the Bankers Trust Company of New York. They have received the endorsement and approval of all the leading banks, hotels and tourist agencies abroad, thus assuring them a world-wide circulation and prestige. In this country they will be cashed at par by all members of the Association and the leading hotels.

The cheques will be issued in convenient denominations and will state clearly the exact amounts of domestic and foreign money for which they are good.

The commission to be paid by purchasers is fixed by the Association at one-half of one per cent.

Yours very truly,

FRANK W. SMITH

Cashier

MERCHANTS NATIONAL BANK
109 W. Water Street.

C. C. SWAN, PRES. E. M. FAY, CASHIER.

We furnish American Bankers Association Travelers Cheques, convenient for use in all parts of the world.

"INTERNATIONAL MONEY" WHICH IS NOW ISSUED BY CINCINNATI BANKS

Cincinnati banks are now issuing international money in accordance with an arrangement made by the American Bankers' association. A charge of one-half of 1 per cent is made in issuing these certificates, which can be cashed in any part of the world.

For instance a traveler could get from any Cincinnati bank $100 in this international money by paying the issuing bank $100.50. By this means the traveler can carry the money needed on a journey in a safe, convenient and economical way. The certificates are elaborately engraved and made counterfeit proof. No one but the original purchaser can cash them without committing a forgery, and even if they are lost the purchaser is protected against such loss.

The certificates are cashed at par wherever presented and are being issued in denominations of $10, $20, $50 and $100. The certificates are guaranteed by the Bankers' Trust company of New York City.

TRAVELERS CHEQUES
OF THE
AMERICAN BANKERS ASSOCIATION
GOOD THROUGHOUT THE WORLD
MAY BE PROCURED FROM THE
Illinois Trust & Savings Bank
CHICAGO

The main thing, therefore, was to get the public interested, and this the magazine advertising has been doing, as evidenced by the large sales of the cheques. The magazine advertising is, of course, supplemented by circular letters, booklets, etc. Each issuing bank is provided with booklets describing the cheques, and many of the banks are putting out independent advertising literature, such as cards, circulars, etc., while not a few are making use of a part of their customary newspaper space to advertise the cheques. The institutions which are doing this independent advertising report large sales, their local publicity work serving to harvest part of the business created by the Bankers Trust Company's national campaign.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

THE cashier of a New England bank wrote us:

I enclose you proofs of several ads. which we have been running recently in our daily paper which I would thank you to criticise.

You will note by the enclosed statement that ours is not a large institution, but it is an old and conservative one.

Kindly return these copies in the enclosed envelope with your comments.

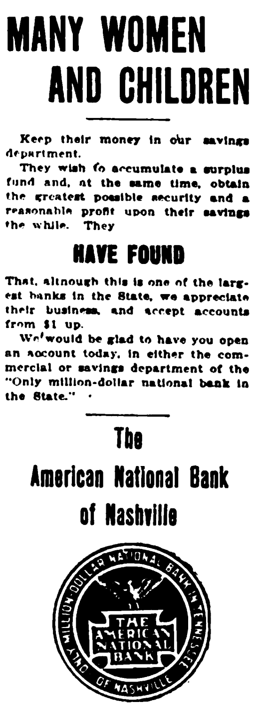
As our criticism was rather severe, we omit the name of the bank but reproduce the criticism, as follows:

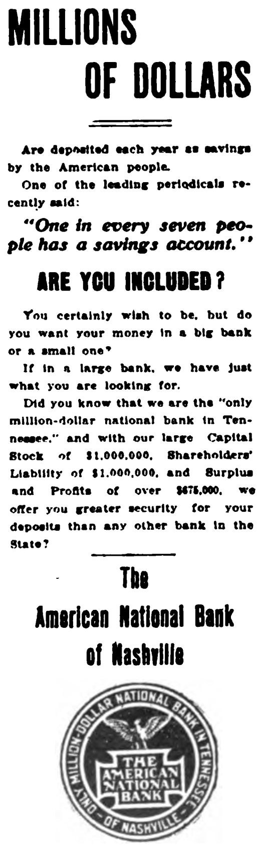
There are several points in which your ads. could be improved. Firstly, as to typography—it would be better to use a heading which would be a kind of index to the contents of the ad. and make, in connection with your name at the bottom, a complete ad. in itself.

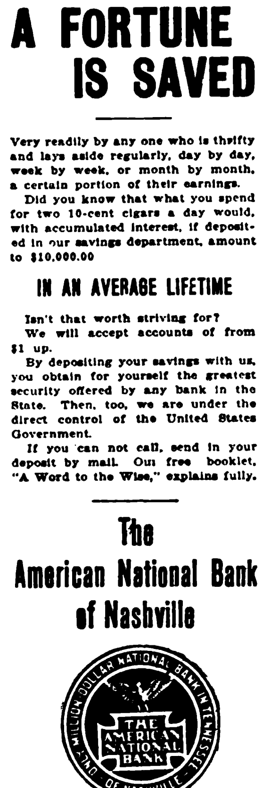
The body of the ad. should be set in lower case letters rather than caps for the reason that it is more easily read and it would give you more room for copy in the advertisements. I think that this display would be better than the heavy black initial block which you are using, because the initials mean nothing, while a complete and interesting heading does mean something.

Now, as to the copy of the separate ads.—In the first one, you go at the matter in the wrong way. When you say "We solicit your patronage" the logical way to do is not to tell people that YOU want their business but tell them how and why it would be to their advantage to deal with you. "If you contemplate opening a new account kindly confer with us before making other arrangements" does not appeal to me as being very tactful. You might better use your space to give some reasons or facts concerning your service, strength, courtesy, etc. The second ad. is incomplete in that it does not tell how much interest you pay. In the third ad. instead of asking people to call and let you explain, why not explain in your ad. and then you may get customers to come right in and ask for a traveller's check without further argument. It would be better to give a more definite idea as to the basis upon which you extend credit.

Your advertising is good general publicity but is not built along the lines of the most







News Display in Ads.

progressive modern advertising, the object of which is to get definite concrete results from each advertisement. The fact that your institution is an old and conservative one is no reason why it should not do some strong and effective advertising as the public cannot help but respect you if it sees that you are up-to-date in your advertising as well as in the facilities and service which you offer inside of your bank.

The discussion in this department of previous numbers of the magazine concerning the standing border idea in bank advertising, excited considerable interest. Among the additional letters we have received are the following:

The American National Bank,
Nashville, Tenn., Aug. 6, 1909.

Gentlemen:

We read with much interest the article written by Mr. Morison and your reply in the August number of the "Bankers Magazine" relative to the merits of using a standing border design for all advertisements. As you know from copies sent you some time since, we have been using attractive borders for the last year or so, changing our style of border every month or two, making them distinctive, until we adopted our trade mark some months since.

Since that time we have been combining our trade mark with an attractive border, but decided a month or two since to eliminate the border entirely for awhile, and hand you herewith some of the copies we have been using. We supply you with the papers in which they appeared. By way of explanation would state that many of these ads. appeared at the top of the page in line with other news items and the headings of the enclosed are practically the same type used by the newspapers in publishing matters of current interest.

You will see we have used headlines which at this time appealed to the public and our advertisement is still distinctive, using as we do our trade mark in each one. What do you think of it?

We enclosed stamped envelope for reply and trust this will not be imposing upon your good nature.

Very truly yours,
CHAS. H. WETTERAU.
Mgr. Dept. New Business.

Chattanooga Savings Bank,
Chattanooga, Tenn., Aug. 7, 1909.

Gentlemen:

Referring to the recent discussion in the "Bankers Magazine" relative to standing borders for bank advertisements, we would like to say that this bank has long since discontinued the use of its standing border.

We think that many points in the reply in the August Magazine are well taken. In fact, we think it is the key-note to good advertising. But, on the other hand, we do not feel that the same design attracts like the change of design occasionally. We only used our design about two months and have discontinued the use of it, but expect to use it again within a short time.

We would think it no more proper to use the same border design continually in a newspaper than it would be for a magazine to continue to publish the same article of reading matter. It is the purpose of this department to interest the readers of the newspaper. In fact, we believe they will not read our ads. unless we do make them interesting for them and we do not feel that any person would continue to read our ads. that looked just alike all the time.

Our experience is not of as long duration as that of the gentleman who replied in last month's article, but with the knowledge we have obtained from "Pushing Your Business" and other good works on advertising, coupled with common sense, we feel that one of the essential points in newspaper advertising is new ideas.

In this connection, I enclose herewith a series of educational ads. prepared for this bank. Nothing is claimed for the originality of the idea—only the subject matter. Your opinion will be appreciated.

Respectfully,
T. R. DURHAM.

Short Talk No. 5 on

What a Bank Statement Is

One of the most important items on our Statement is:

Surplus and Undivided Profits . . $202,351.11

This means that the bank as a business has earned this amount of money which belongs to the stockholders, but who, through their unselfish interest in the affairs of the bank and wishing to further guarantee the safety of depositors, have left this more or less sum in the bank, it being set aside as "Surplus" for use in case of an emergency.

The surplus of this bank is nearly twice the amount of its capital, thus placing it upon the U. S. Honor Roll, ranking first in the State and the only one in the city.

The Chattanooga Savings Bank

Watch this space for further explanations

Explaining a Statement.

The smile that won't come off.

We reproduce one ad. of each of these Southern banks. They speak for themselves. The advertising produced by men like Messrs. Wetterau and Durham is always good because they are students of the subject of advertising and when a man keeps his eyes open and tries to improve his work he is bound to do so. And it is showing the right spirit, too, to want to share with others the benefits of what has been learned by experience. In this connection, it is interesting to reproduce a letter received several years ago when this department of the magazine had just been started. It was from a man in a minor position in a Chicago trust company in response to a request to contribute to this department of the magazine. It reads in part as follows:

> I beg to say that I do not pose as a writer of magazine articles and do not feel that I could write anything on banking publicity that would be of service to anyone. I take the position that most of the matter written on this subject is generalization that does not amount to much, and if anybody had any really bright idea he would keep it for the concern he was employed by.

This man evidently was not strong on altruism—probably didn't know there was such a thing. We don't know what position he holds now, if any, but we think that something purely mechanical would be congenial and appropriate for a man of his caliber.

We are glad to say that there are very few such narrow-minded persons in the banking business, and that is why genuine progress is being made in bank advertising.

That ad. of the Second National Bank of Meyersdale, Pa., is fearfully and wonderfully made, but, still it is quite reassuring. You notice it says that "The thief only robs the house in which the cash is hidden." He doesn't set fire to it or dynamite it. If putting money in the bank can give a man such an optimistic expression under trying circumstances as is depicted in this ad. no further argument is necessary.

WANTED A BANK SOLICITOR.

A Bank Advertising Story, by Arthur A. Ekirch, North Side Savings Bank, New York City.

WE all more or less have a certain ambition in life which we hope some day to realize. My former business associate and college chum, Harry Sinclair, from the day he entered the university, until his departure, or rather dismissal, possessed a strange mania for inventing and putting to use new ideas.

In playing football on the college green, and rowing on the lake, his inventive brain would get the better of him, with the result that scrimmages and free-for-all fistic encounters were of daily occurrence on the Hurley Oval.

Numbered among his associates were two or three sons of multi-millionaires, who were attending college as a sort of pastime, and were joyous in the belief that some day, sooner or later, airships and automobiles would be manufactured to travel two hundred miles an hour.

Before bidding the seniors farewell, Sinclair offered to place a wager that at the end of five years' business experience he would be worth $10,000. His reputation for losing was well known by all members of the university, so, it is needless to say, the offer was accepted, with the understanding, however, that he was to obtain the money honestly and in a legitimate business.

On his arrival at Grand Central Station Sinclair wired me to meet him at the Belmont House, as he had important news in which I would be deeply interested.

On first thought I feared he was up to one of his old college pranks, or that his long lost uncle had suddenly died, leaving him a legacy with no restrictions as to how to spend it.

I went to the hotel, and after a hearty college greeting, Sinclair handed me a newspaper clipping from the morning "News," which read as follows:

> WANTED—A young man of pleasing personality, plenty of energy and tact, as solicitor for the BANK OF ADVANCE. College graduate preferred. P. O. Box 1423, N. Y. C.

I had every reason to believe that Sinclair would be the "right man in the right place" if he succeeded in securing the position with the bank. His manners and habits were of the best, and his bright, pleasing personality, that won for him the friendship and respect of the faculty at the University of Hurley, would undoubtedly cling to him during his business career.

At my suggestion he replied to the advertisement in as brief and dignified a manner of good breeding would permit, closed the letter by asking that he be given an opportunity for a personal interview.

The next evening he received the following reply:

BANK OF ADVANCE
New York
Apr. 30th, '09.

Harry Sinclair, Esq.
Suite 24—Belmont House,
New York City.

Dear Sir:—

Please call Monday morning in reference to position as solicitor.

Yours very truly,
H. G. King.
Cashier.

Sinclair's duties as solicitor, were in many respects similar to those of a commercial salesman. He was engaged to promote new business and stir up old, and his future and salary depended entirely upon the ability he displayed along these particular lines.

Had he so desired, he could have called upon his personal acquaintances of wealth and secured a few fair-sized accounts as a sort of starter. He preferred, however, to baffle the business world alone—on an equal footing with the thousands of other men of the banking profession—and if he did "make good"—and accumulate the ten thousand dollars—he would then be at liberty to collect the wager and feel that he had won it.

During his first few days at the bank, he visited the various departments and briefly outlined the routine methods of each. With this data stored away for future use, he set to work collecting the names of banks, trust companies, corporations and firms, placed each name on a special card, indexed alphabetically, and used as a "follow-up" system.

Name Wilson, Brown & Co.
Address 124 Smith street, N. Y.
Business Private bankers.
Rating Good.
Conversation with Mr. Brown.
Position Member of firm.
Date of call 5-23-09.
Account opened 5-30-09.
Average balance $25,000.
Remarks None.

If after two or three personal visits, Sinclair found it next to impossible to convince "Smith, Jones and Co." of the excellent facilities for doing business, the liberal loan accommodations, and the rate of interest (never before offered) the Bank of Advance had to offer, the card was taken from the "live list," note made of the number of calls, and filed away with the "hopeless cards." The hopeless cards are not, however, given up as entirely lost; a memorandum is furnished the "advertising department" and perhaps the following morning, Smith, Jones and Company receive with their regular mail a handsome booklet explaining with the aid of printers' ink, what Sinclair had endeavored to do in "silver-tongued oratory."

A few days ago I received a telegram from Sinclair, which read as follows:

Dear Old Pal:

I intend to spend a few days with the "boys" at Hurley, receive their congratulations on my recent promotion to Cashier, and also collect the "wager" you recall I made just five years ago today.

HARRY SINCLAIR.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

IN honor of its seventy-fifth anniversary, the Bowery Savings Bank of New York issued a booklet of history and statistics. The most interesting figures are these:

Number of depositors July 1, 1909	156,102
Deposits July 1, 1909	$107,546,035.01
Total amt. of int. paid in 75 yrs.	88,168,287.97

The bottle reproduced herewith is not a patent medicine ad. but illustrates a good way to help people to learn by the experience of others. A Passaic, N. J., woman secreted $400 in bills in an oven. After the money was burned she brought the ashes in a bottle to the Passaic Trust and Safe Deposit Company to see if she could recover anything. President R. J. Scoles had a photograph made of the bottle with its $400 worth of ashes and the Publicity Department of the Bankers Publishing Co. printed a large number of cards with a cut of the bottle and some good advertising argument for the Passaic

Trust and Safe Deposit Co., which that institution is using to good advantage.

Assistant Treasurer Paul W. Muller of the company provides us with the following statement concerning the advertisement:

The Passaic Trust and Safe Deposit Company is running an unique advertisement

A Convincing Argument.

that drives home the value of a bank as the only safe place for money to be kept by the ordinary person.

Some time ago, a Hungarian woman, a depositor in a small way, brought in to the officers of the company a parcel of ashes which she stated was the remains of four hundred dollars that she had placed in the kitchen oven as a hiding place, the stove at the time being out of use. While she was on a visit to a neighbor's house, a boarder who did not know the secret started a fire in the stove and the money was reduced to ashes.

The loss was a total one from a fire and money point of view, and the loser is now a sad but enthusiastic supporter of banks as the proper place for all reserve cash.

The ashes were placed in a bottle and photographed and will be used by the company as a display advertisement to serve as an object lesson to people who are accustomed to do the same thing that this woman did.

The advertisement is a good one, showing the proper amount of dignity required in bank advertising and yet having a snap and attractiveness that holds the attention of the reader. The bottle with the original ashes may be seen at the office of the company.

A large Boston institution which is not situated right in the heart of the business section advertises to send for deposits. This is quite an advanced method of doing business and we imagine could not be done successfully as a general thing. But it is a good talking point for an old conservative institution to use.

The National Stock Yards (Ill.) National Bank might be called a specialized institution, being identified with the industry indicated by its name. Naturally, its advertising is specialized, too. Following is a sample of its copy used on a mailing card:

SHORT 1,737,500 HOGS

At the six leading markets in the West for the past seven months as follows: Chicago 688,500, Kansas City 205,000, St. Joseph 382,000, Omaha 107,000, Indianapolis 344,000, St. Louis only 11,000. As the conditions operating to make a shortage in hogs are general and affect all markets, the above shows that the St. Louis National Stock Yards has been able to practically offset its natural shortage by attracting shipments from what has heretofore been considered outside Territory.

A careful consideration of the table given below will show to shippers the reason in dollars why, as far as St. Louis is concerned, there is no "outside territory" where there is a railroad.

Wise shippers know that the difference between markets is often the difference between profit and loss to themselves. With this market from 20c. to 45c. per hundred pounds above Kansas City, St. Joseph and Omaha, do you not realize that

"ST. LOUIS PAYS THE PRICE."

The Northern New Jersey Trust Co. is locâted in a large building at Edgewater, N. J., opposite Grant's Tomb, New York, and right where the trolley cars meet the ferry boats from 130th street. It realizes its strategic location and advertises quite strikingly. There is a large sign on top of the building displaying the name of the company to the thousands of homebound commuters from New York, and all along the trolley lines leading to Palisade Park, Morsemere, Leonita, Engelwood, Hackensack and many other nearby Jersey towns are large painted signs impressing the fact of the convenient location of the company and the fact that it pays interest on checking accounts.

The Austin (Tex.) National Bank reprinted the text of the Bank Guaranty Act

1836 THE BANK OF 1909

British North America

73 Years in Business. Capital and Reserve Over $7,000,000

Every Banking Accommodation offered to Farmers, Cattlemen, Miners and Lumbermen. Sales Notes handled on most favorable terms. Checks on any Bank cashed. Money advanced to reliable men at reasonable rates.

Money sent to any point by Money Order, Draft or Telegraph Transfer.

Kingston Branch, J. TAYLOR, Manager, CITY BUILDINGS.

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE TORONTO ESTABLISHED 1867

B. E. WALKER, President | Paid-up Capital, $10,000,000
ALEXANDER LAIRD, General Manager | Reserve Fund, 6,000,000

Branches throughout Canada, and in the United States and England

COUNTRY BUSINESS Every facility afforded to farmers and others for the transaction of their banking business. Sales notes will be cashed or taken for collection.

BANKING BY MAIL Accounts may be opened by mail and monies deposited or withdrawn in this way with equal facility. 122

KINGSTON BRANCH Corner of King and Princess Streets. P. C. STEVENSON, Manager

Women, Attention!

Women as a rule are better savers than men—they have a knack of making a dollar go just twice as far as a man can.

Many men who cannot save anything themselves very wisely make their wives the family treasurer, and upon them devolves the responsibility of putting by something for the inevitable rainy day.

The Traders Bank welcomes the accounts of women and its officials and clerks are always ready to give them any advice or assistance they may require. Every woman, whether married or single, should have a savings account.

A few dollars will start an account. When you are down town call at our Bank and start an account. Open Saturday evenings.

The Traders Bank of Canada

1836 THE BANK OF 1909

British North America

73 Years in business Capital and Reserve Over $7,000,000

Taking Care of Money is our business. Your account is welcome whether it is large or small. A Savings Account can be opened with $1.00 and added to at your convenience.

You will be surprised to see how the balance mounts up when interest is compounded.

QUEBEC BRANCH—J. W. HAMILTON, MANAGER
St. John's Gate, Upper Town Branch—C. H. [illegible] Acting Manager

A Few Canadian Bank Ads.

passed by the second called session of the 31st Legislature of Texas. On the cover of the booklet the bank printed this:

Below we call your attention to

OUR

GUARANTY FUND

Capital	$300,000.00
Stockholders' Liability	300,000.00
Surplus and Profits	275,000.00
Cash on Hand	1,200,000.00
Total Guaranty Fund	$2,075,000.00

As a Result of Nineteen Years Successful Business

It is good advertising to take prompt advantage of popular interest in any subject. Do things at the psychological moment and you get a lot of advertising that you don't pay for.

The Union Trust Co., of Chicago, C. B. Hazelwood, advertising manager, has issued a very effective booklet entitled "Trusts." It is "An explanation of the methods used by this bank in the care of estates and other trusts. Besides containing an adequate exposition of the points indicated in its title, the booklet is ornamented by line cuts showing interior and exterior views of the bank building, bank forms, etc. The booklet is printed in orange and black on cream-colored stock and has a very attractive cover with a tipped-on label.

J. Frank Howell, banker and broker, New York, has published an interesting illustrated booklet entitled "Gilt-Edged Holdings." It contains a lot of sound advice on investment subjects and is thoroughly illustrated. It is a good piece of selling literature.

"The Shield," the monthly house organ published by the Real Estate Trust Co., of Pittsburgh, is become quite a pretentious publication. The August number consisted of 24 pages and was chock-full of interesting matter, not all of it directly advertising the company, but all having a bearing on matters financial.

The Butte County Bank, of Belle Fourche, S. D., in a new, well printed pamphlet of 16 pages and cover, gives a good illustrated description, not only of itself and its facilities, but also of its territory. It starts off with this friendly greeting:

Yourself and friends are most cordially invited to call at the Butte County Bank, and make yourselves at home whenever convenient.

We assure you that no pains will be spared to make your visit pleasant, whether you are a client of the Bank or not.

The booklet also contains information concerning the Little Missouri Bank at Camp Crook, S. D., and the Belle Fourche Valley Bank at Vale, S. D., which are under affiliated management.

A novel feature of a handsome new booklet, "Within a Stone's Throw," published by the Carnegie Safe Deposit Co., New York, is a reply post card tipped into slits in one of the pages. It has the address of the company printed on one side and the other side contains this matter:

Date.............................

Gentlemen:—

Kindly send me information about your boxes. Your representative may call......... at.....o'clock.

Name ....

Address ....

Another good feature is a tint block map showing the accessibility of the Carnegie safe deposit vaults from all parts of New York and the suburbs. The booklet is a work of art and contains some interesting historical and descriptive matter in addition to the advertising matter and the profuse illustrations. The views showing the massive construction of the vault are especially effective.

"The Light of Twenty Cities" is the title of a pamphlet issued by A. H. Bickmore & Co., bankers, New York, to advertise lighting company securities. An unusual feature of the book mechanically is that it is in reality two booklets bound together, as the back cover of the first booklet is extended in such a way as to enclose a second one which contain a reprint of an address by Frank A. Vanderlip, president of the National City Bank of New York, on "The Attitude of Investors Toward Electric Securities."

A Few Bank Emblems.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

Accounts, Their Construction and Interpretation, for Business Men and Men of Affairs. By William Morse Cole, A.M., Assistant Professor of Accounting in Harvard University. Boston: Houghton Mifflin Company. Price $2 net.

The author of this book maintains that a great many American business houses succeed in spite of poor accounting methods and that the success of many of the houses would be a great deal more pronounced if their methods of accounting were improved. The trouble is in a great many cases, the author says, that the American manufacturer and business man does not know what things cost him. The book that Professor Cole has written is a very thorough and practical one and ought to prevent a good deal of the waste that he mentions, that is, if his book secures the wide circulation that it ought to. In its more than 300 pages, the book covers the principles of both bookkeeping and accounting. In the second part of the book are good chapters on "Some General Principles Illustrated in Bank Accounting," and "Some General Principles Illustrated in Trust Accounting.". The book contains a number of valuable appendices, with forms, etc.

The Meaning of Money. By Hartley Withers. New York: E. P. Dutton & Co. Price $2 net.

This is another English work. It is written in a popular style, the author's expressed purpose being to help the average reader better to understand the money question. After a good general introductory chapter, the author takes up the following topics: "Coined Cash," "Paper Cash," "The Bill of Exchange," "The Manufacture of Money," "London, the World's Monetary Clearing House," "The Cheque-Paying Banks," "The Bill Brokers and Discount Houses," "The Accepting Houses and Foreign Banks," "The Foreign Exchanges," "The Bank of England," "Bank Rate and Market Rate," "The Bank Return," "The Gold Reserve," "Other Reserves."

Questions on Banking Practice. The Institute of Bankers, London, Blades, East and Blades, 23 Abchurch lane, E. C. Price ten shillings and sixpence net.

This is the sixth edition, revised and enlarged, issued under the authority of the Council of the Institute. It is a book of more than 600 pages containing questions and answers on British banking practice, negotiable instruments, etc. Valuable to anyone interested in British banking and finance.

ALUMINUM COINS FOR FRANCE?

COPPER coins in France seem to be doomed. Their fate hangs on a single decree, which may be signed by the government at any moment, and aluminum coins will take their place. The mint has already struck a number of five and ten centime pieces of the new metal, and their production is said to be as easy as the striking of the copper pieces. The same dies were used as for the copper coins, and the new aluminum coins of five and ten centimes will be exactly of the same size, thickness and design as the old copper ones. Of course, they will be ever so much lighter, and will look neater and cleaner. The reign of aluminum may, therefore, begin at any moment.

PRESIDENT WILL INSIST ON POSTAL SAVINGS BANK.

PRESIDENT TAFT has indicated in talks to callers that in his message to Congress, in December, he will strongly urge the early establishment of a postal savings bank system. He will ask that the Republican platform declaration favoring them be fulfilled as speedily as possible.

Taft believes that several hundred millions would be placed at the government's disposal through postal banks. By placing the interest at less than two per cent., Taft believes no harm would be done ordinary commercial banks.

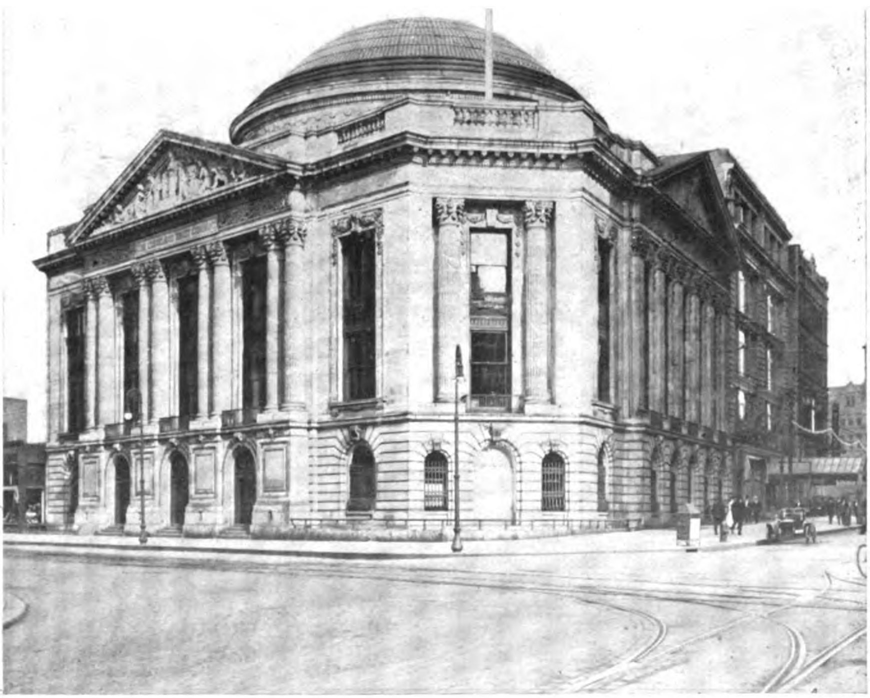
MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE CLEVELAND TRUST COMPANY.

Something About Its New Home And The Growth Of Its Business.

ONE of the most attractive and truly classical buildings to be seen in the city of Cleveland, Ohio, is the structure which stands at the corner of Euclid avenue and East Ninth street. It was completed for the exclusive use of the Cleveland Trust Company, in January of last year, and is unique in many respects.

The architecture is renaissance of the Roman style, the main feature being the Euclid avenue facade, which has a colonnade of eight fluted columns of the Corinthian order, carrying a pediment of beautiful and characteristic sculpture by Karl Bitter.



Home of the Cleveland Trust Company.

White granite, as the chief building material, contributes to the impression of dignity and massiveness that is felt by one who sees the building for the first time.

GENERAL DESCRIPTION OF THE INTERIOR.

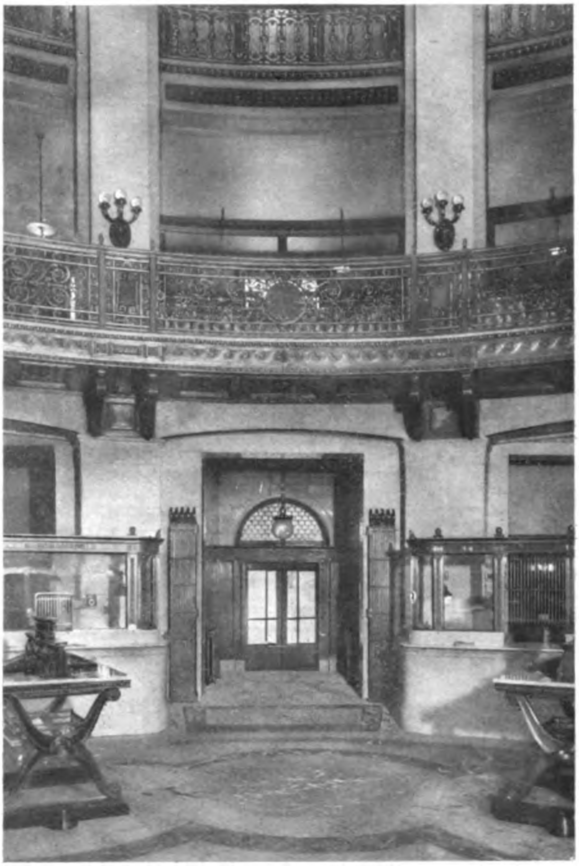
From the main entrance on Euclid avenue one may enter a marble lobby with a staircase at one end and elevators at the other and thence pass into the great rotunda-like banking-room, which is sixty-one feet in diameter and rises to a clear height of eighty-five feet to the leaded glass dome above. It is finished in a combination of marble and bronze, which are blended harmoniously to produce the richest effect.

The quarters of the general officers are at the right of the main entrance, while to the left is the women's department, which is a separate bank in itself, in charge of its own manager and designed for the exclusive use of the bank's women patrons.

The second floor of the building is occupied by the trust department and by the bank bookkeepers.

The bond, real estate and auditing departments have quarters on the third floor, the advertising department on the fourth floor.

In the basement is located the safe deposit department, with its huge armor-plate vault, package, fur and storage vaults, together with coupon rooms and customers' parlors. The directors' room is also located on this floor.



Entrance from East Ninth Street.

In the effort to make the building a work of art there has been no overlooking of conveniences and appliances to facilitate the quick and accurate handling of the bank's business. An elaborate system of heating and forced ventilation keeps the building comfortable at all times of the year. Ingenious mechanical devices abound. Pneumatic tubes run to all parts of the building, bearing pass books from tellers to

The Main Rotunda of the Cleveland Trust Company. It is thoroughly lighted by a double glass dome, composed of Patent Prism Lights in metal frames.

bookkeepers and letters and packages from one department to another. A telautograph connects departments, enabling an officer to write a message to another officer or employe and have it instantly reproduced on the desk of the one to whom he is writing. Two private telephone exchanges, each connecting with the seventy-six 'phones in the building, furnish additional means of intercommunication within, as well as the usual service outside. A pneumatic sweeping and scrubbing system is used. Add to the devices mentioned the many systems of call bells, alarms, messenger calls, watchman's clocks, time clocks, etc., and the marvellous completeness of it all will be apparent.

History and Growth.

The Cleveland Trust Company was organized in 1894 and commenced business September 10, 1895. Within the short space of fifteen years it has become one of the largest financial institutions of the middle

F. H. Goff, President.

Calvary Morris, Chairman Board of Directors.

E. R. Perkins, Vice-President.

Samuel Mather, Vice-President.

M. H. Wilson, Vice-President.

A. R. Horr, Secretary.

A. G. Tame, Treasurer.

E. B. Greene, Assistant Treasurer.

west. It began with $500,000 capital and a paid in surplus of $100,000. To-day it has a capital and surplus of $5,000,000 and deposits of $24,000,000, which belong to more than 72,000 individual depositors.

Too often growth is accomplished by reckless management, but this was not true in the case of the Cleveland Trust Company. Every transaction, however small, was examined with care by the executive committee. No one desired and all disapproved of one-man power. The inspection committee, elected annually by the stockholders, scrutinized the loans and investments with conscientious care. In addition, the directors employed the Audit Company, of Cleveland, to examine all books and records of the company, including cash and securities, annually. The first examination occupied a period of six months and included every item on the trial balance and each depositor's account in detail. At its conclusion the report of the Audit Company on its findings included the following words: "The company is cautiously and wisely managed, with the result that it is enjoying the prosperity which such management deserves."

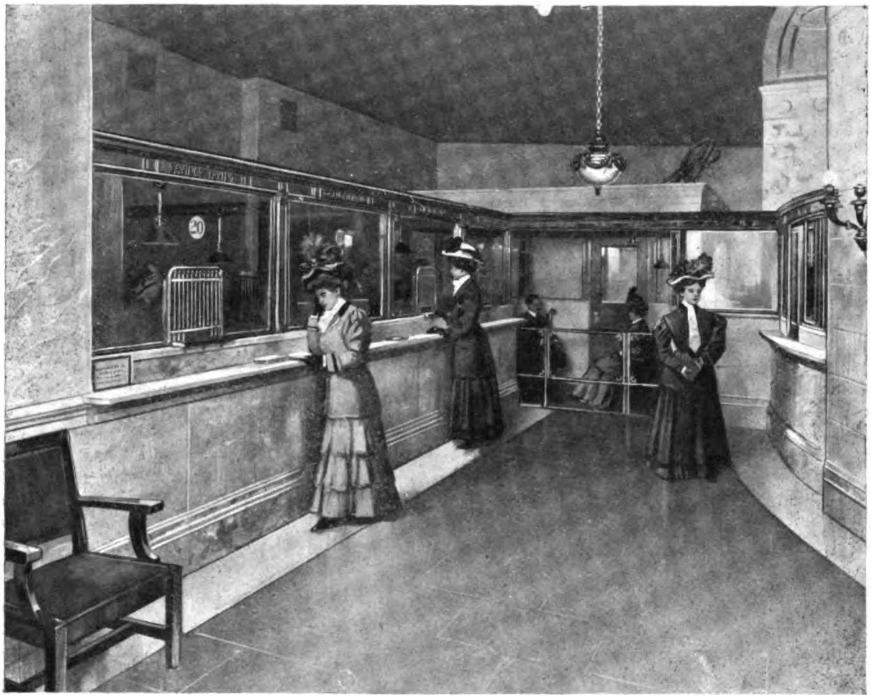
The outward and visible sign of the company's growth, other than its published balance sheet, was the enlargement of its office space. When the doors were first opened to the new banking room in the basement of the Garfield Building, all concerned believed that no additional space would be required for many years, but before the close of 1897 a ground floor counting room had been added. By 1900 the trust department and bookkeepers were crowded out, and space was found for them on the second floor of the building.

By the beginning of the century, the company had demonstrated its ability to succeed on a large scale. Its position was secure, the hopes of its founders had been realized; but they were the hopes of 1894, not of 1900. Those who gave form and direction to the institution at the outset were still its responsible agents. They were growing men managing a growing enterprise, and the goal had been advanced far beyond the mark set in 1894. In other words, the capacity for success had grown with the development of the institution, and its directors and officers were pressing forward in 1900 as eagerly as at the beginning.

President's Private Office.

Growth Through Consolidation.

A question frequently discussed at this time was whether the needs of the community and the requirements of business



Women's Banking Room—Exclusively for Women.

Women's Department, Main Floor Cleveland Trust Company.

would be better met by a large number of comparatively small banks, or by a few large financial institutions. The development had all been in the former direction. Several trust companies and savings banks had been organized in 1894, and still others were under consideration. The directors boldly advocated the policy of fewer and larger institutions. They believed the new policy to be sound, and lost no opportunity to advocate it.

In 1900 the Western Reserve Trust Company opened for business. Among its stockholders and directors were many stockholders and a number of the directors of the Cleveland Trust Company. The success of the new institution was instant. By the close of the first year it had accumulated deposits amounting to $3,755,000.

Here was an institution that resembled closely, in character, status and future prospects, the Cleveland Trust Company; yet each possessed advantages which the other lacked. The desire for combination was mutual, and towards the close of 1902 negotiations were opened with a view to consolidation. From the first, the negotiations moved forward smoothly and promised the successful outcome that eventually marked their termination. On January 6, 1903, the agreement was unanimously approved. It was formally executed on the eighth day of January and ratified by the stockholders of the two institutions on the seventeenth day of that month.

To this union the Cleveland Trust Company brought $8,180,249.97 deposits and $9,629,151.78 assets, and the Western Reserve Trust Company $5,837,328.85 deposits and $6,792,966.99 assets, the capital stock of the company being fixed at $1,750,000, leaving a surplus of $1,050,000.

Development of Branch Banking in Cleveland.

The consolidation of 1903 was the beginning of a development peculiar to the Cleveland Trust Company among the financial institutions of Cleveland—at least in the degree to which it has been carried—namely, its system of branch banks. It is true this union with the Western Reserve Trust Company was effected by consolidation, and that branches have been organized in new territory or formed by the absorption of a bank already in existence, but the two things are related in principle. Both are outgrowths of the policy of few and large institutions.

The branch bank idea was taken from the Canadian system, was carefully considered and cautiously put into effect. The by-laws of the company were thoroughly revised and ample provision made for safeguarding the interests of depositors and stockholders.

One of the Storage Vaults.

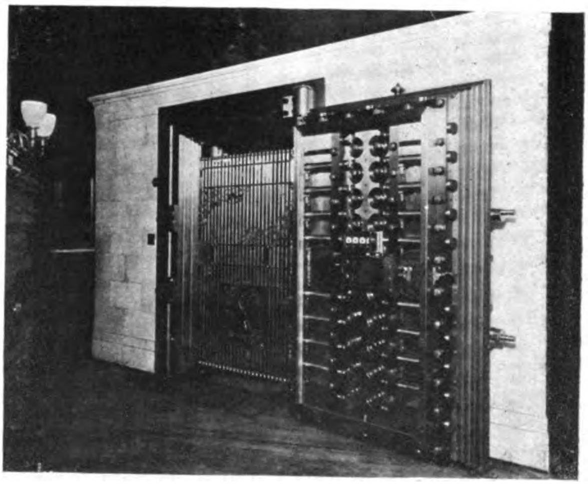
The Cleveland Trust Company now has thirteen branch offices. With a few exceptions the establishment of these branches represented the acquisition of banks which had already built up a successful business in their respective localities. Deposits amounting to $5,398,000 and 26,000 new depositors were thus directly obtained by purchase.

In 1908, E. G. Tillotson, the original secretary and treasurer of the company, and for many years its vice-president and executive officer, resigned, to take up new duties. Calvary Morris, the president, was made chairman of the board, and F. H. Goff, a leading attorney and public spirited citizen, was elected president, assuming also the duties of executive officer.

the bank's true condition within a very few hours after being requested to do so.

All cash, securities and collateral are in joint control of the auditing and operating departments, being accessible only in the presence of representatives from both departments. The tellers' cash is locked each night under two combinations, one of which is controlled by the auditor. It must therefore be taken out the following morning in the presence of the auditor's representative, who verified the count when it was locked up. The bank's investments and collateral securities are handled in the same way, so that joint control is effective and complete.

A radical departure from old-fashioned banking methods was inaugurated by the



Cash Reserve Vault.

Mr. Goff's fitness for the presidency of a large trust company and savings bank has been amply demonstrated during the year of his incumbency. His integrity and virility have won him the confidence of the community to an unusual degree. Since he became president the company's deposits have increased more than five and one-half million dollars. Mr. Goff is decidedly conservative in his ideas of bank management, as may be readily seen in the policies which have been adopted on his urgent recommendation by the Cleveland Trust Company.

The continuous audit of this bank is in charge of an independent auditor, who, with his assistants, is accountable straight to the directors without interference of officers or employes. The business of the bank is audited by this department each day. In this manner the bank's audit is kept up to date at all times and the auditor is in a position to render a verified statement of

Cleveland Trust Company when a by-law was adopted prohibiting the making of loans to directors and officers. Mr. Goff urged the adoption of this measure, taking the stand that savings deposits were, in effect, trust funds, and the directors of a savings bank, trustees; that a trustee had no legal or moral right to loan to himself the trust funds in his keeping. In this opinion he has since had the support of some of the best known men in this country, who have written him personal letters in commendation of his stand. There is no doubt that this policy has added to the confidence of the community in this great institution.

The following condensed statement of the company's condition on July 31, 1909, will give an idea of its resources. The figures, of course, do not show the volume of its trust business, which is large:

RESOURCES.

Loans	$12,006,050.39
Overdrafts	6,562.76
Investments	11,112,975.18
Banking houses and other real estate	2,087,165.59
Furniture and fixtures	100,000.00
Interest and earnings accrued	133,603.11
Cash and reserve	4,138,093.32
	$29,584,450.35

LIABILITIES.

Capital	$2,500,000.00
Surplus	2,500,000.00
Undivided profits	111,448.61
Dividends unpaid	2,312.50
Reserved for taxes	36,525.24
Deposits	24,434,164.00
	$29,584,450.35

The officers of the Cleveland Trust Company are: F. H. Goff, president; Calvary Morris, chairman; E. R. Perkins, vice-president; Samuel Mather, vice-president; M. H. Wilson, vice-president; A. R. Horr, secretary; A. G. Tame, treasurer; E. B. Greene, assistant treasurer; J. M. Henderson, trust officer; John MacGregor, Jr., assistant trust officer; Edward E. Newman, assistant trust officer; I. Freiberger, assistant trust officer; W. O. McClure, manager safe deposit vaults; F. B. Wolcott, manager bond department; A. B. Smythe, manager real estate department; F. Hohlfelder, Jr., auditor.

C. H. HUTTIG

President Third National Bank of St. Louis.

THIRD NATIONAL BANK OF ST. LOUIS.

An evidence of the great increase of the country's wealth and of the importance of its chief financial centers is afforded by the growth of the leading banks. Here is the Third National of St. Louis gaining over twenty-eight millions of deposits in twelve years, and for a longer period showing a rate of increase unequalled by any bank in its own city and surpassed by few anywhere in the country.

Magnificent Sky-scraper Home of the Third National Bank of St. Louis.

The Third National is one of the oldest of the existing national banks of the United States. While its charter number is 170, there are at present fewer than twelve national banks whose charter number is smaller.

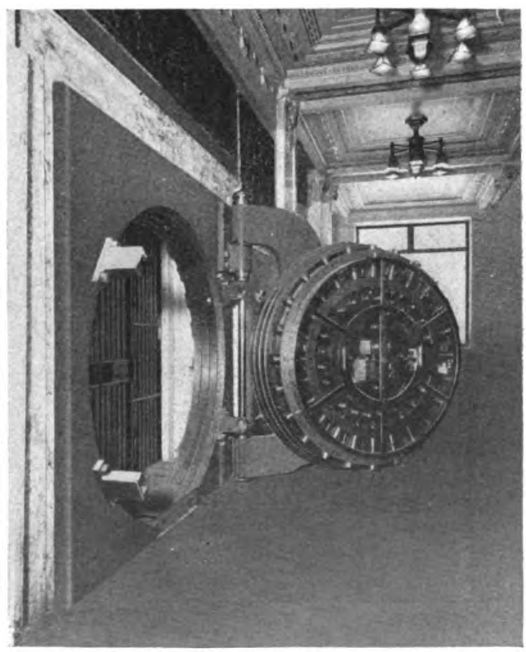
The Third National Bank was organized December 25, 1863, succeeding the Southern Bank of St. Louis, which was organized in 1857. It has an honorable lineage, as the state banks of Missouri are often cited as examples of the best type of banking prior to the Civil War epoch, which brought the national banking system into existence.

A better idea of the growth of the Third National Bank may be obtained from the accompanying table, giving the deposits on May 8 of each year from 1897 to 1909 inclusive:

May 8, 1897	$4,226,976.88
May 8, 1898	7,015,905.56
May 8, 1899	10,218,983.23
May 8, 1900	11,161,117.42
May 8, 1901	14,037,772.87
May 8, 1902	16,833,658.20
May 8, 1903	20,752,187.10
May 8, 1904	25,123,641.58
May 8, 1905	25,143,963.21
May 8, 1906	26,594,366.04
May 8, 1907	30,108,987.58
May 8, 1908	30,409,202.83
May 8, 1909	32,925,332.13

It will be seen that the gross deposits have advanced from $4,226,976.88, in 1897, to $32,925,332.13, in 1909—a gain of $28,698,355.25 within a period of twelve years. This is the more remarkable when it is remembered that it represents no absorption of other banks.

This development, though large indeed, has been normal. It rests chiefly, of course, upon the progress in production and com-



Massive Steel Vault.

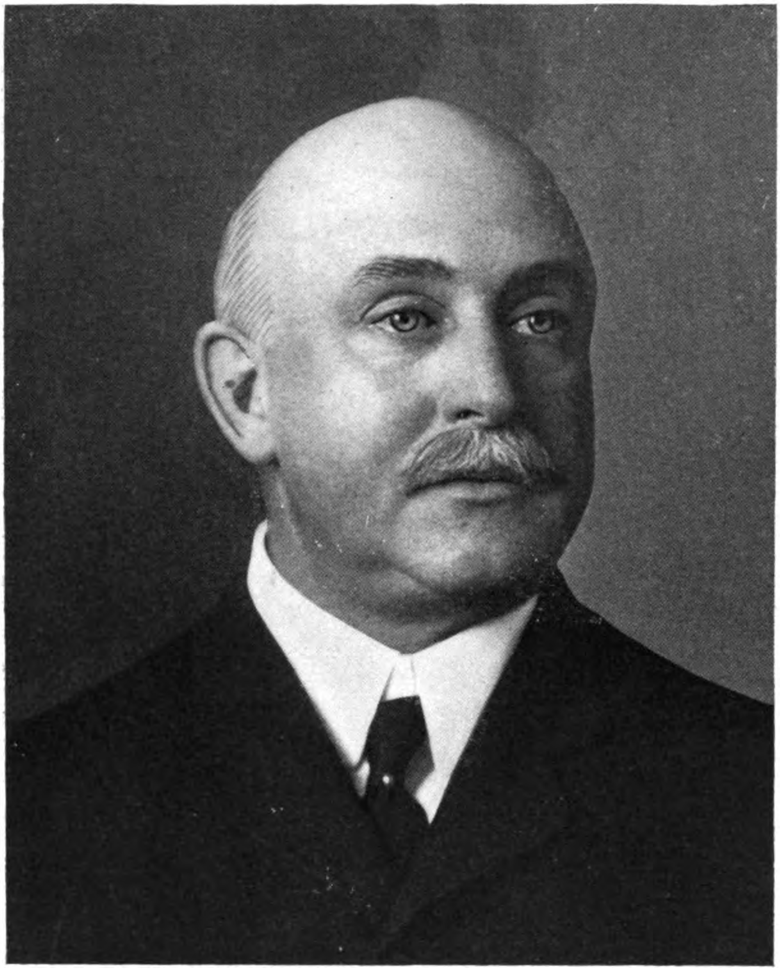
Directors' Room.

President's Office—convenient to the Public.

Cashier's Office.

Ladies' and Visitors' Rooms.

THIRD NATIONAL BANK OF ST. LOUIS.



G. W. GALBREATH
Cashier Third National Bank of St. Louis.

merce made by the city of St. Louis and its rich tributary territory. The energy and fidelity that have characterized the management brought to the bank a very large share of this increased wealth. Courtesy upon the part of officers and employes, combined with a careful regard for the requirements of those who deal with the bank, have also been leading factors in producing the results mentioned. Throughout the institution the equipment has been maintained at a standard fully adequate for efficient service. Strength has been regarded always as of prime importance, and the surplus accumulated now exceeds the capital. The condition of the bank appears in detail in the table given herewith, showing the resources and liabilities as reported to the Comptroller of the Currency Sept. 1, 1909:

RESOURCES.

Loans and discounts	$20,085,533
U. S. bonds and premiums	2,370,045
U. S. bond account	294,000
Other stocks and bonds	1,007,901
Banking house and real estate	950,000
Cash and sight exchange	14,538,393
	$39,245,874

LIABILITIES.

Capital	$2,000,000
Surplus and profits	2,246,990
Circulation	2,000,000
U. S. bond account	294,000
Deposits	32,704,883
	$39,245,874

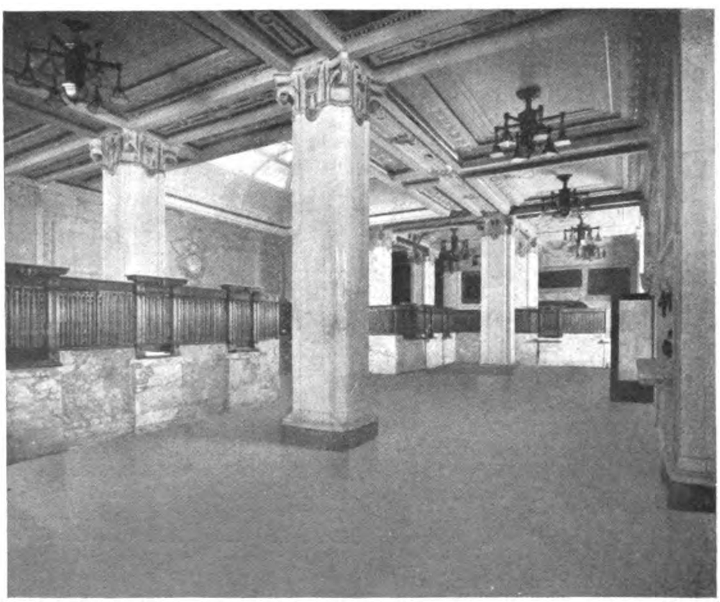
Since its organization the Third National has been located successively at 219 Pine

Clerical Department.

street, 119 North Second, 417 Olive, and finally in its recently completed eighteen-story building at Broadway and Olive streets. The illustrations presented in these pages give some idea of the beauty and solidity of this modern bank and office building, but much of its tasteful scheme of decoration and furnishing and the strength of its architecture can be realized only after personal inspection.

The officers of the bank are: C. H. Huttig, president; W. B. Wells, vice-president; G. W. Galbreath, cashier; J. R. Cooke, D'A. P. Cooke, R. S. Hawes, H. Haill and J. F. Farrell, assistant cashiers.

Mr. Huttig, the Third National's chief executive officer, ranks among the leading bankers of the country, and his advice and opinions regarding financial and general business affairs are frequently sought and



View from Broadway Entrance, Third National Bank of St. Louis.

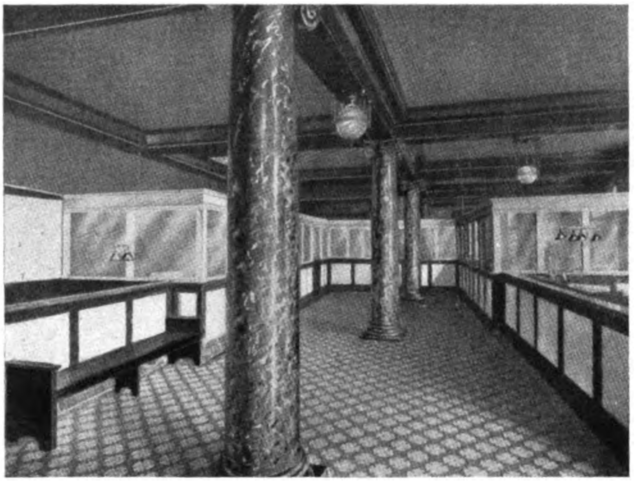
extensively quoted. He has given thoughtful study to the wider problems of currency and banking, and his addresses on these subjects have shown a broad range of information and sound judgment.

Strong and diversified business interests are represented in the directory of the bank, as may be seen from the following list of members of the board: Adolphus Busch, president Anheuser-Busch Brewing Association; John I. Beggs, president United Railway Companies; G. W. Brown, president Brown Shoe Co.; J. R. Cooke; S. H. Fullerton, president Chicago Lumber and Coal Co.; Norris B. Gregg, president Mound City Paint and Color Co.; G. W. Galbreath, cashier; C. H. Huttig, president; H. F. Knight, vice-president A. G. Edwards & Sons Brokerage Co.; J. E. Smith, vice-president Simmons Hardware Co.; Thos. Wright; W. B. Wells, capitalist; B. F. Yoakum, chairman executive committee St. Louis and San Francisco Railroad Co., and Chicago, Rock Island and Pacific Railroad Co.

THE ILLINOIS STATE TRUST COMPANY BANK OF EAST ST. LOUIS, ILLINOIS.

AMBITION and greed, as everyone will admit, have played a prominent part in many of the bank failures of the past, but year by year as existing legislation is enforced and new legislation framed, we can see these things dying out and the new order of things coming into favor. By "the new order of things" we mean sane

F. T. JOYNER
Active President Illinois State Trust Company Bank of East St. Louis, Illinois.



General View of Main Banking Room.

banking, tempered with prudence and conservatism, such as the successful banks of to-day stand for.

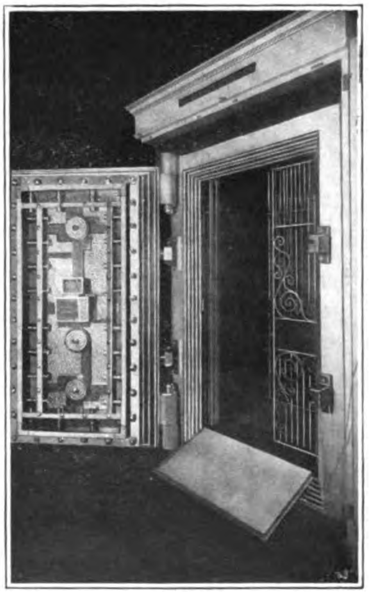
A fine example of the truly conservative bank is the Illinois State Trust Company

The Illinois State Trust Company Bank of East St. Louis, Illinois.

Bank, of East St. Louis, Ill., which has the distinction of being not only the largest banking house in that city, but also the oldest one.

It was incorporated in the year 1865 as the East St. Louis Banking Company, and has deservedly earned its present success and good standing. Twenty-five years later, in 1900, the First National Bank of East St. Louis was organized, to take over the company's business. Under the national charter the original business continued to grow and increase in volume quite satisfactorily.

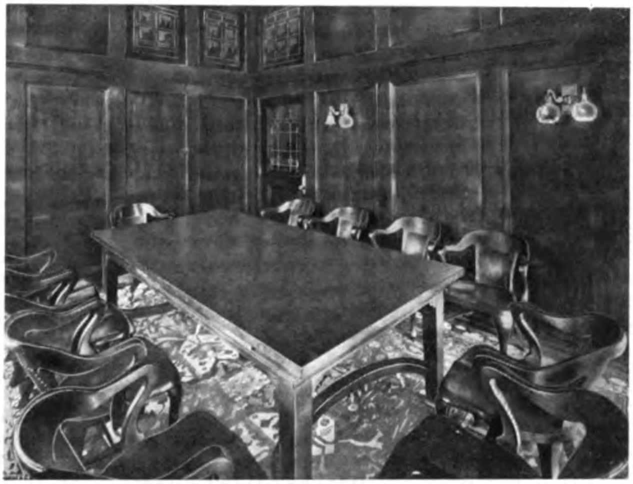
During the month of May, 1901, another bank, known as the Illinois State Trust Company, was organized in East St. Louis, and it also was very successful. In the five years immediately following its inception,



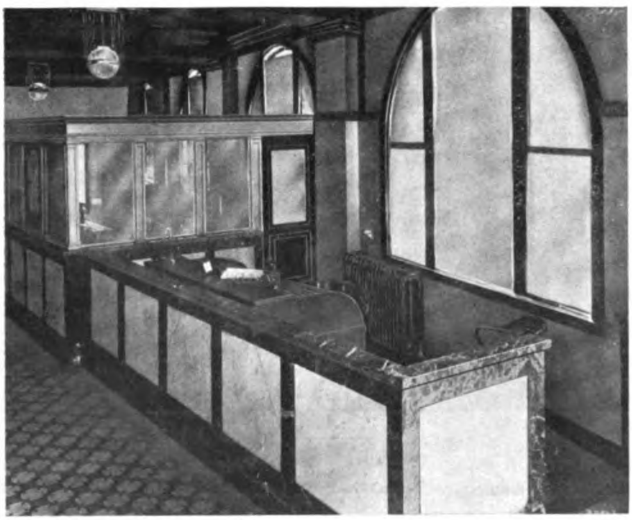
Vaults Illinois State Trust Company Bank of East St. Louis, Ill.

$48,750 in dividends were paid out and undivided profits of $100,000 were accumulated.

In May, 1906, the company's business was reorganized and reincorporated as the Illinois State Trust Company Bank, under the



Directors' Room.



Secretary's Office.

state bank act, with a capital stock of $250,000 fully paid up, and the business of the trust company was then transferred to the new corporation, the Illinois State Trust Company Bank.

This change was made solely to enable the company to take deposits from its clients and patrons subject to check, which office it could not perform under the trust company act.

On March 3, 1907, the bank which had its beginning in 1865 as the East St. Louis Banking Company, and was at this time known as the First National, lost its identity and became a part of the Illinois State Trust Company Bank.

The present capital is $300,000, surplus $100,000 and undivided profits $65,000, and deposits over two millions.

Customers can use this bank to especial

advantage, as the branches of business carried on embrace not only commercial banking, but also real estate loans and a general trust business. Safety deposit boxes can be rented for a nominal charge.

ROBERT P. MUNGER

Secretary Illinois State Trust Company Bank of East St. Louis, Illinois.

The accompanying cuts do not begin to convey the real beauty and arrangement of the company's banking quarters in its modern six-story building, which stands at the corner of Missouri and Collinsville avenues, one of the best business corners of East St. Louis.

The board of directors is made up of a very strong body of business men, as follows: Geo. G. Hellar, Dr. H. J. DeHaan, Chas. Goedde, H. C. Fairbrother, Thos. L. Fekete, M. V. Joyce, Geo. S. Maddox, W. H. Elliot, Harry S. Kramer, Wm. E. Nims, P. T. Chapman, R. E. Gillespie, vice-president, and F. T. Joyner, president.

The officers, to whom credit is due for the bank's growing popularity, are: F. T. Joyner, president; Paul W. Abt, vice-president; R. E. Gillespie, vice-president; R. P. Munger, secretary, and James E. Combs, cashier.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—J. Ogden Armour has been elected a director of the National City Bank. His election was desired because of his prominence in the business and financial affairs of the West and Southwest.

J. P. Morgan, Jr., has also become a director of the National City Bank, thus indicating harmony between the Morgan, Kuhn-Loeb and Standard Oil interests.

—Webb Floyd, heretofore secretary and treasurer of the Mutual Alliance Trust Company, has been elected vice-president of the institution, succeeding A. L. Banister, who resigned recently. Mr. Floyd has also been elected to the directorate. Frank V. Baldwin has been chosen to succeed Mr. Floyd as secretary and treasurer. Mr. Baldwin was for a number of years cashier of the Commercial & Farmers' National Bank of Baltimore, and has lately been assistant to the president of that bank. He retired from that post on September 1. He has an extensive acquaintance among the Southern bankers and his connection with the Mutual Alliance Trust will no doubt add materially to its interests. Mr. Baldwin has been a director of the company since last November.

—Most gratifying is the report that comes from the Hanover National Bank, under date of September 1. Loans and discounts comprise $57,376,530 of the $123,784,594 of total resources; the surplus fund is now $10,500,000, as compared with the capital of $3,000,000. Deposits exceed $61,000,000. James T. Woodward, as president, has brought his institution into great favor with out-of-town banks.

—John A. Noble, formerly assistant cashier of the Night and Day Bank, has been appointed cashier of that institution, to succeed the late Gustav L. Wilmerding.

—T. K. Sands has been chosen vice-president of the Italian-American Trust Co., and enters upon the duties of his new post on October 1. With his acceptance of the office, Mr. Sands relinquishes his connection with the Bank of Richmond at Richmond, Va., of which he has for some years been second vice-president and cashier.

—The New Netherland Bank, located at 41 West Thirty-fourth street, has been designated a depository of the reserves of state banks and trust companies.

—William P. Daniels has resigned as assistant secretary of the Manhattan Trust Company.

—Deposits of the Liberty National Bank now total $23,118,403, while the surplus fund remains at $2,000,000, just double the capital. Loans and discounts amount to $14,811,619; undivided profits are given as $615,193, and total resources are $27,745,797.

—In response to an invitation issued by John Gardin, manager of the foreign exchange department of the National City Bank, representatives of forty-six of the fifty-two banking institutions and houses which deal in foreign exchange met at the City Bank on September 9 to discuss the advisability of revising methods now in vogue in that market.

The chief change considered had to do with making an agreement providing for cash payments upon delivery of the exchange. Some opposition developed, it being pointed out that dealings often continue until long after the close of banking hours, a fact which seemed to work against the plan for cash payments.

There was also discussed the advisability of organizing an association of foreign exchange dealers, but no definite action was taken on either suggestion. The various matters brought up were submitted for consideration to a committee made up of J. E. Gardin, vice-president and manager of the foreign exchange department of the National City Bank, chairman; Mr. Donald of the Hanover National Bank, Mr. Whitney of J. P. Morgan & Co., Mr. May of the Guarantee Trust Company, Mr. Voorhees of the Royal Bank of Canada, and Mr. Scott of the International Banking Corporation. Mr. Hunt of the Bank of New York, N. B. A., was appointed secretary of the committee.

—Charles L. Schenck, secretary of the People's Trust Co., of Brooklyn Borough, has been elected third (and active) vice-president of the company. Mr. Schenck has been connected with the institution since its organization in 1889. He was originally paying teller, becoming later assistant secretary, and in 1907 was made secretary. He will continue to serve in the secretaryship, in addition to performing the functions of his new office.

—The new home of the Sumner Savings Bank, on Broadway, Brooklyn, recently completed, was thrown open for public inspection on September 8. It is in every respect a thoroughly up-to-date, fireproof banking building, with handsomely equipped offices and model vaults, located in a central business section of the borough, on one of the most important thoroughfares, and the officers and trustees, from Presiuent Nathan S. Jonas down, anticipate an epoch of renewed prosperity in their new location.

—Directors of the Knickerbocker Trust Company have decided to pay, on October 29, an additional twenty-five per cent. of the surplus "A" certificates, issued under the plan by which business was resumed in 1908. This payment, which is the second twenty-five per cent. disbursed on these surplus certificates, leaves only fifteen per cent. of the deposits held by the company when it closed its doors during the panic remaining due to depositors.

The first payment of twenty-five per cent. on the surplus "A" certificates was made only a little more than a month ago, on August 4. Each twenty-five per cent. payment on the surplus "A" certificates involves a distribution of over $2,500,000 to the old depositors, and when the disbursement is made on October 29, over $30,000,000 will have been paid out.

Under the resumption plan, depositors accepted for their accounts seventy per cent. of their claims in the form of instalment certificates of deposit, which were to be paid at regular intervals, ending in August, 1910. These certificates, representing $25,000,000, were paid up in little over a year after the reopening, or sixteen months earlier than the date specified in the plan. The remaining thirty per cent. was accepted by the depositors in the form of surplus "A" certificates, which were to be redeemable at the pleasure of the company whenever the surplus exceeded $8,000,000, and were all to be redeemed before any dividends could be paid to the company's stockholders.

When the instalment which will be authorized to be paid on October 29 is out of the way there will remain only $5,000,000 to be paid out of the $35,000,000, approximately, owing depositors when the company closed its doors.

—Stockholders of the Chatham National Bank have received circulars from a syndicate of business men who have recently acquired a large interest in the bank, explaining that the new interests have acquired a considerable block of stock with the hope to enlarge the scope of the institution.

The circular is signed by the law firm of Holt, Warner & Gaillard, representing the syndicate.

It is known that William A. Law, vice-president of the Merchants' National Bank of Philadelphia, is one of those actively interested.

The only other members of the syndicate whose names are known are Sylvester Dunham, president of the Travelers' Insurance Company of Providence. and ex-Gov. Myron T. Herrick of Ohio.

The Chatham National Bank was organized in 1851, and is one of the few old-line mercantile banks south of Fulton street. A large part of its business is done with the jewelry trade of Maiden Lane. It has deposits of $8,253,000, and according to the last report the net profits were $1,025,000. George M. Hard has been president for more than a quarter of a century.

—Frank Hammond, who has been connected with the Greenwich Bank for twenty-five years, and for some time as assistant cashier, has been elected cashier of that institution.

NEW ENGLAND STATES.

—The Lincoln Trust Company of Boston, which was recently granted a Massachusetts charter, has leased the premises now occupied by Rice & Hutchins, at 12 High street, and will open for business about October 1. Clifford B. Whitney of the First National Bank of Boston has been elected treasurer of the new company.

—An agreement has been reached between the Mechanics and the Federal Trust Companies of Boston whereby the two will consolidate.

The enlarged Federal Trust Company will have a capital of $1,000,000, surplus and undivided profits of $400,000 and $5,000,000 of deposits.

It is planned to keep open the Mechanics Trust Company as a branch office to the Federal for some weeks, but eventually the two will be combined at the office of the latter, at No. 95 Milk street.

The stockholders of the Mechanics Trust Company will have an opportunity of exchanging their shares for Federal Trust Company at $138 a share. The purchase price of the Mechanics was $123 a share.

—Roger W. Babson, of Wellesley Hills, Mass., has been elected a director and a member of the executive committee of the Gloucester Safe Deposit & Trust Co. of Gloucester, Mass., succeeding the late John K. Dustin, who was also vice-president of the company. This institution, it is stated, is now the largest of its class between Boston and Portland, Me., having aggregate assets approaching $4,000,000.

—The Naumkeag Trust Company of Salem, Mass., is to take over the business of the Consolidated Asiatic and Naumkeag National Banks of that city, and the board of directors will be Roland M. Baker, Henry P. Benson, Eugene J. Fabens, Robert Osgood, David Pingree, Charles S. Rea, Charles W. Richardson, Frederick T.

Pousland, Nathaniel G. Symonds and George H. Allen of Salem and Gordon Abbott, president of the Old Colony Trust Co., Arthur F. Estabrook of Estabrook & Co., bankers, Gen. Francis Peabody, Jr., Francis R. Hart, vice-president of the Old Colony Trust Co. and Steadman Buttrick of the firm of Estabrook & Co.

—Elmore E. Locke has been elected president of the Malden Trust Co., of Malden, Mass., succeeding Charles L. Dean, deceased. Dana J. Flanders, passenger traffic manager of the Boston & Maine, has been elected vice-president.

—In the reorganization proceedings of the Columbia Trust Company of Middletown, Conn., the following officers have been elected: President, C. W. Dickerson; vice-president, Frederick S. Bacon; secretary and treasurer, William H. Edwards.

The number of trustees wil be reduced from eighteen to nine, and the board of directors from twelve to nine members.

—An excellent statement for September 1 comes from the National Tradesmen's Bank of New Haven, Conn. It is as follows: Loans and discounts, $1,316,223; U. S. and other bonds, $491,450; banking house, $25,000; due from banks, $43,249; cash and reserve, $398,559; total resources, $2,274,482. Capital stock, $300,000; surplus, $300,000; undivided profits, $59,735; currency in circulation, $195,400; deposits, $1,419,346. Since its organization this bank has paid $1,245,000 in dividends.

EASTERN STATES.

—Henry A. Williams, an attorney of Columbus, Ohio, has been selected for the position of national bank examiner for the Pittsburgh-Cleveland district. The appointment came direct from President Taft.

—Josiah N. Davidson has been elected vice-president of the Dollar Savings Fund and Trust Co., of Pittsburgh, to fill the vacancy caused by the death of Dr. C. H. Voight. Mr. Davidson is president of the Second National Bank of Allegheny, and was one of the organizers of the company of which he has been elected vice-president.

—As ever, the last call of the Comptroller has brought forth a gratifying statement from the Bank of Pittsburgh, N. A., the main items of which are: Loans and discounts, $2,400,000; cash in vaults, $2,410,093; surplus and undivided profits, $2,974,438; deposits, $16,927,510; total resources, $24,493,249.

GENERAL DON PORFIRIO DIAZ

PRESIDENT OF THE UNITED STATES OF MEXICO

GENERAL DON PORFIRIO DIAZ
President of the United States of Mexico.

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor
SIXTY-THIRD YEAR NOVEMBER, 1909 VOLUME LXXIX, NO. 5

THE PROPOSED CENTRAL BANK.

GREAT interest naturally attaches to the proposal looking to the establishment of a central bank, made by President GEORGE M. REYNOLDS in his address at the recent convention of the American Bankers' Association in Chicago. Introducing the subject, Mr. REYNOLDS said:

"As the result of a study of the financial systems of the various countries of the world and the knowledge gained from actual experience in business of some of the changes necessary in order that we may secure a system of currency that will meet all the requirements of our rapidly-growing business and which will at the same time command the confidence and respect of the entire business world, I am convinced that we should have established in this country a central bank, with power of note issue, to be operated under governmental supervision or control."

After briefly reviewing some of the present banking conditions, Mr. REYNOLDS continued:

"To my mind, our foremost requirements are to have established an institution which could in time of need furnish credit in proportion to the reasonable needs of business and which would by law be given the power, under proper restriction, to issue its notes to be used as a circulating medium.

"A central bank, organized under a charter which would give it these powers and operated under an intelligent management, would go a long way toward solving our financial problems.

"First, it must be a central bank in fact as well as in name and its powers and functions should be restricted to the needs of business; its plan of organization and operation should be such that it would automatically support the needs of and be the servant and not the master of business. Its capital should be large enough to command respect and confidence,—say not less than one hundred million dollars. Whether the capital stock should be subscribed for by the national banks of the country or sold to the public under a guarantee of a small dividend by the Government, with the right of the Government to share in the profits above the amount of that dividend, is only a matter of detail. Personally, I believe the latter plan would be the better, as it would do away very largely with the feeling that such an institution would be run for the especial benefit and profit of the banks of the country. This plan would make it a people's rather than a bankers' bank, and would popularize it and greatly assist in solving the political problem, which seems to be quite as difficult or even more difficult of solution than is the economic problem."

While it is true that such form of organization would tend to disarm political opposition, would it not be open to some serious objections?

Should the Government guarantee the dividends, this would make the stock attractive as a popular investment, and might lead to a wider distribution of the shares than is desirable. If at any time the bank should incur popular prejudice, the holding of a large amount of its stock by the general public might result in the policy of the institution being hampered at a critical moment. Probably, however, in practice this objection would not be valid, for the stock, though subscribed for at first by the public generally, would finally drift largely into the hands of a comparatively small number of capitalists.

"While such bank should be the fiscal agent of the Government and have all Government funds deposited with it, the bank should not be given the power to support the public credit, as that should be done by the Government itself and by the people in an individual capacity. It would not be wise to give the Government supervision or control over a central bank and at the same time allow the bank to be used by those who direct its policy, in maintaining the public credit."

And yet, conceivably, the assistance of the bank in upholding the public credit might be greatly needed. Such an organization, it seems to us, would be able to perform that service more effectually than "the people in their individual capacity."

"The bank, in addition to Government funds, should receive as deposits the funds of national banks in the three central reserve cities, acting as reserve depository for banks in those cities, just as they act as reserve depositories for the banks in regular reserve cities. This would not affect the relations now existing between the banks in the country, either as to reserves or deposits."

One of the strong objections against a central bank with branches has been that it would interfere with the existing relations between the reserve banks and their correspondents. The suggestion above made by Mr. REYNOLDS disposes of this objection.

"A central bank, in its operation, should not, at the beginning at least, interfere with the functions of the national banks of the country, and the only effect of the adoption of the plan I suggest would be to take away from the national banks all of the funds of the Government now deposited with them.

"The charter under which the bank would be organized should provide that the bank would have branches in each of the cities where there is now a sub-Treasury and in such other cities as would be necessary to give an adequate service to the whole country; and since the bank would be the fiscal agent of the Government this would do away with all sub-Treasuries."

We believe that it would be an actual benefit to the banks if they were deprived of the use of the Government funds. The methods long employed in distributing those funds among the banks have been, in our judgment, most unwise and not infrequently have seriously disturbed the money market.

Provision for branches will be indispensable to the success of the central bank. A central bank without branches would be about as useless a piece of machinery as a human body without brains, lungs, heart, or stomach.

PASSING to the consideration of one of the principal functions of the proposed institution, Mr. REYNOLDS said:

"Up to this point the whole plan seems to be very simple, but we are now brought to a consideration of the most important principles involved in the whole question, viz.: From whom shall the bank accept discounts; what shall be the character of the paper eligible for discount; and how shall it account to the public for the proceeds of discounts when the requirement for credit by the business interests of the country is exceptionally large and its coin reserves are not sufficient to cover same. These are subjects upon which many of our leading financial authorities, as well as many of our statesmen, differ in opinion, for upon the settlement of these questions depends the success or failure of the whole enterprise, as it embodies the determining of what is the best kind of a credit, as well as what is the most available security for the note issue of the bank.

"I feel sure we all agree that a short-time credit created in the actual conduct of business which represents a real transaction between two or more solvent concerns and which bears a solvent endorsement in addition is the credit which is most desirable, as it is the credit which will be first redeemed, since a completion of the transaction through which it was created automatically retires the obligation.

"I would then restrict the discounts of the central bank to short-time credits of this character; those which would run, say, not to exceed ninety days; I would make the bank a bank of discount for the national banks of the country; and if it would be necessary to do so to enable it to employ its funds, I would allow the bank to accept discounts from the public, but it should not receive deposits from the public. Whether or not the right of discount should be extended to State banks also is only a matter of detail and is not important from the standpoint of a discussion of the plan of a central bank.

"If the bank has a large credit-creating power and is able to discount for the public and the banks of the country large amounts of paper during crop-moving seasons and in times of emergencies,—and it must have this power and be able to do this if it meets our requirments,—the proceeds of these loans would be required in some form of money which could be used as a circulating medium. The only possible way to provide for this would be to give the bank the right to issue its own notes. 'Very well,' you say, 'but how shall these notes be secured.' This is the rock upon which the craft of many a financial student has been wrecked, and it has provoked the most heated discussions among political economists and practical business men.

"The security for a bank note, first of all, should possess the qualities of safety and availability. The safest form of security would be gold coin, but since it would not be available in quantities sufficient to enable the bank to carry a coin reserve equal to its outstanding notes, we must find some other way by which we can require that these notes will be secured and at the same time give us a safe and elastic form of currency which will expand or contract automatically as the requirement for discounts increases or decreases.

"Permit me to say in this connection I believe the notes of the bank should be secured in part by a coin or metal reserve, but if we secure the relief we need, a considerable percentage of the notes thus issued must be secured in some other way. What shall we require this security to be? It should be a security which, in the natural course of business, will first be redeemed and through its redemption or payment bring into the treasury of the bank actual money.

"What character of securities have we in this country that are most available for this purpose? Is it bonds which do not mature for years to come and which, in the nature of things, even then will be renewed? Is it mortgages on real estate running for a shorter period, but still having a maturity some years in the future? No, it is neither bonds nor real estate mortgages.

"If it is wise to restrict the character of the paper which will be eligible for discount at the bank to that which will be first paid,—to a commercial credit or to paper representing an actual transaction in business between solvent concerns,—why should we not make paper of that character, with a certain required percentage of coin reserve, the basis of security for its bank notes? Its use for this purpose would insure an elasticity in the note as a circulating medium, and the notes which would be issued by the bank in times of stress would automatically contract and be retired from circulation when the transaction creating the credit had been completed and the credit paid."

These principles, so clearly stated by Mr. Reynolds, respecting bank-note issues are entirely sound. It will be a great gain for American banking and American business generally when they are reduced to practice, through the instrumentality of a central bank or otherwise.

REGARDING the method of controlling the bank, Mr. Reynolds proposed:

"I would provide for the supervision of this bank along lines somewhat similar to those governing the Imperial Bank of Germany, or the Reichsbank, by the appointment of a general governmental supervising or overseeing board, the members of which should be appointed jointly by the President of the United States, the Secretary of the Treasury and the Comptroller of the Currency. I would require that the appointment so made be approved or confirmed by the Senate, and I would so arrange their terms of office that the majority of this board should not go out of office during any period of eight consecutive years,—thus providing against a change in the policy in the management of such a bank, even though we should have a 'freak' administration for two consecutive terms.

"I would have another board selected by the stockholders, the members of which would confer with the officers and this supervising board, but in order that the management of the bank might be entirely removed from politics, and to prevent the possibility of any syndicate gaining control of the bank, I would have the supervising board, after they had conferred with the board representing the stockholders, vested with full power to appoint the directors and president of the bank to their respective positions for long periods of time, or for life, subject, of course, to removal for incapability or malfeasance in office.

"Many believe that a provision in its charter which would provide that the Secretary of the Treasury and the Comptroller of the Currency be members of its board of directors would give the Government sufficient supervision over a central bank.

"This is only a matter of detail—important it is true—but still a matter of detail, since its charter could be such as to keep the bank free from political influence or intrigue.

"The restriction regarding paper eligible for discount should be so severe that no paper representing a speculative transaction would be admissible.

"When the United States bond-secured, national-bank-note circulation is retired, the central bank should have the exclusive right of note issue, but that would come about largely through a process of evolution which would not disturb business conditions.

"The establishment of a bank along

these lines, with the details properly worked out and fully described in its charter would, with some slight modifications in our present National Bank Law, give us the desired relief."

Would not the method employed to remove the management of the bank from politics not have precisely a contrary effect? It seems to us that a supervising board (vested with full power to appoint the directors and president of the bank) designated by the President, the Secretary of the Treasury and the Comptroller of the Currency, would be much more likely to be swayed by political considerations than a board chosen by the stockholders. By vesting the real management in a supervising board chosen by the President, the Secretary of the Treasury and the Comptroller, the central bank would be made, it appears to us, a political bank from the start.

The plan of organization for the central bank as outlined by Mr. REYNOLDS in his address seems probably as good as any that could be devised, and the proposed method of issuing notes is thoroughly sound. But we doubt whether the kind of management he suggests would be found satisfactory.

We doubt the competency of the public officials named to select a supervising board for the central bank. But were their competency established beyond question, we should still see grave objections against lodging such power in the hands of the President, the Secretary of the Treasury and the Comptroller of the Currency.

Is this not really introducing a new principle into banking in this country—that of Government management instead of Government supervision?

About the details of the central bank opinions will differ greatly. Mr. REYNOLDS has brought the subject into prominence by his proposals, and the discussions that will follows are sure to be of interest and value.

CLEARLY the vigorous campaign made by the advocates of a central bank is bearing fruit. We pointed out several years ago that, in our judgment, the higher financial authorities had determined upon pushing this plan through to success. Thus far they have encountered only a mild form of criticism, and no counter plan has been put forward. With the resources of the Treasury at command for carrying on the work of propagation, the central bank advocates certainly would seem to have clear sailing.

When men of such wide banking experience and sound judgment as Mr. FORGAN, Mr. REYNOLDS and Mr. ROBERTS of Chicago, and Mr. HEPBURN of New York, unite in declaring in favor of a central bank, lesser banking and financial lights who have opposed the central bank may well wonder if after all they could have been mistaken. In practical ability and in theoretical knowledge of American banking and finance these gentlemen are in the foremost ranks. Nor can we doubt that in favoring a central bank they are just as conscientious and as patriotic as are those who are opposed to the establishment of such an institution.

It is with extreme diffidence that THE BANKERS MAGAZINE dissents from the conclusions reached by those authorities who favor a central bank. Nevertheless, we are not yet persuaded that it is the best plan or the one most feasible from a political standpoint. True, at present there is nothing in sight worthy of being denominated an opposition party. But the resurrection of the party buried beneath the weight of Bryanism is not an impossibility. It may be that the central bank will afford the effective battle-cry for which its leaders have long waited.

But aside from this, it is believed that even if the central bank scheme should succeed it will be found far less efficacious in the regulation of the currency and banking of the country than its advocates suppose. However eminent in banking and finance the friends of such an institution may be, they are assuming a great deal in thinking that a central bank will be in the United States the beneficent and powerful instrumentality that it is in Europe, and in Japan. Unless the conditions were similar, it would be unsafe from the experience of other countries to predicate the success of a central bank in the United States.

Yet, while such an institution may not do all that its friends claim for it, it would undoubtedly be of very great help to our heterogenous banking system in times of financial stress. As we have said more than once, a central bank, properly organized and managed, would be a vast improvement upon present conditions. It should be able at least to avoid the suspension of cash payments and the breaking down of credit incident to our periodic financial disturbances. This would be an immense gain.

We have contended for principles rather than for particular methods of applying them, and have not urged the adoption of any specific plan. But while it is still the belief of the MAGAZINE that the central bank scheme is less practicable and less desirable than other means that might be devised for attaining the same end, if that is the only thing that can be had, it will be better than nothing.

There was a time when the opponents of a central bank might have effectually fought that proposition by uniting in support of something better. It begins to look as if that time had gone by. As THE BANKERS MAGAZINE is not a political publication, it can not, of course, oppose a central bank from a political standpoint. We shall endeavor to secure in these pages a full discussion of the subject, presenting both sides of the question. Expressions of opinion from our readers are invited.

AT the recent annual convention of the American Bankers' Association, President REYNOLDS paid the following just tribute to the excellent work done by the association:

"The fact that this association has continued to show a steady growth, until it now numbers among its members nearly eleven thousand of the principal bankers of the United States, surely justifies the belief that some good is coming to the bankers of this country through these annual meetings. There are still a few bankers who, I regret to say, shrug their shoulders when the name of this association is mentioned and who say that it does not accomplish anything of real value and that its meetings are nothing more or less than excuses for junkets.

"Can any intelligent man who possesses a knowledge of the science of human nature stand before this splendid audience and look into its faces and then have the temerity to say that the coming together of you, gentlemen, from every section of the country, in social intercourse, for the exchange of ideas and experiences and for the consideration by you, as an organized body, of questions of vital interest to the banking fraternity, is only an excuse for a junket?

"That these assertions are made is due to the fact that those uttering them do not know of the great work this association has done to promote a higher standard of banking and a better conception by the individual banker of his responsibilities and duties. They have not experienced the thrill of the pleasure given by the handshake of the friends meeting annually at these conventions; they are entirely unconscious of the fact that wide-awake bankers of the country wonder at their failure to accept the opportunities this association has taken to their very doors.

"For twenty years I have been a regular attendant at these annual conventions, and I have seen hundreds of men, young and old, who began their experience in banking in small cities and country hamlets, grow in experience, capacity and personality as a result of the associations their attendance at these meetings has afforded them, until I see them located in all sections of the country, occupying many of the most responsible positions in banking the country affords."

To one who has observed the changes in banking sentiment in this country for the past twenty years the justness of these remarks is readily apparent. Banking opinion has improved to a very important extent, and this improvement has been brought about, in large part, by the activities of the American Bankers' Association.

It yet remains, however, for the association to spread a knowledge of banking and currency among the people, so that they may be able to distinguish between a bond and a bank note, between an investment and a gold brick. This will be a vast undertaking, but the American Bankers' Association has now become a wealthy and powerful body and should not be deterred from attacking the problem because of its vastness. It is undoubtedly the proper agency for disseminating among the people sound information respecting banking, the currency and investments.

BANKING in New York seems to lack the organization that one would suppose to have developed out of such long preëminence as a banking and financial centre. There is hardly to be found a single financial institution equipped for handling a particular line of business, much less a common bureau of information to which one may resort for advice in procuring loans for large enterprises. If the enterprise is other than purely local, the difficulties of convincing the average banker of its merits will be practically insuperable. This is not surprising, nor is it a matter for criticism. The bankers of this country, as a rule, have quite enough to do to keep themselves informed of conditions in their own localities. They can hardly be expected to look far away from home for sources of increasing their business.

Yet as New York continues to grow in financial importance, the need for specialization and adaptation to other than local requirements will become greater. The opportunities for enlarged profits without additional risks throughout the whole United States increase with the growth of wealth and population. To neglect these because of inadequate equipment would be a short-sighted policy upon the part of the banks at the chief financial centres.

With the completion of the Panama Canal, enterprise is bound to take a forward leap throughout Latin America. Yet where in New York is a bank or agency of any kind possessing even a primary knowledge of conditions in those countries?

The French, English and German banks are not quite so behindhand, and consequently they will be in a favorable position to take advantage of conditions that would naturally inure to the benefit of the banks of the larger financial centres of the United States were their machinery capable of doing the required work.

ONE of the amusing curiosities of American finance was thus brought to light by the President of the American Bankers' Association in his recent annual address:

"The rapid decline in the market value of United States two per cent. bonds owned by national banks and pledged to secure their circulating notes is a subject that is engaging the attention of the bankers of the country, now that the Secretary of the Treasury has been empowered to sell a large issue of three per cent. bonds. If the new threes were to be issued at this time and could be used as security for circulation of national banks without an increase in the tax on notes secured by them, two per cent. bonds would undoubtedly sell below par; in which event the banks of the country would suffer still further financial loss and our bank notes be discredited.

"I think bankers need not be fearful of this result, for our worthy Secretary of the Treasury is keenly alive to the necessity of maintaining a parity for the two per cent. bonds, and since he has the right under the law to issue one-year three per cent. certificates to the extent of two hundred million dollars, I am sure we can depend upon him not to put out any of the three per cent. bonds, the issue of which has just been authorized, until after the next meeting of Congress, when, I feel confident, the tax on circulating notes secured by three per cent. bonds will be increased sufficiently to insure a parity for the two per cent. bonds that are pledged by our banks as security for their circulating notes.

"Thus the process of having the banks support United States bonds at a price much above their intrinsic value is to be reversed and the fictitious value of the large amount of outstanding twos is to be maintained by a discrimination against bonds bearing a higher rate, which I think you will agree is far from scientific or satisfactory."

This means that the bonds bearing the higher rate of interest, and intrinsically the more valuable, are to be discriminated against and made less "valuable" by being the more heavily taxed when used as a basis for circulating notes. We hardly know what better illustration could be given of the foolishness of our present policy with respect to bank circulation. One would think that the Government ought to favor the use of the three per cents. as security for bank circulation, since they are the more desirable from an investment standpoint. But having given the two per cents. a fictitious value, the Government in justice to the banks can hardly do otherwise than keep up the fiction.

It is very mild to characterize this performance as being "far from scientific or satisfactory." We think it might be characterized, without exaggeration, as stupid juggling with the public credit.

COMPETITION of the trust companies with national banks has forced the last-named institutions to look with favor on an extension of their powers so as to include trust company functions. As was said by President REYNOLDS in his annual address at the convention of the American Bankers' Association:

"There should be a change in our present laws governing national banks, giving them greater powers to compete with State banks and thus encourage a growth in the number of banks in the national system under Federal control.

"National banks should be allowed to act as trustees and they should be given the right under a specific declaration of law to accept savings deposits, but the savings deposits thus received should be segregated from their general deposits. Furthermore than this, the law should define definitely the character of investments the banks should carry against savings deposits, which investments should be segregated from the general assets of the bank, and in case of a failure of the bank the savings depositors should have a first lien upon the specific securities held in the savings department and in addition be general creditors. The published statements should show just the amount of savings deposited and securities held against same, and the savings deposits held by national banks should carry the same requirements as to reserve and be subject to the same notice of withdrawal that is now required under the various State and savings-bank laws. If this were done and the laws in the various States were so changed as to require a State bank or trust company to segregate their savings deposits and securities in the same manner, with the same restrictions, it would go far toward answering any arguments advanced in favor of the establishment in this country of a system of postal savings banks."

In contending for trust company powers, the national banks are simply taking the course that seems necessary to put them on an equality with trust companies in the struggle for business. But with these added powers the national banks would be given some advantage over the trust companies, being empowered to issue circulation and to act as reserve agents for other national banks—privileges not accorded to the trust companies.

The suggestion for segregating the savings deposits from the general deposit accounts of the national banks, and investing them in specially-defined securities, seems a wise one. As Mr. REYNOLDS says, "if this were done it would go far toward answering any arguments advanced in favor of the establishment in this country of a system of postal savings banks."

POPULAR education upon banking and currency must precede the enactment of wise laws relating to these matters. This fact was emphasized by Mr. JOSEPH T. TALBERT, Chairman of the Chicago Clearing-House Association, in the address of welcome which he delivered to the convention of the American Bankers' Association. He said:

"There is just one central thought which I wish to impress upon you, and it is neither about Chicago nor her banks. It is this: The most important work to which this association can presently devote itself lies in influencing and in shaping State and national legislation along the lines of sound economic laws; I mean those which embody correct principles and which will promote sound banking. We have been sailing for a long time through financial fog, and while in some quarters the sky seems to be clearing, the harbor of popular soundness on financial subjects unhappily is not in sight; nor can we yet discern the shore line of *terra firma* in our monetary system."

Mr. TALBERT then referred to the work done by the association in opposing the free-silver delusion, and then said:

"Just so it will be necessary to educate the people and probably as much time will be required in which to do it, concerning other menaces and weaknesses in our financial system. But when this has been done and the people fully apprehend the dangers to which they are needlessly exposed and when they realize that the remedy is in their own hands there can be no question but that their verdict will be equally conclusive. I refer, of course, to our defective currency system; and, I may fairly say, to the alarming tendency towards unsound and dangerous State banking laws. We have reason to hope for good results in the way of popular education from the work of the Monetary Commission of the House and Senate. There is also reason to believe that the Currency Commission have undertaken their work seriously and in good faith, and that they are doing it thoroughly. When their report is made it is expected to embrace broad and comprehensive measures of reform. However, it is not out of place to point out to you and to emphasize the fact that sound and correct, instead of artificial and political, legislation in our finances is imperative, and infinitely more important than the tariff or any other issue that has been before us in recent years. It is discreditable, not to say disgraceful, that we have not a currency system that will meet every legitimate need of business. There are no valid reasons why we have not such a system. After recent experience failure to perfect the currency and place it upon a basis as sound as that of any other country in the world would be a national shame. The Currency Commission no doubt will report a wise and safe solution of our problems, but when it comes to framing and enacting laws based upon their recommendation they will need the support, not only of bankers, but of the business interests of the whole country and most of all the influence of the press to stimulate Congress to action."

The report made by the Monetary Commission will result in a more thorough discussion of banking and currency problems than has taken place in a generation. This discussion can not fail to have a beneficial effect in educating the business interests of the country so that they may come to see the desirabliity of the sound and correct legislation which Mr. TALBERT justly declared to be imperatively needed.

BORROWING on American finance bills in the London market contiues to be a leading feature of these stirring times in the financial world. Probably these borrowings will be largely reduced by the exports of grain and cotton during the fall and early winter. Certainly they will be unless the present speculative movement should continue to grow.

This remarkable outburst of speculation, following so soon after the crisis of 1907, illustrates afresh the American disposition to push ahead at the earliest opportunity. For the speculation is merely a reflex of the prosperity brought about by the big crops and the favorable condition of trade and industry.

While it can hardly be expected that the course of the present cycle of prosperity can differ materially in its history from those that have preceded it, several years may elapse before the culmination comes.

The steady gait at which commerce and industry move along in most other countries fails to satisfy the ambition of the American business man. "Wisely and slow" is a maxim that does not appeal to him. By running fast he may stumble, yet he prefers to take his chances of being able to get on his feet quickly rather than to plod along slowly and surely. Evidently he thinks, "Small have continual plodders ever won."

Very good sermons might be preached on this somewhat flighty disposition betrayed by the directors of American business enterprise. But, alas! all the brilliant arguments brought forward in condemnation of this style of doing business would be put to naught by the results achieved. As Dr. Johnson declared, all the arguments prove that man's destiny is controlled by Fate, but all experience proves the contrary. All the counsels of prudence condemn the feverish rush of business and speculation periodically witnessed in the United States. But the statistics of increase in wealth set these counsels at naught.

So the conservatively disposed can only look on in wonder if not in approbation, knowing that at least when the game has run its course they can have the supreme satisfaction of saying, "I told you so."

SPEAKER CANNON seems to be greatly perturbed by the criticisms of his action in removing Mr. FOWLER from the chairmanship of the Banking and Currency Committee of the House. In a public address recently he defended his course on the ground that Mr. FOWLER refused to report the Aldrich-Vreeland bill, a measure supported by the Republican party leaders. Of course, Speaker CANNON is totally unable to comprehend the position of any man who stands for sound principles instead of imagined political expediency. He evidently fails to understand that had Mr. FOWLER, as chairman of the Banking and Currency Committee, made a favorable report on the Aldrich-Vreeland bill he would have completely belied all the professions he had ever made in behalf of sound banking and currency legislation and would have received the condemnation of every one who has given that subject serious study.

Speaker CANNON found in Mr. FOWLER an obstacle to unsound banking and currency legislation, and to the enactment of measures designed as "political bluffs." He therefore removed him, to make a place for a man presumably more pliant.

But the sentiment in favor of intelligent banking legislation is growing. There are Republicans who believe that the greatest obstacle to its progress is Speaker CANNON, and unless the Speaker heeds this sentiment he may find himself called on to do a whole lot more of explaining.

AS the time approaches for the mutual savings banks of New York and other Eastern States to declare their semi-annual dividends, the question arises as to the propriety of a reduction in the dividends heretofore paid by many of these institutions.

For some years past there has been a marked decline in the per cent. of surplus of the New York savings banks, computed on the market value of the securities held. This may be of no immediate practical importance, since the solvency of the banks is not likely to be tested by a panic for at least a long time to come. Nevertheless a lessening of the margin between resources and liabilities would seem to indicate a departure from the conservative policy which has generally characterized the management of the Eastern mutual institutions.

The higher rate of interest paid by some of the savings banks undoubtedly attracts to them a great deal of money other than savings deposits. If a savings bank pays four per cent. while a commercial bank or trust company pays three per cent. or less, the temptation to use the savings institutions by classes for whom they were never designed becomes very great.

No other class of financial institutions in this country has reached so high a standard of safety as the mutual savings banks. No doubt that standard will be fully maintained, but the condition of the security markets now and those that may arise hereafter would seem to indicate that prudence may require a lowering of the dividend rate by a number of the mutual savings institutions. At least the time is opportune for a serious consideration of the subject by savings bank trustees.

ATTENTION is invited to an article on "Mathematics of Income Computations," by Mr. EDGAR VAN DEUSEN, appearing in the Investment Department of this number of THE BANKERS MAGAZINE. It contains some fresh and original ideas on the matter treated of that will, we are sure, be found of practical interest to both institutional and private investors.

It is expected that a number of articles will follow on various phases of investment by the same writer, whose work has heretofore appeared in THE BANKERS MAGAZINE, the last being a brief discussion of an unfamiliar feature of municipal bonds in the October number.

CONTINGENT accounts were interestingly treated of in the address of Mr. JAMES B. FORGAN, president of the First National Bank of Chicago, at the bankers' convention. He said:

"There is a matter on which a difference of opinion has for some years existed between the Comptroller's department and some of the most conservatively managed banks in the system. While it may not be considered germane to my subject, I should like, if I do not weary you, to discuss it now. I refer to the contingent account not shown in the published statement. Like many other banking practices, sound when kept within reasonable limits, it is susceptible of abuse and may be made the means of misrepresenting a bank's true condition. When built up beyond reasonable limits and its existence is only known to the officers, directors and a few favored stockholders, great injustice may result. Outside shareholders, ignorant of the true book value of their stock and of its real earning power, might be induced to sell it to inside parties at much less than its actual value. This, however, would be a misdemeanor on the part of the officers and directors and could be controlled by the criminal code as other frauds are. The injury would, however, be confined to the deceived shareholders. No harm could come to depositors from a bank being stronger than its statement discloses. In the interest of the bank itself as an institution, as well as in the interest of the stockholders who own it, a reasonable contingent fund is desirable and generally necessary.

"Such a fund furnishes a reserve strength to protect a bank's resources against contingencies of which there are plenty. In exceptionally prosperous years when profits are large provision should be made for possible losses in lean years. Thus a bank's earning powers can be steadied and sudden or violent changes in the book value of its stock prevented, much to the benefit of the stockholders. For example, the year 1908 was one of abnormally large banking profits, while so far this year, owing to the low rates prevailing for money, profits have been abnormally small. Last year therefore it was possible to make liberal allowance for losses, and in view of the panic, just then passed, it was good banking that this should have been very generally done. This year there has been no margin of profit on current business out of which after paying dividends the usual necessary provision for losses can be made.

"At the close of 1908 it might have been impracticable to specifically apply the amount then appropriated, while in view of general business conditions and their effect on the bank's customers the directors had good reason to anticipate considerable loss on current loans, and when they had thus cause to expect it who will say that it was anything short of their duty to provide for it. It is neither necessary nor advisable that whenever loss is threatened on the accounts of certain customers still actively doing business a portion of their current loans should be charged off as if loss on them had already occurred. Such an appropriation should be made as in the judgment of the directors seems necessary, charging it to profit and loss account and crediting it to contingent account, where it can remain until the anticipated losses materialize, which they generally do. Such appropriations should, of course, be regularly shown in the statement of profit and loss account rendered to the Comptroller, and the contingent fund should be kept in the general ledger open to the investigation of examiners. In my judgment no sound, conservatively managed bank can afford to be without such a fund. It protects the new shareholder who invests in the stock at the market price, based on the bank's published statements, against fluctuating values of its resources in consequence of losses having to be provided for on loans or other assets in existence at the time he makes the investment, and I think he is entitled to such protection. Further, it has a most beneficial effect on the management to feel that the bank is running ahead, instead of lagging behind in the procession.

"The Comptroller's department will doubtless agree with all I have thus far said on this subject, but will ask why the contingent fund should not be shown in the published statements as undivided profits are? It will claim that the public and the shareholders are entitled to know the actual condition of the bank, which they cannot do if there are hidden profits not shown in the statements. My answer is that there are or should be no hidden profits. The contingent fund represents an amount which the directors have deemed it necessary to deduct from the profits and set aside to provide for anticipated losses in current loans in order to maintain their integrity. While, therefore, the ledger and balance book will show the fund in a special account, when a statement of the bank is published the amount of it can quite properly be applied where it belongs. It should be deducted from the current loans, reducing the amount of them as published to the realizable value placed on them by the directors.

"The main thing looked for by the public from governmental supervision is reasonable assurance that bank statements, which are mere figures after all, can be relied on. In view of this and of the natural desire on the part of bank management to make the best showing possible in their published statements, and the general tendency being decidedly along this line, it would be a wholesome policy on the part of the Comptroller to encourage if not to require the maintenance by the banks of a reasonable contingent fund. It would lead to the keeping of an anchor to the windward for the benefit of all concerned. It would certainly be an improvement on the present erroneous practice, against which no exception seems to be taken. I refer to the very general practice followed by the banks of overstating their accumulated profits by including in them discount on time loans collected in advance. All notes discounted up to the date of the statement appear in it at their face value, while their real value is the price at which they are purchased, that is, they are subject to the rate of discount received on them from the time the statement is made to the various dates of their maturities. How would a banker regard a customer's statement if he learned that in taking inventory of stock on hand the customer had added the selling profit to the cost price, thus 'counting his chickens before they are hatched,' and yet in bank statements this is the common rule to which correctly made statements are the rare exceptions.

"The objects being the maintenance of

the integrity of the assets and the adjustment of profits and losses one year with another, so that the growth of the surplus may be solid as well as steady and uninterrupted, the publication of the fluctuating amount of the contingent fund would only confuse the public, hurt the bank and nullify all the benefit to be derived from it. Rather than show it in the published statement it had better remain in profit and loss account as part of which, if shown, it would erroneously continue to be reckoned. A short statement by each bank to the effect that proper provision has been made for all known or anticipated losses and that loans are shown in the published statement at what is believed to be their estimated realizable value would be more satisfactory to the public and more easily understood by it."

No doubt the keeping of such a fund would contribute to increased banking strength, which alone would appear to be a sufficient justification for its creation and maintenance.

Many banks in their published statements do not include their real estate at anything near its true market value. We believe that the Bank of England does not include its valuable banking property in the City of London in its published statements.

While "real estate, furniture and fixtures" is a valuable item when a bank comes to liquidate and go out of business, it is not worth much as an evidence of the ability of a bank to meet current obligations.

The contingent account, if not published, would be a form of deception; but it is a kind of deception which would prove highly agreeable to most bank depositors—to find their bank considerably stronger than its published statements revealed.

VERY definite statements as to the work of the Comptroller's office in supervising the national banks was made by Comptroller MURRAY in his address delivered at the annual convention of the American Bankers' Association.

For years the supervision exercised over the national banks has been severely criticised. Mr. MURRAY took practical steps for ascertaining the basis for such criticism. He found out by writing to the officers of national banks that the examiners in many cases were doing their work superficially. As the Comptroller describes the situation:

"There has always been a great deal of criticism of the national bank examiners, and perhaps there always will be. Some of it is just; much of it is very unjust. When I became Comptroller, I determined to find out exactly how the bank examiners did their work, and there seemed no better way than to ask the bankers themselves. A letter was sent to the president of each national bank, asking how the examiners were doing their work; whether or not it was being well done; and whether the examiners took time enough to go into the details of the bank as the law contemplates; and asking them, in a general way, to point out every defect in bank examinations.

"About 2,000 bank officers severely criticised the manner in which bank examinations were made, and offered suggestions for improvement. Such a percentage of criticism showed something radically and fundamentally wrong. Some of the remedies suggested were excellent; some were impossible. But one important fact was established beyond any question—there was room for great improvement in the work.

"The careful reading of the letters of criticism put the Comptroller's office in possession of specific and reliable information as to just how the work was being done. About forty of the examiners were then called to Washington for a conference. At this conference they were told, in language as plain as could be used, that some of them did excellent work, that some of them gave fair service, that some of them were incompetent and their work both a farce and a fraud.

"This conference developed clearly the need of closer coöperation between the bank examiners themselves, as well as between the bank examiners and the Comptroller's Office. Examiners had gone on for years, working in the same district, conferring with nobody, each following his own methods of examination, often faulty and crude, and knowing nothing of a borower's standing and little of the value of securities, except what they learned in the banks in districts to which they were assigned. An examiner cannot make a reliable estimate of the value of the assets which he finds, unless he has a broader basis of information than he will be able to get by going around and examining only certain banks, and none other. The service was therefore reorganized on a new basis. The country was divided into eleven districts; some one of the very best examiners in the service was named as chairman of each district; and the examiners assigned to each district were required to attend a joint meeting in their district at least twice a year.

"These district meetings of examiners are now not only clearing houses for the exchange of information on credits, but the examiners attending discuss many matters of mutual interest, such as better methods for doing their work; the adoption of new forms and blanks; good and bad banking practices; good and bad bankers. They return to their work better equipped for effective service.

"At these meetings, each examiner brings to the chairman of his district a report on every bank which he considers in an unsatisfactory condition, and discusses in the meeting the condition of the bank, and why he regards it as unsatisfactory. From all these reports of the individual examiners, the chairman makes up a final report for the Comptroller, and sends a copy of his report to each of the other chairmen for their information and for the information of the examiners in the other districts.

"The meetings already held have been most successful. The information submitted in the reports by the chairman form the basis upon which a credit bureau is now being built up in the Comptroller's Office. A copy of the report of each chairman has been sent to each of the other chairmen, and as the reports are available for the examiners assigned to the different districts, it is now possible for any examiner who is interested in any particular line of credit, or in any securities, to write to the chairman of the district to which he is assigned, and find out what the other ten chairmen know about the particular subject of his inquiry."

But the Comptroller did not stop with these improvements in administrative details. He found that there was complaint of partiality in making examinations, owing to the fact that some of the examiners were stockholders in the banks or that they were under obligations as borrowers. Upon these matters he said:

"One of the first things to which I gave attention was the relation of the bank examiners to the banks. I can think of nothing more indefensible or fatal to any sound system of bank examination than to have men examining banks who are themselves stockholders in or borrowers from these banks. An investigation of this matter showed that some of the bank examiners were stockholders, many of them were borrowers; some of them were officers in corporations which borrowed money from the banks which they were themselves examining; others were officers or directors of national banks; and some were officers or directors of State banks.

"No one can defend such a situation as that. A national bank examiner ought never to borrow a dollar from any national bank, nor own a share of stock in one. A bank examiner who does his full duty is engaged in business sufficiently important and responsible to require his best and undivided attention to the work at all times.

"Every national bank examiner, therefore, who was either a borrower or a stockholder in any national bank, or engaged in any other business than that of examining banks, was required to dispose of all the stock held in national banks; to resign as an officer or director of business corporations; to at once pay any loans which he might have in national banks; to agree in writing that hereafter, while a national bank examiner, he would not borrow, either directly or indirectly, from any national bank; that he would not acquire stock in any national bank, either directly or indirectly; that he would not accept public office of any kind or nature whatsoever, and that he would not become an officer of any corporation.

"For forty-five years the Comptroller's Office has been receiving letters from banks which had been criticised, stating that the examiner's report on which the letter of criticism was based was unfair; and the reason given was that the examiner making the criticism was a stockholder in or borrower from a rival bank. Since the recent order was issued, no such letter has been received, and none ever will be as long as that order stands.

"For the first time, therefore, since the National Bank Act went into effect, forty-six years ago, there is not an examiner in the service to-day who owes a national bank a dollar; there is not an examiner in the service who owns a share of stock in any one of the seven thousand national banks; there is not an examiner in the service who is an officer or director of any corporation which borrows a dollar from any national bank; there is not an examiner engaged in any business except examining banks; and there is not a man in the service who is not giving his best energy, his best thought, and his undivided attention to his work."

In addition to these measures taken for bettering the supervision of the national banks, the Comptroller has required an oath of office to be taken by each examiner, and the examiners must also furnish a bond in the sum of $20,000 for the faithful performance of their duties.

The Comptroller has also arranged for coöperation between his office and the offices of the supervisors of banks in the various States, as well as among the examiners of national banks, clearing-house examiners and State examiners. Where State banks and trust companies are closely allied with national banks, he has endeavored to secure joint examination of the national and State institution. By having the examinations made at the same time it is hoped that any manipulation of cash or securities will be prevented.

DIRECTORS of banks have been advised and criticised so much of late that they may well begin to feel somewhat sensitive. Speaking on the subject of directoral control, the Comptroller said:

"I come now to the question of directoral control, and I approach it with no inclination to controversy.

"The director of a bank who poses before the people as the trusted custodian of their funds, and who is using his trusteeship for the purpose solely of personal gain, who is recklessly speculating with the people's money by borrowing unwarranted sums upon insufficient security, is the greatest menace to the safety of the banking system to-day. The elimination of this type of director from the control of banking institutions and the fostering of a keener sense of responsibility among a certain class of bank directors of the duties of their high office is being attempted by me through all the means at my command.

"No matter how effective a law the Comptroller may have at his disposal; no matter how efficient the bank examinations may be, in the last analysis the internal management of the bank makes for either success or failure. The three forces, good examination, strict enforcement of the law, and directoral control, are absolutely essential; but the most important of all is the directoral control. As every Comptroller takes an oath of office to see that the national banking law is enforced, it seems not only my official duty, but that I am bound morally, to make an effort to bring home to the management of every bank, where it is either careless or inefficient, a due sense of its legal and moral responsibility to its depositors. When the Government gives to a body of men a charter which authorizes them to receive other people's money, and at the same time the law fixes upon a Government official the duty of supervising these corporations, he is doing no more than the law requires of him when he inquires of the directors how they are performing the duties which they take an oath to perform.

"The reasons for my determination to make an effort to stimulate directoral control were two: First, a National Commission is now making a study of the entire banking situation in this country. And as in the present banking law the duties of directors are not specifically set out, it seemed well to ascertain definitely just how the seven thousand banking corporations chartered by the Government are internally managed by the board of directors; so that, if, in the new law, it seems wise for Congress to specify in detail what the duties of directors shall be, it will have the statistics as to just how the banks are managed at the present time. And, secondly, I desired to find out just how the banks are managed so that, with no additional legislation at all, bad conditions may be remedied by good, effective administration. And I have found such a remedy. I now know exactly how every bank in the country is managed, and the few badly managed ones will be examined hereafter four times a year, and in the presence of the directors. And in the banks where the management is either careless or not up to a fair standard, the directors will be asked to adopt such rules for the internal management of the bank as will remedy for all time all ground for just criticism, either from the Comptroller or from anybody else.

"And I can say to you now that I firmly believe that before the end of this year every single bank will comply with this reasonable request. The result will be that within a few months there will be on file in the Comptroller's Office a letter from the boards of directors of every bank whose internal management is subject to any criticism, agreeing to meet all reasonable requests of the Comptroller's Office; and further agreeing that the internal management of the bank, in the future, will be vigorous, effective, constant, and watchful.

"I assumed the active control of the Comptroller's Office just a year ago, and during the year an investigation has been made as to the management and condition of every one of the seven thousand national banks. I have gone over the reports of the examiners of every bank, as well as the answers made by the directors to the questions put to them, and I can say to you this morning that for honesty of purpose, for painstaking devotion to the heavy duties and responsibilities placed upon them, for keen business ability and devotion to the interests of the nearly six million depositors, for the wise handling of the assets of the banks, in round numbers nearly ten billions of dollars, the officers and directors of these seven thousand national banks as a whole have no superiors in any corporation in the world. And it is in hearty coöperation and accord with these officers that I desire to work, to correct every condition which we may find that is not up to a reasonable standard."

This strong tribute to the general efficiency of the management of the national banks is a well-deserved compliment to these institutions from a man who has the best possible means of knowing their condition.

The work of the Comptroller's office in supervising the national banks of the United States is one of vital concern to the banks and to the people. Some bankers have not approved all that Comptroller MURRAY has done in his efforts to make supervision more effective. Whatever valid criticism of his methods may be made, we can not doubt that upon the whole the measures put into effect by him will show practical results in getting better work from the examiners and in awakening directors to a proper sense of their duties wherever necessary.

WITH the multiplication of banks, new figures spring up. One of these was referred to as follows by Comptroller MURRAY in his Chicago address:

"Every Comptroller of the Currency takes a natural pride in seeing the banks grow in number, in strength, and in popularity. I believe in the expansion of the system, but I believe that that expansion should be along normal, safe and conservative lines. I do not believe in the organization of a bank in a community where there is no good reason for its existence. I do not believe in the organization of banks in communities where the business that would naturally come to the bank is insufficient to warrant success; nor do I believe in the organization of any bank in a community where the board of directors will not be composed of men of business ability equal to the best to be found in that community.

"If we are to have a great system of banks, sound, well-managed and prosperous, the greatest attention and scrutiny must be exercised before the Government issues a charter. In the national system we want banks organized in places where the demand is spontaneous and originates with the people living in the place who feel an actual need of banking facilities. I do not believe in the organization of banks by promoters who go about the country, calling public meetings, and by methods of advertising characteristic of the circus, endeavor to arouse enthusiasm for the organization of a bank.

"In some cases the promoter is satisfied to organize a bank for a fee of five to ten dollars on each share of stock, while in others he is contented with a commission of from three to six per cent. on the capital stock and surplus fund. In other cases he expresses a willingness to organize a bank with the understanding that he is to be elected to office, receive a salary, and be given the privilege of having a company in which he is interested, loan the funds of the bank on a commission basis. There is still another type of promoter who makes a business of organizing banks for the sole purpose of having his company supply furniture and fixtures. And in some cases promoters have charged the bank more for organization expenses than its net earnings would amount to in five years, even if it should not lose a dollar in bad debts.

"The Comptroller's Office knows every bank promoter now operating and has a special report on file concerning him. It has full information as to the methods used, not only as a general rule, but in each particular bank. It has a fairly good file of the alluring advertisements and the hand-bills which they have spread broadcast in the places where banks have been promoted.

"As soon as an application comes to the office for the establishment of a bank, if it bears any of the ear-marks of the application of a promoter, although his name may not appear upon it, a letter is written to every man signing the application, raising these questions: First, did the idea of the organization of the bank originate with the people of the community themselves, and is it the outgrowth of a necessity for banking facilities, or is it the plan of a bank promoter; and, secondly, if the bank is established, will the business which will naturally flow to it be of such volume and character as to reasonably insure success?

"The answers to these letters, in a great many instances, are that the organization of a bank was entirely the idea of outsiders who came there for the purpose of organizing, and that they signed the application with very little consideration as to the probable outcome of the venture. In these cases, the promoters are asked to make a deposit of a sufficient amount of money to cover the expenses of a competent examiner from my office to go to the community and make an honest and thorough investigation of the whole situation; and if his report is to the effect that there is no necessity for its reorganization, no field for the bank, no reasonable chance for its success, the application is promptly disapproved."

The organization of a bank solely with a view to the sale of furniture and fixtures is certainly a novel and brilliant idea. It appears cruel for the Comptroller to suppress the genius who conceived of anything so original.

AN interesting interview on the central bank proposal was recently given to a correspondent of "The New York Times" by Hon. George E. Roberts, former Director of the Mint, and now president of the Commercial National Bank, Chicago:

"I believe thoroughly in the central bank idea," said Mr. Roberts, "and I think it will be adopted, or else we will have no financial legislation for a long time to come. Congress has gone so far as to appoint a Monetary Commission. There is a disposition to follow the report of that commission. If that report is turned down, it will be difficult to get Congress to give any more attention to the subject, at least for the present.

"When we come to look over the situation we find that there are only two real practical plans for currency reform. There are subdivisions of these plans and variations of them, but so far as the general principle is concerned there are only two methods proposed by which to secure the reform in our currency and banking system, which everybody agrees to be so necessary.

"In the first place there is what may be called the Fowler scheme. The difficulty in this scheme lies in the fact that we have many more banks outside of the national system than in it. The result would be that these bank notes would go into the vaults of the State banks and trust companies and there would be an unfortunate and possibly dangerous expansion of credit. This is the one weakness of the Fowler system which it is difficult to cure unless we can bring all the banks under one control."

"Is there not danger, however, that the central bank may reduce all the individual banks of the country to the condition of mere branches?" Mr. Roberts was asked.

"I do not see that that is at all likely, or even possible," he said. "The national banks as at present organized would not surrender any of their independence. The function of the central bank would be merely to supply the necessary currency for the demands of trade, and it would have no supervision over the individual banks, except so far as was necessary to safeguard that currency. In point of fact, according to my view, the result of the establishment of a central bank would be merely to combine and coordinate the strength of the individual banks. It would enable them to get the benefit of the combination of capital and resources and the business community would be the inevitable gainer."

"How would you keep the bank out of the control of selfish interests?" was asked.

"In the first place, I think I would distribute the stock among the national banks and compel them to hold on to it," Mr. Roberts said. "I advocated that plan a long while ago, and since that it has been taken up by Mr. Ridgely, in his report as Comptroller of the Currency, and by other financiers. It would prevent a concentration of the stock in the hands of any one bank. All would have an interest in the welfare of the central bank, and the result, I think, would be to knit the banks together."

"Would you give the Government absolute control of the central bank?"

"Not exactly. That is to say, I would allow the banks, as stockholders, to run the central bank so far as the daily management is concerned. I would give to the Government the creation of a supervisory board with a right to vote on all matters involving public policy or the safe conduct of the bank. The board of control, or supervisory board, might be made up, for instance, of the Secretary of the Treasury, the Comptroller of the Currency, the Treasurer of the United States, and possibly two outside persons with banking experience selected by the President of the United States."

"What would you do with the greenback and the national bank note?"

"Nothing at all for the present. Any system we adopt must be grafted on to that which we have now. Senator Aldrich and the late Senator Allison had the right idea. They set the wheels in motion which are rapidly turning the silver certificate and the greenback into subsidiary currency. The denominations are becoming smaller and smaller, and it will not be long before it will be a hard thing to find a silver certificate representing above $2.

"In the same way the greenbacks are being pushed into denominations of $10 and less, so that for all practical purposes now the silver certificates and the greenback are both absorbed in retail trade so completely that they have ceased to be a serious menace to our financial system."

"What, then, would become of the gold certificates?"

"Their place would gradually be taken by the currency of the central bank. The coin they represent would go into the vaults of that bank and become the permanent gold reserve.

"This would leave the central bank in a position to issue extra notes based on commercial paper, and this would furnish the elasticity which we now need so much to furnish money during crop-moving times and to call it in when the unusual demand ceases."

This objection against the use of bank notes as reserves of the State banks and trust companies is an important one, but would not the notes of the central bank be liable to this misuse just the same as would the notes of individual national banks? It is, of course, possible that through exercise of the discount rate the central bank might be able to keep the volume of its notes down below what the national banks might issue, but we can not see much difference in principle between using the notes of the individual banks and those of a central bank as reserves by the State banks and trust companies. As Mr. Roberts justly implies, the existence of so many of these institutions makes the banking reform problem a difficult one.

We believe it was the hope of Mr. Fowler that if his measure had become a law, it would have brought most of the State banks and trust companies into the national banking system.

Had Congress given any thought to adapting the national banking system to the tremendous growth of the country's business, the State banks and trust companies would never have grown to their present proportions.

ALREADY there are indications that the central bank advocates will not have things all their own way. Mr. Fowler, the former Chairman of the Banking and Currency Committee of the House, recently sent the following letter to Mr. Aldrich, Chairman of the Finance Committee of the Senate:

"Just before you started for Europe in August it was stated in the press of the country that as a result of a meeting of the Monetary Commission, of which you are chairman, a central bank was to be advocated by your commission and that upon your return from Europe you would proceed to visit various cities in different sections of the country with a view of instructing the people upon our financial and currency needs and recommend as a 'cure all' a central bank.

"After your departure there was an evidently inspired and well organized propaganda in favor of a central bank, conceived and carried on for the purpose of preparing the way for your home-coming and your arrangements to 'swing around the circle' and initiate the people of the United States into the mysteries of your central bank plan.

"Inasmuch as I am convinced that the one thing above all others that this country does not want is a central bank, because it will not effect nor accomplish the necessary reforms but in the end will make a bad condition immeasurably worse; therefore, in order that the American people (who I know will decide this most important question now pending before them for consideration and determination right, as they did that of the gold standard, if only they be given an opportunity of having both sides of it fully presented and thoroughly discussed) may be informed as early as possible, I now challenge you to a joint debate upon the following propositions:

"First—A central bank will not effect nor accomplish the necessary reforms of our finances and currency; is unsuited to our conditions; will accentuate many of our present evils and precipitate and develop other evils of a most serious nature.

"Second—Our financial and currency problems must be solved upon economic lines of an entirely different character.'

"I assert that you cannot successfully and beneficially superimpose a monarchical form of banking upon nearly 25,000 individual independent, free banking institutions which have grown up and developed in harmony with the principles of our republican form of government and are themselves republican in form and character.

"To establish a central bank in this country under existing conditions would be undemocratic, unrepublican, unamerican and inimical to the general welfare of the people, because with a central bank will come a most discouraging and disheartening favoritism, the gradual breaking down and ultimate destruction of our purely individual and independent form of banking.

"I will meet you in joint debate upon the above propositions at one or more of our leading cities up to 100 or more of them if you choose, at such times and upon such conditions or terms as may be agreed upon by us hereafter."

We do not expect to see Senator ALDRICH accept the challenge, but all over the country he is going to find a lot of "Missourians" who want to be shown.

A significant feature of the coming debate over a central bank is the strong opposition to the project by some of the leading economic authorities. "The Yale Review," published by Yale University, recently contained the following condemnation of the central bank idea:

"The President's definite advocacy of a central bank, and the practical certainty that this forestalls the views of the Monetary Commission, has led to a renewed agitation and called forth many objections. Until something more is known of the details of the plan any specific criticisms may be postponed. There are, however, some important general principles which cannot be too carefully considered.

"In the first place, our existing financial system is the product of historical development, and to superimpose upon it an institution so different and so powerful must involve very grave dangers. It certainly is possible to work out the details of a sound system of bank notes based on assets in the form of commercial paper without superimposing a great central institution on the present multiplicity of banks. Indeed, there is danger that the new scheme will really block the most needed reform. The lesson which the American people needs to learn first of all is that bank notes are promises to pay, and that like all promises to pay their value should rest on the assets of the promissor. The curse which always attaches to the popular belief that in some mysterious way a government can make wealth out of nothing is less likely to be removed through the issues of a central bank than through the issues of existing banks properly associated for this purpose."

Base all bank credits upon gold; permit every bank complying with the necessary restrictions to issue notes; compel the redemption of notes in gold; establish a system of redemption for notes like that in operation at Boston for the redemption of New England checks, and a central bank will not be needed.

GUARANTY of bank deposits under the Nebraska law has been declared unconstitutional by a recent decision of the United States Circuit Court. According to the newspaper reports, the decision holds that the law is void because it violates that provision of the Constitution which declares that property shall not be taken without due process of law.

Even if the courts should finally declare all the deposit guaranty laws void, every bank will still have a chance to insure the safety of its deposits. Just what form this guaranty should take was indicated by Comptroller MURRAY in his Chicago address:

"I have been asked repeatedly what my position is on the question of guaranty of bank deposits.

"Gentlemen, I believe in just one kind of guaranty of deposits. I believe in the guaranty which comes from the Comptroller of the Currency doing his duty under the law, from the bank examiners doing their duty and from the executive officers and directors of the bank doing their full duty and in accordance with the oaths of office which they take. That is the only kind of guaranty of deposits in which I believe. That kind is practicable, and it does not cost the banks an extra dollar, nor permit depositors to lose a dollar."

GROWTH OF RAILROAD TRAFFIC.

RAILROAD gross earnings continue to show substantial gains over last year. From statistics compiled by the Commercial and Financial Chronicle it appears that forty-nine companies earned $62,138,040, an increase of $6,613,195, or 11.91 per cent. The improvement now possesses much more significance than it did in preceding months, since comparison is no longer with such heavily diminished totals as was the case earlier in the year. The returns embrace merely the roads that make it a practice to furnish early preliminary reports of their gross earnings. The present increase is about double last year's decrease, both in ratio and amount.

Following is a summary covering the gross earnings for September and from January 1 to September 30 for a series of years:

Year.	Roads.	Earnings.	Increase.	Per ct.
September.				
1896.....	117	$41,561,327	*$495,355	1.18
1897.....	128	49,720,753	6,387,555	14.74
1898.....	123	47,105,094	2,725,898	6.14
1899.....	111	58,682,534	5,678,198	10.71
1900.....	101	58,270,588	1,097,043	1.92
1901.....	96	66,491,460	6,528,832	10.88
1902.....	72	61,654,626	5,376,413	9.55
1903.....	73	68,192,919	4,444,551	6.97
1904.....	66	61,589,566	2,465,088	4.16
1905.....	55	61,549,676	3,503,924	6.03
1906.....	68	79,890,683	6,600,266	9.01
1907.....	55	56,317,229	4,144,749	7.95
1908.....	53	64,925,965	*3,986,202	5.78
1909.....	49	62,138,040	6,613,195	11.91
Jan. 1 to Sept. 30—				
1896.....	111	326,903,450	13,973,470	4.46
1897.....	124	356,545,809	12,985,541	3.73
1898.....	122	356,283,597	36,395,245	11.37
1899.....	108	435,131,215	35,605,218	8.91
1900.....	101	470,582,605	46,991,879	11.09
1901.....	92	525,841,522	50,025,657	10.51
1902.....	72	489,256,535	37,509,337	8.33
1903.....	73	561,854,388	61,778,474	12.33
1904.....	66	481,650,242	*1,623,930	0.33
1905.....	55	484,597,911	32,339,204	7.15
1906.....	68	657,972,747	83,685,959	14.57
1907.....	55	474,339,846	45,199,460	10.52
1908.....	51	486,667,961	*88,651,611	15.41
1909.....	47	466,976,509	49,000,401	11.72

* Decrease.

THE TRUTH ABOUT MEXICO.

By E. S. Smith, Tippecanoe City, Ohio.

Editorial Note.—Knowing as we do by personal observation of the wonderful progress made by Mexico under the rule of President Diaz, we had thought of saying here something that should show to the people of our neighboring Republic that the people of the United States understand and applaud the magnificent work of President Diaz in advancing his country along the path of peace and prosperity.

But what we had intended to say has been so much better said by one entitled to voice American sentiment, that we shall content ourselves by quoting the remarks made by William H. Taft, President of the United States, in replying to President Diaz at the famous meeting of the Presidents of the two Republics on October 16:

"Responding as befits the cordiality of this auspicious occasion, I rise to express in the name and on behalf of the people of the United States their profound admiration and high esteem for the great, illustrious and patriotic President of the Republic of Mexico. I also take this occasion to pronounce the hearty sentiments of friendship and accord with which my countrymen regard the Mexican people.

"Your Excellency, I have left the United States and set my foot in your great and prosperous country to emphasize the more these high sentiments and to evidence the feeling of brotherly neighborhood which exists between our two great nations.

"The people of the United States respect and honor the Mexicans for their patriotic devotion, their will, energy and their steady advance in industrial development and moral happiness.

"The aim and ideals of our two nations are identical, their sympathy mutual and lasting, and the world has become assured of a vast neutral zone of peace in which the controlling aspiration of either nation is individual human happiness.

"I drink to my friend, the President of this great republic, to his continued long life and happiness, and to the never ending bond of mutual sympathy between Mexico and the United States."

SINCE the birth of man, he has been groping in his different environs where darkness held forth, in different intensities, searching after truth that he might distinguish fact from sophistry or falsehood, right from wrong, determine the forces that would produce advancement instead of retrogression, recognize friends from enemies, and cultivate the development in his nature of some of the inspirational faculties that Nature had decreed should steadily lift him from the position occupied by his animal ancestors to a high plane where reason instead of brawn should be his greatest force; where the dictates of an ever-wakeful conscience and understanding should faithfully point to the paths of conduct in his earthly associations that would find him ever intent on following that rule of eternal goodness, "To do unto others as he would have others do unto him."

When a sufficient number of men had effected their escape from the bondage of unrestrained nature and found it more pleasant, as well as fraught with more promises of advancement, to lay aside the rule of force and adopt the principle that right should be encouraged, and the commission of wrong prohibited and prevented by some deterrent legal sanction, they still clung with prudence to the idea that "To do unto other nations as they would have other nations do unto them," would be the one great precept that would promote the growth of civilization, would secure unto the richest and most lowly of their inhabitants, commensurate with the effort put forth and educational equipment, the greatest measure of peace, safety and prosperity, and stand out before the congregated nations on this planet as a guiding light that would insure the strong nations from essaying the invasion or oppression of the weak, the evil-minded from the despoiling of the industrious, the assuming nation from arrogating to itself a superior virtue or intelligence, as not being in the possession of other races and nations.

Virtue, truth, industry, intelligence and patriotism are personal attributes, and the nation whose greatest percentage of people, having emerged from the primeval condition of mankind, are found to be in possession of these attainments, must of necessity be classed among the first of our so-called civilized nations—whether its population be twenty millions or one hundred millions of inhabitants.

All of the races and nations of the world are to-day bending every effort to banish ignorance, superstition, vice and indolence from their confines, encouraging and making proper compensation for industry practiced, pointing out to the individual that these improved paths will secure to him a longer, larger and happier life, result in less friction with his associates, enable him to enjoy a more perfect understanding of the purposes of his existence, and drive him irresistibly closer to the goal of perfection.

Necessary Restraints Imposed on the Violators of Law.

Where and when resistance is offered to this acknowledged improved idea of the forces of control for a massed humanity, and infractions are practiced so that society is endangered or has some of its rewards destroyed, it becomes necessary to repress the violator and prevent a repetition by imprisonment, and where the law-breaking force becomes an organized one, to even destroy the life of the individual in order that society in general may be secure, and that the government itself and organized law might live.

Civilized governments have often found it absolutely necessary to shed the blood of bad men for the preservation of the blood and life of good men, and to fully guarantee the safety of life, limb, employment and home in the national life, and to promote international peace.

Mexico's Struggle to a Higher Civilization.

Mexico, in her history through the past four hundred years, has seen the inquisition applied to her free thinkers, has seen the heel of the feudal despot placed on the neck of industry; has seen the heartless invader from other shores come to her ports, and met them with the lance and sword; she knows what it is to tremble under the heavy chains of ancient superstition and shake them off with the magic effects of popular education; she has witnessed her bravest and best sons pursued from one end of the country to the other only to meet death as martyrs, and walls of masonry decorated with their heads to satisfy the cruelty of her oppressors, and from the date of her independence ninety-nine years ago, until the year 1870 had a succession of reverses, revolutions and domestic struggles, which in number and severity, remain possibly without an equal in history.

Two Great Mexican Patriots and Statesmen.

With the close of the French intervention when Maximilian sought to establish his empire in Mexico, there came the development of a sentiment that there must be no more revolutions, and that the individual advancement should be subordinate to the country's necessities, and the rejuvenation of the country was commenced under the tutelage of two of the greatest men of modern times—Juárez and Diaz.

Their success has been so marked that any faithful searcher after the truth knows that Mexico has emerged from the dark clouds of financial discredit and revolution to the sunlight of national unity and prosperity. Possibly in Mexico, as in the United States, many ambitious and rebellious leaders are given lucrative and honorable positions, thus keeping strife beneath the surface, avoiding revolutions, saving lives and money, safeguarding the peace and prosperity of the country at home and elevating its moral, intellectual and financial status abroad.

As a reward for this great service to humanity, it is to be hoped that many years of usefulness may be still in store for the enjoyment of that sterling patriot and statesman, General Porfirio

Diaz, the President of Mexico, our sister republic whose citizens look upon America and Americans as their friends, and hold out the open hand of hospitality to the whole world to come and help them develop the wonderfully rich and varied interests of their country and share its many good things. The old fighting, revolutionary spirit of the Mexican has given way to one for development; enmity has been displaced by a desire that peace and plenty may fill the life of every one of the people.

Varied Charms of the Country.

Mexico makes a lasting impression on all the senses. You see the mine in the mountain tops and the native farmers in the great pot-like valleys. Something of the spirit and charm of the country comes to you in the doleful tolling of the cathedral bells, the whispering commands of the burro drivers as they pass through the streets, and the detonation of dynamite blasts tearing asunder the silver-bearing rock on the nearby mountain slope; you feel it in the inflexible operation of its well-made laws; you smell it in the ozone that comes to you on the four winds of the earth, the perfume of its constantly blooming vegetation, that hangs about you like a benediction.

Among the nations of the world, Mexico of to-day occupies a commanding and most enviable position on account of the age of her civilization; the strength and effectiveness of her government; her great variety of climate; her virtually unlimited agricultural resources; her inexhaustible mineral wealth; the hospitality of all classes of her citizens; and her immunity from anarchists, strikers, blackhanders, night riders, and train-robbers.

And yet despite these facts, Mexico and its people are the most maligned, misrepresented and misunderstood of all the races or nations, when even a superficial investigation of real Mexico would disclose to the intelligent American that Mexico is in possession of a model government, erected by an artistic, industrious and hospitable people—a transformation effected since we cast aside our school-books thirty years ago, through the genius of General Porfirio Diaz, generously supported by a loyal Mexican people.

Progress the Watchword of Modern Mexico.

Progress is the watchword of the present-day Mexico, and evidences of it —material, intellectual and moral—are to be found everywhere. Life, property and human rights are even regarded as being more secure than with us, and the record of advancement speaks for itself.

At this late date, when waves of ether carry the world's intelligence from one distant point to another in the twinkling of an eye, it seems unjust and unreasonable that specific denials should be called forth from Mexico's friends to show the world the country's true condition, and to make refutation of some of the slanders that have been uttered about her by irresponsible writers for the sensational portion of the press of the United States.

Thirty years ago, when Mexico was dark, there were no railways, telegraphs or security that would make commerce at all possible; now there are almost a hundred distinct lines of railway, thousands of miles of telegraph and telephone lines, giving to the traveler and business man a cheaper and better service than is afforded in many parts of the United States.

Some may say that it is undemocratic for one man to act as President for so many years; but to this one answer will suffice—that Mexico's march toward progress was begun under his wise administration and guidance, and the success of the country has been so inspiring that the intelligence and patriotism of the people have regarded it as the proper thing to continue President Diaz in his great office, to lift the country a step at a time so that to his successor at the close of his stewardship, he would leave his country so firmly established in every respect that a backward movement would be impossible. Nobody familiar with the facts doubts that it is the great ambition of President Diaz to leave to his successors a chart that will safely carry Mexico through any storm she may encounter.

Sources of Some of the Criticisms of Mexico.

Many of the critics of Mexico who use the sensational press of the United States for the dissemination of their irresponsible and unjust attacks evidently do so at the behest and expense of, and in the interest of, some disgruntled office-seekers in Mexico, who would, to have their political ambitions gratified, gladly turn Mexico back to the old days of periodical revolutions, when life and property were never secure against the whims and depredations of professional revolutionists, who used the battle standard as a cover to commit arson, robbery, repression and murder.

Some of the criticisms of Mexico are made by mercenary hirelings at a penny-a-line in order to furnish their clients with something sufficiently sensational, nauseating or revolutionary, upon which to base an appeal to the American people, and calling forth further explanations by the same irresponsible publications.

Others of the criticisms that are made of Mexico find their animus in the operations that are daily taking place in the stock markets of New York and London, where some designing capitalists would like to build up a scare of a nature that would have for its purpose the destruction of the fine reputation which the Mexican Government has for uprightness and high financial credit, and depress the values of the securities of the Mexican mines, railways and industrials so they could be purchased at a bargain price.

What Knowledge of Actual Conditions Shows.

After many years of travel in every part of Mexico, and contact with her people in every condition of life, I have come to know the hospitalities and opportunities given to the thousands of American people who are living in that country, where we have more than a billion dollars securely invested, and carefully protected by the strong arm of the Government and the watchful care of the Mexican people. In order to show some appreciation of the just and friendly attitude of the Mexican Government and people toward Americans and American enterprise, I wish to make reply to some of Mexico's critics, and show to American readers how they have for years been misinformed by many irresponsible persons whose only mission on earth is apparently the sowing of discord among friends.

The description of the men behind the authorship of a recent book about Mexico will be ample to cause the American reader to use plenty of seasoning with the reading of the romantic comments on Mexico.

Some years ago there lived in the City of Mexico a certain man who was engaged in newspaper work. He was a European by birth, education and citizenship. He felt so disappointed that the Mexican Government should refuse to adopt his individual notions of government that he went to the United States, where under the free press guaranties of the Constitution he could write a book about Mexico, and in it say what he pleased about the alleged cruelty of the Mexican Government and people, telling of a fancied inequality he had beheld there. In his own self-imposed innocence he told how the great and good men of that country were being maltreated; how patriotic some of them were who had been compelled to flee the country for safety to their lives and liberty. Among the many that he mentioned and the same class around which his story was woven was a man who describes himself as an embezzler of trust funds in a letter which can be produced in facsimile of the original Spanish at any time desired.

Surely the American reader will see that such a man as he has no right to sit in judgment on Mexico, and stir up prejudices in the minds of the American public against the Mexican people, endeavoring to destroy our confidence in them as personal or business associates. The writer of the book mentioned cited the names of many others who, he claimed, were being cruelly treated, imprisoned, banished and killed. All these of course are strangers to the American public, but let me ask you before taking them to your bosom, to investigate them closely and be certain they are not of the same undesirable type that we have already encountered in our own political life.

The letter referred to describes to a nicety most of the men who are dissatisfied with the administration of law in Mexico.

What intelligent American would waste sympathy on a man who, according to his own confession, betrayed the high trust reposed in him by the Mexican Government? And it is precisely this type of man who has been behind all the blood-curdling stories about Mexico, and yet in the book mentioned the author sought to make an impression on the American people by making reference to just this kind of man, whom he lauded as a martyr.

Let me further explain this man's case, which will tally with all of the other government-destroyers who from time to time are leaving Mexico for refuge in the United States where they take shelter under the guise of being political refugees, to plan revolution against Mexico, and with their presence poison American society, stir up the latent forces of anarchy among our own evil-minded, and jeopardize international tranquillity. The Mexican President, whom these critics would have the Americans believe to be the very personification of cruelty, permitted a number of the principal business men of the City of Mexico to contribute a sufficient amount of money to restore to the public treasury all of the funds that had been misappropriated by this man as set out in his confession, that he might be pardoned and set at liberty to return to paths of honesty and decency and secure a livelihood for his large family; and he was given every reasonable opportunity to restore himself to citizenship and good standing in society. His talent as a writer was recognized by all Mexico, and on one occasion, in an important competitive test, he received at the hands of the President himself first premium for his competition. He was permitted to become again a member of the lower house of the National Congress (Camara de Diputados) to further prove his love of labor for his country, and interest in its advancement. Once again the real character of the man asserted itself and after securing a loan of several thousand dollars in Mexican currency, he left for the United States where he has ever since lived, and given what talents he possessed in furthering revolutionary moves against the land of his nativity and the members of the Government whose lenience was extended to him and saved him from disgrace and imprisonment.

Is it not time the great American people were putting a curb on the writers and publishers of books and newspapers whose only excuse for toleration is that they are printed for sale. Some of these sensational attacks are not only untrue but destructive of friendships with other races or nations, menaces to our foreign commerce and diplomatic relations, and destructive of the reputation for courtesy and fairness which Americans wish to maintain in their dealings with other nations.

The "Barbarous Mexico" Articles.

September

During the month of August of this year, a magazine published in New York city for general circulation throughout the United States, published their editorial announcement of a blood-curdling story they proposed to commence in their October issue under the title of "Barbarous Mexico." The threatened publication was so much a departure from truth that the Society of the American Colony in the City of Mexico kindly asked the publishers to refrain from its publication, as the story as outlined was wholly untrue, which untruth could be ascertained of any respectable native or foreign resident of the Republic; but seemingly being intent on its publication, whether true or untrue, the publishers paid no attention to the strong and timely appeal made by the Americans who had for years resided in the Republic. Some days before their letter was sent to the publishers, I had taken the liberty of sending the following telegram and letter to our President, Hon. William H. Taft, and upon this we centered the hope that the unwritten rules of the Post Office Department would be sufficient to close the mails to the publication and consequently prevent its reaching the firesides of the American people:

[Copy of Telegram.]

Mexico, D. F., Aug. 28, 1909.

Hon. William H. Taft, Beverly, Massachusetts:

Prohibit use of United States mails to the "American Magazine," proposing publication of "Barbarous Mexico" in October number. The foreword threatens libel against the whole Mexican people and its circulation here or elsewhere a disgrace and injury to American citizens in Mexico.

(Signed) E. S. SMITH.

[Copy of Letter.]

Mexico, D. F., Aug. 28, 1909.

Honored Sir: I have just read the September issue of "The American Magazine" published at No. 341 Fifth avenue, New York, and on page 501 find the editorial announcement of the proposed publication in the October issue and subsequent issues of that magazine, of a series of articles entitled "Barbarous Mexico," of which one J. K. Turner is alleged to be the author.

The title, standing alone, is certainly one that could produce naught but resentment against, and mistrust for, every American who is now enjoying, or has in the past enjoyed, the friendship or partaken of the hospitality of these friendly, hospitable people.

The foreword discloses that this alleged author violated all recognized ethics of civilized races by betraying the confidence of those with whom he came in contact when getting his impressions while in Mexico, if in fact he ever really visited Mexico.

* * * * * * * * * *

Onward and upward the Mexican of this time is carrying the reputation of his country for high financial credit; lofty conception of individual honor, industry and sobriety; a land of plenty, free public schools, increasing in number and improving in equipment each day; a hospitality seldom encountered among people of other nationalities; a wide-open-door policy that invites the capital of the world to come for trade, profit, investment and development, and accorded guaranties of safety that are always effective, where honest, industrious, intelligent, law-abiding men from all countries are invited with a real welcome to come with their equipment and capital to assist the Mexican citizen in removing Nature's obstructive forces from the path of progress, reap the rewards of their efforts without fear, hindrance or molestation, and while so engaged, have life, limb, liberty and property enjoy a protection, no better than which is had in any of the States of our Union.

Mexico is peopled by Mexicans; endowed with the desires and sympathies of their nationality; temperamentally affected by the surroundings that Nature has designed should be their field of activity, and hence it is very necessary and proper they should resent improper interference or criticisms of their interior personal affairs.

Your thorough investigation of every proposition made in the above-mentioned foreword will disclose that each can with safety be placed under one of the following general classifications:

(1) Untrue.
(2) Libelous.
(3) Illtimed.
(4) Offensive Interference.

All nations have their problems for solution, but where a country produces the exalted combination of patriotism to be found in three of her most illustrious sons, Hidalgo, Juarez and Diaz, whose names and accomplishments will be cherished with immortality in the hearts of all the Mexican people, for all time, who is to conjecture or presume what height the Mexican nation has already attained in the sisterhood of nations—the Brotherhood of Man.

We insist the publication and dissemination of the articles complained of will offend the sense of propriety possessed by every citizen of Mexico, and ask of you to have its publication interdicted; prohibit its circulation among our great American people and thus prevent their minds becoming poisoned by absorbing gross misrepresentations about our friends, the great Mexican people, whose liberty bell at Dolores has for a century faithfully echoed our drum-beats at Lexington and Concord.

In behalf of honesty, decency, harmony and to the credit of American citizenship, please be kind enough to prevent any department of our Government from being made an instrument for the dissemination of these vile slanders against the Mexican Government and its citizens. Believe me, Honored Sir,

Your obedient servant,

(Signed) E. S. SMITH.

Hon. William H. Taft, President of the United States,
Beverly, Massachusetts, U. S. A.

Some Americans will insist that this was an attempt to have our Executive exceed his authority in limiting the action of the press, but it does seem reasonable that where an irreparable injury is threatened against a ruler of a foreign country with whom we are at peace, and time will not admit of entry into court seeking a restraining order, there should be lodged either with the President or his Secretary of State, authority to handle just such cases as the present one.

Characters Who Furnish Inspiration for Attacks Upon Mexico.

Mr. Turner, the author of this sensational attack upon Mexico, lays particular stress upon the fact that he received his initial inspiration from one Lara whom he found in jail in Los Angeles, California, where he had evidently failed to obey the laws or convert the people to his revolutionary movements. The American readers may perhaps recognize his full name better as Fernandez Guitterez de Lara, who has been attempting to assist one Flores Magoon in his revolutionary activity along the Mexican boundary for some time past. Mr. Turner says that he and Lara, disguised as tramps and friends, went to Mexico together, traveled together, and while in the disguise used by American tramps, in a very short time received all their inspiration and obtained all the information that they regarded as a fitting aggregation for the misstatements to be put forth under the sensational title of "Barbarous Mexico." The author of these articles apparently used this criminal as guide and friend, and violated every rule of decency in even accepting the hospitality due tramps, from these hospitable people while in Mexico, and misrepresented everything they attempted to describe, even intimating internal strife among the people, when revolution is as unpopular and impossible in Mexico to-day as it would be in Great Britain or the United States.

Thus a newspaper reporter, whose work in this case indicates that he lacks both knowledge and judgment of the conditions he attempts to describe, seeks to discredit the good work done by the Mexican Government and flings a broadside of insults to the Mexican people by charging them with all manner of cruelty, attempting to make it appear that the Mexican people are unworthy of the association of the great American people, and that Mexico is an unsafe place for travel, study and investment; and all this after a very few weeks as a reporter of sports on a daily newspaper published in the City of Mexico. The magazine also made the threat or promise that before the Presidents of the two Republics had their meeting of friendship at El Paso, Texas, it would come out with a still stronger story.

The author of this defamation probably thought by getting his matter to the American reading public before that meeting took place, that President Taft could be induced to defer the meeting, or that such a strong moral pressure could be brought to bear, to cause the Mexican President to fear attendance at such a meeting on the border between the United States and Mexico where the discontents and riff-raff of both countries are constantly plotting cattle-rustling revolutions.

Fortunately for both countries, the Presidents have met and have learned from each other many things that are certain to make both countries better understood in the future. The American President will hereafter more fully realize what a grand, good and able man rules in Mexico, and the Mexican President will have the satisfaction of knowing that President Taft will in the future more closely study and safeguard conditions along the border, to the improvement of the relations between the two countries, and the agitators and muck-rakers will see that since the American people applaud the success of President Diaz in his rule of Mexico, there will be less revolution hatched on this side of the Rio Grande during the next ten years than there has been during the past.

Story Proven to be Untrue.

Every proposition made thus far in the story "Barbarous Mexico" has been proven untrue by an authoritative denial, all of which could have been ascertained, had the publishers shown their desire for the truth by makino inquiry, before publication, of any responsible or informed native or foreign resident of the Republic. Persons claimed as sources of information by the author have come forward with a direct denial as to such statements being made to him.

With few exceptions the illustrations in "Barbarous Mexico" were manufactured in a desperate attempt to place a scandal at the doors of Mexico. These vile and nauseating pictures were intended to fulfil their threat of informing the American public of the conditions in Mexico, so that the American people would stand aloof in their association with their southern neighbors and become their enemies, thus granting to Continental Europe a stepping-stone in obtaining the commerce of Latin America; thus throwing to the winds our long-cherished Monroe Doctrine, and finding ourselves with a Panama Canal to be used by other nations, to our financial and political disadvantage.

This self-appointed critic of Mexico endeavors to connect with his misrepresentations the photographs of Mexico's great President, his estimable wife and that of the Secretary of Fomento (Public Works).

Well may other nations laugh at our discomfiture when we Americans permit such slanderous statements to be published about our friends, and to insure their dissemination grant the use of our great postal facilities, thus affording the opportunity to have these sensational statements carried into millions of American homes, to incite suspicion of our neighbors and friends and to offer a fruitful soil of sedition, revolution and anarchy.

Mexico's Face Steadily Set Toward Progress.

Thoroughly convinced that a great injustice was thus being done, not only to Mexico, but to ourselves, I felt it a duty to place before the American people some of these observations and conclusions, that some of these unfair criticisms might be counteracted and our reading, traveling and investing public might be informed that many of the criticisms which could with propriety be made against Mexico, could also be placed against ourselves, because the Mexicans lay no claim to the possession of superhuman virtue.

When Mexico, her government and people are fully understood bv the Americans, every one of us will feel more sensibly the strong ties that should bind us together as friends, and cause America to stand up and vigorously deny all of these exaggerated stories about Mexican cruelty, bribery, slavery, death-dealing earthquakes and daily revolutions. Like our own country, Mexico opens her doors with a royal welcome to the whole world for its sons to come to her and assist her in making the fullest development of her wide areas of agricultural wealth; the digging of the precious metals from the hidden crevices of her great mountains; to exploit her great timber wealth, and improve and extend the transportation and commercial facilities of the country. Liberal concessions are given without cost to men possessing ideas, industry or money for the erection of new industries that are certain to prove profitable and make life more complete in the land of the Montezumas. In Mexico you will find the most advanced ideas of government carried into fullest fruition, as the general Government owns all of the main lines of railway of the country, and these are ably managed by some of the most eminent and successful railway men who have ever graduated from the school of experience of American railway life, and their management is proving profitable to the Mexican Government. In each of the departments of the railway service, there are being carefully trained a fine body of energetic young Mexicans, who one by one are being put in positions requiring trust and industry, and very shortly the burden of the whole management will be shifted to the able shoulders of Mexicans, and leave the present American employes free to engage in the more lucrative fields of development or business, if they desire to longer reside in that country. This is in itself a great achievement when so few years have elapsed since that class of work was commenced south of the Rio Grande, and to-day they carry their freight and passengers with a rapidity and safety equal to our own railway systems; the products from one section to another; the wares from our manufactories to their farms; carry our students to their forests, hills and valleys to ponder over the construction of prehistoric cities; bring their sons and daughters to our colleges where they readily acquire our language, and are desirous of getting more fully acquainted with the American people, and get an insight into the wonderful system of agriculture we practice, that they may make their fields yield more bountifully, make their rich and poor more prosperous and contented, and of greater service to mankind, by supplying more of its wants.

Nowhere in the world is a more spontaneous, greater or finer hospitality dispensed than is met with in the home of the Mexican farmer, or hacendado as he is called, and a very noticeable democracy of sympathy is manifested between employer and the employed. The strongest evidence of this exchange of sympathy is found in the very beautiful church worship where there are no chairs or seats, and the millionaire and pauper kneel side by side in their devotion.

Contrary to the oft-repeated criticisms of Mexico, the laboring classes of the great farms are a sympathetic, contented, patient, happy, industrious and obedient people, and as soon as Nature has given them proper advancement by evolution, and they have grasped the importance of education, and appreciate the burden of responsibility for their conduct, they will become more efficient workers, be more prosperous and productive, and make a citizenship of which any country might well feel proud.

All through the progressive administration of President Diaz, the schools of the country are being improved by the employment of better teachers and new appliances, and are each day being multiplied by the score, so that in the most remote villages and in almost every farmstead there is to be found a well-conducted school that has for its purpose the enlightenment and uplifting of the Indian and mixed population, of which the laboring classes are composed. The charge made by a recent critic that "many of the schools have been discontinued" because the Governor of a State "needed the money for his personal expenses," is wholly without foundation. In many years of travel and close observation in every part of Mexico, I have yet failed to meet a single official who did not entertain the liveliest kind of solicitude for the education and uplifting of the most lowly man, woman or child in the country. It is a pleasing bit of information to learn that President Diaz has been nominated for re-election, and when through with the new term, will have served his people in that capacity for thirty-six years, giving to his country, a good, strong government, founded upon law, stability, equality of opportunity, justice and security.

Centuries ago it was the boast of a certain king that "he found Rome of brick, and left it in marble," but how much greater and more worthy can be the satisfaction of Porfirio Diaz that "he found his Mexico impoverished from three centuries of vice-regal exploitation; burdened with feudal institutions and superstitions; disintegrated by internal discord, and left it after his own labor of a third of a century a happy and united country, bulging with prosperity; an untarnished credit before the whole world; with freedom of press, speech, religious worship; free schools and compulsory education, and his country occupying a position, as a moral and educational factor, among the first nations of the world."

President Diaz is but seventy-nine years old, and possesses the youthful and enthusiastic spirit of most men under fifty. At the close of his stewardship he will leave to his successor, without a tarnish or a stain, one of the best and strongest governments for one of the richest, happiest and most hospitable people on earth.

Patient, Earnest Study of Mexico Commended to Americans.

Let us all commence the serious study of Mexico, where Americans have already invested more than a billion dollars to promote Latin-American development, and which has never failed to return handsome dividends to America's advance agents in that section. Let us all commence the study of Mexico and determine if there is not something common in our aspirations, sympathies or necessities, and get together hand-in-hand, neighbor-like, and help one another in the solution of the great problems as they confront each other, and entertain the interest in their development that, as the stronger power, Nature has designed we should take. Let the student of antiquities go with me for a study of the Pyramids of the Sun and Moon or to Mitla, and return home with greater interest than a trip through the Valley of the Nile could possibly kindle. Let the American farmer go with me through the great irrigated farms of Mexico, and return to his home with a working knowledge of the methods we shall later be compelled to adopt if we continue the wasteful removal of our forests, and permit erosion to progress on our hillsides as was done under the old Spanish regime. Let the American miner go with me to that land of inexhaustible mineral wealth, find his claim, and under a mining law more generous than our own, find the opportunity to make of himself a rich and happy man, and the Mexican citizen will rejoice in his prosperity.

Let any law-abiding man go to Mexico with honesty and industry and find the opportunity to recoup his lost fortune, and while so doing, live among a fine people and under a good government.

Let the American traveler or pleasure-seeker visit Mexico, and look upon the relics of a civilization that flourished before the pages of our history were written.

Let me urge the whole American people to commence immediately the serious study of Mexico and the other countries of Latin America, and at once realize our duty to them and the service we can render to them and to ourselves through the Panama Canal which we will soon see completed at a cost to us of more than a half billion dollars.

Let us all go to Mexico and study President Porfirio Diaz, one of the men of genius of our generation; whose achievements on the field of battle are comparable to those of our Washington; whose constructive statesmanship and tenderness of heart recall those same traits in our Lincoln; whose quickness of perception and daring execution strikingly parallel those traits in our great Ex-President Roosevelt.

Long life and peace for the Mexican nation! Happiness and prosperity for her people! Viva General Porfirio Diaz!

THE FOURTEEN ERRORS OF LIFE.

THE fourteen mistakes of life Judge Rentoul told the Bartholomew Club are:

To attempt to set up our own standard of right and wrong and expect everybody to conform to it.

To try to measure the enjoyment of others by our own.

To expect uniformity of opinion in this world.

To look for judgment and experience in youth.

To endeavor to mould all dispositions alike.

Not to yield in unimportant trifles.

To look for perfection in our own actions.

To worry ourselves and others about what cannot be remedied.

Not to alleviate if we can all that needs alleviation.

Not to make allowances for the weaknesses of others.

To consider anything impossible that we cannot ourselves perform.

To believe only what our finite minds can grasp.

To live as if the moment, the time, the day were so important that it would live forever.

To estimate people by some outside quality, for it is that within which makes the man.—London Evening Standard.

THE PAYMENT OF INTEREST ON DEPOSITS SUBJECT TO CHECK.

By Henry Fletcher.

THE question of the theoretical correctness and practical advisability of paying interest on funds deposited in banking institutions and subject to check was raised again by the financial depression experienced by the United States in the fall of 1907, and from the after effects of which this country is but now recovering. To assert that the practice of paying interest on demand deposit obligations was the cause of the financial panic would be absurd, but he who would assert that the results of this practice served to aggravate the conditions, would be able to cite many facts in support of his assertion.

A Much Discussed Question.

Payment of interest on deposits subject to check has caused much acrimonious discussion and has been criticized by many of the banking authorities. That the payment of a low rate of interest on such deposits is always improper would be an indefensible statement, but it is not going beyond the truth to say that the payment of interest on deposits subject to check is so likely to lead to abuses in practice that it should only be made with the utmost conservatism. The payment of a high rate of interest on such deposits is unjustifiable and is a real injury to the bank, to the depositor and to the public at large, as is amply demonstrated by the history of our financial crises, all of which have been intensified by this practice.

Both the bank and the depositor are apt to regard the deposit of cash or credits in a financial institution as being *sui generis*. It is not so. This operation is subject to much the same rules and considerations as the sale of raw material to a manufacturer or the rental by such manufacturer of machinery for use in his business.

A Practical Illustration.

If a manufacturer of some staple article were to agree, for some reason personal to himself, to purchase his raw material at two per cent. above the market price of that material at the time of the purchase, and pay for the same on long terms of credit, the results would be as follows: Provided the market price of the article to be manufactured out of the raw material and the cost of production remained constant, the manufacturer would find it necessary either to take, on the manufactured article, a profit sufficiently decreased to cover the loss of two per cent. on the purchase price or else to manufacture an article which would sell for the same price as the article he had been accustomed to manufacture, but which substituted article, as a matter of fact, would contain materials of an inferior quality.

Either the manufacturer must suffer for his breach of economic law and business practice by taking a smaller profit himself or he must deliver to the public or purchasers from him an inferior article for the market price of the better article. In addition, by either the diminution in his own profits or by the selling of an inferior grade of goods, he will be lessening the security of the creditor who sold him on credit the raw material at the advanced price. In other words, the operation which has been described is an injury to the seller of raw material, to the purchaser of the finished article and to the public as well.

These same results are reached whether the original article sold is some staple raw material, such as cotton or wool, or whether the article sold is a book account or a demand loan. If an individual has money to deposit and he wishes to sell this credit to a bank or other financial institution and if he sells that credit for a higher price than the market price of the article, then not only he, but the bank purchasing at such advanced price, as well as the public, must suffer.

Bidding for Business.

If the average interest on demand money is two per cent., as is probably the case in New York city, any bank that pays more than two per cent. on demand deposits is purchasing these demand deposits for a greater price than the average market price of the commodity purchased. If a financial institution offers to pay and actually pays interest at the rate of four per cent. on demand deposits, as some trust companies in New York City and as some trust companies and banks of discount in New York State have done, those financial institutions accepting demand deposits on those terms must of necessity seek investments of their funds which are less secure than the average investments of trust companies. In other words, the bank or trust company accepting a demand deposit and paying four per cent. interest thereon must with that deposit earn more than double the average rate payable on demand loans. If the bank or trust company pays an excessive rate of interest on deposits it must, of necessity, either accept a smaller net return on the funds passing through its hands than the average bank or trust company, or it must invest its funds in securities whose value is more or less speculative.

It is believed that any bank or trust company paying a rate of interest on demand deposits greater than the average interest returned on demand or call loans will of necessity be open to both these disadvantages above referred to; that is, it will of necessity make a smaller net income on the funds passing through its hands than the average financial institution, and it will in addition find it necessary to lend its deposits and to invest its funds in more or less speculative enterprises.

The Depositor's Risk.

The result of this is that the individual who has sold his credit account or deposited his money, as one may choose to put it, in a trust company or bank of discount, paying an excessive rate of interest on demand deposits, must do so with the understanding that by his very act he is reducing the security for the return of his own deposit. If each depositor before making his deposit stopped to think that the bank or trust company paying four per cent. interest on deposits subject to check was paying out just double the return that it would be able to earn if it loaned those very funds on call, the chances are that the average depositor would hesitate before placing his money in such an institution.

High Interest Rates and the Panic.

The secondary result of the payment of high rates on deposits subject to check was shown in the fall of 1907 when a number of financial institutions were found to have in their vaults securities both as investments and as security for loans which were of such a character that they could not be turned into cash with any degree of facility. Those institutions had those securities in their vaults because they had found it necessary to attempt to earn a greater return on their deposits than legitimate business enterprise could enable them to earn, and this method of doing business was made necessary because of the fact that they had already obligated themselves to pay a larger return on their deposits than they could earn by conservative methods.

High Interest Rate on Loans.

It might be said that a trust company paying an excessive rate of interest to its depositors can protect itself from loss by raising the rate of interest charged on loans made by it. This attitude the bank undoubtedly would be anxious to take were it not for the fact that, in almost all the financial centers of the United States, loans on approved stock exchange collateral have a fixed value and cost, measured by the payment of interest. It is therefore only in the outlying or sparsely-settled districts that such institutions as trust companies are enabled to charge such rates of interest on loans as to enable them to protect themselves from loss by reason of the payment of a high rate of interest on accounts subject to check. In this way in a district having few financial institutions, the enterprising business man must pay for the interest or profit credited to the accounts of his less enterprising brothers.

Banks of Discount.

In the case of banks of discount in the rural communities the result of the payment of excessive interest on deposits subject to check is the same as outlined, and even in the larger cities the same practice has a similar effect. A line of discount is granted on the credit which the depositor has acquired with the bank where his deposit is kept, by reason of his commercial integrity and the amount of that accommodation, in most cases, is based upon the depositor's average balance.

If we could imagine a bank of discount in a great city where practically no loans are made on stock exchange collateral, we should find the best case to test the result of paying interest on balances lying in such a bank. In such an institution, if a manufacturer carried a balance of $50,000 he might obtain on that balance interest at the rate of two per cent. or three per cent. If every depositor in the bank obtained a similar rate of interest and all of the profit of the bank came from discounting the paper of its customers, then it would necessarily follow that each customer, when he discounted his paper at the bank, must pay a greater percentage than he would pay if he obtained no interest on his current account. If each depositor used the entire amount of his accommodation, the damage caused by the payment of excessive rates of interest on the deposits would not be clear.

Interest Paid on Inactive Accounts.

In every bank of discount, however, there must be certain depositors whose accounts are more or less inactive, and if the bank pays on these inactive accounts the same rate of interest as on the other accounts, it must follow that the enterprising depositor who uses the amount of his accommodation in legitimate business enterprises must pay the interest allowed by the bank to the less enterprising depositor.

In the case of banks of discount as in the case of other financial institutions having little or no competition because of their geographical location, we see that the payment of interest on the bank balances results in putting a drag or drawback on enterprise. The conditions, however, which have been assumed as to the bank of discount are undoubtedly fictitious, but they indicate at least the tendency which must exist in every such bank which pays interest on its balances.

The average commercial bank in a commercial center, however, lending as it does on collateral as well as by accommodation of its depositors, is not so subject to the above consideration as the country bank. In a bank of discount situated in a city, the depositor who obtains interest on his average balances would not necessarily pay the interest on the inactive account of his brother depositor, inasmuch as the inactive account might be represented by a loan on collateral. The depositor seeking accommodation, however, would, it is believed, in almost every case find it necessary himself to repay to the bank the interest which he himself had received on his average balance. This interest would be paid by him through the bank exacting a larger rate in discounting his paper than it would had it no interest to pay on his current account. This payment of an excessive rate the depositor might not be sensible of at the time, inasmuch as his borrowings might be three, four and even five times the amount of his daily balance. Thus, one-half or one-quarter of a per cent. increase in the rate of the discount would usually be sufficient to counterbalance the interest paid on his bank balance.

Although the injury to the depositor under such circumstances is not obvious, it is believed to be nevertheless existent, for he is doing business on an altogether fictitious basis. By means of the payment of the interest on the average balances, the average rate of interest on all loans is increased over what might be called the legitimate and true average interest.

The same forces that are at work in the trust companies are at work also in the bank of discount where the bank is also making loans on collateral. If the bank pays an excessive rate of interest on demand deposits it must of necessity lend its funds on collateral which it otherwise would not accept, in order to obtain the increased return. This practice results in decreasing the security to the bank's depositors and decreasing its efficiency, as an instrument of credit in the service of the public.

Attracting Deposits by a High Interest Rate.

It is not long since a number of trust companies in New York city and a number of banks of discount and trust companies in other parts of New York State were openly offering by letter to pay four per cent. on average daily deposits. This was undoubtedly an attempt by the trust companies and by the banks to obtain the custody of the funds which would otherwise go to the savings banks. The attempt by these financial institutions to obtain such deposits was undoubtedly a breach of the spirit if not the letter of the laws of the State of New York, wherein it is laid down that deposits for savings shall be subject to certain strict rules of investment and management.

The offer of these banks and trust companies had undoubtedly a tendency to induce savings bank depositors to remove their funds from the savings banks and deposit them with other financial institutions. This was not only in violation of the spirit of the law but is in substance an objectionable practice. The laws of the State of New York contemplate the existence side by side, under the active superintendence of the banking authorities of the State, of at least three different classes of financial institutions—the bank of discount, the trust company and the savings bank. To each is its own sphere assigned. It was not intended originally that any one class should encroach on the sphere of the other. That this separation has not been complete is true, but the failure in the past to keep the lines of demarcation well defined does not excuse an entire obliteration of those lines. Particularly was it intended that the business of savings banks should not be sought by other institutions.

Breaking the Spirit of the Law.

With this thought the law specially provides that only a duly authorized savings bank shall advertise itself as such. That the statute is not wider in its scope is to be deplored, and it is probably true that if a trust company or bank of discount bids an excessive rate of interest with the purpose and result of drawing to itself deposits legitimately belonging to a savings bank, it is not breaking the letter of the law. It is undoubtedly, however, acting in defiance of the underlying intent of the Legislature in its general scheme regarding banking institutions and contrary to the spirit of the enactment which has been referred to above.

The other financial institutions, the banks and trust companies, are not subject to the rules and regulations laid down for the savings banks. Inasmuch as the savings bank deposits are not demand deposits, these banks are enabled to obtain a larger rate of interest than would be possible were those deposits withdrawable on demand.

Why Savings Banks Can Offer a High Rate of Interest.

The expense of running the average savings bank is far less than that of any other financial institution for each dollar of deposits. The result of the other banks bidding for savings banks deposits was to lessen the security of those deposits which ought to have gone to savings banks, not only because the other financial institutions were not subject to the strict rules covering the savings banks, but also because the other financial institutions must of necessity earn a larger return than the savings banks, for the reason that the expenses of running the other institutions are substantially larger and because they are under a necessity of paying dividends on their capital.

Further, the banks and trust companies are not able to have practically all their money working all the time, as is the case with the savings banks. Instead of having a maximum available fund prescribed by statute, the banks and trust companies must by law have from fifteen per cent. to twenty-five per cent. of their funds inactive or practically so. Surely, if the savings banks in New York State with almost one hundred per cent. of their deposits invested and running expenses reduced to a minimum can only average a net return to depositors of three and sixty-five one hundredths per cent., the trust company or bank that pays four per cent. on current balances must of necessity have recourse to investing and loaning the funds on securities inferior in safety to the securities in which the savings banks investments are kept.

A Vicious Practice.

To sum up the results of the argument: It is not believed that a bank of discount should pay any interest whatsoever on current balances; it is bad in theory and vicious in practice, except possibly under conditions such as existed at one time in Scotland, where the right of note issue by the banks of discount was substantially unrestricted. The trust company occupying a different position toward its depositors may pay interest on its deposits, but it should not pay a rate to exceed the average return of demand loans on the open market, for the reasons heretofore stated, and no institution should at any time pay or offer to pay a rate exceeding the minimum savings bank return to depositors, for the reason that such offer on the part of a bank of discount or trust company would tend to draw from the savings bank accounts intended by the law to be entrusted only to such banks.

WORLD'S OUTPUT OF GOLD.

ONE of the first duties incumbent on the new Director of the Mint, Professor Andrew, of Harvard, will be the issue of the annual statement of the world's production of gold during the last year.

It is expected that the report this fall will show continued increase in the world's production as well as in the production of silver. This increase will not be due, however, to the American mines, for it is believed by experts here that the production in the United States, as well as in Alaska, will show a decrease.

In 1907 the world's production amounted to $410,555,300. This was an increase of $8,000,000 beyond the preceding year. For 1908 there will probably be an equally large increase. The enormous development in the South African fields will account for the greater portion of this increase, due mainly to the vigorous exploitation of South African mining properties. On the other hand, Australia is declining in the amount of gold output. Mexico is showing a tendency toward increased production, and the forthcoming figures will show an appreciable advance.

But the part of the world to which experts are looking for heavy production in the future is Central America and South America, while the Siberian field is also thought to offer vast possibilities.

Unless the Nevada fields, which have not yet made returns, come forward with unexpectedly heavy productions, the United States will be shown to have decreased its output in the forthcoming figures. Alaska is not holding its own, while the California and Colorado gold fields are also decreasing their production. The production for the United States in 1907, amounting to $90,000,000, was a decrease of about $4,000,000 from the preceding year.

This decrease was the first halt of any importance in the remarkable growth of the annual yield of the United States since 1883. The decrease was due at that time to the falling off in the yields of Alaska, California, Colorado, Montana and South Dakota, and the indications are that the year 1908 will prove somewhat similar.

The declines shown in the various fields of this country in 1907 were, in part, made up by an increase of about $6,000,000 in Nevada. It is not expected that these conditions will be repeated this year, and a larger decline is looked for in this country, the Nome field, in Alaska, alone showing a decline of more than $1,000,000.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

STOPPING PAYMENT — CERTIFIED CHECK.

TIMES SQUARE AUTOMOBILE CO. vs. RUTHERFORD NAT. BANK.

COURT OF ERRORS AND APPEALS OF NEW JERSEY, JUNE 14, 1909.

Where a bank certifies a check at the request of the payee the effect is the same as if the funds had been paid out to him and redeposited to his own credit, and hence the bank may not refuse to pay the check upon the ground that it was procured from the drawer by fraud.

GUMMERE, *C. J.:* One Purdy, being desirous of purchasing a second-hand automobile, employed Millard Ashton, an automobile salesman, to assist him in making a proper selection. Ashton took him to the salesroom of the Times Square Automobile Company, and, after looking over its stock, Purdy, with Ashton's approval, selected a car, the price of which was $600, and gave his check on the Rutherford National Bank for the purchase price. The check was drawn to the order of Ashton, who indorsed it and delivered it to the manager of the automobile company. Immediately after receiving it, the automobile company sent it by special messenger to the banking house of the Rutherford National Bank with a request that it be certified. This request was complied with. Afterward, when the check was presented for payment, the bank refused to honor it, upon the ground that it had received instructions from Purdy not to pay it. The automobile company thereupon brought suit against the bank on its contract of certification. The defendant admitted that it had certified the check, and that it did so at the request of the plaintiff, the holder thereof, but sought to justify its refusal to pay upon the ground that Purdy had been induced to purchase the car by false representations made by the manager of the plaintiff as to its condition and value. It was contended on behalf of the plaintiff that this defense was not open to the defendant. It was, however, admitted over its objection. At the close of the case plaintiff asked for a direction of a verdict in his favor. This request was refused, the case was sent to the jury, and a verdict in favor of the defendant was rendered. The plaintiff now seeks a reversal of the judgment entered upon that verdict, on the ground that its request for a direction in its favor should have been complied with.

The effect of the certification of a check by the bank upon which it is drawn depends upon whether it is done at the request of the drawer or of the holder. When a check is presented by the drawer for certification, the bank knows that it has not yet been negotiated, and that the drawer wishes the obligation of the bank to pay it to the holder, when it is negotiated, in addition to his own obligation. A certification under such circumstances does not operate to discharge the drawer (Minot vs. Russ, 156 Mass. 460, 31 N. E. 489, 16 L. R. A. 510, 32 Am. St. Rep. 472; 5 Amer. & Eng. Ency. of Law, 1056); and so long as the drawer remains undischarged, such a defense as that set up in the present case is open both to him and to the bank. But when the certification by the bank is done at the request of the holder, the effect is radically different. The transaction, then, is virtually this: The bank says: "That check is good; we have the money of the drawer here ready to pay it; we will pay it now, if you will receive it." The holder says: "No, I will not take the money now; you may retain it for me until the check is presented for payment." The bank replies, "Very well, we will do so." (First Nat. Bank of Jersey City vs. Leach, 52 N. Y. 353, 11 Am. Rep. 708). The result is to discharge the drawer from any further liability on the check (Negotiable Instrument Act April 4, 1902, § 188 [P. L. p. 614]), and to substitute a new contract between the holder and the bank by the terms of which the money called for by the check is transferred from the account of the drawer to the account of the holder. In contemplation of law the obligation of the bank to the holder, when the certification is at his request, is the same as if the funds had been actually paid out by the bank to him, by him redeposited to his own credit, and a certificate of deposit issued to him therefor. (5 Amer. & Eng. Ency. of Law, 1055; Dan. on Neg. Inst. § 1603.)

The defendant, in refusing payment of Purdy's check, apparently considered that its obligation to the holder was no greater than if its certification had been made at Purdy's request. It failed to realize that its act operated as a payment of the check, so far as Purdy was concerned, and transferred the moneys which it called for to the account of the plaintiff. The situation was the same, so far as the defendant was concerned, as if Purdy had paid cash to the plaintiff for the car which he had purchased, and the plaintiff had then deposited the cash in the defendant's bank. Having accepted the plaintiff's money, and issued to him a certificate of deposit therefor, it did not concern the defendant from whom, or how, or under what circumstances the money had been obtained. Its contract required it to pay the amount of the deposit to the plaintiff, or its order, and it could not avoid its obligation to do so by showing that the plaintiff had fraudulently obtained the money which it had deposited with the defendant.

The defense interposed should have been overruled, and a verdict directed for the plaintiff. The judgment under review will be reversed.

NOTICE TO BANK—OFFICER ACTING ON BEHALF OF CUSTOMER.

MORRIS, ET AL., vs. FIRST NAT. BANK OF SAMSON.

SUPREME COURT OF ALABAMA, MAY 20, 1909.

Where the bookkeeper of a firm doing business with a bank is also an officer of the bank, the bank will not be charged with notice of facts learned by him in the discharge of his duties as such bookkeeper.

THE Samson Live Stock Company was a firm, composed of J. J. Morris and W. T. Edge. Griggs was the cashier and bookkeeper of the Samson Live Stock Company during its existence, and also assistant cashier and bookkeeper of the bank. J. J. Morris was one of the members of the firm of the Samson Live Stock Company, and during the years 1906 and 1907 was cashier of the bank. Under the arrangement between the two, checks were drawn by Griggs as the bookkeeper of the live stock company and paid by Griggs as the assistant cashier and bookkeeper of the bank. The action was founded upon overdrafts composed of some of these checks so drawn and paid. The defendant offered to show that the live stock company was not indebted to some of the parties in whose favor the check was drawn, but that Edge individually was indebted to them, and these checks were drawn to pay his individual checks. The court refused to permit this evidence. It was shown by Griggs' testimony, and not disputed by Edge, that these checks were drawn by Edge's direction. Morris offered to testify that Griggs was instructed and authorized to draw checks to pay all debts of the Samson Live Stock Company, but was not authorized to draw any check for any sum not owing by the Samson Live Stock Company. At the time of the dissolution of the firm and the withdrawal of Morris therefrom, Griggs was present and knew all about it.

ANDERSON, *J.:* The checks were drawn for the Samson Live Stock Company, a firm composed of Morris and Edge, by Griggs, the bookkeeper of said firm, and who was also assistant cashier of the plaintiff bank, and upon the order and direction of one of the partners, Edge. It was therefore immaterial as to the instructions given Griggs by Morris, as between the firm and third persons, as Edge had as much authority to direct the bookkeeper as his copartner, Morris, and, when the checks were drawn upon the direction of one of the partners and were paid by the bank, they became a valid claim against the firm and each member thereof, regardless of the previous instructions from Morris to Griggs.

It was also immaterial that the firm had been dissolved when the last check was drawn and paid by the bank, unless the bank had notice of the dissolution, as it had been dealing with said firm, and the individual partners were liable for the debts contracted, even after dissolution, unless the bank had notice of said dissolution. True, the defendants proposed to show that Griggs had notice of the dissolution; but Griggs occupied a dual position, and the notice he may have acquired as bookkeeper of the defendants could not be imputed to the bank. (Traders' Ins. Co. vs. Letcher, 143 Ala. 400; Cen. of Ga. vs. Joseph, 125 Ala. 319; Patterson vs. Irvin, 142 Ala. 401.) The defendants did not propose to prove that the bank had notice of the dissolution, or that Griggs got notice while acting for the bank. If he knew of the dissolution because of being bookkeeper for the defendants, notice thus acquired was not binding on the bank. To have put the trial court in error, defendants should have proposed to show that the bank, or that Griggs, as agent of the bank, had notice of the dissolution, as notice to Griggs, who was also bookkeeper of the defendants, was not of itself sufficient to charge the bank with notice. Nor can the defendants complain of not letting Morris testify that the officers of the bank authorized him to lend the money to the stock company at eight per cent., as that would exonerate the bank from responsibility for the usurious feature of the transaction, inasmuch as Morris was dealing with himself, and, if he saw fit to charge himself or his firm with a greater interest than the officers authorized or required, he is estopped from charging the bank with usury. Not only did Morris have the authority, as a partner, to bind or estop the firm, but Edge was also estopped from questioning Griggs' authority to draw the checks in question, as they were drawn at his instance.

The judgment of the circuit court is affirmed.

WAIVER OF "PROTEST"—EFFECT OF.

BANK OF MONTPELIER vs. MONTPELIER LUMBER CO.

SUPREME COURT OF IDAHO, JUNE 11, 1909.

Under the Negotiable Instruments Law, an indorser who waives "protest and notice of protest" is deemed to have waived demand of payment and notice of dishonor.

THIS action was instituted by the bank of Montpelier against the Montpelier Lumber Company, a corporation, and James Redman, Walter

Hoge, M. Rosenbaum, Alex Beckman, Alphonzo Quayle, W. D. Ream and William Quayle, to recover on a certain promissory note for $1,300, together with interest and attorney's fees. This note was executed by the defendant lumber company on May 17, 1903, due sixty days after date, and was indorsed by the other defendants on the same day and prior to delivery. The plaintiff alleged that at the time of the execution of the note by the company, and before its delivery, the individual defendants indorsed the note, and thereby guaranteed the payment of same, writing on the back thereof the following words, "Protest and notice of protest waived." The individual defendants, with the exception of Rosenbaum, answered, admitting the execution of the note and indorsement by themselves, and also setting up certain matters in defense of the action. They also alleged that they had never received any notice of nonpayment of the note, and that such notice had never been given, and that demand had never been made. The case was tried on these issues, resulting in findings and judgment in favor of the plaintiff and against the defendants in the sum of $2,064. The defendants who indorsed the note, appealed from the judgment.

Ailshie, *J.:* (Omitting part of the opinion): Before considering the import and extent of this waiver, it is well enough to observe that these appellants are indorsers within the purview and meaning of section 63 of the negotiable instruments law of this state (Laws 1903, p. 391), which section is embodied in section 3520 of the Revised Codes. That section reads as follows: "A person placing his signature upon an instrument otherwise than as maker, drawer or acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity." The uniform negotiable instruments law, in substantially the same form as we have it, has been adopted in the majority of the States of the Union and has received construction by many of the courts. Under the provisions of this statute there is no doubt but that the appellants are to be treated and held as indorsers. (See Rockfield vs. First Nat. Bank of Springfield, 77 Ohio St. 311.) (See, also, note to same case. Deahy vs. Choquet, 28 R. I. 338; Toole vs. Crafts, 193 Mass. 110; Farquhar Co. vs. Higham, 16 N. D. 106.) As to whether a waiver of protest and notice of protest amounts to a waiver of presentment and demand for payment is one on which the courts are not in harmony. Some of the courts have held that these contracts of waiver must be strictly construed, and that the indorser will only be held to have waived such requirements as are specifically covered by the language used in his contract. (Sprague vs. Fletcher, 8 Or. 367; Freeman vs. O'Brien, 38 Iowa, 406; Lemmert vs. Guthrie Bros., 69 Neb. 499.) Other courts have been more liberal and incline to hold the indorser to the intent of his contract as the language employed is generally and popularly understood. Accordingly, it has been held that a waiver of protest and notice of protest is a waiver of presentment and demand, and all those acts necessary to bind the indorser for the payment of the debt (Gordon vs. Montgomery, 19 Ind., 110; Matthey vs. Gally & David, 4 Cal., 62; Coddington vs. Davis, 1 N. Y., 186, 3 Denio, 16; Wards vs. Sparks, 53 Ark., 519; McFarland vs. Pico, 8 Cal., 626; City Sav. Bank vs. Hopson, 53 Conn., 453; Wilkie vs. Chandon, 1 Wash. St., 355).

It is true that, technically speaking, the word "protest" only applies to and covers the formal writing and declaration made by the officer, who is ordinarily a notary, stating that the bill or note was duly and regularly presented in accordance with the laws governing commercial paper, and that payment was refused, and that he thereby formally protests the same for non-payment. This, however, does not cover the meaning of the word as generally used in commercial transactions and as it is commonly understood in the business world. In its popular sense it includes all the steps necessary to fix the liability of the indorser, and this necessarily includes demand of payment, refusal to pay, and notice (Price vs. McClave, 13 N. Y. Super. Ct., 544; Wards vs. Sparks, 53 Ark., 519; Daniel on Neg. Inst., Sec. 929; 6 Words & Phrases, 5743). Under the provisions of Section 82 of the Negotiable Instruments Act (Section 3539, Rev. Codes), "presentment for payment is dispensed with: * * * Third. By waiver of presentment, express or implied." Section 109 of the same act (Section 3566, Rev. Codes) provides that: "Notice of dishonor may be waived, either before the time of giving notice has arrived, or after the omission to give due notice, and the waiver may be express or implied." Section 111 (Section 3568, Rev. Codes) says: "A waiver of protest, whether in the case of a foreign bill of exchange or other negotiable instrument, is deemed to be a waiver not only of a formal protest, but also of a presentment and notice of dishonor." Under these express provisions of the statute, and in view of the popular and generally accepted meaning of the term "protest," we have no hesitancy in holding that an indorser who waives "protest and notice of protest" thereby waives, and intends to waive, presentment and demand and notice of the same and of the dishonor of the paper.

CHECK DELIVERED WITHOUT AUTHORITY — HOLDER IN DUE COURSE.

BUZZELL vs. TOBIN.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, JAN. 7, 1909.

As against a holder in due course, the drawer of a check cannot show that it was delivered by his clerk without authority, since by the terms of the Negotiable Instruments Law a valid delivery in such case is conclusively presented.

BRALEY, *J.:* If the consideration of the check as between the defendant and the payee was the price of a pair of horses, which might have been found to have been unsound at the time of sale, yet the plaintiff as indorsee having taken it for value, and in good faith before it was overdue, and without notice of any infirmity, or that payment had been stopped at the bank, became a holder in due course, with all the rights appertaining to such a title (Rev. Laws, c. 73, Sec. 69; Wheeler vs. Guild, 20 Pick. 545, 552, 553, 32 Am. Dec., 231; Shawmut National Bank vs. Manson, 168 Mass., 425, 47 N. E., 196; Massachusetts National Bank vs. Snow, 187 Mass., 159, 72 N. E., 959). The defendant, while not expressly conceding this, rests his defense solely on the ground that, because his clerk had no express authority to deliver the check to the payee, it was unlawfully put in circulation, and the contract being incomplete, no title passed to the plaintiff by its subsequent negotiation (Fearing vs. Clark, 16 Gray, 74, 77 Am. Dec., 394; Hill vs. Hall, 191 Mass., 253, 265, 77 N. E., 831). But the check was in the hands of the plaintiff as a holder in due course, and as to him a valid delivery by the defendant was conclusively presumed, even if this defense would have been open as between the original parties (Rev. Laws, c. 73, Sec. 33; Massachusetts National Bank vs. Snow, 187 Mass., 159, 163, 72 N. E., 959). We are, therefore, not called upon to decide whether there was other evidence upon which, under suitable instructions, the jury could have found either actual or constructive delivery. It accordingly follows that the ruling requested could not properly have been given, and the case was rightly submitted to the jury.

Exceptions overruled.

AUTHORITY OF CASHIER — REPRESENTATIONS MADE TO COMPANY INSURING FIDELITY OF BOOKKEEPER.

NATIONAL BANK OF TARENTUM vs. EQUITABLE TRUST COMPANY OF PITTSBURGH.

SUPREME COURT OF PENNSYLVANIA, JAN. 4, 1909.

Where the directors of a bank through long usage, permit the cashier to act without their express authority in matters in which they might lawfully authorize him to act, they cannot, after such action upon his part, be heard to deny his authority, to the detriment of those who relied upon it.

Where the duty of arranging with a surety company for the renewal of the bond of the bookkeeper is committed to the cashier, the bank will be bound by his representations.

POTTER, *J.*: At the instance, and under the direction, of his employer, the National Bank of Tarentum, and at the cost of the bank, one James H. Ekas obtained from the defendant company a fidelity bond for the sum of $10,000, conditioned to make good to the bank all pecuniary loss sustained by it through any fraud or dishonesty on the part of the said Ekas in connection with his duties as bookkeeper during the continuance of the bond. It covered a period of twelve months, ending April 10, 1899. Its provisions were extended from year to year, upon the payment of an additional annual premium, until April 10, 1904. Attached to the original application was a statement, signed by the cashier on behalf of the bank, commending the applicant, giving the time of his previous service with the employer, etc., and certifying that his accounts had been properly examined and found correct in every respect.

Each year, prior to April 10, the trust company sent the bank a notice of which the following is a copy:

"To National Bank of Tarentum, Tarentum, Pa.

"Dear Sir: We hereby notify you that bond No. 11, for $10,000, issued by this company on James H. Ekas, in your employ as bookkeeper, will expire on the tenth day of April next. The premium, $40.00, should be paid on or before the date of expiration, otherwise the bond will lapse. Kindly have the certificate below filled in and signed, and forward with remittance for premium, when the renewal receipts will be sent to you.

"Yours respectfully,

"Theophilus Sproull, President."

To this was attached the certificate referred to in the notice. These certificates were all in the same form, and were all filled out in the same way and returned to the trust company. The last certificate was as follows:

"To the Equitable Trust Company of Pittsburgh:

"This is to certify that on April 10, 1903, the books and accounts of Mr. James H. Ekas, in our employ as bookkeeper, were examined by us and that we found them correct in every respect, and all moneys handled by him accounted for to the best of our knowledge and belief. He has performed his duties in an acceptable and satisfactory manner. We know of nothing in his habits or antecedents affecting unfavorably his title to confidence, and we know of no reason why the guaranty bond issued on his behalf by the Equitable Trust Company of Pittsburgh should not be continued.

"[Signature] O. C. Camp,

"On Behalf of National Bank of Tarentum, Employer.

"His salary is now $900. Dated at Tarentum, Pa., April 10, 1903."

It was provided in the bond that in case of its extension the company should be liable for any dishonest act of the employe occurring between the original date of the bond, and the limit of the extension. In June, 1904, it was found that Ekas had been systematically defrauding the bank, and the amount of his defalcation was subsequently fixed at $9,200, for the recovery of which sum this suit was brought upon the bond. The trust company defended on the ground that the statements contained in the certificates as to the examination of his accounts were untrue, and that therefore the defendant could not be held liable on the bond which had been issued or extended upon the faith of the representations in the certificates.

The trial judge refused binding instructions for either plaintiff or defendant, and submitted to the jury two questions: (1) Whether the bank must be considered to have authorized its cashier to sign the renewal certificates; and (2) whether the statements in these certificates were untrue or substantially true. The verdict was for the defendant, and judgment was entered thereon. Plaintiff has appealed, and by the assignments of error raises substantially but one question, and that is as to whether it was entitled to binding instructions in its favor.

It was not shown by the testimony that the board of directors knew of the making of the certificates at the time they were made by the cashier. But it clearly appears that they were made in response to a written inquiry addressed to the bank, which was received by the bank, and was answered by its executive officer, who was charged with the business of conducting its correspondence. We have no doubt whatever but that the making of the certificate in each case was an act done in the regular course of business of the bank, by its proper officer authorized to represent it in that respect, and dealing with the surety company for and on behalf of the bank.

The information asked for by the trust company was entirely proper for its guidance in the transaction, and the renewal of the bond from year to year was, without doubt, made upon the faith of the statements contained in the certificate. The bank cannot be heard in disavowal of the representations made by its executive officer, which led the defendant company to agree to continue its responsibility. It certainly cannot be permitted to claim the benefit of the action of its cashier in procuring from the trust company the various extensions of the bond, and at the same time repudiate the terms of the representations made by him for that purpose.

It is apparent from the evidence in this case that the directors gave but scant personal attention to the management of the bank, and that the control of its affairs was left largely to the cashier. The board of directors met infrequently, sometimes only once a month. There is no question but that the action of the cashier in making the certificates was something which he might very properly have been authorized by the board of directors to do had the matter been brought to their attention. Beyond a doubt the board would have authorized the making of any proper certificate for the renewal of the bond, just as they did in the first application.

The law is well settled that, where the directors of a bank, through long usage, permit the cashier to act without their express authority in matters in which they might lawfully authorize him to act, they cannot, after such action upon his part, be heard to deny his authority, to the detriment of those who have relied upon it. (See Morse on Banks, § 165, par. c; Davenport vs. Stone, 104 Mich. 521, 62 N. W. 722, 53 Am. St. Rep. 467.)

In the present case, when the defalcation was finally discovered by means of an audit, which should have been made years before, it was the cashier, acting in behalf of the bank as before, who presented the claim to the defendant company. We are fully satisfied that the evidence was ample to justify the jury in finding that the cashier had authority to make the certificates, and that his action in so doing was binding upon the bank.

Turning now to the contents of the certificates, we find set forth in each of them that on or about their dates the books and accounts of Ekas were examined, and found correct in every respect. This statement was repeated from year to year during the period of the defalcations for which recovery is sought. And yet the statement of claim filed in this case, based on the results of the audit, shows that during the first year of the operation of the bond, a sum aggregating $1,100 was abstracted by the bookkeeper in smaller amounts, periodically taken with almost monthly regularity, and covered in the books by raising the figures of his accounts.

In the second year the process was repeated, and a total of $1,600 was taken in the same way. In the third year the amount ran up to $1.800, and in the remaining years of the period the sums taken and covered in the accounts in the same way were sufficient to bring the aggregate loss to the bank up to $9,200. The method pursued by Ekas was the simple one of changing the footings upon his journal enough to cover the amount of his shortage, and posting the altered amount to the general ledger, leaving the postings to the individual ledger untouched. Had an effective audit, similar to the one which was finally made, been made by the bank at any time during any one of the years in which the shortages occurred. or had any examination which included a comparison of the aggregate footings of the individual ledger with those of the general ledger, been made, it would have shown the discrepancy, and a careful scrutiny would have revealed the fraudulent practices of the bookkeeper. The necessity for such a comparison upon the part of those in charge of the bank would be obvious to any one with the most elementary knowledge of the keeping of banking accounts.

It appears, further, from the testimony that the trial balances as taken from the ledger and presented from time to time by Ekas were out of balance, and that the errors were allowed to go uncorrected. This in itself was notice that something was wrong, and should have prevented the issue of any such certificate as was given to the defendant company. The cashier testified that, if a trial balance had been taken from the individual ledger, and compared with the general ledger, at any time during the existence of the shortages, the discrepancy would have been discovered, if the trial balance had been taken correctly.

Yet the evidence shows that, in the face of these admitted irregularities, and in the absence of any genuine or thorough audit of the books and accounts, in answer to its inquiry year after year, the trust company received from the bank the certificate of its executive officer that the books and accounts of Ekas had been examined, and found correct in every respect. If the jury credited the undisputed evidence in this case, it could have reached no other conclusion than that which it did in its finding that the certificates were in fact untrue, and misleading to the defendant company.

The evidence as to the entries made by the bookkeeper in the books of the bank, and as to the character of the examinations of the accounts by the board of directors, and with respect to the certificates made by the cashier was all relevant and competent testimony, and was properly admitted by the trial judge. Nor do we see any error in the portions of the charge to the jury to which exception has been taken.

The assignments of error are all overruled, and the judgment is affirmed.

LOST CHECK—ACTION ON.

SMITH vs. NELSON.

SUPREME COURT OF SOUTH CAROLINA, JULY 27, 1909.

A suit in equity will be to recover upon a lost check, though in decreeing a recovery the court will protect defendant by a suitable provision for indemnity.

Indorsement of a check by the payee, and delivery to a third party, who retained possession thereof, operates as an equitable assignment pro tanto of the funds of the drawer in the bank, so as to permit the holders to sue the bank for the recovery of such funds as it held when it received notice of the check to the extent thereof.

Where plaintiff received a check from defendant, and mailed the same to his debtor, but the check was lost, plaintiff still remained responsible for its amount to the debtor, and retained title in himself, and could sue on the same as a lost check.

Where the drawer of a check, drew out of the bank all the money that it was supposed to be drawn on, and converted the same to his own use, the mailing of the check by the payee to a third party, his debtor, would not operate to assign to the debtor the funds in the bank to the extent of the check.

ALDRICH, A. A., *J.* (omitting part of the opinion): The question for decision is, Does the complaint as amended state a good cause of action, entitling the plaintiff to equitable relief? The complaint alleges that the plaintiff had sold to the defendant a number of cattle for $259.32; that the defendant gave the plaintiff, in conditional payment of the same a check upon the Columbian Banking & Trust Company, payable to the order of plaintiff, which check the plaintiff indorsed overpayable specially to the order of a party in Georgia, whom plaintiff owed on his part for the same cattle; that plaintiff deposited the check in the post office, properly addressed to the party in Georgia, but the said check, as plaintiff is informed and believes, was lost in the mails, and was never delivered to the said party in Georgia, and has never at any time been received by him.

The allegation of the complaint, therefore, is that the check which was given in payment for the cattle, had been lost, and never used, and the complaint upon the whole must be construed to be a suit upon a lost check.

The authorities in this state are conclusive to the effect that a suit will lie upon a lost note, and that in such case, when the suit is upon a lost note, the proper course is for the loser to go into equity, when by a decree of the court sufficient indemnity can be required to relieve the defendant from the danger of being made liable a second time. (Whitesides vs. Wallace, 2 Speers, 193; Davis & Tarlton vs. Benbow, 2 Bailey, 427; Chewning vs. Singleton, 2 Hill, Eq. 371; Wardlaw vs. Gray's Adm'rs, Dud. Eq. 85.) The principle of these cases will apply equally to other lost negotiable instruments including checks.

It follows from the decisions in this state that there is no doubt that an action in equity will lie to recover upon a lost note or check, and that in such case in decreeing a recovery the court will protect the defendant by a suitable provision for indemnity.

The respondent raises the ground that the authorities do not apply, inasmuch as it appears upon the face of the complaint that the check which is the subject of the action was assigned and transferred to a party in Georgia, and that the plaintiff is not the real party in interest, and had no title to the check. If the check were in existence, and in the hands of a third party, duly indorsed over to him, such third party as the final holder would have a right of action against both the plaintiff as indorser and the defendant as the maker of the check.

The plaintiff, however, as payee would also have a right of action against the defendant as maker. They would both be liable to the holder of the check, but the defendant as the original maker would continue liable to the plaintiff as original payee or as indorser until the debt represented by the check was settled. The rule is precisely the same as exists between the maker and the successive indorsers according to succession on an inland bill of exchange or a promissory note. (2 Daniel on Nego. Insts. (4th Ed.) §§ 1651, 1652); each indorser being liable to all subsequent indorsees as the maker is liable to all indorsers.

Any indorser who is called upon by the holder to pay can enforce the liability against the maker; the liability of the maker being enforced for the benefit of the actual holder at the time of the trial. So, also, if the check which was delivered to the plaintiff had been by him actually indorsed over and delivered to a third party, and was in the possession of such third party, it would operate as an equitable assignment *pro tanto* of the funds of the drawer in the bank, so as to permit the holder to sue the bank for the recovery of such funds as were in the bank, whenever it received notice of the check, to the extent of the check. (Bank vs. Bank, 74 S. C. 210, 54 S. E. 364, 114 Am. St. Rep. 991.)

The case presented is in a different class. The complaint alleges that the check is lost; that it never has been received by, and is not in the possession of, the party in Georgia to whom it was addressed. This is a part of the plaintiff's allegations, and at the time of the trial it may be incumbent on him to sustain it by the proper proof. Assuming, however, that it be true, as alleged in the complaint, that the check has been lost, and has never been received, and is not now held by the party in Georgia, does the mere fact of having mailed it to such party divest the original holder of his interest, so as that he is not able to sue the drawer upon it?

We hold that if the check was lost and never delivered to the party to whom it was addressed, and the plaintiff still remained responsible for its amount to the party in Georgia, whom he intended to pay thereby, the original holder has title in himself, and can sue upon the check as a lost check. The case of Savannah National Bank vs. Haskins et al., 101 Mass. 370, 3 Am. Rep. 373, is exactly to the point, and the reasoning of the case commends itself to us.

The case of Mitchell vs. Byrne, 6 Rich. Law, 171, is not applicable to the present case. In that case the bills of exchange paid by Moon in Liverpool were paid simply for the honor of the plaintiff, Mitchell & Co., and Moon himself stated that he had accepted and paid the bills of exchange of plaintiff only for the honor of the plaintiffs, and looked to them solely for repayment. He did not look at all to Booth, who was the original party upon whom the bills had been drawn by Mitchell & Co.

We cannot hold that, although the holder of a bill paid for the honor of the drawer holds it as indorser, with all the rights against the parties to the bill which indorser can confer, yet there is nothing to prevent the holder surrendering the bill to the party for whose honor the bill was paid, and relinquishing to him all the holder's rights in the instrument, and that, such being Moon's intention, Mitchell & Co. remained creditors of Booth as holders of the bills.

In the present case the plaintiff substantially occupies the same position that was occupied by Mitchell & Co. in the case of Mitchell vs. Byrne. The original debt was due to the plaintiff in this cause, as it was due to Mitchell & Co. in Mitchell vs. Byrne. In neither case had that debt been actually paid. In the present case the check given for its payment has been lost, and the defendant has himself withdrawn from the bank on which the check was drawn the funds on which the check was to operate.

In the Mitchell vs. Byrne case the bills of exchange drawn on Booth had been accepted by Booth, and his acceptance dishonored at maturity, and they were then taken up by Moon to protect the commercial honor of Mitchell & Co. The court practically held that, because Moon had taken up the bills to protect Mitchell & Co.'s honor, that did not release Booth, who had dishonored his acceptances, and who still remained liable to Mitchell & Co. on the original debt; Mitchell & Co. being responsible over to Moon. So in the present case the plaintiff is still liable over to the party in Georgia for the cattle. The loss of the check cannot operate to give the cattle to the defendant for nothing, and the defendant still remains liable to the original payee, the plaintiff.

As the plaintiff in the present case occupies the position of Mitchell & Co. in Mitchell vs. Byrne, so the defendant Nelson occupies the relative position of Booth. Both Nelson and Booth are the parties primarily liable on the instruments, Nelson on his check, and Booth on his acceptance, and the reason of the rule is that the party primarily liable to the original condition should remain so until there is payment or satisfaction in some way to the original creditor. The defendant can suffer no loss by meeting his obligations, as the complaint alleges the willingness of the plaintiff to give (as it is the duty of the court to require) such indemnity as to the court shall seem proper to properly secure and indemnify the defendant from any loss or damage by reason of being again asked to make good the lost check.

We also fail to see how the defendant can be entitled to rely upon the claim that the mailing of the check to the party in Georgia operated to assign to such party the funds in the bank to the extent of the check, in the face of the fact, as alleged in the complaint, and which must be taken as admitted on this hearing, that the defendant after the issue of the check drew out of the bank all the money that the check was supposed to be drawn upon, and assigned and converted the same to his own use. He, therefore, has now in his own possession the very money which he claims to have been assigned in the bank by reason of the check, and there is nothing in the bank which the check can operate on as an assignment.

We hold that the complaint does set out a good cause of action in equity in favor of the plaintiff against the defendant, and it is accordingly adjudged that the judgment below be reversed, and that the cause be remanded to the court of common pleas for Charleston county for further proceedings in accordance with this judgment.

NEGOTIABLE INSTRUMENTS LAW—PROMISSORY NOTE—STIPULATION FOR ATTORNEY'S FEE—NOTICE OF DISHONOR.

FIRST NATIONAL BANK OF SHAWANO vs. MILLER.

SUPREME COURT OF WISCONSIN, APRIL 20, 1909.

In all cases where the Negotiable Instruments Law conflicts with the rules previously established by the courts the statute must govern.

Under the Negotiable Instruments Law a note is negotiable which provides for an attorney's fee only on collection by attorney, after dishonor.

The day after the date of dishonor of the note in question the mail which would carry a notice of such dishonor to the indorser left between 9 and 10 o'clock in the forenoon. The notice was not deposited in the post office until the evening of that day, and insufficient postage was placed thereon, and it was returned to the sender the following day, and on the fifth day thereafter the notice was again deposited in the post office, with the postage properly paid. *Held*, that the notice of dishonor was insufficient to bind the indorser.

THE instrument sued on was duly made and delivered so as to take effect according to its tenure, the same being, before delivery, duly indorsed by defendant. Before maturity the instrument was placed with plaintiff for collection in due course, the cashier being informed, at the time, of defendant's residence. At the time the indorsement was made the payee was informed that the defendant received his mail by rural free delivery and as to the route reaching plaintiff. Independently of that, the payee knew the facts of which he was so informed and the cashier also knew where defendant resided.

All mail with postage prepaid deposited in the post office before 9.25 a. m. on any week day for persons residing on the particular route was customarily delivered on the same day. The note was dishonored Saturday, February 24, 1906. Notice thereof with one cent postage paid, whereas two cents was required, was deposited in the post office the evening of the following Monday. It was immediately placed with plaintiff's mail for return because of the insufficient postage and was received by it, in due course, the following day.

On the fifth day thereafter, between 6 and 8 p. m., the notice was again deposited in the post office, properly addressed and postage properly paid. Thereafter the paper was, for value, sold and duly indorsed to plaintiff without recourse and defendant refused payment because he was not properly notified of the dishonor.

On such facts the court decided that the instrument was a negotiable promissory note and that defendant was not liable because notice of dishonor was not properly given. Judgment was rendered accordingly.

MARSHALL, *J.* (after stating the facts as above): The court is of the opinion that, by the fair meaning of the instrument sued on, payment of attorney's fees was provided for only on collection by an attorney after dishonor. That would seem to be the case as an original matter and like clauses in similar instruments have uniformly received that construction, as indicated in cases cited to our attention and others: Sperry vs.

Horr, 32 Iowa, 184; Shenandoah National Bank vs. Marsh, 89 Iowa, 273, 56 N. W. 458, 48 Am. St. Rep. 381; Farmers' Nat. Bank vs. Sutton Mfg. Co., 52 Fed. 191, 3 C. C. A. 1, 17 L. R. A. 595.

Such being the case the instrument was negotiable under subdivision 2, § 1,675, of the negotiable instrument law (chapter 356, p. 684, Laws 1899), providing that "the sum payable is a sum certain * * * although it is to be paid * * * with costs of collection or an attorney's fee, in case payment shall not be made at maturity." That was considerately designed to supersede the judicial rule in Morgan vs. Edwards, 53 Wis. 599, 11 N. W. 21, 40 Am. Rep. 781; First Nat. Bank vs. Larsen, 60 Wis. 206, 19 N. W. 67, 50 Am. Rep. 365; Peterson vs. Bank, 78 Wis. 113, 47 N. W. 368; Kimball Co. vs. Mellon, 80 Wis. 133, 48 N. W. 1,100, and similar cases.

In all situations where the negotiable instrument law passed in 1899 conflicts with our adjudications, as to instruments made subsequent to that time, the former rules.

When the negotiable instrument law was enacted a conflict of judicial authority on the subject in hand and others existed. In some states a clause similar to that here was held to render the amount payable on the instrument uncertain and to destroy its negotiability. In many other states the obligation as to costs of collection was held to be contingent upon collection after dishonor, to appertain to the remedy for a breach of the primary contract not to the debt itself, and, therefore, not to render the amount uncertain, militating against negotiability. To supersede the conflict by a general rule the provision of the negotiable instrument statute quoted was incorporated therein.

The law relating to proceedings to fix the liability of an indorser of a promissory note, in case of dishonor by the maker, was different in some states than in others, and for harmony on that as to the time and manner of giving notice of dishonor to the indorser it was provided by subdivision 34, § 1,678, of the negotiable instrument statute that "where the person giving and the person to recieve notice reside in different places, the notice must be given * * * if sent by mail" by depositing it "in the post office in time to go by mail the day following the day of dishonor, or, if there be no mail at a convenient hour on that day, by the next mail thereafter."

Here notice was not sent till after time for mail on the first secular day after dishonor though there was ample opportunity to do so. The departure time for the mail was between 9 and 10 o'clock of such day. That was certainly a convenient time within the meaning of the statute. No excuse is found in the evidence for not depositing the notice with postage fully paid so as to have reached the respondent by such mail. The deposit on the evening of that day, after ordinary business hours and long after the closing of the mail for such day, as regards the route by which it must have been known the notice would reach respondent, if at all, clearly was too late. If that were not so, failure to prepay the postage so notice would go out by the next mail and failure to remedy the mistake after knowledge thereof for several days thereafter released the indorser beyond any possible question.

Judgment affirmed.

WINSLOW, *C. J.*, took no part.

DEPOSIT MADE TO MEET OUTSTANDING CHECKS—CHARGING OFF INDEBTEDNESS TO BANK.

FIRST NATIONAL BANK OF HAZARD vs. BARGER.

COURT OF APPEALS OF KENTUCKY, JAN. 22, 1909.

If a bank receives a general deposit from one who is indebted to it, it has the right to charge against that deposit the amount of any indebtedness due to it; but if the bank receives a deposit with notice that it is made for the purpose of meeting outstanding checks drawn by the depositor, it has no right to charge the account with sums due from him.

DUNN, *J.*: Prior to the year 1906 there was a bank in Hazard, Ky., known as "The Hazard Bank," which was incorporated under the laws of this state. S. C. Colwell had business transactions with this bank by which he became its debtor in a sum exceeding $1,500, for which he executed his note.

The bank obtained a judgment upon the note, and an execution was issued thereon, and Colwell replevied it. When the replevin bond became due he failed to pay it, and an execution was issued upon it and placed in the hands of the coroner of that county. All the claim was paid, except about $535, for which Colwell gave a check to the coroner, on some bank in Winchester, Ky. This check was given February, 1907, and was sent to Winchester for collection, but payment was refused. Some time before this check was given, the bank referred to ceased to do business as a state bank, and organized as a national bank, and was thereafter known as "The First National Bank of Hazard."

It appears from the record that Colwell had no dealings and no account with either of the banks, after the judgment was rendered against him in favor of the Hazard Bank, until the transactions occurred which are the subject of this litigation.

About the 1st day of March, 1907, Colwell purchased a raft of logs from appellees, agreeing to pay them therefor $1,064.30, and at about the same time employed three persons to aid him with the raft; and on the second day of March he gave to appellees a check on appellant bank for the purchase price of the logs, and to Dorch & Co. a check for $20, one to J. H. Hammons for $39.85, and to R. C. Hill for $20, making the total sum of the checks $1,144.15. Colwell had no money in appellant bank to meet these checks, but on the next day he went to Irvine, Ky., and there obtained a check from John Morgan, drawn on a bank in Richmond, Ky., payable to himself, for the sum of $1,144.15, the exact amount of the total of the checks he had issued on appellant bank.

At the time he was in Irvine he saw C. G. Bowman, president of appellant bank, and gave the check to him to carry to Hazard, with directions to place it to his credit in the bank. He told Bowman at the time that he had drawn some checks on this bank, and that, if they reached there before the one he handed him, the cashier would protest them. Bowman did not return to Hazard as soon as he thought he would at the time Colwell gave him the check, so he mailed it to appellant without any statement of the purpose of the deposit. As soon as the check arrived at the bank the cashier sent it to Richmond for collection, but did not learn that it would be paid until March 12. In the meantime the four checks drawn by Colwell had arrived at appellant bank, but were not paid. Bowman, the president of the bank, returned to Hazard and was in the bank when the information was received from Richmond that the check drawn by Morgan payable to Colwell, for $1,144.15, had been honored. Then it was that the cashier of the bank, in accordance with the order of Bowman, its president, gave Colwell credit for the $1,144.15, and charged him with the balance due on the judgment referred to, to wit, $535. After deducting this sum from the amount of the check, there was not enough left to pay appellees' check, and it was protested. Afterwards, the bank paid the other three checks above mentioned, and paid out the remainder on checks drawn thereafter by Colwell.

Appellees instituted this action to recover $1,064.30, the amount of their protested check with its interest, and alleged that the deposit of Colwell was a special deposit for the payment of the four first described checks; that that fact was known to its president at the time their check was protested; that appellant and Colwell acted in collusion to defraud them out of their money; that Colwell was insolvent at the time, which was known by appellant's officials; that it had no right or authority to charge the $535, which was secured to it by the replevin bond referred to, against this deposit which was placed there to meet their check and the three other small ones. The answer of appellant controverted the allegations of the petition. The case was tried by a jury, which returned a verdict in behalf of appellees.

Appellant contends that it is entitled to a reversal for the reason that there was no evidence sustaining appellees' cause of action; that it was entitled to a peremptory instruction to the jury to find for it; because the court gave improper instructions, and refused to give proper instructions offered by it.

We are of the opinion that there was testimony tending to show that Bowman, the president of the bank, knew, or had reasons to know, that when appellees' check was protested the deposit made by Colwell was a special deposit to meet the check of appellees and the other three small ones. Colwell and Bowman both swore that at the time of the delivery of the check to Bowman, on the Richmond bank, Colwell told him that he had drawn some checks on appellant, and wanted to get the check then delivered to Bowman to appellant before the others reached there, so that they would not be protested.

In our opinion this was notice to Bowman that the deposit about to be made by Colwell was made for the special purpose of meeting these outstanding checks issued by Colwell. Bowman was asked the following questions, to which he answered as follows: "Q. Did you get home before the protest of the Barger check? A. I think I did. Q. You were at home when it came in? A. No, sir. Q. Did you know the cashier had protested it? A. I knew he would. Q. Did you come home the day it was protested? A. Yes, sir, the day it was protested. Q. Did you come in before it was protested? A. Yes, sir. Q. Why didn't you tell him not to do it? A. There were not sums sufficient to pay it.

Further along in his deposition, he stated that the reason that there was not enough to pay appellees' check was because the bank had charged Colwell's account with the balance of the judgment debt. The evidence conduces to show that Bowman had been informed by Colwell that he had drawn checks on his bank, and wanted this deposit made before they reached the bank, for fear his checks payable to appellees and the other persons named would be protested. When Bowman returned from Irvine to Hazard he found the four checks drawn by Colwell in his bank, which amounted to exactly the same amount as the deposit. This fact was some evidence to a reasonable mind that these checks were the ones referred to by Colwell when he delivered the check to Bowman in Irvine, Ky. With these facts in his possession, Bowman directed the cashier of the bank to charge Colwell's account with the old judgment debt and protest the check of appellees.

There was other evidence introduced, some of which tended to support appellees' claim and some conducing to show that appellees had no cause of action. But we have referred, especially, to the above facts to show that the court committed no error in refusing the peremptory instruction on behalf of appellant.

The court gave to the jury three instructions. The first is as follows: "If you shall believe from the evidence that S. C. Colwell, on or about March 1, 1907, drew a check on the First National Bank of Hazard, Ky., directing said bank to pay to the plaintiffs herein $1,064.30, and that thereafter, and on about March 3, 1907, the said Colwell delivered to C. G. Bowman, at Irvine, Ky., a check for an amount sufficient to pay checks drawn to plaintiffs to be deposited in defendant bank to his credit for the purpose of paying the check drawn to plaintiffs, and that said check was delivered to said Bowman with instructions to be deposited in defendant bank for the purpose of paying outstanding checks delivered to the plaintiffs, and that said check delivered to said Bowman was collected by said bank before the protest of plaintiffs' check, and that said bank had notice through C. G. Bowman, or otherwise, that said deposit was made for the purpose of paying the plaintiffs' outstanding check.

then they will find for the plaintiffs the sum of $1,064.30."

The second instruction authorized the jury to find for appellees if they believed from the evidence that appellant bank fraudulently appropriated any part of the money deposited to the payment of its old judgment, and by reason of such appropriation it did not have sufficient money in its bank, due Colwell, for the payment of appellees' check. The third was to the effect that, if the jury did not believe from the evidence as stated in instruction Nos. 1 and 2, then they would find for appellant.

The instructions offered by appellant, which the court refused to give, in substance included the same ideas expressed in the instructions given by the court. About the only difference is, the instruction offered by appellant used the words, "a special deposit to the credit of Colwell for the special purpose of meeting the check of appellees"; and the instruction given by the court used the words, "to be deposited in defendant bank for the purpose of paying outstanding checks delivered to the plaintiffs, and that said check delivered to said Bowman was collected by said bank before the protest of plaintiffs' check, and that said bank had notice through C. G. Bowman, or otherwise, that said deposit was made for the purpose of paying the plaintiffs' outstanding check." We are of the opinion that the court committed no error prejudical to the substantial rights of appellant in the giving of the instructions.

The law is that, if a bank receives a general deposit from one who is indebted to it, the bank has the right to charge the depositor's account with such indebtedness; but if the bank receives a deposit with notice that it is made for the purpose of meeting outstanding checks drawn by the depositor, it has no right to charge the depositor's account with sums due it by the depositor, and thus defeat the person holding the outstanding claims from collecting their checks. This rule applies only when the bank has notice of the previous appropriation of the sum deposited, or, in other words, that it is a special deposit to meet outstanding checks issued by the depositor.

In our opinion, there was testimony introduced which supported the verdict of the jury.

For these reasons, the judgment of the lower court is 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.

SELECTION OF CHECKS WHERE ACCOUNT INSUFFICIENT TO PAY ALL.

New York, October 12, 1909.

Editor Bankers Magazine:

Sir: Please answer the following question in the next issue of your Magazine: A's balance is $749, and two checks are received through the clearings amounting to $720. During the forenoon, and before the bookkeeper has actually entered these checks, a check for $100 is presented at the window of the paying teller. Should we pay this check and return one of the others, or should we pay the others, and refuse the one presented at the window?

Teller.

Answer: As good a rule as any would be to pay the checks in the order of their presentment, and though the checks received through the clearings had not been entered, they were still to be regarded as having been presented. This rule of paying checks in the order of their presentment is important in the few states where the drawing and delivery of a check is regarded as an equitable assignment of the deposit *pro tanto.* This theory of an equitable assignment, however, never prevailed in New York, nor does it exist in any state where the Negotiable Instruments Law has been adopted. The provision of the statute is: "A check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder, unless and until it accepts or certifies the check." (Sec. 325, New York Act.) The holders of the checks, therefore, whether those presented through the clearing house or the one presented at the window, would have no cause of action against the bank for its refusal to pay. The only person who could sue would be the drawer, and he could do so only upon the theory that the bank had wrongfully refused to pay his checks. But as the fault lies with him for over-drawing his amount, he would not be heard to say that the action of the bank had injured him. The utmost that he could demand of the bank under such circumstances would be that it act in good faith and with reasonable judgment.

CERTIFICATION OF CHECK AT REQUEST OF PAYEE.

Columbus, Ohio, October 6, 1909.

Editor Bankers Magazine:

Sir: Has the cashier of a bank the right to refuse to certify a check for the attorney or agent of the payee of the check where the check is regular in form and the funds to pay the same were on deposit with the bank? In the case in question, the drawer of the check had not notified the cashier not to certify the check, the cashier refusing to certify because he claimed he would be exceeding the authority vested in him by the depositor, as the depositor's agent. He also takes the provision, that a bank certifying a check without the knowledge or at the request of its depositor, would be compelled to pay the check out of its own funds. Has the payee of a check the right to request certification, or does that privilege belong solely to the drawer of the check?

Bookkeeper.

Answer: We have never known this point to be suggested before, and it is at variance with the settled practice in New York city and elsewhere. The usual custom is for a bank to certify its customer's checks, no matter by whom presented. In the financial district of New York, hundreds of checks are presented every day for certification by messengers, and a teller never stops to inquire whether the messenger comes from the drawer or the payee. The Negotiable Instruments Law, by implication, plainly recognizes the right of the holder to present the check for certification or acceptance; for it provides that "where the holder of a check procures it to be accepted or certified the drawer and all indorsers are discharged from liability thereon." (Sec. 31,774, Ohio Act.)

AMERICANS PREFER PAPER MONEY, MEXICANS, SILVER.

THE circulation of metallic silver dollars has fallen in the United States to about 71,000,000, while silver certificates, representing silver dollars hoarded in the treasury, circulate the amount of $478,300,000. It is said that one minor cause of the recent reduction in the number of metal dollars outstanding is the refusal of the government to pay express charges on shipments of silver for exchange into certificates. But in the eastern states the public will have none of the bulky, pocket-filling coin, and the hard dollars are mostly found circulating in the western states, though in that section there is a growing preference for the certificates.

It has taken nearly 25 years here in the center of Mexico to get paper money into general circulation, and even now the people carry about more silver money than is usual in the United States, this being due, in great part, to the withdrawal from circulation of the convenient one-dollar and two-dollar paper notes which used to circulate freely.

In the interior, silver is much more in use, although paper money is growing in popularity. The common people have been long in overcoming their prejudice against notes, and the humbler classes, as a rule, do not earn enough to be much troubled with the weight of the coins they carry.

There are parts of the country where silver dollars, or pesos, are still hidden away or buried, according to immemorial usage. In one small town of well-to-do Indians, in a neighboring state, it is estimated that nearly half a million pesos fuertes are buried in gardens and orchards.

But some Indian cultivators of the soil, of the more prosperous class, have come to see the utility of banks, and carry accounts in country institutions. Time will bring about a more general use of the banks and of checks.—*Mexican Herald.*

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

GOLD RESERVES IN ENGLAND.

A REPORT has been made by the gold reserve committee of the London Chamber of Commerce, which was appointed February 13, 1908, "to consider whether the gold reserves of the country are sufficient, and, if not, what remedies can be suggested." The committee contained some of the most eminent bankers of London, selected from among the joint-stock banks, institutions doing business in the colonies and abroad, and private banking houses. The report was hailed in financial circles as more authoritative than that of the Associated Chambers of Commerce, made in May, and has excited much discussion. The recommendations of the committee are embodied in the following resolutions:

1. That the committee recognizes the desirability of strengthening the gold reserves of this country.

2. That the issues of the Bank of England against government debt and securities, commonly called the fiduciary issue, form an undue proportion of the whole, and should be reduced.

3. That a reasonable reserve in gold should be held against the deposits in the trustee and post-office savings banks.

4. That the bullion department of the Bank of England affords a means by its enlargement for the aggregation of gold reserves held by others than the Government of India, namely:

(a) The banks of the United Kingdom, including the Bank of England, in respect of such gold held against their liabilities in excess of till money as any of them may elect to deposit in the bullion department.

(b) Scotch and Irish banks in respect of all or any portion of the extra gold held by them against excess issues under the Act of 1845.

(c) The national debt commissioners and the Postmaster-General in respect of the gold which the committee recommended should be held against the liabilities of trustee savings banks and post-office savings banks respectively.

5. That all persons or companies carrying on the business of banking within the United Kingdom should once in every calendar month, in case their liabilities on current and deposit acounts exceed in all the sum of ten million pounds sterling, and once in every three months in all other cases, make a statement of their position showing the average amounts of liabilities and assets on the basis of weekly balance-sheets for the preceding month, or three preceding months, respectively, stating the following amounts separately:

(a) Liabilities on current, deposit and other accounts.

(b) Liabilities on notes in circulation.

(c) Liabilities on bills accepted.

(d) Gold and other coin and gold bullion held.

(e) Bank of England notes held, and balance due by the Bank of England.

(f) Balance due by clearing agents.

And that a copy of the statement should be put up in a conspicuous place in every office or place where the business of the persons or company is carried on.

6. That it is desirable that the Bank of England should make an annual return showing the aggregate bankers' balances for each week of the previous year.

While these recommendations are brief, they cover some important departures in existing banking practice. The essence of the suggestions in regard to the gold reserve is that there shall be constituted a secondary reserve to that of the Bank of England, which shall be lodged for safe custody at the Bank of England, each owner retaining absolute and independent possession and control, the aggregate amount of such deposits only to be made public. This recommendation is the result of the rejection of alternative proposals,—that the gold reserves belonging to the banks should be pooled or that they should be kept in their own vaults. Referring to the merits of this proposal, it is declared by Mr. J. Herbert Tritton, a member of the committee, in an article in the "London Bankers Magazine" for September:

"Underlying its recommendations is evidently a strong feeling not merely that the gold in the Issue Department of the Bank of England, the only known gold reserve of the country at present, should be increased, but that, inasmuch as this is the primary source from which gold is taken by the exporters, there should be a secondary reserve at the center wherein surplus gold as it arrives might be retained, and which would not be open in the first instance to their attacks. Proposals for a secondary reserve have, it is well known, been put forward from time to time only to be rejected on the ground that no banker could place any part of his assets under restriction, or subject to conditions of any sort whatever. The advocates of a "pool" overlooked this essential condition of banking. A secondary reserve under the control of the Bank of England, unless the whole formed a part of its own assets, is thus out of the region of practical politics. In this respect the report now before us is free from objection.

"The secondary reserve is to be formed by marshalling individual reserves of gold in a common center, and that center neither the issue department nor the banking department of the Bank of England, but in the office known as the bullion department, there to be held to the order of the individual depositor, on no other terms than that the aggregate amount should be periodically announced."

A secondary proposal, which is a corollary of keeping gold reserves at the Bank of England, is the extension of this privilege to the Scotch and Irish banks. It is a well known fact that twice in the year, in May and November, these banks are compelled to draw gold from London, in order to increase their authorized note issue, which is frequently returned in the identical boxes unopened. By permitting them to consider their London office as a head office, the gold could be left with the Bank of England without subjecting the banks to the penalty for excess issues under the act of 1845.

The suggestion that the Bank of England would be more dilatory in raising the discount rate, by taking into consideration the secondary reserve, is rejected by most critics, because the secondary reserve would not be in any sense the property of the bank, but would form simply a safeguard to the banking interests of the country. The fact is stated by Mr. Tritton that the average gold holdings of the Bank of England for 1908 amounted to less than 2.53 per cent. of the gross banking liabilities of all the British banks. Compared with certain visible gold holdings abroad, this amount is insignificant. It is declared by Mr. Tritton that if the secondary reserve were constituted, "We should not have to send off in hot haste to Paris or elsewhere for supplies of gold when trouble is brewing; in times of tension we should gain a steadying of public opinion; and lastly, we should gain an unique opportunity, owing to the continual passing of gold into the bullion department of the Bank of England, in conjunction with the mint, to keep the gold circulation of the country up to its full legal weight."

The suggestion by the committee that the outstanding note issue of the Bank of England should be reduced in proportion to the gold held is based upon the theory that the government should be called upon to pay off in gold a portion of the debt due to the bank. If by this means the amount of outstanding notes was reduced below the legal limit, there would emerge another feature of interest in the operation of the proposed plan,—that the Bank of England would have under its control an emergency issue, "to be used, not as heretofore, by breaking the law after an appeal to the Chancellor of the Exchequer, but within the limit of their previous reductions, at their sole and unfettered discretion as their legal right."

The requirement that reports shall be

made by the banks,—monthly in the case of those with liabilities exceeding £10,000,000 and quarterly in other cases,—is considered an important part of the plan for strengthening gold reserves. The form of report required will disclose the actual amount of coin and bullion held, which is now generally confused under the loose term "cash," often covering deposits in other banks and money subject to call. The mere publication of such reports, based upon averages, it is felt would induce a competition among bankers not to be outdone by others in the matter of visible reserves.

While the report of the committee is attracting much attention in London, steps remain to be taken to put it in force. There is general opposition to doing this by legislation, the plan being for voluntary action by the bankers with such co-operation by the government as is required for doing its share in regard to the postal savings banks. The subject has been under agitation in England for a generation, but never before has a definite program been crystallized by so representative a body as the London Chamber of Commerce. The "London Bankers Magazine" sums up the requirements of the future in the following terms:

"The question is, what will be the next step to be taken? Who will be strong enough to bring about a general conference at which the Government, the Bank of England and the London and country banks shall be represented? These are the four great interests which have to be considered, and all have a common object, namely, the securing of gold reserves adequately proportionate to the banking liabilities of the country, and, at the same time, seeing that it is done without any undue encroachment either upon the profit-earning capacity of the banks and without any undue depletion of the loanable capital with which the trade of this and other countries is financed."

THE EXCHANGE WITH BRITISH INDIA.

THE severe trial to which the monetary system of British India was subjected by the failure of the crops in 1908 was not without its aftermath. It required skill and diplomacy for the government to restore the gold reserve, which was half depleted by the demands for exchange in India on London, and even as late as the past summer the government encountered difficulty in selling Council bills in London at the usual rate. During the week of September 9, an offer of £500,000 such bills resulted in tenders of only £86,000. Two weeks later, however, conditions had so changed that the offer of 2,000,000 rupees ($640,000) brought applications for 24,100,000 rupees ($7,712,000). Applicants at 1s.3 31-32d., which was an advance of 1-32, only received fifty per cent. of the amount applied for. Notwithstanding this heavy demand, the government announced that it would offer only 2,000,000 rupees the following week, evidently with the object of strengthening exchange.

The latest available report of the position of the gold standard reserve, up to July 31, shows that about half of the loss suffered during 1908 has been recovered. Summing up the effects of this change, it is declared in the "London Statist" of September 11 last:

"It may be remembered that between March 31 and August 31, 1908, the amount of gold and gold securities was reduced by fully seven and one-half millions, and the amount of silver in the gold standard reserve was increased by fully seven and one-half millions, owing to the heavy sales of sterling bills to support the exchange during the critical period. Since the cessation of sales of sterling bills, on August 13 of last year, the government have made considerable progress in restoring the gold character of the standard reserve, for the government have bought sterling securities to the amount of over three and one-quarter millions, besides accumulating £711,-000 of gold in India; and correspondingly they have reduced their silver holdings by three and three-quarter millions. The position is shown in the following table, in which we contrast the position of the gold standard reserve on March 31 of last year, before the government began to draw upon London, on August 31 last year, when their sales of sterling bills had ceased, and on July 31 last.

	March 31, 1908.	August 31, 1908.	July 31, 1909.
Gold securities	£14,019,676	£6,785,361	£10,079,822
Gold in India	332,000	....	711,272
Silver in India	4,000,000	11,499,088	7,786,734
Due by Treasury	....	163,437	343
	£18,351,676	£18,447,886	£18,578,171

Since the heavy demands upon the gold standard reserve last year, much discussion has taken place in India and in London as to whether the Indian Government pursued the proper course in keeping nearly the whole of the reserve in securities, which had to be marketed to obtain gold, rather than in gold itself, "ear-marked" at the Bank of England. Upon this point the Indian newspaper, "Capital," speaks as follows:

"It would be unreasonable to urge that the reserve fund, however large, should all be in metal. But it should be settled after careful inquiry whether a substantial portion should or should not be in gold. It should be settled, so far as expert inquiry and opinion can settle it, whether the sterling drafts which the Indian Government issues on London, and to meet which the Secretary of State sells securities, are or are not likely to be a source of danger to the ultimate gold reserve of the Bank of England in times of financial stress and foreign demands for gold. If we are to be left to find this out by actual experience the discovery might force such a curtailment of these sterling drafts as would induce panic in India and a heavy collapse in exchange. The sale of securities and the payment of these drafts have thus far—like most other transactions in the world of finance—been mere matters of account for the Clearing House. So long as people are reasonable they would always remain matters of account, but in panics no one is reasonable, and it is to guard against possible panics that the gold reserves of the world are largely kept. The question is a grave, a complicated, and a pressing one."

THE FRENCH SAVINGS BANKS.

COMPLETE returns of the operations of the French savings banks for 1907 illustrate the rapidity with which the French people are accumulating capital in this primary form, before applying it to investment and securities. The returns from the postal savings banks and the ordinary savings banks are consolidated in the Official Journal, from whose tabulation these extracts are made in "L'Economiste Européen" of September 10. It appears that during the year 1907 there were opened 1,049,696 new books, while the number of accounts balanced and closed was 712,504. The result, including some transfers of accounts, was a net increase of 366,555 accounts during 1907, or 2.85 per cent. The balances showed a net increase of 203,677,307 francs ($40,000,000), while the average of each account was about 388 francs ($75).

French savings deposits have increased in amount about two and one-half times within a quarter of a century, and the number of accounts has increased in approximately the same ratio. The number of accounts and the balances due depositors for representative years since the inauguration of the postal savings system appear in the following table:

December 31,	Number of accounts.	Balance due depositors, francs.
1882	4,645,893	1,802,400,000
1885	5,630,188	2,365,500,000
1890	7,266,096	3,325,100,000
1895	8,984,891	4,148,900,000
1900	10,680,866	4,274,200,000
1902	11,315,768	4,394,000,000
1904	11,785,900	4,437,900,000
1905	12,153,084	4,659,300,000
1906	12,481,044	4,777,400,000
1907	12,847,599	4,981,100,000

The manner of distribution of the accounts shows that the great majority are for small amounts. Of a total of 12,847,599 accounts, about 7,500,000 are for amounts of not more than forty dollars, and an additional number of 1,540,062 are for amounts from forty dollars up to one hundred dollars. The large accounts are restricted by the fact that when they exceed 1,500 francs the ordinary accounts no longer draw interest. Provision is made for their investment in French Government securities, of which the amount recorded in 1907 was 34,320,593 francs ($6,600,-000). This does not necessarily indicate the entire amount of savings transferred to investments, since the gross withdrawals of funds during the year were 1,292,817,228 francs ($250,000,-000), of which at least a part was undoubtedly applied to the purchase of industrial securities, business ventures and other productive uses.

BANKING EVOLUTION IN FRANCE.

THE Bank of France seems finally to have decided to enter upon the policy of other leading European banks in carrying foreign bills as a part of its assets. This has long been the policy of the Imperial Bank of Germany, the Austro-Hungarian Bank, and the National Bank of Belgium, the latter carrying about half its reserve in this form. The subject has been under discussion at the Bank of France from time to time during several years past, and in 1907 a considerable sum was advanced to the Bank of England upon foreign bills. The other European banks have found it advantageous to employ a part of their reserve in bills drawn upon London, with a view to the profit upon them, while the Bank of France has kept its reserve locked up in a mass of gold and silver which, at the beginning of September last, reached 3,689,314,000 francs ($712,000,000) in gold and 901,-870,500 ($174,000,000) in silver. The fact that this metallic reserve is a source of great strength to the French monetary situation is coming to be keenly appreciated in France, but the amount is so large that a certain proportion can safely be spared for investment in productive assets.

The big French joint-stock banks continued to make progress during the first half year of 1909. They showed on that date a total of demand liabilities amounting to 4,699,000,000 francs ($907,000,000), as compared with 4,-213,000,000 francs on June 30, 1908, and 4,110,600,000 francs on June 30, 1907. The principal increase is in deposits payable at sight and creditor current accounts, which rose from 3,694,200,000 francs in 1907 to 4,280,300,000 francs in 1909. The quickly convertible assets held against these obligations rose from 5,001,300,000 francs in 1907 to 5,768,-300,000 francs ($1,113,000,000) in 1909, the principal increase being in commercial paper, which rose from 2,525,-900,000 francs to 3,011,300,000 francs ($581,000,000) in 1909. The Crédit Lyonnais continues to stand at the head of French banking institutions, with commercial discounts on June 30, 1909, of 1,250,500,000 francs; advances, 472,-000,000; debtor current accounts, 486,-800,000; creditor current accounts, 1,-033,100,000; and demand deposits, 784,-100,000 francs.

A RUSSIAN BANK MERGER.

MEASURES are on foot for a merger of the Russo-Chinese Bank with the Commercial Bank of Siberia. The Russo-Chinese Bank suffered losses in 1907 of 4,216,000 roubles ($2,110,000). The balance-sheet for 1908, however, showed a marked improvement. Net profits were realized of 2,000,000 roubles and a dividend was paid of seven and one-half per cent. The Russo-Chinese Bank has a London office and is better known in western Europe than the Commercial Bank of Siberia, whose interests have heretofore been confined chiefly to the Russian Empire. The latter institution was founded in 1872, and besides its head office at St. Petersburg it has opened about thirty branches. Its initial capital was 2,400,000 roubles, which was increased to four millions in 1905, to seven millions in 1906, and finally to ten millions in January last, this recent issue of shares being made at a considerable premium. The reserve totals 6,300,000 roubles, or sixty-three per cent. of the capital. The progress of the bank in recent years has been rapid. In 1904 the deposits stood at 20,500,000 roubles, against 57,750,000 roubles in 1908, while in the same period its discounts rose from 17,250,000 roubles to 40,500,000 roubles ($20,400,000). Net profits, which in 1902 amounted to only 626,000 roubles, were returned at 1,836,000 roubles for 1908, and the dividend has ruled at forty roubles per 250-rouble share since 1902. It is described as a severe competitor of the Russo-Chinese Bank, which doubtless explains the proposed fusion.

THE NATIONAL BANK OF TURKEY.

A NEW bank is being organized in Turkey, with English capital and officers, known as the National Bank of Turkey. The institution will not supersede the Imperial Ottoman Bank as the source of note issue and commercial discounts, but will be more in the nature of a bank of promotion. Regarding the scope of the enterprise and its new head, the "London Bankers Magazine" for September makes the following statements:

"In these days of national self-depreciation, it is refreshing to read of this new venture in the realms of foreign finance. Turkey regenerate certainly appears to offer a promising field for the banker, and in this respect, as well as in its president, the new institution must be deemed fortunate. Sir H. Babington Smith, secretary to the Post-Office, has, at the request of His Majesty's Government, accepted that post. He will resign the Secretaryship of the Post-Office and proceed to Constantinople next month. Sir H. Babington Smith is forty-six years of age and was principal Private Secretary to the Chancellor of the Exchequer in 1891, Clerk to the Treasury in 1892, Secretary to the British Delegates at Brussels Monetary Conference in the same year, Private Secretary to Lord Elgin (Viceroy of India from 1894 to 1899), and British representative on the council of administration of Ottoman public debt in 1900, and president in the following year. It will thus be seen that he has an intimate acquaintance with large questions of finance in general and Turkish finance in particular, which should stand him in good stead in presiding over the new bank, which is expected to take an important part in the future finances of the Ottoman Empire."

THE SPANISH BANK OF THE PLATA.

ENGLISH banking interests in Latin America have encountered since 1886 the competition of a Spanish bank, the Banco Espanol del Rio de la Plata. The bank, according to a summary of its operations given in "L'Economiste Europeen" of September 17, has been so successful that its shares made their appearance in January, 1908, on the official stock exchange of Paris. The original capital of the bank was 3,000,000 piasters,—about $1,300,000,—which was increased in 1904 to 20,000,000 piasters and in April, 1907, to 50,000,000 piasters ($22,000,000). The balance-sheet for 1909 showed net profits of 6,147,562 piasters. This permitted a distribution of twelve per cent. in dividends, besides provision for reserves and other special funds. The bank has never distributed a dividend of less than ten per cent. and the last three years has made the amount twelve per cent.

The Banco Espanol conducts a large share of its business in the Argentine Republic, in whose money the accounts are kept, and is second in importance only to the Bank of the Nation. Its headquarters are at Buenos Aires, but it has branches throughout the Republic. Its discounts rose from 50,878,000 piasters ($22,386,000) in 1904, to 80,009,000 piasters in 1906 and 106,273,000 piasters in 1909 ($46,650,000). Current deposit accounts increased from 81,076,000 piasters in 1904, to 118,467,000 piasters in 1906 and 159,283,000 piasters in 1909 ($70,000,000).

THE SAVINGS BANK OF SOUTH AUSTRALIA.

THE savings banks of Australia seem to flourish very well under private management, in spite of competition from the postal savings banks. The Savings Bank of South Australia had on June 30, 1909, 157,854 depositors with balances amounting to £6,328,870 ($30,850,000). There has been a marked growth in almost every year since the institution of the bank in 1885, including the troubled years after the crisis of 1893. The character of this growth is indicated by the following figures:

June 30.	Number of depositors.	Balance of deposits.
1885	53,164	£1,571,284
1890	69,193	1,923,293
1895	86,734	2,691,273
1900	106,122	3,489,083
1905	126,821	4,380,358
1909	157,854	6,328,870

One of the features of the bank is the penny bank department, conducted at some 100 schools. The number of new accounts opened from May 5, 1908, to June 30, 1909, was 4,906 and the amount of transactions was £2,192.

UNCLE SAM, PICKPOCKET.

THE spectacle of a pickpocket government is novel and interesting, and to see the representatives of a nation with a billion-dollar income rummaging in the overcoats of travelers and turning up the lining of their hats to look for cigars and toilet accessories brings to the patriotic breast a thrill of pride. That the $220,000,000 or thereabouts which the receipts of the port of New York contribute annually to the national revenues does not represent the entire collectable duty upon articles brought into this country has often been alleged. It is known that for years past passengers on ocean steamships, both immigrants and returning Americans, have been smuggling in foreign-manufactured goods to the detriment of our protected industries. Our own law-abiding citizens have been particular offenders. Tooth brushes have been purchased abroad, to the detriment of the pork packing and bristle trades. Foreign-erupted pumicestone has played havoc with our spice industries. Shines, procured at low rates in Europe, have been imported upon domestic shoes. This had to stop.

It would have ceased long ago but for a peculiar and inexplicable squeamishness on the part of previous collectors of the port. They did not like to instruct their customs officials to "frisk" passengers systematically, or to shake out each individual garment in women's trunks—as though the feelings of resentment engendered thus were to be weighed against the discovery of something taxable. They did not know that for an American to travel abroad was proof positive of crookedness.—*Victor Rousseau, in Harper's Weekly.*

NEW COUNTERFEIT $10 GOLD CERTIFICATE.

SERIES OF 1907; check letter "D"; W. T. Vernon, Register of the Treasury; Chas. H. Treat, Treasurer of the United States; portrait of Hillegas.

This counterfeit is apparently printed from photomechanical plates of poor workmanship on genuine paper, which has been obtained by bleaching $1 certificates. A careful examination with magnifying glass will disclose the faint outlines of portions of the denominational counters of the $1 note in the uper right and left corners, face of note, which the bleaching process failed to thoroughly erase. The portrait of Hillegas and the lathe work of this note are especially poor. The number of the specimen at hand is A3023912. The back of the note is more deceptive than the face, but no apparent attempt has been made to work out the fine lines of the lathe work.

PRACTICAL BANKING

HANDLING ACCOUNTS IN A SMALL BANK.

By R. B. Parrish.

THERE have been a number of practical articles written and published in various magazines, that have set forth clearly and in an interesting manner the method of handling of accounts in our larger banks, but no one, seemingly, has considered the small banks or written of any system that might be adopted by them. The writer proposes, very briefly, to describe the handling of accounts in a bank having a line of deposits aggregating $250,000, which is divided into about eight hundred individual accounts.

This institution operates under the national system and consequently must have a great many things in detail so as to readily get at the facts and figures, with as little labor as possible. The idea in all our workings has been to do everything with as little labor as possible or repetition of work, so we have adopted the loose leaf system in all our books, posting direct to the general and individual ledgers from the original tickets, etc., but all items are entered in detail on the general ledger, i. e. sundry credits and debits, so we do not have to refer to any tickets from which the entries may have been made on the general ledger.

In handling the cash, debit and credit tickets are made for all transactions, such as discount paid, interest paid, credit remittances, etc. The remittances for which drafts are drawn are listed as a total on the teller's cash balance-sheet (Form 4)—that is the total of each remittance is listed, after which the drafts are drawn and entered on draft register, which is shown by Form 1. Each day's drafts are credited to the respective banks on which drawn and the exchange charges credited to exchange account. The total of these two items, drafts drawn and exchange, should agree with total

43 DRAFTS DRAWN ON

DATE	IN FAVOR OF	NUMBER	AMOUNT	Check When Paid	TOTAL	EXCH.	BY WHOM PURCHASED
	Brought Forward,						
		00					
		01					
		02					
		03					
		04					
		05					
		06					
		07					
		08					
		09					
		10					

Form 1.

LESTER G. TONEY, PRESIDENT
WM. J. BEURY, VICE-PRESIDENT
R. B. PARRISH, CASHIER

DEPOSITORY OF THE STATE OF WEST VIRGINIA

Capital and Profits, $55,000.00

THE FIRST NATIONAL BANK

Northfork, W. Va.________________

Dear Sir: Enclosed find for collection and credit, items as stated below.

DO NOT HOLD OUR COLLECTIONS, BUT RETURN PROMPTLY IF NOT HONORED.

PROTEST IF NOT HONORED, UNLESS OTHERWISE INSTRUCTED.

Respectfully yours,
R. B. PARRISH,
Cashier.

AMOUNT	INSTRUCTION	PAYER	ENDORSER

Form 2.

of drafts drawn on teller's cash balance-sheet (Form 4). All notes and bills discounted are listed on teller's daily cash balance and afterwards entered in the discount register (Form 3). The discount on each note is also entered and the total of both items should separately agree with the totals shown on the teller's cash balance-sheet.

This total of bills discounted and discount as shown on teller's cash balance-sheet is now carried to general ledger as a total, being entered on the respective accounts, after which the notes are entered in a loose leaf tickler and filed away in a pouch, being arranged according to maturity.

Notices of the maturity of notes are written up from the tickler, ten days before maturity, after which they are compared with the notes, to see if any have been overlooked or misplaced in

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THE FIRST NATIONAL BANK OF NORTHFORK, W. VA.

Payer	Where Payable	Number	Date	Time	When Due	Amount	Discount	Date Paid	Remarks

Form 3.

the pouch. This is a check on the notes at all times and if some notes are misplaced or missing our attention is called to the fact and it can be immediately traced a week or ten days before maturity. The notes are as a whole proven once a month, to see if they agree with the total as shown on general ledger.

THE FIRST NATIONAL BANK OF NORTHFORK
NORTHFORK, W. VA.

TELLER'S DAILY BALANCE — CREDITS — DATE.________

DEPOSITS	DEPOSITS	DRAFTS ISSUED.	CERTIFICATES OF DEPOSIT ISSUED	NOTES PAID	SUNDRY CREDITS GENERAL LEDGER
			DISCOUNT		

Cr. RECAPITULATION		Cr.
Balance bro't. fw'd.		
Deposits.		
Drafts.		
Certificates of Dep.		
Notes paid.		
Discount.		
Sundry Gen'l Ledg.		
Total Credits.		

Form 4.—Credit Side.

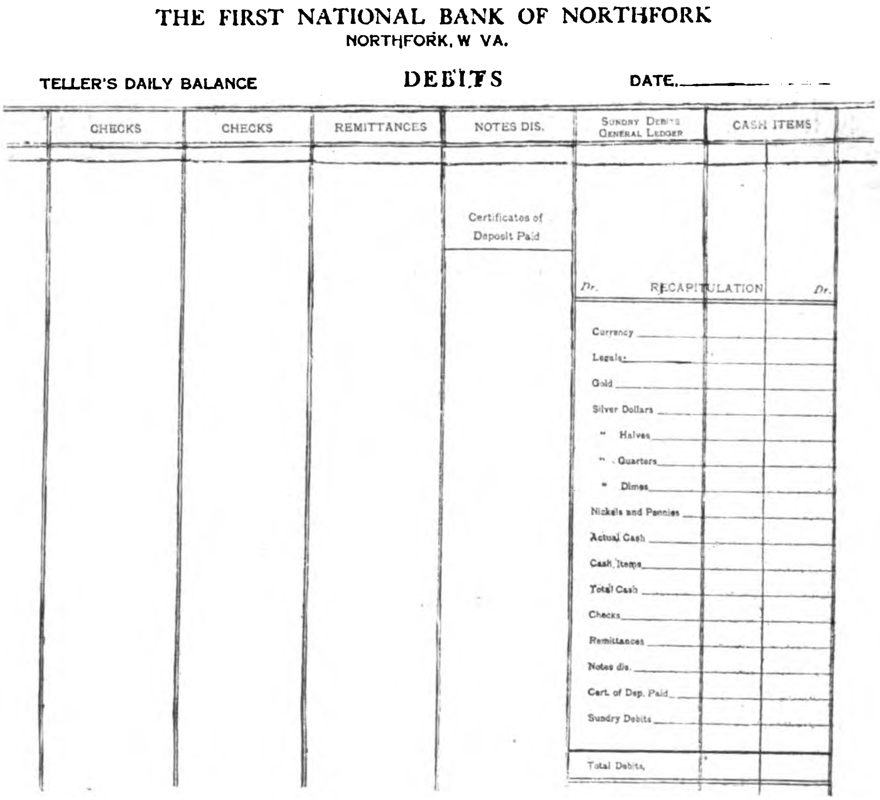
Adding Machine Used.

All remittances of checks to other banks for credit are written up on Form 2, a carbon copy being made and filed in a post binder, the total of the different letters being charged to the different banks on the general ledger from the carbon copies. The total of the remittances should agree with the total of remittances on debit side of teller's cash balance-sheet, each item having been listed separately on that sheet.

The adding machine is used for all possible purposes, the remittances to banks being first run through the adding machine to list the amount of the checks and afterwards the names of the banks and endorser or depositor filled in on the typewriter. We have tried the pencil copy for writing remittances and find the plan we have described for handling remittances much more rapid and legible.

We are using a daily balance individual ledger, upon which we enter only the amount of the check or deposit. The totals from the teller's cash balance-sheet are carried to the general ledger, which balance on the general ledger must agree with the total of footing of individual ledger.

The writer believes he has made



THE FIRST NATIONAL BANK OF NORTHFORK
NORTHFORK, W VA.

TELLER'S DAILY BALANCE

DEBITS

DATE

CHECKS	CHECKS	REMITTANCES	NOTES DIS.	SUNDRY DEBITS GENERAL LEDGER	CASH ITEMS
			Certificates of Deposit Paid		

Dr. RECAPITULATION Dr.

Currency
Legals
Gold
Silver Dollars
" Halves
" Quarters
" Dimes
Nickels and Pennies
Actual Cash
Cash Items
Total Cash
Checks
Remittances
Notes dis.
Cert. of Dep. Paid
Sundry Debits
Total Debits

Form 4.—Debit Side.

clear the working of the system, and as our experience has been that it is a labor saver and at the same time every entry and total has a proof, which is one of the most necessary things in the handling of the books and cash of a bank, all entries have been reduced to a minimum, and as every one knows the less figures that are handled and the more simply handled, the less liable we are to errors. After each day's work is completed the debit and credit tickets and deposit tickets of that day are filed on a deposit ticket file, under their respective dates, at the end of each month bound and placed in our vaults for reference, if necessary.

COST OF THE PANAMA CANAL.

THE Pan-American canal commission has submitted to the Secretary of War a list of estimates of appropriations aggregating $48,063,524 for work on the canal during the fiscal year beginning July 1, 1910. Of the amount asked for—$15,043,000 is for skilled and unskilled labor and $20,218,983 is for materials and supplies used in construction work.

The total appropriations made by congress up to this time on account of the canal are $210,070,468. Colonel Goethals, the chairman and the chief engineer of the commission, has declared it to be his opinion that the great waterway will be completed by January 1, 1915, and has estimated the total cost at $375,000,000, which, however, includes the cost of sanitation and civil government and the $50,000,000 purchase price.

The unusually large amount asked for the new fiscal year probably is due to the fact that work on the waterway has entered a more advanced stage.

THE TELLER AND HIS TASK.

PART I.—RECEIVING DEPOSITS.

By W. H. Kniffin, Jr.

THE bank teller is an important personage. No one in the roster of the bank is more vitally concerned with the success of the institution than he. The little window at which he stands in receipt of custom is the pivotal point around which the work of the whole bank revolves. It is the *meeting place* of the bank and its patrons. The president may be buried under a stack of bonds and stocks, the cashier absorbed in the mysteries and intricacies of a report, but the teller cannot be hid. While one customer meets the president and two the cashier, the multitude comes into personal and intimate contact with the man in the cage. He it is who makes friends or enemies for his institution. If a patron goes away from the window with a smile and kindly feeling in his heart it is because he has been pleased with the treatment of the "man behind;" if he goes away with a feeling of enmity, it may be and often is, the fault of the man who took his money. How important, therefore, is this man, and how essential that he have the qualities that make for success!

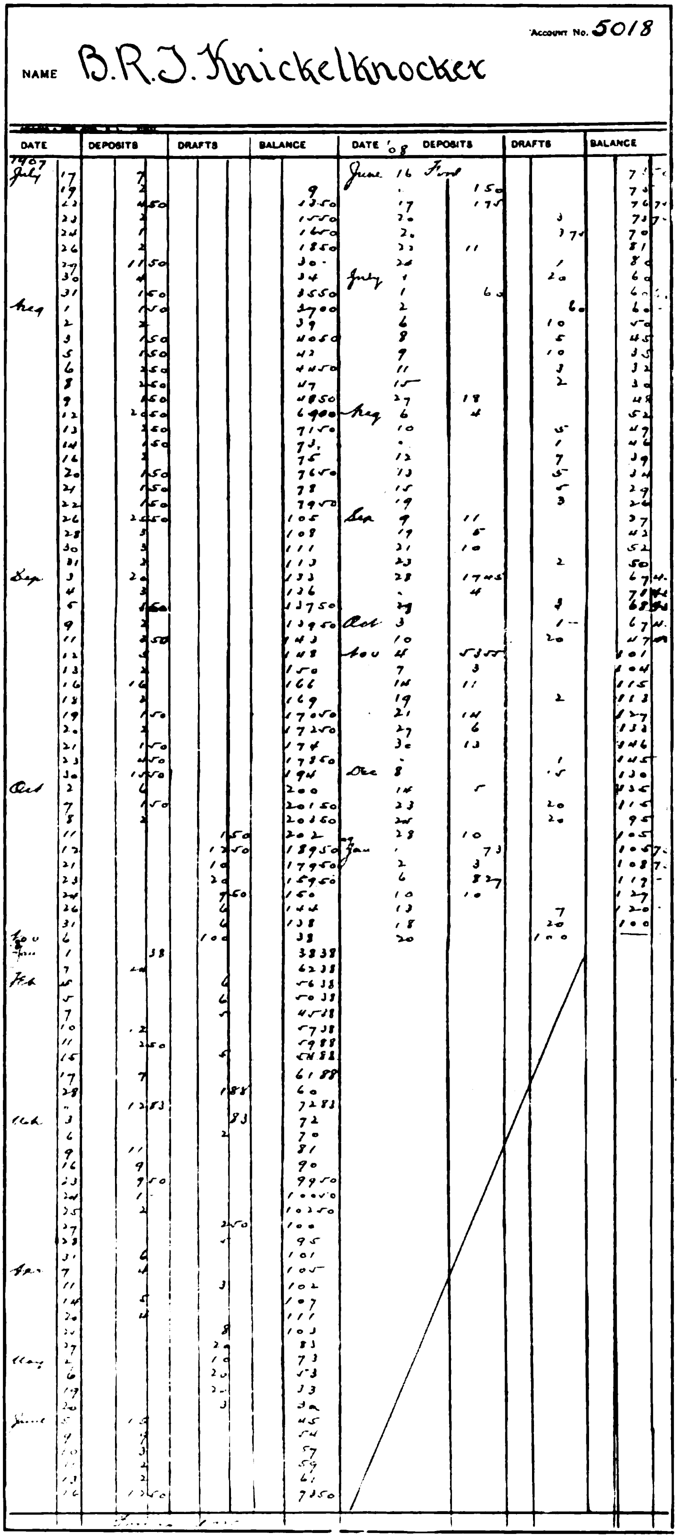
The Teller's Qualifications.

It is not the purpose at this time to go extendedly into the teller's qualifications. That is an old subject and more or less threadbare. Suffice it to say that in a savings bank he should be a man of *tact and patience,* for he deals with a class of people unacquainted, as a rule, with the ways of business and banking and he must often "show them," as if they came from Missouri. He should have courteous consideration for their shortcomings and "remember their bonds." In banks of any size, he will need to work under pressure at times, and must have a cool head, a steady hand, and a physique that will stand a strain. Rapidity and accuracy will be much in demand at interest time when the rush is on and the multitudes are storming the banks. In some places, notably New York, during the ten day interest periods in January and July police protection has to be invoked in order to handle the crowds. It therefore falls to the lot of the teller to meet this "run" and it should be done calmly and coolly. In smaller banks where life is less strenuous, he will have the time to gossip with patrons, and he will be the advisor and confidant of the masses. Their troubles, trials and tribulations, domestic, business and "otherwise," will be told into his attentive ear, and he will be expected to be well posted on matters of politics, finance, love and morals. He will not get rich from this "side line" but he will get some "rich" tales.

A Busy Morning.

As a sample of what the teller, who handles all the counter work of a savings bank, must encounter during a day's work, the following incident, "selected" from a day's routine, is offered. It is not overdrawn, as any man who has worked at the counter of a country savings bank well knows.

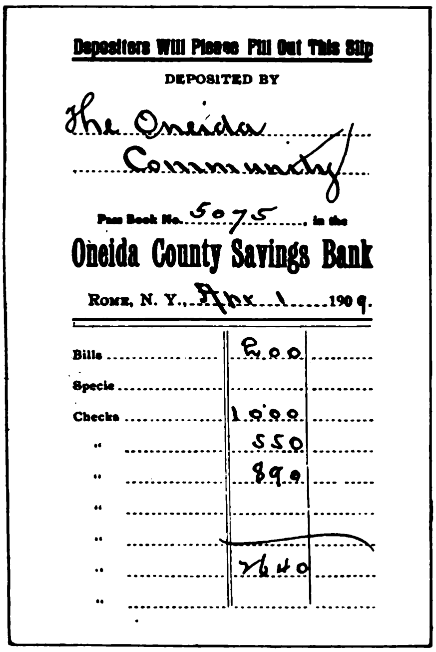
It is the interest period and the rush is on. The lobby is crowded with patrons, bent on all sorts of missions. Mrs. Smith steps to the window and says sweetly and with a smile, "Good



Reproduction of the savings account of a trolley car conductor in New York. 140 transactions in eighteen months, all of which were made through the medium of a ten-year-old boy. Upon opening this account the depositor gave as his occupation "nickleknocker" and he made good in his chosen profession. Each large deposit represents a Monday, following a "good Sunday."

morning, Mr. Teller, fine morning isn't it. How do you feel this morning? Pretty well? That's good. So do I. This weather just agrees with me. How's Mrs. Teller? Now, Mr. Teller, I want to pay my interest, how much is it, please?"

The teller turns to the mortgage ledger and after looking in the index, turns to the account and finds it to be $24.17, and advises the good woman to this effect. "But how can that be, haven't you made a mistake? Mr. Smith said it would be $23.75. We figured it out at the breakfast table this morning. The mortgage is only $950 now, you know." "Yes, I know," "sweetly" responds the teller, "you paid fifty dollars last March," as he scans the ledger and hastily figures it again. "The interest on that fifty is forty-two cents, and



Depositors Will Please Fill Out This Slip

DEPOSITED BY

The Oneida Community

Pass Book No. 5075 in the

Oneida County Savings Bank

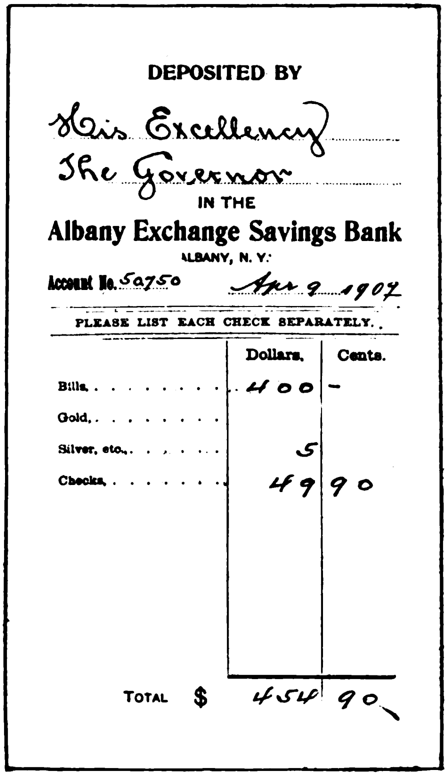
Rome, N. Y., Apr. 1 1909.

Bills	600	
Specie		
Checks	1000	
"	550	
"	890	
"		
"		
"	7640	
"		

Form 1.—Standard form of deposit ticket. Note the first line. The making out of deposit tickets by customers is not compulsory as a rule.

that's just the difference between your figures and ours." She pays it and gets a receipt, and he hands her the change.

"Now I guess I'll pay fifty dollars more on the mortgage and the interest also," says the fair lady. Mr. Teller figures the interest on $50 for eight days and makes out two more receipts. She then hands him five pass books with



DEPOSITED BY

His Excellency

The Governor

IN THE

Albany Exchange Savings Bank

ALBANY, N. Y.

Account No. 50750 Apr 9 1907

PLEASE LIST EACH CHECK SEPARATELY.

	Dollars.	Cents.
Bills	400	–
Gold		
Silver, etc.	5	
Checks	49	90
TOTAL $	454	90

Form 2.—Standard form of deposit ticket.

the request to "add the interest please," which he proceeds to do. Meanwhile the waiting crowd shifts from the left foot to the right and sighs a long sigh.

Coming back with the five books, he advises her of the amount on each. She will draw the interest on her book and also on John's. How much will it be? Eighteen dollars and ninety-eight cents. No, she doesn't need all that. "Leave one hundred on mine and five hundred on the large book, please." Two more drafts.

"Now, how much has little Johnny?" "Fourteen dollars and thirty cents." "Very well,—I'll make it just fifteen dollars for Johnny. And Willie, how much has he?" "Seven dollars and sixty-five cents." "Well, I'll make his

ALBANY COUNTY SAVINGS BANK.

CREDIT *Solomon Saver*

Currency, $	90
Silver,	5
Gold,	10
Checks,	30
	5
	2
Total, $	142

No. *6.079*

Dec. 30 1908.

Form 3.—Deposit ticket of the Albany Co. Savings Bank. A good form.

book eight dollars. You see the children like *even amounts*. And little Mary,—how much has she?" "Three dollars and ninety-five cents." "I'll make that just five dollars, please, so it will draw interest,—five dollars draws interest, doesn't it, Mr. Teller? Now I want a book for the baby. Two dollars for little Jimmy. And make it so either John or I can draw it in case 'anything happens' to the baby." The crowd shifts back again to the left foot and heaves another sigh, while Mr. Teller makes out a joint-trust account (the longest kind of an account) and gathers up his memoranda and puts it in his hip pocket in case his cash is off (as it probably will be) and wraps up the six books in a newspaper and snaps a rubber band around them. The gentle lady bids him a cordial adieu, expressing regret for having kept all these people waiting and wishing him a pleasant vacation, and with regards to all the folks she surrenders the counter.

THE MIDDLETOWN SAVINGS BANK,
MIDDLETOWN, CONN.

RECEIVED *Nov 25 09*

Deposit No. *40000*

Sam'l Fischer

Interest No. *756*

$ *2000* to *Oct 1* 190*9* $ *50*

$ to 190 $

Bills Rec. *RE* No. *756* $ *200*

Rent

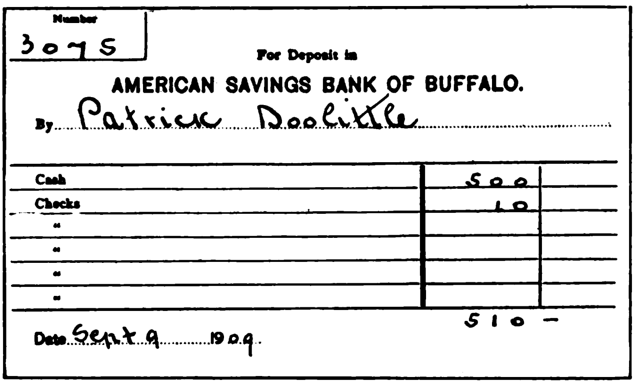
	Dollars	Cents
Trans.,		
Bills.		
Specie,		
Check,	*250*	*-*

Form 4.—Composite form of deposit ticket. Used for several purposes. (a) Deposits; (b) Interest on Loans; (c) Payment on Loans; (d) Rents from Real Estate; (e) Sundries. Middletown (Conn.) Savings Bank.

Half an hour out of a busy morning. Nine transactions,—all practically different, and if the cash is not askew that night and the slip in the hip pocket of the teller doesn't come into play, it will be fortunate for this man in the cage. The writer has handled just such propositions.

THE TELLER AND HIS CASH.

It is an acknowledged fact, that to the bank man, money in the till has a different meaning than that in the pocket. His cash on hand is merchandise,—valuable and expensive merchandise, to be sure, but nevertheless a commodity,—stock in trade. As one teller puts it, "A dollar in my pocket feels as big as a stove lid, while a dollar in the till is merely a piece of precious metal which must be handled with care." But over this piece of precious metal he must have a constant and careful thought. It is his bug-a-boo. It is with him in sleep as well as in his waking moments. Did he lock the safe? Did he leave out the silver? Did he set the time lock properly? No great damage if he did forget the silver, but if he missed the time, or left the vault door open it might stamp him as careless and carelessness is no part of a bank man's outfit.



Number 3075

For Deposit in

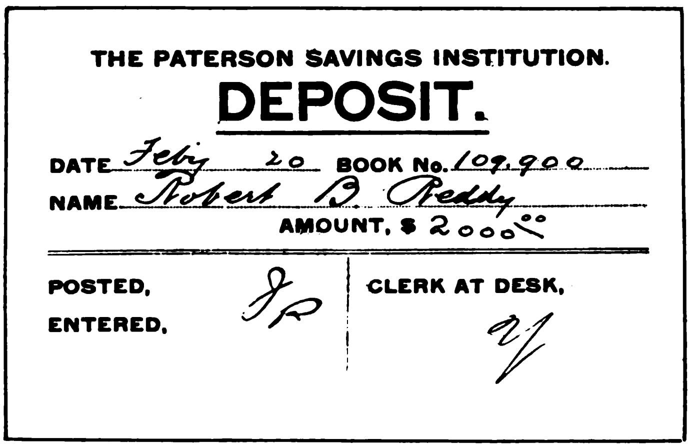
AMERICAN SAVINGS BANK OF BUFFALO.

By Patrick Doolittle

Cash	500	
Checks	10	
"		
"		
"		
"		
	510 —	

Date Sept 9 1909

Form 5.—Deposit ticket, 3 x 5, size of regulation signature card; punched for filing numerically. American Savings Bank, Buffalo, N. Y.



THE PATERSON SAVINGS INSTITUTION.

DEPOSIT.

DATE Feby 20 BOOK No. 109,900

NAME Robert B. Reddy

AMOUNT, $ 2000.00

POSTED,

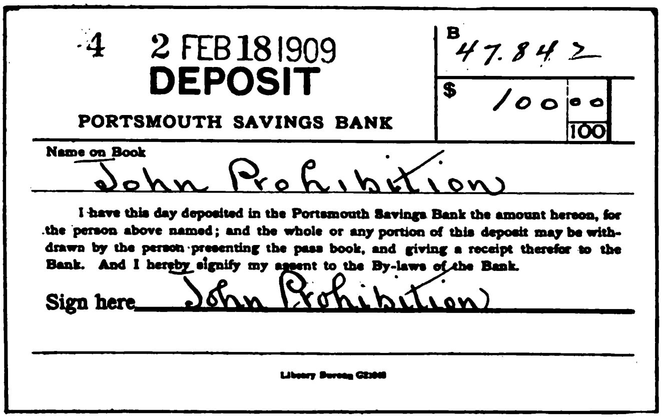
ENTERED,

CLERK AT DESK,

Form 6.—Deposit ticket of the Paterson (N. J.) Savings Institution. No provision for itemizing the deposit. Note posting checks.

The Art of Counting Money.

Counting money is a fine art and one of the teller's main duties. It should be done quickly and gracefully and without fatigue. It can best be learned by practice, but a few general directions may not be out of place. According to M. F. Bauer, paying teller of the American Exchange National Bank, New York, "The beginner should watch and study his movements while counting bill after bill; he should count carefully and slowly and try to execute every movement with precision and economy, and let his aim be to be accurate and precise, even if a slow, counter. Speed will develop unconciously, and also the other qualities. . . . Almost every one when starting as a money counter has the idea that a big swing of the arms is proper in order to draw the bills from the hand on the



4 2 FEB 18 1909

DEPOSIT

PORTSMOUTH SAVINGS BANK

B 47.842

$ 100.00

100

Name on Book John Prohibition

I have this day deposited in the Portsmouth Savings Bank the amount hereon, for the person above named; and the whole or any portion of this deposit may be withdrawn by the person presenting the pass book, and giving a receipt therefor to the Bank. And I hereby signify my assent to the By-laws of the Bank.

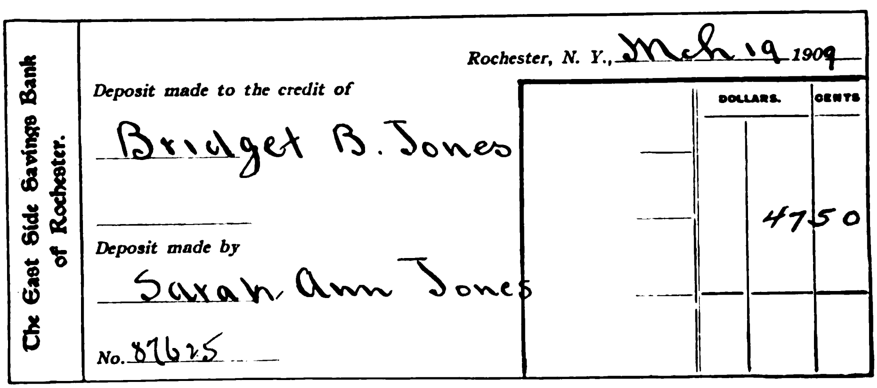
Sign here John Prohibition

Form 7.—Deposit slip of Portsmouth Savings Bank, Portsmouth, N. H. At the time of deposit or withdrawal, depositors are required to sign the deposit or withdrawal slip. The "B" refers to series number. Series "A" runs to a certain number, when "B" begins. At the time of transaction the clerk stamps slip with a machine which gives the number of the transaction and the date. See figures just above the word "deposit."

desk before him; this, however is a waste of both energy and time. The newcomer in our department is taught counting,—and in order to become expert at it—to take up a lot of bills about an inch thick and hold them in the palm of his left hand between the thumb and extended four fingers, three or, at the very most, four inches above the desk. He places the bills so that the thumb is about over the middle of the bills, and that the bills are slightly bent lengthwise. In order to proceed with the counting he shoves the topmost bills forward with the left thumb over the edge of the lot, while with a slight bending motion of the other four fingers restraining the other bills of the lot. The bill is at once seized with the thumb and index finger of the right hand and by the same pulled away and deposited on the desk. During the pulling the left hand moves a little to the side away from the right hand, so as to expedite the process of separating the bill from the lot." Tellers as a rule count by "units"—that is, say taking five as a unit, a ten would be two units; a twenty, four units, etc., and this avoids the possibility of skipping a hundred in verifying packages of money.

The Teller and His Task.

The work of the savings bank teller resolves itself into three parts: First,



The East Side Savings Bank of Rochester.

Rochester, N. Y., Mch 19 1909

Deposit made to the credit of

Bridget B. Jones

Deposit made by

Sarah Ann Jones

No. 87625

	DOLLARS.	CENTS
	47	50

Form 8. — Deposit ticket with provision for deposits made in another's name. Same size as standard check. East Side Savings Bank, Rochester, N. Y.

he must make an accurate record of all he does. Second, he must have a corresponding record on the depositor's pass book. Third, he must have the cash this record calls for.

No matter how extensive the business, or how complicated the system, the books of a bank or mercantile house can be kept in *perfect balance*. It is merely a matter of bookkeeping. But with the cash it is different, an error once getting through undetected, it is either a "short" or an "over" and the teller must act accordingly. *If* the teller has a *credit slip* for every deposit, and a *debit ticket* for *every withdrawal,* and his *cash* and *tickets* tally, he need lose no sleep over overs and shorts, but he sometimes makes a miss,—hence that worried and absent look.

In many banks the teller's work is divided into receiving and paying departments, and the two kept separate, as is also the interest payments and other details which go to make up the cash, but for present purposes it will suffice to consider the department as a whole and we shall treat first the receiving of a deposit.

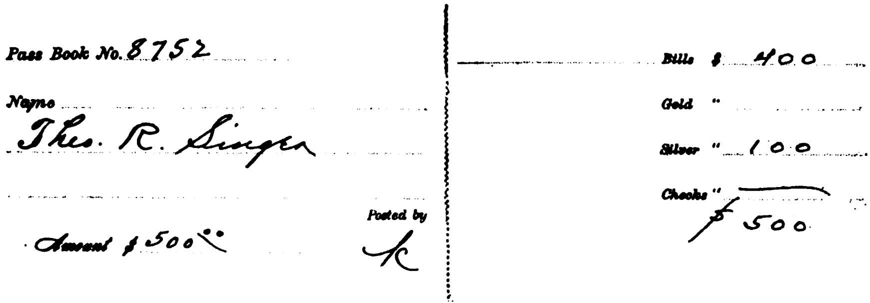
In the February number of THE BANKERS MAGAZINE, the details of issuing a pass book to a new depositor were treated at length. After the pass book is issued, the depositor with money in hand will be directed to the receiving teller's window.

Many banks endeavor to train their depositors in proper banking methods, and request them to keep the bills flat, right side up, denominations separate and placed in the pass book, face up. Some banks will not take odd amounts (cents) and others refuse or closely restrict deposits by check. The latter will be treated subsequently, but it is quite universal to require the depositor to *name the amount of his deposit.*

Dealing as it does with a heterogeneous mass of people, some illiterate and others unacquainted with the ways of banking, it is not the rule to require depositors to make out their own tickets, although some banks encourage this practice. (See form 1.) In an address before the New York chapter, American Institute of Banking, President Chas. E. Sprague of the Union Dime Savings Institution of the same city stated that his bank makes it a practice to *require* depositors to fill out their own tickets and is slowly educating them up to this point, with good results. No doubt it is good banking to require this, but in many instances, especially in the case of foreigners, it would be impossible to enforce the rule. It is however the general custom to *verify the amount by word of mouth,* but the written instrument in the depositor's handwriting would, in law, be much better.

"The first step," says Bolles' Modern Law of Banking, "in making a deposit is to enter the items . . . on a slip prepared for that purpose by the bank. These entries *are made by the depositor himself* or his agent, *and not by an officer of the bank,* and, *being original,* are the *highest evidence in any subsequent dispute. But a bank that receives a deposit without such a ticket is none the less liable.*"

The deposit tickets of savings banks


Pass Book No. 8752
Name
Thos. R. Singer
Amount $500.00
Posted by
Bills $ 400
Gold "
Silver " 100
Checks "
$500

Form 9.—Sample form of duplicate deposit ticket.

are in as wide variety as the neckties in a haberdasher's window. In all shapes and colors and sizes and with a large variety of ideas intended to act as a check upon the work. The usual data is, number of account, name, date, items and total amount deposited, with such additional matter as personal opinion would suggest. Of the many at hand, but a representative few are herewith shown. Others will adorn subsequent papers.

Making a Deposit.

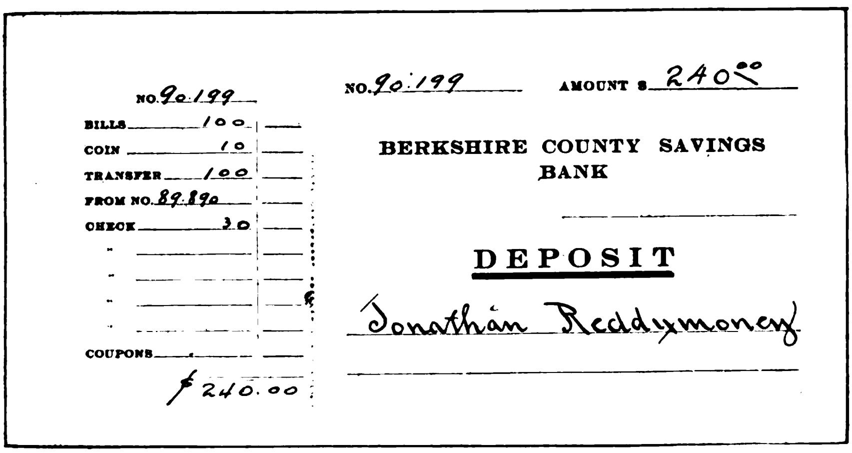
Handing the money to the teller, the depositor is asked "How much, please?" and the mill begins to grind. In order that the entry about to be made on the book may tally with the ticket and consequently with the deposit ledger of the bank numerous systems have been devised. They are as varied as savings banks are numerous. It goes without saying that whatever the system, it should not be some scheme of duplication. Of what avail is it to make *two tickets,* which may *both* be wrong? The logical method *is to devise a plan which will act as a check.* Doing the same work twice, it may be, but doing it the second time *different* from the first. Or better doing it *some other way.*

In the Paterson Savings Institution (New Jersey) *the tellers never make an entry on the depositor's book.* The bookkeepers receive the pass books, compare them with the ledgers, make out the ticket, make the entry on the book, and initial the deposit slip under "Clerk at Desk." (Form 6.) The clerk makes the same initial on the pass book. The pass book is then passed to one of the tellers, who receives the money from the depositor, who in turn receives his pass book with the proper entry. The teller, for the purposes of his money proof, enters in a book conveniently ruled, the number of the pass book and the sum received *as indicated by the pass book entry.* The deposit slips are taken by a junior clerk during the day and copied in another book, and this clerk places his initials after the word "Entered" on the slip. The total shown by this book at the close of the day must agree with the teller's list of the same transactions. *No instance has ever been known in this bank where teller and the bookkeepers have made the same mistake.*

A Mechanical Teller.

The only mechanical method that has ever come to the writer's attention in this regard, and perhaps the only system of its kind in this country is that in use by the Union Dime Savings Institution of New York. The pass book used in this connection was shown in the March, 1909, number of The Bankers Magazine.

The object, as in all systems of this kind, is to insure the entry on the pass


NO. 90199
BILLS 100
COIN 10
TRANSFER 100
FROM NO. 89890
CHECK 30
COUPONS
$240.00

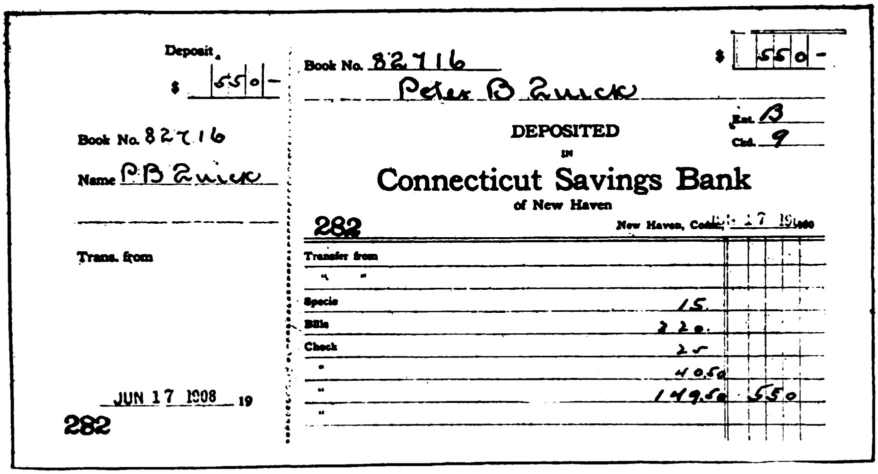
NO. 90199 AMOUNT $ 240.00

BERKSHIRE COUNTY SAVINGS BANK

DEPOSIT

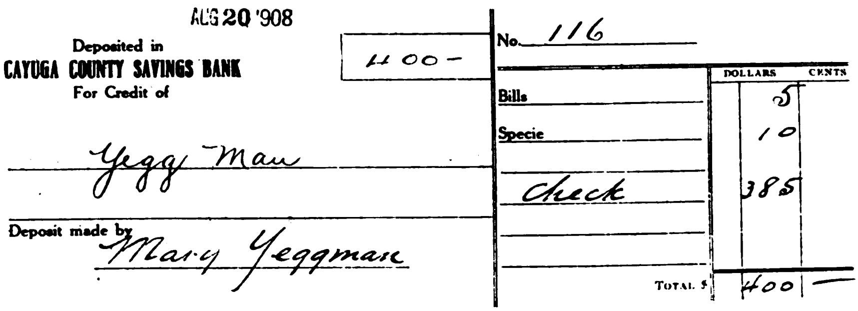
Jonathan Reddymoney

Form 10.—Coupon form of deposit ticket. Main part goes to the bookkeeper; the coupon remains with teller. Berkshire Co. Savings Bank, Pittsfield, Mass.


Deposit
$ 550 -
Book No. 82716
Name P B Zwick
Trans. from
JUN 17 1908 19
282

Book No. 82716
$ 550 -
Peter B Zwick
DEPOSITED
IN
Connecticut Savings Bank
of New Haven
Ent. B
Chd. 9
282
New Haven, Conn.
Transfer from
Specie 15
Bills 220
Check 25
40.50
149.50 550

Form 11.—Coupon form of deposit ticket. Bookkeeper takes main part for posting; teller keeps the stub until cash is balanced and postings proven, when they are filed together. Connecticut Savings Bank, New Haven, Conn.


AUG 20 1908
Deposited in
CAYUGA COUNTY SAVINGS BANK
For Credit of
Yegg Man
Deposit made by Mary Yeggman
400 -
No. 116
DOLLARS CENTS
Bills 5
Specie 10
Check 385
TOTAL $ 400 —

Form 12.—Coupon deposit ticket. Cayuga Co. Savings Bank, Auburn, N.Y.

book being *the same* as on the bank's records, or *vice versa*. Embezzlements in savings banks in the past, which have been few and far between, have been accomplished largely through the entering on the pass book of the correct amount but accounting to the bank for only part or none of the amount called for by the pass book. The mechanism used by the Union Dime Savings Bank prints automatically, by the aid of a small motor, the date, and amount of the transaction, debit or credit, and also the number of the account. It is really a "split" adding machine, adapted to this special purpose. The totals are carried on the indicators, familiar to all users of adding machines, and are visible through the glass shield. The totals are not changed until stipulated times. A summary sheet of this system and the method of striking the balance will be shown subsequently in treating of the proof of cash. The total of the deposit machine, less the totals shown by the debit machine, will be the cash on hand, which the teller must have. As stated by President Sprague in a letter to the committee on audits, of the American Bankers' Association, savings bank section (page 25, report for 1907), "The teller is charged with and is responsible for: 1. The debit entry in the depositor's pass book, which the depositor may be trusted to verify. 2. The entries on the tape, which when cut and pasted in a book, forms a journal of the amounts to be credited to the depositor's accounts. 3. By the total over which the teller has no control and which must be corroborated by the bookkeeper's work."

(To be continued.)

TRUST COMPANIES

Conducted by Clay Herrick.

THE TRUST COMPANY SECTION.

THE fourteenth annual meeting of the trust company section of the American Bankers' Association, held at Chicago on Sept. 15, 1909, kept the pace set by former meetings in the interest and value of its proceedings. The section is making steady progress in the increase of membership, while its influence and accomplishments are growing faster than its numbers. The value of its annual discussions is perhaps not appreciated as it should be. Certainly not as many trust companies have enrolled themselves in the section as ought to be found therein. Every trust company that has any desire to keep up to date and to build and safeguard its business ought to belong. Even a hasty examination of the work of the section during the fourteen years of its existence reveals many things done that have made for the true progress of the trust company as a factor in our civilization. Much of the best legislation regarding trust companies on the statute books of the various States has been the result, directly or indirectly, of the section's influence. One who has followed the proceedings from year to year cannot but be struck with the steady progress in the general tone of the meetings,—the manifest interest in practical problems of the business, the trend towards a progressive conservatism, the increasingly high ideals that are expressed.

The new president and first vice-president, who were promoted in accordance with the unwritten law of the section, are well known as trust company officials of ideas and ideals. The president, H. P. McIntosh, is president of the Guardian Savings & Trust Company of Cleveland; the first vice-president, Oliver C. Fuller, is president of the Wisconsin Trust Company of Milwaukee. Each has served the section with conspicuous success as chairman of the executive committee,—the officer upon whom rests the burden of the responsibility for the section's progress.

The executive committee is now composed of the following gentlemen, of whom the last five are new members, elected at the last meeting: Uzal H. McCarter, president Fidelity Trust Company, Newark, N. J.; A. H. S. Post, vice-president Mercantile Trust & Deposit Company, Baltimore, Md.; Lawrence L. Gillespie, vice-president Equitable Trust Company, New York City; Arthur Adams, vice-president City Trust Company, Boston, Mass.; H. G. Lloyd, president Commercial Trust Company, Philadelphia, Pa.; F. H. Fries, president Wachovia Loan & Trust Co., Winston-Salem, N. C.; A. L. Abrahams, vice-president Continental Trust Co., Denver; Colo.; Howard Bayne, vice-president Columbia Trust Co., New York, N. Y.; John Stites, chairman board of directors, Fidelity Trust Co., Louisville, Ky.; E. J. Parker, president State Savings Loan & Trust Co., Quincy, Ill.; E. K. Boisot, vice-president First Trust & Savings Bank, Chicago, Ill.; John D. McKee, vice-president Mercantile Trust Company, San Francisco, Cal.; Charles J. Bell, president American Security & Trust Company, Washington, D. C.; F. H. Goff, president Cleveland Trust Company, Cleveland, O., and Edwin Chamberlain, vice-president San Antonio Loan & Trust Company, San Antonio, Texas.

TRUST COMPANY FUNCTIONS.

THE topic which elicited the most discussion at the recent meeting of the trust company section was "The Limitations of the Functions of a Trust Company." The fact that the trust company now is, in many States at least, a real "department store of finance" with practically no limitations to its functions, was brought out, and the desirability of such a condition was considered. The question is, as we have previously pointed out in these columns, well worthy of careful study,—as to its effects both upon the trust company itself and upon the public welfare. The discussion in convention, while necessarily limited in time, brought out opposing views on the subject, showing that the extension and the limitation of functions both have advocates. It also emphasized the fact that companies operate under different conditions and with diversified opportunities in the various parts of the country, making the question of functions largely a matter for local determination, Referring to the difference in functions in different parts of the country, the opinion was expressed that "the only thing we are alike in is little." The statement by one speaker that "a proper limitation for trust companies in one section of the country might not be applicable in other sections," probably expressed a general sentiment. This, by the way, would seem to be a conclusive objection to the proposal made at various times that trust companies should be chartered under a general federal law.

Naturally enough the matter of commercial banking by trust companies was considered the chief point of difference in practice. This is of course the question which most agitates those who feel that the trust company has encroached upon the domain of the regular bank. In many of the States the trust companies engage in commercial banking as freely as do the State banks, though there are a few States in which such business is forbidden. The discussion brought out the fact of legislation pending to give national Banks distinct power to receive savings deposits and to accept trusts. If such laws are established, it is evident that the distinction between banks and trust companies, so far as the statutes are concerned, will have been practically done away with. In other words all our financial institutions will have the powers now conferred upon trust companies in the states which are most liberal towards them. As a matter of choice, individual companies would doubtless follow special lines of work; some would be purely banks, some trust companies, some would combine the functions of the two. There is no doubt that this is a condition towards which we have been rapidly drifting during the past few years, through the assumption by trust companies in some localities of complete banking functions, and the counter movement of banks in assuming some of the functions of savings banks and trust companies.

H. P. McIntosh, the new president of the Section, enumerated the following classes of business as being ordinary and proper functions of trust companies:

"1. To act in well-defined trust capacities, such as agent, administrator, executor, registrar, trustee, et cetera.

"2. To conduct a savings bank business.

"3. To conduct a commercial bank business.

"4. To conduct a safe deposit business.

"5. To conduct a real estate business."

Regarding the fifth function enumerated, he said, "Real estate operations should be restricted to acting as agent or trustee for others, and to the management and control of properties held in trust, and companies should not be allowed to buy and sell for their own account." He expressed the opinion that title insurance and an insurance or annuity business should not be undertaken by a trust company.

It is to be noted that there are a few states which do not permit trust companies to undertake all of what may be considered purely trust business. For example, Maine forbids them to act as administrator or guardian, and in Ohio it is held unconstitutional for them to be appointed administrators.

CORPORATE TRUSTEESHIPS.

Another topic which brought out some discussion at the meeting of the Section was that of "duties and responsibilities of trustees under corporate mortgages." In introducing the topic, Willard V. King of New York referred to the "general elevation of thought, particularly in the field of business, which is marking this decade,—a searching of methods with an eye to their morality, where previously we had studied them only in respect of their economy." He showed how this spirit is holding all trustees to stricter accountability, not so much by the enactment of new laws as by the enforcement of old ones; and how it results in a greater degree of both moral and legal responsibility being attributed to trustees under bond issues.

The discussion of the topic seemed to show a general feeling that great care should be exercised in the acceptance of such trusteeships. The general tone of the discussion indicated that the prevailing opinion on this subject is much more conservative than it was when this same topic was discussed by the Section in previous years.

TRUST COMPANY OFFICIALS AND POLITICS.

THE nomination of Otto T. Bannard by the Republican party for mayor of New York has been very favorably commented upon by the press, and his acceptance of the nomination is an indication of the growing tendency of the better element of business men to take an active interest in public affairs.

The event is one of especial interest to trust company men and to bankers generally, because Mr. Bannard is one of their number. He is president of the New York Trust Company, and was president of the Continental Trust Company prior to the consolidation of that company with the New York Security and Trust Company, which resulted in the formation of the New York Trust Company.

The particular fitness of the nomination will be seen when it is known that the chief problems before the coming administration in New York city will be financial problems. Mr. Bannard is well known for his abilities along such lines, and with the capacity for finance he combines a high sense of honor and integrity and an intelligent interest in problems concerning the public welfare. Among the public offices which he has held are those of a member of the Board of Education, vice-president of the Charity Organization Society, trustee of the United Charities building and treasurer of the Provident Loan Society. His interest in public affairs may be judged from the fact that his salary as mayor, if he is elected, will be about one-third of that which he is at present supposed to be receiving.

Mr. Bannard's interest in public matters outside the immediate field of business may well be emulated by trust company and bank men throughout the country. Their training and experience give them exceptional opportunities of usefulness if they will but give time and study to public affairs. Perhaps the greatest need in the government of our cities is the introduction of business-like methods. Many well-meaning efforts for improvement have failed for the simple lack of such methods. Not necessarily by office-holding, but by sustained and active interest and participation in local politics, the banker may do much to better the administrative conditions of our city governments.

There is, too, the wider field of influence in the determination of policies. The advance of our civilization is ever bringing to the front new problems of local and general government. The solutions offered for these problems should be tried not only in the light of theoretical advantage or disadvantage, but also in the light of their application to conditions as they actually exist. Familiar as he is from necessity wth the whole routine of business theory and practice, the banker is in an exceedingly advantageous position to give sound advice, provided he gives the matters a reasonable amount of thought, and provided of course he has the patriotism to devote himself to the public good. His business and his position are in themselves semi-public in character. Let him realize that in proportion as his opportunities for service are many his responsibilities to the public are great, and he must be active in public affairs.

RESPONSIBILITY OF DIRECTORS.

MORE than once in these columns we have taken occasion to remark upon the moral and the probable legal obligation resting upon directors of trust companies. A recent decision of Justice Van Kirk in holding thirteen of the former directors of the Trust Company of the Republic of New York responsible for losses of that company emphasizes the responsibility and shows how far it may be held to be legal as well as moral. The suit was brought against the directors by a stockholder, asking restitution to the company for losses due to loans made by the president of the company in 1902. No charge against the directors is involved other than that they were negligent and failed properly to perform their duties in preventing reckless and improper loans. They are not charged with any act of dishonesty; it is not suggested that they profited personally by the deals which brought losses to the company. The whole charge is that they were in office for the purpose of preventing certain things, and that they did not prevent them.

The opinion given by the justice is of considerable length. Among other things he says: "It is not a sufficient excuse to state that loans were not presented to the executive committee; it was the duty of that committee to require them to be presented. The directors and members of the executive committee have active duties and responsibilities. Their duty is not lessened nor is their responsibility discharged by reason of the fact that they are informed there will be no regular meeting; their duties are not entirely limited to regular meetings. They may perform duties outside of the regular meetings, and each director and member of the executive committee, if he has cause to understand that there is necessity for action, may act.

"Where the duty of knowing exists, ignorance due to negligence of duty creates the same liability as actual knowledge and failure to act thereon. Where trusted officers cause loss the directors who trusted them, and therefore neglected to exercise the care a reasonably prudent man would exercise in his own affairs cannot escape liability if such care would have avoided or lessened the loss. It is not a full performance of duty to employ competent officers who are believed to be reliable. The directors have other and additional duties. When directors have chosen officers of a trust company in whom they thoroughly rely, if they see fit then to entrust the business to these officers, it is their personal trust, and not the trust of the company itself or of the stockholders, and the true position is this: *That if the director sees fit to abandon his position and to rely upon the officers either during vacation time or any other time, he says in effect, I trust him and I assume the responsibility of his acts without performing my duties of supervision as the law and by-laws require me to do; and I must be held accountable for the acts of the officer to the same extent as if I were present and performing my duties and consenting to his acts.* Under the facts in this particular case, I am not much impressed by the contention that a director is not negligent if he performs his duty as directors of other institutions of the same kind in the same city or community perform theirs; that is, as the custom prevails. A man cannot believe that he may neglect his duty or do a wrongful act because other men to his knowledge have the habit."

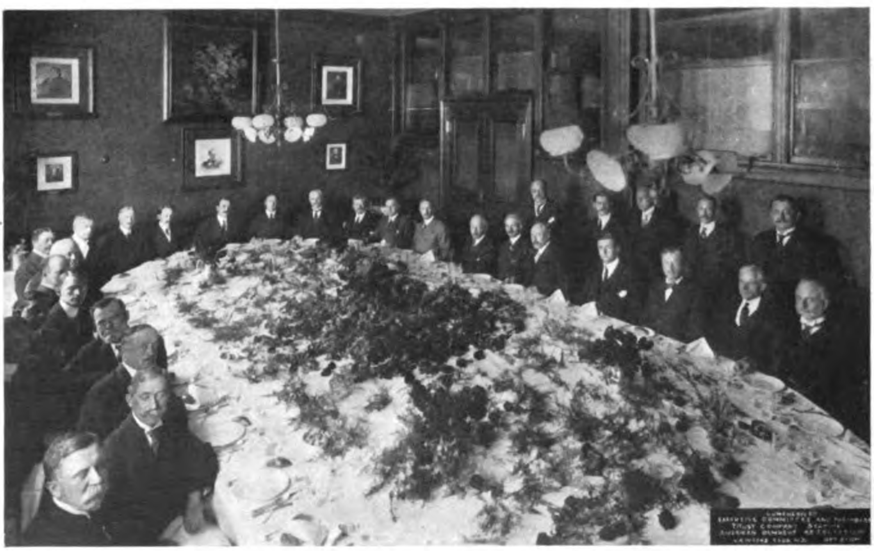
It is evident that this decision takes very advanced ground on the matter of responsibilities of directors. Whether the decision will be concurred in by the courts generally throughout the country remains to be seen. Yet while it may be modified in some particulars it is on the whole quite in keeping with the temper of the public on the subject. It indicates along general lines at least, what may be expected if similar cases arise, and may well set the directors of our financial institutions to thinking of the very grave responsibilities which they have undertaken, in some cases doubtless without realizing it. If it results in some men withdrawing from responsibilities which the are unwilling to shoulder, and have not intended to shoulder, and in greater care being taken hereafter in the acceptance of such trusts, the general good will be subserved.

It cannot be too strongly urged that no man has a right to accept such a position unless he expects to fulfill his duties. Rightly considered, it is a *trust*, not a "soft snap." This has always been true as a proposition in morals; it is well that it is now so construed as a legal opinion.

TRUST COMPANY MEN LUNCH TOGETHER.

AT a luncheon given October 5 at the Lawyers' Club of New York, by the executive committee of the trust company section of the American Bankers' Association, there were present, besides the officers of the section, a goodly number of other bankers and guests. These guests included: P. S. Babcock, secretary trust company section, A. B. A., New York; F. E. Farnsworth, secretary American Bankers' Association, New York; A. B. Hepburn, president Chase National Bank, New York; F. L. Hine, president First National Bank, New York; Lewis E. Pierson, president American Bankers' Association; Levi L. Rue, president Philadelphia National Bank; R. H. Thomas, president New York Stock Exchange; Clark Williams, New York State Banking Superintendent; George T. Wilson, vice-president Equitable Life Assurance Society; George R. Sheldon, Alton B. Parker, H. S. Black, Harry Bronner.

After some appropriate remarks,



Luncheon of the Executive Committee and Members, Trust Company Section, American Bankers Association, at the Lawyers Club of New York.

Lawrence L. Gillespie, vice-president of the Equitable Trust Company of New York and chairman of the trust company section, who presided, said:

At the present time there are in the United States upward of 1,500 trust companies, of which about 1,000 are enrolled in this association. The total of deposits in all trust companies in the United States, according to data compiled by the president of the Audit Company of New York, aggregate approximately $3,600,000,000. In New York state, where during the autumn of 1907 trust companies were subjected to the severest strain in their history, Mr. Clark Williams publicly stated at the recent convention of this association in Chicago that there was not a prospective loss of one dollar to any depositor with any New York trust company. During the period caused by the general financial stringency, when all financial institutions suffered, the deposits of trust companies of New York shrank from $1,090,000,000 in August, 1907, to $732,000,000 in December, 1907, a loss of $358,000,000. Since that date they have gone on steadily regaining the lost ground and exceeding their previous record, until now their deposits amount to $1,387,000,000, an increase of $655,000,000 over their low mark, or nearly ninety per cent. I am sure we may be pardoned for interpreting these figures as the most substantial expression that can be made of the confidence of the public in the soundness of the system and in the strength of this class of institution.

We are pleased to note that the experience of past years has brought all financial institutions controlled and managed according to sane methods and sound banking principles more and more into one common brotherhood for the common interest and with a better appreciation that differences of organization and title do not necessarily constitute a condition of antagonism or of more than friendly rivalry, as is evidenced by the faces of those distinguished bankers who honor us with their presence to-day.

H. P. McIntosh, president of the trust company section, spoke briefly concerning the development of trust companies throughout the United States, which was followed by a few words from the Honorable Clark Williams, New York State Banking Superintendent.

BUSINESS DONE BY BRANCHES OF TWO GREAT FRENCH BANKS.

ONE of the most extraordinary and un-English features of the French finance, is the large proportion of the business of the Bank of France transacted in the branches. The Bank of England has, we believe, only nine country branches. The Bank of France has no less than 479 local offices, made up of: Paris 1, completely organized branches 127, auxiliary bureaus in sixty-one other localities, and 290 villes rattachees, or small towns connected with one of the regular branches, or auxiliary bureaus. It has, consequently, a vast network spreading over the whole of France. The central office in Paris also comprises eight district branches. The great joint stock banks run the Bank of France very closely in competition.

The Credit Lyonnais has about sixty bureaus, nearly 180 in the provinces, and eighteen in foreign countries; and the Societe Generale has a still greater number, and these are not all. The Bank of France is, however, enabled to pay bigger dividends, than the other joint stock banks, in spite of the heavy charges levied by the state as a tax on the circulation, a share of the profits on the discounts, and a stamp duty.

The country business is the most profitable to the bank. The gross profits, in 1908, were, for Paris, 18,721,000 francs, and for the provinces 34,124,000 francs. The total turnover, during the year amounted to 8,626,864,100 francs in Paris, and 13,124,393,700 francs in the provinces, not including the gratuitous business for the treasury—transfers, transports of specie, notes, etc. A feature of the French bank regulations is that the rate of discount is uniform for all clients, great or small. Naturally, when money is cheap in the open market, the best bills do not go to the bank. The losses of the bank by dishonored bills are not, however, heavy. In 1908 they amounted to only 588,628 francs, and during that time 1,104,676 francs of the losses in previous years were recovered, the total outstanding debt only amounting at the end of the year to 5,587,836 francs.—*The Economist, London.*

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in The Bankers Magazine.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

GARY—THE NEW STEEL CITY.

A FEW miles out from Chicago, where the waters of Lake Michigan touch Indiana soil, a city is springing up that is destined to become the new steel center of the world. That city is Gary, named in honor of Judge E. H. Gary, chairman of the United States Steel Corporation, and her population to-day is estimated to be over thirty thousand people.

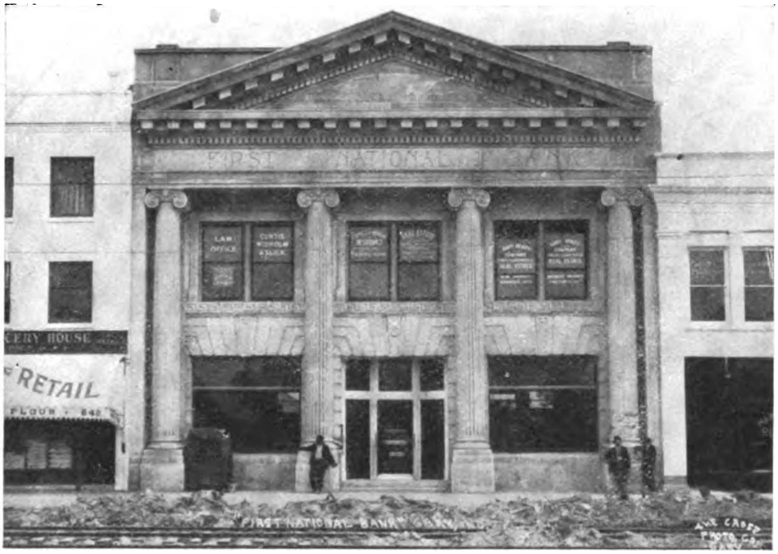
In Gary, the best features of all other mills have been assembled and magnified. To them have been added all that the craft of factory engineers and transportation experts could offer. A site, a town, a harbor, literally have been manufactured to order.

Power—the basic factor in every industry—is Gary's surpassing economy—by-product instead of tax. Blast furnace gas, once absolute waste and hateful poison in the air, is here harnessed to titanic labors by powerful gas engines. What has been sought and carried out successfully is efficiency, the economy of balanced production.

Gary's Main Thoroughfare—Broadway—looking north towards the Mills.

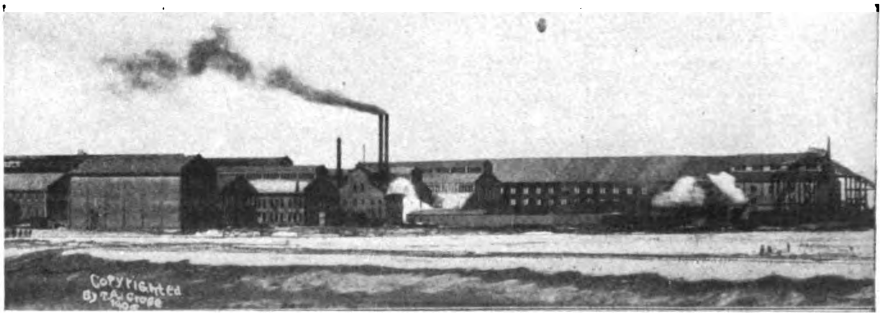
The necessity for Gary came when the Steel Corporation determined to concentrate its steel industry at the head of Lake Michigan, where it could bring together raw materials, markets, and labor with the minimum of expense. Already twenty-four millions of dollars have been expended in the city and in the plant; eighteen millions more will go into the enterprise this year, and there still remains sixty millions authorized for the work. When finally completed, this steel plant will be the largest in the world, even larger than the famous Krupp plant in Germany.

This is evidenced by the fact that although there will be a mile of blast furnaces in operation, the stacks are small, rating 450 tons. Again the open hearths, though of uncommon size—fancy a kettle of blinding, bubbling metal sixteen to forty feet square—are not America's largest. But by grouping fourteen into a unit and providing



Home of the First National Bank of Gary.

The Gary State Bank. A Fine Piece of Architecture on Broadway.



A General View of the

for six units, Gary overtops the world in the size of units and total output. The purpose, however, was to provide the greatest number of furnaces that one superintendent and his staff could manage in production.

So with the rail mill; in length it has no equal in this country or abroad—1,800 feet, to say nothing of the 1,400-foot group of soaking-pits which it shares with the record-breaking billet-mill adjoining. No lesser building would shelter the continuous train of rolls which will produce 100,000 tons of steel rails monthly—28,000 more than the South Chicago world's record. Here also size was incidental to the most efficient and productive installation. The shorter the mill and fewer the stands of rollers, the more time the ruddy steel would waste on tilting tables and transfers, losing heat and precious seconds, whose saving would give larger output and lower cost.

As rapidly as the furnaces and mills took shape they were placed in charge of bosses who will direct them, to check up the work of the contractors, to correct any tendency away from the solidly practical and to supply anything needed in design or equipment. This has made for many small economies—a pocket for broken coke above the skid hoists of the blast furnaces; steel ties in the soaking-pit service tracks; aerial bridges to avoid time-losing detours; safety devices everywhere.

Gary, the city, is the final element in the mill's formula of economy. Its first and highly important function is to attract labor, skilled and unskilled, and this it will do by reason of its metropolitan comforts and conveniences. Perfect sanitation has been provided for; rents are reasonable; the rates on water, gas and electric light are low; there are good schools and restful parks, and opportunities for purchasing homes are plentiful.

The officials of the Steel Corporation say frankly that the building of the town was incidental, that their main concern was to construct a steel plant, and that city-making was a side issue into which necessity alone drove them. But they had to have a place for their employes to live. Moreover, a haphazard town would certainly prove an inefficient one in serving the daily life and needs of the men whose brains and muscle mean the real impetus of the mill.

Once the necessity became plain, the company solved the problem by organizing the Gary Land Company, which has gone ahead with the work of laying out the city.

The holdings of the land company form a strip along Lake Michigan, extending from Indiana Harbor eastward some eight miles, and averaging two miles in width—about two and one-half miles wide at the site of the plant and town. Almost in the center of this strip is the mill. At the latter's eastern edge is the harbor slip, 250 feet wide, extending in from the shore, affording berth for half a dozen 12,000-

Steel Mills at Gary, Indiana.

ton ore freighters, and equipped with a 750-foot turning basin at its inner terminus. Just west of the mill are the repair yards and shops of the Chicago, Lake Shore and Eastern Railroad.

The whole scheme of Gary hangs on the main thoroughfare, Broadway, which leads straight south from the mill entrance, and is even now paved for three miles and more. Up this great artery, 100 feet wide, sweep the throngs of workers each day. Gary's water supply is furnished by the Gary Heat, Light and Water Company, another subsidiary company of the Steel Corporation. It furnishes also, as its name implies, electric lighting and gas. There is a provision that ownership of these public utility plants may be acquired hereafter by the city.

For water supply, a three-mile tunnel six feet in diameter extends a mile and a half into Lake Michigan, its shore end being at the pumping station. Besides this there is a 500,000-gallon water tower in the park site, west of Broadway. Over twenty-five miles of mains have been laid, and the capacity of the system is 20,000,000 gallons a day.

Extensive Railway Facilities.

Situated on the main lines of five great trunk railroads, no less than fifty trains a day stop at Gary, to say nothing of the frequent service by the interurban trolleys. The Gary and Western Steam Railroad, mostly elevated, has been completed by the Vanderbilt interests, and is designed largely for Chicago and Gary passenger service, with local stations about a mile apart in the Gary district. The Chicago, Lake Shore and Eastern Road's repair shops, employing something like 2,000 men, are being completed in Gary.

There is now under construction at the doors of the steel plant a large Union Railroad Station, which is being built by the New York Central Lines and the Baltimore and Ohio Railroad, at a cost of two hundred thousand dollars.

The electric street car lines, which early obtained their franchises and were waiting the income of population, are now in actual running operation, with large modern cars, good, frequent service, and the usual city fares. An additional line will be constructed at once, on Fifth avenue, by the Gary and Interurban Railway Company.

There are five banks already located on Broadway, and the city has also three daily papers, one weekly paper, six hotels, forty-six lawyers, twenty-four physicians and six dentists.

So rapid has been this city's growth and development that the post office has been jumped from a fourth-class to a second-class office, and free delivery of mail has been instituted by the Post Office Department.

Gary, the wonder-city that has shifted the industrial supremacy of the country to Chicago and the Central West, offers through her public utilities ex-

A Typical Residence in Gary.

ceptional inducements to investors. These inducements include long-term franchises, proximity to Chicago and the certainty of increased population. Indeed, it is confidently predicted that Gary will be a city of one hundred thousand population in 1911.

Backed by the wealth and power of the United States Steel Corporation, the city has before it a glorious future.

THE FRANKING ABUSE.

POSTMASTER-GENERAL HITCHCOCK'S desire to cut off needless expenditures in the department of which he is the head is entirely commendable. If it is true that he has undertaken to wage aggressive war against the abuse of the franking privilege, he is entitled to public support in this purpose.

No question exists that the right to send mail matter free of postage on the part of executive officials, senators and representatives, has been employed to an unjustifiable extent. Vast amounts of public documents which ought not to be printed in the first place, and for which there is no real demand in the second, are annually transported at heavy cost to the government. Instances have repeatedly been brought to light in which members of the national legislature have used franks to secure the transmission of weighty or bulky articles which ought to have been sent by freight or express at the expense of the senders.

The Government has to pay the railroads for these packages, parcels and letters. While a reasonable use of franks is warranted, their employment should be strictly limited. If this shall be done several millions yearly will be saved to the Treasury.—*Philadelphia Bulletin.*

A $1.50 BANKNOTE.

GENERAL D. H. HOLLINGSWORTH, of Cadiz, Ohio, who represents the Sixteenth District in Congress, is the possessor of what he believes is the only $1.50 bill in existence. It is a piece of Confederate currency, and was issued by a bank in Richmond, Va., in 1861.

The manner of its acquisition by General Hollingsworth is interesting.

"I was fortunate enough, or unfortunate enough, in a battle down in West Virginia, then Virginia, to capture a Confederate," said General Hollingsworth. "The man really didn't object to being captured, and immediately told me that he was desperately hungry. I divided the contents of my haversack with him, and he was so grateful that he drew forth a bill and told me that he wanted me to take it as a keepsake. I looked at the money and saw it was a $1.50 bill, the only one I have ever seen. I am aware that they have $4 notes up in Canada, but I don't think there ever were any $1.50 bills issued by any bank. My Confederate friend, after he had satisfied his hunger, turned and said: 'Well, the Yanks are not such bad fellows, after all.' That didn't keep me from sending him on to the federal prison at Camp Chase, however."

INVESTMENTS

Conducted by Franklin Escher.

THE BOND MARKET.

ONE swallow does not make a summer—one flight of newspaper display advertising of new bond offerings does not make a bond market. And yet the appearance of these offerings is a sign of the times—a good sign. Bond dealers are experts at feeling out the public's investment pulse. The mere fact that they begin to make a serious effort to sell bonds is in itself a sign of awakening buying power on the part of the public.

In the present bond market there is lots of room for improvement. It is a good many months since there has been any free buying of bonds, and even now the demand is limited to those issues which have a first class chance of appreciation in price. The movement of the markets has been such during the past couple of years that the idea of making money is in the air. Investors are conservative, but they have seen money made right and left and can not easily be induced to buy a security unless they can be shown that the principal is likely to increase in value. Income, in most cases, has become a secondary consideration.

Speculative Bonds Popular.

The result of this feeling has been to cause disproportionate activity in speculative bonds—all that is necessary to prove that is a look at the daily record of transactions in convertible bonds on the New York Stock Exchange. But the convertibles have by no means monopolized public attention, many of the second grade bonds having become highly popular. There has been a substantial increase in outside interest in bonds during the past month, but outside of the activity in the convertibles most of the trading has been in bonds selling on a basis to net the buyer over four and one-half per cent.

And this is a condition likely to continue as long as there remains the possibility of high money rates. That is the one prime consideration governing the price of the "high grades," and that is what will continue to govern their price until it is definitely settled that there is to be no high money this year. Of that, there can be little certainty until well along in December. Till then the secondary bonds, which have less to fear from a higher level of money rates, seem likely to keep the center of the stage.

Up to Date Investments.

Meanwhile a really very large business is being done in bonds of a class which have only become popularized during the past few years—irrigation bonds, water power bonds, bonds secured on real estate holdings, and all the other most modern forms of investment. A logical outcome of present active and improving business conditions is the disposition to buy securities of this class. Investors feel that it is a waste of power to buy bonds having suberabundant security—the mortgage bonds of railroads, for instance, whose earnings are such that even their common stocks are getting increased dividends. What is the use, they ask, of sacrificing income in order to buy an unnecessary amount of security? Business is active, capital is in demand, money is being made on it—why not lend money, then, where a better return will be offered for its use? So runs the argument. It goes a long way toward explaining why the present tide of activity in bond trading runs through the channels it does.

REHABILITATION OF THE GOULD SYSTEM.

AN account of the very wide distribution of the securities of its constituent properties, the question as to whether George Gould will be able to maintain his system intact is at present receiving a great deal of anxious attention. But a comparatively short time ago it seemed exceedingly unlikely that the Gould system would be able to pull out of its difficulties and remain an entity—Wall Street, in fact, had it all figured out as to just how the various properties would be disposed of and as to just who would take them over. But ever since Mr. Harriman's money came to the rescue of the bankrupt Wheeling & Lake Erie, there has been a decided change for the better. Far from the Gould system, as a whole, being broken up and sold piecemeal, there is now abundant indication of a new grip by the Goulds upon their properties and a coming rehabilitation of the whole, as a whole.

The Eastern Situation.

One thing, however, seems certain—the ambitious scheme of an Atlantic seaboard outlet for the Gould system will have to be abandoned. Rehabilitation of all the Gould lines running west of Lake Erie is actually already under way, but the new Gould system will end with the eastern terminal of the Wabash at Toledo—it will be *ex* the Atlantic terminal idea.

The history of George Gould's attempt to fight his way into Pittsburgh from the west and to carry his lines through to the Atlantic Coast is one of the most dramatic episodes of American railway finance. After his fight with the Pennsylvania, back in 1902 (in the course of which the famous cutting down of Western Union telegraph poles along the Pennsylvania's lines took place), Mr. Gould decided on the Napoleonic policy of striking into the heart of the enemy's country, by carrying the Wabash Railroad straight into Pittsburgh. Using the Wheeling & Lake Erie as the eastward connection from Toledo, the Goulds at a perfectly ruinous cost acquired property enough in Pittsburgh on which to build the Wabash-Pittsburgh Terminal. A line was run out into Ohio, to connect with the Wheeling & Lake Erie, and Mr. Gould's entrance into Pittsburgh was accomplished. Forthwith there was begun the construction of the Western Maryland, running down from near Pittsburgh to the Atlantic coast. That completed, Mr. Gould figured that he would have a direct line from Baltimore to San Francisco.

The entrance into Pittsburgh had no sooner been forced, however, than it became apparent that tremendous difficulties confronted the new venture. Interests hostile to the Goulds and resentful of the attempt to invade their preserves, did everything in their power (which was a good deal) to keep the new lines from getting the trackage and other facilities necessary to get at the big business. Within a very short time Mr. Gould found that to force himself into a hostile territory was one thing, but that to maintain himself there and do business on a basis with his old-established rivals was something quite different.

In the hope of saving the day by establishing through traffic down to Baltimore, work on the Western Maryland road was pushed to the utmost, but here again it became apparent that tremendous difficulties would have to be overcome. Between Pittsburgh and the eastern end of the coal roads, out of which the plan was to construct the Western Maryland down to the coast, there lie some sixty miles of wild mountain country. To build through this country, it was found, would involve almost a ruinous expense. But there was no other way out, and the work was pushed as planned. In the midst of it and with all the money that could be borrowed here and in Europe tied up in the construction, the panic came. Within a few months all three of the eastern Gould roads, Western Maryland, Wabash-Pittsburgh Terminal and Wheeling and Lake Erie, went into receivers' hands.

That these properties have been irrevocably lost to the Goulds, Wall Street is fully satisfied. What will be the unravelling of the present tangle nobody can pretend to tell, but that the Goulds have had to let go, thus abandoning their ambition to get to the Atlantic, every one in touch with the situation seems to believe. George Gould's bold attempt to get a complete transcontinental line might or might not have succeeded had there been no panic to check him—as it is, he has had to abandon the scheme which he cherished so long and into which he futilely poured so many of his millions. For a long time to come all idea of an Atlantic Coast outlet for the Gould system has been put out of the question, and Mr. Gould has been thrown back upon the development of his western lines.

THE SITUATION IN THE WEST.

For the good of these lines, and the holders of their securities, it is a fortunate thing that the over-ambitious eastern scheme has been abandoned. Whatever may be George Gould's calibre as a railroad man, he has plenty of tenacity of purpose and millions upon millions were being poured into the bottomless pit of the Pittsburgh project. In the meantime the western lines of the system were being literally "starved."

Signs are not wanting now of a complete change in the Gould policy. With the cessation of the ruinously expensive operations around Pittsburgh, Missouri Pacific, Denver & Rio Grande and the other links which make up the great transcontinental chain have begun to be treated very much better as to maintenance. Enough money is being turned back into the properties to bring them up to a very fair standard of efficiency within a couple of years. Instead of continuous branching out into new directions, a settled policy of developing existing properties is clearly apparent.

The inception of such a policy means much to the holders of Gould securities. No one familiar with the present railroad situation can fail to realize the wonderful strategic position of the Gould system, or the possibilities of development it contains. Beginning at Toledo, on Lake Erie, the system runs straight west to the Pacific Coast, the various links being the Wabash, from Toledo to Kansas City; the Missouri Pacific, from Kansas City to Pueblo, Col.; the Denver and Rio Grande, from Pueblo to Salt Lake City; and the Western Pacific, from Salt Lake City through to San Francisco. This is the main stem. From it branch out a number of minor roads, tapping most of the important cities of the Middle West and many of the South.

A mental picture of this straightaway route across the United States is all that is needed to suggest what possibilities it contains. The system as a whole, it must be remembered, has only just been rounded out by the completion of the Western Pacific through to the Coast. Up to now it has consisted merely of a group of lines operating in the best parts of the country, but running from nowhere to nowhere, and so, entirely unable to keep pace with its more aggressive competitors.

All that is changed now, first by George Gould's retreat from the untenable situation in which he became involved at Pittsburgh and, secondly, by the completion of the Western Pacific, which puts all the Gould roads into the position of integral parts of a through system, able to quote through rates with anybody. For this Western Pacific line, it must be remembered, is absolutely of the newest and most modern construction—900 miles of the *ne plus ultra* in railroad building. Curves and grades have been reduced to the greatest possible degree. The whole project was undertaken with the idea of being able to compete with Southern Pacific for through traffic, and it looks as though that end would surely be attained. Which would mean, of course, not only an increased revenue to the Gould system but the originating of a great deal of new traffic along its lines, as far east as the Wabash.

A Bright Future.

A new era for the Gould roads seems to have dawned, and under efficient management there is no reason why the various properties making up the system should not become increasingly valuable, their securities resuming the market position they once occupied. For years some of the most important parts of the property have been allowed to "run down," and it will take time to put them back into shape, but with the conservative policy now in force, the process of rehabilitation should steadily and surely go forward. Developments of this kind, however, are discounted in the market a long time ahead. It looks now as though the thousands of investors and the institutions all over the country who stuck to their Missouri Pacific and their Wabash bonds would be rewarded before long.

THE TROUBLESOME TWO PER CENTS.

TO whatever degree bankers may be opposed to Mr. Taft's scheme of adding a savings bank department to the Post Office, the fact remains that in the plan lies the one feasible way of clearing the great mass of government twos out of the path of currency reform.

Without attempting to go into the general merits or defects of the postal savings bank idea, it can be said that inasmuch as its adoption would mean the ability on the part of the thousands of banks all over the country who are "hung up" with government twos at a big loss, to work out of them, the scheme deserves the careful and unprejudiced attention of all bankers.

As outlined now, and so far as it concerns government bonds, the plan is to use deposits, as they come in, for the purpose of buying up the government twos. A new currency law will by that time, it is hoped, be enacted, and provision made for replacing the currency which the buying in of the bonds will put out of business. Gradually, thus, as deposits grow, more and more bonds will be bought in, until the whole $751,000,000 have been unloaded from off the backs of the banks.

Failing of some such scheme to keep up the price of the twos and gradually get them out of the way, it is hard to see how any material progress in the direction of currency reform is to be made. There is too much currency in the country as it is, and real reform can only come when the present bond-secured bank notes are replaced with real money. Replacing the present notes means nothing less, however, than depriving the twos of their privilege as security for circulation. What would happen in that case, no banker who owns any of the bonds likes to think. They have become a white elephant on our hands, and any sensible plan which involves getting them safely out of the way is not to be lightly considered.

PUBLIC PARTICIPATION IN THE STOCK MARKET.

By Gardiner S. Dresser, of John Muir & Co., Members of the N. Y. Stock Exchange.

IN the comparatively recent history of Wall Street, there are two notable instances of activity in stock speculation by the non-professional element—by the public, familiarly so called. The first was in the famous bull market of 1901. So widespread was the interest in this movement that every merchant, every shopkeeper and almost every hotel waiter had a few shares of stock, and their combined buying repeatedly took the market out of the hands of the more experienced operators. The second was more recent, during the panic of 1907. It is well known how purchases of odd lots of stock at bargain prices aggregated millions of shares within a few weeks, and how this absorption went far to clean the market bare of stocks when the turn came.

Between these two occasions, the public pondered the lesson they had learned. They had made profits in 1901, only to lose them in the Northern Pacific and the later decline of U. S. Steel. Thereafter, they refused to buy at the top, and could not be induced to enter the market, although a three years' bull movement with the ten per cent. Union Pacific episode as a climax proved most enticing. Instead, they bided their time, and when the crash finally came, as some one has aptly put it, "the rich poor man bought from the poor rich man."

Nor was this period without its instruction to wide awake brokers. They learned that where the public did not buy they took profits, and to some extent, even sold stocks short. They found, therefore, that their commissions did not vanish as of old if they forsook their former policy of continually advocating purchases, or varying this only by recommending purchases on reactions. With their minds freed of this dogma, they began to comprehend how strict honesty in advice is after all the best policy, how commissions deferred are better than commissions made and customers lost, and how a successful clientele, as in other professions, is a valuable asset.

Perhaps the improvement in the moral tone has been brought about in a way more creditable to the commission houses. And perhaps, on the other hand, brokers can still improve along these lines. What is quite evident, however, is that the odd lot trader in Wall Street to-day is reasonably certain to get a square deal.

TERMINAL BONDS IN FAVOR.

MOST of the bonds secured on railroad terminal property are selling at such a high price that they can hardly be bought with much hope of further appreciation, but there are still a few issues which offer an attractive yield. Of the terminal bonds dealt in on the New York market the principal ones still selling on a better than four and one-half per cent. basis are the Northern Pacific Terminal sixes, the New Orleans Terminal fours and the Columbus Connecting Terminal fives. Of these issues the first and third are mortgages on property used but not owned by the railroads, and are so rated as a less desirable issue than, for instance, the St. Louis Terminal fours, which are guaranteed by several strong tenants of the property.

Terminal bonds in general stand so well with institutions and investors that they are being rapidly taken off the market. Few new issues are being made to take their place. About the only bonds which have been sold lately are the Washington Terminal fours, guaranteed severally and jointly by the Baltimore and Ohio and the Philadelphia, Baltimore and Washington. The expenditure of about $25,000,000 by the Harriman System for terminal property in Tacoma and Seattle may result later in an issue of terminal bonds, but such a development is not expected for some time to come.

EQUIPMENT TRUST BONDS.

OUT of the sixty odd equipment issues at present being actively traded in, fifty are selling on a basis of from four and one-half to five per cent. When it is considered that all through the troubled period of the past two years, with its dozen railroad receiverships, not one instance has accurred where any equipment obligation has failed to pay its interest in full, it will readily be seen why this form of investment has attained great popularity with the investment public.

In few other classes of bonds can any such yield as four and one-half to five per cent. be had with a degree of safety approaching that afforded by equipment bonds. Not only is this class of obligation usually secured upon equipment having a value very much in excess of the securities issued, but by the fact that the bonds run off serially, the security back of the bonds which remains becomes better and better all the time.

Most important of all from the point of security, however, is the fact that equipment trusts are a mortgage upon something indispensable to the operation of the property. As long as the railroad carries freight—as long as there is any railroad, in fact—cars and locomotives must be used, and as long as they are used the bonds secured upon them are all right. The road may go into bankruptcy, and be operated by a receiver, but the mere fact that it is operated at all assures the equipment trust holders of their position.

MUNICIPAL EXTRAVAGANCE.

NEW YORK is a big city, and the statement in itself that the city's debt now amounts to $670,000,000 proves nothing. It is when comparison is made with the bonded debt of other big cities that the reason stands out as to why New York city bonds sell when they do. Boston used to be considered the most extravagantly governed city in the country, the per capita debt ten years ago being far in excess of any other city. But during the past ten years New York politicians have been showing Boston politicians how. The results they have accomplished and the vast burden of debt they have loaded onto the city is well set forth in the following table, taken from *The Wall Street Journal*:

Cities.	Net debt, January 1, 1909	1899	Debt Per Capita. 1908	1898
New York	$672,019,244	$244,220,435	156.82	68.79
Chicago	24,844,400	15,104,636	8.73	7.74
Philadelphia	79,635,020	36,380,082	53.40	29.33
St. Louis	19,966,000	13,924,278	26.48	26.50
Boston	74,099,388	55,084,172	122.01	109.31
Baltimore	22,507,048	12,408,434	39.67	23.65
Cleveland	22,567,077	8,139,003	42.98	20.34
San Francisco	3,787,725	68,105	9.46	.19
Cincinnati	29,242,667	25,169,532	68.81	65.37
Buffalo	13,258,863	11,286,397	33.14	29.70
Pittsburg	12,118,987	9,172,956	30.39	30.57
New Orleans	26,126,600	14,009,137	74.64	50.94

New York and Boston, it appears, are the only two cities whose per capita debt runs above the $100 mark. Pittsburgh, the home of millionaires, and the city where the most money has been made in the last ten years, has actually decreased its per capita debt.

These are figures to which buyers of municipal bonds are giving careful attention—too careful attention to suit those who would like to pour out on the market just as many city bonds as the market will absorb. Municipal extravagance in England has come to be a grave feature of the situation and unless curbed soon, promises to become so here.

THE RISK IN CONVERTIBLE BONDS.

A GLANCE at the table showing the yield of the active issues of convertible bonds is all that is necessary to see that the present market position of most of them is based entirely upon the price of the stocks into which they are convertible. What they yield, for instance, has practically nothing to do with the price at which they sell. Looking down the list, Atchison fives net the buyer less than two and three-quarters per cent.; New York, New Haven and Hartford three and one-halfs, about three and one-quarter per cent.; Pennsylvania, three and one-halfs of 1912, about the same; Union Pacific fours, considerably less.

Every one of the issues mentioned are convertible at a price far below the point at which the stock is now selling, which is only another way of saying that a good part of the price of the bonds is simply in maintenance of the parity with the stock. So far as speculative risk is concerned, therefore, there is little to choose between buying Atchison convertible fours, for instance, and Atchison stock. At the present level both move together. Were there by any chance, however, to be a material recession in price, say, to par, the bond feature of the convertibles would begin to reassert itself, those securities holding up better than the stock. In the great majority of convertibles, however, the recession from present prices would have to be extensive before the bond feature would begin to count. Many of these active convertibles are attractive purchases even at present prices, but buyers at the present level should not blind themselves to the fact that they are taking a risk just about as great as though they were buying the stock itself.

THE HILL SECURITIES.

IN all the great mass of literature issued after the death of Mr. Harriman, there has been one important point generally overlooked. Oceans of prediction and conjecture as to how the Harriman stocks will be affected have been put out, but little or nothing has been said about the influence on the stocks of Mr. Harriman's rival, James J. Hill.

Not long before Mr. Harriman's death a truce was patched up in the fight between the rival systems up in the Northwest, Union Pacific getting the right of way into Tacoma and Seattle over the Northern Pacific tracks. Such an arrangement, however, could hardly be expected to last, in view of the fact that Union Pacific had spent $25,000,000 for terminals on Puget Sound, while the Hill lines were being aggressively extended down the right bank of the Columbia River into the heart of the Harriman territory. Any cessation of the fight could only be regarded as an armed truce. Both sides, fighting for the same thing, have already put up so many tens of millions that a continuance of the bitter fight for dominance is inevitable.

One thing is very certain. Union Pacific, fighting the strength and strategy of the Hill interests with E. H. Harriman to direct the battle, was in a much better position to win out than Union Pacific *ex* that same leadership. Efficiently managed as the road will be by the men who have been appointed to succeed Mr. Harriman, it is nevertheless true that there is among them no one qualified as a leader as he was. And this fight up in the Northwest was peculiarly Mr. Harriman's fight. He began it, and during the last ten years of his life, as his worst enemies must admit, he carried the war into the enemy's country, making great inroads upon his traffic and forcing his own lines up into the preëmpted territory. The methods used were perhaps open to criticism, but this was a battle of giants, a struggle in which both sides considered not the means but the end.

In view of the progress Mr. Harriman had made against his adversary, it is hard to see why his taking off is not a decidedly bullish argument on the Hill securities. Whatever the outcome, it is certain that the fight will not be waged with the same vigor as it was waged by Mr. Harriman. From the standpoint of railroad harmony it may be a good thing; certainly it is a good thing from the standpoint of those interests against whom Mr. Harriman's efforts chiefly were directed. The Hill roads have always managed to make a pretty respectable showing and would probably have managed to get along. But that the position of Mr. Hill's properties has been greatly strengthened by the removal from the field of action of the one strategist who ever successfully opposed Mr. Hill, is hardly open to question.

CANADIAN BONDS.

Some Incidents and a Word of Advice.

By Franfred.

THE rapid development of Canada has led to a remarkable growth of that country's bond business. With commercial and civic progress has come the larger issue of Government, industrial and municipal bonds. As is well known, they have not only had a local market but are also held widely in the United States and Great Britain, while a large number are regularly quoted in London. The bond credit of Canada is thus an important consideration.

Industrials have a good record in the Dominion. During recent years, and especially in the spring and summer of 1909, Canadian industrials have met with great success, one firm marketing \$10,000,000 of three issues in one week. In the case of municipal bond issues a word of advice may not be inopportune. Several incidents, trifling in themselves, but harmful to Canadian credit in the aggregate, have occurred lately. They may be taken as a text.

The rejection of the tenders is one theme. Before bids are invited for a block of bonds, municipal officers should become posted as to the market conditions. As a rule, the town or city treasurer mentally notes the prices he hopes and thinks he ought to obtain. Sometimes he secretly vows he will not sell until he gets that figure. Suppose 99 is the price he sets upon his bonds. It is a simple matter to learn whether or not the market is in 99 condition. Officials have frequently invited offers for a large bond issue, without knowing the first thing about the current market. Bond houses have carefully figured on the issue and have expended considerable time, oftentimes having had cable correspondence with a view to floating the issues abroad. The civic official has looked at the bids which have not come up to his 99, and all have been rejected—a universal waste of time.

St. Mary's, Ont., for instance, invited tenders for a block of four per cent. municipal bonds. The highest offer received came within sixty dollars of the figure desired by the municipality. The treasurer advertised again; the bids sent in were considerably lower. The third batch of offers were lower still, the market having changed. The town lost six per cent. on account of its financial eccentricity.

The Winnipeg, Manitoba, school board not long ago rejected all offers received for their $200,000 bonds. Since then the market has been slowly and steadily declining. If municipal authorities are well informed as to present market prices, one eye should be turned towards the future. When the Winnipeg School bonds are sold they will probably fetch a lower price than the highest offered some months ago.

The city of Montreal is another Canadian municipality at which criticism has been levelled for the same thing. Two bids for a block of £650,000 four per cent. bonds were received. The highest was an offer of £100-11-6, which seemed most satisfactory. The tenders were rejected. While in this case few bond houses were involved, the London market had much to say about the incident which did little good to Montreal's credit abroad. It is only fair to give the city treasurer's explanation:

"The facts," he said, "are simply these: The city council having postponed the adoption of reports calling for an expenditure which it had previously empowered the finance committee to provide for, and there being a possibility that the funds might not be required at all this year, the committee saw no occasion to come under interest at the moment, and being, moreover, under the impression that the city's credit should command even a better price than that of the highest offer, to wit, £100 11s. 6d. for the whole loan, thought it wise to defer until seeing what action the council would take. The wisdom or unwisdom of declining to accept so good an offer may be open to question, but the right to reject any or all of the tenders in any financial or commercial undertaking cannot be questioned or considered as unbusinesslike."

The rejection of bids, however, should become a more serious matter for consideration by Canadian municipalities. Whatever good reason be advanced for a general refusal of tenders, dissatisfaction on the part of bidders and the consequent disturbance of the market and credit will surely result. Individually, it may not have proved harmful; but such occurrences appear to have taken place too frequently of late.

Strict attention to financial etiquette is another question. The city of Toronto, through its mayor and treasurer, created a storm of criticism in London and elsewhere. They had for sale a block of about £300,000 bonds. Several offers were made in Canada, and many houses asked for an opportunity to bid. In New York other bids were turned down. In London, Toronto's officials did not exactly follow the regular footpaths of finance.

As a matter of fact they vigorously talked par for their bonds in face of a mediocre market. Several bids were obtained in London, and some of the leading houses making them were not quite satisfied by the manner in which they were handled. Again, the fact that a large progressive city such as Toronto should go into the London market for comparatively a small amount may be discovered not to have benefited it any, when a larger loan is sought in the near future. It created the impression that the city was compelled to borrow abroad such a small amount; later it may be said: "They were in the market but a short time ago."

The recent action of an Ontario town—we will spare the name in this instance—was not at all business-like. After twice advertising its bonds and obtaining two lists of tenders, the town journeyed to an Eastern Canada bond center, and the bonds were peddled by its secretary-treasurer with the aid of the two lists. An award, of course, should have been made in the proper way.

No desire is felt by the writer to injure Canadian credit by the recital of these incidents. Considering the volume of the sales—$22,000,000 municipal bonds were sold during the first six months of 1909—such occurrences are few. Canada has much to gain by conducting its bond business in the best possible way. Good credit is invaluable. Every cause given for dissatisfaction, rumor or talk weakens that good credit.

LOW-PRICED BONDS.

THE rising tide of industrial activity is responsible for a good deal of the buying of low-priced bonds. With earnings on the increase in almost every direction and dividends being raised right and left, the security behind almost any kind of a bond looks large. At such times investors and speculators alike buy bonds which, when times are less good, they would hesitate to touch.

Below is given a list of a few bonds which are still well under their high price made in the last five years:

		Present Price.	App. Yield.	High Since 1894.
Amer. Tobacco Co...	4	80⅞	5.12	84
Atl C L-L & N col..	4	89½	4.55	97⅜
C R I & P R R Coll..	4	80⅞	4.95	85
K C Ft S & M.......	4	83½	5.12	92
Minn & St. L ref....	4	85½	4.80	98⅞
M K & T 2d........	4	88	4.56	92⅝
M K & T ref........	4	86	4.66	91½
Missouri Pacific	4	84	4.97	96¼
St. L I M & So unif.	4	88¾	4.90	96¾
StLIM&S R & G div.	4	89⅜	4.75	98
St L & S Fran ref...	4	86½	4.75	92¼
South Ry St L div...	4	88½	4.62	101½

Bonds of the kind mentioned above rise and fall largely with the tide of business. Their purchase, therefore, is a sort of speculative investment, predicated on the idea that we are in for a period of prosperity. If the glowing predictions made by the President of the U. S. Steel Co. are fulfilled, there is no reason why the price of all the bonds mentioned above should not go back at least to their previous high record.

POPULAR BONDS — II.

THE ARMOUR & CO. FOUR AND ONE-HALFS.

THE present year has been a great time for the rearrangement of the financing of the packing industry. Beginning with the sale of $10,000,000 of new stock by the Swifts, there has been a steady demand upon the market for investment capital by these concerns. Morris, Cudahy, and Schwarzschild & Sulzberger bonds have all been offered and fairly well taken, but of all the issues which have been made, by far the most important is the $30,000,000 of first mortgage four and one-halfs put out by Armour & Co. Sold originally at ninety-five and one-half, these bonds have been widely distributed—though hardly yet placed with investors to the extent that the issuing bankers would like to have seen.

Purpose of the Issue.

Primarily the bonds were issued for the purpose of refunding floating debts. Armour & Co. is one of those giant private corporations whose development has necessitated the borrowing of large sums of money, which financing until recently was effected largely by carrying along loans at bank. Early in the year, however, it was decided that all these loans should be funded into one fixed obligation. To accomplish this there was authorized an issue of $50,000,000 first mortgage bonds, to bear interest at not more than four and one-half per cent. Of this amount, $30,000,000 was issued at once.

Security Behind the Bonds.

Under the terms of the mortgage the bonds are a first lien on the packing houses (in Chicago, Kansas City, South Omaha, East St. Louis, Sioux City, and Fort Worth), and all other real estate and buildings which constitute the "plant" used in the production and distribution of the products of Armour & Company and its auxiliary companies. Forty million dollars is given by the company as a conservative estimate of the value of the real property mortgaged to secure the bonds. The mortgage further provides that there shall be other incumbrances upon the rolling stock and refrigerator cars owned by the company or upon any rolling stock purchased from the proceeds of the bonds.

In addition to this straight mortgage feature, a somewhat unusual provision attaches to the bonds, which has been largely instrumental in recommending them to investors. That provision is that the unencumbered quick assets of the company and its auxiliary companies shall at all times exceed the aggregate debt of the company and its auxiliary companies. As no dividends can be paid except from earnings made subsequent to the fiscal year ended Oct. 24, 1908, it follows that in addition to the real property on which the bonds are secured, there must always be on hand sufficient unencumbered quick assets to pay off, dollar for dollar, the whole debt of the company and of its auxiliary companies. According to the balance sheet of Oct. 24, 1908, these quick assets (consisting of packing house products, supplies, accounts receivable, and cash), after deducting the $2,271,207 of current accounts payable, amounted to $46,005,000. Total assets, at the close of the last fiscal year, and against which the $30,000,000 of new bonds are the only debt, are given as nearly $112,000,000.

Earnings of the Company.

Armour & Co. have never taken the public very fully into their confidence with regard to earnings, even the treasurer's letter regarding the new bonds containing only more or less definite information on the subject. The following is all that is said:

"The earnings of Armour & Company and its auxiliary companies applicable to interest charges after charging off liberal amounts for depreciation were at the average rate of over $5,500,000 a year for the three fiscal years ending October 24, 1908 (the new plants at East St. Louis, Fort Worth and Sioux City having been in operation during that period), and for the eight years ended on that date over $4,250,000 per year. The last year was the most successful in the company's history."

Comparison of earnings from such a statement is, of course, impossible, and while we are told that "the last year was the most successful in the company's history," it would nevertheless be interesting to see how earnings have fluctuated. "Liberal amounts for depreciation," too, is a pretty vague sort of a term, depreciation charges being one of the most important items in an industrial company's statement and the one thing an investor really wants to know. Probably the company has reasons of its own for not publishing a fuller account of its operations, but the lack of this information has certainly kept a good many investors from buying the bonds. Every indication is that earnings are ample and that the company is earning, net, two or three times the money necessary to pay the four and one-half per cent. interest on the new bonds, but these are times of constantly increasing corporation publicity, and most people who buy the bonds of a company, nowadays, want to know all about what the company is doing.

The Unissued Bonds.

Of the $20,000,000 of bonds authorized, but not issued, half are to be used for general improvements and betterments to property subject to the mortgage or for the acquisition of additional property to be subject to the mortgage, and of cars and other equipment and raw materials, supplies and other assets constituting a part of the property used in the company's business. The other $10,000,000 are to be used only for future permanent improvements, betterments, extensions and additions to the mortgaged property, the acquisition of additional real estate and the construction and acquisition of additional packing houses, factories, branch houses and other structures, all to become subject to the mortgage as a first lien.

As an Investment Security.

From the foregoing, it will appear that these new Armour four and one-halfs are a bond apparently exceedingly well secured, both as to principal and interest, but about which the buyer is given none too much information. Back of the company are exceeding rich and powerful capitalists, the new issue having been brought out by Kuhn, Loeb & Co. and the National City Bank. Sponsored by such interests and selling on the basis they do, these bonds are an undeniably attractive proposition, especially so in view of the fact that in the summer dullness in the bond market their price was allowed to slip off several points from the original quotation. The Armour bonds are *worth* more than they are selling for, at the time of writing, and their more thorough absorption among investors seems almost sure to result in a higher price for them.

MATHEMATICS OF INCOME COMPUTATIONS.

By E. Van Deusen.

PRINCIPAL and Income, the two components of every investment, determine the two comprehensive problems of all true investment study, namely, degree of Security for and amount of net Revenue from an invested capital. The former is an intricate and far-reaching question; the latter, one of only mathematical computations whose simplicity varies with the certainty, number and uniformity of the factors needed to determine, broadly speaking, either actual return on a given principal or principal required to produce a specified amount or rate of income.

Income Sources.

Although, in final analysis, the ultimate source of all Income, from which eventually all payments of every kind are drawn, is the proceeds of an actually reproductive use of capital maintained intact—and labor—the direct sources of specifically *investment* income, broadly defined, are:

1. Earnings above actual operation expenses of a private enterprise;

2. Sale of an invested interest, or property, for a sum above that invested;

3. Purchase of a capital investment for a sum below its redemption value; or

4. Public Revenue derived from an exercise of sovereign taxing power.

Income Forms.

Such income, from whatever source, appears as either—

1. *Dividends*—or proportionate distributions of available earnings to contributors of capital for a business venture, and which are either—(a) Regular, approximately, as to amount and time of receipt; or (b) Extra, or exceptional prorated distributions of irregular or unusual corporate income or accumulated assets;

2. *Profits*—a real, if not technical, form of investment income, which may accrue as (1) Special concessions by a company in the shape of (a) "Bonus" grants accompanying a nominal increase of capital investment; (b) "Subscription Rights" of potential value acquired by existing holders of shares, or credit obligations; (2) Redemption, or repayment, by an obligor of credit obligations at a specified amount above their cost; or (3) Sale by a holder of his investment interest, or attached "rights," at a price above the cost to him;

3. *Interest,* or *Discount,* the agreed compensations for money loaned.

Income Nature as to Certainty.

Obviously, certainty of accrual to, amount and receipt by an investor of the different kinds of income varies in degree according to—1. Source of the particular income; or—2. Legal status of Creditorship or Proprietorship of the investor with reference to the source of income.

Thus, in the first instance, Income derived immediately (or mediately) from Net Earnings of a business venture is naturally governed by those unforetellable factors which themselves determine both the existence and size of such variable earnings. Similarly, returns from such unpredictable sources as "Special Concessions," "Subscription Rights," "Sales," etc., are necessarily altogether uncertain. Sales, generally at a different than cost price, of "security" holdings are the more common cause of Profits—or losses; many Credit Obligations are disposed of before their maturity, and probably the great majority of Shares are sold at least several times before—through expiration of its charter, or insolvency—liquidation of the company concludes the life of its shares; the amount of such Sales Profits—or losses—to be added to or subtracted from previous income, and the term over which such special income—or loss—may be prorated are plainly uncomputable, save *after* the fact of sale. On the other hand, income derived from "public revenue," or from purchase of an investment below its redemption value ("Discount") is practically definite and sure.

Certainty of income as effected by the legal status of either Creditorship or Proprietorship is determined by the elementary legal principle that one who assumes the risks of a business venture for extra gain,—*i. e.,* its proprietor, whether known as a partner or a shareholder—should properly stand any losses; while the creditor, or accommodator, whose income from the venture is limited, should be equally protected against losses to the extent of the full assets of the enterprise in whose fortunes he would not risk his capital as a proprietor. This situation marks the relative status of Bondholder versus Stockholder, and affects correspondingly the income of either:

Thus, income returns like "Interest" governed by legal contracts for payments of definite amounts—as to creditors—are, (apart from considerations of economic certainty), *constant* as to accrual, usually *uniform* as to amount, and *regular* as to receipt. Legally regarded, such income is *continuous*—rather than intermittent—as to accrual; *accretive*—rather than fixed—as to amount; a growing property right, of definite value, whose ownership is *absolute*—rather than conditional—and which may be bought or sold at any time during the life of the loan.

On the other hand, distributions of earnings among proprietors, or "Dividends" of legally created business corporations, are lawfully (because then only economically available) payable only when earned, and are furthermore due only when declared; that is, proprietary income is both *contingent* and, for "shareholders," *qualified,* in that it exists only at or subsequent to declaration and prior to payment, during which time it does *not* increase but remains a fixed quantity and as such only it can be sold.

INCOME COMPUTATIONS.

COMPUTATIONS of income, accordingly, can be conclusive and final only when for *past* time; for *future* time, there must be certain assumptions whose possible non-fulfillment will vary the seeming or estimated returns based thereon.

Assumptions.

The assumptions needed and used, in part or whole, in computations giving results obtained in the familiar "Stock Tables" or "Bond Tables," designed to show by inspection the net return or income on a "security" bearing a nominal rate of yield on its face principal and bought at a price *above* or *below* such par value—which resulting *premiums* or *discounts* are really the important factors around which center the ordinary computations of bond and note interest net income—are:—(a) definite sum invested, (b) fixed amount of income, (c) fixed periods of income payments, (d) definite term of investment holding, and (e) definite amount of principal returnable.

Notwithstanding the superior certainty of credit obligation income—over proprietary income—the above assumed factors may be practically as definite for Shares as for Credit Obligations: as, compare, on the one hand, shares redeemable within or at a fixed time and price, or dividends on an old and component company's shares guaranteed by a prosperous including corporation; on the other hand, note the revenue characteristics of, for example, "Income," or "Participating" Bonds, or "Profit-sharing" Notes.

Accordingly, it is not apparent that, as between incomes from shares or bonds simply as such, the methods of computation are necessarily and essentially different, particularly as a "term" or duration of stockholdings is commonly fixed by their sale.

However, ordinary Stock income Tables are based on the three simple factors of fixed income on a definite investment for unlimited time, and the resulting income computation consists merely of dividing the actual amount of dividend money annually received by the actual cost of the shares, the quotient representing the yearly net income on the investment.

Any irregular or special receipts during any year on shares—as from extra dividends or any form of "profits"—or any unusual losses—as from passing of customary dividends—are equivalent to special premiums or discounts to be credited to or debited against the shares' regular income, to increase or lessen the same during the period a stock is held.

Incidentally, and considering the effect of "sales" (above noted), it would appear that the most real reason for the usual difference of computation of stock and bond incomes is—rather than irredeemability versus redeemability—a question of indefinite versus definite redemption value.

Bond Value Tables—Two Methods of Study.

Turning to the ordinary tables of bond values, where the usually more complicated problems arise, study of the same may follow two main methods:

First—a *general consideration* of form, significance and use; and

Second—a *mathematical demonstration* of their derivation.

Form of Tables.

Four characteristic features,—usually, though not always, in the same order—distinguish the ordinary "Bond Value Tables": (a) Successive *time* periods at the top of each page; (b) *nominal,* or "cash," *rates* of interest, at the top of each column (except first) on each page; (occasionally this order is reversed, and the nominal rates head the pages, and the time periods the columns); (c) *effective rates* of interest, or "net yields," or "bases" in the extreme left-hand column of each page; and (d) *price* figures occupying the columns which fill the balance or body of each page.

Time Periods.

These periods mark the "frequency of conversion," or the times at which the "cash" interest is paid, (after which it may be considered as compounding), and vary somewhat among different classes of credit obligations: The most common period is *semi-annual*), as with most municipal, railroad, real estate mortgage and private corporation bonds, so that the time periods given are for each half-year, though generally to but fifty years—sometimes less—after which the computations are for but two-half or even five-year periods only; on the other hand, interest on Federal Government bonds (save District of Columbia 3.65's), and a few railroad securities, is "converted" or payable *quarterly;* while, occasionally, railroad bonds, some "farm loan" bonds, etc., have an *annual* "frequency of conversion."

Reason for the more frequent computations up to fifty years, and the increasingly less frequent thereafter, is that for longer terms of years, the difference in the prorated amount of premium, or discount, to be "amortized," or proportionately added, is so small as between successive years, that the difference for semi-annual, or shorter, periods would not affect the results obtained, save where very large amounts of bonds were involved. To illustrate roughly: If five points, or $50, above its face value is paid for a five per cent. bond, whose maturity is five years after date of purchase, there are five years in which the amount of this "premium" ($50) can be proportionately deducted from the bond's nominal interest yield, or "amortized"; that is (taking no account of interest in this rough illustration), there would be deducted $10 each year, or $5 each six months, from the bond's semi-annual interest yield of $25, to charge off or "amortize," the premium, or price paid for the bond above its face value, which would be received at its maturity; should the bond have ten years to run from date of purchase, but $5 annually, or $2.50 semi-annually, need be deducted from its income to "amortize" the premium; similarly, for fifty years, but 50c. semi-annually, or only 1-20 of one per cent. of the bond's par value, need be deducted.

Cases of bonds bought below their face value, or at a discount, involve the same principal of apportionment of the difference between cost and redemption price, save that the discount is proportionately added, rather than deducted, to the income for the successive periods.

It is thus plain that the amount of premium or discount to be debited against, or credited to, income varies *inversely* with the length of time involved. This idea will appear yet clearer in considerations of "Prices" and "Net Yields."

The Year.

Interest computations for "semi-annual,"and,"quarterly,"periods raise the question as to what constitutes a "half" or "quarter" year. In present financial circles, the year is regarded as composed of 360 days, for all interest computations, except those on U. S. Government bonds, where 365 days are used; municipal bonds also were computed on the same time basis until about 1904, when 360 days were adopted by general agreement of municipal authorities and bond dealers.

Accordingly, the law declares that the *half* year consists of *six* months, rather than half of 365 days; and the *quarter* consists of *three* months versus one-fourth of 365 days.

The Month.

The year is divided, for interest computations, into months and days. "Month" refers to the *calendar,* not lunar, month, and is *from* the given date *to and including* the same numerical date of the next month; that is, the day from which is excluded and the day to which is included in computations according to law.

The greatest length variation between months is three days. When an interest period begins and ends on months which have not the same number of days, as one month from Jan. 31, the period ends on the nearest (last) corresponding day of the concluding month—in the above case, on the last day of February, the 28th.

The Day.

A day is the smallest time unit recognized by law or custom in interest computations, and extends from midnight to midnight. A convenient test of the number of elapsed days in any case is to count the number of midnights that intervene between the time a loan was given and paid. Where less than a month of days are involved, likewise on ordinary short term loans where "months and days" are *not* specified on the document, and also on *U. S. Government* bonds, interest calculations are based on the actual number of elapsed calendar days. On all other bonds, however, the general custom of banks, insurance companies, etc., is to figure elapsed time by *"months and days."* Here the question arises as to what fractional part of a month or year a certain number of days—less than a month—shall be considered. Financial convenience, and custom, in harmony with an earlier statute, treats the day as 1-30 of a month, or 1-360 of a year. Any change from this basis to that of regarding the day as 1-365 of a year, or vice versa, may be made by addition to or subtraction from itself of 1-73 of the computed interest in any necessary case.

Nominal Interest Rates.

The ordinary corporation bond bears a nominal interest rate on its face value of $3\frac{1}{2}$ per cent., 4 per cent., $4\frac{1}{2}$ per cent., 5 per cent. or 6 per cent. "Bond value

Tables," however, commonly show also the yield and prices on bonds bearing interest at a little higher and lower rates, as 3 per cent., $2\frac{1}{2}$ per cent. and 2 per cent., which are rather applicable to Government obligations, interest on which is commonly payable quarterly and for which also special value tables are usually prepared. Rarely a bond may be found among municipals or older corporation issues bearing the unusual nominal interest of 3.25 per cent., 3.65 per cent., 3.75 per cent., etc., for which rates special tables may be had. Special rates, however, may be "interpolated" into the ordinary tables, as discussed later.

Effective Interest Rates.

For every "nominal" rate there are "effective" rates governed by—

(a) The compounding period or "frequency of conversion"; e. g., with a nominal rate of four per cent., and a conversion frequency of four times per year, the effective rate is 4.060401 per cent.; in other words, the "nominal" and "effective" interest rates coincide *only* when the compounding interval happens to be the unit of time for the nominal rate—one year. This fact, however, is not recognized in the ordinary Bond Tables, where, for example, a four per cent. bond bought at par is represented to yield four per cent., irrespective of the time and the "frequency of conversion." And—

(b) Cost Price *above* or *below* par, which also occasions and determines the differences between the "nominal" or par rates and "effective," "net yield" or "basis" rates. Inspection of a table shows that a security bought at par or face value yields its nominal rate of return, (save as above noted), irrespective of its "term" or life; only in cases of bonds bought above or below par does the question of "net yield" actually arise. That is, cost prices are the one factor within the investors' control, and determine the "effective" rate with any given "frequency of conversion." These rates, which are the starting point in the construction of ordinary Bond Tables, are, of course, arbitrarily chosen at convenient intervals that, in the better Tables commonly vary by .1 per cent. In tables of Government and similar credit obligations, with interest payable quarterly, the "effective" rates taken, especially between one and one-half per cent. and three per cent., commonly vary by .05 per cent.

(To be continued.)

A FEW DON'TS.

In Wall Street and out of it, it is a good plan to pay attention to the "don'ts." Here are a few of them as given by J. Frank Howell:

Don't attempt to win in the stock market with as little money as you would in the races or other games, for the stock market, while it may or may not be a game of chance, is as different from other games as are orchids from pumpkins.

Don't believe that, because "call money" is two per cent. and your broker charges you six per cent. for carrying your stocks, you are supporting him. Your account may be a small one, and sometimes lie dormant for a long time, and the work and expense in carrying same requires much work and expense monthly.

Don't try to make one hundred dollars with ten. It is likely the chances are a hundred to ten you will lose.

Don't trade through a firm before making inquiry as to its standing and character. Character stands for more in the stock brokerage business than in any other. It is a good asset to the broker and a good consideration to the customer.

Don't place your trust in rumors; they are floated for a purpose. Good things are kept quiet.

INVESTMENT NEWS AND NOTES.

—Hydro-electric securities seem to be coming more and more into favor among investors who realize what money can be made to earn. A good example of bonds of this class are the Ontario Transmission Co. first fives, which are being offered by Messrs. Crawford, Dwyer & Cannon. The Ontario Transmission Co. is a subsidiary of the Ontario Power Co., the biggest at Niagara Falls. The parent company guarantees the bonds, principal and interest, by endorsement.

—There is something inspiring about the development of modern electrical engineering which makes possible the transmission of power to such great distances. In the case of this particular company, for instance, the transmission lines run from the Falls as far east as Syracuse, taking in Lockport and Rochester on the way. To the southwest, lines are under construction running all the way down to Erie, Pa., while straight westward, in the Province of Ontario, the Hydro-electric Commission (under the control of the Canadian government) has begun construction of over 300 miles, to distribute power generated by the Ontario Power Co. This is using the power of the great falls in earnest.

—Investors looking for a railroad bond netting over 4¾ per cent. will do well to consider the Chicago & Alton Railway first lien gold 3½s, being offered by Frank B. Cahn & Co. The Alton has had thrust upon it a lot of unpleasant notoriety, but the road is situated in excellent territory and always has been able to show good earnings. According to the statement for the year ending June 30, 1909, earnings applicable to the first lien 3½s were over three times the interest charges required. The road now pays 4 per cent. on both its preferred and common stocks.

—Not many receivers' certificates are to be found in the market nowadays. Few new ones are being issued now, and investors have pretty well cleaned up the existing supply. About as attractive an issue as any still outstanding are the certificates issued by the receiver of the Pittsburg, Shawmut and Northern, which are being offered by Chas. H. Jones & Co. The certificates are a first lien on about 25,000 acres of coal lands and 188 miles of railroad. They take precedence over some $14,000,000 of bonds outstanding.

—The dividend record of the Cincinnati Gas & Electric Co., whose guarantee is on the first mortgage 5 per cent. bonds of the Cincinnati Gas Transportation Co., being offered by White & Co., is one of the most notable of any corporation in the United States. Dividends have been paid continuously on the company's outstanding capital stock since 1842, the present rate being 4¾ per cent. per annum.

These bonds are part of a $5,000,000 issue (closed mortgage) and are secured by a first mortgage on all the property of the Cincinnati Gas Transportation Co., now owned or hereafter acquired.

The principal and interest are unconditionally guaranteed by the Cincinnati Gas & Electric Co., a corporation capitalized at $32,400,000 with only $1,500,000 bonded debt which is a lien on the electric light plant only.

—Securities of a class highly popular abroad are described in an interesting circular issued by the Waterloo Loan & Trust Co., Waterloo, Iowa. The bonds are the direct obligation of the trust company itself, being further secured by conservatively selected first mortgages. These mortgages are assigned to trustees, who have full authority to sell if necessary to pay principal or interest on the bonds.

—Four and a half per cent. bonds of a municipality (Syracuse), the net debt of which is less than 4¼ per cent. of assessed valuation, are being offered by Ferris & White, New York. The bonds are being sold to net nearly 4 per cent. In the past ten years the population of Syracuse has increased from 108,000 to over 128,000.

—Messrs. Carpenter, Baggot & Co.'s "Traders' Encyclopedia" is about the best publication of this sort which has come to hand. So great an amount of information about current earnings, margin of safety over dividends, price fluctuations, etc., is contained in the booklet's 300 pages, that it constitutes in itself a very fair working library for the average investor.

—"The Position of Our Copper Mining Industry," a reprint of an article appearing in Moody's Magazine for August, is the title of one of Alfred Mestre & Co.'s recently issued special circulars. Besides a well-written weekly market review, these occasional special letters are a feature of the service offered by Messrs. Mestre & Co.

—Two high grade issues of County bonds being sold to net about 3.80 per cent. are the Fairfield County, Conn., Funding fours and the Herkimer County, New York, Highway improvement fours, which are offered by John H. Watkins, New York. In the case of the former issue the percentage of debt to assessed valuation is 7-100 of one per cent. In the latter case it is 1.13 per cent.

—The incoming tide of business prosperity has brought good industrial bonds into such high favor that few of them can be had to yield the high rate of income afforded by practically all of them only a few months ago. Among the few are the Columbus & Hocking Coal & Iron first sixes being offered by Messrs. Lathrop, Haskins & Co., New York. These bonds were originally issued to pay for a plant to manufacture into brick the almost inexhaustible supply of high-grade clay which is deposited on the company's property. The plant has just been completed and put into operation; it it said to be the largest and best-equipped plant for the manufacture of fine brick in the world. The bonds, too, are a mortgage on the other valuable natural resources of the company. They appear to be amply secured.

—United States Steel Common is the subject of an interesting circular which will be mailed to those interested by Charles Fairchild & Co. of New York. "Taking the sum put into new construction at the Gary, Duluth, and other plants," says this review, "and adding to it the present surplus of the corporation, we have a valuation of about sixty dollars for each share of common stock." Judging from the tone of the analytical circulars on U. S. Steel which have come to hand, to study the property closely is to become enthusiastically optimistic over its future.

—An interesting offering of gas bonds netting over 4.80 per cent. is being made by Tefft & Co., New York. The bonds are the New York & Westchester Lighting Co., debenture fives, and are guaranteed principal and interest by the Consolidated Gas Co. By the form of the guarantee, the Consolidated Gas Co. is held to become a principal instead of merely a guarantor.

—"In regard to guaranteed railroad company stocks," say A. M. Kidder & Co., "we may call attention to the fact that no field of investment has been accompanied by so much satisfaction. As a class, they possess, in the first place, maximum security because they are underlying, having precedence over dividends of the guarantor, and, further, they are tax exempt, which makes their return absolutely net; and fluctuations are entirely governed by prevailing discount rates. The popularity of this form of investment for institutions and estates makes a broad and firm market at all times, their record showing less variation in price than any other line of security."

—Stimulated by the Ballinger-Pinchot controversy, and the suggestion that the government issue "reclamation" bonds, public interest in the subject of the irrigation of waste lands has reached a high point. In a particularly readable booklet entitled "Irrigation and What It Means," issued by Rudolph Kleybolte Company, Inc., there is contained a great deal of interesting information. The subject is treated in such a way as to make it interesting not only to the prospective investor, but to everyone interested in the progress being made in national economics.

—Market conservatism is the keynote of the weekly reviews being issued by Keane, Zayas & Potts. Full appreciation of all the favorable factors in the situation is indicated, but the fact is not lost sight of that there are times when an apparently safe market surface hides treacherous depths. The New York stock market is a place where all sorts of influences are at work—and the fact is fully recognized by the writer of these reviews.

—An interesting analysis of the International Nickel fives which appeared in the "Wall Stleet Journal" of Oct. 8, shows how the earnings of the Nickel Co. are favorably affected by the improvenment in the steel market. Considering how bright is the outlook for steel, and so for nickel, the International Nickel company's bonds are well worth the investor's careful attention. Messrs. S. H. P. Pell & Co. make a specialty of them.

—First mortgage steam railroad bonds yielding an attractive rate of interest are so few in the New York market that a good deal of attention has been attracted by Messrs. W. C. Langley Co.'s offering of Montana, Wyoming & Southern Railroad first fives.

The property of the Montana, Wyoming & Southern R. R. Co. consists of about thirty-three miles of standard gauge steam railroad, laid with from 65 to 72-pound rails, extending south from Bridger to Belfry and thence westerly to Bear Creek, Carbon County, Montana. There are terminals at Bridger, Belfry and Bear Creek. The company's property is on private right of way, of splendid construction and well maintained.

The Montana, Wyoming and Southern makes connection with the Clark's Fork branch of the Northern Pacific at Bridger, the other spur of this branch running to Red Lodge. On the easterly side, close to the Montana Southern, is the Chicago, Burlington & Quincy, and at Laurel on the main line of the Northern Pacific, not far from Bridger, a branch of the Great Northern, while the new St. Paul extension, now in operation, is not far away.

Thus it can be readily seen that the road enjoys a strategic position of great importance, surrounded closely as it is by four great railroad systems, viz., the St. Paul, the Northern Pacific, the Great Northern and the Burlington.

—Judging by the constantly increasing number of passengers carried, Mr. McAdoo's Hudson & Manhattan Railroad Co. (The Hudson Tunnels System) in the securities of which Briggs C. Keck is specializing, has passed the experimental stage and is in a fair way soon to show the earnings its backers have always claimed it would show. Regarding the bright outlook for business an official of the company recently stated that the completion of the Henderson street station in Jersey City would increase the company's business at least twenty per cent., while the completion of the Grand Central station in New York would mean at least a thirty per cent. increase in business.

Considering that the company's first year operations will show after interest on all bonds a balance of 1.6 per cent. on the preferred stock, it will readily be seen what the expected increase in passenger traffic, if it materializes, will mean in the way of earnings.

Realization of this fact—that the experimental stage has been passed and the company established on a business basis—is what is responsible more than anything else for the great increase in investors' interest in Hudson & Manhattan Co. securities. Securities have a way of discounting such conditions long in advance.

—New York city coupon fours due 1956, 1957 or 1958 are offered at 100 by Judson G. Wall & Sons, bond dealers, New York. This is the first time since the panic of 1907 that New York city bonds have been offered on a four per cent. basis. In 1895, fourteen years ago, these bonds sold freely on a 2.85 per cent. basis. Concerning the present low price of these bonds, it might be said that it is widely believed that the decline is in part due to the pending political campaign and the charges that have been made from time to time against the city's credit. It is confidently expected in well informed quarters that the Court of Appeals will hand down a decision affirming the report of Referee Tracy to the effect that the margin of the city's borrowing capacity is more than $100,000,000. Whether the court decides for or against the referee will not alter the fact that New York city bonds are better secured than those of any other city in the United States.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to October 20, approximate yield figured as of November 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 10 Wall st., New York.

STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
Alabama 4s, 1956	101 -104	3.80
Boston 3½s, July, 1929	95 - 95½	3.80
Georgia 4½s, 1915	103½-104⅛	3.65
Massachusetts 3½s, 1940	97 - 99¼	3.55
New York State 3s, 1959	102¾-103½	2.88
N. Y. City 4½s, May, 1959	100 -100¼	4.00
N. Y. City 4½s, Nov., 1917	103⅜-104	3.90
N. Y. City 4s, Nov., 1957	100 -100⅜	4.00
N. Y. City 3½s, Nov., 1954	88 - 89	4.00
N. Y. City rev. 6s, Nov., '10	102 -103	3.95
So. Car. 4½s, 1933	104 -106	4.10
Tenn. Settlement 3s, 1913	95½- 97	3.80

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	98½	99	4.50
Am. Cig. B 4s, Mar. 15, '12	97½	98	4.62
Am. Loco. 5s, Oct., '10	100	100½	4.50
Am. Tel. & T. 5s, Jan., '10	100	100¼	3.50
Atl. Coast L. 5s, Mar., '10	100⅜	100⅝	3.12
"Big Four" 5s, June, '11	101	101½	4.00
B., R. & P. Eq. 4½s, 1927	99	101½	4.37
C., H. & D. 4s, July, 1913	94¾	95¼	5.75
Del. & Hud. 4½s, July, '22	102¾	103⅜	4.17
General Rubber 4½s, July, '15	94	95	5.55
Int. R. T. 6s, May, '11	103¼	104	3.25
K. C. R. & L. 6s, Sept., '12	98	98¾	6.10
Lack. Steel 5s, Mar., '10	99¼	99¾	5.75
Louis. & N. 5s, Mar., '10	101⅜	101⅝	3.12
Lake Shore 5s, Feb., '10	100	100¼	4.00
Mich. Cen. 5s, Feb., '10	100	100¼	4.00
Minn. & St. L. 5s, Feb., '11	99	99⅝	5.30
N. Y. Central 5s, Feb., '10	100	100¼	4.00
N.Y.C. Eq. Tr. 5s, Nov., '10	100¾	101	4.00
N.Y.C. Eq. Tr. 5s, Nov., '12	102	102¼	4.20
N.Y.C. Eq. Tr. 5s, Nov., '14	103⅛	103⅝	4.22
N.Y.C. Eq. Tr. 5s, Nov., '16	104⅜	104⅝	4.22
N.Y.C. Eq. Tr. 5s, Nov., '19	106	106¼	4.23
N.Y.N.H.&H. 5s, Jan. 9, '10	100	100¼	3.60
N.Y.N.H.&H. 5s, Jan., '11	101	101½	3.67
N.Y.N.H.&H. 5s, Jan. 9, '12	101½	102¼	3.80
Norf. & West. 5s, May, '10	100⅛	100½	4.00
No. American 5s, May, '12	98¼	97¼	5.30
Penn. R. R. 5s, Mar. 15, '10	100¼	100½	3.66
St. L. & S. F. 5s, Jan., '11	98¾	99½	5.30
St. L. & S. F. 4½s, Feb., '12	95	96½	6.05
S.A.L. rec. cfs. 6s, June, '11	100	101	4.30
S.A.L. rec. cfs. 5s, Jan., '12	100	100½	4.75
Southern Ry. 5s, Feb., '10	100	100¼	4.00
Tidewater 6s, June, '13	102	102⅜	5.25
*Pitts., Shaw. & No. Jan., '14	99	100	5.00
Wabash 4½s, May, '10	98¾	99¼	6.10
Westinghouse 6s, Aug., '10	100¼	100¾	5.00
Wood Worsted 4½s, Mar., '11	99	99½	4.85

* Receivers' certificates.

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western	3	10
Atlanta & West Point	151	155
Atlantic Coast Line of Conn.	280	300
Buffalo & Susquehanna	25	32
Central New England	5	12
Central New England, pref.	18	23
Chicago, Indianapolis & Louisville	57½	63
Chicago, Ind. & Louisville, pref.	65	75
Cincinnati, Hamilton & Dayton	25	50
Cincinnati, Ham. & Dayton, pref.	65	75

	Bid.	Asked.
Cincin., N. Orleans & Tex. Pac.	110	120
Cincin., N. O. & Tex. Pac., pref.	107	110
Cincinnati Northern	36	45
Cleveland, Akron & Columbus	66	75
Cleve., Cin., Chic. & St. L., pref.	101	105
Cripple Creek Central	30	34
Cripple Creek Central, pref.	51	56
Delaware	79	85
Des Moines & Ft. Dodge, pref.	80	85
Detroit & Mackinac	45	52
Detroit & Mackinac, pref.	90	95
Grand Rapids & Indiana	45	55
Georgia, South. & Florida	33	38
Georgia, South. & Flor., 1st pref.	93	98
Georgia, South. & Flor., 2d pref.	73	77
Huntington & Broad Top	9	12
Huntington & Broad Top, pref.	33	38
Kansas City, Mexico & Orient	13½	16
Kansas City, Mex. & Orient, pref.	23	25
Louisville, Henderson & St. Louis	13½	14½
Louisville, Hend. & St. L., pref.	34	40
Maine Central	190	205
Maryland & Pennsylvania	22	26
Michigan Central	145	155
Mississippi Central	40	44
Pitts., Cin., Chic. & St. L., pref.	110	125
Pere Marquette	21	24
Pere Marquette, 1st pref.	55	58
Pere Marquette, 2d pref.	30	35
Pittsburgh, Shawmut & Northern	..	3
St. Louis, Rocky Mt. & Pac., pref.	45	55
Seaboard Company	17½	18¼
Seaboard, 1st pref.	42	50
Seaboard, 2d pref.	35	38
Spokane & Inland Empire	40	50
Spokane & Inland Empire, pref.	62	66
Texas Central	35	45
Texas Central, pref.	70	90
Virginian	25	28
Western Pacific	28	33
Williamsport & North Branch	1	3

GUARANTEED STOCKS.

(Corrected to October 20.)

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 18 Wall St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	275	...
Allegheny & West'n (B. R. I. & P.)	140	150
Atlanta & Charlotte A L (So. R. R.)	190	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central)	99	103
Boston & Lowell (B. & M.)	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	20	30
Boston & Albany (N. Y. Cen.)	220	230
Boston & Providence (Old Colony)	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	130	160
Brooklyn City R. R. (Bk. H. R. R. Co.)	192	...
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)	115	125
Cayuga & Susquehanna (D. L. & W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	30	75
Cent. Crosstown R. R. Co. (Met. St. Ry. Co.)	..	150
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)	174	178
Cleveland & Pittsburg Betterment	100	104
Columbus & Xenia (Pa. R. R.)	200	206
Commercial Union (Com'l C. Co.)	110	120
Com'l Union of Me. (Com'l C. Co.)	110	...
Concord & Montreal (B. & M.)	170	...
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)	180	...
Delaware & Bound B. (Phila. & R.)	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	102
East Pa. (Phila. & Reading)	130	140
Eighth Av. St. R. R. (M. S. R. Co.)	200	270
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)	235	245
Erie & Pittsburg (Penn. R. R.)	150	160
Franklin Tel. Co. (West. Union)	40	45
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	137	142
Forty-second St. & G. St. R. R. (Met. St. Ry.)	220	260
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	255	...
Gold & Stock Tel. Co. (W. U.)	108	...
Grand River Valley (Mich. Cent.)	120	130
Hereford Railway (Maine Central)	85	95
Inter. Ocean Telegraph (W. U.)	95	105
Illinois Cen. Leased Lines (Ill. Cen.)	99	102
Jackson, Lans. & Saginaw (M. C.)	90	95
Joliet & Chicago (Chic. & Al.)	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	80	82
K. C. St. L. & C. pfd. (Chic. & Al.)	130	...
Lake Shore Special (Mich. S. & N. Ind.)	290	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	113	120
Louisiana & Mo. Riv. (Chic. & Atl.)	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	128
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	84	88
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	184	...
Nashville & Decatur (L. & N.)	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)	290	305
N. Y. L. & Western (D. L. & W.)	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	162	167
North Pennsylvania (Phila. & R.)	198	203
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	109	...
Nor. & Wor. pfd. (N.Y. N.H. & H.)	200	...
Ogden Mine R.R. (Cen. R.R .of N.J.)	96	102
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)	220	230
Pacific & Atlantic Tel. (W. U.)	65	75
Peoria & Bureau Val. (C. R. I. & P.)	185	195
Philadelphia & Trenton (Pa. R. R.)	245	...
Pitts. B. & L. (P. L. E. & C. Co.)	33	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.)	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	133
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.)	124	128
Saratoga & Schnectady (D. & H.)	168	...
Second Av. St. R. R. (M. S. R. Co.)	20	50
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	110	130
Southwestern R. R. (Cent. of Ga.)	110	115
Troy & Greenbush (N. Y. Cent.)	172	...
Twenty-third St. R. R. (M. S. R.)	..	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.)	250	254
Valley of New York (Del. L. & W.)	123	128
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (Del. Lack. & W.)	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to Oct. 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	61	68
Bway Surf Ry 1st 5s 1924	J&J	102	104
Bway & 7th Av stock	....	140	160
Bway & 7th Av Con 5s.1943	J&J	102	105
Bway & 7th Av 2d 5s..1914	J&N	100	101
Col & 9th Av 1st 5s...1993	M&S	99	101
Christopher & 10th St	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	48	52

		Bid.	Asked.
42d St M & St N Av 6s.1910	M&S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	91	94
Second Av Ry stock........	....	15	20
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	74	77
Sixth Av Ry stock........	....	110	125
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s.......1942	F&A	100	103
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	88	95
Central Union Gas 5s..1927	J&J	102	103
Equitable Gas Light 5s.1932	M&S	104	108
New Amst Gas Cons 5s.1948	J&J	101	102½
N Y & E R Gas 1st 5s.1944	J&J	104	105¼
N Y & E R Gas Con 5s.1945	J&J	97	100
Northern Union Gas 5s.1927	M&N	98	100
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s..1950	J&D	103½	106
Brooklyn Ferry Gen 5s.1943	....	29	31
Hoboken Fy 1st Mtg 5s.1946	M&N	106½	107½
NY & Bkn Fy 1st Mt 6s.1911	J&J	8[illegible]	92
NY & Hobok Fy Gen 5s.1946	J&D	96½	98
N Y & East River Fy......	Q M	34	39
10th & 23d St Ferry......	A&O	36	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	Q J	29½	31
Union Ferry 1st 5s....1920	M&N	96	99

MISCELLANEOUS SECURITIES.

[Corrected to Oct. 20.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Book	148	158
American Brake Shoe & F.	68	72
American Brake Shoe & F. Pref.	106	110
American Brass	113	118
American Chicle	225	230
American Chicle pref.	103	107
American Coal Products	77	80
American Gas & Electric	44	46
American Gas & Electric pref.	41	44
American Light & Traction	275	280
American Light & Traction pref.	105	108
American Typefounders	39	44
American Typefounders pref.	96	100
Babcock & Wilcox	105	110
Borden's Milk	120	123
Borden's Milk pref.	104	109
Bush Terminal	42	50
Connecticut Ry. & Lighting	75	77
Connecticut Ry. & Lighting pref.	80	85
Cripple Creek Cent.	28	33
Cripple Creek Cent. pref.	48	53
Du Pont Powder	126	130
Du Pont Powder pref.	86	90
E. W. Bliss	125	133
E. W. Bliss pref.	125	130
Empire Steel & Iron	10	16
Empire Steel & Iron pref.	70	...
International Nickel	122	132
International Nickel pref.	85	90
International Silver	8	12
International Silver pref.	95	100
Inter. Time Recording	55	65
Inter. Time Recording pref.	92	98
Lackawanna Steel	57	60
National Sugar pref.	98	102
Royal Baking Powder	162	172
Royal Baking Powder pref.	108	111
Safety Car Heating & Lighting	129	132
Singer Manufacturing	455	465
Standard Coupler	24	30
Standard Coupler pref.	105	115
Texas & Pacific Coal	100	105
Tri-City Ry. & Lt.	27	30
Tri-City Railway & Light pref.	92	95
Union Typewriter	66	70
Union Typewriter 1st pref.	110	115
Union Typewriter 2d pref.	110	115
United States Envelope	52	55
United States Envelope pref.	112	115
U. S. Ind. Alcohol	25	30
U. S. Ind. Alcohol pref.	85	93
Virginian Railway	24	28
Western Pacific	29	32
Worthington Pump pref.	107	110

ACTIVE BONDS.

[Corrected to Oct. 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101¼	102¼
Amer. Steel Foundries 4s, 1923	70	73
Amer. Steel Foundries 6s, 1935	102	106
Balt. & Ohio, Southwest. Div. 3½s	90⅝	91
Bethlehem Steel 5s	88¾	90⅛
Chi., Burlington & Quincy Gen. 4s	99	99½
Chi., Burl. & Quincy Ill. Div. 4s	100¾	101¼
Chi., Burl. & Quincy Ill. Div. 3½s	90	90¼
Cin., Hamilton & Dayton 4s	97	97½
Denver & Rio Grande Ref'ng 5s	94	94½
Louis. & Nashville unified 4s	98⅛	99½
Mason City & Ft. Dodge 4s	85½	86½
Norfolk & West. Divisionals 4s	93	93⅜
Savannah, Florida & Western 6s	126	129
Va. Carolina Chem. 1st 5s	98	99
Western Maryland 4s	82½	84
Wheeling & Lake Erie cons. 4s	85½	86½
Wis. Central, Superior & Duluth 4s	93	93¼
Western Pacific 5s	97⅜	97¾

COAL BONDS.

[Corrected to Oct. 20.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	80	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum. Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	86	90
Continental Coal 1st 5s, 1952	95	100
Fairmont Coal 1st 5s, 1931	95	97
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949	100	...
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	98	100
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	97½	99½
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	105	107
Pleasant Val. Coal Co. 1st 5s, 1928	94	97
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932	94½	96½
Sunday Creek Co. Coll. Tr. 5s, 1944	65	70
Vandalia Coal 1st 6s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	90	...
West End Coll. 1st 5s, 1913	95	...

POWER COMPANY BONDS.

[Corrected to Oct. 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Elec. Co. Bonds, 6%, due 1932	95½	98½
Guanajuato Power & Elec. Co. Pref., 6%, cumulative	87½	91
Guanajuato Power & El. Co. Com.	25½	27½
Arizona Power Co. Bonds, 6%, due 1933	..	...
Arizona Power Co. Pref.	40	42
Arizona Power Co. Com.	22	25
Great Western Power Co. Bonds, 5%, due 1946	90	92
Western Power Co. Pref.	54½	...
Western Power Co. Com.	36	...
Mobile Elec. Co. Bds., 5%, due 1946	88	93¼
Mobile Electric Co. Pref., 6%	75	...
Mobile Electric Co. Com.	20	...

FOREIGN BONDS.

[Corrected to Oct. 20.]

Quoted by Zimmermann & Forshay, bankers, 9 and 11 Wall street, New York.

	Bid.	Asked.
German consols 3½s	94	95
German consols 3s	84	85
Prussian Government 4s	101½	102½
Bavarian Government 4s	101¼	102¼
Hessian Government 3½s	94¼	95¼
Saxony Government 3s	84¼	85¼
Hamburg Government 3s	83½	84½

	Bid.	Asked.
City of Berlin 4s	101	102
City of Cologne 4s	101	102
City of Augsburg 4s	100	101
City of Munich 4s	101	102
City of Frankfurt-am-Main 3½s	94	95
City of Vienna 4s	97¾	98¾
Mexican Government gold 5s	100¾	101¼
Russian Government gold 4s	90	91
French Government rente 3s	97	98
British consols 2½s	82½	83

BANK AND TRUST COMPANY STOCKS.

Corrected to October 10, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	185	...
Amer. Exchange Nat. Bk.	10	247	254
Bank of America	26	580	600
Bank of the Manhattan Co.	12	330	340
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	328	335
Bank of Washington Hts.	8	265	...
Battery Park Nat. Bank	..	130	...
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	...
Century Bank	6	160	175
Chase National Bank	6	370	...
Chatham National Bank	16	330	360
Chelsea Exchange Bank	8	190	...
Chemical National Bank	15	430	...
Citizens Central Nat. Bk.	6	157	162
Coal & Iron Nat. Bank	..	142	...
Colonial Bank	10	400	...
Columbia Bank	12	375	425
Corn Exchange Bank	16	330	337
East River Nat. Bank	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	300	...
First National Bank	32	825	...
Fourteenth Street Bank	10	150	...
Fourth National Bank	8	240	...
Gallatin National Bank	12	335	350
Garfield National Bank	12	290	...
German-American Bank	6	135	...
German Exchange Bank	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	275
Hanover National Bank	16	590	...
Importers' & Traders' Nat. Bank	20	540	550
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	180	...
Liberty National Bank	20	560	...
Lincoln National Bank	8	425	440
Market & Fulton Nat. Bk.	12	250	260
Mechanics' Nat. Bank	12	255	260
Mercantile Nat. Bank	6	170	185
Merchants' Ex. Nat. Bk.	6	160	170
Merchants' Nat. Bank	7	166	173
Metropolitan Bank	8	185	195
Mount Morris Bank	10	250	...
Mutual Bank	8	290	310
Nassau Bank	8	210	...
Nat. Bk. of Commerce	8	195	198
Nat. Butchers' & Drovers'	6	140	150
National City Bank	10	422	430
National Copper Bank	8	275	...
National Park Bank	16	450	465
National Reserve Bank	..	...	135
New Netherlands' Bank	..	200	...
N. Y. County Nat. Bank	40	800	...
N. Y. Produce Ex. Bank	8	173	...
Night & Day Bank	..	200	240
Nineteenth Ward Bank	15	...	400
Northern Bank	6	100	110
Pacific Bank	8	230	250
Peoples' Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	610	630
Seaboard National Bank	10	355	375
Second National Bank	12	375	...
Sherman National Bank	..	140	...
State Bank	10	300	...
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	160	...
Union Ex. Nat. Bk.	10	187	193
West Side Bank	12	500	...
Yorkville Bank	16	450	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	330	340
Bankers Trust Co.	16	575	...
Broadway Trust Co.	6	140	150
Brooklyn Trust Co.	20	415	...
Carnegie Trust Co.	8	...	180
Citizens' Trust Co.	..	130	..
Central Trust Co.	36	1000	...
Columbia Trust Co.	8	285	...
Commercial Trust Co.	..	140	150
Empire Trust Co.	8	300	...
Equitable Trust Co.	20	470	490
Farmers' Loan & Trust Co. (par $25)	40	1800	...
Fidelity Trust Co.	6	200	210
Fifth Avenue Trust Co.	12	390	410
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	210	...
Fulton Trust Co.	10	280	...
Guaranty Trust Co.	20	...	685
Guardian Trust Co.	..	160	...
Hamilton Trust Co.	10	265	275
Home Trust Co.	4	105	...
Hudson Trust Co.	6	180	...
International Bank'g Corp.	4	140	150
Kings Co. Trust Co.	14	500	...
Knickerbocker Trust Co.	..	335	...
Lawyers Mortgage Co.	12	240	250
Lawyers Title Insurance & Trust Co.	12	230	245
Lincoln Trust Co.	..	160	165
Long Isl. Loan & Trust Co.	12	300	...
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	535	550
Morton Trust Co.	20	500	525
Mutual Alliance Trust Co.	8	120	135
Nassau Trust Co.	8	...	165
National Surety Co.	8	180	...
N. Y. Life Ins. & Trust Co.	45	1075	1110
N. Y. Mtg. & Security Co.	12	...	235
New York Trust Co.	32	670	...
Peoples' Trust Co.	12	280	...
Standard Trust Co.	16	360	...
Title Guar. & Trust Co.	20	515	...
Trust Co. of America	10	345	360
Union Trust Co.	50	...	1275
U. S. Mtg. & Trust Co.	24	435	445
United States Trust Co.	50	1250	...
Van Norden Trust Co.	12	240	260
Washington Trust Co.	12	375	400
Windsor Trust Co.	6	...	135

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	145¼
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	328½
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants National Bank	10	250¾
National Bank of Commerce	6	172½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	313
National Union Bank	7	200¼
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	125¼
Peoples' National Bank, Roxbury	6	130

Name.	Div. Rate.	Last Sale.
Second National Bank	10	227¼
South End National Bank	5	104½
State National Bank	7	172¼
Webster & Atlas National Bank	7	165⅛
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	345
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	211
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	130
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	625
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
City National, Evanston	12	300	325
Commercial National Bank	12	222	224
Continental National Bank	8	272	276
Corn Exchange Nat. Bank	12	400	407
Drovers Deposit Nat. Bank	10	220	223
First National Bank	20	482	486
First Nat. Bk. of Englewood	10	240	...
Fort Dearborn Nat. Bank	8	187	191
Hamilton National Bank	5	135	137
Live Stock Exchange Nat. Bank	10	248	252
Monroe National Bank	4	131	141
Nat. Bank of the Republic	8	200	203
National City Bank	6	199	202
National Produce Bank	..	131	136
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Austin State Bank	10	275	...
Calumet Tr. & Sav. Bank	4	140	...
Central Trust Co.	7	168	170
Chicago City Bank	10	173	181
Chicago Savings Bank	6	140	143
Colonial Tr. & Sav. Bank	10	189	197
Cook County Savings Bank	6	110	...
Drexel State Bank	6	160	168
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	111	116
Harris Tr. & Sav. Bank	8	300	...
Hibernian Banking Assn.	8	...	222
Illinois Tr. & Sav. Bank	16-4ex.	505	520
Kasper State Bank	10	175	...
Kenwood Tr. & Sav. Bank	7	124	130
Lake View Tr. & Sav. Bk.	5	121	...
Merchants Loan & Tr. Co.	12	403	410
Metropolitan Tr. & Sav. Bk.	6	119	122
Northern Trust Co.	8	305	320
North Avenue State Bank	6	129	133
North Side Savings Bank	6	120	125
Northwestern Tr. & Sav. Bk.	6	133	138
Oak Park Tr. & Sav. Bank	12	305	311
Peoples Tr. & Sav. Bank	6	168	178
Prairie State	8	250	...
Pullman Loan & Tr. Bank	8	155	...
Railway Exchange Bank	4	120	...
Security Bank	..	150	153
South Chicago Sav. Bank	6	130	136
State Bank of Chicago	12	300	305
State Bank, Evanston	8	250	...
Stockmens Tr. & Sav. Bk.	5	107	108
Stock Yards Savings Bank	6	209	226
Union Stock Yds. State Bk.	6	134	145
Union Trust Co.	8	320	...
Western Tr. & Sav. Bank	6	154	159
West Side Tr. & Sav. Bank	6	140	150
Woodlawn Trust Co.	6	122	126

BANK OF ENGLAND WATCHERS.

WHEN you enter the Bank of England by any door four pairs of eyes watch you, though you are unaware of this fact. Situated close to the doors are hiding places in which are four guardians of the bank. You cannot see them, but they can watch you with the aid of reflecting mirrors in which they can see your entrance and exit and every movement from the time you enter the portals of wealth to the moment you leave them.

NEW YORK STATE BANKS GAIN.

AN increase of $30,051,741 in total resources and $15,065,741 in total deposits of the 201 State banks of deposit and discount from April 28 to Sept. 14 of this year, is shown in a statement given out to-day by Supt. Clark Williams of the State Bank Department. The resources increased to $623,746,670 and the deposits to $484,078,371.

The total of loans on Sept. 14 was $331,708,967, an increase of $8,742,397. There was an approximate increase of $16,000,000 in the "cash items" as distinguished in the reports from the specie and the legal tender banknotes, which are returned separately.

CANADIAN POST OFFICE SAVINGS BANK.

NOTWITHSTANDING transfers of $9,801 from the Post Office Savings Bank of the United Kingdom to the Post Office Savings Bank of Canada, and interest allowed to depositors on accounts closed during the month, the two sums amounting to $12,723, the balances at the credit of depositors in the Post Office Savings Bank continue to show shrinkages. The deposits for the month of June were $695,725, which, with the sum mentioned above, made an aggregate of $708,449, while the withdrawals for the same time were $976,686, making an excess of $271,236 in withdrawals over deposits. This reduced the balance at the credit of depositors from $44,198,014 on May 31, to $43,926,777 on June 30, 1909. Compared with the same date in 1908, this is a falling off of $2,401,357.—*Shareholder and Insurance Gazette.*

CURRENT OPINION

THE CENTRAL BANK PROBLEM.

THE monthly financial letter of the National City Bank of Chicago for November touches upon the subject of the central bank and the attitude of President Taft toward business, expressing the belief that nothing in the way of adverse legislation is to be feared from the present administration. The letter says, in part:

Admirable as a central bank would be, we do not look for any immediate amendment to the law which will provide for such a radical change in our banking system, but we expect that most helpful results will follow the prosecution of a thoroughgoing educational campaign. The people need to be advised concerning the best features of the plan, for every one knows that financial legislation is the most difficult of all legislation to obtain, and that the defects of the present methods can only be remedied by thoroughly acquainting the public with the benefits of the system that has been productive of such good results abroad. The problem is very different in this country, however, from that presented in Europe, because of our vast territory and the difficulty of so organizing a central bank as to make it quickly responsive to the needs of widely separated communities. The suggestion also involves the possibility of establishing branch banks of such an institution, and this of itself would impose a good many difficulties which would have to be thoroughly threshed out beforehand. We do not believe, therefore, that the central bank is an imminent possibility, although we hope that some modification of the European system may be eventually adopted for this country.

Without reference to the central bank idea, we believe that the forthcoming report of the Currency Commission will throw much light upon many of the subjects with which the public mind is wrestling at this time. The panic disturbance of two years ago brought home to the people more forcibly than ever before the defects of our antiquated currency system, and we cannot help feeling that one of the most beneficial results of that disturbance has been the general interest awakened in the various proposals of remedial legislation.

LOANS ON RAW MATERIALS.

FRANK A. VANDERLIP, president of the National City Bank, and a number of other prominent New Yorkers, were guests recently at B. F. Yoakum's Long Island country place with the nine western farmers who, as members of the Yoakum "Good Roads Party," have just completed a tour of inspection of roads and road-making in the eastern states. Mr. Vanderlip discussed with the western party the need of a closer co-operation between the farmer and the banker, and spoke favorably of the proposed establishment of a warehouse system, whereby the farmer would be enabled to obtain money on his crops as soon as they are ready for the market. He said:

The proper function of a bank has no better use than the loaning of money upon raw material in transportation to the manufacturer or consumer. But we have got to have adsolute security, and the banker, a long ways from the field where the goods are produced, where the grain is grown or the cotton produced, must have assurance that the goods are intrinsically what they are represented to be before he can help the producer or the agent by lending money thereon.

Warehouse development that is done in a large way, so that when we have a warehouse receipt we know that the goods are there and that the receipt represents intrinsically the goods themselves, will be of just as great benefit to the banker as to the farmer. The bankers of the country will welcome it, and if you gentlemen can facilitate such a development you will be helping in a large and permanent way the general trade and development of the country.

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—THEODORE ROOSEVELT.

A GENERAL REVIEW OF FINANCIAL CONDITIONS IN THE LATIN AMERICAN COUNTRIES.*

ECUADOR.

WITH an income for the year 1907 of $6,683,288 and expenditures of $7,892,000 a deficit was reported at the beginning of 1908, to meet which a loan of $1,500,000 was negotiated. The operating expenses of the government for the year 1907 were actually $6,634,000, the difference between these figures and those rereported above have been used principally for disbursements on account of the Southern Railway. The Executive therefore decreed, under date of August 29, 1908, that until the end of the year all the special funds of the republic, except those spcified in the constitution, should be used for the payment of administrative expenses. The appropriations for the Guayaquil and Quito waterworks, the parks in Quito, the waterworks at Machala, and public roads in general were diverted until January 1, 1909, into a fund to be used for the payment of the current expenses of administration.

The most important financial event in the transactions of the year was the settlement of the external debt of Ecuador as represented by the bonds of the Guayaquil and Quito Railway Company. An arrangement was made which, though necessitating important concessions on the part of the bondholders, indicated the purpose of the government to maintain its credit, and daily deposits have been made since January 1, 1909, on the service of the debt. The foreign debt in December, 1908, was $5,400,000 and the interior obligations about $4,000,000.

On November 8, 1908, the President, with the authorization of the National Congress, negotiated a loan of $4,870,000 for the payment of that part of the public debt guaranteed by the federal revenues. The President has also been authorized to impose a duty on exports of silver coin, or to forbid said exports, should he deem it desirable. At the present price of bar silver the intrinsic value of Ecuadoran silver coin is greater than the coin value of the same, and legislation was required to prevent the republic from being deprived of its silver currency.

Municipal expenditures in Guayaquil were reduced by the suspension of certain public works.

GUATEMALA.

The budget of expenditures for 1909-10 is fixed at $13,000,000.

The general revenues of the country in 1908 amounted to $14,000,984, as compared with a budget estimate of $10,312,500, and expenditures were $16,848,657 instead of the estimated sum of $12,071,436. From customs $9,578,310 were received, whereas the budget estimate had fixed the receipts from this source at $6,656,250, and from liquors and articles controlled by the government $2,634,848 were collected, exceeding the budget estimate by nearly $400,000. From other taxes $1,202,575 were received, and from posts and telegraphs, $586,857.

The budget for the fiscal year commencing with July, 1908, estimated government expenditures for the twelve months at $13,308,039.

* A series of reviews of the financial conditions now obtaining in Latin American countries, continued from the October BANKERS MAGAZINE.

On December 31, 1908, the debt of the republic was represented by $13,694,445 gold and $71,884,744 national currency. The necessity of applying all available funds toward the completion of the Northern Railway and the maintenance of increased armaments have in the immediate past diverted large sums from the external debt service, but with the completion of this important railroad in January and the satisfactory settlement of certain vexed questions with neighboring states, funds will be liberated for the requirements of the bondholders.

HAITI.

In the budget law of the Haitian Government for the year 1908-9, approved May 11, 1908, by the Haitian National Assembly, the estimated receipts for the year were given as $4,242,596.35 and estimated expenditures at $4,234,478.59. Among the latter the public debt figures for $1,906,714.84; foreign affairs, $105,956.02; finance and commerce, $199,581.68; public instruction, $243,497.60; public works, $156,148, and agriculture, $56,372.

HONDURAS.

The revenues of the government from all sources for the fiscal year 1907-8 amounted to $3,442,476 and disbursements to $3,391,965. The total debt of the country on July 31, 1908, was placed at $1,500,000.

During the year 1908 the government granted a concession to an American syndicate for the establishment of a bank with branches throughout the republic. This proposition was satisfactorily financed and branches opened at various points.

The government, with a view to initiating certain economic reforms, has appointed a commission to make a careful study of the system of weights and measures, custom-houses, currency, and other fiscal matters as compared with those of other countries. On January 20, 1909, the delegates of the governments of the Central American republics entered into a convention to unify their monetary system, customs duties, weights and measures, fiscal laws, and consular service.

MEXICO.

For the fiscal year 1907-8 the ordinary receipts and disbursements of the government amounted to $55,885,900 and $46,588,700, respectively, leaving a balance in favor of receipts of $9,297,200. The extraordinary expenditures during the fiscal year amounted to $5,850,600, and pending accounts due at the beginning of the year $270,300 more, making the net balance of receipts over expenditures $3,-176,300. The budget for the fiscal year 1908-9 estimated expenditures at $48,537,-000. The figures in the budget for the year 1909-10 are placed at $48,630,500 for receipts, and for disbursements at $48,467,-700, an indicated surplus of $162,800. The estimate of expenditures for the year 1909-10 shows a decline of $3,552,457, as compared with appropriations made for 1908-9, when $52,020,100 were expended.

The customs receipts for the fiscal year 1907-8 aggregated $13,561,200, exceeding the budget estimate by more than $2,000,-000.

The net diminution of the public debt during 1908 was $1,486,000. The total figures, including interest, on June 30, 1907, and June 30, 1908, were $222,268,300 and $220,782,300 respectively. Excluding interest, the principal of the debt was reduced by $1,327,200.

The report of the Exchange and Monetary Commission of the republic shows that the total coinage from May 1, 1905, to June 30, 1908, inclusive, amounted to $59,-782,590, in the following proportion: Gold, $40,813,250; silver, $18,100,272; and fractional currency (nickel and copper), $869,-068. The stock of gold, silver pesos, fractional domestic and foreign coin in the possession of the commission on June 30, 1908, was $4,665,959. The fractional silver and copper coins of the old issue, retired from circulation between May 1, 1905, and June 30, 1908, amounted to $5,137,224 and $125,576, respectively.

In 1908 there were thirty-four banks operating in Mexico, representing a combined capital of $88,000,000. Thirty of these were banks of issue, among which the following are the principal institutions: The National Bank, with a capital of $16,-000,000; the Central Bank, $15,000,000; Bank of London and Mexico, $10,750,000; Peninsular Bank, $8,250,000; Mexican Bank of Commerce and Industry, $5,000,000; and the Oriental Bank, $3,000,000.

The assets and liabilities of the various banks of issue in the Republic, at the end of June, 1908, were balanced at $306,655,-900, as compared with $301,430,200 of the year previous; the banks of encouragement at $52,347,600, as compared with $44,029,-396 in 1907; and the mortgage banks at $19,257,500, as compared with $16,422,152 for 1907, a substantial gain under all three classifications being noted. The paid-up capital in all of the banks of the republic under federal concessions aggregated $82,-430,700, a net increase of $5,431,500 over 1907; reserve and emergency funds amounting to $28,596,400, an increase of $597,700, as compared with 1907. Gold and silver minted during the year amounted to $12,-001,800, of which $8,300,000 was gold and $3,701,800 silver. The total coinage for the fiscal year 1906-7 amounted to $23,967,800 and since 1905 to $59,782,500. Making allowance for exportations of specie, which to June 30, 1907, amounted to $37,708,-100, and for the fiscal year to June 30, 1908, to $5,327,500, and also for old coin reminted, amounting to $8,521,700, the circulating medium during the three years is shown to have increased $8,225,200.

A noteworthy occurrence in banking circles was the opening of a bank of rediscount, an incident which marked a forward step in the progressive banking methods of the country. The establishment of this institution, in which many of the chartered banks participated, filled a long-felt want and was cordially received by the financial interests of the republic.

For the purpose of enabling manufacturers and agriculturists to extend the scope of their activities a new credit institution making a specialty of this class of loans was opened in June, 1908, and in September of the same year the Minister of Fomento granted a concession for the establishment of a bank in the Mexican capital for the purpose of aiding irrigation enterprises for the agricultural development of the country.

NICARAGUA.

For the two years 1906 and 1907 the revenues and expenditures of the country were estimated at $4,086,000 and $4,188,000, respectively; later figures are not available.

The total outstanding obligations in July, 1909, were about $3,875,000 and the internal debt $5,127,990 (13,674,650 pesos).

The service of the public debt was continued during 1908 and by a loan, floated in May, 1909, under the law of September, 1908, $5,750,000 are available for the settlement of various obligations of the republic. Part of this is to settle the British loan of 1886 and part is to be applied to the New Orleans loan, the remainder to be used in continuing the Atlantic Railroad, starting from the port of San Miguelito, on the Lake of Nicaragua, and ending at Monkey Point, on the Carribean Sea.

The new customs tariff law of December became effective upon its promulgation and was supplemented by a decree of March 6, 1909, whereby, in order to counteract the disastrous effects of inundations in the Atlantic coast regions and for the purpose of stimulating the commercial transactions, certain articles were permitted entry through Atlantic ports at a reduction of thirty per cent. from the fixed rates.

Government monopoly of the match industry was decreed from January 8.

PANAMA.

The report of the Secretary of the Treasury for the six months ending June 30, 1908, showed the total cash assets of the Government on that date to be $7,860,696.68, of which $6,000,000 gold was invested in first mortgages on real estate in New York city at four and a half and five per cent. interest. In addition the republic was carrying in account current $1,505,307.03 in the same city.

The national receipts during the six months covered by the report amounted to $1,259,574.15, while the balance, after paying the expenses of the government for the same period, amounted to $105,307.03, turned into the National Treasury. The revenues for 1907, accruing principally from customs duties and excise taxes, amounted to $2,439,302.

The budget for the period from January 1, 1909, to December 31, 1910, estimates the total revenues for the two years $4,492,000, and expenditures at $6,877,469.65. The revenues are made up from the following items: Import and export duties, taxes on liquors, tobacco, matches, coffee, opium, salt, steamship companies, and money changers, $2,714,000; consular fees, manufacture and sale of liquors at retail, slaughterhouses, mines, patents, sealed paper and stamps, registration, real estate, lotteries, pearl fisheries, sale of federal properties, including lots and light-houses, $988,000; posts and telegraphs, parcels post, public market of Panama, public land, and various other sources, $207,000; and interest on $7,700,000 to the amount of $583,000. The estimated disbursements are placed at the following figures: Department of Interior and Justice, $2,632,004; Foreign Relations, $499,220; Treasury, $720,882.50; Public Works, $1,902,430.35, and Public Instruction, $1,122,932.80.

The many public improvements undertaken by the government of Panama and the establishment of new industries render significant the fact that in the disbursement of moneys for 1909 public works and public instruction, taken conjointly, are apportioned the largest share of the budget expenditure. The Assembly has furthermore appropriated the sum of $85,000 for defraying the expense of a census, work on which has already begun.

During the past four years the disbursements of government funds for current expenses and public improvements was only $1,859,320.66 in excess of the receipts from the regular sources of revenue, which are import duties on foreign merchandise and internal taxes on liquors. This excess represents improvements of a substantial nature made throughout the entire country.

PARAGUAY.

Notwithstanding the financial difficulties of the republic, the government was enabled to meet the service of its foreign debt throughout the year. The balance of the London loan, which represents the greater part of the country's indebtedness, amounts to $4,139,717.64 gold. Bills are before the National Congress for the authorization of a new loan of $10,000,000 and to fix the gold standard as the legal basis for monetary transactions.

The internal-revenue receipts for the year 1908 amounted to $288,389.75, an increase

DR. UBALDINO DO AMAROL
Who Recently Succeeded Dr. Ribeiro as President of the Bank of Brazil.

of $13,450.37 as compared with 1907; while customs receipts for the same period showed a decline of $455,624.89, amounting to $1,-471,844.49 for the year. The expenditures for 1907 reached a total of $2,189,565, and in accordance with the policy of retrenchment outlined by the Executive, this amount was reduced during the year 1908.

The new tariff of export valuations upon the products of the country became effective on January 1, 1909.

The country's trade in 1908 shows a total of $7,661,469, of which exports represented $3,731,745 and imports $3,929,724.

PERU.

The gold standard is operative throughout Peru, the Peruvian pound, which is the unit of value for commercial transactions, being equivalent to the English pound sterling.

The revenues for 1908 were £2,997,433 and expenditures were somewhat in excess of that amount, figuring for £3,043,032, and for 1909 government appropriations are made for £3,001,193.

Peru has recently arranged for a loan of £40,000, guaranteed by the internal revenue on alcohols, the proceeds to be devoted mainly to the canceling of the present debts.

The foreign debt of the country in 1889 amounted to £22,998,651.

By an agreement made with the bondholders the following year it was agreed to cancel the debt in exchange for state properties in railroads, guano deposits, etc. This agreement was not perfected, but a new agreement was entered into in April, 1907. In accordance with the terms of this agreement, the government is to pay the sum of £80,000 annually in monthly installments during the thirty years from July, 1907. The internal liabilities of the country consist of a debt of £2,660,645, bearing interest at one per cent. and a non-interest bearing debt of £471,355.

The bank balances on June 30, 1908, showed total assets of £6,920,179, as compared with £6,161,597 a year previous. During the twelve months 356 bars of gold bullion, valued at £222,285, were received at the mint, and gold coins to the value of £214,004 issued. From November, 1906, to March 30, 1908, the government purchased silver bullion valued at £114,157 and coined silver to the value of £104,050. Coined gold was imported during 1907 to the amount of £580,013 and stock companies represented a total investment of £2,081,284.

Import duties in the country are covered by a customs duty levied in accordance with tariff rates, supplemented by an addition of eight per cent., applied to the current service; an addition of two per cent. for the exclusive benefit of the municipalities of Callao and Lima, and a third addition of one per cent. applied to the service of fiscal warehouses. The first three items are collected by the Calloa customs service and the fourth by the National Salt Company, which has had charge of the government warehouses since January 1, 1908.

SALVADOR.

The financial condition of the country is very satisfactory, the credit of the nation at home and abroad having been strengthened by a judicious disbursement of the public funds. The debt of the republic at the close of 1908 was reported as $11,283,185, while the revenues for the year amounted to $4,003,626, showing an increase over the year 1907 of $752,861. As a result of the conservative administration of 1908 the republic was enabled to enter upon the year 1909 with a credit balance of $208,981. The budget law for the year 1908-9 estimates receipts at $6,799,200 and disbursements at $6,865,711. Estimated receipts are classified as follows: Imports, $930,000; exports, $717,862. Internal taxes: Liquors, $937,500; stamps, $86,250; miscellaneous, $246,750; and proceeds of the £1,000,000 loan at seventy-five per cent. are placed at $3,375,000.

A decree of April 7, 1908, imposed a tax of one-half of one per cent. on all sales of real estate in the republic, the proceeds to be devoted to the construction of public works in accordance with the judgment of the departmental governors and the Executive.

URUGUAY.

The estimated expenditures for the financial year 1909, as presented to the General Assembly, fixed the amount at approximately $20,000,000, which is an increase over 1908 of $1,647,000. The fiscal year ended June 30, 1908, showed a surplus of $2,027,166, while the steadiness of revenue receipts and continued progress in all branches of national activity justify the prediction of a surplus of nearly $1,500,000 for the year 1908-9. The custom-house receipts showed a consistent and steady increase, the aggregate revenue from this source during the year 1907-8 reaching the total of $13,365,525 and exceeding by $399,796 the receipts for 1906-7. The monthly receipts averaged $1,113,794, the actual figures showing less than $1,000,000 in only two months of the twelve. The receipts from this source for the year 1908-9 are estimated at $12,045,000, and a revision of the existing tariff, now under consideration by the Ministry of Finance, is expected to still further augment the national income through this source of revenue.

The public debt of the nation at the beginning of the year 1908 amounted to $128,138,917, and by December 31 of the same year it had risen to $130,157,089. The service of the debt was punctually discharged and during the year new bonds issued. The Bank of the Republic, which, since its establishment in 1897, has realized profits amounting to $5,183,916.52, reported for 1908 the most prosperous year of its existence, the surplus reaching the total of $1,054,899.21. Of this amount ten per cent. has been added to the reserve fund, ten per cent allotted to the discharge of bonus shares, $485,980 applied to the 1896 loan, $51,700 for the legislative palace, and the remainder applied to the paid-up capital of the bank.

VENEZUELA.

In July, 1907, Venezuela's obligation to Great Britain, Germany, and Italy, by virtue of the protocols of Washington, was canceled, the total sum paid having aggregated $3,567,000.

Since August, 1907, Venezuela has paid to the countries not enjoying preferential treatment thirty per cent. of the customs receipts of La Guaira and Puerto Cabello, amounting to, up to May 1, 1909, $1,199,148.

The financial obligations of the republic and the agreements made by the government have been strictly complied with. During the fiscal years 1907 and 1908, the expenditures of the government on account of these obligations amounted to $3,904,000, and from January 1 to March 31, 1909, $484,000, or a total outlay of $4,388,000, all of which, in accordance with the protocols of Washington, went to the foreign powers, the three per cent. diplomatic debt of 1905, the debt contracted on account of diplomatic agreement debt, and the non-amortized diplomatic agreement debt. The payments on account of the internal debt from January 1, 1907, to March 31, 1909, amounted to $1,216,703.

The outstanding internal three per cent. debt on March 31, 1909, was $12,040,000, and the outstanding external debt on the same date was $26,253,000, or a total of $38,293,000.

PRESIDENTS OF TWO REPUBLICS MEET.

NEVER before October 16, 1909, had a president of the United States left his country to set foot on foreign soil—but on that date President Taft clasped the hand of President Diaz of Mexico, first on American soil at El Paso, Texas, and again in the evening at a banquet given by the President of Mexico in the old custom house at Ciudad Juarez, across the river.

"I am very glad to welcome you, sir, here; am very glad, indeed," was the official welcome of President Taft, accompanied by the famous Taft smile.

President Diaz replied with a smile fully as warm as that of the American. "I am very glad to meet you," he said, "and to have the honor of being the first foreigner to come over to give you a hearty welcome."

"It gives me not only great pleasure to welcome the President of the great Republic of Mexico," said Mr. Taft, "but also to welcome the present President of the Republic of Mexico who also made it great."

"I am very proud," said Diaz, in reply, "to grasp the hand of the great statesman who has made such a record in his life, in the Philippines, in Cuba and at present at the head of the great nation of the United States."

Bond Between Two Nations.

"I wish," said Mr. Taft, "to express my belief that this meeting is looked upon by both peoples with a great deal of interest; not as making stronger, but as typifying the strength of the bond between the two countries."

"My friendly relations and my personal acquaintance with you," responded President Diaz, "will make thousands and thousands of the American and Mexican people friends and streams of beneficial development will follow for the good of the two countries."

At the brilliant banquet given by President Diaz in honor of his distinguished visitor, the following toasts were proposed:

President Diaz's Toast.

Mr. President, Gentlemen.—The visit of his Excellency, President Taft, to-day, to the Mexican territory will make an epoch in the history of Mexico. We have had in our midst very illustrious visitors, such as Gen. U. S. Grant and the Hon. Messrs. Seward and Root, but never before have we seen in our land the Chief Magistrate of the great American Union. This striking trait of international courtesy which Mexico acknowledges and appreciates to its full value and significance will henceforth stand as a precedent for other Latin-American Republics to cultivate unbroken relations among themselves, with us and every other nation of the continent.

Actuated by the sentiments, which are also those of my co-patriots, I raise my glass to the everlasting enjoyment by the country of the immortal Washington of all the happiness and prosperity which justly belongs to the intelligent industry and eminent civicism that are the characteristics of the manly and cultured American people, and to the enduring glories of its heroic founders. I raise my glass to the personal happiness of its illustrious President who has come to honor us with his presence and friendship, whose visit will make for the cultivation of a common interest which will bind the two nations whose respective elements of life and progress find in their union reciprocal completion and enhancement.

PRESIDENT TAFT'S RESPONSE.

President Taft's toast to President Diaz and the Mexicans follows:

Responding as befits the cordiality of this auspicious occasion I rise to express in the name and on behalf of the people of the United States their profound admiration and high esteem for the illustrious and patriotic Republic of Mexico. I take this occasion to express the hearty feeling of friendshp and accord with which my countrymen regard the Mexican people.

Your Excellency, I have left the United States and set my foot in your great country to emphasize the more these high sentiments and to evidence the feeling of brotherly neighborhood feeling which exists between our two peoples.

The people of the United States respect and honor the Mexicans for their patriotism, their energy and for their steady advance in industry and development and moral happiness. The aims and ideals of our two nations are identical. I drink to my friend, the President of this great republic, to his continued life and happiness, and to the never-ending bond of mutual sympathy between Mexico and the United States.

ASSOCIATION OF BRITISH JOURNALS SEND A REPRESENTATIVE TO LATIN AMERICA.

THE great and increasing interest being taken in the commercial and financial affairs of the Latin American republics is evidenced by the dispatch of a special commissioner, in the person of Percy F. Martin, F. R. C. S., by a group of powerful British journals upon a long and wide-spreading tour of the South and Central American states, including Venezuela, Columbia, Panama, Costa Rica, Guatemala, Honduras, Salvador, Nicaragua, Ecuador, Peru, Chile, Argentina, Brazil, Uruguay and Paraguay, from all of which Mr. Martin will send full and critical articles dealing with the present condition of business and monetary conditions existing in these important but little-known countries. The articles, which will extend over a period of twelve months or more, will be especially valuable to British merchants and financiers, who may, at least, depend upon an impartial and authoritative description of prevailing and probable future conditions of these various states.

JOHN BARRETT INTERESTED.

It is not alone in England, however, that Mr. Martin's mission is exciting interest, for upon hearing of the undertaking, John Barrett, director of the Bureau of American Republics, and who has himself done much valuable work both as a diplomatist and as a government servant, addressed the following letter to Mr. Martin:

Having learned of the extended tour you are about to make through the Latin American republics as the special correspondent of important British papers, I desire to extend to you my felicitations on the work before you, and to assure you of the sincerest interest of the International Bureau and myself as its director, in the excellent results that must come from your investigations and articles. You certainly have a most responsible mission intrusted to you, and I am very sure that you will conduct it with so much success that positive good will come to the cause in which you are engaged.

In connection with the International Bureau of American Republics I want to emphasize one point. My policy as director is not to oppose in any way the efforts of Great Britain, Germany, France, Spain and other European countries to develop trade in Latin-America. On the other hand, I hold that there is abundant room down there for all countries. As, moreover, the advancement of business between South America and Europe means increased wealth for the former, I maintain that it is a good thing that closer relations of commerce be fostered between Europe and these republics. The United States in turn will benefit from this, because the very influence that increases the wealth of the southern republics will enable them to buy more from the United States. In other words, although the International Bureau is an American institution, it is not inimical to Europe.

BUENOS AIRES BANKS.

THROUGH the courtesy of Messrs. ERS MAGAZINE is able to present the Ernest Tornquist & Co. THE BANK- following table, showing the deposits and cash of the twenty-two banks of Buenos Aires on July 31, 1909.

BANCOS.	Deposits.	Cash	Percentage of cash to deposits.
Aleman Transatlantico	$19,205,414	$6,719,784	34.99
Anglo Sudamericano	3,655,458	1,833,096	50.15
Britanico Am. de Sur	19,336,380	6,577,043	34.01
Comercio	1,119,205	164,912	14.73
Credito Argentino	245,989	59,158	24.05
Espanol del Rio de la Plata	72,631,771	23,318,299	32.10
Frances del Rio de la Plata	27,354,468	8,299,663	30.34
Galicia y Buenos Aires	4,366,834	1,095,514	25.09
Germanico de la Am. del Sud	2,423,881	1,175,597	48.51
Habilitador R de la Plata	19,891	14,857	74.69
Industrial Argentino	126,452	69,912	55.29
Immobiliario Argentino	134,236	66,859	49.81
Italia y Rio de la Plata	38,357,591	7,340,132	19.13
Latino del Plata	319,369	234,268	73.39
Londres y Brasil	5,102,933	1,979,353	38.79
Londres y Rio de la Plata	64,463,157	32,130,937	49.84
Nacion Argentina	140,300,271	74,767,352	53.29
Nuevo Italiano	13,049,961	3,506,651	26.87
Popular Argentino	5,096,824	2,345,331	46.02
Popular Espanol	1,047,507	363,719	34.72
Popular Italiano	800,619	272,079	33.98
Provincia de Buenos Aires	37,702,834	9,867,277	26.17
	$456,861,056	$182,201,804	39.88

MEXICAN NOTES.

—Recently the Mexico City Banking Company, which is located on one of the prominent business corners in Mexico City, renovated the exterior and interior of its building, which now presents a very attractive appearance.

Further evidence of the bank's progress is afforded by the following comparative statement of deposits.

June 30, 1904	$292,932
June 30, 1905	944,560
June 30, 1906	2,201,437
June 30, 1907	2,785,381
June 30, 1908	2,303,788
June 30, 1909	3,472,177

The officers of the Mexico City Banking Company are: President, Iman L. Beck; vice-presidents, W. T. Bell and A. Weill; manager, F. J. Dunkerley; cashier, A. G. Frost; manager foreign department, J. Clausen.

—After January 1 the National rairoads of Mexico will begin an annual expenditure of about $6,000,000 gold in general repairing of the lines, installing heavier rails, and wherever necessary adding rolling stock, says the Mexican Herald, which secured the following statement from the management:

It is the intention of the company to do a great deal of general repair work during the ensuing year. Beginning about January 1 in the neighborhood of $6,000,000 per year will be expended for this purpose. Most of the contemplated improvements will consist in putting in heavier rails wherever such is necessary either for safety in travel or for the making of better time. New ties and heavier ones will be put in over a great part of the main lines.

A number of the present bridges will be replaced with superior steel structures. Much time and money will be spent also in straightening of the roadbed, ballasting, etc.

In addition to the other work, quite a number of stations will also be built at different points along the main line where they are needed.

—Following the news that Ambassador Thompson, the American representative in Mexico, had closed the purchase of the Pan American Railroad, comes the announcement that J. M. Neeland and the group of capitalists who sold the Mexican line to Mr. Thompson have launched the Pan American Railroad of Central America to connect the Panama Canal with Mexico.

Ambassador Thompson's option on the Pan American in Mexico calls for a purchase price of $10,000,000 gold. The new corporation, according to Neeland, will be capitalized at $50,000,000. The Central American line will extend from the Guatemalan frontier to the Panama Canal, 1,400 miles.

—The National Bank of Mexico, which is recognized as standing at the head of the

Mexican banking system, reported on August 31 total cash holdings of $46,984,-186.56. Of this amount $26,341,440 was in gold, $15,007,621 in silver, $4,629,180.56 in fractional coin, and $1,005,945 in notes of other banks.

The paid-up capital of the Banco Nacional de Mexico is $32,000,000; reserve fund, $16,000,000, and extraordinary reserve fund, $11,800,000. Its circulation on the date named was $40,161,680, which was more than doubly covered by the gold on hand. The total of the balance-sheet on August 31 was $293,829,522.18.

—Jose V. Dorsal, Mexican consul at Philadelphia, is urging the establishment of a Spanish-American bureau in Philadelphia, whose object will be the furthering of business relations between that city and Mexico.

Such a bureau was established in St. Louis while Senor Dorsal was stationed there and through its workings the trade of that city with Mexico increased in sixteen years from $1,000,000 a year to $116,-000,000, which was the record for 1907.

Senor Dorsal has served his country twenty-six years in the consular service in the United States and is thoroughly ecquainted with conditions in Mexico.

—The Banco de la Laguua of Torreon, Cahuita, Mexico, reported on August 31 a total balance-sheet of $9,221,604.62. Its capital is $6,000,000. Juan F. Brittingham, a well-known capitalist of the Laguua district, is president, Francisco Larriva, manager, and A. Rangel, cashier.

—On September 30, the Banco Mercantil de Monterey of Monterey, Nuevo Leon, Mexico, reported $831,131.12 cash on hand. The capital is $2,500,000 and the reserve funds $262,000. Circulation of the bank on the date named was $1,101,000. Jose L. Garza is the manager.

—Lately the Banco Internacional e Hipotecario, of Mexico City remodeled its bank building, which is now one of the finest in the United States of Mexico.

The business transacted is that of a mortgage bank, and on August 31 the bank had $16,461,100 of mortgage bonds in circulation. On the same date the total assets were $27,671,464.53. Mr. R. Honey, the president, is one of the oldest and best-known bankers of Mexico. His son, Thomas P. Honey, is the manager.

—For June 30, the Chihuahua Investment Company, S. A., of Chihuahua, reports loans of $464.853; a capital of $30,000; surplus, $270,000; undivided profits, $152,494, and total resources of $1,249,565. William Dale is president and Thomas Dale vice-president.

GENERAL NOTES.

—During the first six months of 1909 the Bank of Venezuela, at Caracas, received $9,557,053 and paid out $9,296,864. The government had a balance to its credit of $237,980 on June 30. The net profit of the bank was $99,419 for the six months, and the dividend paid the stockholders was 4½ per cent. Of the 600 shares of stock only 80 changed hands during the six months. The stock at present is owned by 350 persons.

—It is reported that Armour and Co., the big meat packers of Chicago will establish a chain of banks in South American countries by which the meat and grain imports of those countries will be controlled. This enterprise will likely be carried out by the National City Bank of New York, as the Armour interests are represented in that bank's directorate. Argentine cattle are of superior grade to those of the

United States. The average weight of an Argentine beef animal is fifteen hundred pounds, against a little less than eleven hundred in this country. Statistics show that fifteen hundred-pound beef can be raised on South American ranges at a maximum of two and a half cents a pound on the hoof. It can be slaughtered and shipped to Atlantic ports in the United States in refrigerating steamers for four and a half to five cents a pound. The lowest cost of production at Western packing houses, plus the freight to Atlantic seaboard points, is approximately nine cents.

These figures show the enormous profits to be made by the Beef Trust, some of whose members already have branch houses in Argentina. It is one of the chief inducements for the establishment of American banks in South America and accounts in large part for Armour interests increasing their holdings and influence in the National City Bank. The National City, under the proposed arrangement, would be the chief correspondent, in the United States, of American banks in Latin America

—President Leguia, of Peru, one of the richest South American republics, has sent his son, Jose Leguia, to the United States, to study farming. Young Leguia has entered the University of Wisconsin and will give special attention to the study of cotton and sugar products.

—By the present banking law of Costa Rica banks of issue may circulate notes to the extent of their paid-up capital, holding a gold reserve of fifty per cent of the issue. Consul John C. Caldwell writes from San Jose in regard to a modification of the law:

Congress by a decree of June 18 empowered, until December 31, 1919, the present banks of emission to issue notes with a reserve of forty per cent, the limit of reserve being thus reduced ten per cent. Any new bank of emission which may be established until that date will be subject to the old law, unless authorized by a special law to issue with the lower reserve granted to the present banks. On January 1, 1920, the old law, of a fifty per cent. reserve, is to again come into force.

The two oldest banks in the country—Banco de Costa Rica and Banco Anglo-Costa-Ricense—have already issued notes to the amount of their paid-up capital. The Banco Comercial de Costa Rica, established in 1905, has not yet issued to its full limit. A fourth, Banco Mercantil de Costa Rica, established within the past year, is preparing to become a bank of issue, and will undoubtedly be given the benefit of the forty per cent. reserve.

—Secretary of State Knox is giving special attention to the development and protection of the commercial interests of the United States in Latin America, and to that end has created in the State Department a new division to be known as the division of Latin American affairs, which is to be devoted exclusively to these matters. He has appointed Thomas C. Dawson of Iowa, United States minister to Chile, as chief of the new division, and William T. S. Boyle as assistant chief. The statement is made at the State Department that the increasing investment of American capital in Latin America and the obligations resulting from closer political relations between this country and those of all the countries of Central and South America impose upon the Department of State one of its heaviest duties.

—The need of an American bank in the several ports of Brazil as a matter of furthering American interests, outside of the fact that the bank would be a paying business from the start, is urgent. Without American banking facilities in Brazil, American investments are likely to be relatively inconsequential as compared with European investments. With American banks many opportunities for American investments would be developed.

—There are five banks in Bogota, viz.: Banco de Colombia, Banco de Bogota, Banco de Exportadores, Banco de Agricultores, and Banco Central.

The Banco Central is the fiscal agent of the Colombian Government. Its authorized capital is $8,000,000 gold, divided into 80,000 shares. The gold reserve is fixed at fifty per cent. of its capital. It holds a franchise for thirty years for the exclusive issue of bank notes, has many special contracts with the government for the collection of revenues, etc., and is the medium employed for the issuance of new notes. The Banco de Colombia has a capital of $600,000 gold, divided into 12,000 shares of $50 each; reserve fund, $54,000 gold. The Banco de Bogota has a capital of $125,000 gold, divided into 5,000 shares of $25 gold each; reserve fund, $54,000. The Banco de Exportadores has a capital of $3,000,000 paper, divided into 3,000 shares of 1,000 each. The Banco de Agricultores has a capital of $2,000,000 paper, divided into 4,000 shares of $500 each.

The following are the New York correspondents of the Bogota banks: Chemical National, National Park, National City, and the Battery Park National Bank.

Loans are made on mortgages at one-third the valuation of the property for short terms.

Interest is charged on gold loans at twelve per cent. per annum and on paper loans at eighteen per cent. to twenty-four per cent. per annum. The business in bills of exchange is good. Time bills are discounted at the rate of one per cent net per month.

There are few native or foreign private banks in Columbia.

NEW UNITED STATES TREASURER.

LEE McCLUNG, the treasurer of Yale University, is President Taft's choice for treasurer of the United States, to succeed the Hon. Charles H. Treat, resigned.

Lee McClung is thirty-nine years old. He was born in Knoxville, Tenn., on March 26, 1870, and is a son of Frank H. McClung, a retired merchant of Knoxville, and a kinsman of Gen. Albert Sydney Johnston of the Confederate Army, as well as of Chief Justice Marshall.

After his graduation from Yale in 1892, Mr. McClung traveled in Europe and later in California. He became paymaster of the St. Paul & Duluth Railway Company. Then for several years he was assistant traffic manager of the Southern Railway, and was in general charge of all its traffic west of the Alleghany Mountains.

During his college career Mr. McClung was a class leader and received the largest vote as the most popular member of his class in the senior year. He was chairman

HON. LEE McCLUNG
United States Treasurer, Succeeding Hon. Charles H. Treat.

of the Junior Promenade Committee of his class. He was a famous halfback also, and was captain of the Yale football team in 1892.

In addition to his position as treasurer of Yale, Mr. McClung has served as a director of the New Haven National Bank and of the Phoenix Mutual Life Insurance Company of Hartford.

GREAT GOLD FIND IN INDAROD COUNTRY, NEAR INNOKOD, ALASKA.

MINING men from Fairbanks, Alaska, who recently arrived in Seattle brought glowing accounts of new gold discoveries in the Innokod district and along the creeks of the Indarod country, 140 miles from Innokod. There has been a rush of prospectors to the new region.

BANKERS SEE THE CHICAGO STOCKYARDS.

ONE of the delightful and instructive features of the Chicago convention of the American Bankers' Association was a tally-ho trip through the Stock Yards and a visit to all of the leading packing houses.

The two group pictures given here were made while the visitors were the guests of the Schwarzschild and Sulzberger Company, which company provided guides and made it exceedingly pleasant for the party of visiting bankers.

Out of the number included in these pictures, our readers may be able to distinguish the following:

Clayton Bois, Seymour Trust Co., Seymour, Conn.; S. Fred Strong, Mechanics Bank, New Haven, Conn.; Geo. Kichner, German American Bank, Detroit, Mich.; Paul Boyne, National City Bank Bldg., New York, N. Y.; M. C. Hadley, State Bank, Collinsville, Ill.; F. J. Mayer, Fifth-Third National Bank, Cincinnati, Ohio; A. Wilkinson, First National Bank, Bayfield, Wis ; W. A. Hopkins, State Savings Bank, Lamoni, Iowa; R. P. Anderson, Selma National Bank, Selma, Ala.; John Boynton, Peoples Savings Bank, Saginaw, Mich.; Horace Smith, Peoples Savings Bank, Memphis, Tenn.; T. P. Warlow, State Bank of Orlando, Orlando, Fla.; Virgil Johnston, Ill. Title & Trust Co., Champaign, Ill.; R. Ruzicka, Oakley Bank, Oakley, Ohio; R. L. Bennett, Hattiesburg Banking Co., Hattiesburg, Miss.; John A. Fox, Safe Deposit & Title Guaranty Co., Kittanning, Pa.; R. E. Holloway, Bank of Saline, Marshall, Mo.; Geo. G. Titzell, Farmers National Bank, Kittanning, Pa.; James M. Painter, Merchants National Bank, Kittanning, Pa.; John A. Snedeker, Central Bank of Westchester Co., White Plains, N. Y.; Geo. H. Althouse, Bank of Marshall, Mo.; Edward Teed, First National Bank, Kankakee, Ill.; John W. Long, Virginia Natinonal Bank, Petersburg, Va.; Thaddeus L. Montgomery, Coshocton National Bank, Coshocton, Ohio; John S. Cook, Corn Exchange National Bank, Chicago, Ill.; Samuel H. Smith, Bank of Long Island, New York, N. Y.; Leslie

Party of Bankers who visited the Meat Packing Plant of Schwarzschild and Sulzberger Company during the recent Chicago Convention.

One of the Five Tally ho Coach Loads of Visiting Bankers on its Tour of the Stock Yards during the recent Bankers' Convention in Chicago.

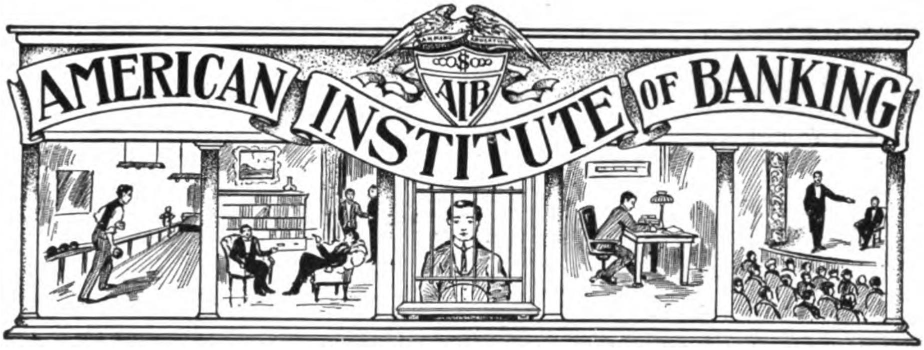
G. Sharp, Drovers Deposit National Bank, Chicago, Ill.; Henry A. Beeman, Canandaigua National Bank, Canandaigua, N. Y.; J. T. Albert Hosbach, Fourth St. National Bank, Philadelphia, Pa.; George Kern, German Exchange Bank, New York, N. Y.; L. S. Naftzger, Fourth National Bank, Wichita, Kansas; Clinton T. Rose, Onondaga Co. Savings Bank, Syracuse, N. Y.; Wm. M. Thompson, Jackson City Bank, Jackson, Mich.; Ashton G. Clapham, Commercial National Bank, Washington, D. C.; A. Eugene Mason, Glens Falls Trust Co., Glens Falls, N. Y.; Joseph L. Foster, Webster & Atlas National Bank, Boston, Mass.

OKLAHOMA BANK GUARANTEE PLAN.

THE Oklahoma bank guarantee plan has stimulated banking enormously in that state. The conviction that a deposit is secured by the bank guaranty fund in whatever bank it is placed has created confidence and secured deposits from all who possessed any bankable funds whatever. The failure of the Columbia Bank & Trust Company of Oklahoma City, the largest bank in the state, with $2,500,000 of deposit liabilities, has put the new system to its first severe test.

Of the bank's total deposits $1,300,000 is the money of 150 country banks. The bank had just $213,000 in cash when it closed its doors. This leaves a shortage of about two and a quarter millions due depositors in excess of the cash in bank. The State guarantee fund to meet this obligation is just $38,000. The depositors must be paid, and the sum necessary to supply the deficiency in the guaranty fund must be raised by an assessment on the solvent banks of the State.

The depositors will be paid, and it is expected that the bank will be permitted to start up again and resume the apparently reckless banking that led to the closing of its doors a little more than a week ago. The authority of the United States Court has been invoked to stop the paying to the depositors in the way proposed, but the State Banking Commissioners have disobeyed the restraining order and the depositors are getting their money back. The State is not going to allow its guaranty plan of banking to break down at the first test and respect for the Federal authority is not strong in Oklahoma. The Oklahoma system may work itself out to a safe and sane basis, but at present it seems to be still on the plane of rash experiment.—*Philadelphia Record.*



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

CHAPTER PRIVILEGES.

The Advantages of the Institute as Outlined by the Chicago Chapter.

PRESIDENT LESTER B. BRADY of the Chicago Chapter gives a very good outline of the advantages of connection with the Institute. As the Chicago chapter is the largest in the Institute Mr. Brady's remarks are of value to all interested in the work of the organization. He says:

The primary object of the American Institute of Banking is education in the science of banking and finance and since its inception has had a healthy growth until now there are upwards of 12,000 members with chapters in every large city in the United States working with a united interest for the betterment of every bankman who joins its ranks.

Chicago Chapter is the largest in the Institute, with a membership approximating about one-tenth of the entire membership, and the coming year promises to increase this percentage on account of the added inducements which will be offered in various departments, such as systematic study leading to an Institute degree, debates, fraternalism, athletic sports, entertainment, etc.

Membership in Chicago Chapter carries with it:

1. Admission to study classes, all regular and special meetings, including smokers, ladies' nights, educational and business meetings, together with the free use of the library including periodicals, books, etc.

2. One year's subscription to the Bulletin—the official publication of the Associated Chapters of the Institute, issued monthly from New York and containing valuable reading matter on banking and economic subjects.

3. One year's subscription to the Bankman—the official organ of the Chapter, portraying the various activities of the Chapter and its members each month.

4. Membership in the Debating Society, which is a member of the Western Debating Conference.

5. Fraternal courtesies extended by members while traveling in other cities, the association with and the acquaintance of 1,200 Chicago bankmen in your chosen vocation and the right to wear the national A. I. B. button or pin.

6. An invitation to the Annual Banquet, at which speakers of national reputation may be heard and where good fellowship reigns supreme.

7. The privilege of competing in the Athletic Championships of the Chapter.

8. The opportunity to represent the largest Chapter in the Institute at the Annual Conventions, the next of which will be held at Chattanooga in 1910.

9. The privileges of the floor at all meetings and a vote on questions submitted for decision in regular meetings.

10. An unbounded opportunity to broaden one's knowledge of the banking business and its adjuncts with the logical result—a better equipment for advancement.

The American Bankers' Association, of which the American Institute of Banking is a section, is watching the developments and progress being made with a great deal of interest and we are proud to note that some of our members have been asked to take part in their program at the National Convention which will be held in Chicago September 13 to 18 this year. The moral and financial support which they have given us as an organization and individually is indeed encouraging and with the inspiration derived therefrom, Chicago Chapter hopes to make rapid strides the coming year to fulfill the requirements of this rapidly growing body.

NEW YORK GETS BUSY.

The Chapter Prepares for an Active Year.

THE New York Chapter sent out this forecast of its season's work:

Year after year it has been the custom to publish a short history of the work which has been accomplished by New York Chapter during the preceding season and a prospectus of the plans laid out for the season to come.

Under the able leadership of Mr. Milton S. Wicks the educational development of the chapter during the season of 1908-9 proceeded at a rapid pace. In the Fall of 1908 Mr. Wicks promised that New York Chapter would lead all the other chapters in the amount of educational work accomplished and it did so notwithstanding the fact that several other chapters took up the challenge and gave New York a hot fight. At the reading rooms of the chapter at 20 Vesey street three afternoons a week courses of lectures were given on the subjects Commercial Law, Practical Banking and Political Economy, under the directorship of professors who are masters in their respective fields. Examinations were held, the passing of which qualified for the certificate of the Institute, and eighteen New York Chapter men completed the required work of university grade in all subjects, thereby becoming alumni of the local chapter. An equal number completed the required work in one or more subjects and twice as many have earned credit for attendance and following up their studies will become the alumni of the two years to come.

Too much space cannot be devoted to the general plans of education as adopted at the convention at Seattle except to say that those plans are substantially the same as have been followed by New York Chapter for the past several years. In the future however in accordance with the resolution adopted at the convention the attention of students will be directed to the consideration of the courses solely from the viewpoint of the banker, and the relation of law and economics to modern banking problems.

To this end Professor Leslie J. Tompkins, registrar and Professor of Law of New York University, Professor Charles Archibald Green, registrar and Professor of History and Economics of the Brooklyn Polytechnic Institute, and Mr. Edmund D. Fisher, secretary of the Flatbush Trust Co., have been secured by the educational committee to direct the studies during the season of 1909-1910.

These gentlemen need no introduction to the members of New York Chapter. Their names stand for all that is efficient in the educational life of the metropolis. Mr. Fisher, whose work is less of a public nature than that of his colleagues is, however, known to bankers as one of the ablest thinkers and writers on financial topics and is known by the members of this chapter not only as an apostle of hope but also as one of the best friends that New York Chapter has ever had.

Four Thursdays of each month will be devoted to chapter work instead of two as formerly. The first, third and fourth Thursdays will be devoted entirely to classes, but the classes will be free to every member of the chapter. This is a departure from the methods of preceding years but it was unanimously considered to be the only consistent thing to do if New York Chapter was to continue to maintain its standard of favoritism to none. The second Thursday of each month will be more after the manner of those to which chapter members have been accustomed. Where home talent has its swing and members' papers and informal addresses take the place of the sterner things of life doled out on the other Thursday nights.

CONVENTION AFTERMATH.

ECHOES of the Seattle convention of the American Institute of Banking are still to be heard and one of them is of very recent date. N. D. Alling, president of the A. I. B., in appointing his committees for the coming year has named B. W. Pettit, the genial president of the Seattle chapter, for a position on the Publicity and Promotion Committee for the annual convention of the institute to be held in 1910 at Chattanooga.

This committee, as its name implies, is appointed for the particular purpose of advertising the coming convention among bank men and of increasing the attendance by all legitimate means, such as utilizing the press and financial papers to call attention to it and by arousing enthusiasm in the various chapters. This is one of the important committees and the appointment of Mr. Pettit is peculiarly appropriate, both because of his official position and because of the zeal and earnest efforts he puts into his work and his genuine enthusiasm in chapter affairs.

Mr. Pettit has also been in receipt of numerous letters from delegates to the late convention and they are uniformly of a complimentary nature. F. L. Underwood, of the Hamilton Trust & Savings Bank, of Chattanooga, expresses his pleasure at the enjoyable visit he had here, adding that "the Seattle boys certainly made good." F. M. Cerini, of Oakland, wishes to convey to the chapter officers and members his many thanks for the personal assistance they rendered him during his campaign for the Executive Council and he concludes: "I will certainly try and prove to you all during my term of office that I was worthy." E. H. Callahan, of the National Bank of Commerce of New York, expresses his pleasure at his visit to Seattle and hopes to renew his acquaintance.

The Seattle convention was in every sense a success and such expressions as the foregoing, coming from all sections of the country, serve to accentuate it and make the members feel that their efforts were not expended in vain.—*Seattle Chapter News.*

DEBATE AT SPOKANE.

SPOKANE Chapter heard two addresses and a debate at its meeting the evening of October 6. The speakers were: G. L. Ramsey, president of the Union Bank and Trust company of Helena, Mont., and R. Lewis Rutter, secretary of the Spokane & Eastern Trust company. A debate, "Resolved, That a federal system of bank would best serve the interests of our country," was won by the negative. The affirmative was upheld by James Bradley and F. R. Chamberlain of the Old National bank and John Ritchford of the Fidelity National bank. The speakers for the negative were Charles Allison of the Spokane & Eastern Trust company, J. Smith of the Spokane Exchange National and P. Johnson of the Scandinavian-American bank.

J. O. TIFFANY
First President Spokane Chapter.

JOSEPH BAILEY
President Spokane Chapter.

TACOMA NEWS.

By V. W. Fell.

THE October meeting of Tacoma Chapter held the night of the twelfth was a regular Tacoma Booster meeting in style, the majority of the members turning out, as word had been sent around to all the banks that the first lecture of the course had arrived and at last real work was to be in order. Besides the regular members several of the officials were present to spur the work on.

After the reports of the committees had been heard our president had the first few pages of Lecture No. 1 read to give all present a general idea of the way in which the different subjects were written up.

This reading was followed by a very encouraging and beneficial talk by Mr. F. A. Rice, cashier of the National Bank of Commerce and one Tacoma Chapter's staunchest friends. Mr. Rice urged all the members to take the educational course as laid out by the Institute and follow it through to the finish as a banker of to-day should have a thorough knowledge of banking law enabling him to answer all general questions of his customers in a clear and convincing manner, thus holding their patronage and bringing in new business. Mr. Rice's talk was well spiced with good stories which helped earn the round of applause at the close of the talk.

Before retiring to the National Bank of Commerce lunch rooms where a spread of abundance awaited the members, it was decided to leave the matter of selecting class nights to the Board of Governors who will meet in a few days and report to the chapter in due course.

Mr. Geo. E. Dixon, recently elected assistant cashier of the Fidelity Trust Co. to fill the vacancy left by the resignation of Forbes P. Haskell, is a prominent member of Tacoma Chapter, always helping in every good move and by his hard work bringing in many who hesitated about joining in the chapter work. Mr. Dixon has been with the Fidelity Trust Co. a good many years, in that time making a host of friends, who join with Tacoma Chapter in wishing him every success in his new position.

To Mr. Forbes P. Haskell, who leaves the bank work behind, Tacoma Chapter will always be indebted, and our best wishes follow our benefactor to his new duties. Mr. Haskell leaves the Fidelity Trust Co. to manage the affairs of certain Tacoma capitalists, who needed a man of strong personal character and initiative to successfully handle their large interests.

INSTITUTE ACTIVITIES.

The Chapters Begin Their Fall Work With Renewed Energy.

Tacoma Chapter.

WITH the attendance swelled by the well browned army of returned campers, Tacoma Chapter turned out on the evening of September 13 in large force to take up the work where it was left last year.

Very little could be done along educational lines, as the material for this work was not then ready.

The Ways and Means Committee, true to its promise of furnishing many interesting features this year, introduced to the chapter one of the ablest merchants of the Sound Country, George H. Stone, president of the Stone-Fisher Co. This company operates leading department stores in Tacoma, Seattle and Everett, having met with much success in all three places.

Mr. Stone spoke in an informal way, bringing out many interesting and valuable points, proving each by his audience, at whose members the speaker would send questions, now to one and then to another, in a manner which kept the entire audience an expectant body and producing individual mental work.

At a meeting of the Board of Governors, held at the Commercial Club, during the lunch hour, plans were formulated which if carried out and given proper support by the members will bring Tacoma Chapter well to the front in educational lines.

It is the plan to take up the law course as laid out by the Institute and form a class of those who desire hard work and plenty of it. For those who do not take seriously to the course, a chance for them to become better acquainted with its benefits will be given at each regular meeting of the chapter.

A list of candidates for election to the class of "Fellows" in the Institute was forwarded to New York. All hope at least one may succeed in gaining the desired honor, as the chapter has had much assistance from its friends who were named on the list.

From the present outlook and considering the growth of our city banks, our membership should receive quite a boost in the next few months. However, we feel that with a chapter the size of Tacoma's, much good work may be accomplished, as close touch can be kept on all the members, bringing out many practical suggestions for the welfare of the chapter, some of which might be overlooked if our membership were larger.

V. W. FELL, *Secretary.*

Chicago Chapter.

The first meeting of the season was held Tuesday evening, September 14th, and despite the unfortunate weather conditions, the meeting was successful in every way. We had invited the ladies to participate in the first meeting, and despite the unpropitious weather we were favored by a fairly large attendance of our lady friends. After several musical numbers, E. B. Mann, chairman of the Athletic Committee, presented the medals to the winners of our recent athletic meet. The feature of the evening was a stereopticon lecture by our good friend, Judge Karel of Milwaukee. Judge Karel's lecture was most interesting, his subject being "Alaska," and his distinctive style of telling about the beautiful pictures shown was enjoyed by all. We trust we may have him with us again at some future time.

Our first annual outdoor championships were held on DePaul University Field, September 11. The meet was successful in every way, with the exception of the attendance. The entries were very classy and of good number, splendid marks were made in each event, and those who attended had the satisfaction of seeing a first class meet in every particular. We hope the next time that more of the Chapter members will take advantage of the opportunity of both seeing a good meet and meeting their friends.

All signs point to the present season as being the most successful and satisfactory we have ever had. We have a splendid corps of officers, and the educational and social features, which will be made public in the near future, are sure to stir up the interest of even those members who are hard to please.

HERMAN E. ELLEFSON, *Secretary.*

New York Chapter.

President William M. Rosendale has announced committees for 1909-1910 as follows:

Educational—J. A. Broderick (chairman), M. L. Wicks, Wm. Clements, V. A. Lersner (Brooklyn), M. C. Hilbish.

Speakers—J. A. Neilson (chairman), G. L. Pegram, A. M. Barrett, H. Billman, R. P. Kavanagh.

Entertainment—R. W. Brett (chairman), J. B. Ashworth, A. A. Ekirch, L. N. Roe, W. H. Milliken, H. R. Kinsey, J. H. Thompson.

Finance—M. F. Bauer (chairman), C. W. Cary, J. H. Fallon.

Press—H. L. Tompkins (chairman), C. C. Seifert, R. W. Shelter, I. V. Scott, N. D. Alling.

Membership—T. H. Hunt (chairman), H. M. Baldwin, W. B. Matteson, M. Read, H. E. Stubing.

Reception—C. F. Minor (chairman), E. F. C. Kretz, R. G. Peace, G. J. Hornung, Jr., H. L. Tepe, S. K. Fischer, R. J. Phair, H. S. Andrews, W. H. Sewall, F. H. Corwin, Jr.

Literature—A. L. Kley (chairman), E. M. Riley, J. J. Tuohig, L. J. Grinnon, W. M. Stevens, W. I. Dey, J. F. Wacker.

House—C. M. Becannon (chairman), H. C. Steinau, Aug. Pupke, A. A. Fitzhugh, C. W. Bostwick, G. A. Way, E. H. Callanan.

CHAPTER NOTES.

The Seattle Chapter's Board of Governors is trying to solve the problem of procuring permanent club rooms this fall. The first meet of the Chapter was held in October.

The Salt Lake Chapter resumed work on September 2. The new officers are: Q. B. Kelly, president; William McEwan, vice-president; T. W. Ball, secretary; Ralph R. Sharkey, treasurer; R. C. Barnes, S. M. Mickelsen and Joseph Buzzo, executive committee.

On August 15 the Oakland, Cal., Chapter gave a musical entertainment at the Orpheum theater.

The Philadelphia Chapter held a reception and smoker September 24 at the Chapter rooms, 1701 Chestnut street. The new officers were installed—president, James C. Knox; vice-president, W. S. Evans; secretary, Frank Evers, and treasurer, Walter T. Pratt.

Messrs. Evans and Evers, who were appointed delegates to the Seattle Exposition, made a report, and announcement was made that Leslie M. Shaw and Alba B. Johnson would address the institute. It also was announced that meetings would be held semi-monthly during the winter. There will be formal addresses on banking topics and debates.

Newton B. Alling of New York, the newly elected president of the American Institute of Banking, was feted in Denver by the Denver Chapter of that organization. Mr. Alling was accompanied by E. J. Falkenheimer, J. H. Ruenbeck and S. A. Aehle of St. Louis, and W. L. Evans and Mr. Evers of Philadelphia. The visitors were given an auto ride and a dinner, after which Mr. Alling addressed the Denver Chapter at the Traffic Club.

LUTHER W. MOTT

Vice-President and Cashier First National Bank Oswego, N. Y.; Vice-President New York State Bankers Association; Member Executive Council American Bankers Association.

THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 90 William Street, New York.

Conducted by T. D. MacGregor.

THE PROPER USE OF THE PRINTED MESSAGE AS A MEANS OF PROCURING NEW ACCOUNTS.

By A. M. Ingraham, Cross-Morton Advertising Co., Cleveland, O.

THE use of printed matter as a means of making known the facilities of a bank with a view of procuring new accounts is often questioned by conservative bankers. Moreover, even those bankers, who recognize that new depositors are attracted to an institution as a result of the dissemination of printed matter, somehow feel that certain detrimental influences also accompany the use of booklets, mailing cards, circular letters, etc.

A fair consideration of the subject, however, leads to the following facts in the case. First, any adverse impression which results from the distribution of printed matter, setting forth the facilities of a bank, may be traced directly to the quality of the literature itself.

On account of the exacting character of the banker's duties, he is often led to accept literature which has been prepared by an inexperienced writer. In such so-called bank advertising, there are always many unguarded statements which misrepresent the facts with relation to the service or the safety which a bank affords.

Not only in the wording of literature which is prepared by inexperienced writers are there found serious objections, but the illustrations accompanying the type matter are always crude and in many cases offensive. These deficiencies vitiate the effects of the printed message and truly produce adverse results, as is claimed by many observing bankers.

When the banker, whose time is occupied with the care of the various transactions passing through his hands, undertakes to write a booklet for his own institution, he comes face to face with many a perplexing problem. Those ideas which he has worked out during his banking experience and which seem so simple to him, become enigmas to the readers, when set forth in those technical terms, which the expert banker is so prone to use. He finds it difficult, in many cases impossible, to speak of banking matters without embodying his thoughts in the language of the counting room.

The busy banker is often unable to qualify himself, by a systematic study of our mother tongue, to write in a simple literary style which cannot be misunderstood. On the other hand, the people who are absorbed in their every-day duties are not able to make a sufficient study of technical banking to fully appreciate those expressions in which the language of the banker abounds.

Popular Ignorance of Banking.

The lack of information on financial and banking topics is revealed daily at the window and in the office of every bank. As an illustration, a well-to-do, cultured lady appeared at the counter of a cosmopolitan bank to procure a draft. When the clerk asked in what sum the draft should be drawn, the lady, in surprise, said that she would fill out the amount herself. The president of a corporation was one day confronted with a serious problem. It was pay-day. His treasurer was away. There was not sufficient currency in the office to meet the pay-roll. There were checks drawn to his company in the safe. The president, however, thought that he was helpless in the matter of procuring currency for the pay-roll without drawing on his personal account. He put the matter up to the office force as a serious problem. A clerk in the office suggested that the checks in sufficient amount for the pay-roll be endorsed and cashed. The president immediately propounded a clinching objection, in the fact that the treasurer was not there to endorse the paper. The clerk insisted, however, that the checks could be cashed at the bank, and as a last resort, the office boy was dispatched with the checks. To the surprise of the president, the boy returned in a few moments with the currency to the full amount of the checks. Thus, it often happens that even experienced business men do not understand all of the ins and outs of the simplest banking processes and the advantages which a financial institution affords.

While we are speaking, however, of the mistakes of the laymen, let us remember that bankers commit grievous errors, when they step out of actual bearing into the sphere of the man of letters. Somehow those things which can be talked about with such propriety are difficult to handle when one undertakes to put them into cold type. For example: A banker who had prepared a series of advertisements of which he was very proud, submitted the fruit of his pen to a writer of bank literature, more for the sake of approval than for any other reason. The banker was the active officer of a savings department, and he desired to increase his savings accounts by means of newspaper advertising. The first advertisement advocated abstinence from the use of cigars and tobacco, in order to save the money thus used and establish a savings account. The second advertisement recommended cutting out theatre going, for the same worthy object. The writer to whom the advertisements were submitted immediately pointed out that only small accounts could be assured by these advertisements, while they would doubtless antagonize the tobacconists and the management of the local theatre to such an extent that their accounts (and by the way the bank carried several thousand dollars for these business concerns) would be withdrawn and placed elsewhere.

A Cashier's Mistake.

The cashier of a national bank in advertising his exchange department recommended strongly the use of the bank's domestic exchange when purchasing goods in other cities. It so happened that the mail order houses were making great inroads on the business of local merchants. This advertisement was immediately interpreted to mean that the First National Bank was aiding and abetting the mail order houses. A large number of local merchants immediately changed their banking relations, and it was only by accident that the cashier learned the cause.

In the preparation of even a few words for a newspaper advertisement, the greatest skill and most careful thought are required. It cannot be expected that a banker who is busy with his routine duties can see all of the kinks and turns in the use of the English language. For this reason many bankers refuse to use the printed message as the means of enlarging the volume of business transacted through their respective institutions.

There is, however, a proper use of the printed message. When carefully prepared, the printed message represents the institution by which it is issued with unfailing fidelity. It never overstates. It makes no vague promises which lead to misunderstandings. It presents with scientific exactness the facilities which the bank affords. It describes the equipment vividly and attractively. It becomes the best representative that the banker can choose. It makes an impression far stronger than the spoken word. It gets the attention of the reader during those quiet moments when the best impression can be made. It multiplies the banker's opportunities to speak of the advantages of his bank. It goes where his voice is never heard. It is a silent, yet forceful means of bringing new depositors and patrons to a financial institution.

There are several proper forms in which the printed message may be embodied. It may be a short letter, speaking of the bank's ability to serve the individual patron. It may be a booklet, describing the bank's equipment. It may be a newspaper advertisement, setting forth the wisdom of a sav-

FOUR ROBBERIES AND HOLD UPS

of the last week, remind us that possibly you have some money secreted in some place about your home which you think is safe. Don't you think now is a good time to place it in a good strong bank that carries burglary and hold up robbery insurance?

This bank is absolutely protected against robbery, carrying at all times $20,000.00 of burglary insurance, as a protection to its depositors.

We pay interest at the rate of three per cent per annum on sums of $100.00 and over, compounded every six months.

Bring your idle funds to this bank and let them be earning something. It is not safe about the house, as we know not when thieves may break in and steal.

The First National Bank of Northfork

Northfork, West Virginia

Capital, Surplus and Stockholder's Liability, $120,000.00

Under United States Government Supervision

A Timely Ad.

ings account. In whatever form the printed message appears there should be a strict harmony between the reading matter of the message and the style in which it is printed. The message in its wording and printing should be in strict conformity with the dignity and conservatism of the institution by which it is issued.

In order to use the printed message effectively, only a moderate expense is required and no elaborate equipment is necessary. Its success depends more upon the persistence with which it is used than upon the extent to which used at any one time. That is to say, a moderate supply of printed matter on various banking facilities, used with discretion during the period of one year, is far more valuable than if it is all distributed during a month.

When the banker's duties are such that he cannot personally prepare appropriate printed matter for his institution, he should procure the assistance of a capable, experienced writer, who has had unquestioned success. Service of this kind, however, should be strictly confidential. The public will always be impressed more favorably, if the printed matter comes from the officers themselves than when it is known to come from an employed advertising man.

BANKERS' NEGLECT OF MONEY MAKING POSSIBILITIES.

By G. P. Blackiston, Pittsburgh, Pa.

WHILE incredulous astonishment may be the first result of a glance at the title of this article, nevertheless that same title aptly sums up the ideas herein expressed.

There is hardly a branch of modern business that has remained in such a dormant

G. P. Blackiston.

state as that of bank advertising—a state that is far from healthy and one not in keeping with the reputation for careful financing enjoyed by the average bank.

Roughly speaking, the main purpose of banking, apart from filling its place as the most important cog in the commercial wheel, is to make money "earn its keep" and as much more as it can with safety.

The amount that some bankers can make money earn over "its keep" shows them to be possessed of a money-making sense that is almost uncanny.

Yet these same men, where advertising is concerned, exhibit a lack of common sense to which the youngest clerk in a bank would be ashamed to plead guilty.

Just why this should be so is a cause for wonder on the part of any one who knows anything about banking and advertising. Banking, from an advertiser's standpoint, is one of the cleanest propositions in the world —a proposition that reveals wonderful possibilities in the way of handling it and the results it is possible to produce. With these facts in view, some of the work that is being done makes a real publicity man abstract quantities of his hair, and seriously consider the wholesale assassination of the persons responsible for it.

Good Advertising Foundation.

The subject dealt with concerns a real concrete thing that everybody knows about, that everybody is interested in—and wants. Here we have the foundation of any successful advertising campaign—a desire for the thing advertised—a condition that, in most cases, requires the expenditure of a vast amount of money, time and hard brain work.

An absolutely ideal advertising situation is here presented. How is it handled?

Instead of recognizing and grasping the opportunity of securing all the business permitted by their resources, some bankers sit back and fondly imagine that the deposits of the bank will grow solely through the attraction of its standing in the financial world and the weight of the names of its board of directors, said directors usually being referred to as "solid and substantial citizens."

Others, while they do advertise, confine themselves to a stereotyped card containing the name of the bank, its capital and surplus and the names of its principal officers. Fancy a department store filling valuable white space with a statement like that and saying nothing about the merits of the goods it deals in. Now, no doubt some persons who read this will be offended at that bank-department-store comparison.

There is no cause for offence in that statement because both are engaged in the business of making money, the method of making it, so long as it is legitimate, being immaterial. The mere fact that a bank deals in money exclusively is no reason why it should be barred from using every legitimate means of getting maximum dividends.

When a large loan is being negotiated, say for a manufacturer with his business as security, the plant and the methods of handling its output are submitted to a rigid investigation at the hands of the banker making the loan. Very likely an expert is called in to see if the advertising of the product is getting maximum results. If it isn't getting those results, steps are taken to correct the fault before the loan is made. This would be done on the ground that any well managed plant should be made to work to the limit of its capacity.

Unusual Financial Copy.

Is Advertising Dignified?

That same banker very seldom applies that logic to the conduct of his own business. Ask him why he does not avail himself of modern advertising methods, and lo and behold his answer is, "It's not dignified." Why?

What is there in the practice of banking that renders it undignified when it is freely discussed? Nothing that the writer can see. Yet some bankers seem to think (at least so their attitude suggests) that there is something about their particular way of making money that puts it in a class by itself.

Just what that something consists of has not yet been disclosed. Possibly this attitude of theirs is due to the fact that at stated periods bankers get together in a convention or mutual admiration society and indulge in an extended "talk-fest" about the weight of responsibility carried by the bankers of the country. They have been so impressed with the idea that the material well being of the nation was dependent on their personalities that they could find no time to consider such a trifle as sensible advertising—a trifle that has been and is the constructive factor in some world-famous commercial successes.

The constant reiteration by bankers of that word "*dignified*" tempts one to quote Dickens when he says: "Strip the bishop of his apron, the counsellor of his gown and beadle of his cocked hat, what are they? Men, mere men. Dignity and even holiness, too, sometimes, are more questions of coat and waistcoat than some people imagine."

A few minutes' contemplation of that statement ought to suggest to any banker that a frank man-to-man discussion of any business is the surest and easiest way to inspire confidence—and confidence is the foundation of financial success.

There may be a number of ideas here set down that won't appeal to bankers, but they were not set down for the purpose of appealing to anybody. They are the opinions of an advertising man who perhaps may be accused of looking at everything through a film of printer's ink. But that advertising man has made a study of the situation and knows what a cloud of misunderstanding obscures the public's view of banking. The field is wide and responds bountifully to cultivation. It offers wonderful opportunities to the banker who will talk frankly to the people about what he has and why they should use it. If he has nothing worth talking about, he ought to get something. If he doesn't know how to get that something, he should step down and make room for some one who does—that's modern American business.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

ASSISTANT Cashier F. B. Dietrick of the First National Bank of Waterloo, Iowa, writes:

I hand you herewith last page of a "Waterloo Central Labor Union" booklet, upon which we ran the enclosed ad.

This was gotten up by our cashier and we think it looks pretty good, however, we would be pleased to have the opinion of your advertising expert.

We are considerably interested in this department as carried on in your valuable publication and read it with a good deal of profit.

There are many good points in this ad. reproduced herewith, but it is not necessary

> **Established in 1865**
>
> With a Paid Up Capital of
>
> **Two Hundred Thousand Dollars**
>
> and Surplus and Profits of over
>
> **One Hundred and Fifty Thousand Dollars**
>
> Consistently adhering to legitimate commercial banking, loaning money to its customers in reasonable amounts,
>
> **The**
>
> **First National Bank**
>
> **of Waterloo, Iowa**
>
> Having had some confidence in some people all of the time, has added daily to its list of patrons, and now with total resources of in round numbers nearly
>
> **Two Million Dollars**
>
> Is better than ever prepared to care for and handle accounts of large and small dealers, and continues to solicit your business, promising all the courtesies usually extended by a carefully conducted bank
>
> **4% ON TIME DEPOSITS**
> **4% ON SAVINGS DEPOSITS**
>
> **Officers and Directors**
>
> F. J. FOWLER, President; F. J. EIGHMEY, Cashier & V. P.; F. B. DIETRICK, Asst. Cash; F. P. HURST, Asst. Cash; H. H. COWLES, Asst. Cash
>
> J. W. RATH, C. F. FOWLER, JAMES BLACK, F. J. EIGHMEY, F. J. FOWLER, T. W. PLACE, H. W. GROUT, J. T. SULLIVAN, A. M. PLACE, W. W. MARSH, J. O. TRUMBAUER

Perfect Typographical Balance.

or advisable to write an ad. of this size all in one sentence. The printer has done his best and the ad. is perfectly balanced typographically—too perfectly for strength. There are too many display lines. They shout at each other. It would be better to pick out one strong point and feature it. Other talking points can be brought in incidentally, if necessary.

John L. Sheef, cashier of the Northumberland National Bank of Northumberland, Pa., says:

We are interested in adertising and take pleasure in handing you one of our statements of Comptroller's call of September 1, 1909. We distribute such a folder at each call throughout the year, with good results.

We are always pleased to receive the magazine, and more especially to read the columns of successful bank advertising in the Banking Publicity Department.

The statement folder referred to is a good one, although it does not contain much definite information concerning the institution (aside from the financial statement). There is room on the folder to print a stronger advertising story than is being done. But the figures mean a good deal and so doubtless do the names of officers and directors who are doubtless well known in the community. A tipped on cut of the bank building is also a good feature.

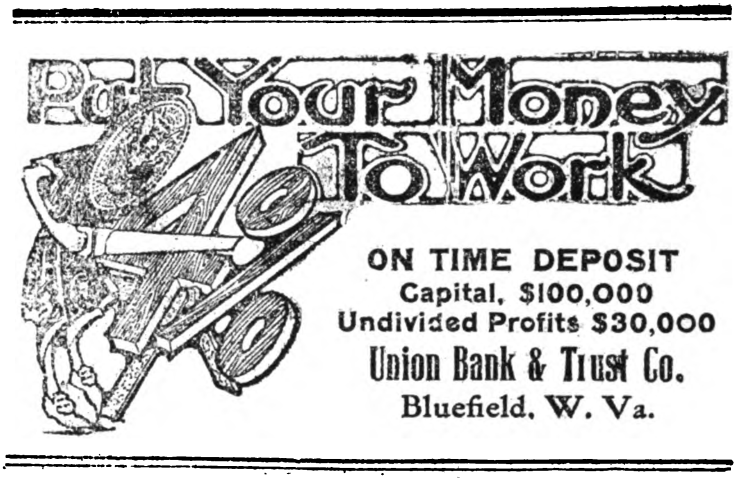
Old Man Money, in the Union Bank and Trust Co. ad., like Cassius, "Hath a lean and hungry look," not generally associated with opulence. And are we to understand from this illustration that the four per cent. interest rate is to be cut in two?

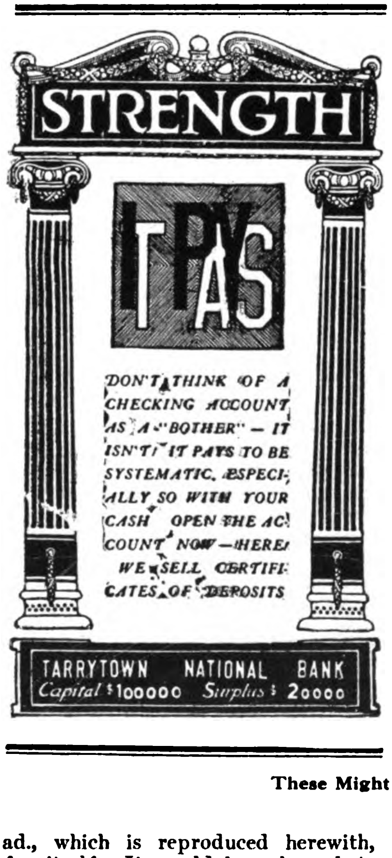
The only strong thing about the Tarrytown National's ad. is the word STRENGTH. It is very pretty and lady-like, but there's nothing compelling about that kind of copy.

That ad. of the Home Savings and State Bank is right up to date, not only in the girl's "peach basket" hat, but in the truly businesslike way in which the young man is offering, not his heart and hand, but his bank book to the lady of his choice. Possibly because love-making is usually treated with a light touch, such an ad. as this is all right for a savings bank, but we think that a plain statement of facts, showing how some young man was able to save, say, $1,000 to start housekeeping on, would be more to the point.

Mr. W. W. Clarke of the Jackson City (Mich) Bank writes:

I have followed your articles on bank advertising since the department was started in The Bankers Magazine. I have found them very interesting. In the enclosed ad. which appeared in a recent number of the Jackson City Bank News, a small monthly paper which we are getting out, I have tried to embody some of the suggestions given in your pages. I will appreciate any criticism that you can give me, for I fully realize that in this way I can greatly improve my work.





These Might Be Stronger.

The ad., which is reproduced herewith, speaks for itself. It would have been better if it had a good headline, although as it appeared in a house organ published entirely in the interest of the bank that is not so great a desideratum as it would be if the ad. had appeared alone in a general publication. The advertisement contains some strong talking points and is well arranged typographically. Mr. Clarke is an apt pupil and we are glad to have been able to help him.

Later Mr. Clarke wrote us as follows:

I thank you heartily for replying to my letter of October 5, and I am very grateful for your favorable comment upon the ad. which I sent you.

I read with much interest the discussion in The Bankers Magazine upon the advisability of a border peculiar to the bank issuing the ad. About the only place where we have use for a distinctive border is in

The Jackson City Bank building is situated on the north side of Main, two alleys below Jackson Street.

We are open for business from 9:00 A. M. until 3:00 P. M. every day except Sundays and holidays. Also from 7:00 until 8:00 on Saturday evenings for the convenience of those who are unable to come in during the week.

We are fully equipped to give our customers the best banking service possible, and in addition, we are continually trying to add to the advantages we offer you.

Detroit and Chicago daily papers are on file, giving the latest market quotations.

Up-to-date railroad and steamship guides, renewed each month, are available for your use.

A lawyer and several notaries, belonging to our staff, are at your service, and a German-speaking teller is provided for the convenience of our foreign customers.

These are a few of the little-out-of-the-ordinary features of the Jackson City Bank, which many of our customers have been kind enough to say have been helpful to them.

JACKSON CITY BANK

SIXTY YEARS

A Neat and Effective Ad.

the newspapers, and I have always considered it much better not to use a border for two very good reasons in my opinion: first, that practically all of the ads. in the newspapers at present have a border, and when our ad. doesn't it makes it stand out very forcibly, and second, if there is no border we get at least a quarter of an inch top and bottom and sides extra space, making our ads. really half an inch larger each way without costing us anything extra. I am a great believer in white space, and the more white space the ad. has the better, especially when ads. along side of it are crowded with copy.

I hope to be able to send you some more of our work in the future, and so reap the benefits of your criticisms which you so kindly offer to give me.

INDIVIDUALITY—THE ESSENTIAL FACTOR IN BANK ADVERTISING.

By Francis R. Morison.

Of all classes of business, that of banking depends pre-eminently upon the confidence of the public, and in most instances where there is a lack of confidence, it is primarily due to ignorance. Now the greatest eradicator of ignorance, the greatest means of strengthening confidence, the greatest builder of deposits, is dignified modern advertising.

Could bankers meet prospective patrons face to face and talk with them, they could readily impress them with the advantageous facilities, service and safety afforded by banks or trust companies as depositories for their funds. Owing to the exigencies of modern business, however, this is impracticable, so that it is necessary for them to talk to the majority of possible clients through advertising, and unless this advertising is as distinctive as their own individuality it will not yield them adequate returns.

An enthusiastic member of a bond firm once wrote an advertisement to promote the sale of a certain issue of securities, urging the public to buy without delay, and concluded with the statement: "Julius Caesar did not wait for Opportunity to knock at his door, he opened it and admitted her." The senior partner read the effusion, and asked: "Why should we advertise Julius Caesar with our money?"

Take fifty of the average bank advertisements, forty of them will have a similarity that nullifies their effectiveness.

If a man wishes to build up his physical condition, he consults a physician, who understands the laws of health. Similarly, when a banker wishes to build up his institution by publicity he will do well to consult a specialist in bank advertising.

Now, the arrangement of advertisements and their substance should be so individual that they portray the strength and facilities of the particular bank or trust company advertised, to the exclusion of all others. Moreover, what they say and the manner in which they say it should be adapted to the special locality of the institution, for advertisements and methods that have achieved success in one section of the country are likely to prove a sheer waste of money in another.

There are some banks and trust companies that only publish their names, the amount of their capital and surplus and perhaps a list of their officers and directors. While such tombstone-like advertisements may answer the purpose of keeping the name of the institution in the minds of other bankers because of the country-wide reputation enjoyed by the bank or trust company, such method for a bank or trust company desirous of increasing business by advertising would be characterized chiefly by the entire lack of results. Bankers in their advertisements must give some concrete reason why the public should deposit money in their institution. By their very nature, all banks and trust companies are more or less alike, and unless attention is drawn to some specific features, the people reading the advertisements, while realizing the advantages of maintaining savings or checking accounts, are just as likely to deposit their funds in some other bank as they are in the bank whose advertisement attracted their attention.

Seldom do the officers of banks and trust companies realize the talking points of their institutions. Every financial institution has a number of distinctive features which should recommend it to the public, and it is in the development of this individuality that the experience of an advertising specialist is required and achieves results.

ADVERTISING AGENCIES.

Short Extracts from Recent Articles in the New York Commercial.

ADVERTISING agencies are of two kinds: (1) the "old style"—those that perform merely clerical services or act merely as brokers in white space; and (2) the "modern"—those that render the advertiser professional, result-producing service.

The modern, financial, professional "service" agency knows the work of Wall Street, has an intimate acquaintance with the investment world, and is constantly in close touch with financial news and developments the world over.

Such an agency not only acts as advertising counsel, but maps out and handles the entire advertising campaign, and places at your service a completely equipped advertising organization. These services and facilities cost no more than the publications would charge for the advertising if placed direct by the advertiser. The advertiser, by securing this co-operation and assistance, has everything to gain and nothing to lose.—Dr. Channing Rudd.

Thus, the ideal advertising agent is a many-sided individual who by reason of his liberal education, special training, wide experience, careful attention to details, etc., is peculiarly fitted to handle your advertising. He has gained your confidence. He enters into the very life of your organization. He appreciates that advertising is a delicate art of conveying not only your thought but your personality to others through the printed page. He feels that he has a large measure of responsibility for your success or failure. He knows that your success must be assured before he can succeed. He is one who can be thoroughly trusted to take your proposition and shape it up in a clear, succinct manner, following up the typographical effects, so that when you pick up your papers the following morning you will have the satisfaction of finding your most convincing arguments presented in keeping with the dignity and character of your house. Throw the burden of your advertising on your agent who should be thoroughly qualified to relieve you of its many details. If he does not measure up to your standard, it is time to look around for another man who will worthily represent you. As the publications pay the advertising agent his commissions, it costs you no more in actual cash to have the most expert service. The inefficient agent costs you more than the expert by reason of wasting that which is of most value to you, your valuable time. What the business world needs today is advertising men competent to render SERVICE and not merely to act as copy-chasers and potterers.

MORE HORRIBLE EXAMPLES.

News Items that can be used in Bank Ads.

Picture Frame Bank "Busted."

FEARING to trust his hoard to any of the local banking institutions, Frank Sckolski, South Scranton, Pa., secreted it behind a picture in his home. One day last week during his temporary absence some enterprising stranger cleaned out the "bank." Frank is now looking for a safer place of deposit.

Apropos Illustrated Ad.

She Wouldn't Trust the Bank.

Mammoth Springs, Ark., Aug. 25.—When Mrs. Kate Williams sold her home near Mammoth Springs several days ago, evidently recalling a previous experience when she lost $10,000 with the collapse of a local bank, she stowed the money, $3,000, in a leather satchel and elected to be its guardian. Early yesterday a small band of men rode into Mammoth Springs, robbed the home of Robert Griffith, at which Mrs. Williams was a guest and made off with the satchel. Leaving Mammoth Springs the men covered their tracks with a liberal use of cayenne pepper.

LEFT $15,000 ON A TRAIN.

Brooklyn Woman Wouldn't Trust Banks With It—Offers $1,000 Reward.

A poorly dressed, elderly woman, evidently greatly troubled, entered the law offices of Page, Crawford & Tuska at 32 Liberty street yesterday afternoon.

"I want you to help me find $15,000 which I have lost. It represents my savings for years as well as some money I recently inherited," she told Benjamin Tuska, the only member of the firm in the office at the time.

"I am a trained nurse and live in Brooklyn. I have always earned a good salary and have put by most of it. I was in the habit of depositing it in a trust company. Then I inherited some money. I deposited that in a trust company, too.

"But the panic shook my faith in trust companies, and recently I have been keeping the money in my house. It was done up in a sealed package, exactly as when I took it from the trust company.

"A friend told me of a safe mortgage in which to invest the money, and a week ago I put the sealed package of money in a black handbag and, leaving my home in Brooklyn, came over to Manhattan in the Subway. I placed the bag beside me on the seat and, in quitting the train, left the bag behind.

"I discovered my loss as soon as I had left the Subway station and ran back, only to find that the train was gone. Since then I have visited the offices of the railway company every day in hopes that the package would be returned. But it hasn't been."—New York Times.

THE "B. M." IS READ.

The Banking Publicity Department Attracts Attention.

THAT this department of The Bankers Magazine is well read is evident from the following item which recently appeared in the Beaumont (Tex.) "Enterprise:"

APPRECIATED PRAISE.

First National Bank of This City Receives Compliment.

The Bankers Magazine, a periodical which ranks as the most conservative and oldest financial publication in the United States, in its current issue pays the First National Bank a very high compliment on its advertising. The magazine says:

"The First National Bank of Beaumont, Texas, runs an advertisement which speaks volumes for the growth of that city as well as the growth of the bank itself. The ad. which appeared in a local newspaper, printed in red and black ink, is as follows."

Then follows the advertisement which was published several times recently in the Enterprise. In addition to and as a result of this item in The Bankers Magazine, the First National has been receiving a number of letters from banks over the country asking for copies of the ad. and these are being furnished by sending a copy of the Enterprise containing the ad.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

THE First Trust and Savings Bank of Alton, Ill., makes use of a celluloid blotter bearing its ad. on the back.

"The Solicitor" is the name of a little monthly house organ issued by the Wachovia Loan and Trust Company, Winston-Salem, N. C. It contains a lot of good and right-to-the-point advertising matter. The First National Bank of Joliet, Ill., continues to issue an interesting house organ, called "The Banker."

"Where Money is Made" is the title of an interesting illustrated booklet, issued by the Citizens' Savings and Trust Company of Cleveland. It illustrates and explains various processes employed in making money at the United States Mint, Philadelphia, Pennsylvania, and The Treasury, at Washington, D. C.

The First State Bank of Lankin, North Dakota, issued a good folder during the recent harvest season. It was printed over a gold-colored tint block, giving views of the wheat fields. On the first page was reproduced Will Carleton's poem, "Song of the Reaper."

The Royal Bank of Canada has issued a handsomely printed and embossed statement in Spanish for use in Cuba, where the bank has eleven branches.

Naturally, the Fulton Trust Company ot New York took advantage of the recent Hudson-Fulton celebration in its advertising. One feature was the sending out of a post card with a picture of Fulton and the Clermont on one side and a program of the various events of the celebration on the other.

Gouverneur is located in the dairy region of northern New York. In its last statement folder the First National Bank of that place calls attention to the fact that it carries the accounts of twenty-three different cheese factories. This bank has resources of almost half a million dollars.

"Deposits by Mail at Six Per Cent" is the name of a new booklet being sent out by the Salt Lake Security and Trust Co. of Salt Lake City. The booklet explains the facts which go to show that depositing by mail with the company at that rate is safe and reasonable.

The Northwestern National Bank of Minneapolis, Minn., prints a monthly review of market and crop conditions, etc. The September number contains a good article on the benefits and possibilities of association work.

The First National Bank of St. Cloud, Minn., on its last statement folder explains "Par Lists" as follows:

> By this term, in banking, is meant a record of the names of those towns and cities where no charge is made by the banks for payment of checks, on them, which are sent for credit or remittance. These "lists" are furnished by correspondent banks and are a guide in determining the routing of checks in order to save exchange charges.
>
> In this respect the First National Bank of St. Cloud presents exceptional advantages to its depositors. We offer our customers the par points of twelve large banks located in six of the principal cities of the United States.

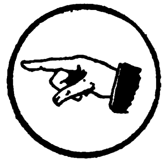
There is the right kind of a "handshake" in the advertisement of Judson G. Wall & Sons, which appears elsewhere in this issue of the magazine. We reproduce one paragraph of it herewith:

> Our out-of-town correspondents frequently find the need of a representative in New York city, to attend to such matters as are usually entrusted to a personal friend. Our relations with our correspondents are of such an intimate nature that we are frequently called upon for such personal service as engaging rooms at hotels, engaging accommodations for steamship parties, meeting friends arriving or departing on the steamships, and doing many other little courtesies that bring us into close, intimate relationship with our customers and their friends. We are pleased to extend these courtesies, and do so without any charge, finding our entire recompense in the increased feeling of mutual interests between us and our customers.

The Commonwealth Trust Company of Boston makes a special effort to interest

LITTLE LESSONS IN FINANCE

The Growth of Financial Knowledge.



After the development of the letter of exchange very little change was made in the methods of banking, but a fund of knowledge was acquired, which was utilized in adding to the stability of the money markets of the world.

Oftentimes a country would neglect its finances. Conditions of trade became so that more was being imported than exported and not enough new wealth was being created to offset the difference—plainly speaking, the country was buying more than it had means of paying for. The result was the approach of national bankruptcy. In this event some prominent bankers were called in to supervise the national finances—to effect economies—increase taxation—impose extra duties on imports. These matters were so arranged that in time the "balance of trade" was restored and prosperity returned.

This will give you some idea of the intricate problems handled by national financiers who, through the experience gained, learned that certain rules governed finance and must be adhered to in order to insure the financial safety of a country.

Our trust department is fully equipped to advise you concerning the rules to obey in the conduct of *your* affairs.

THE SAFE DEPOSIT & TRUST CO. *of Pittsburgh*

Tabloid History Lessons.

women customers by means of the following form letter:

Dear Madam:

Our banking house on Summer street, halfway between the South Terminal Station and Washington street, is most convenient for ladies, or other suburban shoppers, who enter Boston through that station. If you keep a bank account at the Commonwealth Trust Company you can stop at the bank to cash checks on the way from the station.

Our safe deposit vaults and private rooms will also be found of great advantage to ladies coming to the shopping district by this route.

Even though you may not be ready to open a bank account at present we invite you to call and inspect the building.

The officers are always ready to be consulted upon financial or investment questions and will be glad to place their experience in such matters at your disposal.

Very truly yours,

GEORGE S. MUMFORD,
President.

This company also makes good use of a map to show the location of its building. The map is printed on the inside of a folder containing a concise statement of facts concerning this institution.

The National Bank of Savannah, Ga., sent out tri-colored mailing slips containing this invitation:

THE NATIONAL BANK OF SAVANNAH
Welcomes You To
THE GREAT AIRSHIP RACES.
November 1 to 6, Savannah, Ga.
You are Invited. I'll Be There. Will You?

A good savings bank ad. for juvenile business is this of the Home Savings Bank of Brooklyn:

A LITTLE BOY
WITH THIRTY CENTS

Came into our bank the other day. Taking out two school pass books, he carefully examined them, counted out fifteen cents for each, placed the money in the books and handed them in—**just like "grown-up folks."**

This youngster is starting right. He is getting the saving habit. He is learning to do his own banking.

We are not particularly concerned about the **thirty cents**—we are after the **boy.** We treat such depositors just like men and women—only "more so." **Let us show you.**

With a recent statement the City National Bank of Belfast, Me., published a review of the business outlook for the United States. It also gives facts concerning the business outlook in its own state and county and concludes with an illustrated account of the bank's equipment and facilities.

BANK ADVERTISING NOTES.

"THE bureau drawer may be a good place for clothing and toilet articles, but it is no place for money." —Home Savings Banks, Brooklyn.

A good financial dictionary comes in handy when you are writing bank ads., because it helps you to translate technical expressions into everyday language.

A series of ads. explaining the duties of the various officers and employes of the bank is interesting and can be made effective.

Now is the time to get school savings bank plans under way. It is first class advertising to get people talking about your bank in the home circle.

"Red ink on a savings bank book is 'easy money.' It is a sign of thrift—a certificate of good habits. It is a reward for past labor—money for which you did not have to work."—Home Savings Bank, Brooklyn.

MONEY ORDER SYSTEM ARRANGED WITH MEXICO.

THE United States Post-Office Department has issued the following announcement dated August 16:

Postmasters at money-order offices are hereby notified that on and after October 1, 1909, money orders may be drawn at any money-order office in the United States for payment in Mexico. Such orders will be drawn on the domestic form, and for orders issued in this country the domestic scale of fees will be charged. The instructions contained in Circular No. 6377 relative to the transaction of money-order business with Canada, Cuba, and certain other countries, will apply in general to the transaction of money-order business with Mexico.

Money orders issued in Mexico will be drawn in Mexican currency (pesos and centavos) and will be payable in the United States at the rate of $1 for every 2 pesos, 1 cent for every 2 centavos.

The parcel-post arrangement with Mexico includes all the larger post-offices in Mexico, to which 11-pound packages may be sent.

A SUCCESSFUL BANK OF THE MIDDLE WEST.

FOR years the citizens of Detroit, Mich., have boasted of their pretty and very attractive parks, boulevards and homes, and while they are still proud of these features, their large and extensive industrial and financial interests have begun to attract the attention of the business world. Not the least entitled to notice, and one of the institutions whose growth is considered remarkable, is the National Bank of Commerce.

Launched June 1, 1907, just as the skies were shadowed by the threatening financial crisis, this ambitious youngster forged ahead with a steady and consistent increase, showing in the last statement to the Comptroller of the Currency, total deposits of $5,409,178.19, having been in business just two years and three months.

Organized with the modest capital of $750,000, a surplus of $150,000, and now with undivided profits of over $75,000, the stock of this bank is being held very closely. The distribution of the stock among active business men has no doubt been a factor in the bank's development, and the way they regard it as an investment is perhaps best illustrated by the fact that at the present time there is practically none offered on the market.

The selection of the board of directors was a most happy combination. Enthusiastic, interested, representative men, intensively alive to the requirements of a progressive bank, safeguarding it by broad experience and knowledge acquired through varied interests, they have amply demonstrated their wisdom and ability by the success of the bank.

The following is a list of the men comprising the directorate:

Frederick M. Alger, treasurer Alger, Smith & Company; James Couzens, treasurer Ford Motor Company; Wm. L. Davies, president Acme White Lead & Color Works; Edwin Denby, lawyer and Congressman First District of Michigan; Ralph M. Dyer, secretary Trussed Concrete Steel Company; G. B. Gunderson, secretary and treasurer Detroit Stove Works; Wm. P. Hamilton, president Clinton Woolen Manufacturing Company; Charles H. Hodges, president Detroit Lubricator Company; James Inglis, president American Blower Company; Lewis H. Jones, president Detroit Copper & Brass Rolling Mills; Richard P. Joy, president; Edward M. Mancourt, western manager Consolidation Coal Company; Edwin H. Nelson, president, Nelson, Baker & Company; John S. Newberry, president Detroit Steel Casting Company; R. Adlington Newman; Henry H. Sanger, cashier; Edward D. Stair, president Detroit Free Press; Ernest T. Tappey, secretary Universal Button Company; Benjamin S. Warren, lawyer and president Hutchins Car Roofing Company; and Charles B. Warren, lawyer, counsel for the bank.

At the head of the National Bank of Commerce, as president stands Richard P. Joy, ex-controller of the city of Detroit,

RICHARD P. JOY
President National Bank of Commerce, Detroit.

who gives the bank his undivided attention. Mr. Joy comes from one of Detroit's oldest and wealthiest families, is a man of large financial interests, and in every way well qualified to fill this responsible and important position. He is, in addition to being a banker, actively interested in the civic life of his city, a well informed student of foreign trade relations, and with it all has a most genial and democratic personality.

If any one man deserves more credit than others for the inception and success of this bank it is the cashier, Henry H. Sanger. From the time it was simply an idea, he has been untiring in his efforts, not only to make it a large bank, but also a strong bank and a bank of service. He secured his banking knowledge by actual experience in the First National and the Commercial National Banks, from the latter of which he left the position of assistant cashier to organize the National Bank of Commerce of Detroit. He is a good judge of securities, a keen observer, has a large acquaintance and a host of friends.

HARRY H. SANGER
Cashier National Bank of Commerce, Detroit.

Charles R. Talbot, assistant cashier, and Samuel R. Kingston, auditor, are products of the "started as messenger system," coming up through the various departments of other banks, and being chosen junior officers by Mr. Sanger, when he started the National Bank of Commerce.

Everywhere in the office, courtesy and consideration of the bank's customers are required, everyone connected with the organization seeming to realize that the policy of the "public be pleased" is the most profitable. A competent and well selected clerical force ably assist in making the relation between depositor and bank an agreeable one.

Several times since opening for business it has been predicted that the National Bank of Commerce had secured its "growth," but each succeeding statement has shown a nice percentage of gain, the one issued September 1, 1909, showing an increase of forty-two per cent. over the same date the year previous.

At the present time an office on the ground floor, just under the present location, is being refitted, the volume of business necessitating more room. This will relieve the public of the inconvenience necessary to a second story office and no doubt prove a wise move in continuing the progress of this bank, whose record of growth has never been equalled in Michigan's banking history.

LETTER TO THE EDITOR.

Editor Bankers Magazine:

It has been suggested by several officials, that a special class be formed, available to bank clerks and employes of banking institutions, to comprehend practical training and instruction applicable to the analyzation of statements submitted for credit, and covering the many different classes of business, some of which are known as hazardous and speculative, whether applying to manufacturing or regular buying and selling.

A knowledge of the details of the various lines of business would act as a finger post in determining the credibility of the statements submitted by clients to the bank.

While a number of bank clerks, cashiers and presidents of financial institutions are taking up a correspondence course in expert accounting, they have made a suggestion that the banking community would favor the formation of a personal class, conducted by a competent, expert instructor, provided a special class, available to banking employes only, was formed, which would be available to residents of New York City and vicinity.

The analyzation of inventories, which usually comprehend the greater resources of an institution, in many instances leads to knowledge of bankrupt conditions and prevents loss to bankers, and if you consider this matter of interest to your readers, I should be glad to have it brought to their attention.

Faithfully yours,

FRANK R. BROAKER, C. P. A.

150 Nassau St., New York,
October 22, 1909.

SAFE DEPOSIT

THIS department of THE BANKERS MAGAZINE is for the benefit of all readers interested in safety deposit. It is open to contributions from any source, the purpose being to make it a place of exchange for good ideas in this branch of the banking business. For reproduction in this department, we would be pleased to receive photographs of safe deposit vaults, customers' rooms, or copies of unusual safe deposit advertisements. We invite correspondence as to new methods of handling this business and approved means of increasing it.

OLD AND NEW SECRETS OF SAFE DEPOSIT SUCCESS.

By John P. Carter, for Almost Twenty-five Years Custodian of Security Vault of the Lincoln Safe Deposit Company, New York.

EDITOR'S NOTE.—This article was written by request. While it contains a good deal about one institution, it is of general interest and value. Officers of other safe deposit companies are accorded a similar privilege to use the columns of this department to describe their vaults and give, for the benefit of others, the results of their experience.

STATISTICS testify to the great success of the safe deposit system. In 1861, Francis H. Jencks, fathered the idea by incorporating the Safe Deposit Company of New York, and opening the first and absolutely unique safe deposit institution which the sincere flattery of imitation has duly established as a necessity in our progressive times. The golden jubilee of the Jencks system is not yet at hand, but at the present writing many thousands of safe-deposit houses prosper in America, one hundred and twenty of these being located in New York City alone. This is a phenomenal number as contrasted with the single institution on Broadway less than five decades ago.

The secret of the pioneer safe-deposit company's success and the marvelous development og its idea undoubtedly is found in the fact that it satisfactorily filled a need universal and imperative. Alike to the individual and the family, the public and the government, the first safe-deposit house and security-vault opened timely and welcome sanctuary. Private fortunes and public funds, petty tradesmen and mighty corporations, simultaneously benefited by the novel establishment. It was a means not only of invincible protection, but of assured personal safety for the possessors and administrators of property who were previously in peril of plunder and violence.

For six years the memorable Mr. Jencks' New York Safe Deposit Company held exclusive and undisputed sway. Then, in '67, '72, '75, and '80, respectively, the Long Island, Brooklyn City, Mercantile, and Bankers' Safe Deposit Companies sprang like striplings from the paternal tree. In 1881, twenty years after the original foundation, was inaugurated the Lincoln Safe Deposit Company, destined to shine as a fixed star of first magnitude in the safe deposit galaxy of New York City.

The passing tribute of mere recognition and mention of the Lincoln's esteemed seniors, given herewith, by no means does justice to these gallant predecessors of honored standing, but to tell the full details regarding their efforts and triumphs seems the exclusive and pleasant privilege of their respective spokesmen.

AN INTERESTING HISTORY.

The history of the Lincoln Safe Deposit Company, is familiar to many interested in safe deposit matters. The burning in 1881 of the great Morrell Warehouse with its precious storages, entailed such irreparable losses upon New York's leading families, that some warrant against repetitions of the catastrophe was recognized to be the sole condition upon which public confidence in the safe deposit business could be regained. At that time, the directors of the Lincoln National Bank, organized ten years previously, were assuming the further responsibilities of the foundation of the Lincoln Safe Deposit Company, and recognizing the hour of crisis and the public interests involved, rose to the occasion by the erection of a fire-proof storage building, in the construction of which no wood was used. Institutionally, this enterprise presented a parallel case to that of "The man for the place and the hour!" Wavering public trust that had trembled towards absolute panic, was reassured, and a weakness in economic conditions rectified for the benefit of that and future generations.

For the instantaneous and abiding success of the Lincoln Safe Deposit Company, "there's a reason", interesting alike to contemporary companies and to the depositing public. Fundamentally, this may be attributed to its board of directors, originally representative of the best political, professional, financial and commercial forces identified with New York, and still intact in general spirit if not in the individual human letter, the few vacancies since made by death, being filled by successors sustaining the honor of family and official heritage. To quote briefly and informally,—such names as those of James, Borden, the Vanderbilts, Rossiter, Stillman, Kühne, Olcott, Webb, Grace, and Cowing, compel confidence by virtue of established personal integrity, financial solidity, and national eminence unexcelled in the history of corporations. Moreover, the rank stands for the file, and "under sign of the Lincoln", the humblest employe reflects the repute of the leaders.

Mr. Carter in the Vault of the Lincoln Save Deposit Co.

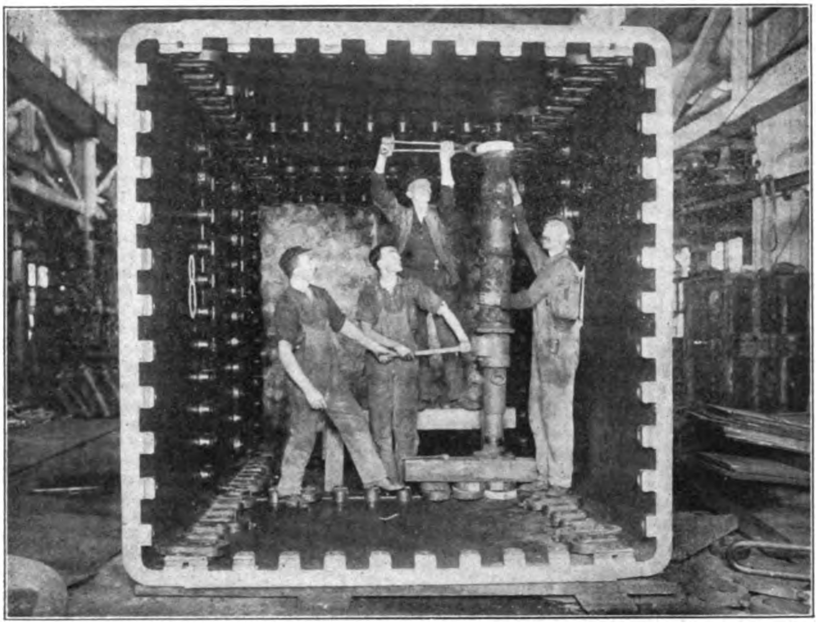
The Men Behind.

The inestimable advantage of an able and active administrative board aptly designated as "directors who direct", and of a roll of representatives above reproach, may be accepted, then, as the basis of the Lincoln Safe Deposit Company's exceptional success, though various other causes contributed to it.

Its incomparable site, for instance, virtually commands the public's favor. Situated opposite the Grand Central Station on East 42nd street, where the flood-tides of travel and traffic converge and blend, even an inferior institution scarcely could fail to profit by the flotsam and jetsam of human concerns and metropolitan interests ceaselessly reaching it from the surging current of surrounding life. As the first up-town institution of its kind in New York, the Lincoln Safe Deposit Company opened, at least to the "better half" of its original depositors, welcome exemption from the turmoil of the business districts, and is now of a central location alike accessible to commuters, men of the city, and up-town residents whose autos and carriages shun the lower thoroughfares. Exceptionally happy, likewise, was the Lincoln in its initiatory adoption of the glorious name, which in patriotic and hero-loving America must conjure all classes, while national ideals survive, and national colors in triumph wave."

A Triple-Decker.

Turning from sentiment to purely practical considerations, we come to the material construction of the Lincoln Safe Deposit institution. Here we have a virtually resistless challenge to success, in a magnificent group of buildings imposing in height, extending over a large area and through an entire block, and whose security-vault-department is of unique fame as the one and only safe-deposit "tripledecker!" In other words, the main vault has a lower and upper duplicate, which fact alone stands for the institution's great excess of patronage over that of its most



Assembling Plates of a Manganese Steel Vault, Shrinking on a Red-Hot Ring.

successful competitors. When it is realized that its silver storage department alone shows returns exceeding those of all the other New York safe deposit companies combined, it cannot but be realized that the Lincoln Safe Deposit Company claims the honor of leadership only by the honest rights voluntarily conferred by the great American public. The universal as well as detailed service, the complete as well as perfect accommodation it extends to depositors of all degrees, in part explains its wide popularity. Under its comprehensive roof the public may command the highest and best facilities of bank, security-vaults, silver storage vault, art gallery, cold storage department, storage warehouse, trunk department, and of the branch office of the Stock Exchange brokers, Webb & Prall, as well as of numberless unitemized yet invaluable resources whereby even accumulative and complex modern business is made easy for women and men of affairs. Here are private telephone booths for the convenience of customers, correspondence desks as daintily equipped as my lady's boudoir, coupon-rooms for the transaction of confidential affairs, spacious reception rooms and artistic "ladies' parlors," disproving the "frenzy" of finance by tangible evidences of its social and restful sides. Here, too, may be had upon demand, the often invaluable advantage of available legal counsel, and the expedient services of stenographer, typewriter, and trusty messenger. In fact the policy of the "Lincoln", whose luxuriously appointed institution has been described as "an oasis in the desert of an arid financial world," is as that of a sumptuous club anticipative of every possible need and wish of its members, and supplying them in the most adequate, abundant, and up-to-date manner. This is a system particularly appealing to the feminine forces with which financial circles now must reckon, and these it serves at once practically and chivalrously,--a service which is a labor of love.

How To Advertise.

The Lincoln Safe Deposit Company's ungenerous rivals are fewer by far than its friendly followers. Hence, frank questions are put to us in simple spirit by new or young companies sincerely seeking our secret of legitimate success. Most familiar of these is the query as to our opinion for or against the value of safe deposit advertising.

The value of advertising cannot be discounted by any individual or corporation whose success depends upon the favor and support of the public. The power of the press is a truism of universal application. Profession and trade, art and industry, commerce, finance and all else representing the activities of human brain or brawn, must recognize in the press its best complemental coadjutor. Nevertheless, to depend upon journalistic advertisement unsupported by the voice and verdict of the people, would be to win a success devoid of the seed of life and survival. The advertisement in the press must be verified by the gratuitous advertisement of the public, the printed column but record and transmit the spontaneous tribute of the customer. One depositor pleased is ten—and ten times ten—depositors gained. Here is the magic secret of the Lincoln Safe Deposit Company's success,—an open secret by the testimony of thousands of depositors, in the public statement of which there is consequently no disloyalty. It is the secret, in fine,—which is its own solution,—of sterling integrity, pre-eminent ability, and generous-spirited and progressive enterprise, devoted with a zeal worthy the illustrious traditions it serves, to the people's interests, the public good!

SAFE DEPOSIT ADVERTISING.

Some Good Suggestions for Increasing Business.

IN his valuable book "Financial Advertising," E. St. Elmo Lewis has a chapter on "Advertising Safe Deposit Service." Some of the good points brought out in it are as follows:

There are three ways of looking at the safe deposit business as an advertisement for a bank or trust company or as a profit producer, or both.

The first attitude is pretty general among those who have actively used the safe deposit feature in their advertising.

There are hundreds of people who will not place their money in a bank who will be glad to use a safe deposit box.

Country bankers will tell you this is true. Farmers will come in and rent a box, place their money and papers in it, come back again in a week or so to "look around," count the money and see if things are all right.

By and by that man takes his money out of the box and wants to open an account, or he may want to buy a bond or a mortgage or a little stock in some good proposition or a certificate. Such gradually get educated up to the use of a bank, you know, and accomplish most when they are once convinced of the efficiency of anything they try for the first time.

The country banker has a few boxes put in his safe, or the small town banker has a small vault and talks safe deposit in a line or two in his advertisement, and if half or three-quarters of the boxes are engaged he is happy and never tries to get them all rented.

Too often he looks on the safe deposit business as a nuisance, because the farmers always come in market day, just when he is busiest with depositors and business men, and he has to wait on a man with a two-dollar-a-year safe deposit box just as carefully as he does the man whose discount may mean twenty dollars.

GOOD TALKING POINTS.

The Columbus Trust Co. Gives Some Good Arguments for Safe Deposit.

THE following paragraphs are from advertising matter of the safe deposit department of the Columbus (Ohio) Trust Company:

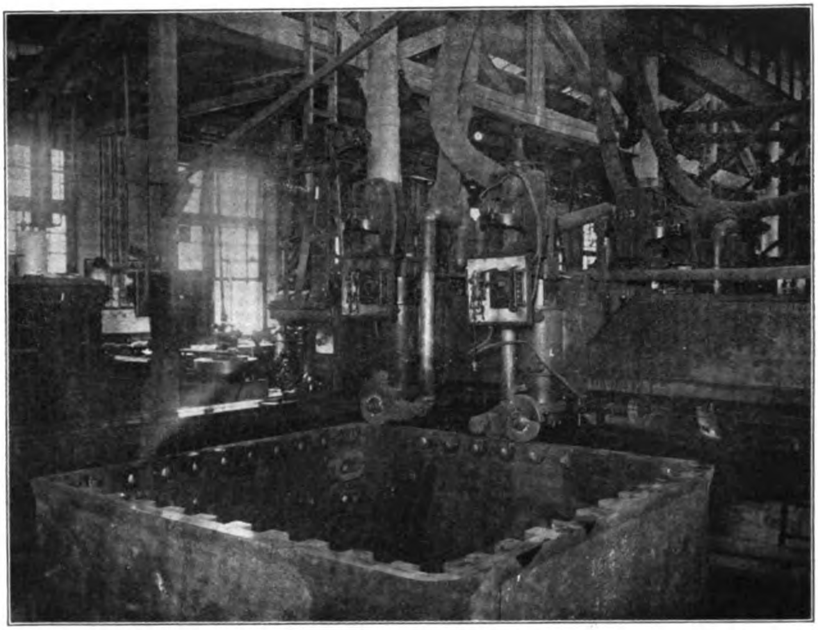
It is a mistaken idea to suppose that it is only the wealthy who need the protection afforded by a safe deposit department. People of moderate means are less able to afford the loss of valuables than those of larger fortune. Insurance papers, deeds, mortgages, pension papers—anything that would cause serious inconvenience, to say nothing of financial loss, if it were destroyed—should be placed in safe deposit.

Few people appreciate the value and importance of their insurance policies. A lost life insurance policy may be duplicated, but only after considerable trouble and at possible heavy expense. A prominent life insurance agent writes as follows:

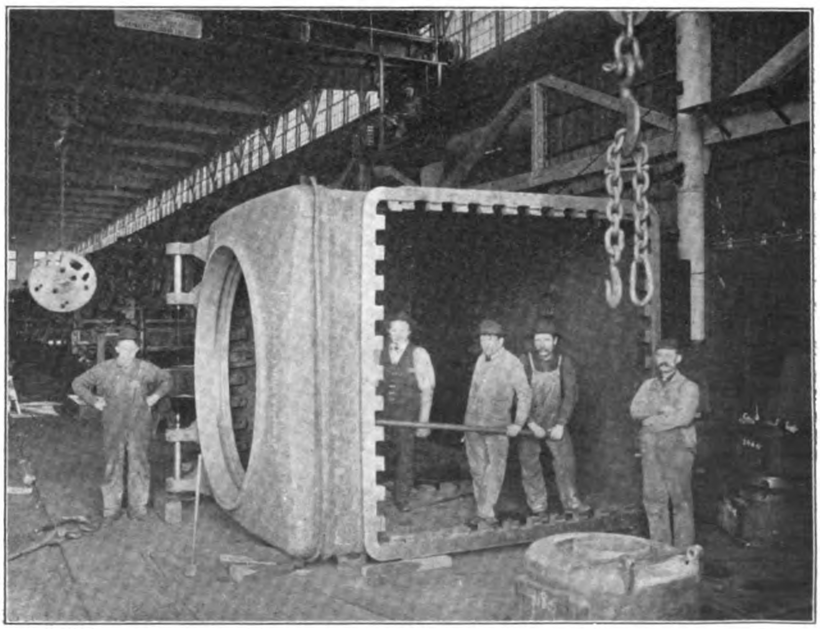
"Insurance companies have considerable trouble through carelessness of their policy-holders in keeping their policies in insecure places, where they are liable to be destroyed by fire, lost or misplaced. When duplicates of these policies are demanded people are astonished to learn that they must go to the expense of advertising for a long period in the newspapers for the lost policy, and if not found are then compelled to execute a bond in double the amount of the face of the policy before they can get a duplicate issued."

It is far better to be safe than sorry. A safe deposit box is the best place to keep securely valuable papers, jewels and the like. A safe at your home or at the office is a standing invitation to the burglar. Carefully collected statistics show that 60 per cent. of the portable "fire-proof" safes in Chicago, Boston, Portland and Baltimore fires, and the San Francisco disaster, were a total loss, together with their contents, but not a single safe deposit vault was seriously injured. In the Baltimore fire in 1904 only a very small number of these safes survived. Many appeared in most excellent condition only to find the contents completely destroyed.

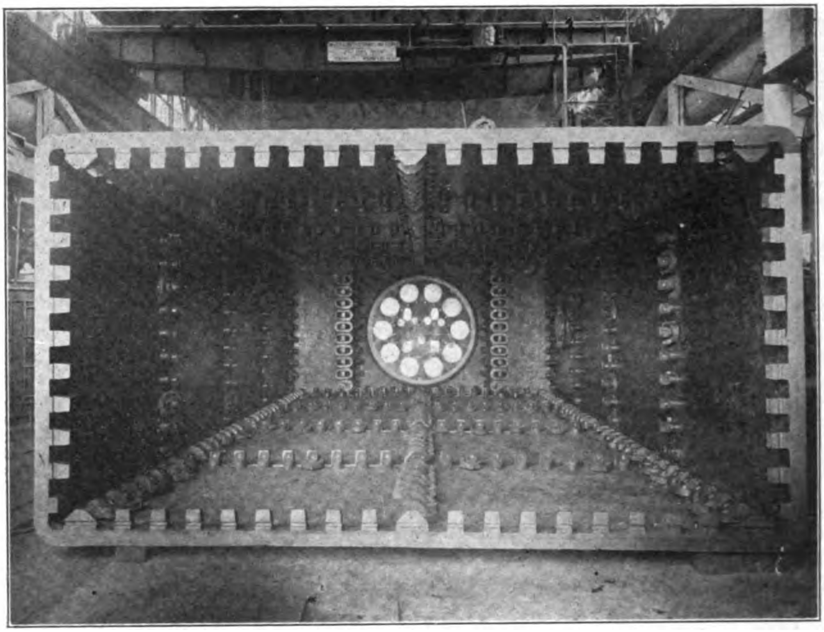
One lesson of this great fire is to show how to take care of valuable papers and similar articles of property. There were many papers and valuables stored in the vaults of the different trust companies, in the burned district of Baltimore and San Francisco, but not a single one was lost.



Grinding the Joints of a Manganese Steel Vault.



Placing in Position the Front of a Manganese Steel Vault.



Interior of Manganese Steel Vault Constructed for the Federal Safe Deposit Co., New York. 16' 8" Wide Without Supporting Columns.

DEMAND FOR SAFES.

An Opportunity for American Manufacturers in Scotland.

UNITED STATES Consul J. N. McCunn, of Glasgow, reports as follows on the growing demand for high-grade safes in the United Kingdom:

During the past few years there has been a large number of losses in Great Britain, especially in and near Glasgow, on account of poorly constructed safes. Many shopkeepers and business men generally, owning cheap or antiquated safes, have become the victims of fires and burglars for the reason that these safes could not withstand intense heat or resist the force of nitro-glycerin and other explosives. These old safes are built of steel, it is true, but not of the quality now used by the best manufacturers, which is said to be practically drill-proof and consequently offers little encouragement to the average burglar.

The losses mentioned may be in a large measure responsible for the present active demand for something better, which is bringing in many orders to British manufacturers. There are a half-dozen or more reliable safe concerns in the United Kingdom who build both fireproof and fire and burglar proof safes, using the best quality of steel they can obtain. The British safe, however, is hardly equal in finish to that of some American factories. Usually the British safe is locked with a key instead of a keyless combination lock, and key locks have several serious objections. Keys may be easily duplicated and the necessary keyhole gives opportunity for the insertion of explosives.

So far as I can learn no American safe is offered for sale in this market, nor have I heard of any foreign concern making sales here. As a rule small safes are more in demand on account of the large number of people who use them. There is forwarded a list of prices and weights of the nine most popular sizes as quoted by a prominent local dealer. If American safe manufacturers could meet these prices there seems to be no reason why they could not secure a share of this increasing business.

THE N. Y. SAFE DEPOSIT ASSOCIATION.

New York State has an Association of Safe Deposit Companies.

NEW YORK is the first state to have a safe deposit association. The headquarters of the New York State Safe Deposit Association is at 32-42 East 42d street. The officers are as follows: President, John R. Van Wormer, Lincoln Safe Deposit Co.; vice-president, Samuel A. Cunningham, Bankers Safe Deposit Co.;

secretary and treasurer, J. Lynch Pendergast, National Safe Deposit Co. Executive committee: the officers ex-officio and Wesley Bigelow, Knickerbocker Safe Deposit Co.; Walter H. Bunn, Colonial Safe Deposit Co.; William Giblin, Mercantile Safe Deposit Co.; Dr. Wm. A. Mitchell, Safe Deposit Co. of New York; George D. Weeks, Garfield Safe Deposit Co.; Eugene A. Van Nest, Hanover Safe Deposit Co.

SAFE DEPOSIT POINTERS.

A GOOD many people have the idea that safe deposit boxes are exclusively for the use of persons who have abundant means and a large number of valuable papers to safeguard. The right kind of advertising will disabuse the popular mind of this fallacy.

A definite statement in advertising is always best. For example, instead of saying merely that you have safe deposit boxes for rent it is a good idea to say something like this:

Among the valuable papers and articles that we can store away safely for you are:—

Leases, deeds, abstracts, mortgages, contracts, partnership agreements, pension papers, naturalization papers, bonds, stock certificates, bank books, insurance policies, receipts, blue-prints, plans, precious stones, laces, heirlooms, rare books, plate, and many other such things.

Have you anything of this kind that is exposed to loss or destruction? If so you ought to store them in our vault.

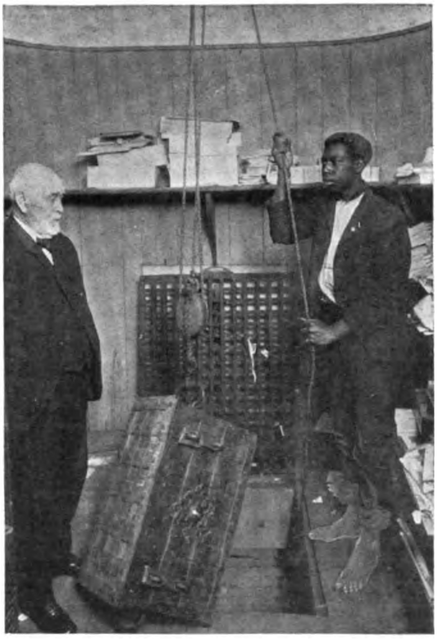
A writer in "System" tells this interesting safe deposit story:

One of the by-products of a safety deposit box came to light in the rapid rise of an attorney in a Mississippi river town a short time ago. This young graduate hung out his shingle in a city of some 15,000, finding competition keen, as is common in legal ranks. He had practically no business, but he stayed off the streets and kept busy.

He was, in fact, "killing time" in preparing a thesis on branch banking for a higher degree in commerce, and plugged at it as though he had a case in the supreme court.

As the thesis developed, he feared that the notes he had prepared in his strenuous study might be lost or destroyed by fire, so he rented a safety deposit box at the leading bank. In six months or so he began to be associated in the minds of the business men of the town, with the First National Bank, as he was there practically every day. The various employes of the institution came to know him, and he met practically all of the patrons of the bank at one time or another.

The bank about that time became involved in some minor litigation touching a suit brought against a branch bank. The president got in conversation with the young man who had the safety vault, and when the case was brought to trial the young lawyer was given his chance. He is now attorney for three of the leading business houses of the city. And each of these firms bank at the First National, a logical coincidence, for the groundwork of the young man's success was laid when he was a "safety depositor."



AN OLD SAFE.

This steel box, formerly used by the Citizens and Southern Bank, Savannah, Ga., represents the first bank safe used in Georgia. The vault was the usual fireproof vault, with a very light iron door, but inside the vault was a well some forty feet deep in which this box was lowered at night by use of a block and tackle, and the mouth closed by a trap door with the ordinary pad-lock.

"YEGG MEN" AT WORK.

EVIDENTLY all bank safes are not yet burglar-proof if these news items from the New York "Herald' of October 17 are true:

BANKS THIEVES' VICTIMS.

Safes in Kansas and Minnesota Institutions Blown Open.

Scottsville, Kan., Saturday.—Robbers early today broke into the State Bank, blew open the safe with dynamite and escaped with $2,900. Posses with bloodhounds took up the pursuit in motor cars.

Three Robbers Obtain $1,700 from a Bank in Avon, Minn.

Avon, Minn., Saturday.—Three robbers blew open the safe of the Bank of Avon early today and obtained $1,700.

CORPORATION REPORTS FOR THE INCOME TAX.

THE Treasury Department's instructions regarding the returns to be demanded of all corporations, with reference to the tax to be levied upon their net earnings at the end of this year, serve notice of an increased amount and variety of bookkeeping that must be somewhat appalling to their accountants. There is probably no corporation that keeps its accounts in the way that is now prescribed. It is not the invention of accountants or financiers, but of lawyers. As this new corporation tax—unlike any other ever proposed in this country—is retroactive, covering the whole operations of the current, year, a new set of books will have to be prepared to change the accounts into the required form.

This is not all. Most corporations are already under compulsion to keep their accounts under various forms by State or Federal authority, and to make their fiscal year conform with various official dates. But the United States government itself has imposed upon certain corporations, as upon the railroads, a specified form of computing their earnings which is entirely discordant with the form now required. The Interstate Commerce Commission inquires properly into earnings accrued and expenses incurred, which is the only way to determine the company's condition. The collector of internal revenue wants a return of cash receipts and disbursements. The railroads are compelled to conform with the Interstate Commerce Commission's form of bookkeeping under heavy penalties; they are now threatened with additional penalties if they do not change to a wholly different basis of accounting.—*Philadelphia Public Ledger.*

PAN-AMERICAN BANK WITH HEADQUARTERS IN NEW YORK.

CONSUL ISAAC A. MANNING, of La Guaira, Venezuela, in connection with the proposed establishment of a Pan-American bank, with headquarters in New York, writes as follows:

A leading American newspaper has announced that a Pan-American bank is to be established with headquarters in New York and branches and agencies in the principal cities of Central and South America. It appears that this institution proposes to establish agencies only, presumably in the hands of similar commercial institutions already established in Caracas, Bogota, and other important cities of the northern part of South America, while in some other cities the branches will be placed under the management of North Americans.

The only way to make a Pan-American bank perform and fulfill the objects and purposes of its North American organizers in these countries will be to place not only all branches but all agencies in the direct charge of men from the United States, who will have an interest in the extension of trade relations between the country where the branch or agency is located and the United States.

There are already banks located in these cities where such banking as might be done through an agency for any other institution can now be done. The establishment of a bank agency in Caracas simply for the purpose of buying and selling exchange on New York, London, or Paris will do little to further trade interest in the United States. On the other hand, the establishment of a branch of the general institution, with a manager having authority to represent the corporation, having interest in the extension of trade with the United States, looking for opportunities for the investment of North American capital, and prepared to place such capital, or to influence it, when opportunities present themselves—in fact, doing a general banking and financial business—would perhaps be the greatest influence for closer commercial relations between these countries and the United States.

MUCH GOLD FROM ALASKA.

ACCORDING to James M. Hammil, a wealthy miner who has just returned from Fairbanks, Alaska, the gold output of the Tanana valley this year will be more than $12,000,000 and would have gone as high as $15,000,000 had weather conditions been favorable.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

A CERTAIN RICH MAN. By William Allen White. New York: The Macmillan Company. Price, $1.50.

William Allen White, of the Emporia "Gazette," author of the famous editorial, "What is the Matter with Kansas?" has written a strong novel dealing with conditions of modern life. "A Certain Rich Man" is the story of a self-made man whose prosperity did not have an uplifting effect upon his character. The book is full of various phases of human interest, contains a good deal of humor, pathos, adventure and romance. Mr. White's style in this new book is at its best. The fine literary quality of his work is apparent on every page. The book is thoroughly American in its setting and characters. On the whole, sweetness and light pervade the story and the reader lays down the book with a feeling that he has been benefited and uplifted. This book will easily rank with the best that have been produced this year.

WANDERINGS IN SOUTH AMERICA. By Charles Waterton. New York: Sturgis & Walton Co.

This is a new edition of the old work of Waterton's. It contains a memoir of the author by Norman Moore, M. D., and Charles Livingston Bull has prepared illustrations for the book and written a brief introduction for the new edition. The book is the story of the wanderings of the famous naturalist, Waterton, in the years 1812, 1816, 1820 and 1824. Mr. Bull, in his introduction, says:

"Many years ago, when reading this book for the first time, my boyish imagination was so fired that I determined the first opportunity should find me on my way to Waterton's beloved Demerara, and in March of the year 1908, I sailed from New York on a journey in which I covered most of the country which he describes so well and so thoroughly. There are but slight changes in the hundred years which have elapsed since he visited South America. The great exuberant jungles are just as dense and unbroken now as then; there are a very few new clearings and small settlements along the rivers, but some of those of his time have disappeared, and inland the immense range of forest still remains unbroken."

To anyone interested in natural history, this new and revised edition of Waterton's, with its beautifully colored illustrations, would be a rich treasure house of pleasurable and profitable reading.

TRUST COMPANIES: THEIR ORGANIZATION, GROWTH AND MANAGEMENT. By Clay Herrick. (8vo. pp. 481; price $4.) New York: The Bankers Publishing Company.

Though trust companies have come to occupy a position of great importance among the financial institutions of the country, the literature relating to them is still meagre. When Mr. Herrick began to write for THE BANKERS MAGAZINE the articles which formed the nucleus of the present volume, there was in existence in book form but a single brief treatise on the subject; and though this deficiency of information respecting these institutions has been supplied to some extent by recent publications, the amount of trust company literature is not yet large, and certainly ample room exists for a book of this character.

Mr. Herrick has the advantage of qualification for the practical side of his work, having been for many years associated with the Cleveland Trust Company, one of the larger trust companies of the United States. Evidently also, he has made a careful study of the trust company in all its phases. His treatment of the subject from the historical and legal standpoint is especially interesting and valuable, while the very full statistics given exhibit the progress made by these institutions—a progress quite unique in the country's financial history. The description of the trust company movement in foreign countries likewise affords much profitable information.

The book not only contains a complete description of the functions of trust companies, but an analysis of the work of every department, illustrated with hundreds of facsimile forms which show the methods employed by the principal trust companies in the conduct of their business.

While adequate treatment of the historical, legal and statistical aspects of trust companies is given in this volume, its chief value will be found in the minute directions which it contains for the practical management of the several departments of a trust company. Full instructions are also given for the organization of such companies.

Mr. Herrick, the author of this book, is well known among the younger bankers of the country, having been a trustee of the American Institute of Banking and president of that organization. The volume he has prepared gives evidence throughout of conscientious study and of thorough knowledge derived from experience and investigation. This work will undoubtedly take its place among the standard contributions to practical financial literature.

Adams' Official Premium List of United States Private and Territorial Gold Coins. By Edgar H. Adams. New York: The Willett Press. Cloth, $2.00; leather, $2.50.

There are many references in this book to United States gold coins descriptions of which have never before been published. The author has spent a year in Colorado and California searching for information regarding the operations of the private mints. The result is that he has acquired a good deal of very valuable information which he now gives to numismatists in general in this new premium list. This list is a guide to the prices paid by collectors for all rare gold coins ever issued in this country. Actual prices are recorded, not estimated ones. The list is thoroughly illustrated and contains some representations of United States gold coins which have never before been reproduced. Persons who handle thousands of dollars' worth of gold coins each year run a continual chance of running across some high priced ones. To such persons, a book of this kind might prove to be a very valuable work of reference.

Practical Real Estate Methods For Broker, Operator And Owner. New York: West Side Y. M. C. A. By mail, $2.15.

This 400-page book has been prepared by the educational department of the West Side Y. M. C. A. of New York. It contains the opinions and suggestions of thirty experts on how to buy, sell, lease, manage, appraise, improve and finance real estate. The subjects taken up include the following: Real Estate Brokerage and Auctioneering; Relationship Between Broker and Customer and Legal Principles Involved; Leasing; Management of Apartment and Tenement Property; Management of Loft Property; Management of Down-Town Office Buildings; How to Appraise Property; Points to be Considered in Valuing a Building; The Standardization of Real Estate Valuations; How Property is Condemned; Expert Testimony; How Property is Assessed; Mortgage Loans on Real Estate; Margins on Mortgage Loans; Building Loans; Stability of Real Estate During Panics; Operating; What Title Insurance Is; Fire Insurance; How to Reduce Insurance Costs; Real Estate Investing; Real Estate Corporations; Contracts for the Sale of Real Estate; Notes and Comments on the Law of Landlord and Tenant; Estates and Interests Arising from Marriage; Tenement House Law; Waterfront Property; Real Estate Movements in the Bronx; Acreage—How to Develop It; Managing a Real Estate Office; Old New York as Known by a Real Estate Pioneer; Davies and Hoffman Rules; Brokers' and Auctioneers' Commissions.

We consider this book an invaluable one for any institution or individual owning or handling real estate.

KOREA'S NEW BANK.

THE plans for the new Korean bank at Seoul are described as follows by the London and China Telegraph:

The period of existence granted by the charter of the Central Bank of Korea is fifty years from the date of registration, with a prospect of extension at the end of that term. There is to be a president whose term of service is five years, and who will be assisted by three directors serving for three years, and two managing directors serving for two years. The capital is $5,000,000 gold, in $50 shares, all of which must be registered in the name of their owners. The scope of the bank's business seems to be much more extended than is usually the case with a central bank; it will practically perform all the functions of an ordinary bank. With regard to royalty, the bank has to pay to the Government one-half of everything that it earns above a net profit of twelve per cent. For the purposes of the bank's business the Korean Government is to lend it $750,000 without interest. This money will lie unredeemed for five years, and will thereafter be paid back in ten years by annual installments. An establishment committee of five persons, namely, two Koreans and three Japanese, are to meet at the residence of the Minister of Finance, under the presidency of Baron Matsuo, governor of the Bank of Japan; $1,500,000 of the capital is to be subscribed by the Korean Government, and the remaining $3,500,000 will be offered to the Korean and Japanese public, but, of course, the great bulk of it will be subscribed by the Japanese.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE GARFIELD NATIONAL BANK, NEW YORK.

AFTER many years' occupancy of the old Masonic Temple Building on Twenty-third street, New York city, the Garfield National Bank has removed to the new Fifth avenue building, on the corner of Fifth avenue and Twenty-third street, one of the finest sites in the city for a bank in the retail and wholesale business district.

The bank has spent over $100,000 in fitting up its new quarters, but the results obtained have more than justified that expenditure, and it would hardly be fair to compare the present home with the rooms formerly occupied at Twenty-third street and Sixth avenue.

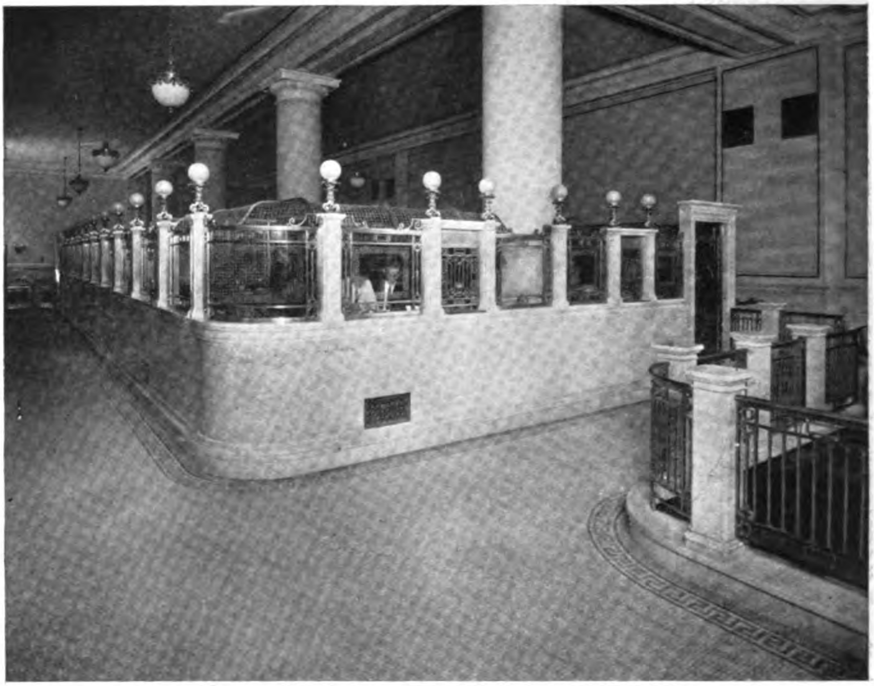
The decorative scheme is very simple; a wainscoting of white marble runs around the main floor and the same material has been used in the banking counter. A plain gilt panel relieves the whiteness of the side walls and furnishes the only coloring needed. There are many noteworthy features embodied in the fitting up of these rooms, one of which is a system of motor ventilation, whereby the air is passed through muslin screens and then pumped in through ventilators high overhead, at the same time that the impure air is drawn out near the floor.

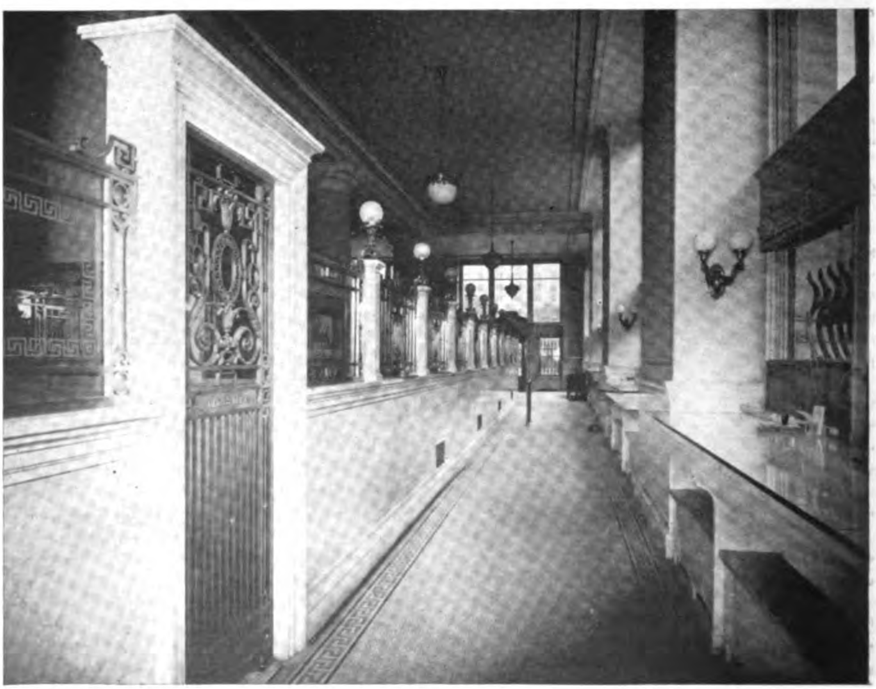
To the right, upon entering from Fifth avenue, will be found the officers' quarters, separated from the public lobby by a handsome bronze and marble rail.

This arrangement places the president and cashier in constant touch with the public and with the various departments as well.

A broad stairway of Botticino marble leads from the main floor to the safe deposit vaults below. There are over five thousand individual boxes here, and also larger receptacles for silver and packages. Here, too, in the basement, there are well arranged coupon rooms and private meeting rooms.

The ladies' department of the Garfield National Bank, which was provided several years ago as a special convenience to women shoppers, has grown in favor and





Views in Main Banking Room, Garfield National Bank.

The Officers' Quarters.

is now as much a part of the bank as its credit or other departments.

In furnishing the present quarters, careful attention was given to the rooms set aside for the use of lady patrons, with the result that they are held in high favor and have been the means of adding many new customers.

The Garfield National Bank was organized in 1881 and has had a uniformly successful career. In 1898 and 1899 the bank paid dividends of forty per cent. and in 1900, fifty per cent. This was on the old capital of $200,000, increased in 1901 to $1,000,000. On the latter capital twelve per cent. has been regularly paid, and from 1902 to the recent panic an extra annual dividend of eight per cent. making twenty per cent. in all, was disbursed to stockholders.

The latest official statement of the condition of the bank contains the following figures:

RESOURCES.

Loans and discounts	$6,835,319.55
U. S. bonds to secure circulation	390,000.00
U. S. bonds to secure Government deposits	10,000.00
Other securities	1,334,273.51
Premium	2,762.21
Due from banks and bankers	534,257.60
Due from U. S. Treasury	46,460.58
Cash	2,529,712.62
	$11,682,786.07

LIABILITIES.

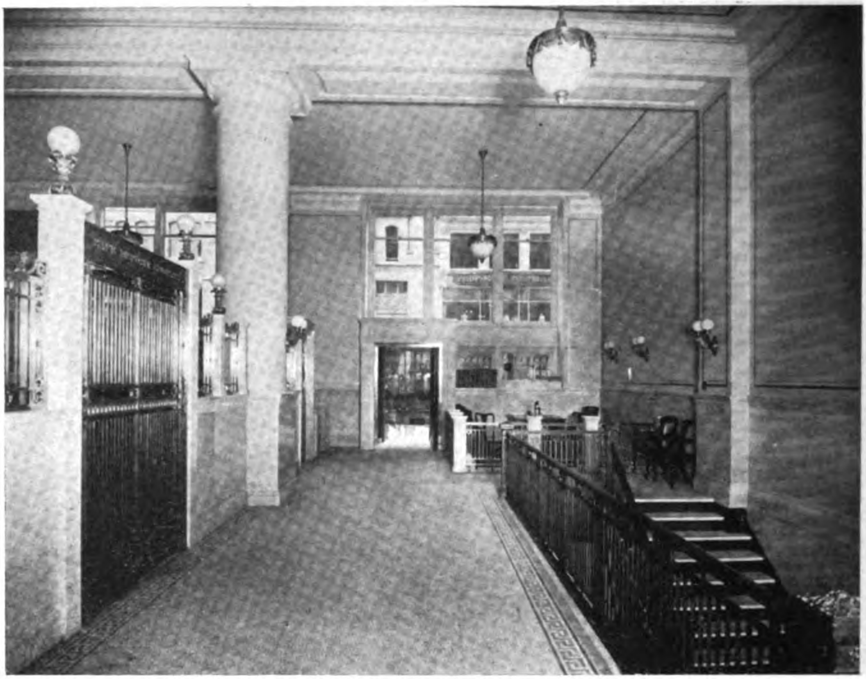
Capital	$1,000,000.00
Surplus	1,000,000.00
Undivided profits	148,813.77
Circulating notes	378,300.00
Reserved for taxes	12,000.00
Deposits	9,143,672.30
	$11,682,786.07

The Garfield National Bank is especially equipped for caring for the interests of out-of-town depositors who desire the convenience of a New York account, and a large and increasing number of out-of-town banks make use of its facilities for their New York reserve accounts.

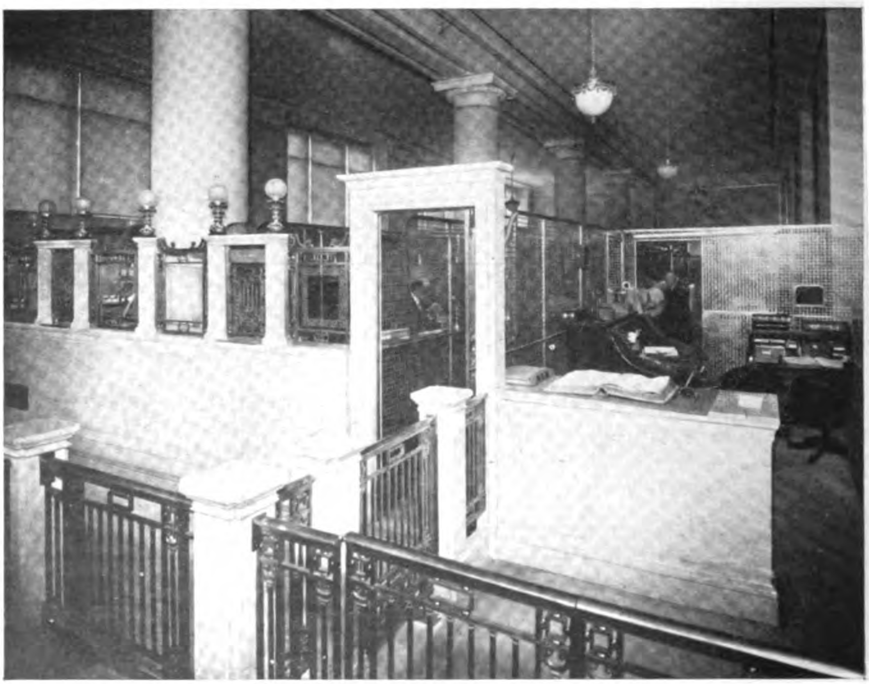
R. W. Poor, the president of the bank, has been identified with the institution over twenty-one years. He was born in New Hampshire and received his early training with the Littleton Savings Bank and Littleton National Bank, in that state, having been cashier of the latter. He came to the Garfield in 1888, became assistant cashier in 1891, cashier in 1892, and in 1902 was elected president, which position he has administered with conspicuous success, maintaining the best traditions of sound banking.

The other officials are as follows: Vice-president, James McCutcheon; cashier, William L. Douglass; assistant cashier, Arthur W. Snow.

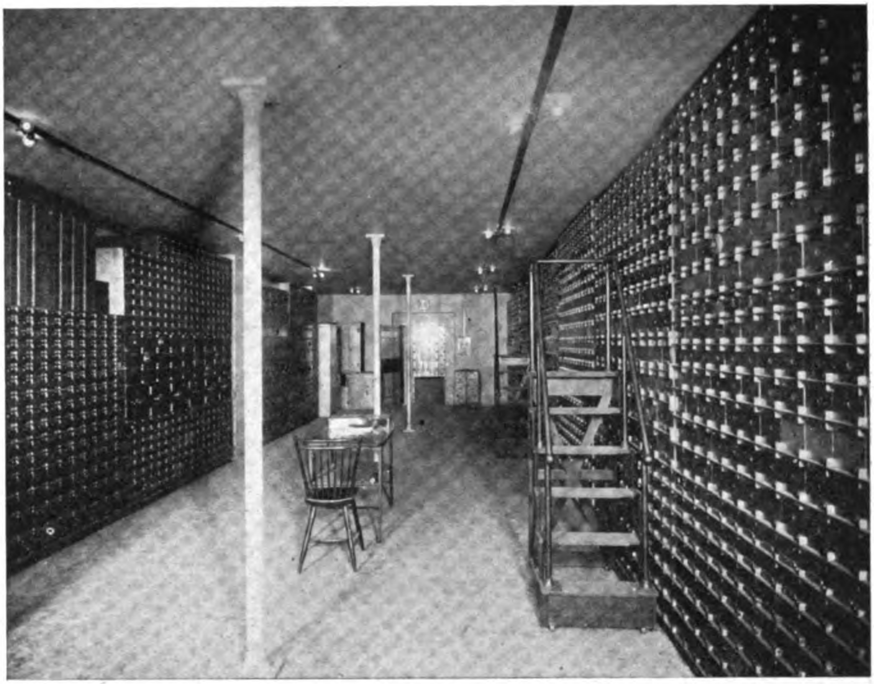
The directors are: James McCutcheon,



Entrance to Safe Deposit Vaults.



The Assistant-Cashier's Office.



The Garfield Safe Deposit Vaults.

of James McCutcheon & Co., linens, Fifth avenue; Charles T. Wills, building contractor, 156 Fifth avenue; Samuel Adams, dry goods and real estate, 43 Cedar street; Morgan J. O'Brien, formerly presiding justice of the Appellate Division of the New York Supreme Court; William H. Gelshenen of H. J. Baker & Bro., 100 William street; Thomas D. Adams of Palmer & Adams, attorneys, 165 Broadway; Ruel W. Poor, president.

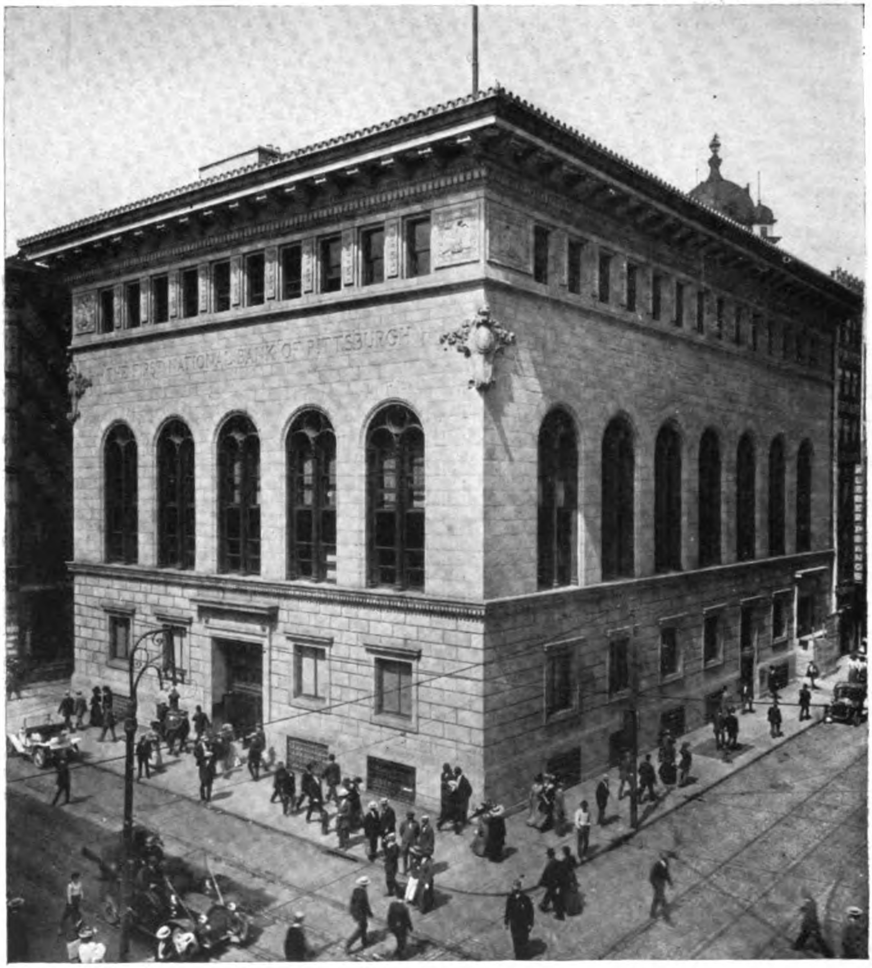
Foreign Department. All Languages are spoken in the First National of Pittsburgh, and Foreigners are made to feel at home.

A COMPLETE MODERN HOME.

Description of the New Quarters Recently Opened by the First National Bank of Pittsburgh.

THIS is the age of concrete and steel. Without these two superior building materials the modern skyscraper could never have become a reality.

The foundations of our present-day structures are given particular attention, whether they be for the five-story or the twenty-five story building. Where a business does not demand more than five floors, but may some day desire more space, a foundation is laid capable of sustaining twenty or more stories, which may be added without alteration of the lower walls.



Palatial New Home of the First National Bank of Pittsburgh.

This plan has been carried out successfully in the construction of the new classic home of the First National Bank of Pittsburgh. At any time desired its walls may be extended up to twenty-two stories and thus future growth or change of plans is provided for.

Favorable Location.

There is no more convenient site for a great bank than the point where the thor-

JAMES S. KUHN
President.

oughfares of Fifth avenue and Wood street converge, in the very heart of the financial and commercial district of Pittsburgh. The site possesses the great advantage of daylight on three sides, which is admitted through windows of generous size and graceful proportions. On the south the bank faces Fifth avenue, on the east Wood avenue, and on the west, Book alley. Granite from Maine and New Hampshire has been used for the exterior walls. The main entrance faces Fifth avenue.

The portal is closed by a pair of bronze doors, each weighing 2,200 pounds, but so delicately are they adjusted that a child can open them. From the vestibule marble steps lead up to the main banking room, which is protected by two bronze gates, each weighing 1,600 pounds.

Main Banking Room.

The plan of the interior consists of two principal floors, each of which is reached by a few steps from the entrance vestibule at the center of the Fifth avenue front. Going up from this vestibule, which is treated in white and green marble, one enters the main banking room, a magnificent hall seventy-five feet square, ceiled by a graceful vaulted roof, rising to a clear height of fifty feet, and supported by a series of arches resting upon six hexagonal columns of statuary marble from the quarries of Swanton, Vermont. The walls also are of this material. This marble is artistically ornamented with gold and blue, sparingly used. The white expanse is relieved by panels of verde antique marble, and the counters are of American pavanozza.

Bronze is lavishly used throughout the building. In addition to the doors, the screens and chandeliers are of heavy bronze

WILLIAM S. KUHN
Vice-President.

of handsome design. A white marble balustrade three feet high protects the mezzanine.

F. H. Richard, Cashier.

William McK. Reed, Assistant Cashier.

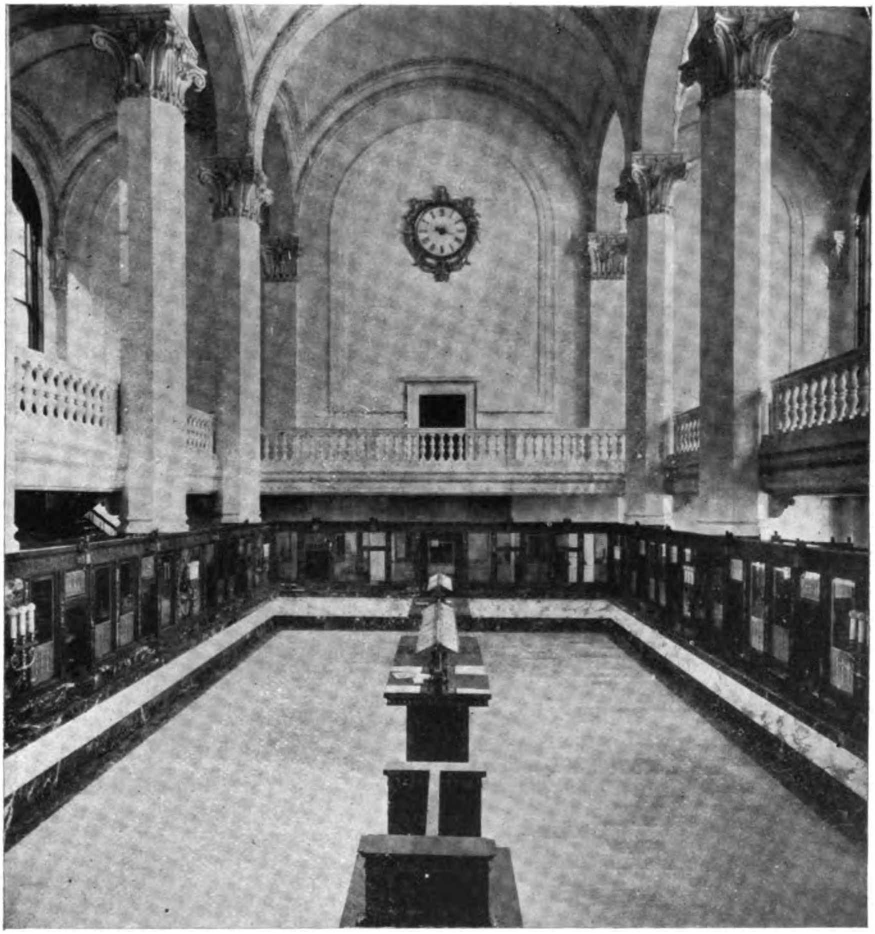
Thomas C. Griggs, Assistant Cashier.

Alexander Murdoch, Assistant Cashier.

The central public space is twenty-seven by sixty feet, surrounded by the bank counters, 180 feet in length. These are arranged for three receiving tellers, three paying tellers, ladies' teller, pass books, pay-rolls, railroad teller, chief clerk, savings accounts, stock transfers, collections, notes and drafts, and loans. All of the woodwork is of imported Indian mahogany.

To the right of the entrance are the officers' quarters, with the president's room occupying the corner, and handsomely fitted up. To the left is a luxuriously appointed ladies' department, provided with reading and retiring rooms, telephone connections, and the services of a maid, and supplied with magazines and stationery. The bookkeepers occupy the space facing Book alley. In the mezzanine are the mailing and credit departments, the stenographic department, private telephone exchange, officers' and committee rooms.

From the vestibule, one descends a few steps to the foreign department and safe deposit vaults. On this floor, which is practically on the side-walk level, are provided ample facilities for handling the foreign exchange and steamship business of the bank. In addition to the public lobby, there is a large reception room for the use of customers, who will be given every opportunity to take up, at their leisure, matters connected with the foreign exchange and steamship business. On the same floor, provided with a separate entrance from Wood street, are complete facilities for customers interested in the steerage division of the bank's business.

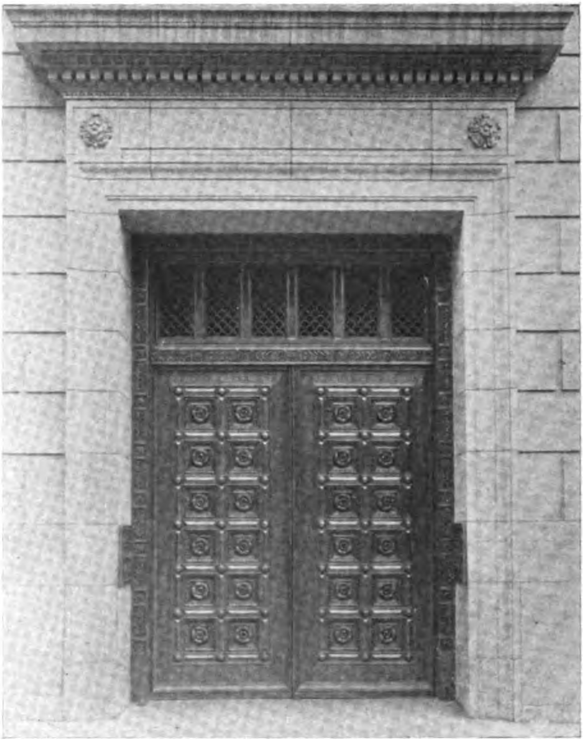


An Architectural Triumph. Magnificent Banking Room of the First National Bank of Pittsburgh.

On this floor also, but close to Fifth avenue, are the safe deposit vaults, with all the modern accompaniments of coupon booths and private rooms.

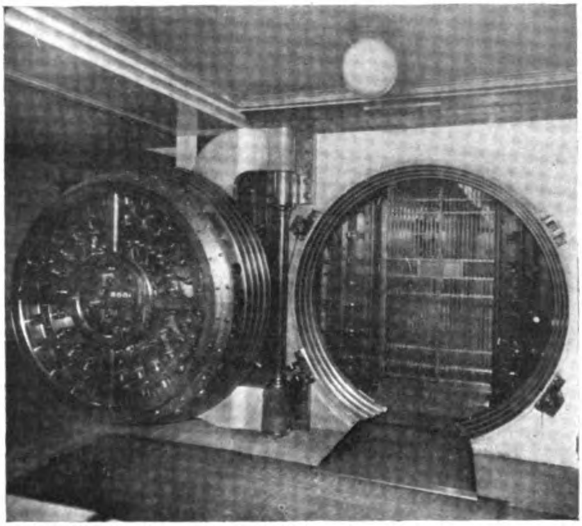
They contain 1,400 boxes at present, with a capacity for 1,400 additional. The vaults are made of some of the largest pieces of armor plate ever forged. It required twenty-six horses to haul the largest plate which was taken through the streets of Pittsburgh from the plant of the Carnegie Steel Company after midnight in order to avoid inconvenience to traffic. This plate, which forms the floor, weighs 32,480 pounds. Its length is 264 inches, width 111½ inches, and it is four inches thick. This is the floor of the vault for the bank's own use. The floor of the vault for the public required two plates, each weighing 29,400 pounds. The door of this vault weighs 15,400 pounds. Every safety appliance known is utilized to make this department among the most complete in the country. Even the boxes which are rented to private holders are of a new and convenient design. They are provided with two lids, the hinges being in the center, thus affording the opportunity, when the box is removed from the private compartment, to open either end without disturbing the contents of the other end. The boxes are long enough to contain two legal sized envelopes lying flat, with space between for jewels and other valuable articles.

On this floor are located locker rooms, etc., for the employes of this division, and on the upper floors are similar quarters for the employes occupied on the main banking room and the mezzanine. On the upper floors, and facing Fifth avenue, are the library and retiring rooms for the use of the officers.



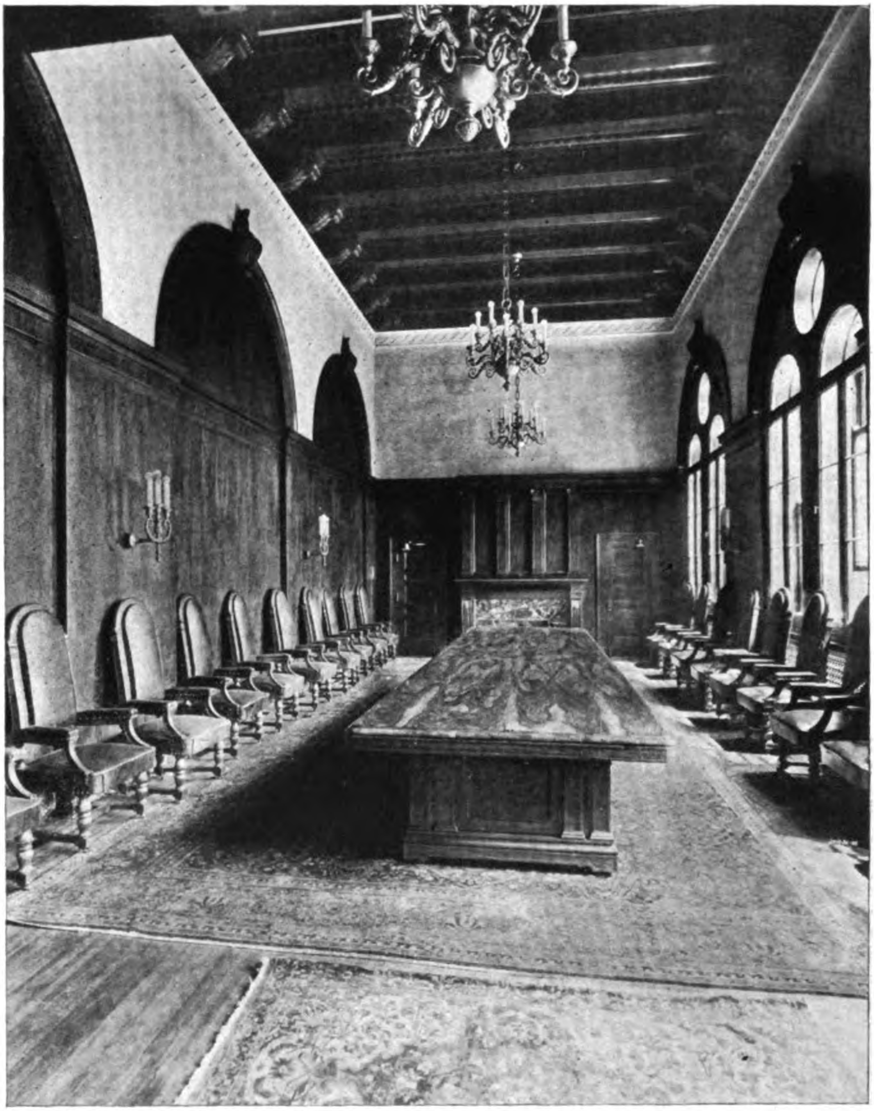
A Portal of the New Building showing the Large Bronze Doors.

The directors' room is on the fourth floor, and is an unusually ample and handsome apartment, twenty by forty-two feet, and twenty-two feet in height. The aim in this room has been to avoid display in the way of elaborate carving and to create an impression of dignity by means of very simple lines of architecture and quiet use of material. It is finished with beamed ceiling and flat wainscot treatment of circassian walnut. In connection with the directors' room are committee and coat rooms. The



The Vault.

A Glimpse of the Main Banking Room as seen from the Vestibule. At the extreme left the stair turns down to the Safe Deposit Vaults.



Where the Directors Meet. A well-lighted, well-furnished room,

chambers on this floor are ample for corporation meetings.

On the fifth floor are the officers' dining room, employes' dining room, kitchens, and additional office space for the use of the bank. Here also is located the pneumatic master clock which regulates the time for the entire establishment. All of these floors are reached by means of a passenger elevator and ample stairway, while the supplies for the bank are handled by means of special entrances and elevator from the alley.

In the cellar is installed a great variety of appliances designed to add to the comfort of the occupants of the building. There is a ventilating contrivance, in which air is washed by being forced through films of water before entering the basement floor, and exhaust fans pull out the foul air. A thermostat automatically regulates the temperature of the air as it passes into the building. The heating system is of the most modern type, and is supplied with a Scotch marine boiler, internally fired, eight feet in diameter and fourteen feet long.

An elaborate system of drainage renders

the lower floors absolutely free from all danger by reason of floods in the rivers; this is provided with an electric ejector which disposes of any water which may accumulate. There is a three-ton refrigerating machine which cools the water for drinking purposes for the entire building, driven by an electric moter, and the water itself comes from a well seventy-one feet deep, twelve inches in diameter, with a capacity of 500 gallons of pure water every minute, the pump being driven by an electric motor. There is also a transformer of fifty kilowatt capacity, transforming the electric current from 2,200 to 220 volts.

On the several floors, mezzanines and gallery rooms, there is a total area of 50,482 square feet, which contrasts strikingly with the space on the three floors each eight by forty, or 9,600 square feet, in use in the iron building lately demolished, and with the 1,600 square feet occupied by the institution in 1852 when as the Pittsburgh Trust and Savings Company, it stood on a part of the present site, forty feet from Fifth avenue, on Wood street.

Equally impressive is its expansion of business. In 1852 the capital stock was $150,000; in 1853, $200,000; in 1863, $500,000; in 1875, $750,000; while at present the capital is $1,000,000, with a surplus of $2,000,000, and undivided profits of $200,000, with resources totalling $28,494,266.97. The deposits in 1875 were $1,979,428; in 1902 they had reached $11,978,114; while at the date of the most recent call of the Comptroller of the Currency, September 1, 1909, they were $24,296.502.69.

James S. Kuhn is president of the First National; William S. Kuhn and J. L. Dawson Speer, vice-presidents; F. H. Richard, cashier; Thomas C. Griggs, Alexander Murdoch, and William McK. Reed, assistant cashiers.

AN ATTRACTIVE BUILDING.

THE new fireproof bank and office building recently completed by the New Rochelle Trust Company, New Rochelle, N. Y., is a handsome, substantial and up-to-date home for their growing institution.

Home of the New Rochelle Trust Company of New Rochelle, New York.

Few owners are as particular to have such a splendid building or indeed would expend the money to finish it in metropolitan style, but the satisfaction of having the best built building in town is sufficient to repay the outlay.

The building is built of brick and trimmed with carved brownstone, with a stone cornice, and is of steel frame construction and fireproof throughout.

The bank is equipped with an imported marble and bronze screen, and the officers' quarters and safe deposit department and ladies' rooms are finished and furnished in mahogany. A ladies' retiring room in white enamel gives women customers every convenience and the safe deposit vaults include a large silver storage vault in basement.

Every facility is offered their customers and that it is appreciated is proved by their rapidly increasing business. The entire design, building, decorations and equipment were furnished under one contract by Hoggson Brothers of New York, contracting designers and bank specialists.

FIRST-BRIDGEPORT NATIONAL BANK, BRIDGEPORT, CONN.

THE recent consolidation of the First and Bridgeport National Banks of Bridgeport, Conn., gives that enterprising and progressive city one of the largest banks in the state and one with ample facilities for handling the rapidly increasing business coming to it.

The name of the allied institution is the First-Bridgeport National Bank and it has a capital of $500,000, surplus and profits of $600,000, deposits of $3,000,000, and assets of nearly $5,000,000.

That these increased facilities are needed and appreciated in Bridgeport is indicated by the fact that the city now numbers nearly 110,000 people and is one of the most rapidly growing cities in the country. Its industries are prosperous and highly di-

First-Bridgeport National Bank Building, Bridgeport, Conn

versified and the city is considered one of the best points in the country for the location of new manufacturing establishments.

Charles G. Sanford, who was president of the First National since 1905 is president of the consolidated bank. Besides his banking connection Mr. Sanford is heavily interested in manufacturing in Bridgeport and has been prominent in business circles for many years. The vice-president is F. N. Benham, who was for a long period cashier of the Bridgeport and was a strong factor in the building up of that institution. O. H. Brothwell remains as cashier in the position he has filled with such marked success.

The directors, all prominent Bridgeport business men, are as follows: Horace L. Fairchild, Edward W. Marsh, Alexander Hawley, Enoch P. Hincks, Charles G. Sanford, Charles B. Read, Jesse B. Cornwall, O. H. Brothwell, Erwin M. Jennings, Jerome Orcutt, J. W. Wheeler, George E. Somers, DeVer H. Warner, E. N. Sperry, T. B. DeForest, F. N. Benham, Willard S. Plumb, Samuel A. Burns, Waldo C. Bryant, R. S. Hincks, J. G. Howland.

T. B. DeForest, formerly president of the Bridgeport, is chairman of the loaning committee. Mr. DeForest is also president of the Bridgeport Savings Bank.

The First-Bridgeport National is now housed in the new First National Bank building, views of which are shown herewith. From plans by Architects Mowbray & Uffinger of New Yorfk City a mezzanine floor has been erected in the banking room to provide increased accomodations. This bank makes a specialty of Connecticut collections for which it has facilities for prompt and careful handling.

Interior First-Bridgeport National Bank, Bridgeport, Conn.

The latest official statement of the bank under date of Sept. 1, 1909, offers the following figures.

RESOURCES.

Loans and Discounts	$1,595,407.68
U. S. Bonds at par	605,850.00
Other Bonds	1,310,500.00
Banking House	150,000.00
Due from Reserve Agents	600,134.66
Cash	263,752.30
	$4,525,644.64

LIABILITIES.

Capital Stock	$500,000.00
Surplus	500,000.00
Undivided Profits	97,762.18
Reserve for Contingencies	10,000.00
National Bank Notes Outstanding	453,200.00
Deposits	2,964,682.46
	$4,525,644.64

NEW VICE-PRESIDENTS OF THE NATIONAL CITY BANK OF NEW YORK.

THE announcement of Joseph T. Talbert's election to a vice-presidency in the National City Bank of New York, while anticipated by a few of his Chicago associates, was nevertheless a complete surprise to his many friends in the banking fraternity.

The fact that Mr. Talbert is the second Chicagoan selected this year to take a prominent position in New York's largest bank has created considerable comment.

Samuel McRoberts, a lawyer by profession and for several years treasurer of Armour and Company of Chicago, is the

JOS. T. TALBERT
Vice-President National City Bank of New York.

other Western man who was recently chosen a vice-president of the National City Bank.

Mr. Talbert came to Chicago as a national bank examiner in 1896, and for a time was connected with the liquidation of the National Bank of Illinois. In December, 1904, he went to the Commercial National as cashier and shortly afterwards accepted the position of first vice-president.

Mr Talbert has been responsible in large measure for the growth and success of the Commercial since that time. He is recog-

SAMUEL McROBERTS
Vice-President National City Bank of New York.

nized as a credit man of rare judgment and is very well acquainted with the banking interests of the West and Southwest. He has written considerably on currency and banking subjects and served as a member of the currency commission appointed by the American Bankers' Association three years ago.

Recently he was the most active agent for the Commercial in the negotiations which led to the absorption by that bank of the Bankers National. His joining the forces of the National City will make three Chicago men in the most important active executive positions in the largest bank in the country, Mr. Vanderlip, the president, also being from the Western Metropolis.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—W. B. Noble has been appointed cashier of the Nassau Bank. He was formerly assistant cashier and now fills the place which has been vacant since Edward Earl became president last November.

—Erskine Hewitt has been elected to the directorate of the Metropolitan Trust Company, 49 Wall street.

—The Mercantile National Bank has increased its dividend from four to six per cent. annually and changed the dividend period from a semi-annual to a quarterly basis. The dividend of 1½ per cent. for the present quarter was payable Oct. 15 to stockholders of record Oct. 9.

—An application to organize the National Security Bank of New York was lately approved by the Comptroller. The application was made by Warren B. Hutchinson, Attorney, 141 Broadway; W. A. Harder, Fred. L. Kane, J. H. Wright and C. A. Bruns, president of the Stapleton National Bank and trustee of the Staten Island Savings Bank. The capital of the new institution is to be $500,000, and it will probably be located in the down-town financial district.

—At the annual meeting of the New York Clearing House Association, William H. Porter, president of the Chemical National Bank, was re-elected president. Samuel Woolverton, president of Gallatin National Bank, was re-elected secretary and William Sherer and William J. Gilpin were re-elected manager and assistant manager, respectively.

The clearing-house transactions for the fiscal year compared with its predecessor, have been as follows:

	1909.	1908.
Exchanges	$99,257,662,411	$73,630,971,913
Balances	4,194,484,028	3,409,632,271
Total transactions	103,452,146,439	77,040,604,184

The following is the personnel of the clearing-house committee: V. P. Snyder, president National Bank of Commerce; Gates W. McGarrah, president Mechanics' National Bank; William A. Nash, president Corn Exchange Bank; Francis L. Hine, president First National Bank; William H. Perkins, president Bank of America.

—Carl W. Kimball has been elected a director of the Aetna National Bank to fill the vacancy caused by the resignation of S. Saitta.

—William M. Kingsley has been elected vice-president of the United States Trust Co., 45-47 Wall street, succeeding the late John Crosby Brown. Mr. Kingsley has heretofore been second vice-president. The position of vice-president was formerly an honorary office, but with Mr. Kingsley's election to it he will continue to be one of the company's active executives.

—Arthur Terry, treasurer of the Title Guarantee and Trust Company, has resigned to become a member of the Stock Exchange firm of Atwood, Violet & Co.

Campbell W. Steward also becomes a partner of the firm.

—On October 1 the capital of the Bankers' Trust Company was increased to $3,000,000 and the surplus and profits to $6,000,000, thus completing the plan recently announced for issuing $2,000,000 of additional stock. The company's rapid growth since its organization about six years ago is shown in its last statement, in which its deposits are reported as about $45,000,000. The company has completed plans for the erection of a twenty-story banking house and office building on property leased by it at Nos. 14-16-18 Wall street.

—The general partnership of the banking firm of N. W. Harris and Company of New York and Boston, has been increased from seven to twelve members with the admission as partners of Lloyd W. Smith, Everett B. Sweezy and Charles W. Beall of the New York office and Albert H. Beck and John R. Macomber of the Boston office. All of the five new members are department executives and four of them have been in the service of the firm from ten to twenty-one years.

—The court has authorized the State Banking Department, which has charge of the Lafayette Trust Co. of Brooklyn, to distribute another payment among depositors, this time of 20 per cent. This makes a total disbursement thus far of 30 per cent.

—Superintendent of Banks Williams has authorized the Bay Ridge Savings Bank to open a bank on Fifth avenue, between Fifty-first and Fifty-second streets, Brooklyn.

—D. O. Mills has been elected a vice-president of the Bank of New York.

—Edwin Hawley and Thomas D. Cuyler were recently elected directors of the Mercantile Trust Company.

NEW ENGLAND STATES.

—M. M. Cunniff has resigned as director of the Mechancis Trust Company of Boston.

—Eliot Wadsworth, a member of the firm of Stone & Webster, has been elected a director of the City Trust Co. of Boston.

—Nathaniel Paine, for fifty years active in the banking affairs of Worcester, Mass., has resigned as a vice-president of the Worcester Trust Company. He will remain with the trust company.

—Attorneys representing Elmore Andrews and other members of the Everett Board of Trade have filed a petition for a trust company charter with the Massachusetts commission on trust company charters. The proposed capital of the institution is $100,000, and it is expected to begin business with a paid in surplus of $10,000. It will be known as the Everett Trust Company. At the present time Everett is without any bank. It is believed to be the largest city in the country without a National bank or trust company.

—The charter members of the East Taunton Co-operative Bank, of Taunton, Mass., have organized and have elected the following officers:

Luther Dean, president; A. E. Robbins, vice-president; Albert H. Chace, secretary and treasurer; Frank M. Hoard, auditor;

D. Gardner O'Keefe and J. Howard O'Keefe, attorneys.

The principal office of the corporation is to be at the office of the Corr Manufacturing Company at East Taunton and the shares are to be offered for sale at the meeting on November 15.

—Two very old and well-known banks of Amesbury, Mass., the Amesbury National and the Powwow River National have consolidated and will continue under the name of the latter. The Amesbury National began business in 1883, and was capitalized at $100,000. On September 1, 1909, it had a surplus of $12,676.95, deposits of $389,501.32, and total resources of $527,178.27. The Powwow River bank has been doing business in its present building for seventy-five years.

—Captain Leonard H. Stover, the oldest bank cashier in the state of Maine, has resigned that position with the Pejepscot National Bank of Brunswick. He has been cashier of that institution and assistant treasurer of the Topsham and Brunswick Twenty-five Cents Savings Bank since 1871. Captain Stover is 84 years old. He is succeeded in the national bank by Charles I. Giveen and in the savings bank by Herman L. Stover, a son.

—The annual meeting of the People's Savings Bank of Providence, R. I., was held October 4. General routine business was transacted and the officers for the ensuing year were elected as follows: President, Dutee Wilcox; vice-presidents, Henry F. Lippitt, Edward Aborn Greene and Henry G. Day; directors, Robert Knight, Francis W. Carpenter, Webster Knight, John K. H. Nibhtingale, James H. Chace, John Foster, Howard L. Clark, Frank P. Comstock, John R. Freeman, C. Prescott Knight, Howard D. Wilcox and John G. Massie.

EASTERN STATES.

—The proposition to increase the capital of the German Savings & Deposit Bank of Pittsburgh from $100,000 to $200,000 was ratified by the shareholders on Sept. 29. The entire issue will be divided pro rata among existing shareholders.

—At a meeting of the board of the Fidelity Title and Trust Company of Pittsburgh, held October 14, H. S. A. Stewart was chosen vice-president, succeeding Robert Pitcairn. Eugene Murray was elected as first assistant secretary and treasurer succeeding Joseph A. Knox, resigned. John M. Irwin was elected assistant treasurer succeeding Mr. Murray, and Charles L. Taylor was added to the board of directors.

—G. Horton Singer and Charles L. Snowden have been elected directors of the Exchange National Bank of Pittsburgh, of which Joseph W. Marsh is president. Mr. Singer is the son of the late William H. Singer who was connected with the institution for a long period of years as director, and his interests are principally in the steel trade. Mr. Snowden is president of the Monongahela National of Brownsville, Pa. and in addition to being at the head of that prosperous institution has some important business interests in the Pittsburgh district.

—Holstein De Haven, president of the Real Estate Title Insurance and Trust Company of Philadelphia, has been elected a director of the Bank of North America in that city.

—The Manayunk Trust Company of Philadelphia, has added $10,000 to its surplus besides declaring the regular semi-annual dividend of four per cent.

—Charles O. Kruger, president of the Philadelphia Rapid Transit Company, has been elected a director of the Northern National Bank of Philadelphia, to succeed Henry Hess, deceased.

—William H. Saunders heads the new Park Savings Bank of Washington, D. C. The other officers are: Vice-presidents, L. E. Breuninger and Walter H. Klopfer; treasurer, E. S. Fawcett; executive committee, L. E. Breuninger, William C. Worthington and Dr. Wade H. Atkinson; auditing committee, W. B. Todd, C. J. Brown and Charles W. Estes; appraisement committee, George E. Walker, F. L. Averill and Charles W. King. jr. Mr. Fawcett, who has been assistant treasurer of the First National Bank, Alexandria, for some time, fills the positions of both paying and receiving tellers.

—The Columbia National Bank of Buffalo, N. Y., with its capital increased to $2,000,000, has the distinction of being the only bank in New York state outside of New York city, with such a large capital. Its surplus and undivided profits aggregate $900,000.

—Howard Thornton has been chosen president of the National Bank of Newburg, N. Y., to succeed the late John J. S. McCroskery. Alanson Y. Weller succeeds Mr. Thornton as vice-president.

—Donald Dey has been elected president of the new City Bank of Syracuse, N. Y. and Warren C. Brayton, vice-president. The capital stock of $200,000 has been eagerly oversubscribed.

MIDDLE STATES.

—Ralph Van Vechten, heretofore second vice-president of the Commercial National bank of Chicago, has been chosen to succeed Joseph T. Talbert as first vice-president. Mr. Talbert's election as a vice-president of the National City Bank of New York is noted eleswhere in this number of the BANKERS MAGAZINE. W. T. Bruckner, assistant to the vice-presidents of the Commercial National, has been made one of the vice-presidents of that bank.

—Oscar G. Foreman of Chicago is the new president of the Illinois Bankers' Association. His election during the last session of the convention, held this year at Decatur, October 12 and 13, was without contest, as he was in line of succession to the office and held the good will of all the bankers.

There was a hot contest for the office of secretary of the associaton, and R. L. Crampton of Chicago won on the ninth ballot. At one time he was tied in the voting with F. W. Lockwood of Kankakee. Charles G. Rutledge of Jacksonville also had strong support.

E. E. Crabtree of Jacksonville, was chosen for the vice-presidency; Mrs. Olive S. Jennings for assistant secretary; Daniel Crabb, of Delawan, for treasurer, and B. F. Harris, of Champaign, for chairman of the executive committee.

—A. Waller Morton was recently appointed assistant cashier of the National City Bank of Chicago. Mr. Morton was with the Eutaw Savings Bank of Baltimore, for many years, and was president of the Baltimore Chapter of the American Institute of Banking, afterwards becoming president of the Institute. At the Providence convention he was elected a trustee for three years. He was employed by the Bankers' Trust Co., of New York, when he received his present appointment.

—The Illinois Trust and Savings Bank of Chicago has issued a statement showing that since April, 1874, to September 2, 1909, the bank's deposits grew from $350,445 to $86,846,000. The capital stock was increased from $500,000 to $5,000,000 and the surplus and undivided profits from $30,350 to $8,297,000.

—Located in new and well-equipped banking quarters, the Commercial-German National Bank of Peoria, Illinois, is building up a splendid business.

For September 1, it reports a capital of $550,000, a surplus of $450,000, undivided profits of $73,767, and deposits of $4,797,408.

—The Kentucky Bankers' Association held its annual meeting in Louisville October 6 and 7. The following officers were elected for the ensuing year:

J. C. Utterback, Paducah, president. Vice-presidents, first district, L. M. Rieke, Paducah; second, Phil T. Watkins, Owensboro; third, M. S. Harris, Franklin; fourth, W. C. Ragin, Lebanon; fifth, J. J. McHenry, Louisville; sixth, C. H. Lee, Falmouth; seventh, C. N. Manning, Lexington; eighth, John W. Crooke, Richmond; ninth, John W. Heflin, Flemingsburg; tenth, H. H. Hampton, Winchester, and eleventh, L. S. Robertson, Middlesboro. Arch Davis, secretary; H. D. Ormsby, Louisville, treasurer. Members Executive Committee, C. E. Dallam, Henderson; Samuel Casseday, Louisville; John Stites, Louisville, and J. W. Porter, Lexington.

—The Union Bank and Trust Company has been organized at Elizabethtown, Ky., with a capital of $50,000, all of which was subscribed by residents of the city and county. The directors are: R. L. Marshall, C. L. Crawford, Christy Bush, O. T. Trent, Dr. Gaddy, M. H. Gabbert and J. M. Rihn. Twenty-five per cent. of the capital will be paid in on November 1, and the bank will open January 1.

—The Continental National Bank, the newest of Indianapolis banks, began business on Sept. 15. The bank has quarters at 18 North Meridian street, and it is under the management of George F. Quick, president; Mord Carter, vice-president; Brandt C. Downey, cashier, and Arthur H. Taylor, assistant cashier. It is reported that some of the stockholders are considering the formation of a stock company to finance the erection of a proposed building for the permanent home of the institution at Meridian street and Monument place. The new bank was organized July 12 last, and has an authorized capital of $400,000 of which $200,000 is paid in.

There are 465 state and national savings banks in Michigan, according to Banking Commissioner M. C. Bergh. The total resources and liabilities of these banks on Sept. 1, were $136,230,430.10, an increase of $3,682,850.42 over those of the June report.

—H. P. Cooke has resigned as cashier of the Fourth National Bank of Cincinnati, but retains his position as vice-president. Charles Bartlett, who has been assistant cashier since 1901, is now cashier. The giving up of the cashiership by Mr. Cooke was to relieve him of some of the arduous duties he has performed for many years and which resulted in his nervous collapse six months ago. Mr. Cooke entered the bank's service in 1867, was made assistant cashier five years later and cashier in 1876. Early last year he added to his duties those of the vice-presidency. The new cashier, Mr. Bartlett, entered the bank's service in 1871. He has been assistant to Mr. Cooke since 1901.

—The Citizens Savings Bank, one of the oldest financial institutions in Columbus, O., is to be merged with the Ohio Trust Company. The new concern will be known as the Citizens' Trust & Savings Company. John L. Vance, Jr., is president. The merger takes effect on November 1, and Frank R. Shinn, cashier and vice-president of the Citizens' bank becomes a vice-president of the Ohio Trust. The capital stock will be $700,000 and the undivided profits are $200,000.

—A consolidation of the Iowa State National and the First National, both of Sioux City, Iowa, has taken place. John McHugh, president of the Iowa National, continues in that position.

SOUTHERN STATES.

—Stockholders of the People's National of Lynchburg, Va., met on September 15 at the banking house and adopted resolutions calling for the issuance of $50,000 of additional capital stock, which will bring the total amount of capital up to $300,000. The subscribers will pay $150 a share for their new stock, the $25,000 additional to be added to the surplus fund.

—At a recent meting of the Executive Committee of the Georgia Bankers' Association, Hansell Hillyer, teller at the Home Savings Bank, Macon, was named assistant secretary of the association.

—The Barnett National Bank of Jacksonville, Florida, has opened a woman's department which should do much toward making this institution popular with the fair sex.

—The Guaranty State Bank & Trust Co., of Dallas, Texas, began business October 4 with a capital of $400,000. It is understood that the institution is a reorganization of the Bankers' Trust Co. and that its business will be developed along a commercial banking line. An evidence of this is furnished in the fact that its deposits are announced as having exceeded $800,000 on the first day of its start under its new regime, while the Bankers' Trust had deposits (June 23, 1909) of but little more than $50,000. The Guaranty State Bank & Trust Co. is under the management of D. E. Waggoner, president; J. S. Rice and M. H. Wolfe, vice-presidents, and Edwin Hobby, cashier.

—An additional $25,000 of capital stock has been taken out by the Cowboy State Bank of Rotan, Texas, and the name has been changed to the Cowboy Bank and Trust Company. The present capital is $50,000.

—Since 1881 the First National of El Paso has been making an enviable record for strength and square dealing. To-day it has a paid in capital of $500,000, surplus and profits of $124,488, deposits of $3,244,-323, and total resources of $4,368,812. The president is Joshua S. Raynolds; vice-presidents, M. W. Flournoy, John M. Raynolds, and James G. McNary; the cashier is Edgar W. Kayser, and assistant cashiers, Walter M. Butler and Francis M. Gallagher.

—J. W. Proudfit, for many years cashier of the State Savings Bank of Memphis, Tenn., has been chosen president of that institution to succeed the late J. D. Montedonico. J. V. Montedonico succeeds Mr. Proudfit as cashier.

—Organization of the Columbia Savings and Trust Company of Columbia, Tenn., has been perfected by the election of John I. Amis as president; George E. McKennon, cashier; James A. Smiser and W. H. Wilson, vice-presidents and Eastin Littlefield, assistant cashier.

The new company has a capital of $400,000 and in addition to its general commercial banking and trust business it has an insurance feature.

WESTERN STATES.

—The Leeds State Bank of Leeds, N. Dak., reports a large increase of deposits for the past six months. Its capital of $20,000 is owned by local business men and farmers. The officers are: John C. Fosen, president; H. Peltingsrud and E. J. Richie, vice-presidents; N. E. Ferrell, cashier, and S. B. Brevig, assistant cashier.

—Denver now has a new financial institution, known as the City Bank and Trust Company. It is capitalized at $100,000 and its directors and officers are prominent in financial circles.

—Two new banks have entered the Montana field, their articles having been filed with Secretary of State Yoder. Prior to this they were approved, under the provisions of the law, by the state examiner, H. H. Pigott. They are the Citizens Bank of Clyde Park, with a capital of $25,000, by T. E. Collins and others, and the First

State Bank of Buffalo with a capital of $20,000, by S. S. Hobson and others. The new establishments are in Park and Fergus counties respectively.

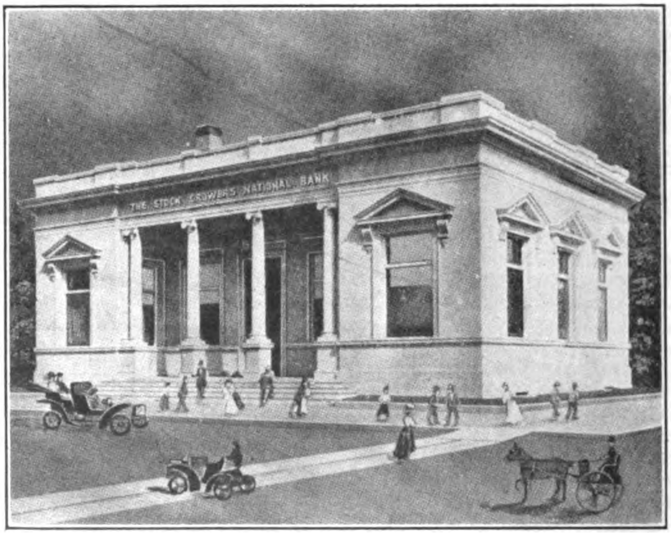
000 and undivided profits of $166,931 its deposits totaled $24,032,273.

—At the close of business, September 1, the New England National Bank of Kansas City, Mo., reported deposits of $13,489,507; loans of $9,140,908; surplus and profits of $666,570, and total resources of $15,021,077.

The bank carries no state, county or city funds and its officers are men of integrity and financial ability. They are: John F. Downing, president; Charles J. Hubbard, Geo. B. Harrison, Jr., vice-president and cashier; Frederick T. Childs, Virgil K. Tuggle and George G. Moore, assistant cashiers.

—On October 2, the Gate City National Bank of Kansas City, Mo., opened a special savings department, which will receive savings accounts during regular banking hours, and also on Monday and Saturday evenings from six to eight o'clock. The Gate City has a capital of $200,000, a surplus and undivided profits fund of $36,863, and deposits of $1,210,678.

—During the past ten years the Stock Growers' National Bank of Cheyenne, Wyoming, has been experiencing a splendid growth, as the following comparative statement of its deposits will show:



Stock Growers' National Bank of Cheyenne, Wyoming.

—For September 1, the National Bank of Commerce, Kansas City, Mo., makes a report of unusual merit. It had outstanding on that date, loans and discounts of $13,249,407 and besides a surplus of $250,-

Oct. 11, 1899	$828,359.01
Oct. 11, 1901	957,388.75
Oct. 11, 1903	1,131,160.04
Oct. 11, 1905	1,304,882.96
Oct. 11, 1907	1,954,233.06
Oct. 11, 1909	2,060,184.98

The bank is located in a fine building of its own, most completely equipped with everything up-to-date.

The officers are: John Clay, president; A. H. Marble, vice-president; W. L. Whipple, cashier, and Curtis Templin, assistant cashier.

I. W. Avitt heads the new Drovers' National Bank of Kansas City, Mo., which was opened October 13. The other officers are: Thomas G. Hutt, vice-president; R. E. Booth, cashier. It has a capital of $200,000 and a surplus of $20,000.

—The First National Bank of Kansas City, Mo., reports a capital of $500,000, a surplus of $1,000,000, and deposits of $28,492,109. Located in a spacious building of its own, the First National looks after a large number of patrons with ease.

—Remarkable progress has been made during the summer months by the National Bank of the Republic, Kansas City, Mo. At the close of business September 1, there were outstanding $2,545,593 of loans and discounts, and the deposits on that date totaled $4,184,430.

PACIFIC STATES.

—Stockholders of the Washington Trust Company of Spokane have approved a proposition to increase the capital from $100,000 to $200,000. A twenty-five per cent. dividend, to be paid out of surplus, will provide for the partial payment of the new stock. The issue will be disposed of at $110 per share (par $100) and will become full paid on January 1, 1910.

—The First National Bank of Eugene, Ore., will soon put into circulation $33,000 worth of its bank notes in $5 denomination. On account of the influx of eastern people who have been in the habit of handling paper money and prefer it to the gold, the bank has planned to meet the demand. The exchange requires the signature of T. G. Hendricks, president, and P. E. Snodgrass, cashier.

—M. M. Cook, cashier of the First National Bank of Hillyard, Wash., is to be cashier of the National Bank of Commerce of Spokane, organized by March brothers of Minnesota and their associates in Spokane. Mr. Cook will remain in Hillyard until the new bank is ready to open for business in December with a capital of $200,000 and surplus of $25,000. Mr. Cook organized the First National Bank of Hillyard about a year ago. In the thirteen months the bank has been doing business its deposits have grown to about $130,000.

—Five hundred thousand dollars of additional capital stock will be issued by the

United States National Bank of Portland, Ore., and as the stock's present value is nearly $250, it is thought that in open market none of the new stock can be purchased for less than $400. At the same time that the bank's capital is to be doubled, its quarters are to be increased to take in the entire floor of the Ainsworth building. The taking in of this additional floor space will increase the bank's quarters to 100 by 100 feet, giving it the largest quarters of any financial institution in Portland.

—On October 2, the Old National of Spokane reported deposits of $8,242,000, representing an increase of $318,000 since September 1, and a gain of $1,000,000 in three months. A dividend of $25,000 was distributed October 1.

—The Vancouver Trust & Savings Bank has been organized with $30,000 capital stock, taking over the Trust, Insurance & Loan Co., of Vancouver, Washington.

—N. U. Carpenter, formerly of Baker City, has become a vice-president of the Portland Trust Company of Portland, Oregon. W. E. Grace has been added to the board of directors.

—The Oil and Metals Bank, an institution that will cater to the great mining and petroleum interests of the Pacific Southwest, will soon be open for business in Los Angeles.

The new bank will have a capital of $250,000. Two sites are under consideration in the business center of the city. The plan will be to erect a building for the bank with quarters above for the various mining and oil interests, such as the Chamber of Mines, the Sierra Madre Club and various corporations.

It is proposed to make the Union Exchange Bank of Los Angeles, Lloyd C. Haynes, president, the nucleus of the new bank.

—W. J. Connor, a vice-president of the All Night and Day Bank of Los Angeles, has succeeded J. S. Moore as cashier of that concern.

BANKS CLOSED AND IN LIQUIDATION.

CALIFORNIA.

Los Angeles—Japanese American Bank; closed October 18.

Sacramento—Nippon Bank; suspended October 19.

Sacramento—Japanese Bank; closed October 15.

San Bernadino—Bank of San Bernardino; closed Sept. 30.

San Francisco—National Bank of Pacific; in liquidation, October 1.

KANSAS.

Cherryvale—Peoples National Bank; in liquidation, Sept. 27.

Holton—National Bank of Holton; in liquidation, July 31.

Sedan—Peoples National Bank; in liquidation, September 1.

MICHIGAN.

Durand—First National Bank; in liquidation, April 7.

OKLAHOMA.

Hollis—First National Bank; in liquidation, Sept. 27.

Marlow—First National Bank; in liquidation, Sept. 14.

Oklahoma City—Columbia Bank & Trust Co.; closed Sept. 25.

Ponca City—First National Bank; in liquidation, Sept. 6.

Shattuck—First National Bank; in liquidation, Sept. 11.

PENNSYLVANIA.

Pittsburgh—Land Trust Co., closed Sept. 27.
Pittsburgh—Mercantile Trust Co., closed Sept. 27.

TENNESSEE.

Nashville—City Bank & Trust Co., closed October 16.

TEXAS.

Bronte—First National Bank; in liquidation, Sept. 27.
Dallas—Commercial Bank & Trust Co.; in liquidation, October 5.

UTAH.

Ogden—Japanese American Bank; closed October 19.

WISCONSIN.

Mineral Point—First National Bank; in hands of receiver, October 12.

OUR USEFUL STATE BANKING DEPARTMENT.

SUPERINTENDENT CLARK WILLIAMS of the New York State Banking Department is to be warmly congratulated on the result of the Binghamton Trust Co. receivership. An excellent piece of work has been done at a cost which emphasizes more than ever the rottenness of the old political receiverships. It is bad enough for the stockholders in a suspended financial institution to face the consequences of bad management or misfortune, but when from thirty to ninety per cent. of what remains is eaten up by an incompetent politician posing as a receiver, who knows only how to make remunerative business for his political legal friends, the case is hard indeed.

In the Binghamton case the sum of $1,560,318 has been collected at a total expense, including the salary of Deputy Superintendent A. W. Hudson, of $10,626. This works out at two-thirds of one per cent. Thirty-nine insolvent national banks of this state, previous to the present arrangement, were wound up on a basis of 8.7 per cent., and even this is reasonable compared with the $20,500 legal loot in the seven-day receivership of the Oriental Bank, and the outrageous robbery which went on in a certain dock receivership which need not be more particularly specified.

If the Superintendent of the State Banking Department is to be congratulated, the public also may felicitate itself. It is true that the development looks very much like taking the bread out of the poor politician's mouth, but the more of these gentry we can induce to work for a living the better. There is another lesson also which may be commended to the attention of the whole country—the abuses which are loosely classed under the generic name of "Wall Street" arise not from sound methods of finance, but largely from the crooks and parasites who abuse Wall Street's facilities.—*Wall Street Journal.*

PIRATE WEALTH.

THE coast of Yucatan was visited early in October by a very severe storm. Soon after the storm subsided the crews of fishing boats began picking up many gold and silver coins of English and Spanish make and bearing dates of the early part of last century. It is believed that these coins are a part of the buried wealth of Pirate Lafitte, who died and was buried in Yucatan.

PUBLISHERS ANNOUNCEMENTS

ANOTHER NEW DEPARTMENT.

IN this issue a new department of the BANKERS MAGAZINE is inaugurated. It is for the benefit of our readers who are interested in the safe deposit business. We have reason to believe that there is a constantly increasing number of bankers who are interested in this phase of their business. We have assurances of co-operation in connection with this department from both bankers and vault and safe manufacturers.

A SUCCESSFUL BOOK.

LAST month we issued the third edition of the financial advertising text-book "Pushing Your Business," by T. D. MacGregor. The book has been revised and enlarged by about 20 pages. A new chapter on "Insurance Advertising" has been added. The book has become a standard text-book on its subject. The price remains the same—one dollar post paid.

AN ECONOMIC STUDY.

EARLY this month we will issue a 200-page book, entitled "The Economic Causes of Great Fortunes." It is written by Miss Anna Youngman of the department of economics at Wellesley College. It is a valuable contribution to economic literature, being a timely study of present day conditions. The book is handsomely printed and bound. The price is $1.50 net.

FAVORABLE REVIEWS.

IN regard to "Banking and Commerce" by George Hague, the New York "Times" said:

Mr. George Hague, formerly manager of the Merchants' Bank of Canada, has supplied to bankers, merchants, and to all interested in financial topics a volume of unusual interest and instruction, "Banking and Commerce," (The Bankers Publishing Company.) It is devoted to the art of banking rather than to its science or history. It therefore supplements usefully such volumes as Mr. Conant's, which trace the development of banking, or Mr. McLeod's, which is devoted to science and theory rather than to daily details. Mr. Hague shows himself exceptionally qualified to deal with them both by his experience and by the quality of his style. His book might almost be said to be written conversationally, so closely do some of his chapters resemble what one business man might say to another in an exchange of confidences.

Mr. Hague first discusses the organization of a bank and the characteristics of a good bank officer. He then considers the duty of such officers in dealing with merchants, farmers, contractors, railways, and corporations, and so on for each leading class of financial operation. A single example must suffice because of its especial timeliness in connection with the grain trade's excitement. After relating many unfortunate experiences he sums up:

"In looking over the results of hundreds of millions of operations engaged in by exporters and dealers in breadstuffs throughout the world, it is somewhat melancholy to notice how few of the men who have been engaged in the trade have derived any permanent benefit from it. Benefit there has been to the great mass of consumers, but the result to the men who have fed these millions has almost invariably been bankruptcy."

It is wholesome to read this testimony at a time when the newspapers are resounding with tales of the easy millions made by a speculator who has carried his financial life in his hands for months, not knowing from day to day—nor his bankers—whether he was a millionaire or an insolvent. The banker who is willing to learn from the experience of others rather than by his own misfortune will find a rich mine in Mr. Hague's book.

"The Wall Street Journal" says of Clay Herrick's "Trust Companies":

The author has treated the subject with an idea of showing not only how trust companies have evolved into their present status, but how the scope of their functions has broadened with their growth. The chapters are sufficiently co-relative to hold the attention throughout.

The "United States Investor" says:

A valuable addition to banking literature is to be found in Clay Herrick's book "Trust Companies, Their Organization, Growth and Management," just from the press of the Bankers Publishing Co., New York. This volume, in addition to an historical sketch of the development of the American trust company, covers such important points as forms and records for the trust, safe deposit, banking, savings and real estate departments, methods of increasing business examinations and other safeguards, summary of laws relating to trust companies, organization of trust companies and of their working forces, etc. The price of this book is $4.

BOOKS FOR A. I. B. CHAPTERS.

THIS company makes a specialty of getting up financial libraries. We have sold large quantities of books to chapters of the American Institute of Banking. Last month we filled a large order for the progressive Baltimore chapter. We are able to make a liberal discount on such orders.

CAN WOMEN KEEP BUSINESS SECRETS.

A CURIOUS protest was made recently against the employment of women clerks in the Bank of England. One of the shareholders raised the subject at the half-yearly meeting of the Court of Governors.

"They should not be here," he said, "Women ought not to be in this establishment. They cannot keep a secret. You know they cannot. It is impossible."

"I cannot think the speaker is right," said R. E. Johnston, the governor, "in saying that lady clerks should not be employed at the bank. They are well adapted for the work they have to do."

ONE GRATEFUL TRUST.

WHATEVER else may be said of it, the Steel trust is properly appreciative and grateful. In London the other day its chairman, Judge Gary, remarked: "Mr. Roosevelt sounded a much-needed warning and did well in awakening the public conscience as he did. Now the spirit of fair dealing and the far-seeing policy of doing the right thing which are animating our business men everywhere will be found ably developed by Mr. Taft."

The Steel trust has been burning incense in honor of Mr. Roosevelt ever since he permitted the Tennessee Coal & Iron Company merger. Mr. Roosevelt is the only President who has had an indorsement at a meeting of the directors of the Steel trust. He is the only President who awakened public conscience to such an extent that even the chairman of the Steel trust cannot get over it but must refer to it at least once a week. Incidentally he is the only President who ever suspended a wise and just law for the sole benefit of the Steel trust.—*N. Y. World.*

AN AMERICAN BANK WANTED IN SERVIA.

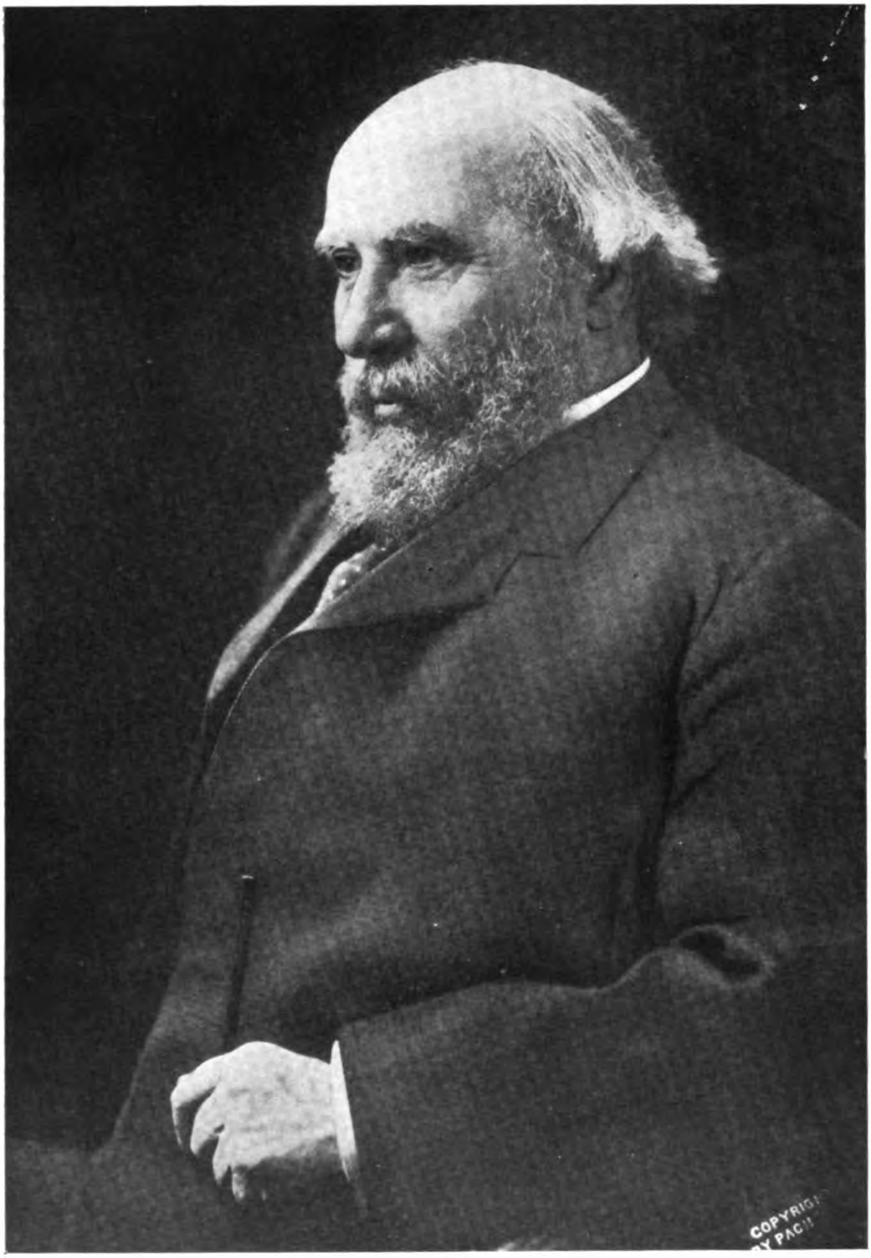
CONSUL ROBERT S. S. BERGH, of Belgrade, says that an American bank is needed in Servia to finance the business of the American firms who could and should establish agencies.

This bank should be started and conducted as a mortgage bank until business between the United States and Servia has developed, when it could revert to purely discounting transactions.

The Servian State Mortgage Bank lends money on real property at six per cent. per annum, but there are always so many applicants that people often have to wait for more than two years before money is advanced. In the meantime property owners willingly pay ten and twelve per cent. for money obtainable at once, repaying the same when they receive advances from the State Mortgage Bank. It is probable that an American commercial agency and bank in Belgrade could rely on the custom of importers in the other Balkan States.

JAMES J. HILL

CHAIRMAN BOARD OF DIRECTORS GREAT NORTHERN RAILWAY



JAMES J. HILL

Chairman Board of Directors Great Northern Railway

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-THIRD YEAR | DECEMBER, 1909 | VOLUME LXXIX, NO. 6

REMOVAL NOTICE.

The offices of The Bankers Publishing Company have been removed from 90 William Street to the Postal Telegraph Building at 253 Broadway.

A CENTRAL BANK OR A CENTRAL PAWNSHOP—WHICH?

IN the absence of any specific declaration from the friends of a central bank, it is difficult to get a definite idea of just what kind of institution they mean to give us. Is it a central bank, or a central pawnshop—which?

We suppose a bank might be defined as a concern that exchanges its credits for the credits of others.

A pawnshop gives money in exchange for a pledge of actual property whose value exceeds the money lent upon it.

Most of the country banks are real banks.

In the larger cities the tendency of banking is toward the pawnshop principle.

The former kind of banking fosters commercial enterprise of every kind. Its exercise demands a shrewd knowledge of men and the ability to judge of commercial credits.

The pawnshop kind of banking chiefly lends itself to the promotion of stock exchange speculation. Its exercise requires no special ability beyond the capacity to keep track of the fluctuations of prices on the stock exchange. If these prices go down, more security in the shape of additional stocks and bonds must be required.

There are, of course, many banks in the large cities that do both kinds of banking—the pawnbroking kind and pure commercial banking.

There are in the large cities also many banks that are commercial banks pure and simple.

It is of very great importance to know what type of central bank is proposed.

We are told by one of its advocates that it will be a center to which banks may apply for currency in times of emergency. By another that it will perform the currency-issuing functions in a manner similar to the issue of circulation by some of the clearing houses during times of panic.

That looks like the proposed institution is to be a pawnshop, not a bank. The country banks will be permitted to pawn their securities and get some of the notes of the central pawnshop.

If the securities the country banks pledge for these loans are acceptable to the central "bank," why wouldn't they be good enough to serve as a basis for the country bank itself to issue notes?

Behind these note issues, as behind every other bank credit, there must be an adequate reserve of gold.

There must be also means of insuring prompt current daily redemption in gold.

Such precautions will make inflation impossible.

And the central "bank" is not needed to make the notes of the country banks acceptable to the people.

The country banks will have to pay the central "bank" from four to six per cent. on rediscounts.

It will cost much less than that for the country banks to keep a gold reserve and issue their own notes. And a safety fund jointly contributed by the issuing banks to secure the payment of the notes of failed banks would be but a light tax on the banks.

Boil down all the high-sounding phrases in regard to the central "bank," and they come to this: A scheme devised to compel the country banks, and through them the entire business interests, to pay tribute to a central "bank" or pawnshop for performing a service which the country banks themselves might perform more efficiently and economically.

DO not the bankers of the country realize that the creation of a central bank is but the first step to the introduction of the branch banking system into the United States?

A central bank to be efficient must have branches, and here we will have the branch system already applied to note issues.

Why should a country bank have to beg a central bank, managed in some distant city, for a few notes with which to move the crops?

Which is the better judge of the local needs for currency in Dakota or in Texas—the central bank, managed by high financiers in the distant city, or the officers of the local banks who are an actual part of their business communities?

Are the country banks and the business interests they sustain to be dependent upon the pleasures of the central bank management?

These questions are exceedingly pertinent. It behooves the bankers of the United States to give them serious consideration.

WHAT constitutes the weakest element in the campaign of "enlightenment" which Senator ALDRICH has inaugurated for the benefit of his fellow citizens is not merely the poverty of his own information concerning the subject of which he treats, but the fact that he himself has no hold upon the public confidence. As the "Chicago Tribune" said:

"Any measure coming from the hands of the Senator from Rhode Island will be viewed with suspicion, for reasons too well known to enumerate."

Whether this suspicion is just or unjust, we can not say. It is a very common and a very cheap plan of discrediting your opponent by attacking his reputation. Great power and success, too, universally beget criticism and jealousy. Senator ALDRICH at present dominates the Republican party. But there is no doubt that he is believed by many to be less disinterestedly working for the public welfare than his suave utterances would seem to indicate.

We do not favor a central bank, because, in our judgment, that is not the mode of reformation most desirable for our banking system. But so far as relates to the fear of a central bank becoming a great engine of oppression, to be used by special interests, we think the opponents of such an institution are somewhat unnecessarily excited. Should a central bank be established it would be pretty sure of incurring greater hostility from the press and from Congress than has ever been shown toward the present banking institutions. A central bank would have to hold to a straight course. If it did not, the newspapers and the politicians would destroy it. Indeed, we think the central bank, should it ever be established, would have more to fear from the people than the people would from the central bank. Whether this liability to successful hostile attack does not of itself constitute a fatal weakness to the continued prosperity of the central bank is a problem the friends of such an institution may well consider.

AT the bankers' convention recently held in Chicago, Mr. E. C. McDougal, chairman of the Clearing-House Section, in his annual address had the following to say regarding some banks that increase their liabilities to the public without adding to their capital equipment:

"If a bank receives from a mercantile house periodical statements showing that each year it is increasing its assets and liabilities without proportionately increasing its net capital, the bank regards the condition of that house as becoming dangerous and insists that it curtail its business. At the same time that very bank may be publishing, several times a year, statements showing constantly expanding discount, investment and deposit lines with practically stationary capital and surplus."

This undoubtedly constitutes a weak feature of our banking, and in the reserve cities more particularly where the banks ought to have adequate capital so that they may keep larger reserves.

A compilation recently made by the "Wall Street Journal" shows that since 1900 the national banks of New York city have increased their capital stock from $32,900,000 to $88,750,000, the State banks from $2,872,000 to $8,050,000, and the trust companies from $11,000,000 to $19,575,000.

The compilation referred to is presented herewith:

	Amount of Capital.	
National Banks:	1909.	1900.
First	$10,000,000	$500,000
Second	1,000,000	300,000
Fifth	250,000	200,000
Chase	5,000,000	1,000,000
Chemical	3,000,000	300,000
Garfield	1,000,000	200,000
Liberty	1,000,000	500,000
Lincoln	1,000,000	300,000
Market and Fulton	1,000,000	900,000
Mechanics	3,000,000	2,000,000
Mercantile	3,000,000	1,000,000
Commerce	25,000,000	10,000,000
City	25,000,000	10,000,000
Park	3,000,000	2,000,000
New York County	500,000	200,000
Seaboard	1,000,000	500,000
Fourth	5,000,000	3,000,000
Total	$88,750,000	$32,900,000
State Banks:		
Bank of Metropolis	$1,000,000	$300,000
Bronx Borough	150,000	50,000
Colonial	400,000	100,000
Corn Exchange	3,000,000	1,400,000
Fourteenth Street	1,000,000	100,000
Greenwich	500,000	200,000
Nineteenth Ward	300,000	100,000
Pacific	500,000	422,700
State	1,000,000	100,000
Twenty-third Ward	200,000	100,000
Total	$8,050,000	$2,872,000
Trust Companies:		
Bankers	$3,000,000	$1,500,000
Fifth Avenue	1,000,000	500,000
Knickerbocker	1,200,000	1,000,000
Metropolitan	2,000,000	1,000,000
Title Guarantee and Trust	4,375,000	2,500,000
Trust Company of America	2,000,000	2,500,000
New York	3,000,000	1,000,000
Central	3,000,000	1,000,000
Total	$19,575,000	$11,000,000

If the surplus were included, and also

the deposits, one would be able to get a better understanding of the relative positions of these institutions now and in 1900. Of course, the deposits have increased largely, the national banks alone showing an increase of individual deposits from $569,573,000, in 1900, to $925,653,623. The proportion of capital to individual deposits therefore is very much greater now than in 1900.

It would be interesting to know how far this movement is extending among the banks all over the country. Upon this point the Comptroller's report should furnish considerable information.

COMBINATIONS of business that create monopoly and unlawful restraint of trade get no encouragement from the recent decision of the United States Court in the Standard Oil case.

If the Sherman Anti-Trust Law is to continue in its present form, many of the large business combinations will be open to the same line of governmental attack as has been applied to the Standard Oil aggregation.

It would seem that the methods of combining competing corporations will either have to be modified or the law amended.

Whatever may be the public view as to these vast combinations, a continued state of uncertainty is clearly not desirable.

GREAT BRITAIN'S capital investments in foreign lands formed the subject of an interesting paper read by Mr. GEORGE PAISH before the Royal Statistical Society of London at the meeting on June 15 and only recently published.

Mr. PAISH estimated that Great Britain's total foreign investments (shipping business not included) are £2,693,738,000, yielding an annual income of £139,791,000, or 5.2 per cent. It is of interest to note that out of a list of twenty-nine classes of securities in which these investments are made, banks yield a greater return than all others, with three exceptions. This is quite an impressive testimony to the profitableness of foreign banking.

In a list of British investments made in the year from July 1, 1908, to June 30, 1909, some of the chief borrowers were:

Canada	£28,461,401
Argentine	23,522,816
Brazil	14,794,697
Chile	4,139,200
Mexico	12,874,254
Japan	6,676,353
Russia	9,540,775
United States	13,634,655

Generally the Latin-American countries appear among the heaviest borrowers, indicating the great development that part of the world is undergoing.

As to the desirability of foreign investments, Mr. PAISH says:

"In conclusion, I would direct your attention for one moment to the immense advantages to this country of its investments in other lands. The investment in the last sixty years of about £2,500,000,000 of British capital has occurred simultaneously with a vast growth of British trade and prosperity, and in my opinion this growth of our trade and prosperity is largely the result of our investment of capital in other countries. By building railways for the world, and especially for the young countries, we have enabled the world to increase its production of wealth at a rate never previously witnessed and to produce those things which this country is specially desirous of purchasing—foodstuffs and raw materials. Moreover, by assisting other countries to increase their output of the commodities they were specially fitted to produce, our investors have helped those countries to secure the means of purchasing the goods that Great Britain manufactures. Thus by the investment of capital in other lands we have, first, provided the borrowing countries with the credit which gave them the power to purchase the goods needed for their development, and, secondly, enabled them to increase their own productions so largely that they have been able to pay us the interest and profits upon our capital and also to purchase greatly increased quantities of British goods."

Since our own enterprises offer such an inviting field for the investment of capital, the United States has not yet become an extensive holder of foreign securities. Great Britain seems to have abundant capital for her own enterprises and plenty to spare for use all over the world.

ADDED opportunities for public service are afforded Mr. CLARK WILLIAMS, former Superintendent of Banking of the State of New York, by his recent appointment as State Comptroller.

It was in the fall of 1907, when the banking and trust company situation in New York city was anything but satisfactory, that Mr. WILLIAMS was appointed Superintendent of the Banking Department. The time was opportune for a revision of the laws in some important particulars and for the inauguration of more efficient methods of supervision. These beneficial changes were quickly made, and the conduct of the Bank Superintendent's office by Mr. WILLIAMS has commanded the confidence and respect of bankers and of the public generally.

It is noted that when Mr. WILLIAMS gave up his official connection with a trust company to become Superintendent of Banking it was at a considerable sacrifice of income, and as Comptroller he will also receive a smaller salary than he got as head of the Banking Department. But in accepting office, in both cases, his opportunities for public service were greatly multiplied, and the record he has made has won him a high place in public estimation. He has set a high standard in bank supervision in this State—a standard which we hope to see maintained by his successor.

DEPOSIT insurance in practice is analyzed in an article by THORNTON COOKE in the November number of the "Quarterly Journal of Economics." While it is perhaps too early to determine, from the Oklahoma experiment, the full effects of such a law, there would seem to be little doubt that the guaranty law has in it a considerable element of popularity. In the absence of a guaranty law, the natural tendency of the people, one would suppose, would be to favor the national banks. Just what has been the result of the guaranty law in building up the business of the State banks at the expense of the national institutions may be seen from the following statistics, accompanying Mr. COOKE's paper:

STATE BANKS:	Feb. 29, 1908.	June 23, 1909.
Number	470	631
Capital	$6,232,216	$10,270,080
Surplus	580,892	758,774
Individual deposits..	18,032,284	42,722,927
NATIONAL BANKS:		
Number	312	230
Capital	$12,215,350	$9,730,000
Surplus	3,063,039	2,775,489
Individual deposits..	38,298,247	38,111,948

These changes in the relative position of the two classes of banks may not have been due to the guaranty law altogether, though it would seem to be a reasonable inference that this has been a prominent factor in the advance made by the State banks over their competitors.

The guaranty of deposits after the Oklahoma method may not commend itself to bankers generally as sound in principle, but when they are brought face to face with the problem, as the national bankers are in Oklahoma, it becomes a very practical question indeed.

In a later paper to be published in the "Quarterly Journal" Mr. COOKE will treat of a recent failure in its relations to the guaranty fund.

DECLINE in our volume of exports has given rise to some speculation as to how we are going to meet payments abroad.

Investigations made by the Government tend to establish the belief that the reduction of exports is not due to a falling off in production or to a lessening in the popularity of American products. We have sold less abroad simply because foreign nations have reduced their purchases all round. They are not buying so much probably because they do not have so much money to spend. With a trade revival in France, Germany and Great Britain—our principal customers—we may expect to see our exports increase materially.

For the ten months ending with October of the years named the net merchandise exports have been: 1904, $303,824,565; 1905, $277,206,917; 1906, $358,792,303; 1907, $291,857,072; 1908, $502,213,609; 1909, $164,029,791.

WHILE we have never perceived any adequate reason why all the banks might not be permitted to issue circulating notes, under proper restrictions, there are nevertheless some considerations which would seem to indicate the desirability of limiting the note-issuing privilege. These grounds are chiefly physical; that is, the issue of notes by some 20,000 banks would entail a vast amount of labor, a great deal of it probably unnecessary.

But instead of limiting the note issues to a central bank only, why would it not be better to permit all the reserve city banks to issue their credit notes? This would not disturb the relations that at present exist between the country banks and their reserve agents. It would seem that the country banks would much prefer to rediscount with their present city correspondents rather than to apply to a central bank.

But of course an arrangement of this kind would be open to objection on the score of monopoly, though it would be much less objectionable than to confer a monopoly of the note-issuing privilege on a single bank.

The reserve system itself probably needs overhauling. It would be better if in the central reserve cities banks acting as reserve agents should have a capital of $5,000,000 (twice that amount would be still better), and in the reserve cities banks acting as reserve agents be compelled to have a capital of not less than $1,000,000 ($3,000,000 would be better).

The lack of sufficient capital equipment on the part of banks attempting to perform reserve functions is one of the weak elements in our banking system.

And the requirements as to the amount of money to be held by reserve banks should probably be increased to forty or fifty per cent. in the central reserve cities, and to at least twenty-five per cent., to be actually kept on hand, for reserve agents in the reserve cities.

While we wish to repeat that there seems no good reason to limit the issue of credit notes to certain institutions, yet if there is to be a limitation at all it would be better to have it include the reserve city banks than to confine the privilege to a single institution.

It would not be difficult, we think, to show that the function of issuing credit notes is one that could be used advantageously by the reserve city banks. In fact, they probably have much greater need of this privilege than do the smaller country banks.

OPPOSITION to the central bank scheme from an unexpected quarter came from the following leading editorial which appeared recently in the New York "Sun":

"The 'Sun' will always oppose a central bank of issue. Such a bank is intended by the Monetary Commission. The policy of that body as now formally disclosed by Senator ALDRICH points to no other consummation.

"It is our conviction that a central bank of issue bearing the same relation to the money of this country that the banks of France and of England bear to the money of those countries would prove a national evil.

"This country is traditionally and temperamentally unsuited to such an institution. If Mr. ALDRICH and his associates by their united genius can fashion a central bank whose functions and powers shall be purely automatic and mechanical, well and good. But such a bank with us is impossible.

"We have developed no class in America from which we could create or recruit the administration and control of such an institution, while to isolate it from our political life is hopeless.

"We wish it were otherwise. It is a national misfortune that we cannot create a bank of issue, regulation and control like the Bank of England. But it is a misfortune to which we are habituated and which is an accepted condition of our economic existence.

"It might be possible in time, but that time is remote.

"The temperament, the political genius and the geography of our country assure us that the creation of such an institution would lead inevitably to disaster graver and more far reaching than that which our recurrent panics and speculative convulsions entail. They constitute an evil, but it is a negligible evil compared with the sinister possibilities of another Bank of the United States."

Whether "it is a national misfortune that we can not create a bank of issue, regulation and control like the Bank of England," is an assertion with which not every one will agree. The Bank of England is hardly the model upon which we should build were a central bank of any kind to be adopted. It practically lacks the power of making fresh note issues except upon deposit of like sums of gold. Aside from the percentage of lapsed issues of other banks, it may not emit notes (except as stated) without breaking the law. It is more closely restricted than the French or German bank—to an extent that probably impairs its usefulness.

The task of "regulation and control" under our heterogeneous banking system, and with the channels of circulation so choked with Government paper money and bond-secured bank notes, would be one quite beyond the capacities of the great European banks or of any other that the wit of man could devise.

ANNOUNCEMENT was made recently that beginning with the first of the coming year the New York Central Railroad would put into effect a plan of pensioning employees who have been in the company's service continuously for a certain period.

While a plan of this character may well be commended on humanitarian grounds, it also has its severely practical aspect. For when a railroad employee has reached the age of seventy, it may well be that doubts will arise as to his further efficiency for very much longer. Yet to turn an old employee adrift without any means of support is not always easy, even for a "soulless corporation." But the pension plan enables a railway to retire its old servants and still pay them enough to help support them. There is no doubt that, for railways at least, the pension policy is a good one.

Several of the large banks of the country have adopted pension plans, but other banks are not agreed as to the wisdom of such a step. The practice is much commoner in England and Canada than it is here.

ADDRESSING the convention of the American Bankers' Association, Hon. M. M. ZIMMERMAN, Commissioner of Banking for the State of Michigan, threw considerable light upon the conduct of a savings and commercial business by a single banking institution. He said:

"It may be of interest, however, to the members of your association to know how banks permitted to transact both a commercial and savings bank business are regulated. To those familiar with the statutes requiring the segregation and safeguarding of savings deposits in Michigan, it must be plain indeed that the savings depositors there were the special objects of care and solicitude on the part of the lawmakers, since the statute provides that separate books of account shall be kept, that all investments in the savings departments shall be kept entirely separate and apart from the other business of the bank. Originally the law did not provide for the preference of savings depositors, but the law was amended from time to time. In 1893 this provision was inserted evidently after due deliberation and with the plain intent of taking special care of savings depositors.

"The reasons for this are quite evident. The lawmakers returned to the original idea or purpose of savings banks, as it was understood in the New England States when the English savings bank plan was adopted. It is apparent that the lawmakers of Michigan were convinced that savings banks should be established to encourage thrift among wage-earners, to offer safe and profitable depositories for their funds, and provide safeguards against loss, since the law expressly provides that savings banks may receive deposits from tradesmen, mechanics, laborers, servants, minors and others. While this enumeration of the persons from whom deposits may be received by savings banks in Michigan may have no particular legal significance in itself, yet it indicates very clearly the character of the business intended for a savings bank. The Michigan law also provides the amount of reserve to be kept on hand, and details how the remainder of the deposits of a savings bank shall be invested, which, for convenience, may briefly be stated as follows:

"Fifty-one per cent. of deposits shall be invested as follows:

"1. In notes secured by first mortgage on property worth double the value of the loan.

"2. Bonds of the United States.

"3. Bonds of any city, county, township or village in the United States.

"4. Bonds of steam railroad corporations (subject to certain restrictions).

"5. Street railway, steamship, gas and electric light and power bonds, under certain restrictions and provided they are approved by the Securities Commission, consisting of the State

Treasurer, Attorney-General and Commissioner of Banking.

"6. Banks may loan on negotiable paper secured by above classes of securities.

"Thirty-four per cent. of savings deposits may be invested in collateral loans with collateral of known marketable value worth ten per cent. more than face of loan; or a portion of this thirty-four per cent. (not exceeding capital and additional stockholders' liability) may be invested in negotiable paper, approved by directors.

"Since such investments as these are not readily turned into cash the bank is given the right to provide against sudden calls for money in the savings department. In pursuance of such statute the bank may lawfully adopt a by-law calling for ninety days' notice of withdrawal of savings deposits. On the other hand, in the case of commercial banks, the lawmakers aimed to satisfy the needs of business life and the demands for credit in mercantile transactions. Investments made by banks of this character, it is evident, must be readily convertible into cash. By specific provisions of the statute all commercial deposits are payable on demand without notice, except where there is a special contract with the depositor to the contrary. Real estate investments are not suited to the requirements of commercial banking, since they cannot be readily turned into cash, and this statute thus prohibits the commercial banks from investing in real estate securities except in amount not exceeding one-half of the capital stock, and then only when authorized by a two-thirds vote of its board of directors. No limitation is otherwise placed upon the investments which may be made by commercial banks.

"These dual functions conferred upon the State banks of Michigan have been taken advantage of by more than ninety per cent. of the banks organized in the State, there being comparatively few strictly commercial banks and strictly savings banks. This must be convincing that the plan operates successfully and to the advantage of both banker and depositor. If we had no such law it is evident that in the smaller communities banking facilities would be seriously handicapped, since in such places if a strictly savings bank were established it would not meet the commercial demands of the locality, and so, on the other hand, if a purely commercial bank were established, savings depositors would not have the same advantage or protection as the law intended for such depositors.

"In case of failure or dissolution the savings depositors in Michigan have a first lien on the assets of the savings department of the bank, and if these are insufficient then an equal claim with other creditors of the institution on its general assets as well as on the investments of the capital stock and on the stockholders' liability.

"The Supreme Court of the State of Michigan has held, in line with the courts of those States in which mutual savings banks are established, namely, that savings deposits constitute a trust fund, and, in Peter vs. Receiver of the City Savings Bank of Detroit, reported in 131 Michigan 322, the court used this significant language:

" 'So long as it is entirely possible to trace the fund which was invested in these securities as a fund derived from the savings department, we think there is no difficulty in saying that it should be impressed with a trust in favor of the savings depositors.'

"In Michigan there are now 365 State banks, with a total capital and surplus of $29,467,038. The aggregate of commercial deposits therein is $56,348,000, while savings depositors of the State have to their credit in these institutions $147,708,000.

"Thus the lawmakers of Michigan,

while recognizing the paramount necessity of safety, stability and permanency in the reception and investment of savings deposits, also kept in mind the first requisite of a commercial bank: ease of negotiation of its investments made from commercial deposits, and, while artisans, mechanics and laborers were contemplated as prospective savings depositors, the business men were contemplated as prospective commercial depositors, and thus the laws were framed to encourage thrift in the one case and to assist trade operations in the other."

Bankers are not wholly agreed upon the proposal to give preference to savings deposits. Yet there seem to be many sound reasons why this should be done. At all events, such deposits should be segregated from the general accounts of the banks and protected by investments in high-grade securities only.

This would seem to be a practicable method of forestalling the postal-savings bank movement. The experience of Michigan shows that while the purely savings institution does not appear to be popular in that section of the country, institutions combining commercial and savings functions meet the needs of the people efficiently and safely.

PATHETIC and tear-compelling indeed was the picture which Senator Aldrich drew in his speech at Omaha. He was telling of the great increase of wealth and prosperity in the West, and went on to say:

"This is the capitalistic region of the country. We shall have to look out for our laurels in the East. We used to lend money to this part of the country, those of us that had money to lend. But I expect that, in order to develop our little farms, I being a farmer myself, very soon, if we need any repairs to our roofs, we shall have to come to Omaha or to Kansas City to get it."

How sad it would be, after his unselfish labors in establishing a central bank, if the hard-hearted Eastern magnates who may control it should refuse the Senator's application for a loan to develop his little farm!

GREAT interest will attach to the meetings of the savings banks trustees in the State of New York, to be held in the present month.

We pointed out in the November issue that for some years the surplus of the savings banks of this State had been declining until it had fallen to a point where the danger line is in sight for a great many banks, even if it has not actually been passed by a number of them.

We hardly think argument is required to establish the desirability of every savings bank in the State being able to show at all times (periods of panics alone excepted) a margin of assets over liabilities. When this margin is not large enough to maintain that proper proportion that should obtain between what the banks owe and their means of paying those debts, a perilous approach is being made toward insolvency. And when this margin disappears altogether, if insolvency has not actually been reached, it is at least time for action to be taken that will restore the depleted surplus.

The savings banks of the State, as a whole, are already at a point where the margin between resources and liabilities is extremely narrow. Not a few of them are facing a deficit; and unless present tendencies are checked, the number so circumstanced must be increased.

No class of financial institutions in the world has been more prudently managed than the savings banks of the State of New York. They have earned and maintained the confidence of their depositors through the severest financial crises.

But they cannot count upon this excellent record to absolve them from the necessity of obeying a fundamental law of banking and of business of any kind, namely, to maintain a safe balance of assets above liabilities. If they shall ignore that rule, they may come to suffer the penalty that invariably attaches to its violation—a loss of public confidence, with all that this entails.

We should not write thus plainly did we not believe that a situation exists which the savings banks trustees of the State of New York must meet promptly and effectually.

The remedy to be applied is an immediate reduction of the dividend rate to three and one-half per cent. or less, until a proper ratio of surplus over liabilities is again restored.

It is believed that a due sense of the obligations resting upon the trustees of the savings banks of the State will constrain them to take prompt measures to restore the surplus to its proper ratio.

In this era of extravagance and inflation an example of conservatism should be set by the institutions designated by law as the custodians of the savings of the poor. We seek to raise no cry of alarm, but unless all the teachings of the past count for nothing, a time is coming when the wisdom of conservative action will be more apparent than it is to-day.

AS this magazine has, on what seemed just grounds, opposed nearly everything that Mr. ALDRICH has done in regard to currency and banking matters, and has not hesitated to express distrust of the Senator's disinterestedness, we yet take great pleasure in publishing this certificate of character, given him recently by Mr. GEORGE M. REYNOLDS, president of the Continental National Bank of Chicago, and former president of the American Bankers' Association:

"I have had the pleasure and the privilege of having a little to do with Senator ALDRICH and the other members of this commission for nearly two years. I have, therefore, knowledge of the thoroughness with which they are going into the work, and I know from personal observances and personal contact that each and every member of the commission, including Senator ALDRICH, is anxious to do everything he possibly can to settle this question along lines which will bring the greatest good to the greatest number and bring the greatest measure of prosperity to every section of the country."

That ought to go far toward dispelling the "suspicion" which the Chicago "Tribune" recently declared would attach to any measure coming from Senator ALDRICH. Mr. REYNOLDS has the confidence and respect of the bankers of the United States, and his opinions on banking matters deservedly carry great weight.

NEVER before have we had such a striking illustration of the aphorism that language was invented to conceal thought, as was afforded by the "educational" currency campaign recently conducted by the Chairman of the Senate Finance Committee.

But once he did give expression to an idea, and here it is:

"First, to establish in the people throughout the country a feeling of confidence that there can be an extension of note issue and of credits whenever they are absolutely demanded. That is, if an emergency should arise so that there should be a reason for extensions of credit, or for a temporary increase in note issues, there should be a feeling that there is some process by which that want may be met. You want, first, confidence in what you are going to do, and then the machinery to do it. And the machinery, in the long run, will furnish the confidence. That is the whole problem, gentlemen; and it is a big problem, too."

While we do not pretend to be able fully to understand anything so vague as this, it seems to spell emergency currency and more paper "money."

Not a shadow of suggestion of squeezing any water out of the bank reserves (greenbacks, silver and even bank notes)—no suggestion of the danger that lurks in issuing $700,000,000 of bank notes based upon the public debt, and a possible issue of $500,000,000 more based upon bonds, with not a dollar of reserve of any kind to back it up (Aldrich-Vreeland Law)—but more "emergency currency," more paper money. What an encouraging spectacle for the United States of America in the twentieth century, to ignore all experience and enter upon a still greater paper-money debauch!

WHATEVER concerns the farms of America is of vital importance to our prosperity, for the farms remain the chief sources of our national wealth. In an address before the last annual convention of the American Bankers' Association, Mr. JAMES J. HILL, Chairman of the Board of the Great Northern Railroad, spoke on "National Wealth and the Farm." Mr. HILL has taken such a prominent part in the country's commercial development, and the subject he dealt with is of so much importance, that we reproduce a considerable part of his address:

"The public," he said, "is now to some extent awake to the relative value of the different occupations as sources of wealth. The farm is our main reliance. Every other activity depends upon that. The farms of this country are now adding annually over eight billion dollars to the total of our assets; a total which, unlike that of manufacturing and other industries, represents not value conferred by human labor upon some material already existing, but value actually created out of elemental things. This is the annual miracle of the earth; quite as wonderful as if a new planet should appear in space each twelvemonth. It is the mother of every other form of human industry. Our tillable area may be made to support millions of people greatly multiplied after the last bit of mineral has been extracted from the earth, and man's ingenuity in fashioning tools and fabrics has passed its limit. There is no comparison, in volume, in value and in relation to human enterprise and the very continuance of human life between the cultivation of the soil and any other occupation."

Mr. HILL then proceeds to sketch the declining status of agriculture in this country:

"In 1790 only about 3.4 per cent. of the American people lived in towns. At the time of the Civil War the percentage had risen to sixteen. In 1900 more than thirty-one per cent. of our population was urban. The change is portentous; and there is no doubt that the coming census will show it to have proceeded in the last ten years with accelerated speed. In spite of the warnings of economists, the amelioration of farm life, the opening of new and attractive employment on the land through the spread of irrigation and the growth of the fruit industry, the encouragement of public men and the wider dissemination of agricultural education, the percentage of our population who work on the farm constantly declines. If that proceeds too far, it is as if dry-rot had eaten through the timbers supporting some great structure. We should consider now the change accomplished and that impending.

"In the earlier history of the country, it is well known that the great majority of its people followed the cultivation of the soil. The census of 1870 was the first to group the population of ten years old and upwards in great divisions according to occupation. The drift away from the land became pronounced in 1880. Since then the process has been continuous and the results cumulative. The percentage engaged in agricultural pursuits of the whole number of persons ten years old and upwards engaged in gainful occupations in this country is as follows by decades:

1870....47.36	1890....37.7
1880....44.3	1900....37.7

"From all the States, East and West alike, comes the complaint that the children will not stay on the farm, and that other labor cannot be enticed there except by high wages for a few weeks in summer. It is quite probable that the new census will show this farm population reduced to thirty per cent. of the whole. We may certainly say that it does not exceed one-third. And, unless this tendency is counteracted, no one can now predict to what inconsiderable fraction it may one day be reduced. Totals of farm products expressed in dollars and those expressed in bushels or pounds tell quite different stories. We maintain the showing because new and fertile land is still being opened, while at the same time older lands are abandoned or deteriorate. The possibility of this disappears with the appropriation of most of our available unoccupied land. The further fact is that we are now and have been for more than a generation, in spite of our boasted progress, in the grip of a revolution that has preceded declining wealth and falling institutions wherever it appeared since history began.

"With our annual increase of over 1.5 per cent. in population from natural causes and immigration that has not been less than three-quarters of a million any year since 1902, there will be from two to two and a half million more mouths to feed every year. Having in view this increase in population, the declining average yield per acre of cultivated land in the United States after it has been farmed for a few years, the rise of per capita consumption, with a higher cost of living and the movement of the working population away from the land, the time is now approaching when we shall not only cease to be a wheat-selling nation, but will find it necessary to import a portion of what we consume.

"Last year the value of our total exports classified as foodstuffs, either crude or partly or wholly manufactured, and food animals, amounted to $438,000,000. We imported of the same classifications nearly $329,000,000. The idea that we feed the world is being corrected; and unless we can increase the agricultural population and their product, the question of a source of food supply at home will soon supersede the question of a market for our own products abroad. Our foreign trade in the past has rested mainly on our exports of products drawn from the earth directly, or only once removed. Our manufactures for export are to a large extent natural products subjected to a few simple processes. How are we to meet the immense trade balance against us, how prevent financial storms of frequent occurrence and destructive force, how feed the coming millions, if the farmer, who pays most of the bills, has retired to the city or the country town in order that his children may the better enjoy their automobiles and enter into the delights of the social game?"

WE suspect in his next point Mr. HILL shows that he has no special fondness for our protective tariff system:

"Since the percentage of those at work on the soil declined by about one-fourth in the last thirty years, we have to consider not only the increase of food demand over its domestic supply but also that disturbance of the balance between one form of industry and another upon which prosperity and stability depend. This industrial interdependence appears to be one of those universal laws that prescribe harmony and proportion as essential to health. Just as the soil itself must have a change of crops, as every member of the body must have its appropriate exercise, as a hygienic food ration must include a proper amount of each of the chief chemical constituents to produce physical and mental vigor, so human occupations must be distributed with reference to one another, if the big machine is to work without loss of efficiency or collapse. Up to this time other industries than agricultural would have flourished and grown amazingly in the United States without any artificial stimulus, because the large percentage of the total population engaged in agriculture furnished an adequate market. This condition is changing rapidly."

This growing disproportion between the urban and rural population, between the artisan class and those engaged in farming, gives rise to some grave problems:

"If," Mr. Hill continues, "in a population of 100,000,000 people, which we shall have shortly, forty-five per cent. are engaged in agriculture, then 45,000,000 people are calling upon the labor of 55,000,000 for clothing, professional service, commercial help, tools and furniture and all the smaller comforts and luxuries. If, instead, the agricultural percentage is reduced to thirty, only 30,000,000 people instead of 45,000,000 people make such demands, while 70,000,000 instead of 55,000,000 compete in supplying them. A stationery or declining product, a soil becoming annually less productive, a revolt against the life of the farm and a consequent rise in wages amounting, since 1895, to 55.6 per cent. for ordinary day labor on the farm without board and 61.3 per cent. with board, compel such a rise of all prices as bears ruinously upon town and country alike. Our real concern is not so much to save the home market from the inroads of the foreigner as to keep it from destruction by an enlarged city life and a neglected country life, a crowded artisan population clamoring for food and a foreign demand for the product of their wages limited to fields where the competition of all the world must be met and overcome."

Great Britain already faces these problems and has turned to socialism for a remedy.

Mr. Hill not only finds neglect in the cultivation of the soil, but charges that present farming methods are notoriously ineffective.

"The consumers of bread," he says, "throughout the world increase by probably from four to five millions every year. In our own country we shall require from 13,000,000 to 15,000,000 bushels more annually for seed and home consumption. The domestic supply cannot be maintained by present methods. Not only is the cultivation of the soil being neglected, but it is also notoriously ineffective. Our wheat product per acre from the older lands falls steadily. Our national average is less than half that of England or Germany, both of which have soil inferior to our own. Only by bringing rich new land under cultivation have we prevented the fall from becoming abrupt. Good farms in the Mohawk Valley in New York State forty years ago were worth from $100 to $150 per acre; now many are sold at from $25 to $30. This is not because wheat has become cheap, for it is dear not entirely because of Western competition, but because there is neither good cultivation nor enough cultivators. The younger generation throngs the cities; and the land, rented by its owners to tenants careless of everything but immediate profit, is abused and robbed of its fertility."

A pretty strong arraignment, but Mr. Hill gives plenty of examples to sustain his statements. He goes on to say:

"The situation, then, sums itself up

thus: We have almost reached a point where, owing to increased population without increased production per acre, our home food supply will be insufficient for our own needs; within ten years, possibly less, we are likely to become a wheat-importing nation; the percentage of the population engaged in agriculture and the wheat product per acre are both falling; at the same time the cost of living is raised everywhere by this relative scarcity of bread, by artificial increase in the price of all manufactured articles, and by a habit of extravagance which has enlarged the view of both rich and poor of what are to be considered the necessaries of life. These plain facts should disturb and arouse not only the economic student but the men who are most intimately related to the wealth of the nation and most concerned that it shall not suffer loss or decrease."

BUT Mr. HILL does not stop after lodging this complaint against our agricultural decline. He has a remedy:

"What we must come to—and the signs of the times indicate that we cannot make head in that direction too rapidly—is the smaller farm, with a more intensive agriculture. We support, in round numbers, ninety millions of people on three million square miles of land. We should be able to support 150 per square mile as easily as thirty; and then we should have but a fraction of the density of population of Denmark with 167 inhabitants per square mile, Holland with 448, or our own State of Rhode Island with 407 in 1900. But the education of a whole people in right methods of tillage is a stupendous task. It took England nearly fifty years to do this, with powerful agencies at command and with a control over her farmers through leasehold conditions that no one in this country possesses. She has raised her average wheat yield from twelve and fifteen to upwards of thirty bushels per acre. If it should take up fifty years, we would by that time probably have doubled our population also, and barely kept pace with our necessities. But we have not yet accomplished the mere preliminaries of such a process.

"There were more than ten million people at work on the farms of this country in 1900; and it needs a big school and a big teaching force to take them all in.

"That is what we have to do. There are between six and seven million farms in the United States to-day. Their annual product of over $8,000,000,000 could be doubled without adding anything to the labor or money now expended. The average wheat yield of the country is now about fourteen bushels per acre in good years. The same land might produce thirty bushels if properly cultivated. The average cotton yield is about four-tenths of a bale per acre, and possibly four times that amount could be raised as easily. The same holds true of the whole list of farm products. The farmer has been discouraged by seeing every other industry preferred to his. A false policy of stimulating these by legislative favors has naturally tended to tempt the intelligent, energetic and ambitious into other occupations.

"While much praise is due to what is now being done, and well done, by the Agricultural Experiment Stations and Colleges, by the Department of Agriculture and by farmers' institutes and other agencies, the job is too big for them. When we set out to educate the children in the public schools, we do not establish one or two large ones in each State and expect them to go there. The farmer is almost as numerous, as much in need of instruction, and is unable to leave home in search of it or to absorb it through literary channels, as the child. The education must be taken to him. If all the graduates of all the Agricultural Colleges were sent out as missionaries to the farm, there would not be enough of them to do the work. But it is the sort of work in which every State should engage without delay.

"What has to be taught is not abstruse. While high-grade farming can furnish employment for the best intelligence, instruction in a few simple subjects will enable the ordinary farmer to double his product. He needs to be taught how to prepare a field properly for the seed; how to select and where to get the seed that will yield the best return; how to cultivate each crop; how to combine stock raising with tillage; and how to rotate his crops and preserve unimpaired the richness of his soil. On his own farm, with the material and the object lesson before him, under instruction that comes with public authority and sanction, he will be a pupil apt to learn. It is on a par with the importance of the public school. We have not yet made a beginning; but every other interest and every other item of proposed legislation might well wait until we do."

Few people in the country are better qualified by observation and judgment to speak of this important subject than is Mr. HILL. What he says should be most deliberately studied, and wise precautions ought to be taken to avert the impairment of our national wealth which must follow the decline of American agriculture.

FOR some months to come the newspapers are likely to have a great deal to say about bank notes and a central bank. While this debate will be enlightening, no doubt, and will have an air of freshness to most newspaper readers, it will sound a great deal like ancient history to the readers of THE BANKERS MAGAZINE. The bound volumes of this MAGAZINE for the past ten years probably contain more sound and solid information on banking and currency than Senator ALDRICH will get together in his elaborate report, should it ever be completed and published.

How much will ALDRICH's costly investigations be worth? What value would be set upon the investigations of a scientist who had a certain hobby and set out to prove it?

The facts as to the world's experience in banking and currency are readily available, so far as they can be learned except by observation. THE BANKERS MAGAZINE is in itself an inexhaustible source of information; and there are other authentic sources. We do not deny that impartial investigation of the world's banking and currency systems would be of advantage. By contact with the banks of other countries you often learn much about them in a way that impresses itself upon you more forcibly than if you read the same thing in a book.

But if Mr. ALDRICH set out with the idea of forcing a central bank upon the country, his investigations will from the start be tainted with the suspicion that the report is biased. And it is feared that the experts employed to write monographs on the respective banking systems will also suffer some lack of confidence, just as experts do in great trials when hired by one or the other of the litigants.

We have no wish, however, to discredit the report in advance of its appearance. Should it be a document of real public usefulness, no one will more quickly recognize that fact. It will be deplorable, however, to find that the Monetary Commission's time and labors have been employed and the public funds expended for the purpose of collecting facts and arguments to be used in bolstering up the central bank scheme which Senator ALDRICH is trying to impose upon the country.

THE COUNTRY BANKER.*

By Virgil M. Harris, Trust Officer of the Mercantile Trust Company, St. Louis.

IN order to properly express to you my ideas, it will be necessary to embrace some views on country life in general, and to contrast the city banker with the country banker. A recent writer has compared the farmer and the country banker as the "Siamese twins of prosperity," and the illustration is not inapt: they are mutually dependent, and mighty interests rest upon their success and welfare: in fact, these are the channels on which the nation itself is dependent in a large degree for its stability.

The business of banking is one of the necessary and vital elements of modern times, and the country banker has been one of the powerful factors in the rapid and healthy growth of the commercial interests of this country. Indeed, in one state at least, there are more banks than post-offices.

I need not tell you that a country bank, wherever located, occupies a very important position; the town depends upon it; the whole community depends upon it as a convenient and safe factor in the conduct of business affairs, and in the collection, distribution and safe-keeping of money.

Last week I spent several days attending court in one of the interior counties of this State, and I had again an opportunity to study the customs and welfare of the people who dwelt there; I saw the judge dispensing justice in the old, even-handed way; I saw the lawyers and bankers, thrifty and contented; I saw the grain in the fields and the herds on the hills, bespeaking peace and plenty; I saw that sincerity and kind-heartedness which age does not wither, nor custom stale; I saw the faces and shook the hands of those I had not seen for a quarter of a century, and I did not find that Providence had dealt less graciously or kindly with them than it had with me.

I wondered then, as I had often wondered before, why it was that there was on the part of many, especially the young, who live in the country, a desire to take up their abodes in cities; the truth is, city life is abnormal; in a measure, it is a veneer; the dwellers in cities have not the time for the amenities of social intercourse, or for the study of the beauties of nature, and there is, as we all know, a close link between material and moral beauty; the hearts and brains of too many in our cities are constantly being wrung in ambitious pursuits and in the acquiring of wealth.

The busy city banker, or merchant,
is at his office at an early hour in the
morning; his burdens increase witwith-
success; he is hard at work all ourches,
snatches half an hour for histold us
he reaches home at six o'clock the Com-
frequently after a ride of sev of well-
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lower in citieatages of city life, and
country; our ully. It usually takes a

*An address before Group XI, Missouri Bankers' Association, October 28, 1909, Springfield, Mo.

represent us; and Graft shows her brazen face in high places.

There is more poverty, misery and crime in one of our large cities in a day than there is in all rural Missouri in a year. Experience demonstrated that the country boy or girl who says "good-bye" to his or her home and seeks fame and fortune in a city, as a rule, makes a mistake; and it is a mistake which is not easily corrected.

> "God pity them both, and pity us all,
> Who vainly the dreams of youth recall."

We hear of the few who attain success, but the hundreds who fail are lost in the struggle.

Substantial Advantages of the Country Banker.

I do not mean to say that virtue and right living are synonymous with country life, but what I do mean to say is, that the country banker has the advantage of the city banker in many substantial respects; chief among which are health, and mental and hysical comfort; he gets more out of
or there is more in life for him;
his cares and vexations, I know,
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nd unsafe investments which beset the city banker; his affairs can be so arranged, and generally are, that he can look forward to a realization of his hopes, and can live as he should live, a life of usefulness, comfort and satisfaction, unattended by many of the dangers and cares which surround the city banker.

Country bankers have the time and leisure for reading, and should avail themselves of the benefits to be derived from good books. The great authors and great books of the world are not so numerous as is generally supposed; books are the store houses of the best knowledge, and reflect the wisdom and experience of ages; for, after all, "we are the same our fathers have been."

Friends are always a better possession than enemies; most of you know that an unimportant person in a neighborhood, who imagines he has been ill-treated by the local banker, can create trouble and may divert business. To be careful of your selection of enemies, is a piece of advice that I have always regarded as sound, and it particularly applies to country bankers.

A hearty laugh and a good story have ever been considered good tonics, and the acquisition of these characteristics tends materially to soften the asperities of life, and they are not to be despised as assets.

The country banker has made great progress in the arrangement of his surroundings, his banking office and its accessories; formerly this was not true, but in recent years of prosperity, conditions have changed, and many country banking rooms now compare favorably with those of the city banks. Under the roof of the bank, the banker spends half his life, and he has a right to every convenience and every adornment which adds to comfort or pleases the eye. The business of banking is a dignified calling, and modern appliances should be sought and adopted wherever practicable.

It is a subject of congratulation that state legislatures are constantly encompassing banks with additional safeguards, thus raising the standard of the banking business, and country bankers have a full share in the benefits derived.

The country banker should teach his customers to use checks in the payment of their bills; bookkeeping is simplified, and the possessor of a bank account is usually more favorably regarded than a person without one.

The country bank is not only a clearing-house for money and checks, but also of ideas of values, and of general useful information.

From time to time, we hear a great deal about the "spirit of unrest" which it is claimed prevails not only in the United States, but throughout the world; doubtless, there is a measure of discontent among certain persons, with what life offers them, and a tendency toward under-valuing their own blessings, while over-estimating the more fortunate condition of their fellowmen.

"Even so to each, the untrod ways
Of life are touched with fancy's glow,
That ever sheds its brightest rays,
Upon the paths we do not know."

The country boy does not forget the old home, the bend in the creek into whose clear waters the elms and willows dip their graceful branches, the playmate his childish fancy singled, and the schoolhouse; they are sacred to him, and in the battle with the world, these memories comfort and sustain him and take him back to the days when the world was large and had no shadows which did not swiftly pass away. He who has lived in the country and has loved it, and has lived as he should, does not forget it:

"Still sits the schoolhouse by the road,
A ragged beggar sunning;
Around it still the sumachs grow,
And the blackberry vines are running.

Within, the master's desk is seen,
Deep scarred by raps official,
The warping floors, the battered seats,
The jack knife's carved initial."

Rural Conveniences Increasing.

Country life is changing for the better; it is no longer isolated and lonesome and apart from the real world. As you drive along country highways, you see the telephone wires on every hand; the mail carrier daily leaves the letters and the morning paper at the gate; good roads are coming; distances will be shortened, and traveling made more satisfactory.

Mr. James J. Hill, in a recent address before the American Bankers' Association, struck rather a doleful note in agricultural affairs; he said: "The idea that we feed the world is being corrected, and unless we can increase the agricultural population and their product, the question of a source of food supply at home, will supersede the question of a market abroad." This possible condition, he attributed to the increasing tendency of the rural population to forsake the fields and agricultural pursuits for city life, and in corroboration of his statement, he cited the decrease in the value of farm lands in the eastern states, and contrasted the conditions in European countries with those of the United States.

The report of Mr. Roosevelt's Country Life Commission, notwithstanding their exhaustive researches, was not so discouraging, but told us nothing that was very novel; the Commission reported that the level of well-being in the country in general, was higher than it ever was before; that our country population was increasing its wealth and its comfort, and multiplying conveniences and productiveness. The chief needs pointed out were: First, the necessity for coöperation between the farmers to enable them to cope with organized interests with whom they deal. Second, the establishment of schools which would teach children as much out of doors as indoors. Third, the improvement in roads.

The city is not an easy place to make a living. In an experience of thirty years, I have seen too many instances to be mistaken, of those living in comparative comfort with credit and prospects, forfeit them for the supposed advantages of city life, and fail most woefully. It usually takes a full life-time to make a permanent success in a city; there are a dozen applicants for every position; in fact, it is the most difficult place known for the average young man to get a start in life, and it is also difficult to hold a position after it is once gained.

Smaller towns offer better inducements, and the country districts are more helpful to the betterment of social and moral conditions; the financial promise is far better in the country, when the cost of living and other needs are taken into consideration; people never starve in the country; they do actually starve in the city; the city has more of its own than it usually has power to care for and control. Young men have a place to fill in the country, and a country position, as a rule, is more conducive to the development of character, for laying a broad basis for high attainments, and sound manhood.

Most of those who live in cities, look longingly to the day when a dwelling may be taken up in the country; and I have noticed that those who have adopted the city, usually want to go back when the final curtain of life is rung down: "Say what you will of the coldness and selfishness of men, at the last we long for the companionship and fellowship of our kind. We are lost children, and when the darkness gathers, we long for the close relationship of the brothers and sisters we knew in our childhood, and cry for the gentle arms that once rocked us to sleep. Men are homesick amid this sad, mad rush for wealth and place and power. The calm of the country invites, and we would fain do with less things, and go back to simplicity and rest our tired heads in the lap of Mother Nature."

When the deities of old held one of their meetings, and the God of Love and Friendship was missing, the shepherds were sent out to seek him and bring him in, and when they found him, they found him a native of the hills. A mythical story, to be sure, but one which points a moral and has held good during the ages.

God's first temples were in the country under the verdant roofs of trees, and I think they are still there.

THE WORLD'S GOLD.

FIGURES on the production of gold are interesting at this time, and on this subject the National City Bank of New York, in its monthly circular says:

It is estimated from data now at hand that the world's output of gold for 1909 will be not less than $450,000,000, as compared with the world's product for 1908 of $434,000,000; and should the present rate of annual increase be maintained for the next three years it will in 1912 exceed $500,000,000. There is every reason to expect that the world's product will increase annually for several years to come. The probable life of the mines of the Rand has been the subject of much speculation in mining circles, the consensus of opinion being that these great mines will contribute largely to the world's output of gold for at least a quarter of a century. At this time there is no indication of a decline in the gold production of the South African field. On the contrary, the output from this source is growing from year to year. The greatest future in the life of these mines is represented by the depth at which they can be successfully worked. In the mines of nearly all other parts of the world heat increases one degree Fahrenheit for every fifty-five vertical feet of depth obtained, while in the mines of the Rand the increase of heat is only one degree Fahrenheit in 265 vertical feet. This physical condition will admit of the successful working of these mines to a great depth, and will much prolong the period of their productivity. . . . .

Taking the world as a whole, the outlook for a large and continuous production of gold is exceedingly favorable. From the discovery of America in 1492 to 1880, inclusive, the world's production of gold is estimated to have been $6,905,033,000, and from 1881 to 1908, inclusive, the production is estimated to have been $6,020,925,000, making a grand total since the voyage of Columbus of $12,925,958,000. From these figures it will be seen that the gold production of the world for the twenty-eight years beginning 1881 and ending 1908 was only $884,108,000 less than that of the 388 preceding years.

There is a popular impression that much the greater part of the annual gold product is used in coinage, but this is an error, as only about forty-five per cent. is used for monetary purposes, the balance being consumed in the arts, the manufactures and hoarded. Notwithstanding the great increase in the production of gold in the last twenty-eight years, the demand is constantly growing, and the principal countries of Europe have adopted measures to conserve as well as to increase their holdings of the yellow metal.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq.,
Author Uniform Negotiable Instruments Act.

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the Magazine's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

ILLEGAL CERTIFICATION OF CHECK—BONA FIDE HOLDER.

FIRST NAT. BANK vs. UNION TRUST COMPANY.

SUPREME COURT OF MICHIGAN, SEPT. 21, 1909.

The statute of Michigan forbidding a bank to certify a check unless the drawer has the amount thereof on deposit at the time does not invalidate the certification in the hands of a bona fide holder, even though made in violation of the statute.*

The original holder of a check, who procures the same to be certified, may be a bona fide holder thereof.

Where the holder who procures a check to be certified knows that the drawer has not the amount thereof on deposit at the time, and that the certification is made on the security of collateral, he is not a bona fide holder.

McALVAY, *J.:* Plaintiff recovered a judgment in this suit brought by it against the City Savings Bank of Detroit upon the certification of a check for the sum of $175,662.50, drawn on defendant bank by Frank C. Andrews, payable to plaintiff. Frank C. Andrews was a heavy customer of plaintiff bank. He dealt largely in stocks and bonds upon the New York and eastern markets through his brokers in Detroit, Cameron Currie & Co. Usually, when he made purchases, drafts on Detroit would be made for the amount of the purchase, and to these drafts were attached the certificates of stock purchased, to be delivered to him when the drafts were paid. The transaction which occurred on February 5, 1902, when this check in suit was given and certified, was of this nature: The plaintiff on that date wired for Mr. Andrews to New York, cash to the amount of $75,000. It delivered to him three drafts drawn by his brokers amounting to $338,162.50, to which were attached certificates of stock of equal value. Total $413,162.50. In payment of this indebtedness it received from Mr. Andrews:

Check of C. Currie & Co. on First Nat. Bank............	$137,500.00
Check of Frank C. Andrews on Preston Nat. Bank..........	55,000.00
Check of same on same bank...	45,000.00
Check in suit drawn by Andrews on City Savings Bank.	175,662.50
	$413,162.50

There is no dispute about the amount of the cash and stock charged in the above statement, or that he delivered to plaintiff the checks credited to him. When Mr. Andrews parted with possession of the check, it was not certified. It was immediately handed to a messenger of the bank with instructions to procure its certification. These instructions were at once obeyed and the certification procured. These transac-

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*The same rule applies to national banks. Thompson vs. St. Nicholas Nat. Bank, 146 U. S. 340.

tions were conducted between Frank G. Smith, assistant cashier of plaintiff bank, and Frank C. Andrews. Both were witnesses in the case. They do not agree as to the time the transaction occurred, and as to whether the check was certified when the drafts and attached certificates of stock were delivered by the bank to Mr. Andrews.

The assistant cashier testifies that the transaction occurred after 12 o'clock, noon; Mr. Andrews that it was at 11 o'clock a. m. The assistant cashier testified that, in accordance with imperative orders from the cashier of the bank, and in accordance with what plaintiff claims is shown by the testimony was a custom known to Mr. Andrews, the check was certified before the drafts and stock attached were delivered.

Mr. Andrews testified that the drafts and certificates of stock were delivered to him before the check was certified. Transactions previous to the one of this date, and of a similar character, in every essential particular, had occurred between these parties on each and every banking day from and after December 3, 1901. The actual time over which they had extended was longer than this; but by agreement this date was fixed as covering a sufficient length of time for the purposes of this case.

The transactions during that period were many and of large amounts; the total aggregating six and one-half millions of dollars. They occurred after 12 o'clock, noon, when the clearing house closes. They were settled each day, usually by checks of different parties, as shown in the transaction of February 5th, above. The balance of the indebtedness of Mr. Andrews was paid by a check on the City Savings Bank, which, if more than $20,000, was by the orders of the cashier of plaintiff bank always certified before the securities for which it paid were delivered to Mr. Andrews. All checks on local banks were required by the clearing house agreement to pass through it, and to be paid only by taking that course.

All such checks received after 12 o'clock, noon, would not pass through the clearing house until the following day. If no other arrangement was made, each of the checks referred to, so given by Andrews to plaintiff bank, was passed through the clearing house and paid on the following day. In most instances some other arrangement was made on the morning of the day after such checks were taken. During the morning of the next day usually Andrews would call at the plantiff bank and make an arrangement to take up the certified check and pay it to a large extent by giving plaintiff New York Exchange, which was desirable and of benefit to plaintiff to the amount of 50 cents per $1,000.

Between the dates above mentioned plaintiff remitted to New York for Mr. Andrews $6,531,312.19. It received exchange from him amounting to $5,242,-000, all good and paid. The majority of these certified checks taken up by Andrews were returned by him to the City Savings Bank. On the day of the transaction in dispute at 12 o'clock the only check at that time given by Andrews and held by plaintiff was paid through the clearing house. Plaintiff at the time the check in this suit was taken was not a creditor of Andrews or the City Savings Bank. The jury to which the case was submitted by the court returned a verdict for plaintiff for the amount claimed.

Of the errors claimed by defendant and assigned, the first which requires consideration is the refusal of the court to direct a verdict against plaintiff upon the legal propositions stated in the defendant's second request to charge which was denied. Condensed by defendant in its brief, this request is stated as follows: "(1) That the manner in which the plaintiff obtained the certification of the check under dispute made the contract of certification one solely between the plaintiff, the First National Bank, and the City Savings Bank, and that the two banks are the original and only parties to such contract of certification. (2) That, consequently, the question of bona fide ownership of the First National Bank of the check, or of the contract of certification, does not arise in the case.

"The action brought by the plaintiff is not based upon the check but is based necessarily upon the contract of certification between it and the City Savings Bank, and therefore the circumstances surrounding the making of the contract of certification, in our view of it, control the disposition of the case, and the conduct of the First National Bank or its treatment of the certification after the completion of said certification and their dealings with Andrews or Currie, or any other person, in relation to the securities, cannot change the legal effect of the contract of certification."

It is asserted repeatedly in defendant's brief that neither the disputed fact as to whether the stocks were delivered before or after certification, nor the question of the bona fide ownership of the check or certification, have any material bearing upon the case. In taking this position it would appear that defendant is relying upon the prohibition of the statute against certifying checks in the absence of funds to the drawer's credit.

In support of the position taken, this statute, as construed by this court and authorities cited in support of such construction, are cited and discussed. Reliance is had upon the case of Union Trust Co., Rec'r, vs. Preston Nat. Bank, 136 Mich. 460. In that case plaintiff brought suit against defendant to recover a balance claimed to be due. Defendant sought to set off against this indebtedness the sum of $100,000, represented by a check of F. C. Andrews drawn on plaintiff payable to defendant and duly certified.

At the time of certification Andrews was overdrawn $405,000. Defendant offered to show that on the day it was drawn, and after certification, it received this check in the usual course of business, and paid the maker full value, and at the time had no notice or knowledge of any infirmity, or that Andrews' account was overdrawn. This evidence was excluded; the trial court holding that the certification was invalid in the hands of a bona fide holder, and directed a verdict for plaintiff, for the amount of the deposit in defendant's hands. The opinion states "the sole question presented by this record relates to the correctness of this holding." This was the question decided. This court held that a certified check in the hands of a bona fide holder for value is valid, although the maker had no funds in the bank when it was certified.

It is claimed that the case decided that as between the original parties to the certification the contract of certification, in the absence of funds, is absolutely void. The opinion discusses at considerable length the construction of prohibitory statutes, and the legislative intent in enacting the section of the banking act construed.

In the opinion it is stated: "The fact, however, that the certification is forbidden and made a crime, compels the inference that the Legislature intended to avoid such certification between the original parties, and this it is almost necessary to say avoids it in the hands of every one not a bona fide holder." Upon the face of the opinion it shows that this question was not before the court. There is no rule better settled than that which holds that no case is to be considered authority except upon the questions actually decided. The case relied upon settles the one question above stated.

It is claimed by plaintiff that Andrews was one of the original parties to this certification. Evidence was offered and received, tending to show that, in these dealings between the parties, the securities, which were to be released to Andrews on the payment of the drafts to which they were attached, were never released until the checks given in payment therefor were certified by the defendant bank, tending to establish a custom known to Andrews, and that such custom was followed in this case, and the check certified before the stocks were delivered to Andrews, the effect of which evidence was claimed by plaintiff to show an implied request on the part of Andrews to the plaintiff to procure certification for him.

The jury decided the question as to the time of release and delivery of the stocks in favor of plaintiff. This was a material fact as bearing upon the question of consideration passing, and who were the original parties to the certification, and one which, in view of the evidence in the case upon that question, could not well have been decided otherwise.

If the facts are found, as claimed by plaintiff, that it procured this certification for Andrews, wherein can such procurement be distinguished from a case where the certification is procured by the maker himself, if it is shown that plaintiff is in fact a bona fide holder for value? We think there can be no distinction made, and that the case comes within the rule laid down in Union Trust Co. vs. Preston National Bank, supra. In such view of the case the question of bona fides is necessarily of the greatest importance.

It is urged by defendant that, even conceding the certification of the check to have been procured by plaintiff at the request of the maker, express or implied, such fact would not operate to change the status of plaintiff as one of the original parties to the certification. Cases are cited in support of this proposition. An examination of these shows that they were cases brought against the drawers of certified checks, and were decided against the holders when the certifications were procured by them, and in their favor when procured by the drawers.

In other words, they are some of the leading cases, establishing and affirming the doctrine indicated, about which there can be no dispute in this State since the decision of First National Bank vs. Cameron Currie & Co., 147 Mich. 72, 110 N. W. 499, 9 L. R. A. (N. S.) 698, 118 Am. St. Rep. 537. In none of these cases was the suit against the certifying bank, nor was there any dispute as to whose request procured the certification. No cases are cited which decide that the original holder procuring the certification may not be a bona fide holder for value.

This court, in First National Bank vs. Cameron Currie & Co., supra, has decided that he may be such a holder. That case arose from a transaction between Andrews and these banks similar to the transaction in the case at bar and on the following day. The suit was by the holder against the indorser. Frank C. Andrews drew his check of $50,000 payable to Currie & Co., who indorsed it to plaintiff and secured its certification, and, relying upon it, wired $50,000 to New York. It was presented for payment at the certifying bank, payment refused, and the indorser notified within the time he would have received notice if the check had not been certified.

In deciding that this certification released the indorser, the question now under consideration was necessarily involved. At the time the check was certified, Andrews' account was overdrawn $600,000, and the certification was claimed to be fraudulent and criminal. To hold that contract legal and binding it necessarily followed that the payee and indorsee was held to be a bona fide holder for value. Counsel for defendants cite this case as correctly stating the law upon the ouestions involved, but do not agree that this question was necessarily decided.

It is claimed that plaintiff charged Andrews bonuses and interest because checks were taken up by him instead of going through the clearing house. The record does not sustain the claim. No bonuses were charged or interest paid for that reason. The items of interest charged were upon the items of cash of which he received the immediate use in exchange for checks which could not be cashed until the day following.

It is claimed that the court committed error in his charge in submitting the question of good faith to the jury. A careful examination of this part of the charge shows that the court stated the law correctly. The following upon this question is taken from the charge: "That the burden is upon the plaintiff in this case to show by a preponderance of the evidence that it is a bona fide holder of the check and the certification thereon for value. * * * If, after careful consideration of all the evidence, you are satisfied that the First National

Bank, at the time it took the check, understood or believed that the certification was not valid, but, on the contrary, that it was made when Frank C. Andrews did not have money on deposit in the City Savings Bank to the credit of his account on the books of the bank sufficient to meet the amount of the check, then your verdict should be for the defendant. * * * If you are satisfied from all the evidence in this case bearing upon this question that on the 5th day of February, 1902, the First National Bank, or its officers, and more especially Frank Smith, its assistant cashier, had notice or knowledge of facts which would render the act of taking the certification of the City Savings Bank with the intention to rely upon it and collect it, an act of bad faith, or in effect dishonest, then the First National Bank was not a bona fide holder of the certified check, and your verdict should be for the defendant. Under these circumstances, a man may take a piece of commercial paper, relying upon its being good, and he is not bound to inquire of the maker of said paper as to the facts and circumstances surrounding its making, nor as to whether there are possible defenses; but, if he have knowledge of facts and circumstances which would make it dishonest or an act of bad faith for him to take the paper with the intention to enforce the collection thereof, then he is not a holder in good faith.

"So, in this case, if the officers of the First National Bank, or either of them, had knowledge that the City Savings Bank was certifying these checks of Frank C. Andrews simply because he had deposited collateral in the bank, and were not certifying upon money actually deposited in the bank and to his credit on its books, the First National Bank would not be a bona fide holder of this certified check."

The complaint defendant makes is, not that the law is not correctly stated, "but that there was failure in making the proper application of the principle to the case by explaining to the jury how notice and knowledge might be established," etc. Complaint is also made to this part of the charge, that the court did not charge as requested in three of the requests submitted, and that the jury were only permitted to consider facts and circumstances which in themselves were evidence showing actual notice and knowledge.

These requests were as follows: "(12) If the jury find that, at the time of the certification of the checks in question, Frank C. Andrews did not have actually standing to his credit upon the books of the bank the amount of said certifications, but that, on the contrary, at the times of said certifications the account of the said Frank C. Andrews in the City Savings Bank was actually overdrawn in a large amount, then the jury are instructed that the certification, under the circumstances, is in violation of the provision of the State banking law, and is therefore illegal and void, and there can be no recovery thereon by the plaintiff, unless the jury find that it became the holder thereof in good faith, for full value, in the usual course of business, without notice of the defect or infirmity of the certification or the illegality thereof, and the burden is upon the plaintiff, the First National Bank, to show by a preponderance of proof that it became a holder in good faith of the said certification, for full value, in the usual course of business, without any notice of the illegality of the certification or of any defect or infirmity therein, before it is entitled to a verdict.

"(13) The jury are further instructed that if they find the facts and circumstances attending the use of certified checks, drawn by Andrews upon the City Savings Bank and purporting to be certified by it, and the manner in which the plaintiff used and treated such certified checks, were such as to invite inquiry, they will be sufficient upon which to base a finding or conclusion that the plaintiff bank did not receive the certification in question in good faith, providing the jury think that the plaintiff abstained from making the inquiry with reference thereto from a belief or a suspicion that such inquiry would disclose the invalidity and illegality of the certifications.

"(14) Notice and knowledge of the invalidity and illegality of said certification do not mean express notice or direct knowledge, but knowledge or the means of knowledge to which the party willfully shuts his eyes, and either actual knowledge of the illegality of the certification, or a course of conduct upon the part of the bank in its dealings with Andrews, and the certified checks, from which the jury may find that it remained willfully ignorant thereof, will defeat the claim of good faith ownership by the plaintiff." In so far as the substance of these requests were refused, they were not proper to be given, as either not being in point, or improperly calling attention to and emphasizing certain testimony.

* * * * * *

Judgment affirmed.

BANKS — BANKER'S LIEN — RIGHT OF SET-OFF.

FURBER ET AL VS. DANE ET AL.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, JULY 10, 1909.

A banker's lien attaches upon the securities and money of the customer deposited in the usual course of business for advances which are supposed to have been made upon their credit.

But this right to detain for the general balance of account may be curtailed by any special agreement which shows that it was not intended by the parties, nor does it exist where the circumstances or the particular modes of dealing are inconsistent with its existence.

The right of the bank to apply the balance of account to the ratification of a debt due from the depositor to the bank is in the nature of a set-off and, in the absence of agreement the bank will not be required to exercise this right for the benefit of the surety.

DANE, SMITH & CO., a firm of stock brokers, having become insolvent, and having made an assignment for the benefit of creditors, various persons made claim to be entitled to sundry stocks which had been used by the brokers as collateral. Among these stocks were 200 shares of the Shoe Machinery Company, which had been deposited by the brokers with the American Trust Company.

SHELDON, *J.* (omitting part of the opinion): As to the 200 shares in the possession of the trust company, it must be determined whether that company has any lien or right of detention upon the balance of the firm's deposit in its hands, and, if so, whether this is a security which Raymond and Howe are entitled to have applied for their exoneration towards the payment of the trust company's note.

There is no doubt that under ordinary circumstances a bank has the right to apply the deposit of an insolvent debtor towards the payment of its claims against him. (Wiley vs. Bunker Hill Nat. Bank, 183 Mass. 495, 497; Clark vs. Northampton Nat. Bank, 160 Mass. 26; Wood vs. Boylston Nat. Bank, 129 Mass. 358, 359, 360; Demmon vs. Boylston Bank, 5 Cush. 194.)

This right of detention, or banker's lien, as it is sometimes called, attaches upon the securities and money of the customer deposited in the usual course of business for advances which are supposed to have been made upon their credit. (National Bank vs. Insurance Co., 104 U. S. 54, 71, 26 L. Ed. 693.) But the right to detain for the general balance of account may be controlled by any special agreement which shows that it was not intended by the parties, nor does it exist where the circumstances or the particular modes of dealing are inconsistent with its existence. (Neponset Bank vs. Leland, 5 Metc. 259; Reynes vs. Dumont, 130 U. S. 354, 391.)

Securities pledged to the bank to secure a specified demand cannot be held for other demands though against the same debtor. (Hathaway vs. Fall River Nat. Bank, 131 Mass. 14; Brown vs. New Bedford Institution for Savings, 137 Mass. 262.) Accordingly the right of a bank to apply the deposit of its debtor to the payment of his matured indebtedness has been denied if that indebtedness is fully protected by other collateral security. (McKean vs. German American Savings Bank, 118 Cal. 334, 340; Farmers' Nat. Bank vs. McFerran, 11 Ky. Law Rep. 183; Bolles, Modern Law of Banking, 749; Zane, Banks and Banking [4th Ed.] 230, 231.) And see the cases there cited. In our opinion, this is the proper rule.

But even if the bank could itself apply the amount of this deposit to the payment of its note, we feel bound to say that these plaintiffs have not the right to require it to avail itself of that privilege. It is settled in this commonwealth, although a different rule has been adopted in some other States, that this right of a banker is not a lien or a right in the nature of a lien. (National Mahaiwe Bank vs. Peck, 127 Mass. 298, 301.) Gray, C. J., said in that case: "The bank, being the absolute owner of the money deposited, and being a mere debtor to the depositor for his balance of account, holds no property in which the depositor has any title or right of which a surety on an independent debt due from him to the bank can avail himself by way of subrogation. * * * The right of the bank to apply the balance of account to the satisfaction of such a debt is rather in the nature of a set-off or of an application of payments, neither of which, in the absence of agreement or express appropriation, will be required by the law to be so made as to benefit the surety." And for the same reason these plaintiffs are not entitled to have the assets marshaled, and the deposit applied to the exoneration of their stock. (See Ticonic Bank vs. Johnson, 21 Me. 426; Second Nat. Bank vs. Hill, 76 Ind. 223; Voss vs. German American Bank, 83 Ill. 599; Corn Exchange Nat. Bank vs. Locher, 151 Fed. 764, 81 C. C. A. 388; Webb vs. Smith, 30 Ch. D. 192.) The innkeeper's lien considered in Angus vs. McLachlan, 23 Ch. D. 330, is of a different character.

Accordingly we are of opinion that these plaintiffs cannot have the full relief which they seek as to the 200 shares of stock.

ACCEPTANCE — ALTERATION — DETACHING PAPER MODIFYING ACCEPTANCE.

BOTHELL vs. SCHWEITZER, ET AL.

SUPREME COURT OF NEBRASKA, APRIL 24, 1909.

A written agreement modifying the terms of an accepted bill of exchange and attached thereto is a part thereof, and cannot be lawfully detached without the acceptor's consent.

Where such paper is unlawfully detached from the bill, an innocent holder may, under the negotiable instruments law, recover according to the terms of the original acceptance, but no farther.

ROOT, *J.:* Action by an indorsee of an accepted bill of exchange. Defense that said instrument had been altered after its delivery by detaching therefrom certain material conditions. There was judgment for twenty dollars, the amount due according to the entire contract between the drawer and acceptor, and plaintiff appeals.

1. The evidence discloses that Converse the payee of the bill, who was also the drawer, sold defendants, who are country merchants, a bill of cheap watches, and secured the instrument in suit payable five months from its date. At the same time Converse executed and delivered to defendants a written agreement that, if sufficient of the watches were not sold within five months to pay the entire bill, defendants might return the unsold goods and receive credit at the invoice price. One of the defendants testified that they refused to sign the bill of exchange until a copy of Converse's agreement was glued thereto, and that their reason for this requirement was that they did not want the bill to get into the hands of an innocent purchaser who might cause them trouble. Converse admits making the agreement with defendants, but denies that it was ever attached to the bill of exchange; but the evidence is sufficient to sustain the jury's finding in favor of defendants on this point. Plaintiff's deposition was taken, and, although he denied notice or knowledge of any equities in favor of defendants, he did not state that the bill of ex-

change when purchased by him did not have attached thereto the agreement, nor deny detaching it himself. It may be questioned whether plaintiff's testimony was sufficiently specific to negative guilty knowledge on his part. Conceding, however, that plaintiff did not participate in nor have knowledge or notice of the separation of the agreement from the note, we are satisfied that the judgment should be affirmed. The note and the agreement were parts of the same transaction, and together measured the rights of the parties. The entire contract thus made did not absolutely bind defendants to pay the amount of the bill of goods, but only to pay in cash, at the end of five months, to the extent of the money received by them for the goods sold in the meantime, with the privilege of satisfying the remainder of the bill by the return in good condition of the watches then in their possession.

In Palmer vs. Largent, 5 Neb. 223, although the case did not turn on that point, it was held that a memorandum written under a negotiable instrument, and qualifying it, is considered part of the contract, and, if fraudulently removed, will vitiate the note in the hands of a bona fide holder. In Davis vs. Henry, 13 Neb. 497, it was decided that if a contract referring to and qualifying a negotiable instrument is written on the same piece of paper with the note, and the former is detached without the maker's consent, the note will be void, even in the hands of an innocent purchaser. Prof. Bigelow in his work on Bills, Notes, and Checks (2d Ed.), p. 221, says that marginal terms, conditions, and stipulations which are intended to be part of the written contract are treated by the better authorities as inseparable from the main writing to which the signature is given, and that no distinction is made by the better authorities between the alteration of the body of the note and detaching therefrom such marginal agreements. In either case the note is rendered void. (See, also, Gerrish vs. Glines, 56 N. H. 9; Stephens vs. Davis, 85 Tenn. 271, more fully reported in 2 S. W. 382; Scofield vs. Ford, 56 Iowa, 370; Wait vs. Pomeroy, 20 Mich. 425.) Plaintiff relies on Yocum vs. Smith, 63 Ill. 321, which was cited with approval by Mr. Commissioner Oldham in Humphrey Hardware Company vs. Herrick, 72 Neb. 878. Plaintiff also argues that Humphrey Hardware Company vs. Herrick, supra, is controlling in the instant case. In the last cited case a negotiable instrument was signed and delivered to the payee with appropriate blank spaces wherein after such delivery the rate and date of interest and place of payment were inserted. In the opinion of the court on the application for a rehearing the decision was properly based on the apparent authority given by the maker to the payee to fill in those blanks. But no such apparent authority was given Converse or any one else to detach the agreement from the bill of exchange. We do not think that this is a case where the rule applies that, if a person's negligence influences and induces an act whereby an innocent man is injured, the culpable party must sustain the loss.

In the case of Scholfield vs. Londesborough, 45 Wkly. Rep. 124, it was held that the fact that some space intervened between the character "£" and the figures "500" in an accepted bill of exchange did not render the acceptor liable for £3,500; the figure 3 having been fraudulently inserted between said character and the figure 5. It is held therein that men engaged in business transactions are not to anticipate that some one will commit a felony. In Stephens vs. Davis, supra, a note had been executed and conditions qualifying it were written upon a stub to which the note was attached. It was held that, although a perforated line separated the stub from the note, the maker was not bound to anticipate a forgery by the separation of the writings, and his conduct did not estop him from maintaining a defense of alteration when sued by an innocent holder of the detached note. There are authorities to the contrary, but we are satisfied with Davis vs. Henry, supra. If the agreement, as testified to by defendants, was glued to the note, it could not have been detached except by deliberate, skillful, and painstaking efforts and for the purpose of defrauding the acceptors.

Under the provisions of section 123 of the negotiable instruments law (Laws 1905, p. 421, c. 83 [section 9322, Cobbey's Ann. St. 1907]), plaintiff was permitted to recover upon the note according to its original terms. Defendants are willing to deliver to plaintiff the unsold watches, and he does not have just cause for complaint.

TAXATION OF BANK DEPOSIT —STATUTE OF VIRGINIA.

PENDLETON vs. COMMONWEALTH.

SUPREME COURT OF APPEALS OF VIRGINIA, SEPT. 16, 1909.

Under the statutes of Virginia the bank deposits of a non-resident are not taxable.

THIS was a petition by E. G. Pendleton for the correction of a personal tax assessment. One of the items so assessed was cash in bank.

BUCHANAN, *J.* (omitting part of the opinion): The Attorney-General insists, however, that, even though the plaintiff be not a resident of this State, he is liable to the tax assessed upon the money he had on deposit in bank in this State.

It is well settled that a general deposit in a bank creates the relation of debtor and creditor between the bank and the depositor, and that, although it is called a deposit, it is a loan, and not a bailment. (Robinson vs. Gardiner, 18 Grat. 509, 510, and cases cited.) It is also clear from the provisions of sections 487, 489, Code 1904, that money deposited in bank, as this was, was not treated as "tangible personal estate," and made taxable on that ground, but was subject to taxation because the depositor was a person residing within this State within the meaning of the tax laws. In the case of such resident, money belonging to him, whether deposited in a bank in or out of the State, is taxable, but, where he is not such resident, his general deposits of his own money in a bank of this State are not taxable here. (See Commonwealth vs. Williams, 102 Va. 778; Selden, Trustee, vs. Brooke, Collector, 104 Va. 832.)

The order of the circuit court must be reversed, and this court will enter such order correcting the erroneous assessment complained of as the circuit court ought to have entered.

Reversed.

PROMISSORY NOTE—STIPULATION FOR AN ATTORNEY'S FEE.

McCORMICK vs. SWENN.

SUPREME COURT OF UTAH, JUNE 12, 1909.

Where a promissory note contains a provision for an attorney's fee in case of default, but the amount thereof is not specified, this amounts to an agreement to pay a reasonable sum.

The fact that the amount of such fee is not specified does not render the note non-negotiable.

THIS was an action upon a promissory note which contained the following provision:

> In case this note is collected by an attorney, either with or without suit, we hereby agree to pay ——— dollars attorney fee.

FRICK, *J.* (omitting part of the opinion): Appellants' counsel further insists that the note in question was non-negotiable upon its face because, if it provided for an attorney's fee at all, it was for an indefinite and uncertain sum, and hence destroyed the certainty required in negotiable instruments. Before the adoption of the so-called "negotiable instruments law," the authorities upon this question were in hopeless conflict with, perhaps, the greater number of cases in favor of holding promissory notes containing attorney's fee clauses as negotiable. Since the adoption of that law by a large number of States, including Utah, the holdings have become more uniform, and it is now generally held that a provision in a promissory note that the maker thereof will pa-- a specific amount named, or a certain per cent. of the amount due, or a reasonable amount, as an attorney's fee, does not affect either the certainty or the negotiability of the instrument. (Selover, Negotiable Instruments Law, § 68; Eaton & Gilbert on Commercial Paper, 204-207.) A large number of cases are collated by the authors in the foot notes to which we refer the reader. (See, also, upon the subject generally, 1 Daniels on Negotiable Instruments, §§ 62, 63a; 4 A. & E. Ency. of Law [2d Ed.] 98, 102; 7 Cyc. 584.)

It is true that this court, in the case of Lippincott vs. Rich, 22 Utah, 196, under a statute different from the one which was in force when the note in question was executed, held that a provision in a note to pay a reasonable attorney's fee rendered the instrument uncertain, and hence non-negotiable. Section 1554, Comp. Laws, 1907, however, expressly provides that a provision in a note to pay "with costs of collection, or an attorney's fee, in case payment shall not be made at maturity" does not make the amount to be paid uncertain. This section was adopted in 1899, while the note passed on in Lippincott vs. Rich, supra, was executed in 1890. In view of the change of the law, the case of Lippincott vs. Rich, supra, cannot be considered as a controlling influence upon this question, and the ruling in that case must be held to be superseded by section 1554, supra. The doctrine as announced in the case of Salisbury vs. Stewart, 15 Utah, 308, is therefore applicable, and should prevail. We are of the opinion therefore that a provision in a promissory note, by which the maker agrees to pay a reasonable sum as an attorney's fee, does not render the note non-negotiable.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

BANKS AND BANKING—CREDITING CUSTOMER WITH AMOUNT OF CHECK—NEGOTIATION—HOLDER FOR VALUE —DISHONOR OF CHECK— HONORING SUBSEQUENT CHECKS—BILLS OF EXCHANGE ACT, SECS. 22, 54, 58, 70, 74, 165.

BANK OF BRITISH NORTH AMERICA VS. E. D. WARREN & CO. (XIX O. L. R. 57.)

The account of M. at the plaintiffs' bank was $409.53 overdrawn. On May 23 he posted to the plaintiffs from Chicago a check of W. & Co. for $1,000, dated May 16, with instructions to place the amount to his credit, which the plaintiffs did on receipt on May 26 thus leaving a credit balance in M.'s favor of $590.47. On the same day the plaintiffs sent this check to the clearing house for collection but it was returned dishonored on May 27, W. & Co. having stopped payment on May 23. On May 28 certain checks drawn by M. on his account came in, which the plaintiffs paid and charged up. The plaintiffs again twice sent the $1,000 check to the clearing house, but it was on each occasion returned unpaid, the plaintiffs on each occasion crediting and debiting M.'s account with the $1,000. The plaintiffs now sued W. & Co. on the $1,000 check. It was admitted that M. had not given consideration for it, and that, if he were holder, he could not recover on it.

Held, that the plaintiffs, by crediting M.'s account with $1,000 on receipt of the check sued on, became holders for value of the latter. The position of the plaintiffs with reference to the check sued on, became fixed when the latter was negotiated to them, and nothing which took place subsequently altered the plaintiffs' position, except that by the dishonor of the check and notice to M. his liability in respect to it became absolute, having previously been only conditional.

Held, also, that the interval between May 16, the date of the check and May 23, the date of its being mailed to the plaintiffs, was not, in the circumstances, sufficient to give the check the character of an overdue bill, so as to make it, under sec. 70 of the Bills of Exchange Act, R. S. C. 1906, ch. 119, subject in the plaintiffs' hands to any defect of title affecting it.

Held, also the sec. 22 of the Bills of Exchange Act applies to checks.

THE facts of this case appear sufficient in the Head Note. Judgment at the trial by Sir William Mulock, Chief Justice of the Exchequer

Division, to the effect that the bank was entitled to receive from the drawer of the check the amount of Muggley's overdrawn account, but could not recover more than that sum.

Judgment: *On appeal to the Court of Appeal* for Ontario, Mr. Justice Maclaren delivered the judgment of the court, which is very important on the subject matter of this action, (Moss, *C. J. O.;* Osler, Garrow, and Maclaren, *JJ. A.*)

The defendants say that the check was not negotiable, and the plaintiffs have no title. This is based on the fact that it was made payable to "H. H. Muggley," simply, and not to his order. Section 22 of the Bills of Exchange Act, R. S. C., 1906, ch. 119, declares that a bill is payable to order which is made payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it should not be transferable. No such words appear on this check. Under sec. 165 of the Act, a check is a bill of exchange drawn on a bank; the provisions of the Act applicable to a bill of exchange payable on demand apply to a check. There is nothing to take a check out of the provisions of sec. 22, so that this ground of defence fails.

The defendants also say that the bank is not a holder in due course, having received the check only after it was overdue. A holder in due course is defined in sec. 56 of the Act as one "who has taken a bill, complete and regular on the face of it, under the following conditions, namely: (a) that he became the holder of it before it was overdue, and (b) that he took the bill in good faith and for value, and that at the time the bill was negotiated to him he had no notice of any defect in the title of the person who negotiated it."

Was this check overdue when the bank received it? The facts are these: Muggley was a customer of the bank, and, his account being overdrawn in the early part of May, 1908, to the extent of $409.53, the bank were pressing him for money. He wrote them from a hotel in Chicago on May 23: "Enclosed find check No. 251, Traders Bank, E. D. Warren & Co., for $1,000; kindly place same to my credit." May 24, Victoria Day, being a Sunday, Monday the 25th, was kept as a holiday, and on the morning of the 26th the bank received the check, and at once, as requested, placed the full amont to his credit, covering his overdraft, and showing a balance of $590.47 to his credit. On the 26th it was sent for collection through the clearing house, and on the 27th returned dishonored, as the defendants had on the 23rd stopped payment of it.

Under sec. 70, an overdue bill can be negotiated only subject to any defect of title affecting it at its maturity, and thenceforward no person who takes it can acquire or give a better title than that which had the person from whom he took it. A check or other bill payable on demand is deemed to be overdue, for the purposes of this section, when it appears on the face of it to have been in circulation for an unreasonable length of time. What is an unreasonable length of time for such purpose is a question of fact.

This case was tried without a jury, and the trial Judge found as a fact, on the evidence, that the check had not been in circulation an unreasonable length of time. It was drawn on a Saturday in favor of a Toronto business man, who, being temporarily in Chicago, sent it from his hotel there the following Saturday in the letter above copied. There was no delay after this. The cases go to show that even a longer delay than here without any surrounding suspicious circumstances has not been considered sufficient to make a check stale or overdue. In my opinion, the finding of the trial Judge was quite right in the circumstances, and no valid ground was given for our overruling it. (See London and County Banking Co. vs. Groome, 8 QBD. 288, and Daniel on Negotiable Instruments, sec. 1634.)

Section 58 of the Act provides (2) that "every holder of a bill is *prima facie* deemed to be a holder in due course; but if, in an action on a bill it is admitted or proved that the acceptance, issue or subsequent negotiation of the bill is affected with fraud, duress or force and fear, or illegality, the burden of proof that he is such holder in due course shall be on him, unless and until he proves that, subsequent to the alleged fraud or illegality, value has in good faith been given for the bill by some other holder in due course."

The defendants set up as a defense that the check was obtained by Muggley from them by fraud and without consideration, and at the trial the bank admitted that Muggley could not recover on the check, This shifted to the bank the onus of proving that they had given value in good faith. The good faith of the bank was not questioned; but it was contended that their placing to Muggley's credit the amount of the check and subsequently debiting his account with the check when it came back dishonored was not a giving of value.

By sec. 2 (j) of the Act, "value" means "valuable consideration," and by sec. 53, "valuable consideration for a bill may be constituted by,— (a) any consideration sufficient to support a simple contract; (b) an antecedent debt or liability; such a debt or liability is deemed valuable consideration, whether the bill is payable on demand or at a future time."

Here there was not only the antecedent debt, but also the giving of time or forbearance, which of itself has been held to be a sufficient consideration to support a simple contract. The quantum of the consideration cannot be raised by a third party, except only in so far as its insufficiency might in certain circumstances be evidence of notice of defect of title or of want of good faith. Credit was given to Muggley for the full face of the check, and by treating the check as a deposit or conditional payment of so much money, the bank was estopped from suing him for the amount of his overdraft until the check was dishonored, when they had the right to charge it back to him, as he had by indorsing it guaranteed its payment, and on its dishonor had become primarily liable upon it. The shortness of the time for which the forbearance or suspension of the right to sue existed does not prevent its being a valuable consideration within the meaning of the section. (See Surrie vs, Misa, L. R. 10 Ex. 153; Leake on Contracts, 5th ed., p. 7.)

Value having been once given for the bill, the holder is deemed to be a holder for value as regards all parties to the bill who became parties prior to such time: sec. 54.

The evidence shows that the bank sent the check in question for collection through the clearing house also on May 30 and June 4, on each occasion crediting Muggley's account with the $1,000 and debiting him with the amount when it was returned dishonored. The bank also subsequently paid three checks of his which aggregated $456.75. I am of opinion that none of these circumstances, however, had any legal effect upon the position of the parties. The bank must stand or fall on their rights as they existed when they became the holders on the morning of May 26. I do not see that their action in subsequently honoring Muggley's checks can be looked at as affecting the defendants, except possibly as showing belief in the position that they were the holders of the check and could look to the defendants for its payment.

It was also alleged by the defendants that in an interview between Mr. Warren and the manager of the plaintiff bank, the latter said to him that he had nothing to do with them. Mr. Warren says: "I thought he meant he had nothing to do with E. D. Warren & Co. He would not look to us for it. He would look to Mr. Muggley." The bank manager had no recollection of the interview. The point was not very strongly urged upon us. But, even if it went much farther it would not be sufficient to release the defendants from liability. The holder of a bill may renounce his rights against any party to it, but this must be in writing unless the bill is delivered up, neither of which took place here: see sec. 142.

The learned trial Judge held that on crediting Muggley with the amount of the check the bank became holders in due course of the check; but that when the check came back dishonored, and the bank charged it up to Muggley, they thereafter held it only as collateral security for the amount which Muggley owed, and that if the defendants had then paid the bank that sum they would have been entitled to have their check delivered up to them.

While I fully agree with the first of these positions, I find myself, with great respect, unable to agree with the latter part. I think the position of the bank with reference to the check became fixed when the check was negotiated to them, and that nothing which took place subsequently altered their position, except that at that time Muggley was only conditionally liable to them, and by the dishonor of the check and notice to him his liability became absolute.

Paget, in his work on Banking, 2nd ed., discusses this question in ch. 19, and says that where a banker takes a check, bill, or note for value, there is no question of lien. If he receives it in reduction of an ascertained overdraft, or if he credits it as cash, the absolute property vests in him, and so excludes lien. He goes on to say, p. 306: "But he acquires the higher rights of a transferee for value. He can sue for the full amount of the instrument, because in the case of a holder for value the Court will not go into the quantum of the consideration."

The bank continued to be holders in due course, and as such holders had, by sec. 74, the right to sue on the check in their own name, and by that section they held it free from any defect of title, and from all personal defences, and became entitled to enforce payment in full against all parties liable on it. When they recovered the whole or any part of the amount of the check, they were bound to place the same to the credit of Muggley, as the check was negotiated to them on that condition. The admission made by the bank at the trial that Muggley could not recover from the defendants on the check did not in any way bind Muggley, and was only for the purposes of this suit. If the bank were, as they asserted, holders in due course, the admission could not hurt them; but in any event it could not possibly affect Muggley, as he is no party to this suit, and we have no right in his absence to deal with or dispose of his rights, or to take the account between him and the defendants. If a bank should give up to the drawer a bill or the maker of a note which had been negotiated to or discounted by them such bill or note, on receiving from the drawer or maker the amount due to them by the negotiator or discounter, they would frequently find themselves in trouble.

We are not in the present case called upon to consider or decide what is to become of the money after it has been collected by the bank. It may well be that the defendants may be able to show that they are entitled to the balance of the money after the bank have been paid what is owing to them by Muggley; but that must be in a proceeding to which all those interested are parties, and should not be disposed of or dealt with in the present action.

The result is that the plaintiffs' appeal should be allowed, and the defendants' cross-appeal dismissed, both with costs; and judgment entered in favor of the plaintiffs for $1,000, interest from the date of dishonor, and costs.

BILLS AND NOTES — PROMISSORY NOTE—IRREGULAR INDORSEMENT — "HOLDER IN DUE COURSE"—AVAL — COLLATERAL AGREEMENT — ESTOPPEL—STATUTE OF FRAUDS—BILLS OF EXCHANGE ACT, SEC. 131.

McDonough vs. Cook (In the Court of Appeal, XIX O. L. R.)

The plaintiff brought actions on two promissory notes, for $6,000 and $2,000 respectively, made by G. J. C. and W. C. K. as makers, and payable to the order of the plaintiff as payee. The notes were indorsed by the defendant J. S. C. before they were delivered to the plaintiff, who subsequently indorsed them. The notes were given in renewal of a note for $8,000 between the same parties, which also had been indorsed by the plaintiff subsequently to the indorsement by J. S. C. By a sealed agreement of the same date as the $8,000 note (May 21, 1907), which was executed by J. S. C. and the other parties, it was stated that the note was given as security for the price of certain mining claims purchased by him in company with G. J. C. and W. C. K. from the plaintiff, and that J. S. C. was "the indorser of the note:"

Held, that J. S. C. was liable on the notes.

Per Osler and Maclaren, JJ. A., that J. S. C. was liable to the plaintiff as "to a holder in due course," within the meaning of R. S. C. 1906, ch. 119, sec. 131.

THE plaintiff seeks to recover against the defendant, J. S. Crawford, upon two promissory notes, dated August 9, 1907, for $2,000 and $6,000, respectively, made by the defendants, George J. Cook and W. C. Kilpatrick, payable at one and two months to the order of Roderick McDonough, the plaintiff, and indorsed by the defendant, Crawford. The plaintiff, the payee, did not indorse the notes until they were presented at the bank for payment, and then only for the purpose of protest. Judgment has been signed in each of the cases against the makers. These two notes were given as a renewal of an $8,000 note, dated May 21, 1907, payable on July 22, after date, made by the same makers, payable to the order of the plaintiff and also indorsed by the defendant, J. S. Crawford—McDonough, the payee, not having indorsed the same until after Crawford. The last mentioned note was given as securitv for the payments under two agreements of the same date. Under the first agreement McDonough and others sold and transferred to W. C. Kilpatrick, one of the makers of the note, twenty-one mining claims for the price or sum of $8,000, payable $1,500 on June 22, 1907, and $6,500 on July 2, 1907. The second agreement of the same date was made between the plaintiff, Roderick McDonough, and W. C. Kilpatrick, George J. Cook, and J. S. Crawford. Although it is not very clearly expressed, it would appear from the second agreement that McDonough acted as trustee to receive the purchase money for himself and the other parties interest.

This agreement contains the following clauses:

"1. That as security for the making of said payments hereinbefore referred to, the said W. C. Kilpatrick in addition to transferring certain mining stock, in company with George J. Cook and indorsed by J. S. Crawford, makes a promissory note for $8,000, payable to the order of the said R. McDonough, two months after date, at the Bank of Ottawa, at Powassan.

"2. And it is further understood and agreed by the said R. McDonough and the said W. C. Kilpatrick, George J. Cook, and J. S. Crawford, that the said note for $8,000 is given merely as security and upon payment of the said $1,500 on June 22, and the $6,500 on July 22, 1907, the said note shall be delivered into the hands of the said J. S. Crawford without any further payment therefor than the above-mentioned payment of $1,500 and $6,500, respectively.

"3. And it is further understood and agreed between the parties hereto that in the event of the said J. S. Crawford, the indorser of the note, having to pay the same, the title to the said mining claims shall revert to him without any further payment therefor."

This agreement was signed and sealed by all the parties, including Crawford.

JUDGMENT (MOSS, *C. J. O.;* OSLER, GARROW, MACLAREN, and MEREDITH, *JJ. A.):* The plaintiff, as the payee of two promissory notes for $6,000 and $2,000, recovered judgment against the makers, and also against the defendant, Crawford, who had indorsed the notes before they had been delivered to the plaintiff. From this judgment Crawford has appealed, on the ground that his indorsing in this manner did not make him liable to the plaintiff.

The trial Judge was of opinion that the case came within the decision of Robinson vs. Mann, 31 S. C. R. 484, which was binding upon him, and that the appellant was estopped from denying that he was an indorsee of the notes sued upon, by virtue of the admissions made by him in an agreement under seal, to which the plaintiff and the defendants were parties.

It was argued before us, on behalf of the appellant, that Robinson vs. Mann did not apply, but that the present case fell under the English and Canadian authorities, which held that a party who signed a bill or note before the payee did not become liable to him, and that the payee could not become a holder in due course or claim the benefits of sec. 56 of the Imperial Act or of section 131 of the Canadian Act of 1890, inasmuch as it could not be said that the bill had been "negotiated" to him—being merely issued to him, but not negotiated.

Before the Act of 1890 such an indorsement was well known in the Province of Quebec as an "aval," and the party so signing was liable under art. 2311 of the Civil Code, without notice of dishonor. In Ontario and the other Provinces, where a stranger to a note indorsed as warrantor for the maker, the method adopted was for the payee to indorse "without recourse" above such warrantor, who would then be liable to him and to subsequent holders or indorsee.

When sec. 56 of the bill of 1890 was under discussion in the Senate, it was decided to recognize such indorsement and to adopt the Quebec doctrine, but to treat the "aval" as an ordinary indorser, and give him notice of dishonor. In order to accomplish this there were added to sec. 56 of the Imperial Act the words, "and is subject to all the provisions of this Act respecting indorsers," making that section read: "Where a person signs a bill otherwise than as a drawer or acceptor, he thereby incurs the liabilities of an indorser to a holder in due course, and is subject to all the provisions of this Act respecting indorsers."

In Duthie vs. Essery (1895), 22 A. R. 191, where this Court gave judgment in favor of an indorsee, who had indorsed the note sued upon before the payee, Burton, J. A., described the old practice of the payee indorsing such a note "without recourse" above the signature of the warrantor as a clumsy contrivance and unnecessary.

But, even if there were uncertainty as to the effect of the language of the Imperial Act on the point, I consider that any ambiguity was removed from sec. 56 in the Canadian Act by the added words above quoted. In construing this section of our Act according to the rule laid down by Lord Herschell, in Bank of England vs. Vagliano Brothers (1891), A. C. 107, at p. 144, by asking in the first instance, what is its natural meaning, uninfluenced by other considerations, it seems to me that the proper interpretation of the Act has been given by the trial Judge.

The case, however, is concluded by an authority binding upon us, Robinson vs. Mann, 31 S. C. R. 484, which I am unable to distinguish from the present case. There it was expressly held that the indorsement which we have in this case, and which was known in French commercial law as an "aval," was a form of liability adopted by the statute into English law.

It is true that since the decision in Robinson vs. Mann the Act has been recast, and what was formerly the first part of sec. 23 has been placed before what was formerly sec. 56, the section thus formed being now sec. 131 of R. S. C. 1906, ch. 119. The words thus prefixed are: "No person is liable as drawer, indorser, or acceptor of a bill who has not signed it as such." I do not think this re-arrangement of these sections has in any way altered the law, certainly not adversely to the plaintiff.

This being the case of a note, and there being no drawer, the defendant, not having signed as maker, is subject to all the provisions of the Act respecting indorsers. Even if the plaintiff were not a holder in due course, but only a holder for value, which he is proved to have been, I am of opinion that he would be entitled to recover under our Act.

But there is more. The plaintiff is entitled also to recover on the ground of estoppel. In an agreement under his hand and seal to which the plaintiff was a party, the defendant declared that the original note for $8,000, of which the notes sued upon are renewals, and which was precisely in the same form, was "indorsed" by him, and that he was the "indorser" of the note.

The appeal should be dismissed.

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.

REAL ESTATE NOTES AS COLLATERAL.

CAIRO, ILL., Nov. 5, 1909.

Editor Bankers Magazine:

Sir: We have been informed by a national bank examiner that the Supreme Court has decided that it was illegal for national banks to accept as collateral security notes which were secured by real estate. Can you give us any information concerning such a decision, and oblige,

CASHIER.

Answer: We do not know of any such decision. The Supreme Court of the United States has frequently decided that a National bank has no authority to take a mortgage or other lien upon real estate as security for contemporaneous loans; this can be done only to secure a debt previously contracted. (Bank vs. Matthews, 98 U. S. 621; Reynolds vs. Crawfordsville Bank, 112 U. S. 405.) But the court does not appear to have passed upon the precise question mentioned in the inquiry.

The principle applicable to the case, however, would appear to be plain. If the parties on the notes are responsible and the paper is good independently of the real estate security, and they are taken solely upon the credit of the personal responsibility of the parties thereto, the fact that they are also secured by a lien upon real estate would not make them objectionable; but, on the other hand, if the real estate is the security upon which the bank relies, and the notes are not sufficient without security, then very obviously the transaction would be illegal.

COLLECTION—LIABILITY OF TRANSMITTING BANK.

RED WING, MINN., Nov. 8, 1909.

Editor Bankers Magazine:

Sir: Some few months ago we had a check which had been sent by us for credit charged back to our account, and as the circumstances were rather unusual I was somewhat in doubt as to just whom the loss would legally fall on. The circumstances were as follows:

"A" doing business in small town in the State of Washington purchased goods from a firm doing business in small town in Minnesota whom we call "B". When the bill was due "A" drew his check on "C" his local bank, in favor of "B". In due course "B" received the check and deposited with his local bank "D". On the day on which it was received "D" forwarded the check for credit to his correspondent in St. Paul which we will designate as "E". "E" sent it direct to "C" for collection return. "C" charged the check to "A's" account, who had money to his credit, and within a short time "A" had his book balanced and received his check cancelled. In the meantime "C" did not remit for the check and in the course of a month went into bankruptcy. On hearing that such was the case "E" notified "D" that he had charged the amount of the check to his account. The different parties interested make the following claims:

"A" paid by check, and has his check returned from the bank paid.

"B" says, "I received a check from 'A' which 'A' says has been paid why should I be responsible."

"C" goes into bankruptcy. "E" presented claim and received small dividend which has been credited to "D". Nothing more can be looked for from that source.

"D" stands between "B" and "E".

"E" says they only acted as agent for "D" and are not responsible for the amount.

The amount is not large but I would like an opinion from some one who has had experience with such matters. If the check had been protested or returned unpaid there would be no difference of opinion, but "B" says the check I deposited has been paid, why should I lose it?

PRESIDENT.

Answer: In this case the liabilities of the parties must depend upon the condition of bank C intermediate its receipt of the check and its suspension. The general rule is that the bank on which a check is drawn is not a suitable agent to which to transmit the same for collection.

In *Merchants National Bank vs. Goodman,* (109 Pa. St. 422) the Supreme Court of Pennsylvania said: "We think the principle may be stated as a true one that no firm, bank, corporation, or individual can be deemed a suitable agent, in contemplation of law, to enforce in behalf of another a claim against itself. * * * We interpret the cases to which we have referred as establishing the rule of transmission to a suitable correspondent or agent to mean that such suitable agent must, from the nature of the case, be some other than the party who is to make the payment. By no other rule can the rights of indorsers be protected if it is the interest of the party who is to make the payment to hinder, postpone, or defeat payment. This imposes no hardship on the institution undertaking to transmit for collection, which can always protect itself by stipulating that special instructions by the depositor shall be given which will save the collecting bank from all risk or peril." (See also Drovers Nat. Bank vs. Provision Co., 117 Ill. 100; German Nat. Bank vs. Burn, 12 Colo. 539.)

The rule is also well established that where paper is not heard from within a reasonable time, the duty of the collecting bank is to make inquiries concerning it and to notify the customer of the delay or loss; and failing to do this, the bank will be guilty of negligence and will be liable to the customer for any injury occasioned to him thereby.

Bank E, therefore, was negligent in two respects; first, in sending the check direct to C; and, second, in failing to make inquiry when it received no returns from the check. But it may still be that notwithstanding this negligence no harm resulted from it.

The condition of C might have been such that it could not have made payment, even if the check had been presented through some other agency, and that the money could not have been collected even though E had performed its full duty as a collecting agent. But if during the period of thirty days before its suspension C was paying all checks presented, as was probably the case, then very plainly the loss could be imputed to the negligence of E, and E would be liable for the amount.

FRENCH NATIONAL BANK BASED ON NEW IDEA.

A PROJECT which would make the French treasury a bank of deposit for anybody who desires to pay his bills through the medium of checks, has been submitted to the Chamber by M. Millerand, minister of public works. It seems likely to be popular, at least at the beginning.

It is pointed out that it will place many needed millions in control of the government because of the well known frugality of the French people, and will induce a great number of depositors to maintain balances of considerable amount in its hands, especially as it is proposed to allow them a moderate interest. On the other hand, the government will exact from each depositor a fixed security fund of about $20 and a small tax on sums paid or transferred by order of the depositor.

NEW NICKEL COIN BEARING HEAD OF WASHINGTON.

DIES have been prepared by the engravers of the United States Mint in Philadelphia for a proposed United States five-cent piece bearing the head of George Washington, to take the place of the nickels now in circulation.

It cannot be said yet whether the government will adopt this coin or not. Many hundred dies have been made for coins never accepted, but if this portrait coin follows the new Lincoln penny it will be the first coin in actual authorized circulation to carry the head of Washington; yet several pattern coins bearing it have been circulated.

Washington himself refused to allow such a coin to be issued during his lifetime. He said it was a "monarchical" custom, not fitting in a republic.

Yet his head has adorned pattern coins issued in small numbers, but never adopted officially since 1783, when some 5,000 to 10,000 by a well known designer named Wyon were struck off. As late as 1863 a pattern for a two-cent piece bearing his head was made, and in 1866 a series of pattern five-cent pieces with his head upon them was designed, but never circulated.

This particular coin has been designed either by Engraver Morgan or Barber, of the mint. Specimens to be struck off soon will be submitted to the treasury department in Washington. The adoption of the coin rests with the treasury department.

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant.

THE PRESSURE ON EUROPEAN MARKETS.

THE action of the Imperial Bank of Germany in raising its rate rapidly early in October to five per cent., and the similar action of the Bank of England, in advancing from two and a half to five per cent. within two weeks, has naturally been the chief subject of discussion in the European financial press. During the last twenty years the Bank of England rate has been advanced from three per cent. fourteen times. On three of these occasions the advance was only one-half of one per cent. and on the other eleven was one per cent. The fact that the advance just made was justified by market conditions was indicated by the inability of the bank to obtain the gold coming into the market at lower rates and by the advance in the private rate of discount.

Great as has been the production of gold in recent years, the demand for it at principal European banks of issue has been keen this autumn. The great banks of the Continent seem to be strengthening their reserves to an unusual degree, urged on apparently by secret misgivings as to domestic and foreign politics. The South American countries, moreover, are becoming larger takers of gold since the growth in their economic resources has enabled them to invest a part of their savings in an adequate currency. As far back as the beginning of October, it was noted by the "London Statist" that Brazil was taking more than $5,000,000 in gold from Europe and that Egypt would be an active competitor. It was declared that Brazil was able to take this large amount, because her coffee planters were eagerly competing with one another in the sale of their product and because the boom in rubber was establishing strong balances in favor of Brazil. Upon the subject of Egypt, it was stated in the "Statist" of October 2:

"The prospect is that the Egyptian demand will be large. It will be recollected that for a considerable number of years before the recent panic Egypt took regularly every autumn large amounts of gold. When the panic came her ability to take gold was lessened, and last autumn the depression in Egypt was so great that much less gold was taken than had been anticipated. Furthermore, at the beginning of this year it will be remembered that an unusually large amount of gold was sent back from Egypt. Over and above all this, there have been two exceedingly good Niles. In consequence, the cotton crop is very good, and, as our readers know, the price of cotton is also good. It seems, therefore, reasonable to conclude that the Egyptian demand this season will be larger than usual.

"Up to the present about a million and a quarter, or somewhat more, in gold, has been shipped to Egypt. Estimates vary considerably as to the further amount that will be required. But a very high authority thinks that the total taken this year will be from four to five millions sterling. Not only was the amount of gold in the country reduced by the large amount sent back early this year, and not only is the cotton crop exceedingly good and the price high, but there are in every direction signs of revival. Trade is unquestionably better than it was, and as the new cotton crop comes to market, and the fact is realized that the country is on the high road to prosperity, there is likely to be a revival of speculation. For all these reasons the authority referred to estimates that the total amount taken will not be less than four millions, and very probably may reach five millions sterling."

Upon the subject of the general pressure for the yellow metal after the advance in discount rates, it was stated in the "Statist" of October 16:

"The foreign exchanges have been moving in favor of this country, and probably will move still further in its favor. It is too early, of course, to speak with confidence yet. But the movement undoubtedly is in our favor, and is likely to become more so. The rise in the rate will not check the demands of such countries as Egypt, which require gold for the gathering in and marketing of their crops. It would, indeed, be unfortunate if it did, for a disturbance of the garnering of the crops would impoverish the countries in question, and through them the whole world. But where gold shipments are not necessary for moving the crops it is probable that the rise in the rate here will stop, or at all events postpone, them. Russia, for example, has been competing with the Bank of England for some time past for the gold offering in the open market in London. Russia is favored by an exceedingly abundant harvest this year, and, consequently, she is in a position to take gold if she requires it. But it does not appear that she really requires it to move her crops, since the gold reserve against her note circulation seems to be adequate. Assuming that she does not require more gold for moving her crops, it is evidently advisable, even in her own interests, not to push rates up further, since by so doing she would tend to lower the prices of her own securities, and, consequently, to diminish her own credit. . . .

"Brazil, for reasons which we recently explained in this journal, has been taking gold. But it is reasonable to anticipate that she will either cease altogether doing so, or else postpone her action, until the New Year, for it does not seem as if she is in real need of additional gold. Germany, again, is hardly in a position to take gold. She is already largely indebted to other countries, and her action in putting up rates recently has been rather to retain the gold she has than to attract more. Regarding Argentina, it is altogether too soon yet to offer any definite opinion. On the one hand, all the evidence before us goes to show that the area under crops, taking it altogether, will about equal that of last year. Assuming that the crops also will equal those of last year, then Argentina will be in a position to take a considerable amount of gold should she so desire. But it has to be recollected, firstly, that the crops were sown late, that locusts have already made their appearance, and that the later the crop is the more it is exposed to damage by locusts."

DEMAND FOR CAPITAL IN LONDON.

THE applications for the issue of new capital by English joint-stock companies declined somewhat during the third quarter of the year. As the situation is described by the "London Economist" of October 2 last:

"The third quarter of the year is always a comparatively slack time for company promoters, but this year the total amount offered for subscription in the three months was over £27,000,000, an unusually large figure, which brings the nine months' total up to nearly £150,000,000. It is, however, clear that the extraordinary rush of borrowers which marked the first fifteen months of a low bank rate is now growing slacker, and that the demands for new capital should soon be returning to their normal level. This ought to help the stock exchange, for the weakness of last year was generally attributed to the enormous sums of money diverted from existing markets to new securities, and it will be interesting to see how prices move when the investor is no longer tempted by three or four alluring prospectuses in every paper. At present, it is only in specialties like rubber that the company promoter is doing more business than usual."

Applications for New Capital.

The amount of capital applied for by quarters for the past three years has been as follows:

	1907	1908	1909
	£	£	£
1st q'rter	49,428,600	45,287,900	64,238,400
2nd q'rter	40,304,600	64,385,600	56,835,200
3rd q'rter	15,631,400	31,451,800	27,694,400
4th q'rter	18,265,400	50,988,400	....
Total..	123,630,000	192,203,700	148,768,000

Commenting upon these figures, the "Economist" declares:

"The British Government borrowed nothing in the past quarter, and only £3,840,000 in the nine months; British railways have not made a public offer of any stock at all, and British municipalities have taken less than £5,000,000 in the whole three quarters. The fact that the Government and the municipal authorities have been more moderate than usual in their borrowings is all to the good, for it undoubtedly denotes a revival of sound finance in both departments of English public life. But there still remains the fear of an issue of Irish Land stock, and until the operations of the ill-conceived Wyndham Act are fully completed the market will always have these chunks of gilt-edged stocks hanging over it, and depressing prices. Neither foreign nor colonial Governments were particularly free borrowers in the last quarter, but in the nine months they have taken altogether £47,000,000, against £28,000,000 last year, while, in addition, £15,000,000 have gone to foreign and colonial municipalities. Much of this money, of course, was borrowed for reproductive purposes, and some of it was taken by large cities with comparatively small debts; but the readiness to borrow shown by some small colonial municipalities is not a thing to be encouraged by capitalists in London. Apart from Government and municipal loans, by far the most interesting item in this table is the large amount raised by rubber companies, which accounted for £2,434,000 in the third quarter, and £3,372,000 in the nine months. The industrial developments indicated by these figures can be estimated from the fact that in the four years 1905-8 the amount raised by rubber companies was only £3,800,000, so that in the past nine months the English investor has put into new rubber companies almost as much as he invested in the previous four years. Whether the boom is overdone or not is a question that we need not touch on here, but it must be pointed out that the companies' finance has on the whole been remarkably sound, the promoters' profits being in most cases moderate, and the capital small."

ECONOMY OF GOLD IN EUROPE.

AN interesting comparison of the amount of gold upon which different banking systems do business is made in the "London Economist" of October 9 last. Using statistics prepared by the National Monetary Commission of this country, the following table is obtained of the increase in gold in the United States Treasury and in the three leading European banks:

Country.	1878	1908	Inc.
United States	$130,000,000	$1,010,000,000	$880,000,000
England	110,000,000	180,000,000	70,000,000
France	190,000,000	590,000,000	400,000,000
Germany	50,000,000	190,000,000	140,000,000

Commenting upon these figures and upon the experience of America in the panic of 1907, the "Economist" declares:

"Advocates of a larger gold reserve may possibly see in these figures an argument for increasing the English stock of the metal. But the banking value of a stock of gold is the use that you can make of it, and if more can be done with 200 millions than with 1,000 millions, then the 200 millions stock is the more valuable of the two. And that is exactly the result of a central bank system like our own. To demonstrate the efficacy of such a system we need not go beyond the chart from which we have already quoted. Let us take as an illustration the figures of the year 1907. That was, of course, the year of the 'currency famine' in the United States, when the American bankers pulled themselves out of their troubles by shipping enormous quantities of gold from London. America with 920 million dollars of gold in her Treasury was borrowing from England, which had only 195 millions in the Bank; the country with the small stock was supplying the country with the large, and at the same time carrying on her own banking business unhampered and uninterrupted. The curious irony of the position can be shown by two or three figures:

Average Stock of Gold in Million Dollars.

	Bank of England.	American Treasury.	American Excess.
1906	190	820	+630
1907	195	920	+725
	+ 5	+100	+ 95

The average stock of gold in the American Treasury was larger in 1907 than in any previous year, and yet all sorts of emergency currency were being devised by banks and private individuals; workmen could not be paid their wages in cash, and it was almost impossible to transfer money from one city to another. If the gold reserve is concentrated instead of being scattered a ten per cent. reserve of gold will be worth more than a twenty-five per cent. reserve, and the interest saved can be applied to the improvement of the business or the choice of more liquid assets."

FEATURES OF FRENCH BANKING.

AN interesting account of some of the differences between French banking methods and those of England is given in the "London Economist" of September 11 last. It is pointed out that in France small commercial bills take the place to a certain extent of payments by check, which are so prevalent in England. These small bills are for not more than ninety days and are discounted by the private bankers and joint-stock banks at the discount rate of the Bank of France. The banker then takes the bill, five days before it matures, to the Bank of France, which acts practically as a clearing-house for such documents. This period of five days, free of interest, represents the Bank of France's profit on all small bills in France.

If the cheque system were to spread rapidly in France, a great part of the business and profits of the Bank would go. The other part of the Bank of France's business in normal times is lending on securities at three and one-half per cent. or four per cent. The ordinary French banks lend at not less than four per cent., even in times when money is cheap. The above-mentioned limit of 90 days does not apply solely to small bills, but to all. The Bank of France by its statutes cannot discount bills of more than ninety days, and does not in practice discount bills of less than five days. If they have only two or three days to run, the Bank takes them to collect, charging a commission, which is five days' interest. Otherwise the small banks would use the Bank of France to save the cost of messengers to collect small sums.

There is a great distinction in French banking between small and large bills. For large bills there is a market rate which is generally lower than the Bank of France rate, so that big people generally go to other banks rather than to the Bank of France, to discount their bills. The rates of the Bank of France are identical all over France and are remarkably steady. The Bank is a well-managed institution and is quite impartial towards its customers. Any trader or banker who is accepted on its books can discount small bills, and can borrow money there on approved securities, *e. g.*, rentes, Russian bonds, Paris bonds, etc., to the extent of eighty per cent. of the market price. This explains how it is that the Bank of France goes on doing a large business even when the market rate is much below its own official rate, for the market rate only applies to large bills. In England all bills are large bills, whereas in France the volume of small bills is enormous.

It should, however, be observed that some distinctions have to be drawn between ordinary bankers and the great financial companies which do most of the business. The great joint-stock banks, like the Crédit Lyonnais and Société Générale, have their staff of messengers, and do not require the assistance of the Bank of France. The great financial houses do not care for petty business unless the trader has a minimum deposit account. With regard to advances on securities, the practice of French banks generally is to lend at the Bank of France rate with the addition of a commission, and for sixty days only, at the expiration of which the commission and interest are charged afresh.

SILVER COINAGE IN AUSTRALIA.

AN account of the new Australian silver coinage appears in the "Bankers' Magazine" of Australasia for the end of August, which indicates that the final arrangements for a distinctive coinage have been made. Under an agreement with the British Treasury, the silver coins now current in the Commonwealth are to be returned at the rate of £100,000 (face value) per annum, the new coinage to the same amount being substituted. The Commonwealth Government is to receive the whole of the seigniorage, estimated at about £60,000 per annum. But in course of time it will have to bear the cost of renovation, which, according to the Mint returns for some years past, is about ten and one-half per cent. The Commonwealth Treasurer announced in introducing the coinage bill that the British Treasury would take back all silver coin at face value. The "Banking Record" does not seem to be entirely satisfied of the wisdom of the new programme. It says:

"Does this mean that it will accept defaced sixpences and other coins at full value? The circulation of the new coinage will be confined to the Commonwealth, and the origin of the coins will be made quite clear by the ugly device of a map of Australia and Tasmania on the reverse side. Until all the old coins are withdrawn, the Commonwealth will rejoice in the possession of two silver coinages, one the Imperial, the other the Australian. When in the meantime an Australian takes a trip to New Zealand, the South Sea Islands, England, and other places, he will need to take the Imperial coinage so far as he may want loose silver. If New Zealand should also demand a special coinage further complication will follow. It is regrettable that some arrangement could not have been made by which the unity of the sterling silver coinage throughout the Empire might be preserved, the Commonwealth Government receiving a fair allowance for the seigniorage."

A CURRENCY PROBLEM IN SOUTH AFRICA.

THE approaching union of the South African colonies promises to invoke a discussion as to the unification of the system of note issue. Under present conditions, as set forth in a letter to the "London Economist" of September 11 last, each of the two leading colonies has a distinct system of note issue. In Cape Colony the bank act of 1891 provides that all notes be prepared in the Treasury; that bankers desirous of the privilege of issuing must deposit with the Treasurer Government securities equivalent in value to the intended issue. But no bank can have a circulation exceeding the combined amounts of its paid-up capital and reserve. The notes are legal tender in Cape Colony, and the Government claims a duty of one per cent, from the banks, calculation being based on the average circulation. The note issue of the Transvaal is regulated by an act passed in 1893. Every bank must obtain the permission of the Government to issue notes, which, once received, they may retain so long as the notes are regularly redeemed, and provided the terms of the act are adhered to. The limit for each bank is fixed at the amount of its paid-up capital. The Government claims a stamp duty of one penny per note, and also provides for a minimum reserve of coin to be held by each bank. The Government also reserves the right to appoint an inspector to examine the registers of notes issued by each bank, and to see that the circulation is otherwise conducted in terms of the act.

Upon the operation of these systems and the present situation, the "Economist" article comments thus:

"It will be observed at once that the Cape system is a far more elaborate one than that of the Transvaal. The former measure has been described by some people as a 'panic' act, on account of its somewhat stringent provisions. The object of its framers was to establish an absolutely safe note currency; but in pursuance of this end they have fallen into the opposite error, and there is a notable absence of elasticity in the system. The act was really the outcome of the Cape crisis of 1890, with which is associated the failures of three banks and the ruin of many individuals, noteholders of the defunct institutions being prominent sufferers. The framers of the act looked for a note circulation of £2,000,000, but it cannot be said that their expectations have been realized, for at the present time the amount is under £1,000,000, and has rarely in the best of times exceeded £1,500,000. Bankers complain of the arbitrary rule which forces them to keep locked up large sums in Government securities. Many outsiders also feel that these complaints are justified, as there is little profit attached to the business of issuing notes under such terms. It must be borne in mind that the price of the securities fluctuates, and bankers are obliged to write off sums for depreciation periodically. By general admission the task set the Union Government of establishing a paper currency for South Africa will be no small one. In some quarters it is suggested that the Government should issue its own notes. But whatever conclusion the South African Government arrives at, the question is likely to be the centre of a considerable controversy in the near future."

THE MONETARY SITUATION IN INDIA.

THE efforts of Sir Moreton Frewen to revive interest in the silver problem have brought out some interesting communications in the foreign press in regard to the monetary situation in India, China and other silver-using countries. A writer from Hongkong, in the "London Economist" of October 9 last, criticizes the large purchases of silver for rupee coinage made prior to 1908 by the Indian Government and urges that an effort should be made to educate the natives to the use of gold. Upon the general subject of conditions in India and the means of stopping the hoarding of silver, he makes the following suggestions:

"Nothing would help India more than a good system of agricultural banks. The country is poor—or nominally so—because a vast sum is annually invested in silver which is either hoarded or fashioned into ornaments. When the ryot comes to understand the wastefulness of this policy, when he realizes what could be done with his savings, a brighter day will dawn for the country. A suggestion to prohibit imports of bar silver to India was made a few months ago in the Calcutta Press, and the question is one which merits the closest consideration by the Government. The ryot has for years continued to invest his savings in a commodity which has steadily depreciated in value. Is the Government wise to allow this state of affairs to continue? Surely not. Immediate prohibition is perhaps too drastic, but the duty should be raised immediately to, and maintained at, a level which would make the cost of 165 grains of pure silver in India slightly over one rupee. No notice should be given of the proposed change, but contracts already entered into at the date of its inauguration should be dealt with on the old five per cent. basis. Thereafter, if the ryot persisted in his purchases, a large share of his money would be secured by the Government instead of being presented to the producers of silver. An added advantage of this plan is that it would stop the gambling in silver which has been so much in evidence in the bazaars, particularly of recent years.

"The Chinaman differs from the Indian in that he understands and appreciates the advantages of a well-backed paper currency. With the growth in the production of gold (by the way, Mr. Frewen's statement that 'the production of silver shows no considerable increase,' is quite incorrect), there should be no great difficulty, if the necessity for tampering with her currency is proved, in putting China on a gold basis, and this is the only possible solution of the problem under consideration."

THE GOLD STANDARD IN FORMOSA.

THE finishing touches were put last year to the operation of the gold standard system in the Island of Formosa. The history of the development of the banking and coinage system is sketched in an interesting manner in the Financial and Economic Annual of Japan for 1909, which has recently appeared. At the time of the cession of the island to Japan in 1894, there was no organized monetary system. The Bank of Taiwan was established in 1899 and the notes of the Bank of Japan were used in gold transactions. Silver was still used for many purposes, however, but the variations of its gold value fostered a spirit of speculation which led to the determination to establish the gold standard. After a temporary measure to meet the emergency, an ordinance was promulgated in June, 1904, permitting the issue of gold notes by the Bank of Taiwan, which was carried into effect in the following month. It was not until February, 1906, however, that a complete revision of the coinage and banking law was made. It is stated that since the introduction of gold notes, their circulation has been going on smoothly and that the old custom among the islanders of hoarding their gold and silver has gradually ceased and the deposits of the banks have increased. The withdrawal of silver notes from circulation continued as the gold notes took their place and the amount outstanding was reduced by the close of 1908 to the trifle of 20,000 yen ($10,000). In October, 1908, an ordinance was promulgated prohibiting the importation of silver coins from abroad or from Japan and at the same time abolishing the use of the silver yen for paying taxes and customs duties. Up to April, 1908, the Formosan Government exchanged the silver yen for gold and in December, 1908, definitely prohibited the circulation of the silver notes which had remained in use as substitutes for the silver yen.

PRACTICAL BANKING

MORTGAGE LOANS.*

By Arthur A. Ekirch.

IN savings banks and trust companies the mortgage department is one of much importance.

The borrower, or mortgagor, usually applies for a loan to some mortgage broker, filing an application in which he, or she, states the amount wanted, location of the property on which the loan is desired, the dimensions of the ground and building, number of floors, condition of the premises, and the rate of interest. A commission of one or two per cent. is charged by mortgage brokers if they succeed in securing the loan.

The broker upon receiving his client's authorization to obtain a loan, sends a copy of the original application to the different institutions in the immediate section, or applies to a bank where he is known, and perhaps in the course of a few days he receives an official reply that his application has, upon due consideration, been accepted, or declined, as the case mav be. (Refer to Form A.)

Most banks and trust companies employ an expert appraiser, who devotes his entire time to looking after loan applications, visiting the oroperty on which loan is wanted, and placing a value upon the premises.

Entire responsiblity as to value is placed in the apnraiser's hands, and unless he is an expert in land values, serious complications are certain to arise, in which the bank will be the chief loser.

I remember one case in particular, where an appraiser authorized a loan of a certain amount on property that sold under foreclosure proceedings, and during "good times," for less than the mortgage loan.

BLANK SAVINGS AND TRUST COMPANY.

New York............190..

APPLICATION is hereby made for a loan of $.............@....% for........ years.

Bond of ....
Address ....
Broker ....
Address ....
Location ....
Dimensions of Ground ....
Dimensions of Building ....
Basement..........Upper Floors.........
Monthly Rents ....
Value of Building ....
Value of Ground ....
Condition of Premises....................
Remarks ....
....

Form A.

The appraiser, after approving a loan, usually reports to the executive committee of the bank, who in turn have the supreme power to accept or decline, as they see fit. If accepted, the application is sent to the head of the mortgage department, who notifies the "mortgage broker," or principal, of the bank's acceptance, a form similar to Form "B" being used.

*Savings banks in New York State have funds invested in mortgage loans on improved and unimproved property to the extent of $747,000,000.00.

BLANK SAVINGS AND TRUST COMPANY.

New York............190..

....
....
....

Dear Sir:—

Your application dated.........
for a loan from this bank of $.........
has after due consideration been.........
....
....

Yours very truly,
....
Secretary.

Form B.

The borrower is also requested to furnish the bank with a "signed acceptance," agreeing to pay a certain rate of interest, the cost of disbursements and the State mortgage tax of one-half of one per cent. Nothing further is done with the loan until the bank receives the "acceptance," signed by the mortgagor.

The acceptance received, the bank's attorney is given a copy of the application, with instructions to proceed with the "title search" survey of the premises, etc.

Preparing the mortgage papers usually requires a few weeks, at the end of which time he notifies the bank the loan is ready to close. At the closing, the mortgage department turns over to the attorney a check for the amount of the loan, and receives in return the bond signed by the mortgagor. The mortgage is sent to the Register's Office for recording, while the policies of insurance are turned over to their respective companies for the insertion of the "mortgagee clause"— loss, if any, payable to the BLANK SAVINGS AND TRUST COMPANY.

BLANK SAVINGS AND TRUST COMPANY.

New York............190..

To..................
....

You are requested to produce Tax, Water and Assessment bills for the year.......... for comparison with our records; they will be returned as soon as entered.

Yours very truly,
....
Secretary.

B. M. No..........

Form C.

BLANK SAVINGS AND TRUST COMPANY.

Loan Number ....
Company ....
Number of Policy ....
Amt. of Policy ....
Expiration Date ....
Home Office ....
State or County ....
Rate ....Premium........Agent......
Remarks ....
....

Form D.

Mortgage loans are usually made for three years, with the privilege of renewal; there is, however, no law restricting the length of time which a mortgage may run.

BLANK SAVINGS AND TRUST COMPANY.

B. & M. No..........Interest $..........

New York..........190..

To....................
....
....

Dear........:

The semi-annual interest on your Bond and Mortgage will be due ....190..
Please remit in New York funds and oblige.

Yours respectfully,
....
Treasurer.

Please remit this notice on payment of interest.

Form E.

A mortgage record is kept (preferably on cards), giving in detail the data relative to the loan—the mortgagor's name and address, location of the property, value, size of land and building, and the names of the members of the committee voting in favor of the loan.

Once a year a notice is sent to the mortgagor, requesting him to furnish the bank with tax, water and assessment bills. Close attention should be paid to tax bills, as it has been found in a large number of cases that a borrower who fails to pay his "tax bills" will before long forget to pay his mortgage interest, and in turn the bank is forced to foreclose on the property. (Refer to Form C.)

Property obtained through foreclosure proceedings must be disposed of within five years. (State Banking Law for Savings Banks.)

An insurance record is also kept by the mortgage department (preferably on cards), and filed according to the expiration dates. (Refer to Form D.)

The bank is allowed the privilege of renewing the fire insurance policies, if the mortgagor fails to do so, before noon on the expiration date.

A few weeks before the interest becomes due, the mortgagor receives an interest notice from the bank (refer to Form E), and if after thirty days after due date he fails to remit, the bank has the privilege of turning the mortgage over to the attorney for foreclosure proceedings. This step is rarely taken, however, as a second interest notice, accompanied by an official letter, usually brings the mortgagor to his senses.

Commercial National Bank,
Shreveport, La.

Dear Sirs:

Referring to your notice of ______________, please return this draft for reasons checked below:

☐ Amount incorrect	☐ Hold ...... days
☐ Should be a cash discount	☐ Will pay on ....
☐ Invoice not due	☐ Have written
☐ Freight should be deducted	☐ Will write
☐ Goods have not arrived	☐ Do not owe
☐ Have remitted	☐ Hold for arrival of goods
☐ Will remit	☐ ....
☐ Exchange refused	☐ ....
☐ Do not pay drafts	☐ ....

Please sign here and mail ....

Shreveport, La., ______________________ *19*___

Dear Sir:

We hold for collection draft drawn on you by

______________________________________ $______________

Exchange $______________

$______________

If not paid in 5 days this draft will be returned. If you wish this item returned for any reason please check same on attached card and mail.

Respectfully,

COMMERCIAL NATIONAL BANK,

PLEASE SEND THIS NOTICE WITH YOUR REMITTANCE.

A Time Saver for the Collection Department.

A TIME SAVER FOR THE COLLECTION DEPARTMENT.

TWO forms are shown on page 895, taken from the reverse sides of a regulation postal card, with pay reply attached, which the Commercial National Bank of Shreveport, La., uses to notify parties of drafts held for collection. By way of explanation, A. T. Kahn, cashier of the Commercial National Bank, in his letter to THE BANKERS MAGAZINE, says:

In order to make our collection department more efficient we have adopted the reply postal card system to notify parties that their drafts are held for collection. This system has given satisfactory results and at no greater expense than we were formerly put to in enclosing the notices in envelopes.

CONCERNING VACATIONS.

ANOTHER bank cashier has gone wrong, this time out in Mineral Point, Wis., and the news dispatches state that he was not suspected for years because he was so assiduous that he "was never known to take a vacation." It is all right, and essential, that a man in any sphere of human activity, should be deeply interested in whatever he has to do and is expected to do. That much cannot be insisted upon too earnestly for every young man who hopes to get on in the world. But it is time for employers, and perhaps especially for bank directors, to realize that a vacation has its advantages, and that possibly a neglect of the annual vacation may be due to some other consideration than the interests of the employer. In this case of the Wisconsin bank cashier it is now painfully evident that the true reason why he was never known to take a vacation, which was once considered so commendable in him, was that he realized the danger to himself of a new man at the books. It is not always fear of the exposure of theft that may influence a man never to take a vacation. It is more than merely possible that he may fear that the work of the man who takes his place during the period of vacation may show that he himself is not absolutely indispensable. No hard and fast rule can be laid down in such cases, of course, but it is well enough for employers and employes alike to reflect that indifference to vacation may mean something very far from devotion to the work in which one is engaged. As a rule, the man who is honest and who is conscious that he does his work as faithfully and efficiently as another could do it, takes his vacation gladly, and with a feeling that he will be wanted back at the old place when his vacation is over. In something the same way, it is not unreasonable to suspect that the business man who cannot take a vacation has failed to get his business in such shape that he can leave it to take care of itself for a week or two. In fact, in whatever walk of life a man may move, it is no great praise of him to say that he was never known to take a vacation.—*Manchester, N. H., Union.*

THE OLDEST BANKNOTE.

THE oldest banknote in existence is the one preserved in the Asiatic Museum at St. Petersburg. It dates from the year 1399 B. C. and was issued by the Chinese Government Bank. It can be proved from Chinese chroniclers that as early as 2697 B. C. banknotes were current in China under the name of "flying money."

The specimen preserved at St. Petersburg bears the name of the Imperial Bank, date and number of issue, signature of a Mandarin and even contains a list of the punishments inflicted for forgery of notes.

This relic of 3,000 years ago is probably written, for printing from wooden tablets is said to have been introduced in China only in the year A. D. 160.

NEW COUNTERFEIT $5 SILVER CERTIFICATE (Indian Head).

SERIES of 1899; check letter "B," face plate number 1242; back plate number 862; W. T. Vernon, Register of the Treasury; Chas. H. Treat, Treasurer of the United States.

This counterfeit is a well-executed photographic production on two pieces of paper, between which a few pieces of silk have been distributed. The Treasury number is D67061242 and will undoubtedly appear on all counterfeits of this issue as it is photographed on the specimen before me. No attempt has been made to color either the Treasury number, seal, or denominational character on the left end of the bill. The edges of the note look as though they might have been cut with a penknife, as they are very ragged and irregular. The face of the note is deceptive.

PRACTICAL BANKING CONTRIBUTIONS WANTED.

HELPFUL articles relating to the every-day work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

THE TELLER AND HIS TASK.

PART II. — DEPOSITS.

By W. H. Kniffin, Jr.

(Continued from November Bankers Magazine, page 737.)

Triangular Method.

IN the Greenwich (N. Y.) Savings Bank, transactions with depositors are proven triangularly. The money is received by one teller or his assistant, and by such person is kept until the end of the day. The entry by that clerk is made in the pass book of the depositor. A ticket is also made out. The pass book is given to the journal clerk, whose duty it is to copy upon a form of journal sheet the entry as he may find it on the bank book, not knowing whether such entry made by the teller is correct as to amount or as to character of transaction. The *journal clerk simply copies what he finds there entered*. Then he (the journal clerk) initials such entry on the pass book, and passes the book to the chief teller. When the receiving teller passed the book to the journal clerk, he passed the ticket made out by himself to the chief teller's desk. The chief teller, or his assistant, having listed this ticket, now compares it and the listing with the pass book entry, and the transaction being verified by the depositor, the bank book is to him returned. The money is in the hands of the person who first waits upon the customer. The copy of the bank book entry is on the journal sheets. The copy of the ticket is listed at the chief teller's desk. The receiving clerk also keeps a list, with which the moneys in his hands at the end of the day should tally. The triangular proof being made, the journal sheet is divided at the line of perforation, the stub remaining containing simply the number of the account and the name of the depositor. The portion taken off contains columns of deposits and drafts.*

* From letter by James Quinlan, president.

804 Manhattan Ave.

THE PASS BOOK MUST ACCOMPANY THIS CHECK.

Brooklyn, N. Y. Jany 10 1909

HOME SAVINGS BANK,

Pay to myself .... or bearer.

Ten .... Dollars.

on presentation of my book No 1252

$10.00 .... sign here O. B. Sweet

Form 1.—A simple, concise, order of withdrawal.

Deposits in the Bowery Savings Bank.

In the Bowery Savings Bank (New York), the depositor hands in his pass book with his deposit to the teller, who enters on a ticket the number, name and amount, makes the proper entry on the pass book and passes both book and ticket to the cash book clerk, who sees that the entries on the ticket and pass book agree, and asks the depositor his name and the amount deposited, before returning his book. By this system of passing the transaction through the hands of a second man, a check is maintained as to the teller's correctness, and he is enabled to work with an easy mind, knowing that should an error escape him it will be detected and rectified before the pass book leaves the bank.

CORTLAND, N. Y., ______________

RECEIVED OF CORTLAND SAVINGS BANK $100.00

ONE HUNDRED DOLLARS ON MY DEPOSIT.

PASS-BOOK NO. 1009 Andrew Jackson

Form 2.—Withdrawal receipt. Amounts printed in and different colors used for different amounts. This saves the trouble of filling in.

A Boston Plan.

The Wildey Savings Bank of Boston has the following system:

a. The receiving teller takes money and deposit book, counts money and states to depositor the amount, which the depositor verifies by assent.

b. Enters on slip the book number, name of depositor and amount of deposit.

c. If the last dividend is entered on the book, it is assumed to be correct, and the balance shown thereon is entered on slip; otherwise, the book is compared with ledger card and written up to date before the balance is entered.

d. The slip is added, deposit and total entered on book, book returned to depositor and slip hung on hook at teller's window.

A Baltimore Idea.

In the Eutaw Savings Bank, Baltimore, the receiving teller ascertains the amount of deposit, receives book and money, and verifies amount named by depositor; enters amount, number of pass book, and depositor's name on ticket; enters in scratcher from ticket, number of book and amount, and passes book and ticket to his assistant.

Totals of his scratcher must agree with totals of assistant's sectional sheets.

The assistant receiving teller receives pass book and ticket from receiving teller, and asks depositor amount of deposit; enters amount and his signature in pass book; enters in sectional register *from pass book,* number, name and amount, and hands book to depositor.

Another Triangle.

The New Bedford (Mass.) Savings Institution, uses three windows for receiving deposits, with three clerks to handle the work. The depositor presents his pass book at window No. 1, where the clerk takes it and adds the interest, if any is due, and makes out the deposit slip, with date, number and the amount the depositor *says* he wishes to deposit, and passes the book and slip back to the depositor, who takes them to window No. 2, where the receiving teller takes the book, slip and money, checks the slip, and enters the amount in the

THE BANK BOOK MUST ACCOMPANY THIS ORDER.

$100.00 New Haven, Conn. July 5 1909

Connecticut Savings Bank
OF NEW HAVEN.

Pay to Myself Bearer
One hundred Dollars
on my Deposit Book No. 87690
Witness Peter Moran SIGN HERE David Harum

Form 3.—Withdrawal blank for those not coming in person. Connecticut Savings Bank, New Haven. Provision for witness.

Received —OF— AUG 20 1908 45- Pass Book No. 15166

CAYUGA COUNTY SAVINGS BANK.

FIVE DOLLARS $5.=

Withdrawn from the amount standing to my credit on the books of said Bank.

Witness.

Sales Man

Form 4.—Withdrawal receipt—"prim and precise." Amount printed in. Book balance indicated in hollow square.

No. 876876. Boston, Mass. Aug. 1. 09.

Received of the HOME SAVINGS BANK

$50.

FIFTY Dollars

Sign here Robert Fulton

LIBRARY BUREAU 021760

Form 5.—Withdrawal receipt with amount printed in. Standard card size, 3 x 5. Home Savings Bank, Boston.

THE PATERSON SAVINGS INSTITUTION.

DRAFT.

DATE July 1. 09 BOOK No. 37978

NAME Samuel Sampson

AMOUNT, $ 892.60

POSTED, B.

ENTERED, K.

CLERK AT DESK,

Jones

Form 6.—Simple form of withdrawal. Note the posting checks. Paterson, N. J., Savings Institution.

pass book, which he passes to the clerk at window No. 3, who copies the number and name and amount in the journal of deposits, and returns the book to the depositor. The receiving teller retains the slip with the money until he can count it again, when he checks the slip and still later checks the journal from his slips.

The following is a pen picture of a large metropolitan bank's teller's window during a normal day:

"We tarry a moment here and watch the operations of the desk, which it takes experienced hands less time to perform than it does to relate. The teller receives the money, makes out a deposit ticket, enters the amount in the pass book, notes the same on a numbered blotter, stamps the ticket with a "date and number stamp" and then gives book to journal clerk and the ticket to the paying teller. The depositor is asked to be seated for a moment until the last mentioned have taken account of the transaction. The pass book is then returned to the depositor, who is obliged, as a matter of verification, to state the amount deposited to the paying teller. In case pass books come to the tellers with interest not entered or in want of balancing, the teller places the book in a small compartment within arm's reach. A goodly number of interest clerks at once charge themselves with writing up these books. In busy season the interest and balance work on pass books is begun before ten o'clock, while the depositors are seated, and is continued in the same manner during business hours, so that every book coming to the teller's desk is ready for the day's transaction."*

In Philadelphia.

The Philadelphia Savings Fund Society, which has upwards of 250,000 depositors, furnishes the following description of its method of receiving deposits, both new and subsequent:

New accounts are taken at a special desk, where all information is given before opening the account. The teller receives the deposit, enters the amount on a slip bearing the printed number of the new account; a short slip with the number only, is given to the depositor, who hands it to a clerk, where the signature and other particulars are taken on a card of the same number. The name is then printed on depositor's

* Charles L. Seibert, teller Greenwich Savings Bank in the "Bookkeeper."

book and deposit slip (carbon copy) at the same time by typewriter and deposit entered in book. Another clerk verifies the book and entry before giving to depositor.

All subsequent deposits are received at the regular receiving department. The tellers enters the amount only on the deposit slip, places slip in the pass book; an assistant gives credit for the amount in the book and passes the same to a clerk who writes out a duplicate ticket with the number of the account and the initials of the depositor and lists the amount on adding machine No. 1, which serves as the cash book, while a third clerk enters the name of depositor and the number of account on the original deposit ticket, examines the entry and verifies it before it is handed to the depositor.

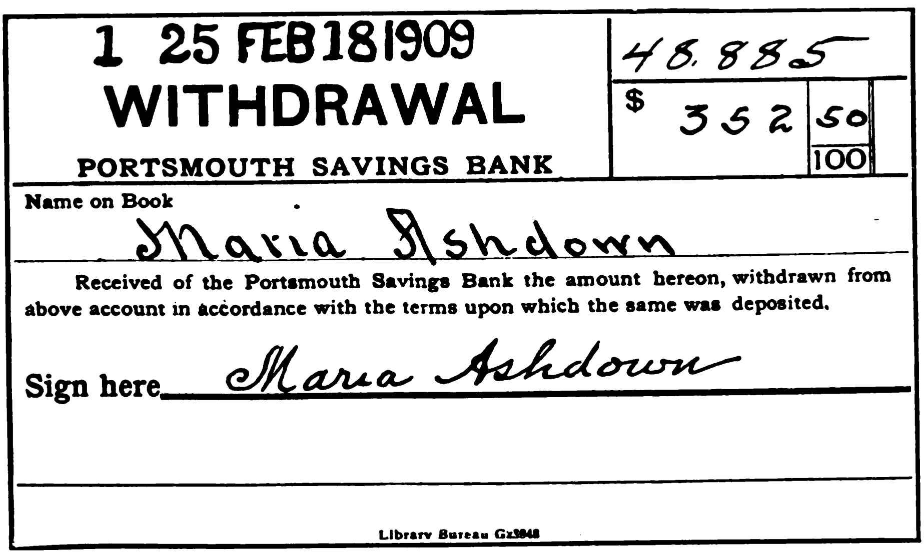
These deposit tickets are now listed on adding machine No. 2, compared with the addition of machine No. 1, and with the duplicates handed to the bookkeepers for posting. From the duplicates the postings are verified.

WITHDRAWALS.

The above systems relate to deposits only. Receiving is easy as compared with paying. In receiving, no questions are asked as to whether the money is tainted or not; whether it was honestly earned or stolen; whether the holder is an honest man or a crook; whether he be Jew or Gentile, rich or poor, thrifty or spendthrifty, good, bad or indifferent. Money in hand, and good money, right side up, denominations separate, is the only credential. If he has no pass book,—give him one; if he has a book in his hand, take it for granted that he is depositing for another.

And here it is that the distinction comes in between the savings bank and the bank of discount. In the latter, introduction is often required, as a guarantee of good behavior afterward, while the savings bank asks nothing but the pedigree of the depositor. The commercial bank deals largely with men of affairs and acquainted with the ways of business. The savings bank deals in the main with those partially and often totally ignorant of banking rules and principles.

The trouble lies right here: These people will go out of the savings bank with evidences of debt in their hands that are of value and easily negotiable, and frequently the cause, or the me-



1 25 FEB 18 1909
WITHDRAWAL
PORTSMOUTH SAVINGS BANK
48885
$ 352 50/100
Name on Book
Maria Ashdown
Received of the Portsmouth Savings Bank the amount hereon, withdrawn from above account in accordance with the terms upon which the same was deposited.
Sign here Maria Ashdown
Library Bureau Gx3848

Form 7.—Card form of withdrawal. Standard size, 3 x 5. Portsmouth Savings Bank, Portsmouth, N. H. Top line indicates the clerk paying the money, the serial number of the transaction and date.

WE CANNOT PAY WITHOUT THE BOOK

ORDER MUST BE WRITTEN AND SIGNED IN INK ALSO DATED AND WITNESSED

WITNESS MUST NOT BE THE PERSON WHO IS TO DRAW THE MONEY

TWO WITNESSES REQUIRED IF DEPOSITOR DOES NOT WRITE

$ .... 19 ......

WRITE DATE ON THIS LINE

Treasurer of MERRIMACK RIVER SAVINGS BANK,
MANCHESTER, N. H.

Pay on Book No. .... to .... or Bearer.

WRITE NAME OF THE PERSON WHO IS TO DRAW THE MONEY

.... Dollars,

THE AMOUNT TO BE WITHDRAWN SHOULD BE IN WRITING

and this shall be your receipt.

[SIGN HERE] ____________________

....

WITNESS WRITE NAME HERE — WRITE FULL ADDRESS WITH STREET AND NUMBER OR R. F. D.

Form 8.—Withdrawal blank with instructions for filling in. Merrimack River Savings Bank, Manchester, N. H.

Rochester, N. Y., June 30 *190*4

Received of

THE EAST SIDE SAVINGS BANK OF ROCHESTER,

Eighty ____________________ *DOLLARS*

Being withdrawn from the amount standing on the books of said Bank to the credit of myself and wife ____________________, *or either, and I do hereby certify that said last mentioned person is now living.*

Pass Book No. 8765

$ 80 $\frac{00}{xx}$ Peter Kodak

Form 9.—Withdrawal blank for joint accounts. East Side Savings Bank, Rochester, N. Y. A good idea.

52 BROADWAY, BROOKLYN, N. Y.

THIS ORDER MUST BE FILLED IN WITH INK

Book No. .... Borough of Brooklyn New York, N. Y. **190**

(Here write the number of the book) (Here write the date)

The Dime Savings Bank of Williamsburgh, will please

(DO NOT WRITE IN NAME OF BEARER)

Pay to bearer .... **Dollars,**

(HERE WRITE IN LETTERS THE AMOUNT TO BE DRAWN)

In case balance of account is wanted and exact amount is not known, write "THE FULL AMOUNT."
In case INTEREST is wanted and exact amount is not known, write in space above for what periods of time
In case all money over a certain amount is wanted, indicate it plainly in space above.

and charge to above numbered Bank Book.

(Sign your name on this line) ____________________

(Adding "TRUSTEE" in case of a trust account).

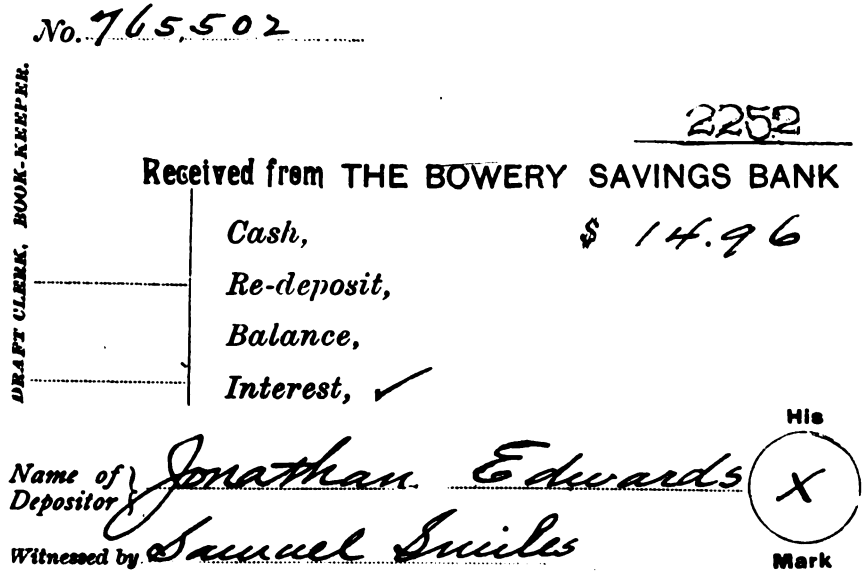
Now residing at No. ____________________

Ldg. Bal.	Sig.	P. B. Entry

THE BANK BOOK MUST ACCOMPANY THIS ORDER

Form 10.—Withdrawal order with complete instructions as to filling out. Dime Savings Bank of Williamsburgh, Brooklyn, N. Y. No chance to go astray on this.

dium, of forgery and fraud. It therefore behooves the man in the cage who hands out the money to have a care that he does not pay the wrong person. Due care must be used or the bank will be liable. What *is* due care depends upon circumstances; but this is a subject for more extended treatment than this paper affords. Suffice it to say, that the test questions which were recorded at the time of opening the account (which see in BANKERS MAGAZINE for March, 1909) are for the identification of the depositor. These must be used and comparison made with the signature on file, and if any discrepancy is noted, payment must not be made until the bank is certain and satisfied with the identification of the party presenting the book.


No. 765,502

DRAFT CLERK. BOOK-KEEPER.

2252

Received from THE BOWERY SAVINGS BANK

Cash, $ 14.96

Re-deposit,

Balance,

Interest,

Name of Depositor Jonathan Edwards His X Mark

Witnessed by Samuel Smiles

Form 11.—Withdrawal blank, Bowery Savings Bank, New York.

CARE IN PAYMENT.

The usual rule, to be found in almost all savings bank books is that "payment will be made to the one presenting the pass book." And many cases have been fought out along this line of defense; but in a majority of the instances, the bank was *bound to show it had used due care in making the payment,* or it was not sustained. The teller therefore cannot hand out his money to whomsoever passes in a book and says, "Give me my money!" It may not be "my money."

As a general rule, savings banks the country over contract with their depositors to pay, first, to the depositor in person; second, on the depositor's order; third, on the order of a duly authenticated attorney of the depositor; fourth, at death, to the legal representative of the depositor. And in all cases the possession of the book is necessary. But in over zealousness to be philanthropic, some banks have also agreed to use "best efforts," "due care," "every precaution to prevent fraud," etc., but would, as stated above, pay upon presentment of the book. But in the overdoing the matter, many have "fallen down." Payment on the book is good *with due care;* but without, *it rarely will stand in court.* To continue this phase of the subject would afford a most interesting study, and one vital to savings bank management, and in itself, would make a book,—but the writing of books is not our present purpose. Therefore, with his signature cards in a cabinet,

USE THIS FORM IN REQUESTING THE BANK TO SEND MONEY BY MAIL OR EXPRESS.

This Draft cannot be paid if presented without the Pass-Book

(See information on the back hereof.) Dated July 6 1909 Book No. 10990

THE UNION SAVINGS BANK, Patchogue, N. Y.

Please send at my expense and risk, $50.00

Fifty Dollars

(On the line above write plainly IN WORDS, the amount you want; or if you wish to close the account, write on the above line, "The amount in full, principal and interest." State how you prefer having the amount sent, by striking out part of the two lines below, leaving the instructions you wish the bank to follow.)

Send Cash.—Send Check payable to myself

By Express.—By Registered Letter.—By Ordinary Mail.—By Bearer.

And charge to account of (Signature must be written by the Depositor) Samuel Longisland

If the account is in trust, the order must be signed by the trustee, with the words "in trust" after the signature.

Address Setauket L. I.

A check by ordinary mail is the quickest, and a safe way to have funds sent.

FORM E—9-25-06 [OVER]

Form 12.—Withdrawal form with full instructions. A trifle crowded. Union Savings Bank, Patchogue, N. Y.

numerically arranged (having been previously alphabetically indexed) the teller opens his little window and the crowd begins to move.

A Clever Swindle.

But even with this equipment before him to make sure of paying the right money to the right party, he is liable to be deceived and pay erroneously. Let us pause and consider such a case. The first man up is, or claims to be, Owen Kenney. He could not write when he opened his account, but subsequently learned to write his name, and came to the bank for that purpose and placed his signature on the signature card. But this fellow is *not* Owen Kenney, but one by the name of Farley, who rooms with Owen, and who knows Owen's signature and can imitate it, and who also is conversant with Owen's family history. He makes a good piece of work out of the signature and answers all the

NO. 109.806

$ 100-

A. F. Pitt

ON ACCOUNT OF BOOK NO. 109.806 $ 100-

PITTSFIELD, MASS.

RECEIVED FROM THE

BERKSHIRE COUNTY SAVINGS BANK

One hundred DOLLARS

SIGN HERE A. Fred Pitts

Form 13.—Coupon receipt—withdrawal. A good form. Berkshire County Savings Bank, Pittsfield, Mass.

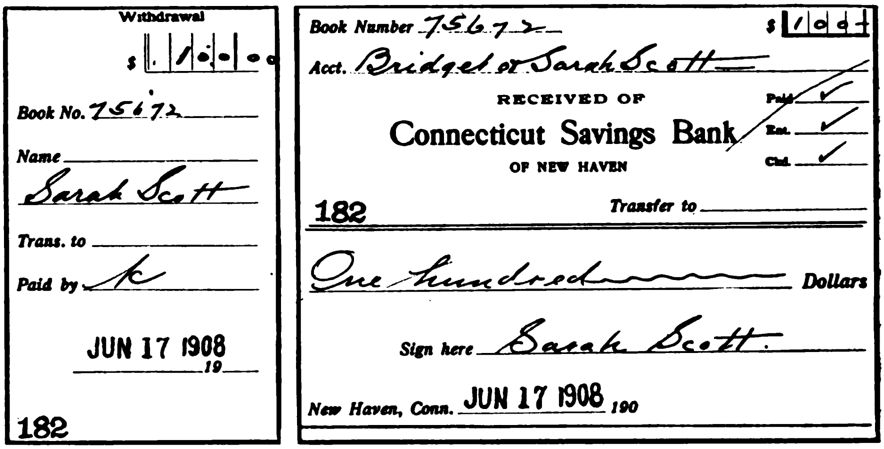
test questions correctly. He does this eleven times before Owen discovers that his book is missing (and Farley, too,) and goes to the bank, only to discover that both he and the bank have been deceived in Mr. Farley. But under the circumstances, the bank was sustained, for what more could it do than it had done? A bank is not bound to know the face of every depositor, and must rely upon its records. It is not bound to use more than ordinary care to identify its people, and this it did, and the fact that Owen had a boarder who stole his book and drew his money is Owen's misfortune and not the bank's. (Kenney vs. Harlem Savings Bank, City Court of New York, November, 1908.)

The test questions may be many or few, but they should be enough to properly identify the depositor. Some banks take full details, such as color of eyes, hair, etc., while others take merely the name of parents, age, birthday, etc. This is a matter of choice. But banks in large cities, being unable to personally know all their people, must deal with each man and woman as a stranger, while in smaller places the personal equation may be brought into play.

The Paying Teller.

As the money comes in, care need only be taken that it is good money, and the proper amount credited to the proper account; but when it comes to paying that money out, it is essential that not only the proper amount goes out, but that the proper person gets it. The Jew must not get the Gentile's money, nor the crook be allowed to work a fraud upon the honest man. Here is where tellers are really made.

As this is being written (July, 1909,) comes the story in the daily papers of an attempt to snatch the money of a woman in one of the large New York savings banks, and when the thief was caught and searched, a pass book, raised from \$20.00 to \$20,000, was found on his person. No good bank would ever have paid on such a blunder, for the limit is \$3,000 in New York, but he might have found an easy victim on the East Side.

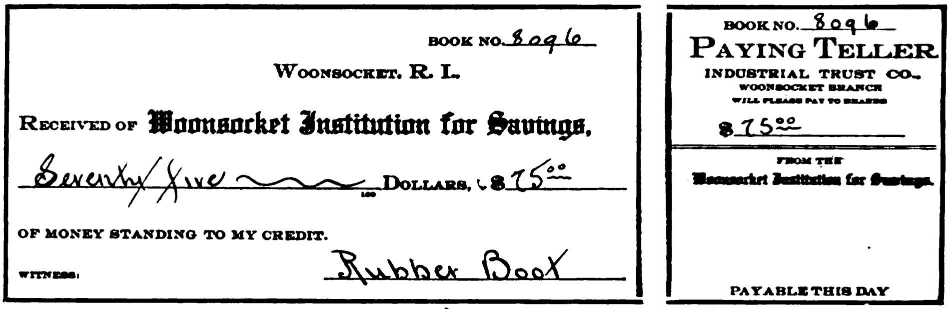

Withdrawal
$ 100.00
Book No. 75672
Name
Sarah Scott
Trans. to
Paid by K
JUN 17 1908
19
182

Book Number 75672 $100
Acct. Bridget or Sarah Scott
RECEIVED OF
Connecticut Savings Bank
OF NEW HAVEN
Paid
Ent.
Chd.
182 Transfer to
One hundred Dollars
Sign here Sarah Scott.
New Haven, Conn. JUN 17 1908 190

Form 14.—Coupon form withdrawal blank. Teller retains stub, main section goes to bookkeeper. Connecticut Savings Bank, New Haven.

In order to minimize errors, some savings banks hold the tellers responsible for all shortages, but do not permit them to retain the overs. This naturally penalizes carelessness; but whether it is better to penalize than to work "pon honor," is an open question. One of the largest of the New York savings banks has recently abandoned this practice and refunded to the tellers all shortages charged against them.

The work of paying teller in a small bank resolves itself simply into drawing up the check or receipt for the depositor (savings banks usually fill out



BOOK NO. 8096

WOONSOCKET, R. I.

RECEIVED OF Woonsocket Institution for Savings,

Seventy Five ——— Dollars, $75.00

OF MONEY STANDING TO MY CREDIT.

WITNESS: Rubber Book

BOOK NO. 8096

PAYING TELLER

INDUSTRIAL TRUST CO.

WOONSOCKET BRANCH

WILL PLEASE PAY TO BEARER

$75.00

FROM THE

Woonsocket Institution for Savings.

PAYABLE THIS DAY

Form 15.—Withdrawal receipt with coupon attached calling for payment of the amount at a depository bank. Not a common practice as most banks pay over the counter.

their own checks), having it properly signed and paying over the money. In such banks comparisons with the signature record is not often required, as the depositors are more or less well known to the bank officials, or soon become so. There is no red tape nor any necessity for the routine required in larger banks.

However this may be, whenever there is any doubt, the signature should be compared carefully, *and the test questions asked.* This is amply sustained in law, and is not only good law, but equally good banking.

Some institutions use receipts; others, regular checks. As to which is the better, is a matter of opinion. The one is an order, while the other is an ordinary receipt. One would not require endorsement under any conditions, while the check, if drawn to any other person than bearer, would require endorsement to be complete.

It is quite a common practice to give a proper form of withdrawal in the pass book, for the guidance of depositors who cannot come in person (see forms in BANKERS MAGAZINE for April, 1909, p. 631), and yet in spite of such instructions, many quaint and humorous orders to pay are received. Here is one, written on wrapping paper, in lead pencil. It is needless to say Mrs. Elsback did not get "what money she had in the bank on a-count of sickness," until she signed a proper receipt. (Form X.)

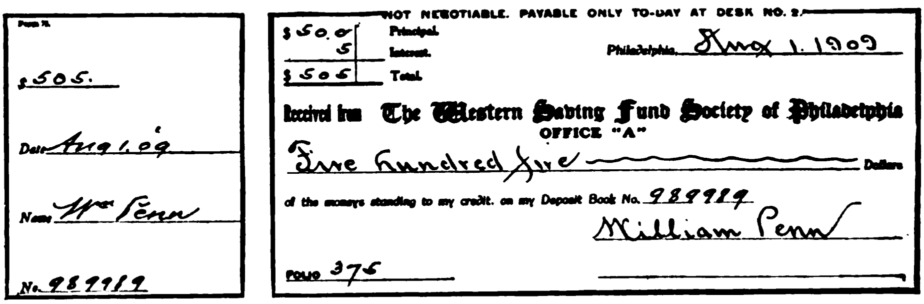
Another sick lady wanted a dollar, and this is the way she went at it. (Form Y.) Being for only one dollar, Mrs. Witbek got her money.

As in previous papers, it has been the intention to show how the work is actually done in various institutions of this kind, rather than to advance any theory or pet schemes in the matter, the work of paying money in several representative institutions is herewith given in detail.

NEW YORK.

IN THE BOWERY SAVINGS BANK.

"When a depositor comes to *withdraw* money, he is directed to the *signature*



Form H.

$505.

Date Aug 1. 09

Name Wm Penn

No. 989919

NOT NEGOTIABLE. PAYABLE ONLY TO-DAY AT DESK NO. 2.

$500	Principal.
5	Interest.
$505	Total.

Philadelphia, Aug 1. 1909

Received from The Western Saving Fund Society of Philadelphia

OFFICE "A"

Five Hundred Five ——— Dollars

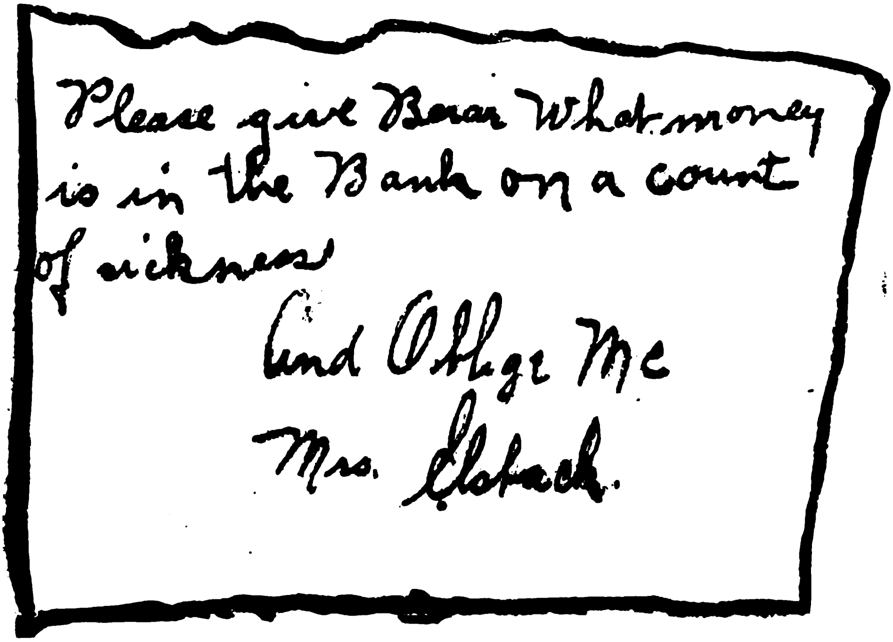
of the moneys standing to my credit, on my Deposit Book No. 989919

William Penn

FOLIO 375

Form 16.—Withdrawal order with stub. Stub retained by teller, while main part goes to bookkeeper and is filed for reference.

test clerk's window. The clerk makes out a receipt for the amount required, stamping in the corner of it a number, and giving to the depositor a small card, correspondingly numbered. (Form 11.) This small card is retained by the depositor, and instead of being called by *name,* he is called by *number,* when his money is ready for him. In busy times this does away with much confusion and facilitates the handling of a large crowd of people. While the depositor is signing the receipt, the clerk turns up the proper signature card in the case behind him, and is ready to compare the signature instantly, and to ask the test questions, the whole operation taking but a few seconds. The signature clerk has within six feet of him between 70,000 and 80,000 signatures which can be referred to instantly. When one thinks of the old method of keeping the signatures in books, and of the waste of time and effort in hunting them up, *it seems as though a monument ought to be erected by grateful bank men to the genius who first thought of applying the card system to bank work.* In case there is any reason that an account should not be paid—for example, in case of a lost book or an injunction—the signature card is replaced by a red card, or "danger signal," with a memorandum of the facts. (Forms will be shown under "Lost Books.")


Please give Bearer What money
is in the Bank on a count
of sickness
And Ollige Me
Mrs. Elstack.

Form X.

The signature being correct, and the test questions having been answered, the depositor is invited to sit down for a few minutes, and the pass book, with the draft enclosed, is carried by a boy to the bookkeeper in whose ledger the account is. The bookkeeper balances and enters the amount of the draft on the pass book and posts it on the ledger. The pass book and draft are then carried to the draft cash book clerk, who sees that the entry has been properly made in the pass book, and that the balance is correct, whereupon he enters the number, name and amount on his cash book and classifies the entry on a sheet in all respects similar to the deposit classification slip, after which the pass book and draft go to the paying teller, who calls up the depositor by number and pays over the money. The

Dear Sir

please be kind Enough to give my daughter \$1.00 and Keep the book up in the bank on acount Of me having the small Bank that will leave \$1.00 as I am not able To call myselve on acount of Being sick

By Doing So oblige,

MRS. WITBEK.

Form Y.—A "home-made" order on a savings bank calling for one dollar.

drafts are checked out from the ledgers exactly as are the deposits.

If time and space permitted, it would be easy to go into details as to the working of the different departments of the bank—and as to the impression made by the men at the different windows upon the depositors with whom they come in contact. For in a savings bank, much more than in a bank of deposit, it rests with the working force to make a favorable or unfavorable impression upon the depositor, and to make or mar the reputation of the bank. But one thing must be said, and especially to the young men who are just starting out in this branch of the profession, and that is that "courtesy pays." It is a good investment. Many of the depositors in our savings bank are people who know but little of the business world and its methods. They may be a little awkward, but that is because they are not quite accustomed to their surroundings. A kind word costs nothing and makes the wheels move more smoothly and run with less friction. It sends the depositor away pleased and makes a friend for the bank, and the best advertisement for a bank is a depositor who receives uniformly, courteous treatment. And it goes without saying that the clerk who keeps his temper and goes about his work quietly will finish the day's work fresher and happier than the crusty in-

THE BANK BOOK MUST BE SENT WITH THIS ORDER.

Oxford. Conn. Nov 21. 1909 \$80-

The Middletown Savings Bank, Middletown, Conn. *When presented with book No.* 76.767

Pay {*check to my order, or the bearer, or*} Raphael D. Black *and charge said account*

Eighty *dollars and* ~ *cents*

Have some other person than the one who is to get the money for you, sign as a witness.

Owner of the book sign here.

Hannah P Black

WITNESS: Sign here.

Mary White

ADDRESS ALL LETTERS TO THE MIDDLETOWN SAVINGS BANK.

10 M. 10-'06.

Form 17.—Withdrawal blank to be used by depositors not coming in person. Full instructions. Middletown Savings Bank, Middletown, Conn.

dividual who always starts in with a chip on his shoulder and grumbles all day long. Besides which the old Irish woman was pretty near right when she turned on a short tempered teller with, "Arrah, keep a civil tongue in your head—sure it's the likes of me that keeps the likes of you where ye are."*

Baltimore.

In the Eutaw Savings Bank, of Baltimore, the assistant paying teller ascertains the amount desired by the depositor; enters number of pass book and amount, on ticket, and hands to depositor for his signature; deducts amount withdrawn from pass book; enters on sectional register *from pass book* number, name and amount, and passes book and ticket to paying teller.

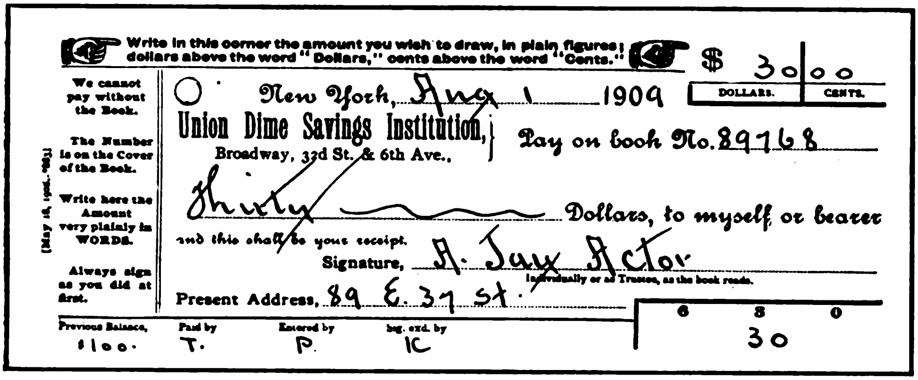
The paying teller receives the pass book with ticket order from his assistant, verifies signature, pays out all money, enters amount of payment in scratcher from *ticket*. In settlement, the footings of scratcher must agree with the totals of the assistant's sectional sheets.

Boston.

In the Wildey Savings Bank of Boston the system of withdrawals is as follows: The paying teller takes deposit book (with order, if any,) and after verifying book by comparison with ledger card (verifying signature also, by comparison with signature card, if withdrawal is by order), enters on slip the book number, balance, and sum to be withdrawn, strikes new balance and hands slip to depositor (or person authorized by order) for signature.

While depositor is signing, counts money to be paid and on return of slip verifies signature, enters withdrawal on deposit book and hands book and money to depositor. The slip is then hung on hook at side of window. The withdrawals are listed, posted and proved the same as the deposits.

All entries on the slips (except signature of depositor on withdrawal slip) *are made by the tellers*, to avoid the different varieties of handwriting (especially in figures) and the errors that might be caused thereby.


Write in this corner the amount you wish to draw, in plain figures; dollars above the word "Dollars," cents above the word "Cents."

$ 30 | 00
DOLLARS. | CENTS.

We cannot pay without the Book.
The Number is on the Cover of the Book.
Write here the Amount very plainly in WORDS.
Always sign as you did at first.

New York, Aug 1 1909
Union Dime Savings Institution, Broadway, 32d St. & 6th Ave., Pay on book No. 89768
Thirty Dollars, to myself or bearer and this shall be your receipt.
Signature, A. Jay Actor
Individually or as Trustee, as the book reads.
Present Address, 89 E. 37 St.

Previous Balance,	Paid by	Entered by	Sig. exd. by	6	3	0
$100.	T.	P.	K		30	

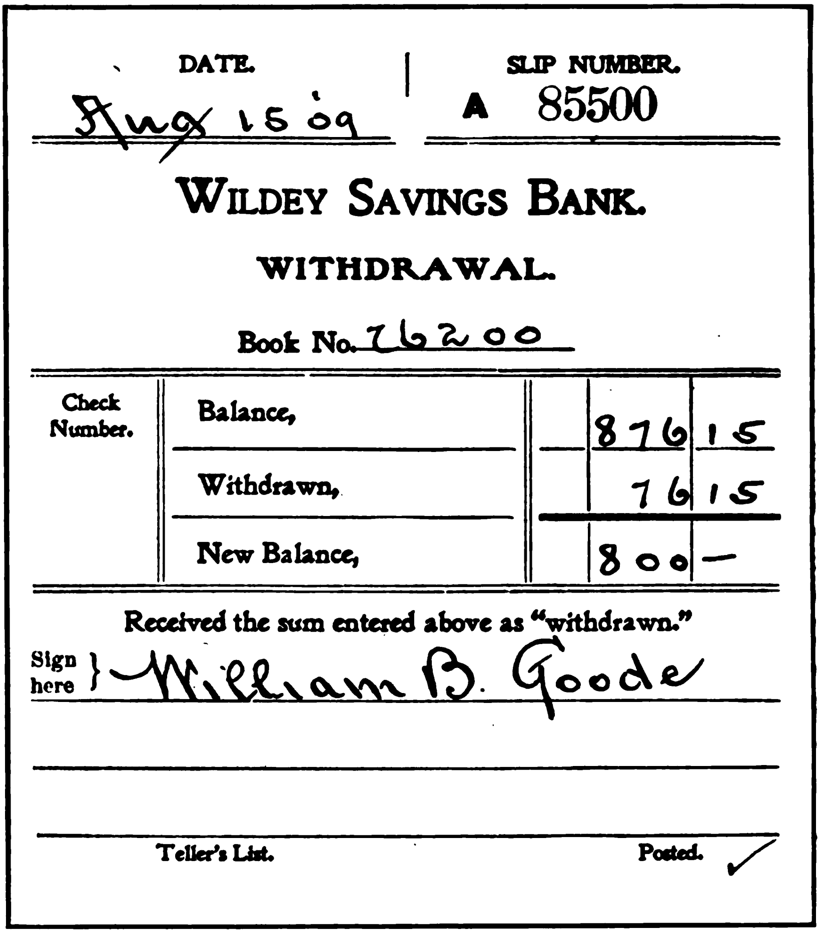
Form 18.—Elaborate withdrawal form of the Union Dime Savings Institution, New York. Note posting checks. The figures in the lower left hand corner indicate for what time the account forfeits interest. In this instance the deposit was made in August; interest begins October 1st, hence three months' interest would have been credited had the amount been left on deposit until January 1st.

New Bedford.

In the New Bedford, Mass., Savings Bank, the depositor desiring to withdraw money presents his pass book at window No. 4, stating the amount he wishes to draw. The teller or clerk takes the book to the ledger for comparison and entry of dividends, if any are due, and writes a receipt, with stub attached. The teller detaches the stub,

*From an address of W. E. Knox, Comptroller Bowery Savings Bank.

and hands the receipt to depositor for signature, upon the return of which it is compared with the signature on file. If correct, the teller initials, compares it with the charge in the book and hands both receipt and book to the depositor, who presents it at window No. 7, where the assistant treasurer pays it. Meanwhile another clerk has taken the stub to the ledger and posted it, and placed it before the assistant treasurer for comparison with the receipt presented by the depositor. (This will give a clear idea of how the stub forms are used. For illustrations, see Forms 13, 14, 15, 16.)



DATE. Aug 15 09 | SLIP NUMBER. A 85500

WILDEY SAVINGS BANK.

WITHDRAWAL.

Book No. 76200

Check Number.			
	Balance,	876	15
	Withdrawn,	76	15
	New Balance,	800	—

Received the sum entered above as "withdrawn."

Sign here } William B. Goode

Teller's List. Posted. ✓

Form 20.—Withdrawal blank upon which balance is struck each time. "New Balance" must agree with pass book balance. Wildey Savings Bank, Boston.

PHILADELPHIA.

Notice of Withdrawal.

Inasmuch as all savings banks reserve the right to ask notice before payment, and some banks, notably in Pennsylvania and Delaware, enforce this rule, the manner of keeping track of such notices will be interesting. We quote from the Philadelphia Savings Fund Society, the oldest savings bank in the United States, and whose accounts number over two hundred thousand:

"Two weeks' notice is required for the withdrawal of money. Depositors

We, the undersigned, acknowledge to have received of the BANGOR SAVINGS BANK, of Bangor, Maine, the amounts set against our names respectively, in payment, in part or in full, of sums deposited in said Bank in our names or subject to our control.

1909

DATE		No. of Acc't.	AMOUNT	Dollars	Cts.	SIGNATURE
			Amount brought forward	20876	09	
Aug	10	75767	Fifty	50	-	Maria Ashton
"	"	65372	Ten $\frac{10}{}$	10	10	Solomon Sears
"	"	56762	One hundred	100	-	Bridget O'Neil

Form 21.—The Bangor, Maine, Savings Bank keeps its receipts and withdrawals on large sheets, 12 x 16, held in place on a light board by a firm clip. The amounts are filled in by the tellers and signed by the depositors. At the close of the day sheets are footed and footings carried to cash book. At the end of the year sheets are permanently bound. This system is used in connection with the card system of deposit ledgers and the posting process will be explained later.

desiring to give notice of withdrawal, present their pass book at notice desk, stating amount wanted, or send notice by mail, for which blank forms are furnished. The notice clerk fills out duplex payment slips (carbon copy used) for the amount, number of account and date when due. These slips are arranged numerically, compared with ledger account and filed in paying department, ready for payment when due.

"At the expiration of two weeks the depositor presents his bank book at paying desk, the already prepared payment slip is handed for the signature, while the detached duplicate is initialed by clerk, who takes the receipt and from these duplicates the debit postings are verified, postings are made from the originals.

"If the depositor wishes to close the account (draw the full amount), the procedure is about the same, with the exception that the book has to be left for the addition of interest, a card bearing the number of the account is given the depositor, who presents it when payment is to be made.

"After the receipt has been signed and the amount entered in book, the depositor presents the same at paying teller's window, and is paid the money. All receipts are stamped numerically with the initial of teller and listed on an adding machine, which serves as paying teller's cash book. From these the debit postings are made and verified by the duplicates as stated above."

Good Suggestions.

The foregoing systems are representative of those in operation in the large banks, and while it is admitted that the small banks do not require so elaborate a routine, there are many good suggestions embodied therein that may be adapted to small banks. On account of the cost necessitated by additional clerk hire, the passing of a deposit or draft through more than one hand is quite out of the question in the country bank, but in the city bank, with the multitude of transactions, it is essential if errors are to be avoided, especially in the rush periods. The system should be complete and comprehensive, but not so much so that it becomes unwieldly, and the mill should at all times grind smoothly.

In every withdrawal the points to be emphasized are as follows:

First, the signature should be compared and test questions asked unless the depositor is personally known to the teller and known to be the owner of the book.

Second, the pass book should be compared at every entry and the balance verified with the ledger.

Third, the entry should be made with great care and compared with the draft or deposit slip, *by another clerk,* if possible, and the extension of the balance, if a balance book is used, as is now becoming the rule, should be verified in some way to avoid misunderstanding and annoyance later.

The importance of the second and third points will be seen in the following instance: Upon making an entry, the teller of a savings bank extended the balance $500 too much. It was not detected at the time, and the pass book appeared among the depositor's effects at his death, shortly afterward, and the erroneous balance was inventoried in the Probate Court. By a curious coincidence, a like error was made by another bank on a book belonging to the same depositor. This was also inventoried without verification by the bank, and subsequently, upon presenting the book for the entry of interest, by the administrator, the error,—in fact, both errors were detected. The chagrin and annoyance caused by these two mistakes can readily be imagined. And while the administrator finally became reconciled to the lesser balance, *which could have been easily proven by himself*, he has never become quite convinced but that somehow and somewhere the banks have defrauded him. That is the worst feature, and perhaps the only criticism, on the balance pass book. The depositor is apt to consider the balance shown in the balance column to be correct, and an error in extending is likely to cause trouble. *For this reason it is essential that the balance be verified before returning the book.*

IDENTIFICATION CHECK

Book No. 90.9

THE PATERSON SAVINGS INSTITUTION.

Present to PAYING TELLER when your name is called.

Form 22.—Check given to depositor while waiting for the draft to go through the usual routine. Some banks use numbers only. Paterson, N. J., Savings Institution.

Conclusion.

No two men think alike and no two act alike, and bank men are no exception. The foregoing systems are given merely as describing in brief the manner of handling debits and credits, and not to advocate any one of the systems outlined. Bank men desiring a change of method or system are prone to go "shopping 'round" among their friends and brethren and when they find a scheme that suits their fancy, adopt it without further investigation. In some instances they get good results and in others are disappointed in the end. What meets the need in one bank may not work so well in another. The better way is to get a composite idea of what others do and then adapt it to fit the existing system. Evolve rather than revolutionize. A big bank needs one system; a smaller one, another. What would work well in the Bowery would be too costly and too elaborate for the modest country bank, which must use one man in many places and for many purposes. But other men's brains are mightily useful, and he is a wise man who lets the other fellow think for him and borrows his brains to his own profit. This is a big world, and the savings bank men are generally "big brothers." If I have anything good, you are welcome to it; if you get a good thing,—look out, or I will steal it from you! If there is anything suggestive in this series, use it; if it is otherwise, there is no law that compels savings banks to use that which they do not want. They are dictators in their own realm.

THE FOREIGNER AND POSTAL SAVINGS BANKS.

WHAT is apparently a strong argument in favor of the establishment of postal savings banks is contained in the annual report of the Auditor for the Post Office Department.

It alleges that in the last twenty years foreigners in the United States have sent back to their homes by means of money orders the enormous sum of $431,956,623 in excess of the amount that they have received from abroad. More than half of this sum went out in the last four years, and eighty per cent. of the total went to six countries in Europe,—Austria, Great Britain, Hungary, Italy, Norway and Russia. It represents the surplus earnings of foreign labor employed in the gigantic industrial and commercial business of the country.

Auditor Chance says that it is a fair assumption that a majority of the foreign element sojourning in this country would patronize Government postal savings banks, and thus a considerable share of the millions of dollars now annually sent abroad for deposit in banks of their own countries would remain here in the custody of the Secretary of the Treasury.

But is this a fair assumption? Is this large sum of money sent abroad each year through distrust of American banks? Or is there some other reason? Let us see.

Statistics collected by the Bureau of Immigration will show that out of the vast number of foreigners continually pouring into this country, there are many heads of families, that is men who have come here for the sole purpose of earning bread for the hungry mouths across the water.

By living in squalor, for a few cents a day these thrifty foreigners are able to save a good per cent. of their wages. And what is more natural than that they should send their surplus earnings to those waiting back in the Mother countries. Some, after a time, send back passage money, and are joined here by the other members of their families, but by far the greater majority never intended to become citizens under this government, and having accumulated a few dollars, return to the land of their birth, there to live in comparative plenty.

What is most needed then to keep this money at home, at least for a time, is not a chain of new banks, but a campaign of education to acquaint the foreign born with the splendid advantages offered them by existing institutions.

Having shown that the demand for post office money orders does not arise through fear of the banks, but is a natural sequence of the foreigner's stay with us, there still remains another side to the question.

There is no reason on earth why the foreigner, or any one for that matter, should entrust his savings with the postal savings bank in preference to any of our independent banks. And surely there is nothing to indicate that a post office bank, offering two per cent. interest on deposits, will attract the money, when conservative, profit-sharing, savings banks are offering four per cent., and yet cannot divert the foreign laborers' money into their vaults.

It follows, then, that so long as our present immigration regulations remain the same, there will be a heavy exodus of our money to the European countries each year, an exodus that postal savings banks cannot stop.

HONEST BANKING.

SOMETIMES a bank gets into trouble by foolishly assisting the enterprises of people in no way connected with the management of the bank. Usually the serious trouble comes only when bank officers have used bank funds to assist the promotion of outside enterprises with which they are personally connected. No more serious abuse is known in banking than just this one.

Several criminal cases have been tried in the courts lately growing out of this kind of offending. Two of them have reached the federal Circuit Court of Appeals, where verdicts of guilty have been sustained. One of these cases brought forth the following remarks from the bench:

> For a promoter of various enterprises to obtain the funds of the bank on the security of unmarketable bonds of his own enterprises at the risk of the interests of the banks is not proper and legitimate banking, and the entries on the books of the bank as loans and investments do not conceal the fraud thus perpetrated upon the bank.

In this case every resource was used by the defense on the one hand to make it appear that the offender was merely technically guilty, and, on the other hand, every resource was used to bring technicalities to bear against the enforcement of justice. Lawyers of great ability gave months of their time and drew upon life-long experience to this end, but all to no avail. The Court of Appeals swept the technicalities aside, looked straight at the purpose of the law and the true nature of the offenses charged, and decided the issue accordingly.

This case has one good lesson in it for our state courts. The long list of objections swept aside by the federal judges as immaterial should be pondered over by state judges, who are prone to look upon any kind of a technicality of procedure as material.

An even greater lesson can be drawn from the case, and from the other also, both by bankers and by customers of banks. Few of the bankers need it, but those who need it need it very much. Many of the customers need it. It should be the pride of a banker that he is a banker only and not a promotor. It should be the pride of a customer that he deals only with bankers of this conservative type.—*Chicago Record-Herald.*

TWENTY THOUSAND TONS OF OLD IRON IN A SINGLE SCRAP HEAP.

THE largest scrap heap in the world is in San Francisco, a relic of the great fire which followed the earthquake of April, 1906. It is 40 feet high, 100 feet square and contains 20,000 tons, all cut in equal lengths of eighteen inches, and piled in one solid mass, with the sides as smooth and solid as a brick wall.

This is the only one of four heaps of equal size and proportions which remains intact in its original size and shape, the other three having been drawn upon as the material was needed. Many other scrap heaps are piled about the bay awaiting shipment, some as big as a house and others mere hillocks, scattered over acres of ground.

Since the fire one company has handled 150,000 tons of this old material. It has six large shears in operation to cut the iron and steel, either that it may be better handled for shipment or for the furnace, says the "Iron Trade Review." Little of this scrap is used in San Francisco, the bulk of it being shipped to the Atlantic coast or to European ports.

MANY COUNTERFEIT $5 BILLS

SECRET service agents in New York have discovered that large quantities of a counterfeit $5 bill are being made in Italy and distributed in this country through regular wholesale agents. The discovery was made in the conviction of two men in the Federal Court who were accused by a third man of selling him $50 in the counterfeit money for $15 of good money.

The bill bears the portrait of President Jackson and is number A24441118 of the series of 1907. The detectives have learned that several men in a town in Italy are manufacturing these spurious bills in large quantities and are sending them to their agents in various cities in this country, where they are being distributed to persons who are willing to undertake the passing of them.

Duplicates of the counterfeit have appeared in a half dozen other cities and a warning has been sent to banks.

POST-MORTEM ADMINISTRATION OF WEALTH.*

By Daniel S. Remsen, of the New York Bar.

DEATH is the great conveyancer. To-day we own our property, to-morrow death works a transmission to others. It fulfills the conditions upon which settlements and trust deeds depend. It sets in operation the law of intestate succession and gives effect to wills. Thus in our own country property to the value of billions of dollars passes each year under some form of post-mortem administration. In all such administration trust companies have a peculiar interest, but for the sake of simplicity let us confine our attention to testamentary administration and consider our subject from the view-point of a person about to make a will.

The first requisite of a proper testamentary administration is a properly planned will. The second requisite is a carefully prepared will. The third requisite is the selection of proper executors and trustees.

The first thoughts of a person about to make a will relate to its plan. (1) what property he may give, (2) to whom he will give it and (3) whether his gifts shall be absolute, conditional or in trust. With these points in mind the wise testator seeks sound legal advice. He remembers that many things, expected and unexpected, may or may not happen before or after his death. The amount or character of his property may materially change. His real estate may be converted into personal property or vice versa. His securities may be paid off or otherwise changed in form. The value of his property may increase or decrease. Innumerable changes may occur through marriage, birth or death among the objects of his bounty. His own condition may change so that he may no longer have capacity to amend his will to meet new conditions as they arise. In short not only probabilities but possibilities must be considered and the will planned accordingly.

In the preparation of no legal document is the inaccurate use or location of a word or phrase more serious than in a will. Under the most favorable conditions every person experiences difficulty in writing the English language so as to convey his exact meaning beyond the possibility of a misunderstanding or a double reading. In testamentary writing this difficulty is increased tenfold, for the writer must look into the future and prepare an instrument which is to deal with such conditions as time may bring to the testator, his family and estate.

INSURANCE OF WILLS.

A will cannot be insured against a contest as can a house against fire. The only known method of insuring a will is to employ the most skillful of professional experts to draw the will in the first instance or to vouch for its accuracy before death renders amendment impossible. No one can prevent a judicial inquiry into testamentary capacity, but much may be done to prevent disputes concerning the meaning and legal effect of the instrument and to render litigation improbable. The will of Samuel J. Tilden is a far-famed

*An address delivered before the Trust Company Section, American Bankers' Association, Chicago convention.

but unfortunate example in testamentary writing of what "might have been." It is not generally known that in scrutinizing that will the late James C. Carter pointed out the very defect that proved fatal and that the Governor's failure to make the correction was due to his procrastination in directing Mr. Carter to prepare an amendment. As Hon. John Bigelow puts it: Governor Tilden was "surprised by death before he had executed his intention to profit by the counsel" of Mr. Carter. Thus it appears that a letter or telegram from Greystone doubtless would have saved the Tilden will.

Trust companies, as prospective executors and trustees, have a special interest in proper testamentary writing that they may accept such trust business as comes to them without being subjected to unknown liabilities in the performance of duty. Consequently they have done much for the betterment of testamentary writing but still the safe and sound will is the exception rather than the rule in America. Where testators subject their wills to a rigid critical interpretation before death fully three out of five discover satisfactory reasons for making amendments. Most testators seem to proceed on the theory that it is better to let their estates take the chance of defending a cheap or home-made will at any cost rather than themselves to take the necessary steps to insure a proper document. Thus it is that an undue number of estates pass under defective or ambiguous wills creating family feuds and paying what may be termed salvage to the legal profession.

Americans do not appreciate the value of constructive law. American lawyers and law schools need more to simulate English patience and perseverance in the preparation of legal documents. Their attention is riveted upon the remedial at the expense of the constructive. While in case of disaster the proper handling of a wreck is as necessary in law as at sea, constructive law is of equal if not greater public utility for it insures peace and prosperity and, in the case of wills, prevents disruption of families and a ruinous waste of assets. Constructive law should receive more attention than it has in the past and law schools should aim to turn out architects-at-law as well as masters of the remedial arts.

When laymen and their legal advisers are more fully alive to the importance of better testamentary writing litigation concerning wills will be materially less; testators will act with more confidence; families will be more harmonious; beneficiaries will fare better and executors and trustees will be more free from personal liability.

Human Agency in Administration.

Let us now consider from the testator's view the human agency upon which he must rely to carry the plan of his will into effect. We must accept the testator's point of view for he is entitled to make his own selection. When a person makes a will and selects his executors and trustees he has several courses open: (1) he may select one or more individuals with or without bond; (2) he may select a trust company to act alone, or (3) he may select a trust company jointly with one or more individuals. Each one of these agencies has some advantages and some disadvantages over the other two. We cannot say that one of these agencies is always better than another for the personal equation varies with each selection. We are told that nature has not produced a perfect blade of grass, a perfect flower or a perfect fruit and we might add that human nature has never produced a perfect trustee, but as one blade of grass, one flower, one fruit is more perfect than another so among trustees the testator has room for choice.

The duties of executors and trustees are two-fold: they are not only business and financial but also human and personal. A testamentary trust is more than a business; it carries with it a confidence. Under some wills the business and financial sides predominate, but there is always present a feature incident to the lives, character and welfare of the beneficiaries. This element of post-mortem administration demands a most delicate touch of human kindness sometimes even paternal in its nature, often sought and too seldom found. The executor and trustee, whether individual or corporate, should command the respect and confidence not only of the testator but also of the beneficiary. Whether an individual or a corporate official, he should be one to whom the beneficiary not only may but will be likely to go for counsel and advice. In short he should be one who will take a personal interest in the welfare of the beneficiary and conscientiously, with gentleness and firmness, carry out the wishes of the testator as the first law of his being.

Safety of the Estate.

The prime factor in post-mortem administration is the safety of the estate. It often determines the selection of executors and trustees. The old method before the days of trust companies and surety companies was to rely upon the character and financial standing of the individuals appointed, supplemented in some jurisdictions by individual bonds. Such appointments have been the occasion of much unsatisfactory administration. They have resulted in loss both from embezzlement and dereliction of duty. To secure safety from these hazards trust companies and surety companies have each offered a solution which has proved satisfactory to many testators.

The plan advocated by surety companies is the appointment of indivduals of known character and business ability under a legal or testamentary requirement that suitable bonds be furnished, preferably by a surety company at the expense of the estate. Such testamentary provisions are sometimes inserted at the request of prospective executors and trustees on the ground that the joint control of assets and the accompanying supervision of surety companies is an aid to proper administration, a protection against mistakes and a safeguard against the negligent or wrongful acts of employes or of a co-executor or co-trustee. The bonds thus advocated guarantee the estate against loss from dereliction of duty and misappropriation of funds.

The plan advocated by trust companies is their own appointment with or without the addition of one or more individuals as co-executors and co-trustees. If a trust company is appointed its capital and surplus stand as a guaranty for the performance of its duty, but not as a guaranty for the performance of duty by a co-executor or co-trustee. Where the possibility of loss through a co-executor or co-trustee is not cut off by a surety company bond it is generally well hedged about by a trust company for its own convenience and protection. The practice of trust companies acting as co-executors or co-trustees in assuming the custody of securities is in itself an important element of safety. Some testators insert provisions in their wills looking to this end often to the relief of their individual executors and trustees.

Both plans of safety involve a corporate custody of securities, in one case joint and in the other absolute. They differ in that the liability of the surety company is limited to the amount of its bonds while the liability of the trust company is co-extensive with the estate. The difference also extends to compensation. The former receives an annual premium as for insurance while the latter receives no compensation except for the performance of its duty as executor or trustee.

In England a new feature has been injected into trusteeship. Corporations with powers somewhat corresponding to our trust companies are sometimes appointed custodian trustees for the purpose of holding securities subject to the trust, while the other duties of the trust are performed by individuals known as managing trustees.

Experience has shown that both surety companies and trust companies under proper capitalization and management offer excellent plans for reducing to a minimum the possibility of loss attending post-mortem administration. Thus the testator has at hand ample means for the protection of his estate from dangers to which it would otherwise be subjected.

Wise Management.

To insure an estate against loss from embezzlement and dereliction of duty is of course a wise precaution but it is wholly negative in character. The testator seeks affirmative qualities. He demands sound judgment, wise and efficient management during the whole term of the administration but above all at its inception when an unwise exercise of discretion has often resulted as disastrously as embezzlement or dereliction of duty.

The first duties under a will are performed by the executor. After a thorough study and understanding of the will he realizes on the testator's assets, pays his debts and distributes the surplus or turns it over to trustees for investment according to the terms of the will. Where the duties of executors end the duties of trustees begin. The executor turns over the trust estate to the trustees in such form as the will directs. The trustees must thereupon review the state of the investments and square them with the law and the terms of the will. If under the will the executors have already performed that duty the task of the trustee is much reduced. Thenceforth the duties of the trustee are those of investment and reinvestment and the collection and application or payment of income. Thus it is that the duties of executors are less routine in their character, more difficult to perform and more temporary in their nature than the duties of trustees. Consequently testators are disposed to look for mature experience and discretion in the selection of executors and less to longevity. In the selection of trustee testators, in a large measure, seek the same qualities with an added care for a continuity of the trusteeship during the trust term. The element of personal interest in the beneficiaries is usually more or less present in the mind of the testator in the selection of both executors and trustees and is frequently a determining consideration, sometimes even at the expense of good business administration.

Individuals as Executors and Trustees.

While in the selection of individuals as executors and trustees the testator has a wide range of choice there are certain qualities which he cannot overlook. He must have integrity and ability and should have good business habits. In selecting such persons the testator usually relies on personal acquaintance, observation and reputation. He looks with confidence upon persons of good personal habits and associations, upon males rather than females, upon married rather than unmarried men, upon the man who has no adverse interest, who is morally sound, whose family is not extravagant, who has a means of livelihood, who does not live beyond his means, who has good and regular business habits, who is moderately successful, whose business is not speculative, who does not buy and sell on margin, who has a mind of his own but is not self-opinionated and who is free from prejudice, capable of discrimination, sound in judgment and considerate of the rights of others.

This may be a high standard to set for post-mortem administrators of wealth but to me it seems to be the true one. It certainly is one testators are continually applying and therefore should receive serious consideration in the selection of directors, officers and employes of a trust company if it is to attain any degree of success in this important branch of its business.

Kindred as Executors and Trustees.

In selecting executors and trustees the mind of the testator usually turns first to his family, then to his friends, business associates, legal advisers and trust companies. In his family he is most likely to find an element of personal interest which strangers do not possess. Yet so frequently are other qualities absent that no general rule can be stated as to the wisdom of placing post-mortem administration in the hands of kindred. So much depends upon the individual, the estate and the will that each case must be a law unto itself.

Fortunately the testator is usually the best fitted to judge of the situation. For example, if the testator's estate is small and is given absolutely to his wife, she practically becomes the owner of the surplus and under ordinary circumstances she may well be entrusted with power over her own. If, on the other hand, the estate is large or somewhat involved or trusts are present in the will, the necessity for outside assistance becomes more apparent.

Where the will contains no trust, and the corpus is to be divided on the settlement of the estate, usually there can be no objection to the selection of executors because of interest of kinship. Where business qualifications, honesty and ability are sufficient and family jealousies not likely to be aroused, such appointments are eminently proper. If, however, the will contains a trust very different considerations necessarily enter into the selection of a trustee. Thus a beneficiary, whether a life-tenant or remainderman, is an unfit person in law and in fact by reason of interest. Near relatives are objectionable for the same reason and because they are "less able to withstand the importunities of beneficiaries." In the same way, where a husband, wife, parent or other near relative is appointed trustee such relationship "is too often made an excuse for lax management, and the knowledge that a breach of trust is likely to be condoned not infrequently leads to a disregard of strictly legal management which is the only safeguard of trust estates."

In many respects the legal adviser is the logical executor and trustee of his client's estate. It is a recognized part of his business. He is acquainted with its duties and obligations. He is the testator's confidential adviser in all domestic, personal and financial affairs. He is acquainted with the wishes, purposes and estate of the testator more intimately than any other person. He is accustomed to weigh reasons and to advise in difficult situations. His mind is usually more free from prejudice, more amenable to reason and less subject to undue influence of a beneficiary than a person otherwise situated. If wise in counsel and clothed with power and discretion he is often an important peacemaker between adverse interests.

Nevertheless, the lawyer has the frailties of human nature and trust funds are not always safe in his custody unless he gives ample bonds for the performance of his duty. Where, however, lawyers are competent and honest the English practice of making the testator's solicitor one of his executors and trustees has probably given more general satisfaction than the selection of any other class of individuals outside of his immediate family.

Corporations as Executors and Trustees.

Trust companies have earned an excellent reputation as executors and trustees and offer valuable qualities to the testator. They offer security of assets, continuity of existence, experience, business management, readiness of access, opportunity of favorable investment and due consideration for beneficiaries. In these respects the record of trust companies as a whole is most satisfactory and honorable. Where, however, trust company management is open to criticism its defects relate to indivdual companies rather than to trust companies as a class and arise from undue routine in business, undue pressure of business on individual officials, disinclination to assume liability, a lack of proper self inspection and the unfortunate selection of directors, officers, counsel and employes. Vigilance in these matters is soon discovered by testators and is the price of corporate success in testamentary administration.

While the character and general reputation of a trust company is often responsible for its appointment, yet in very many cases the personnel of its management is decisive. Of the importance of the personal element in a trust company there can be no doubt;

it is much more the subject of discussion among testators and their counsel and more often the determining factor than is generally supposed.

Hon. Lyman J. Gage has well described the situation. He says: "Character and capital are the best assets of a trust company. Its officers and directors, therefore, should be men of wide experience, men who have been tried and who devote themselves with honorable zeal to the high duties of their positions."

Combination of Counsel and Trust Company.

Generally speaking and without specifying particular situations or testamentary conditions, the best results seem to have been attained in post-mortem administration of substantial estates by combining as executors and trustees a trust company and the testator's counsel, sometimes alone and sometimes joined with one or more of the testator's family or friends. Thus are secured the advantages of corporate management as well as personal responsibility and individual discretion.

This is not merely a personal view. It is the opinion of many persons including some of the greatest financiers in this country. To quote again from Mr. Gage: "Where the family counsellor acts with the trust company as co-trustee advantages are obtained which explain in a large measure the success of the trust company." I might add that it is often an inducement for counsel to act if they know that they are to have the co-operation of a first-class trust company with its experience and facilities for receiving and paying out money, making investments, safeguarding securities, keeping accounts and otherwise handling a multitude of details more or less burdensome to an individual.

Whatever we may think or say concerning executors and trustees, the fact remains that administration of property after death depends primarily upon the testator. He may direct it into any channel, giving or withholding such directions, powers, and discertions as seem to him best. As he has the power he must accept the responsibility. If he plans his will wisely, makes sure that it will stand the strictest scrutiny after death, and selects his executors and trustees carefully, requiring bonds where desirable, he may reasonably expect satisfactory results, but not otherwise.

The trust company, after adopting proper business methods and squaring the human agency behind the corporate name with the qualities which carry confidence and make individuals desirable for positions of trust, can render no greater service to itself and to the interests it is to serve than by educating the public as to the importance of a sound will and the advantages of corporate administration after death.

TRUST COMPANIES IN BOSTON.

ON October 31, 1898, there were fourteen trust companies in Boston, with a total capital of \$7,850,000, surplus and undivided earnings of \$6,935,000 and deposits of \$81,865,000. On May 1, 1909, there were nineteen trust companies, representing a total capital of \$11,750,000, with a surplus and undivided earnings of \$23,920,000 and deposits of \$184,643,000. The deposits have increased during ten and one-half years \$102,778,000, or 125 per cent. The ratio of surplus to capital of trust companies in 1898 was eighty-eight per cent., while on May 1, 1909, it was 200 per cent.

BANKER HAS PRIVATE TELEGRAPH KEY.

A. C. MILLER, president of the Home Savings Bank of Des Moines, Iowa, does his own telegraph work. Mr. Miller is an expert on the key and has a direct wire to the Western Union office in Des Moines from his desk at the bank. Instead of calling the telegraph office for a messenger, he can step to his desk and tick off the message without delay. Neat.

INVESTMENTS

Conducted by Franklin Escher.

THE BOND MARKET.

FOR present stagnant bond market conditions there is but one cause —money. Early season predictions from high places that there would be plenty of money this fall have not been fulfilled. A continuously rising tide of industrial activity has exerted its inevitable effect, and money rates have gone up. Once more there has been demonstrated the fact that active business and active speculation cannot be carried on side by side for any length of time without bringing about a high level of money rates.

How long will the high money last?—that is the question being asked by bond dealers in every part of the country. Time money at this writing is at five per cent., a rate which, if continued, inevitably means extensive liquidation of bonds. So what is the outlook for money—are the high rates merely temporary, or have we entered a phase of the money market which is to continue for some time to come?

Predicting the course of money rates is about as dangerous a business as predicting the course of stock prices, and yet there are certain broad governing factors in the situation which make possible a reasonably safe estimate as to what may be expected in the money market. First of all, it must be evident to the most casual observer that with the demand from the interior for money as it is, no active speculation based on borrowed money can be carried on in New York. Secondly, from the recent action of the Bank of England's directors in jacking up their discount rate to five per cent., it is plain that we have used up our foreign credits and that little or no European money is to be obtained by speculative purchases. Lastly, there is no mistaking the fact that bankers here, fully alive to the dangers of the situation, have put an effectual check on speculation and are not likely to take it off until the situation clears and money begins to come this way again.

What is the bearing of these factors on the duration of present money conditions? Primarily, to ease the situation through a gradual readjustment. The West is getting back the cash it needs to carry on business and to move the crops; our European loans are being gradually scaled down to a normal point. In the meantime, speculation is being checked into inactivity, thus giving the rearrangement of the position a chance to proceed safely and satisfactorily. The season is now well advanced, and the process should not take much longer. Increasing business activity and the approach of the holiday season may cause some further demand for money throughout December, but by this time the crops have been pretty well taken care of and not much more money should be withdrawn for that purpose from the New York banks.

The outlook, then, is for bettering money conditions in the not distant future, especially if the check-rein is kept on the speculative restlessness which seems so ready to break out at every opportunity. In this department of THE BANKERS MAGAZINE the factors making for high money rates have been pointed out all along, even when authoritative opinions that money would remain easy were being so freely expressed. But the effect of those factors has now made itself fully known, and the time is rapidly approaching when their influence will make itself less and less felt.

A better bond market is in sight. Dealers have kept their heads better than bond managers of the institutions and the return of lower money rates will find the banks and trust companies again in the market as large buyers. The interval between now and then is not likely to be very long. It will pay the man with bonds to sell to take his time about selling them.

RISING COMMODITY PRICES AND THE INVESTMENT MARKETS.

THE cause of the great rise in commodity prices is something for economists and theoreticians to decide—its effect is a question of highly practical finance and of interest to everybody with any money at all to invest. Whether or not increasing gold production is the reason for the continuously rising index number of commodity prices may be an interesting matter for discussion, but is not of nearly so much interest or importance as the question as to how security prices are going to be affected.

Considering, first, the influence of rising security prices on stocks, it is plain that different classes of stocks will be differently affected. The shares of corporations possessing great natural resources, such as mines or timber lands, will naturally be affected differently from the shares of the street railway companies, which can only charge about so-and-so-much for a ride, whatever the increased operating costs of the road may be. Then, again, there is the big class of stocks in companies which buy raw material and sell the finished product at a price fixed by what the raw material cost them. Here, obviously, the price of commodities exerts a minimum of effect.

The Class of Stocks Most Benefited.

Stocks in companies owning mines, ore deposits, timber and other natural resources, will naturally be benefited to the greatest extent as commodity prices advance. Canadian Pacific Railway, with its big holdings of lands, which were next to valueless twenty-five years ago, is an excellent illustration of how this works. Its lands were valueless then, but they have become worth millions now, and the stock has appreciated accordingly. Not many such investment opportunities exist to-day, but if iron prices, for instance, keep on going up as they have been doing, there is going to be repetition in the stocks of some of the steel companies having holdings of ore lands of what happened in Canadian Pacific. Take, for instance, the U. S. Steel Corporation. It has been known all along that the company's holdings of lands are not only immensely valuable already, but are constantly growing in value. But only lately does there seem to have been general appreciation of the fact that these holdings are of almost incalculable value and mean just so much additional value to the company's stock as the years go on and iron prices rise.

For which reason the far-seeing investor will include in his estimate of the appreciative power of a prospective investment the extent of the natural resources which the company may possess.

The Class Least Affected.

The second class of stocks, those of companies simply manufacturing raw materials, are not apt to be greatly affected one way or the other. A cotton mill, for instance, is unaffected by the fluctuation in the price of raw cotton, except, perhaps, by a rise so extensive as to cause curtailment of consumption. But, in a general way, if the mill has to pay more for cotton per bale, it charges more for prints per yard. The proportion remains about the same. And similarly with any concern which is a manufactory pure and simple. The railroad equipment companies are a good example. If they are charged more for the bars and plate they have to buy, they increase proportionately the price of the cars they sell.

The Class of Stocks Adversely Affected.

Most adversely affected are the shares of the companies which are limited by usage and law in what they can charge for what they have to offer. Take, for instance, a street railway which charges five cents a ride and whose operating charges this year figure out so-and-so-much. A few years pass; the price of materials has gone up; wages are higher; the road is being operated at a cost of several per cent. more. But the five-cent fare has not changed. The road is still selling the public its product, transportation, at identically the same rate, but each ride is costing the road a fraction more. By so much is its margin of profit being diminished.

The same thing is true of the stocks

of gas companies and other public utilities. Eventually, public sentiment can be pretty well relied upon to allow the operating company a fair margin of profit; in the past most of the companies of this class have been pretty well able to take care of themselves. But the fact remains, nevertheless, that they are operating under a severe handicap—the ability to charge only a fixed rate when all the materials they use may be rising in price.

By no means does this prove that the stocks of all public utilities are a poor investment—other considerations often make them most desirable. Nevertheless, this consideration of the effect of the rising price of materials is something to which the cautious investor will give full attention.

The Effect on Bonds.

With bonds the problem of rising commodity prices is entirely different than with stocks. Bonds, at least the better class of them, depend more upon the money rate than anything else for the price at which they sell. A sustained period of high money inevitably brings low bond prices, so that if rising commodity prices mean that the level of interest rates is to go up, too, high grade bonds are not a reasonable investment.

A number of prominent economists hold that rising commodity prices inevitably mean an advanced level of interest rates, but Wall Street, somehow, refuses to accept the theory and become properly frightened. Here is the mainstay of the theoreticians' argument: Rising prices for commodities—wheat, iron, cotton, etc.—engender speculation in those commodities. Speculation takes money; in other words, means the absorption of loanable capital. General speculation means the absorption of so much capital that the rate of interest is bound to be lifted to a higher level.

Theory and Practice.

As a theory this is all very well, but like many other theories, falls short because it takes no account of other influences operating. Wall Street and the big bond men are perfectly familiar with the theory; they have huge interests at stake and would not leave their millions invested in bonds unless they had carefully gone over all possible phases of the situation. They have looked into this question of the relation of rising commodity prices to interest rates and have given full consideration to the theory stated above. That there is reason to it they realize fully. But, with a sense of proportion bred of participation in large affairs and far better developed than that of the economists, the majority of them figure that the theory should be restated about this way:

Rising commody prices do, to a certain extent, engender speculation, and speculation tends to tie up money. But the fact that an influence tends toward a certain result by no means proves that it brings about that result. Other influences have to be taken into account, influences in this case such as the state of the security markets, the international political situation, the fact that new gold is being poured on the markets and a host of others. Rising commodity prices, in other words, are an influence, but only one of many powerful influences.

For which reason Wall Street and the big bond men and the managers of the insurance companies' bond investments and all the rest of the practical financiers whose business is the science of investing, refuse absolutely to get excited over the possible effects of rising commodity prices. Commodity prices have been rising steadily for thirteen years, they say, yet interest rates have been lower during the past two years than almost ever before in the country's history. *Other influences* have been powerfully at work.

"SPECIALISTS" IN VARIOUS ISSUES.

TO be able to establish himself in the outside market as the "specialist" in some fairly active security is worth thousands of dollars to a bond dealer. The question comes up of the purchase or sale of such and such a stock or bond. "Call up John Smith—he's headquarters on that." When the Street and the out-of-town bankers talk that way, and the market in the security is a live one, Mr. Smith is in a highly enviable position.

To be known as the specialist in some good security not traded in on the Exchange or on the Curb is therefore something which bond houses are willing to spend much money and effort to accomplish. Sometimes there are special reasons why a dealer has a natural monopoly of the market, but in many cases he gets it merely by clever advertising, active trading, and conscientious dealing. The fact that Mr. Smith's brother-in-law is vice-president of the company may give him an advantage over the other dealers in making a market in the securities at first, but after a while organization and real trading ability begin to figure. "Pull" counts but doesn't always last. Innumerable cases are on record of houses with every reason to monopolize the trading in some good outside security losing the business to some other house in the organization of which brains, capital, and resourcefulness figured more than "influence with the officers of the company." It takes money to become known as the "specialist" in this or that, but it usually turns out to be money well spent.

THE BOND BROKER'S HARD LOT.

THIS is certainly not the day of the middleman—in every line of business the tendency seems to be toward his elimination. The "Street" bond-broker, the man who puts through trades between bond houses, is certainly having a harder and harder time making a living. There used to be money in the business. Good, live Street brokers used to amass fortunes bringing together the house that wanted to buy and the house that wanted to sell. There used to be a quarter or half-point commission in it for him, right along. Now he is lucky if he gets away with an eighth or a sixteenth.

Present conditions are but the natural evolution and development of the business. Twenty years ago the bond business was in the hands of about one-fifth of the number of houses now engaged in it, and at that was conducted on much less progressive lines than at present. A house had bonds to sell in those days, and sold them in a careful, leisurely manner. Its broker got an order and went out to "see what he could do." The modern system of a grapevine of telephones between hundreds of small, busy houses, each one with half a dozen active young fellows out scouring the

"Street" for a chance to pick up a sixteenth or a thirty-second—such conditions were absolutely unknown. In many outside bonds, nowadays the trading between houses over the telephones makes a much more active market than in some of the bonds usually considered active on the Exchange.

For once the ultimate consumer gets the benefit. An issue of bonds is brought out by some big house, and the investor can get at them without having to pay the substantial commission the middleman used to make. It's hard on the broker, who used to make a good living out of it, but an inevitable result of the way the business is carried on nowadays.

POPULAR BONDS—III.

DENVER AND RIO GRANDE FIRST AND REFUNDING FIVES.

JUST about a year ago, by the authorization of an issue of $150,000,000 of refunding bonds, there was completed a comprehensive scheme for the rearrangement of the finances of Denver and Rio Grande. Of the bonds issued so far, about the same amount have been placed here and abroad. Yielding as it does nearly five and one-half per cent. to the buyer, the security is one worthy of the attention of every investor who believes in making his money earn him a full return.

Purpose of the Issue.

A comprehensive re-financing scheme, the issue of bonds is to be made for the following purposes:

$90,000,000 for retiring present liens of $82,500,000 on 2,400 miles of road.

$23,000,000 to raise the money to enable the company to fulfill its agreement with the new Western Pacific Railway for the purchase of as many Western Pacific second mortgage bonds, at seventy-five, as shall be necessary to complete the main line of Western Pacific.

$37,000,000 for extensions, betterments and other corporate purposes of the company.

A glance at the above is all that is necessary to see how very comprehensive is the scheme. All prior liens, in the first place, are to be taken care of; next, money is to be raised for the completion and equipment of the Western Pacific, the Goulds' new outlet to the Coast; lastly, the road is to be provided with the cash to make the improvements it has needed for so long in order to take care of its constantly growing traffic.

Security Behind the Bonds.

A double security lies behind the mortgage. The bonds, in the first place, are a prior lien on 129 miles of finished railway and a lien on 2,400 miles of railway owned and operated by the company, subject to existing liens of $82,500,000, and in addition to that are secured by all the bonds issued or to be issued under the second mortgage of the Western Pacific Railway ($25,000,000), as well as by $50,000,000 out of the $75,000,000 capital stock of that company.

Considering, first, the ordinary security behind the bonds, it appears that since 1901 the company and its predecessor of the same name have regularly paid dividends at the rate of five per cent. per annum on substantially the amount of preferred stock now outstanding, namely, $45,779,800. The results of operation of Denver and Rio Grande, combined with the Rio Grande Western, for the last four years have been, as shown by the company's accounts:

These are substantial figures and show pretty plainly that the investor buying these refunding bonds is reasonably well secured both by the property underlying the mortgage and the demonstrated earning power of that property. But there is another feature

Year ended June 30,	1909	1908	1907	1906	1905
Gross Earnings	$20,876,571	$20,386,431	$21,409,042	$19,686,115	$17,031,507
Operating Expenses and Taxes	15,215,397	13,789,280	13,952,819	12,784,389	10,865,247
Net Earnings	5,661,174	6,597,151	7,456,223	6,901,726	6,166,260
Other Income	1,025,576	597,149	243,379	262,125	192,134
Total Net Income	6,686,750	7,194,300	7,699,602	7,163,851	6,358,394
Interest, Rentals, etc.	3,629,803	3,658,465	3,522,805	3,451,377	3,425,942
Surplus	$3,056,947	$3,535,835	$4,176,797	$3,712,474	$2,932,452

The net income has for four years averaged over twice the fixed charges.

The rapid increase in the earning power of The Denver and Rio Grande, attested by the financial abstracts presented above, has been accompanied by large expenditures from profit and loss and income for improvements and additions—in twelve years amounting, as the books of the company show, to $12,386,580.

The development of the railway during the last twelve years is indicated by the fact that

Tonnage increased about 242 per cent.,

Gross earnings per mile of road practically doubled,

Expenditures from profit and loss and income for improvements and additions averaged over $1,000,000 per year.

about the bonds which makes them quite unique—the security of the Western Pacific stocks and bonds.

The Western Pacific Feature.

To get a clear idea of how the security back of the new Denver fives is mixed up with the Western Pacific, it is necessary to go back to the inception of that great undertaking, four years ago. Unable longer to make satisfactory traffic arrangements for his Denver and Rio Grande with Union Pacific, George Gould, in 1905, decided to cut loose from the Harrmian domination entirely, and to build his own line through to the Coast. Part of the cost was to be defrayed by the issue of first mortgage bonds, part of it by the sale of Denver and Rio Grande refunding fives, which advance of money (for that is what it would amount to) was to be secured by two-thirds of the Western Pacific stock and all the Western Pacific second mortgage bonds. Denver and Rio Grande's reason for making such an arrangement was, of course, the fact that it would itself be immensely benefited by the completion of a Pacific coast extension.

Different people look at Denver and Rio Grande's connection with the new Western Pacific project in different ways. To some persons it seems that Denver's having loaned so many millions to Western Pacific makes Denver's welfare dependent to too great an extent upon the outcome of the new project. To others, Denver appears to have done a great stroke of business—loaned a lot of money to create a company the existence of which will prove of immeasurable advantage to itself, and received as security for that loan all the second mortgage bonds and two-thirds of the stock of the new line. The latter view certainly seems the more reasonable.

For this Western Pacific Railway, which is about to be opened, gives every promise of being the biggest kind of a success. The road is virtually an extension of the Denver and Rio Grande system. It will furnish a Pacific Coast outlet for The Denver and Rio Grande, the Missouri Pacific and associated lines, having an aggregate mileage of about 18,000 miles. Satisfactory contracts insure a large passenger and freight traffic to the Western Pacific. In addition, other important railway systems, which now exchange traffic with The Denver and Rio Grande at Denver, Colorado Springs and Pueblo, will undoubtedly continue to do so and, using the Western Pacific as an outlet to the Coast, will make valuable contributions to its traffic and revenues.

The road is being constructed so as to ensure economical operation. It will have the lowest grades of any transcontinental line, never exceeding one per cent. and with a maximum of 4-10 of one per cent. for four-fifths of the mileage. It will be free from deep snows, and therefore from snow sheds. In addition to the large through traffic which it will receive, it is likely to profit by the rapid growth of a large local traffic from the smelting and refining works near Great Salt Lake, the mineral deposits of Nevada and the rich but largely undeveloped resources—mineral, timber, agricultural—of California. It may be confidently expected that the Western Pacific will not only easily meet its own obligations but will also contribute a large volume of new traffic to The Denver and Rio Grande.

These are optimistic ideas of President Jeffery, but they appear to be fully justified. It is hardly possible, in fact, to emphasize too strongly the advantage to the rejuvenated Gould System of this new Pacific Coast outlet. Reacting back on Denver and Rio Grande, Missouri Pacific, and even Wabash, the success of the new Western Pacific bids fair to start a current of through traffic westward over the Gould lines which will mean big earnings for itself. For the better off the lines to the eastward are, the more business will originate and come westward over them. With general business conditions as they are, the outlook for Western Pacific earnings is pretty bright.

Market Position of the Bonds.

From what has been said, it ought to be clear that the future of Denver and Rio Grande, and consequently of its refunding bonds, is closely connected with the success of Western Pacific—though the failure of the latter project would by no means necessarily prove disastrous to the securities in question. Still, there is prevalent this idea that the buyer of the new Denver bonds is banking on Western Pacific's being a success, and there is, perhaps, a good deal in the idea. Which makes the whole proposition a business man's risk. Here are these new bonds being offered in the lower nineties—very well, that is because Western Pacific is a new enterprise. Let expected earnings be realized, let the project work out as expected, and there will be no fives for sale in the nineties. That is the chance the buyer of the bonds takes. The foreigners have been willing to take the chance. The conservative Deutsche Bank in Berlin has had its agents over here for months, going over every detail of the property, studying over all the possibilities. The result of their investigations has been the purchase of big blocks of the bonds by the Germans. It is a business chance, and they are willing to take it. Denver needs the money. It is a case where the corporation's need is the investor's opportunity.

NEW BOND DEPARTMENTS.

A STRONGLY defined tendency all this season has been toward the establishment of bond departments by stock brokerage houses, whose attention has hitherto been confined exclusively to the stock market. The names of half a dozen important firms who have lately gone into this new line of business might be mentioned. In some cases it has merely amounted to the taking in of a bond man to handle such business as originates with the firm's clients and to trade "around the Street." In other cases a regular bond department with the necessary facilities and personnel has been established and a reasonable amount of capital set aside for its use.

Recent experience of stock exchange houses going in for bond business has been that in order to get much in the way of results it is necessary to start in with adequate facilities. In the modern organization of the bond market it is anything but easy for a house which is a newcomer to get much business unless it is equipped to carry bonds on its own account and unless its operations are officered by a man who thoroughly understands bond conditions. Competition is so keen and quotations so close that unless a bond manager is given both capital, and discretion to use it, it is pretty hard for him to make much headway.

From the standpoint of the out-of-town banks, this movement to establish new bond departments is a most favorable development. The more dealers there are in the market the "better" the market is and the closer it is possible to buy and sell. Out-of-town banks' operations in the bond centers are conducted on very different lines nowadays from what they were only a few years ago.

BUYING POWER OF THE FRENCH INVESTOR.

REPEATED efforts to interest French capital in American securities have caused a good deal of study of the question of what the potential buying power of the French investor actually amounts to. In a general way it is understood that there is a good deal of available capital in France, but it is doubtful if there is anything like a general realization of the vast buying power which would be focussed upon any group of securities in which the thrifty citizens of the sister republic might become interested. Figures published not long ago by Mr. Alfred Neymarck, an acknowledged authority, throw an interesting light on the subject.

According to Mr. Neymarck, French capital invested in securities has reached the stupendous total of twenty billion dollars.

"This increase in the French portfolio," he says, "has continued to grow constantly, in spite of the internal and external crises, in spite of the losses which the investor has met with at one time or another, and in spite of all the vicissitudes which surround securities. Since 1869, or in forty years, the French portfolio which was, at that period, about $6,600,000,000, has more than tripled. It has increased $14,000,000,000, or at the rate of $350,000,000 a year. In twenty years the French portfolio has increased $5,000,000,000 to $6,000,000,000, of which $2,400,000,000 to $3,000,000,000 is in the securities of foreign countries. These valuations confirm the statistics of economists, and the figures which have been set down as the annual investment of the French 'epargne' in securities.

"In estimating the average revenue of these $20,600,000,000 to $21,000,000,000 at four per cent.—this is probably under the true rate, for, during many years our capitalists and rentiers were able to buy bonds that returned four and one-half, five, six per cent., and better—the total of the French portfolio will yield annually more than $800,000,000. One would be nearer the truth in saying $880,000,000."

What strikes the American observer of these conditions, particularly, is the way in which the last twenty years have seen French investments in foreign securities increase. An increase of five to six billion dollars in the total French portfolio in that time, it appears, has been more than half made up of investments in foreign securities. Have we had our share? Certainly not, as a

Russia	$1,900,000,000	to	$2,100,000,000
Great Britain	100,000,000		
Belgium and Holland	100,000,000		
Germany	100,000,000		
Turkey and Servia	300,000,000	to	400,000,000
Bulgaria, Roumania, Greece	300,000,000	to	500,000,000
Austria-Hungary	400,000,000	to	500,000,000
Italy	200,000,000	to	300,000,000
Switzerland	100,000,000		
Spain and Portugal	700,000,000		
United States and Canada	400,000,000	to	600,000,000
Egypt and Suez	600,000,000	to	800,000,000
Argentine, Brazil and Mexico	600,000,000	to	800,000,000
China and Japan	200,000,000	to	300,000,000
Tunisie and French colonies	400,000,000	to	600,000,000

glance at the table given below will indicate. New securities have been issued in the United States to a far greater extent than in any other country, and yet, with all the increase which has taken place, the United States is still seventh on the list in point of the amount of French money invested in her securities. Table shown on page 930 are figures as given by Mr. Neymarck.

All of which shows clearly the vast possibilities in case the efforts to swing French capital into American securities should be crowned with success. Assuming, even, that the present investments of French capital were left as they are, here is an annual increase of $175,000,000 in the amount of French capital invested abroad, a large proportion of which might be sent over here. No wonder that every effort is being made to interest buyers of such strength in what we have to sell.

THE FACTORS OF SHARE PRICES.

By Frederic Drew Bond.

ECONOMISTS have written extensively on the distribution of commodities among consumers, while the companion subject of the distribution of securities among investors and speculators has been little attended to. The relatively small number of corporations prior to the last fifteen years has, no doubt, been the cause of this neglect. Banking and railroad shares used to be the sole joint-stock of importance, and the latter of these two sorts held nothing like the position which the vast development of means of transportation now causes it to occupy.

Under these circumstances, it is not surprising that the function of stock exchanges in relation to the distribution of the wealth of a country has not been worked out in detail. Even the great difference between grain and cotton exchanges, on the one hand, and stock exchanges, on the other, lying in the fact that on the former the vast bulk of ordinary transactions are of the nature of hedges, while on the latter they are speculative, has been seldom appreciated.

So accustomed are we to the daily movement of security prices on the stock exchanges that the constant flux and re-flux of prices which there obtains is taken as a matter of course, and explained simply by referring this or that fluctuation in quotations to special causes. Yet such fluctuations have little analogy with those in the commodity markets, where the price movements are, indeed, frequently wider and more extensive, but where they are so because of their dependence on the cost of production of the goods traded in (if these can be readily increased in quantity), and, also, on the actual amount of the supply of the commodities if they are necessaries of life—like cotton and foodstuffs.

The price of securities is dependent on no such factor as cost of production. In fact, securities, like mines and land, cannot, in the technical sense of the term, be said to have cost of production at all. They are simply parcels of wealth which has, indeed, been produced at a cost, often vast, but whose values have reference not to the amount of labor and capital expended in their production, but to the amount of profit they produce—to the income they furnish.

But though the price of a security is dependent not on its cost of production but on its capabilities of profit, yet even this statement has to be taken with a qualification which does not exist in the case of lands and mines (not mining companies). The simplest glance at a stock list shows that share prices have a general relation to the income the stocks yield, but it also shows that this income, for the normal price of the share, tends to approach or to be equal to the current rate of interest. In fact, guaranteed stocks or those which, from being thought of very highly, have come to be lodged entirely among investors, furnish an income but little higher, if at all, than that derived from a good bond or mortgage.

This is the converse of the state of things obtaining in trade. A retailer, whether he be a druggist, a grocer or a tailor, expects from 50 per cent. to 150 per cent. yearly return on his capital, and in many instances, has to get such a return merely to make a living. A merchant or a manufacturer generally expects less, but even he looks for 20 per cent. to 60 per cent. and even, at times, higher rates yearly, dependent on his personal capabilities, his credit and the number of times he can turn his wares over.

On the other hand, dividends of good railroads usually run from about 4 per cent. to 7 per cent. and those of industrial corporations from about 5 per cent. to 10 per cent. Moreover the railroad shares sell generally on a four and a half to five per cent. basis and the industrials on a six or seven.

The explanation of this fact is that capital competes with capital for safe investment. The investment fund of a country which is not absorbed in the business enterprises of its owners, tends to run in the safest channels and these may be indifferently stocks or bonds. Thus, it happens that the value of a share depends rather on the security and the rate of interest than it does on the capabilities of profit of the company behind the stock or on the cost of production of the wealth represented. The share price as far as it is regulated by the investment demand only (as in the case of guaranteed stocks) tends to rise only as the dividend rises. or seems likely to rise, above its previous rate as compared with the current rate or interest, as long as that remains at a fairly constant average.

For these reasons, no matter how watered the stock of a company may be, if it pays dividends at the current rate of interest and its earnings seem to be steady, the share price will slowly approximate towards par and the security as time goes on, will more and more be taken up by investors, the extent of such absorption depending, among other things, on the quantity of shares outstanding of the concern. Here we have the explanation of a fact which has perplexed many: Why a prosperous trading company which, if sold outright to another merchant would be expected by him to return, say, 25 per cent. on his purchase price, can, when turned into a corporation and sold on a great exchange, be disposed of on terms which net the buyer often less than eight or ten per cent., and which mean for the original owners a very much greater sum than they could possibly have obtained at the best private sale of the concern as a whole.

Since the price of shares has only a general connection with their investment value, and since it has no necessary connection either with the cost of production of the wealth behind the shares or with the quantity of the stock outstanding, it follows that the factor on which it immediately depends is merely the resultant of the hopes, fears, beliefs and intentions of the actual traders. Thus, current prices of shares are truly arbitrary, although within certain limits.

There may be no sound economic reason why Union Pacific should sell one day at 219 and a day or two later at 204; the stock has not changed in investment value nor even in speculative value as regards its likelihood for higher quotations. The price change reflects the altered feelings and intentions of the market participants, some realizing at the higher figures, some selling short and so on. But though prices are thus to a large extent independent of values and to that extent arbitrary they are not irrational. The price of each day is bound to that of the preceding day and that in turn to the one before and so on, indefinitely.

Prices on the stock exchanges from day to day follow what, in legal phrase, might be called "prescription"—the state of quotations already obtaining. Evidently this is so, because, otherwise,—were there not some point of departure, however unwarranted economically—sales and purchases would be in a chaos, overnight, and trading at a standstill. The violent reactions which occur when a stock, no matter what its value, is run up for the first time some ten or fifteen points to a new high level, show this clearly. For there is no economic reason why the price should then react violently, as it almost invariably does. The new high price may be quite justified, even by the income yield of the stock. But the price is too recently made for traders to be "used to it" and to hold out for it or something like it. But if, after the reaction, the stock should be again advanced, and if a few days later it should go back to the former high price, its fluctuations there will be much less violent than before, because traders would be accustomed to the price.

The main factor in the variation of share price, as far as this does not depend on investment demand, is thus what might be called psychological. But though this mental factor is immediately responsible for the arbitrariness of stock prices within certain limits it is not their only cause. There are other factors which hedge in its action by the financial restrictions they impose.

The first is the current rate of interest for call loans. When this rate is low but tending to rise, variations of it act through the beliefs of the traders in so far as they may fear further appreciation in the rate or may act on a theory that stocks should be sold as interest rates rise. Here the interest rate merges into the mental factor. But the interest rate may become strictly concrete in effect. Banks may call loans and speculators may not be able to obtain the necessary wherewithal for commitments or the cost of so doing may become prohibitive when considered in connection with their total resources. Such conditions influence directly the acts of the traders by the clear revelation of what may be actually impending over them, financially.

But besides the investment and speculative demands for stock and the current rate of interest, there are two other factors which by limiting the demand, influence share prices very materially. The first of these factors, is the quantiy of the floating supply of a given stock,—meaning by this, that part of the outstanding capitalization which is not held for investment or for purposes of control. In the case of any stock, the quantity of the floating supply for sale varies as the quotation moves up or down, while the quantity ordered bought varies in like manner.

As a stock advances in price more and more of it is likely to be bought in by outside, or haphazard speculators, as they may be called, and held for a further advance. At the top of a speculative movement upwards the amount accumulated before or during its early rise may pass into the hands of the same sort of buyers as before, who look for still higher prices but who actually buy at the highest prices and who may sell out at a loss on the ensuing decline. At the top, also, a certain amount of the stock is likely to settle in investors' hands and so become part of the fixed supply of that security. Thus the floating supply passes regularly, during an upward movement, from strong to weak holders and then back again,—part of it, as just seen, being permanently taken off the market.

The most efficient check to the operations of a trader is, of course, that imposed by the size of his funds for speculative purposes. When this amount is considered in relation to the whole body of traders it forms what, in another connection, the late Walter Bagehot called the speculative fund of a country. This fund limits operations in the stock market not only through its size but through the sort of traders among whom it is distributed—whether mostly a relatively few wealthy institutions and individuals, or among many smaller men and concerns, or both. The decrease of this fund is the direct cause of the phenomenon known as "undigested securities." Its origin is bound up with the growth of capital in the country. Its size and its distribution, in the restrictions they impose on trading, have probably more to do with the great movements on the exchanges than have the reasoned out deductions of the largest and best informed traders.

ALL FOR ONE-EIGHTH COMMISSION.

By J. Frank Howell.

TO say that not one speculator in ten thousand can describe the intricacies of the way traversed by an order to buy or sell one or one million shares may appear a gross exaggeration. On the contrary, it is a conservative statement. Ask the first man you meet in the customer's room of any brokerage house in the financial district if you wish for a verification of seemingly so rash a statement. Question that old campaigner of forty years, to whom the incessant tic-tic-tic of the ticker is sweeter music than the grandest symphony ever composed; in whose eyes the stock board possesses more fascinating interest than the work of a great artist; whose brain cells are filled solely with the facts and figures of every stock in the market since the game claimed him for its own two score years ago—ask him what happens to the order he has just thrust to the clerk perched upon a high stool behind that grilled window. He will tell you that the order is 'phoned to the floor-man, copied in a book and charged up against your name. "That's all," he says, "just an entry here and there. The broker gets 'his' whether you win or lose. It's an easy game for him—easy for him to supply leather-covered lounging chairs and polite employes when I and others like me pay for it. It only needs a little capital, and if I had"—Here he'll tell you the story of his career, and a sordid story it is, why he is not a broker. —if you will listen to him.

And what the old campaigner of forty years cannot tell you, the novice of a day can hardly explain. In fact, it is a question that not even the average broker himself could answer offhand. Those are details he leaves to his subordinates. It is an intricate and complex system of operations that the placing of the smallest order entails. It involves at the least fifteen distinct movements before it is executed. It necessitates an expert office staff. It tells of the responsibility of the broker—it is meant for the protection of the trader. It is the result of the tremendous growth of the Stock Exchange as a business proposition. It also explains where a goodly portion of that one-eighth of one per cent. which the broker charges as a commission goes, because it takes a large number of those little one-eighths paid for the execution of an order to meet the hundred-and-one expenses of a well appointed office in the Wall Street of to-day—the world's greatest and busiest market.

Briefly, the career of an order in marginal trading, the customer's putting up anywhere from ten to thirty per cent. margin, is as follows:—He gives his order to the clerk who in turn 'phones it to the exchange, where it is given the broker, who executes it and reports back to the 'phone operator, keeping a copy of the report for his own reference. The 'phone operator reports the execution to the office, where a memorandum of the purchase or sale is given the customer. The execution is then noted on a "margin" slate, kept for ready reference, and the original report of execution from the exchange broker, showing name, from whom bought or sold, price, etc., entered in purchase-and-sales book.

From that a confirmation is made at the end of the day, water-copied and mailed the customer and otherwise verified by a triple checking with the blotter, and the purchase-and-sales book. The transaction is then entered in the clearing-house blotter, from which the clearing-house sheet is made up, as well as "comparison tickets," which are exchanged with the fellow broker or brokers with whom the day's business has been transacted. The stock purchased is either loaned in the loan crowd at the close of business or the certificates come in the following day, when the broker pays for it by certified check, and places it in the strong box, if he has plenty of money. If not, he negotiates a loan with the bank for enough to take care of the stock.

Should the money market become feverish, it is possible the bank would call the loan, necessitating the broker arranging one elsewhere. If the customer long of the stock, is what is known as a "setter" or holder for a long pull, the broker may experience this backing and filling almost daily for an indefinite period, for all of which he receives one-eighth commission, or $12.50, and the possible difference between the interest paid the bank and charged the customer, out of which must come all the bookkeeping, office expenses, etc., as well as interest on the money invested in the business.

MATHEMATICS OF INCOME COMPUTATIONS.

By E. Van Deusen.

Continued from the November Bankers Magazine, page 766.

Effective Interest Rates.

FOR every "nominal" interest rate there is possible an unlimited series of "effective" interest rates—a limited number of which are given in the tables—determined by—

(a) The compounding period or "frequency of conversion," which, however, is in practice seldom oftener than four times annually, so that from this cause there would be three slightly varying "effective" rates for each "nominal" rate; *e. g.*, with a "nominal" rate of four per cent. and a conversion frequency of four times a year, the "effective" interest rate is 4.060401 per cent.; in other words, the "nominal" and "effective" interest rates coincide *only* when the compounding interval happens to be the unit of time for the nominal rate—one year. This fact, however, is not recognized in the ordinary bond tables, where, for example, a four per cent. bond bought at par is represented to yield four per cent, irrespective of the time and the "frequency of conversion." And—

(b) Actual capital investment, or cost price, *above* or *below* the sum returnable, redemption value or "par." Inspection of a table shows that a security with any given "frequency of conversion," bought at par or face value yields its "nominal" rate of return (save as above noted), irrespective of its "term" or life; only in cases of bonds bought above or below par does the question of "effective" rate or net yield actually arise.

Assumed Effective Rates the Starting Point in Constructing Bond Tables.

Construction of the ordinary tables for bonds of various "terms" to maturity and of various "nominal" rates *begins with* the *assumption of* a series of *"effective" rates* for the determination of the corresponding prices. The "effective" rates so assumed as the starting points in the better tables commonly range between three per cent. and seven per cent. as the minimum and maximum, and vary by successive tenths of one per cent., often, however, with an eighth, or a quarter, or occasionally even five-hundredths per cent. variations between. In special tables of government and similar credit obligations, with interest payable quarterly, the "effective" rates given, especially between one and one-half and three per cent., commonly vary by .05 per cent.

The Two Problems of Bond Tables —Basis and Price.

It is around these two features of "effective" interest rate, or net yield, and the corresponding price that the two main problems, first suggested, of bond income hinge, namely—(1) to determine the *price* resulting from the assumption of and corresponding to a specified "effective" rate of income, on the one hand; and, on the other—(2) the *basis*, net yield or actual return resulting from a particular price or capital investment. This latter, which starts with a given price to determine the resulting basis, is the more difficult, involving the use of *algebraic* formulæ, as will be treated later.

The *first* problem, starting with an assumed "effective" rate to determine the corresponding price, is a question of relatively simpler mathematics, and can be solved by a series of *arithmetical* calculations made in full, or better, abbreviated by use of ordinary tables of "present worth," or even "compound interest."

Two Sub-divisional Problems.

Since, as already suggested, any question as to price arises only when the "effective" rate taken differs from the "nominal"—(that is, when the security is bought at other than its face value)—there are naturally two subdivisions to both the above problems, viz.—computation of price when—(a) the chosen "effective" rate is *higher* than the "nominal" rate, and—(b) when the "effective" rate is *lower*;—similarly, the problem of "basis" return from a given capital outlay requires computation when—(a) the price paid is *below* par, and when—(b) *above* par.

Ideas of Basis and Price Must be Kept Separate and Distinct.

A clear understanding of the necessary methods of mathematical treatment of the above two main problems of Bond Tables can be had only as the following facts and distinctions are plainly perceived:

Four *known* factors—viz., the "nominal" interest rate, "term" of investment, principal returnable and "effecttive" interest rate—are given in the first problem to find the *unknown* fifth —viz., principal to be invested. But since, as already suggested, for any given bond of definite amount, "term" and "nominal" rate, there may be a theoretically unlimited series of "effective" rates corresponding to various prices, the first three—viz., "nominal" rate, "term" and principal returnable —factors may be regarded as "constants," and the last two—viz.: "basis" and price—as "variables" for any particular bond.

Now, as the price corresponding to any assumed "basis" or "effective" rate is unknown, it is plain that no computations to determine price can be made which are based on or involve the price to be determined, but that the starting point and basis on which the computations must be made is the assumed "effective" rate or net yield which fixes the required corresponding price.

Determination of Price With Effective Rate Above Nominal.

Accordingly, let it be required to find the price corresponding to an "effective" rate—(1) *above* the "nominal;" *e. g.*, the price of a twenty-five year five per cent. (in semi-annual installments) $1,000 bond to yield five and a half per cent.

Two Methods.

For this, two distinct methods may be used: The first, a little the longer but, on account of its natural and logical viewpoint, rather the readier to grasp and hold in mind; the second, mathematically simpler because of its brevity.

First Method.

The most natural and simple way to look at these problems is to regard the investor in his real role of a buyer of existing values, and to ask what are the values or benefits which the investor buys, when he purchases a bond?

Obviously, they are two:—First, the value or benefit of $25 *received each half year*—$50 annually; and second, the value of $1,000 *to be received twenty-five years hence.* The question then is: What is the total present value which should be paid at this time for both of the above two benefits? Mathematically expressed, the problem is: What is the sum of the Present Worth of the two benefits, the first of which is received successively each six months, like an insurance "annuity," from time of purchase to time of the loan's maturity; and the second of which is received only at the end of the loan's term?

Here two questions arise: (a) At *what rate* per cent. shall the present worth or value of the principal and income be computed; and (b) at *how frequent periods* shall the computations or the "compounding" be made to determine the price necessary to realize the assumed net rate? Now, as elsewhere suggested, in all income computations certain assumptions are necessary, and a general assumption—however contrary to fact—concerning all capital is that the same is reinvested promptly when received.

(b) *Conversion frequency:* Obviously, such reinvestment can actually take place only when the cash is in hand or is actually received at the reinvestment or compounding periods, as is the case with *interest* income; but the price now paid for the value of a bond *principal* is plainly not in hand for reinvestment, so that the assumption of a repeated compounding period is plainly arbitrary; yet, for consistency and uniformity's sake in practice, the periods of theoretically possible reinvestment of the price paid for the principal are taken to correspond to the periods at which the income is received.

(a) *Rate:* Again, it is clear that the rate at which the *principal* sum is considered to be potentially reinvested is necessarily an assumed and arbitrary rate, since reinvestment is not and cannot be actually made. Consequently, as a rate is necessarily assumed, the "effective" rate or basis on which the investment is made is, in practice, taken and used in this portion of the computation of bond yields.

Reinvestment of the periodic *interest* income is also computed naturally for the same compounding periods, and is considered to be made at the same "effective" interest rate, though, in fact, this rate has not the justification for use as has the actual prevailing savings bank rate at which this money would doubtless in practice have to be reinvested.

The first mathematical question then is: What is the Present Worth of a semi-annual annuity of $25, or that sum received at six months intervals for the twenty-five years which the loan or bond has to run? Turning first, for brevity, to an ordinary table giving the Present Worth of an annuity of $1 for successive period at given actual or "effective" rates, it is found that the Present Worth of an annuity of $1 for the term in question and at the "effective" rate is $26.997169, or for $25—$674.-9292+.

Again, the additional second benefit of the sum to be received twenty-five years hence is clearly equivalent to one thousand times the Present Worth of $1 to be received twenty-five years hence, estimated at the same "effective" interest rate (five and a half per cent.) also taken semi-annually, which is .257577c., or, for $1,000, $257.577.

Finally, the sum of the values of these two benefits—$932.51—represents their entire Present Worth, or $93.25 per one hundred dollars, as it is expressed in the tables.

The above is a natural, logical and clear method, involving but two quantities, for solving this first problem. It is likely, however, that present worth tables are not so commonly available as are tables of compound interest.

Accordingly, at this point, it is in order to illustrate a relatively simple method of deriving Present Worth from given Compound Interest.

Determination of Simple Present Worth.

Now the Present Worth of any amount, *e. g.*, $1, is such a sum as placed at interest for the indicated time —which interest, whenever the time extends beyond that of the first interest payment, is practically compound interest—will amount to the given principal sum—i. e., $1. In other words, finding the Present Worth of $1 is practically the reverse of finding the Amount of $1 at the same rate for the same time. That is, the compound interest for two years on $1 at six per cent. payable semi-annually, is found by successively *multiplying* the amount of $1 at the *end* of each six months period by a "ratio of increase" represented by the amount of $1 for *one* six months period at the nominal rate: or, $1.03 multiplied by $1.03 equals $1.0609 which multiplied by $1.03 equals $1.092727, etc.

On the other hand, the Present Worth of $1 is found by the opposite process of *dividing* $1 by the amount of $1 at the actual rate for one period—i. e., in the illustration, $1.03—or is, at the *beginning* of the first six months period, .970873c.; this again divided by $1.03 (amount of $1) equals .942595; which divided again, equals .915141, etc.

Consequently, the Present Worth of $1 due at a specified future time is found by dividing $1 by the amount of $1 for the same time and at the same rate, as learned from the ordinary compound interest tables.

Determination of Present Worth of an "Annuity."

Again, the Present Worth of an "Annuity" or definite sum payable at regular intervals for a stated period of time can also be derived from ordinary compound interest tables as follows: (a) From $1 *subtract* the Present Worth of $1, as above indicated, which will give the compound discount of $1; (b) this compound discount *divided* by the interest rate "effective" for one period —(*i. e.*, practically one-half the "effective" annual rate, and taking twice the number of years when the interest is payable semi-annually—in the same manner as in determining simple Present Worth)—gives the Present Worth of an Annuity of $1—which is simply the sum of the increasing Present Worth for the series of repeated payments up to maturity; this, of course, can be multiplied by the number of dollars received at each of the successive interest periods.

Second Method.

Having now found the Present Worth of an annuity, a second and shorter method of determining price from a given basis is as follows:

The basic hypothesis of the above problem is an assumed annual income of one-half per cent. or $5 on a $1,000 bond—above that resulting from the "nominal" rate—i. e., $55 vs. $50. Now evidently, to receive this extra amount, the price paid for the bond must be *below* par. As this additional $5 is received at the rate of $2.50 at the end of each six months until the maturity of the bond, this added semi-annual income may be considered an annuity of that amount, the value of whose Present Worth is to be subtracted from the full or par value at which the cash investment represented by the bond would return only the "nominal" amount of five per cent., and the problem is simply: What is the *Present Worth of the Annuity of this additional income?* This, of course, may be found by the same means as was the Present Worth of the $25 annuity in the first method; or, by reference to a present worth of annuity table. Now, an annual cash income per one hundred dollars of $5 (the assumed extra yield) payable in semi-annual installments for twenty-five years, is equivalent to $2.50 received for fifty periods of six months each.

The Present Worth of a $1 Annuity computed at the "effective" rate each six months, or 2.75 per cent. for fifty periods, is $26.997169, or, for $2.50, $67.49292; *this present value* of the above annuity (of $2.50 compounded at the "effective" rate of 2.75 per cent.) represents the *amount less than par* which should be invested to realize a net income of one-half per cent., or $5 a year, more than the cash income ($50) which is actually received on the investment.

Determination of Price With Effective Rate Below Nominal.

Turning now to the second sub-divisional problem, or determination of price corresponding to an "effective" rate *below* the "nominal," it need merely be stated that the same reasoning as above and the same methods apply, save that the point of view is reversed; that is—using the same example—the present assumed "effective" rate is one-half per cent., or $5, *below* the "nominal"—(or one per cent. below the previous "effective" rate of five and a half per cent.)

Accordingly, the first method will involve determination of the Present Worth of (a) the semi-annual cash income of $25, and of (b) the principal ($1,000) to be received at maturity, both figured at the new "effective" rate of four and a half per cent.—(vs. five and a half per cent., as above). This computation, by reason of the one per cent. above noted difference in compounding rate, will show a "premium" over par, or sum payable when one-half per cent. *less* than the "nominal" is realized, and this premium will be *larger* than the "discount" corresponding to an "effective" rate one-half per cent. above the "nominal"; this difference between the amount of "premium" or "discount" corresponding to the same variation of rate above or below the "nominal" increases with the increasing "term" or life of the bond; that is, the "premium" on a five per cent. bond to yield four and a half per cent. in ten years is $1.80 larger than the "discount" on the same bond for the same "term" to yield five and a half per cent.; for twenty years, the "premium" when one-half per cent. below the "nominal" is realized, is $5.30 larger than the "discount" when one-half per cent. above the nominal is realized; similarly, for thirty years this difference is $8.80; for forty years, $11.90, and for fifty years, $14.20.

In applying the second method, it is noted that the annual income assumed to be received on the investment at the basis taken (four and one-half per cent.) is five dollars *less* than the yearly "nominal" or cash income, which implies a corresponding price above par; hence the Present Worth of the five dollars, treated as an annuity, is to be *added* to the bond's par.

From the foregoing it is plain that a price corresponding to *any* assumed "basis" may be readily found for all regular or entire interest periods, so that it is unnecessary to refer to bond value tables where an ordinary table of compound interest is available; neither is it necessary to attempt to "interpolate" a "basis" where the particular net yield or "effective" rate desired is not given in the available book of bond tables.

For intermediate or *partial time periods* custom—governed by convenience, rather than correctness—simply *apportions the difference between the* net or ex-interest *price* given for the next longer and shorter times in the *same ratio* that the particular *odd time* period bears *to* the entire *difference between* the longer and shorter *times*—in this method following the principle used to "interpolate" intermediate "nominal" interest rates between those regularly given.

The above problems are practically the most important in income computations, since, as a rule, income bearing securities are bought "on a basis," or to return a desired and specified net yield.

(To be continued.)

INVESTMENT NEWS AND NOTES.

—Western Pacific Railway first mortgage gold five per cent. bonds, due 1933, are offered by Judson G. Wall & Sons, New York, at 98 and interest. At this price they net about 5.10 per cent. These bonds are a closed mortgage on 927 miles of road, constituting the Pacific coast extension from Salt Lake City to San Francisco, of the Denver & Rio Grande Railroad. The road has lower grades than any other railroad crossing the Sierra Nevada Mountains. The road has cost much more than the first mortgage bonds issued. The bonds are also secured by a first mortgage on the San Francisco terminals of the company. The interest on these bonds is guaranteed by the Denver & Rio Grande Railroad. The surplus of the D. &. R. G. for the year ending June 30, 1908, after all charges was $3,535,835. Over $10,000,000 of these bonds are held by some of the largest insurance companies, national banks, trust companies, trustees and private investors all over the United States and foreign countries.

—"Irrigation under the Carey Act" is the title of an interesting booklet recently issued by the Rudolph Kleybolte Co. and in which is contained much valuable information about the law governing the reclamation of waste lands. "Practically all humid lands in the United States," says the booklet "are now in private ownership. Arid lands, when irrigated, are exceedingly fertile, and abundant crops are assured; therefor, all such lands are in sharp demand at increasing prices. Of all the methods provided for reclaiming land, the Carey Act has proved the most attractive, both to investors and settlers. As a result, in some cases, filings are made on the full acreage of a segregated tract even before the water is ready for delivery, thus insuring from the start the rapid growth of a well populated farming cummunity, the springing up of towns as mercantile and shipping centers, and quick advances in the sale value of lands and hence a speedy return to the development company on its investment."

—The new Bethlehem Steel Company six per cent. five year notes are the subject of an interesting circular just issued by Plympton, Gardiner & Co., of New York and Chicago. The Bethlehem company, it will be remembered, is the concern headed by Charles M. Schwab, former president of the U. S. Steel Corporation, who entered it a few years ago and has been mainly responsible for the remarkable progress made by the company since that time.

So great has become the business of the company during the present boom in the steel trade that its management has decided to borrow $7,500,000 at six per cent. for five years—$2,500,000 to retire an existing issue of six per cent. notes and the remainder for additions to the plant at

Bethlehem to bring melting capacity up to rolling capacity, enlarging output of ore properties in order to take care of present demand for products. These improvements it is claimed, to be made at an outlay of about $5,000,000, will double the capacity of mills built in 1906 at a cost of $12,000,000.

Under its present aggressive and efficient management the Bethlehem Steel Corporation has before it a great future. The opportunity to lend money to such a concern at six per cent. for five years on security amounting to just three times the amount of the loan, is one which investors will hardly overlook.

—So many market letters are issued which read as though the firm felt that it *must* send out a letter but made every effort to keep from saying anything definite, that it is refreshing to pick up a letter like that issued by Swartwout & Appenzellar, New York, containing live information and new ideas. On Union Pacific a letter issued by that firm last month is particularly explicit. "In our Market Letter of August 28th," says the advice, "we endeavored to answer the question 'Is Union Pacific a safe purchase at 200?' We believe that it is. The stock sold in August last as high as 219. It can now be bought in the neighborhood of 200, at which price it yields five per cent. on the investment. There are many who believe that Union Pacific will be the leader of the market in the near future, and it does not seem unreasonable that this stock should sell at 250 before the present bull movement is over."

—Mention was made last month, in this department, of the Cincinnati Gas & Electric Co., the oldest public service corporation in the United States, with an unbroken dividend record running back to 1842. Attention is now called to an interesting booklet just issued by White & Co., of New York, describing the Columbia Gas & Electric Co., the holding company, formed in 1906 to acquire a majority of the stock of the Union Gas & Electric Co., which, in turn, is the lessee of the properties and perpetual franchises of the Cincinnati Gas & Electric Co.

Aside from its control of the stock of the Cincinnati Company, the Columbia Co. has acquired practically all of the stock of the Cleveland Gas Light and Coke Co., and has leased the property of the Cincinnati Gas Transportation Co. and the Cincinnati, Newport and Covington Light & Traction Co. All of which shows the growth of the Columbia Co. and the great scope of its business. Messrs. White & Company's booklet is the record of a highly successful enterprise—and very interesting reading.

—A. M. Kidder & Co., specialists in guaranteed stocks, are compiling a complete list of active and inactive railroad company guaranteed and preferred stocks and underlying telegraph stocks listed in the various markets, all of which are exempt from taxation to a holder in the majority of the Eastern states, including New York, Connecticut, Rhode Island, etc. This list will be sent to all stock exchange houses, banks and institutions, or to anyone on request.

—Irrigation bonds continue to find a ready market with investors, an interesting offer being the North Platte Valley Irrigation Co. first sixes being sold by Messrs. Blake & Reeves.

The land being irrigated is located on both sides of the North Platte river, in Natrona, Converse and Laramie counties, Wyoming, and comprises approximately 100,000 acres of rich, alluvial, agricultural land. The Chicago & Northwestern Raliway runs from east to west in such a way through the land that at no point is the distance greater than eight miles from the railway. The Chicago, Burlington & Quincy R. R. (through its Colorado & Southern purchase) traverses part of this land, and with its extension (which is now under contract) will eventually pass through two-thirds of the property; thereby assuring ample and accessible railroad facilities. The value of this land fully irrigated and cultivated, based upon actual selling values, will be in excess of $10,000,000 *or more than five times the amount of this issue of bonds.* The bonds, which are being sold at par and interest are secured by a first mortgage on all the property of the North Platte Valley Irrigation Company, consisting of a dam (the largest re-enforced steel-concrete dam in the world), reservoirs, canals, ditches, laterals, water-rights, right of way, hydro-electric plant, transmission lines, real estate, contracts, franchises, notes and mortgages, and all other property which may hereafter be acquired.

—An interesting circular issued by the "Open Market Securities Department" of Messrs. Edmund & Charles Randolph describes the noteworthy development made by the Pacific Gas & Electric Co. during the past few years. The company, it appears, through its constituent companies serves sixty per cent. of the population of the State of California with gas, electricity and water. A territory of 31,489 square miles is covered, in which there are over 100 cities and towns, among the largest being San Francisco, Oakland, San Jose, Berkeley, Sacramento, Stockton, Alameda and Fresno. The population of all the cities and towns supplied exceeds 1,350,000.

No dividend has as yet been paid on the common stock, but judging from the following table of earnings, printed in the Wall Street Journal of Sept. 13, dividends on the common are not very far off.

The following table shows the outstanding stock of both classes, and the percentage earned on each since 1905:

Year.	Preferred Stock.	Per cent. Earned.	Common Stock.	Per ct. Earned.
1909	$9,979,000	28.54	$18,275,000	12.31
1908	9,979,000	18.16	17,803,000	6.82
1907	9,979,000	14.11	12,803,000	6.32
1906	9,979,000	9.35	12,803,000	2.62

—Of interest to investors taking an interest in bonds secured by natural resources are the $500,000 Michigan-Pacific Lumber Co. first sixes being offered by E. B. Cadwell & Co., of New York. The bonds are secured by a closed first mortgage on the company's fifty square miles of timber land on Vancouver Island and were issued for the purpose of refunding all the company's indebtedness, and to furnish cash working capital of $60,000 together with a cash trust fund of $50,000 to guarantee the prompt payment of all government license fees. A reliable estimate places the amount of standing timber at 2,580,000,000 feet worth $2,292,000 on the stump. The bonds, which are being sold to net six pre cent., appear to be amply secured.

—Public service bonds which are finding favor with the investor are the Birmingham Railway, Light & Power Co. refunding and extension mortgage sixes being offered by Isidore Newman & Son of New York. The great development of the hustling Alabama city during the past few years is too well known to require comment, and with this development the city's light and power company has fully kept pace, the earnings for the first ten months of this year being 15.3 per cent. in excess of the net earnings during the corresponding time last year. The Birmingham Railway, Light & Power Company is a consolidation of twelve original street railway, gas and electric light companies owning and operating the entire street railway, gas and electric lighting business in the city of Birmingham, and all of the principal nearby cities and towns, except the gas business in Bessemer and the electric lighting in North Birmingham. The physical condition of the property is excellent; the street railway lines are all well built; all but 21.3 miles are laid with from sixty to 117-pound rails. The gas and electric light plants are modern in construction and equipment, and of capacity sufficient to provide for a large increase in business.

INVESTMENT AND MISCELLANEOUS SECURITIES.

[Corrected to November 20, approximate yield figured as of December 1.]

Quoted by Judson G. Wall & Sons, brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities.

GOVERNMENT, STATE AND CITY BONDS.

Name and Maturity.	Price.	Approx. Yield.
U. S. Gov. reg. 2s, 1930	100 -100⅛	....
U. S. Gov. reg. 3s, 1918	101½-102	....
Panama Canal reg. 2s, 1936	99¾-100	....
Dist. of Columbia 3-65s, 1924	106 -108	2.95
Alabama 4s, 1956	100½-103½	3.85
Georgia 4½s, 1915	103 -105	3.70
Louisiana new cons. 4s, 1914	95 - 99	4.35
Massachusetts 3½s, 1940	96 - 98	3.65
New York State 3s, 1959	102 -103	2.89
North Carolina cons. 4s, 1910	99 -100	4.00
South Carolina 4½s, 1933	102 -105	4.18
Tennessee new set'nt 3s, 1913	95¾- 98	3.70
Virginia def. 6s BBC, 1871	51 - 54	....
Boston 3½s, 1929	97 - 98½	3.65
New York 4½s, 1957	110 -110¼	4.00
New York 4½s, 1917	103 -103½	4.00
New York 4s, 1957	100½-101	3.95
New York 4s, 1936	100 -100½	3.97
New York 3½s, 1954	89½- 90¼	3.95
New York 3½s, 1930	89¼- 90	3.96
New York 6s, (revenue), 1910	102½-103¼	3.85

SHORT TERM SECURITIES.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

	Bid.	Asked.	Approx. Yield.
Am. Cig. A 4s, Mar. 15, '11	98	98¾	4.75
Am. Cig. B 4s, Mar. 15, '12	97	97¾	4.90
Am. Loco. 5s, Oct., '10	99½	100¼	4.70
Am. Tel. & T. 5s, Jan., '10	100	100⅛	3.50
Atl. Coast L. 5s, Mar., '10	100⅛	100⅜	3.50
"Big Four" 5s, June, '11	100	101	4.30
B., R. & Pitts. Eq. 4½s, '27	99½	101	....
C., H. & D. 4s, July, '13	96½	97	....
Del. & Hud. 4½s, July, '22	102¼	102¾	4.20
Int. R. T. 6s, May, '11	103	103½	3.60
K. C. R. & L. 6s, Sept., '12	98½	99	6.35
Lack. Steel 5s, Mar., '10	99⅞	100	5.00
Louis. & N. 5s, Mar., '10	100⅛	100⅜	3.50
Lake Shore 5s, Feb., '10	99⅞	100⅛	4.25
Mich. Cen. 5s, Feb., '10	99⅞	100⅛	4.25
Minn. & St. L. 5s, Feb., '11	99	99½	5.30
N. Y. Central 5s, Feb., '10	99⅞	100⅛	4.25
N.Y.C. Eq. Tr. 5s, Nov., '10	100½	101	4.20
N.Y.C. Eq. Tr. 5s, Nov., '12	101⅝	102	4.20
N.Y.C. Eq. Tr. 5s, Nov., '14	102⅛	103	4.20
N.Y.C. Eq. Tr. 5s, Nov., '16	103	104½	4.25
N.Y.C. Eq. Tr. 5s, Nov., '19	104	106	4.30
N.Y.N.H.&H. 5s, Jan. 9, '10	100	100⅛	3.50
N.Y.N.H.&H. 5s, Jan., '11	100½	101	3.90
N.Y.N.H.&H. 5s, Jan. 9, '12	101¾	102¼	3.90
Norf. & West. 5s, May, '10	100¼	100½	4.00
No. American 5s, May, '12	98	100	5.00
Penn. R. R. 5s, Mar. 15, '10	100¼	101⅜	3.70
St. L. & S. F. 5s, Jan., '11	98¾	99½	5.30
St. L. & S. F. 4½s, Feb., '12	95½	96½	6.40
Southern Ry. 5s, Feb., '10	99⅞	100⅛	4.25
Tidewater 6s, June, '13	101½	102	5.30
Pitts., Shawmut & North. rec. ctfs. 5s, Jan., '14	99	100	5.00
Wabash 4½s, May, '10	99½	100	4.50
Westinghouse 6s, Aug., '10	100⅛	101½	5.25

INACTIVE RAILROAD STOCKS.

	Bid.	Asked.
Arkansas, Oklahoma & Western...	3	10
Atlanta & West Point	151	155
Atlantic Coast Line of Conn......	320	345
Buffalo & Susquehanna	26	32
Central New England	6	12
Central New England, pref........	18	23
Chicago, Indianapolis & Louisville.	52	58
Chicago, Ind. & Louisville, pref....	67	74
Cincinnati, Hamilton & Dayton....	25	45
Cincinnati, Ham. & Dayton, pref...	60	70
Cincin., N. Orleans & Tex. Pac....	113	123
Cincin., N. O. & Tex. Pac., pref..	105	110
Cincinnati Northern	30	40
Cleveland, Akron & Columbus.....	66	75
Cleve., Cin., Chic. & St. L., pref..	105	110
Delaware	77	81
Des Moines & Ft. Dodge, pref.....	80	85
Detroit & Mackinac	45	55
Detroit & Mackinac, pref..........	90	95
Grand Rapids & Indiana	45	55
Georgia, South. & Florida	30	36
Georgia, South. & Flor., 1st pref..	93	95
Georgia, South. & Flor. 2d pref...	73	78
Huntington & Broad Top	7	12
Huntington & Broad Top, pref....	30	32½
Kansas City, Mexico & Orient....	14	15
Kansas City, Mex. & Orient, pref.	23	24
Louisville, Henderson & St. Louis.	13½	14½
Louisville, Hend. & St. L., pref...	33	39
Maine Central	190	205
Maryland & Pennsylvania..........	21	26
Michigan Central	155	175
Mississippi Central	40	45
Pitts., Cin., Chic. & St. L., pref....	108	115
Pere Marquette	22	24
Pere Marquette, 1st pref...........	56	58
Pere Marquette, 2d pref...........	33	38
Pittsburgh, Shawmut & Northern..	..	2
St. Louis, Rocky Mt. & Pac., pref..	45	55
Seaboard Company	17	18½
Seaboard, 1st pref.	72	77
Seaboard, 2d pref.	36½	39
Spokane & Inland Empire	55	65
Spokane & Inland Empire, pref...	70	80
Texas Central	35	38
Texas Central, pref.	72	78
Williamsport & North Branch......	1	3
Writesville & Tennile	25	30

GUARANTEED STOCKS.

[Corrected to November 20.]

By A. M. Kidder & Co., bankers, members New York Stock Exchange, 18 Wall St., New York.

(Guaranteeing Company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)..	275	...
Allegheny & West'n (B. R. I. & P.).	140	150
Atlanta & Charlotte A. L. (So. R.R.).	180	...
Augusta & Savannah A L (Cen. of Ga.)	110	115
Beech Creek (N. Y. Central).......	99	103
Boston & Lowell (B. & M.)........	220	230
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	20	30
Boston & Albany (N. Y. Cen.).....	227	...
Boston & Providence (Old Colony).	295	305
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	140	...
Brooklyn City R. R. (Bk. H. R. R. Co.)	196	199
Camden & Burlington Co. (Penn. R. R.)	140	...
Catawissa R. R. (Phila. & Read.)..	115	125
Cayuga & Susquehanna (D. L. & W.).	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	25	...
Christopher & 10th St. R. R. Co. (M. S. R.)	75	95
Cleveland & Pittsburg (Pa. R. R.)...	174	[illegible]
Cleveland & Pittsburg Betterment..	100	104
Columbus & Xenia (Pa. R. R.)......	200	206
Commercial Union (Com'l C. Co.)..	110	120
Com'l Union of Me. (Com'l C. Co.).	110	...
Concord & Montreal (B. & M.)....	170	...
Concord & Portsmouth (B. & M.)...	170	...
Conn. & Passumpsic (B. & L.)....	135	145
Conn. River (B. & M.)	255	265
Dayton & Mich. pfd. (C. H. & D.)..	180	...
Delaware & Bound B. (Phila. & R.).	195	205
Detroit, Hillsdale & S. W. (L. S. & M. S.)	99	102
East Pa. (Phila. & Reading)......	130	140
Eighth Av. St. R. R. (M. S. R. Co.)..	200	270
Elmira & Williamsport pfd. (Nor. Cen.)	135	145
Erie & Kalamazoo (J. S. & S.)......	235	245
Erie & Pittsburg (Penn. R. R.)......	150	160
Franklin Tel. Co. (West. Union)....	40	45
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	137	142
Forty-second St. & G. St. R. R. (Met. St. Ry.)	190	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	255	...
Gold & Stock Tel. Co. (W. U.)....	108	...
Grand River Valley (Mich. Cent.)..	120	130
Hereford Railway (Maine Central)..	85	95
Inter. Ocean Telegraph (W. U.)....	95	105
Illinois Cen. Leased Lines (Ill. Cen.).	99	102
Jackson, Lans. & Saginaw (M. C.)..	90	95
Joliet & Chicago (Chic. & Al.)....	170	175
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	...
Kan. C. Ft. Scott & M pfd. (St. L. & S. F.)	80	82
K. C. St. L. & C. pfd. (Chic. & Al.).	130	...
Lake Shore Special (Mich. S. & N. Ind.)	290	...
Little Miami (Penn. R. R.)	208	215
Little Schuylkill Nav. & Coal (Phil. & R.)	113	120
Louisiana & Mo. Riv. (Chic. & Atl.).	167	175
Mine Hill & Schuylkill Hav. (F. & R.)	120	128
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	84	88
Morris Can. pfd. (Lehigh Valley)..	170	...
Morris & Essex (Del. Lack. & W.)..	184	...
Nashville & Decatur (L. & N.).....	185	190
N. H. & Northampton (N. Y. N. H. & H.)	100	...
N. J. Transportation Co. (Pa. R.R.).	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	120
N. Y. & Harlem (N. Y. Central)....	290	305
N. Y. L. & Western (D. L. & W.)...	125	130
Ninth Av. R. R. Co. (M. St. Ry. Co.).	140	190
North Carolina R. R. (So. Ry.).	162	167
North Pennsylvania (Phila. & R.)..	198	203
Northern R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)....	109	...
Nor. & Wor. pfd. (N.Y. N.H. & H.).	200	...
Ogden Mine R.R. (Cen. R.R .of N.J.).	96	103
Old Colony (N. Y. N. H. & H.)	185	200
Oswego & Syracuse (D. L. & W.)..	220	230
Pacific & Atlantic Tel. (W. U.)....	65	75
Peoria & Bureau Val. (C. R. I. & P.).	185	195
Philadelphia & Trenton (Pa. R. R.)..	245	...
Pitts. B. & L. (P. L. E. & C. Co.)..	33	36
Pitts. Ft. Wayne & Chic. (Pa. R.R.).	174	177
Pitts. Ft. Wayne & Co. special (Pa. R. R.)	170	175
Pitts. & North Adams (B. & A.)...	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	127	133
Providence & Worcester (N. Y. N. H. & H.)	260	280
Rensselaer & Saratoga (D. & H.)..	195	202
Rome & Clinton (D. & H.)	145	...
Rome, Watertown & O. (N. Y. Cen.).	124	128
Saratoga & Schnectady (D. & H.)...	168	...
Second Av. St. R. R. (M. S. R. Co.)..	20	50
Southern Atlantic Tel. (W. U.)....	80	100
Sixth Av. R. R. (Met. S. R. Co.)....	110	130
Southwestern R. R. (Cent. of Ga.)..	110	115
Troy & Greenbush (N. Y. Cent.)....	172	...
Twenty-third St. R. R. (M. S. R.)..	..	275
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	174	178
Utica, Chen. & Susqueh. (D. L. & W.)	150	155
United N. J. & Canal Co. (Pa. R.R.).	250	254
Valley of New York (Del. L. & W.)..	123	128
Ware R. R. (Boston & Albany)....	160	...
Warren R. R. (Del. Lack. & W.)....	172	178

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

[Corrected to November 20.]

Quoted by Williamson & Squire, members New York Stock Exchange, brokers and dealers in investment securities, 25 Broad street, New York.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J	61	68
Bway Surf Ry 1st 5s..	1924	J&J	102	104
Bway & 7th Av stock.....		....	140	160

		Bid.	Asked.
Bway & 7th Av Con 5s.1943	J&J	102	105
Bway & 7th Av 2d 5s..1914	J&N	100	101
Col & 9th Av 1st 5s...1993	M&S	99	101
Christopher & 10th St......	Q J	80	90
Dry Dk E B & Bat 5s.1932	J&D	96	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	48	52
42d St M & St N Av 6s.1910	M&S	99½	100½
Lex Av & Pav Fy 5s..1922	M&S	87	93
Second Av Ry stock.........	....	15	20
Second Av Ry 1st 5s..1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	74	77
Sixth Av Ry stock.........	....	110	125
South Ferry Ry 1st 5s.1919	A&O	88	91
Tarryt'n W P & M 5s.1928	M&S	60	80
Union Ry 1st 5s.......1942	F&A	100	102
Westchester El Ry 5s.1943	J&J	65	85
Yonkers Ry 1st 5s.....1946	A&O	88	95
Central Union Gas 5s..1927	J&J	102	103
Equitable Gas Light 5s.1932	M&S	104	108
New Amst Gas Cons 5s.1948	J&J	100	101
N Y & E R Gas 1st 5s.1944	J&J	104	105¼
N Y & E R Gas Con 5s.1945	J&J	97	100
Northern Union Gas 5s.1927	M&N	98	100
Standard Gas Light 5s.1930	M&N	100	108
Westchester Light 5s..1950	J&D	103½	106
Brooklyn Ferry Gen 5s.1943	....	30	31
Hoboken Fy 1st Mtg 5s.1946	M&N	106½	107½
NY & Bkn Fy 1st Mt 6s.1911	J&J	93	97
NY & Hobok Fy Gen 5s.1946	J&D	96½	98
N Y & East River Fy......	Q M	34	39
10th & 23d St Ferry......	A&O	36	...
10th & 23d St Fy 1st 5s.1919	J&D	65	70
Union Ferry	Q J	30	31
Union Ferry 1st 5s....1920	M&N	96	99

MISCELLANEOUS SECURITIES.

[Corrected to November 20.]

Quoted by J. K. Rice, Jr., & Co., broker and dealer in miscellaneous securities, 33 Wall street, New York.

	Bid.	Asked.
American Book	148	158
American Brake Shoe & F.........	80	85
American Brake Shoe & F. pref..	119	123
American Brass	117	123
American Chicle	225	230
American Chicle pref.	103	107
American Coal Products	86	90
American Gas & Electric	45½	47
American Gas & Electric pref....	43½	45
American Light & Traction........	270	275
American Light & Traction pref..	104	107
American Typefounders	42	47
American Typefounders pref......	96	100
Babcock & Wilcox................	105	110
Borden's Milk	121	124
Borden's Milk pref................	107	110
Bush Terminal	56	62
Connecticut Ry. & Lighting......	75	77
Connecticut Ry. & Lighting pref..	80	85
Cripple Creek Cent.	28	33
Cripple Creek Cent. pref..........	48	53
Du Pont Powder	125	129
Du Pont Powder pref.............	86	90
E. W. Bliss	132	140
E. W. Bliss pref..................	125	130
Empire Steel & Iron.............	12	18
Empire Steel & Iron pref........	75	...
International Nickel	148	160
International Nickel pref..........	90	93
International Silver	11	13
International Silver pref..........	96	102
Inter. Time Recording............	65	80
Inter. Time Recording pref........	97	102
Lackawanna Steel	65	67
National Sugar pref...............	98	102
Royal Baking Powder.............	162	172
Royal Baking Powder pref........	108	111
Safety Car Heating & Lighting..	138	143
Singer Manufacturing	470	490
Standard Coupler	27	30
Standard Coupler pref............	105	115
Texas & Pacific Coal............	100	105
Tri-City Ry. & Lt................	27	30
Tri-City Railway & Light pref....	92	95
Union Typewriter	66	70
Union Typewriter 1st pref.........	110	115
Union Typewriter 2d pref..........	110	115
United States Envelope..........	52	55
United States Envelope pref......	112	115
U. S. Ind. Alcohol...............	25	30
U. S. Ind. Alcohol pref...........	85	90
Virginian Railway	25	28
Western Pacific	29	32
Worthington Pump pref...........	107	110

ACTIVE BONDS.

[Corrected to November 20.]

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s.............	101½	102½
Amer. Steel Foundries 4s, 1923....	72	75
Amer. Steel Foundries 6s, 1935....	102	104
Balt. & Ohio, Southwest. Div. 3½s.	89½	90½
Bethlehem Steel 5s	89½	90½
Chi., Burlington & Quincy Gen. 4s.	98½	99½
Chi., Burl. & Quincy Ill. Div. 4s...	99¾	100¾
Chi., Burl. & Quincy Ill. Div. 3½s.	89	89¾
Cin., Hamilton & Dayton 4s......	96½	97
Denver & Rio Grande Ref'ng 5s..	93½	94¼
Louis. & Nashville unified 4s......	99	100
Mason City & Ft. Dodge 4s.......	85½	86½
Norfolk & West. Divisionals 4s...	92¾	93
Savannah, Florida & Western 6s..	125	130
Va. Carolina Chem. 1st 5s........	96¾	97¼
Western Maryland 4s	84	85
Wheeling & Lake Erie cons. 4s....	84	87
Wis. Central, Superior & Duluth 4s	94	95
Western Pacific 5s	97⅜	97¾

COAL BONDS.

[Corrected to November 20.]

Quoted by Frederic H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	80	85
Cahaba Coal Min. Co. 1st 6s, 1922.	105	110
Clearfield Bitum. Coal 1st 4s, 1940.	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	86	90
Continental Coal 1st 5s, 1952......	95	100
Fairmont Coal 1st 5s. 1931	95	97
Kanawha & Hocking Coal & Coke 1st Sinking Fund 5s, 1951	100	105
Monongahela River Con. Coal & Coke, 1st 6s, 1949................	100	...
New Mexico Railway & Coal 1st & Coll, Tr. 5s, 1947................	98	100
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951.............	94½	97
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954..........	105	107
Pleasant Val. Coal Co. 1st 5s, 1928.	94	97
Pocohontas Consol. Collieries 1st 5s, 1957	87	89
Somerset Coal Co. 1st 5s, 1932....	94½	96½
Sunday Creek Co. Coll. Tr. 5s, 1944	70	73
Vandalia Coal 1st 6s, 1930........	100	...
Victor Fuel 1st 5s, 1953...........	85	87
Webster Coal & Coke 1st 5s, 1942..	92	96
West End Coll. 1st 5s, 1913.......	95	...

POWER COMPANY BONDS.

[Corrected to November 20.]

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & Elec. Co. Bonds, 6%, due 1932............	97	100
Guanajuato Power & Elec. Co. Pref., 6%, cumulative...........	94	...
Guanajuato Power & El. Co. Com.	33	37
Arizona Power Co. Bonds, 6%, due 1933	85	91
Arizona Power Co. Pref...........	40	46
Arizona Power Co. Com...........	23	26
Great Western Power Co. Bonds, 5%, due 1946....................	93	96
Western Power Co. Pref..........	58½	60
Western Power Co. Com..........	38½	40
Mobile Elec. Co. Bds., 5%, due 1946.	88	93½
Mobile Electric Co. Pref., 6%.....	75	...
Mobile Electric Co. Com...........	20	...

FOREIGN BONDS.

[Corrected to November 20.]

Quoted by Zimmermann & Forshay, bankers, 9 and 11 Wall street, New York.

	Bid.	Asked.
German Consols 3½s	92½	93½
German Consols 5s	83½	84½
Prussian Government 4s	101½	102½
Bavarian Government 4s	101¼	102¼
Hessian Government 3½s	91½	92½
Saxony Government 3s	82¾	83¾

Hamburg Government 3s	82	83
City of Berlin 4s	101	102
City of Cologne 4s	100¾	101¾
City of Augsberg 4s	100	101
City of Munich 4s	100¾	101¾
City of Frankfurt a-M. 3½s	92½	93½
Austrian Government 4s	96	97
Swedish Government 4s	97¼	98¼
Mexican Government Gold 5s	100¾	101¾
Russian Government Gold 4s	90	91
French Government Rente 3s	98½	99½
British Consols 2½s	82⅛	82⅝

BANK AND TRUST COMPANY STOCKS.

Corrected to November 10, 1909.

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 120 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	175	185
Amer. Exchange Nat. Bk.	10	240	248
Bank of America	26	580	590
Bank of the Manhattan Co.	12	335	350
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	328	335
Bank of Washington Hts.	8	265	...
Battery Park Nat. Bank	..	130	...
Bowery Bank	12	375	...
Bronx Borough Bank	..	300	...
Bryant Park Bank	..	150	...
Century Bank	6	160	175
Chase National Bank	6	370	...
Chatham National Bank	16	330	350
Chelsea Exchange Bank	8	190	...
Chemical National Bank	15	430	...
Citizens Central Nat. Bk.	6	157	162
Coal & Iron Nat. Bank	..	140	150
Colonial Bank	10	325	...
Columbia Bank	12	375	425
Corn Exchange Bank	16	330	335
East River Nat. Bank	6	120	130
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	...
Fifth National Bank	12	300	...
First National Bank	32	825	...
Fourteenth Street Bank	10	150	165
Fourth National Bank	8	250	...
Gallatin National Bank	12	330	350
Garfield National Bank	12	300	...
German-American Bank	6	135	...
German Exchange Bank	20	450	500
Germania Bank	20	500	...
Greenwich Bank	10	250	270
Hanover National Bank	16	620	...
Importers' & Traders' Nat. Bank	20	545	555
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	180	195
Liberty National Bank	20	560	...
Lincoln National Bank	8	420	440
Market & Fulton Nat. Bk.	12	250	260
Mechanics' Nat. Bank	12	265	...
Mercantile Nat. Bank	6	180	190
Merchants' Ex. Nat. Bk.	6	160	170
Merchants' Nat. Bank	7	174	...
Metropolitan Bank	8	185	195
Mount Morris Bank	10	250	...
Mutual Bank	8	290	...
Nassau Bank	8	210	...
Nat. Bk. of Commerce	8	188	192
Nat. Butchers' & Drovers'	6	140	150
National City Bank	10	407	414
National Copper Bank	8	300	...
National Park Bank	16	450	465
National Reserve Bank	..	125	130
New Netherlands' Bank	..	200	...
N. Y. County Nat. Bank	40	800	...
N. Y. Produce Ex. Bank	8	172	...
Night & Day Bank	..	...	230
Nineteenth Ward Bank	15	...	400
Northern Bank	6	100	110
Pacific Bank	8	230	250
Peoples' Bank	10	280	300
Phenix National Bank	6	175	185
Plaza Bank	20	600	625
Seaboard National Bank	10	350	370
Second National Bank	12	375	...
Sherman National Bank	..	140	...
State Bank	10	300	...
Twelfth Ward Bank	6	...	150
Twenty-Third Ward Bk.	6	160	...
Union Ex. Nat. Bk.	10	190	200
West Side Bank	12	500	...
Yorkville Bank	16	500	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	325	335
Bankers Trust Co.	16	565	585
Broadway Trust Co.	6	145	155
Brooklyn Trust Co.	20	410	...
Carnegie Trust Co.	8	160	175
Citizens' Trust Co.	..	130	...
Central Trust Co.	36	1000	1030
Columbia Trust Co.	8	290	...
Commercial Trust Co.	..	135	145
Empire Trust Co.	8	300	...
Equitable Trust Co.	20	470	485
Farmers' Loan & Trust Co. (par $25)	40	1800	...
Fidelity Trust Co.	6	200	210
Fifth Avenue Trust Co.	12	390	410
Flatbush Trust Co.	8	200	...
Franklin Trust Co.	8	210	...
Fulton Trust Co.	10	280	...
Guaranty Trust Co.	20	650	675
Guardian Trust Co.	..	160	...
Hamilton Trust Co.	10	260	275
Home Trust Co.	4	105	...
Hudson Trust Co.	6	180	...
International Bank'g Corp.	4	145	155
Kings Co. Trust Co.	14	500	...
Knickerbocker Trust Co.	..	345	...
Lawyers Mortgage Co.	12	...	250
Lawyers Title Insurance & Trust Co.	12	225	235
Lincoln Trust Co.	..	160	170
Long Isl. Loan & Trust Co.	12	310	...
Manhattan Trust Co. (par $30)	12	365	385
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	530	540
Morton Trust Co.	20	500	...
Mutual Alliance Trust Co.	8	125	135
Nassau Trust Co.	8	...	165
National Surety Co.	8	195	...
N. Y. Life Ins. & Trust Co.	45	1100	1120
N. Y. Mtg. & Security Co.	12	...	235
New York Trust Co.	32	660	...
Peoples' Trust Co.	12	280	...
Standard Trust Co.	16	375	...
Title Guar. & Trust Co.	20	560	...
Trust Co. of America	10	345	355
Union Trust Co.	50	...	1250
U. S. Mtg. & Trust Co.	24	430	440
United States Trust Co.	50	1225	...
Van Norden Trust Co.	12	240	260
Washington Trust Co.	12	375	400
Windsor Trust Co.	6	125	140

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	145½
Boylston National Bank	4	103½
Commercial National Bank	6	140
Eliot National Bank	8	218
First National Bank	12	341¼
First Ward National Bank	8	181½
Fourth National Bank	7	165
Merchants National Bank	10	252½
National Bank of Commerce	6	172½
National Market Bank, Brighton	6	102
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	328
National Union Bank	7	200
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	125¼
Peoples' National Bank, Roxbury	6	130

Name.	Div. Rate.	Last Sale.
Second National Bank	10	227¼
South End National Bank	5	104½
State National Bank	7	172¼
Webster & Atlas National Bank...	7	173
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	400
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	211
Dorchester Trust Co.	..	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	..	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	309
Old Colony Trust Co.	20	625
Puritan Trust Co.	6	190
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	..	150	...
City National, Evanston...	12	300	325
Commercial National Bank.	12	220	224
Continental National Bank.	8	290	292
Corn Exchange Nat. Bank.	12	412	416
Drovers Deposit Nat. Bank.	10	220	225
First National Bank	20	483	486
First Nat. Bk. of Englewood	10	240	...
Fort Dearborn Nat. Bank..	8	187	191
Hamilton National Bank...	5	133	136
Live Stock Exchange Nat. Bank	10	249	254
Monroe National Bank	4	130	140
Nat. Bank of the Republic.	8	200	203
National City Bank	6	201	206
National Produce Bank	..	131	136
Prairie National Bank	..	140	...

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Austin State Bank	10	275	...
Central Trust Co.	7	164	168
Chicago City Bank	10	173	181
Chicago Savings Bank	6	141	146
Citizens Trust Co.	..	100	112
Colonial Tr. & Sav. Bank..	10	189	196
Cook County Savings Bank.	6	110	...
Drexel State Bank	6	163	169
Drovers Tr. & Sav. Bank...	8	175	180
Englewood State Bank	6	111	116
Farwell Trust Co.	..	112	115
Hibernian Banking Assn.	8	209	220
Illinois Tr. & Sav. Bank..	16-4ex.	505	520
Kasper State Bank	10	200	...
Kenwood Tr. & Sav. Bank.	7	127	131
Lake View Tr. & Sav. Bk..	5	128	131
Merchants Loan & Tr. Co..	12	409	415
Metropolitan Tr. & Sav. Bk	6	121	130
Northern Trust Co.	8	305	320
North Avenue State Bank..	6	130	133
North Side Savings Bank..	6	120	125
Northwest State Bank	..	111	113
Northwestern Tr. & Sav. Bk.	6	137	140
Oak Park Tr. & Sav. Bank.	12	305	311
Prairie State	8	250	...
Pullman Loan & Tr. Bank.	8	155	...
Railway Exchange Bank...	4	120	...
Security Bank	..	150	156
South Chicago Sav. Bank..	6	130	136
State Bank of Chicago	12	306	...
State Bank, Evanston	8	260	...
Stock Yards Savings Bank.	6	209	222
Union Bank	..	121	128
Union Trust Co.	8	320	...
West Side Tr. & Sav. Bank	6	140	150

BANKING ACTIVITY IN TURKEY.

CONSUL-GENERAL G. Bie Ravndal sends from Beirut the following note on the extension of banking operations in Turkey:

A Russian bank has been opened at Constantinople, at the suggestion, it is claimed, of the Russian Government. Already there is the Deutsche Bank. The National Bank of Turkey has just been organized, and expects to establish agencies throughout the provinces. The Imperial Ottoman Bank, in order to meet the requirements of the Turkish Treasury Department, is increasing the number of its branch establishments throughout the Empire. A land-mortgage bank has been decided upon. The Bank of Saloniki has increased its capital. Rumors are rife of a fusion between the Bank of Mytilene and the Hungarian Commercial Bank of Budapest. All these institutions necessarily will bring fresh capital into the Ottoman Empire. And then there is the Credit Lyonnais, the Wiener Bank, the Deutsche Orient Bank, the Bank of Athens, etc., all represented in the capital of Turkey and to some extent in the leading provincial centers. Undoubtedly money is coming this way from Europe, to be employed in the development of Turkey's natural resources. So far there is no American bank in all the Ottoman dominions.

THE SILVER MARKET.

SAMUEL MONTAGUE & CO.'S London silver circular says: "China continues the mainstay of the silver market. There is room for suspicion that a heavy fall of exchange with China would be fraught with danger to the smaller importing firms, and that a judicious support by the exchange banks is being exercised to prevent inconvenience to these firms until import business resumes activity. China is endeavoring to become more independent of the West, desiring to profit by its own labor and secure a fair share of the world's increasing wealth. The prince regent has instructed the grand council to issue a proclamation exhorting that future railways should be financed and controlled by the natives of China. There is also a tendency to import raw material into China in preference to the manufactured article—notably cotton."

LATIN AMERICA

IN the century that has passed, the development of North America has, on the whole, proceeded faster than the development of South America; but in the century that has now opened I believe that no other part of the world will see such extraordinary development in wealth, in population, in all that makes for progress, as will be seen from the northern boundary of Mexico through all Central and South America.—THEODORE ROOSEVELT.

LATIN-AMERICAN COUNTRIES RAPIDLY ADOPTING THE GOLD EXCHANGE SYSTEM.

HOLLAND, an able financial writer, in one of his letters to the Wall Street Journal, says:

It has recently been announced that Costa Rica has secured a national loan, which was quickly absorbed by American capital. It is also the fact that other Latin-American republics are advancing towards the money market, chiefly in the United States, with intent to secure loans which in the aggregate will reach a large sum.

A GREAT OPPORTUNITY.

While these negotiations are progressing, and especially if there is good chance that they will be successful, it is regarded as a favorable moment for securing such monetary systems in the Latin-American republics as would make it possible to establish a sound, steady and permanent system of exchange. Already Chili, the Argentines, and Brazil of the South American republics have taken long steps in the direction of securing a system of exchange and monetary standards, which will be not only to the advantage of people of those various republics, but also to all other nations that have commercial relations with these republics. Undoubtedly the establishment of this perfect monetary system in Brazil and in the Argentine, in great part explains the heavy movement of gold from the United States to those countries. They have secured now presumably sufficient gold to make it possible for the governments to contemplate satisfactory fiscal and currency systems based upon gold.

For example, the large supply of gold secured by the Argentine Government makes it now possible for that government to accept gold, issue paper for it, this paper currency passing into general circulation throughout the republic. It is domestic as well as the national money. But when the merchants of the Argentine republic wish to buy the products of other nations they may buy with their money from the bank of that republic drafts or exchange which will have recognized and steady value the world over.

It is easy to understand why exchange furnished in this way may serve greatly to facilitate and increase the commercial transactions between the Argentine and the United States. Some of the higher authorities, Charles A. Conant, for instance, who worked out so admirably the currency system of the Philippines, are inclined to the opinion that it might be the better part if these Latin-American republics were to deposit their gold, or a considerable portion of it, in London or in New York, or in both cities, and then when the merchants wanted exchange, the banks would draw against this gold.

EIGHT MILLIONS HERE.

How admirably the Philippines system has operated may be judged from the fact not generally known that the Philippine government has constantly on deposit in New York city a large amount of gold, at present presumed to be approximately eight million dollars. This gold is the reserve upon which the currency system of the Philippines is based. Now there came information that in addition to Mexico and Panama, as well as the Straits Settlements of the Far East, which have practically adopted the Philippine system, there is some encouragement that it may also be adopted in Franco-India. That leads to the hope if not immediate expectation that ultimately China may be persuaded so to perfect its monetary system that it may stand upon one equality with Mexico, Panama, the Philippines, the Straits Settlements and Franco-India.

THE GOLD EXCHANGE SYSTEM.

What is looked for the world over at least in the commercial nations of the world is the establishment of the gold exchange system. Three years ago at the meeting of the

Pan-American Congress the delegates undertook to obtain information, detailed and accurate, as to the monetary system of the various Latin republics. That was to be the first step in the direction of securing a universal gold exchange system. The delegates did not succeed as well as they hoped they would be able to, so far as obtaining the information needed was concerned. But they did learn that there is awakened sentiment in almost all of the Latin-American countries in favor of the establishment of the gold exchange system. And now that very important and in the aggregate very large negotiations are in progress in this city, having for their purpose the obtaining of loans for several of the Latin-American nations, it is the opinion of competent financial authorities here that this is just the time to secure such action, or to begin the attempts, aided by the State Department, which would have for their purpose the establishment of the universal gold exchange system.

WHAT IS THE GOLD EXCHANGE SYSTEM?

It may be worth while to make a brief explanation, such as laymen may understand, of what the gold exchange system means, what it is. For instance, a merchant or anyone in Chili or in Brazil may take gold to the bank and may receive in exchange for it paper money at a fixed rate. The paper money bears a permanent and ready relation to the gold reserve. Prices are guided by it. When exchange is needed to pay for foreign products, this paper money may be taken to the bank, with it exchange may be bought, possibly at a slight premium over the charge exacted for domestic exchange, and this exchange commands its fixed and recognized value the world over.

In a recent article in the Economic Journal Charles A. Conant, whose name is given to the coins now in use in the Philippines, says that the gold exchange system may be said to be an extension of the bank note system to that in which coins are used. In fact, he says, the token coin is nothing but a metallic bank-note whose maintenance with gold at par is subject to the rules of sound banking. It has special advantages over a bank note in undeveloped countries, because it conforms to the prejudices in favor of hard money. And, besides, its output can be more safely regulated than where a bank may increase its note issues, so that it may secure assets of a speculative or doubtful character.

These are, however, somewhat abstruse and technical features of the general problem. The chief point at interest to-day in this city is that by reason of the important negotiations under way for the Latin-American countries the time is very favorable for securing in part the aid of the State Department an adequate, sound and permanent system of exchange. That will mean everything to American commerce with South America.

BANCO DE GUANAJUATO, S. A., GUANAJUATO, MEXICO.

THE BANK OF GUANAJUATO was established in accordance with the contract of the concession entered into on April 25, 1900, between José Ives Limantour, as representative of Federal Executive and Messrs. Gerard and Edward Mead successors of Eusebio González, Matías Hernández Soberón, Ramón Alcázar and the Anglo-Mexican Banking Company.

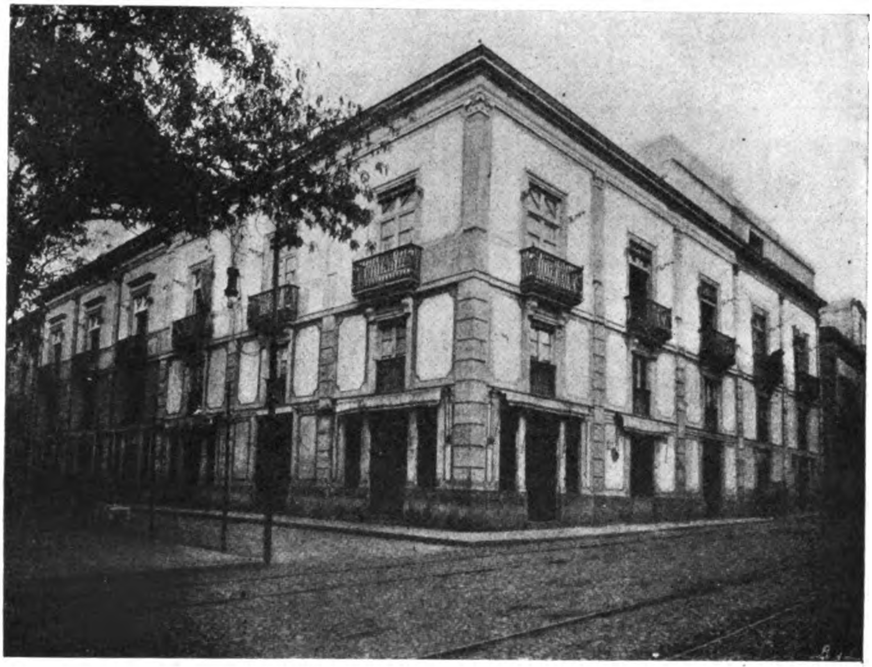
It commenced operations on August 25, of the year 1900, with a capital of $500,000, having fifty per cent. of the capital paid-up or the equivalent of $250,000. In the month of March, 1901, twenty-five per cent. more was paid in or the equivalent of $125,000 and in February of 1902 the balance was completed by the paying in of $125,000.

The first board of management was formed as follows:

Consellors, Don Ramón Alcázar, Don Enrique C. Creel, Don Agustín González, Lic. D. Carlos Chico, Don Dwight Furness; substitute consellors, Don Ramón Alcázar, Jr., Don Federico Saavedra, Don Jesús Fernández, Don Juan B. Castelazo, Don Luis Robles Rocha; manager, Joaquín Palau; comptroller, José P. Bustamante; cashier, Juan A. Septién.

The first branch was established on May 30 in the city of Irapuato, and José P. Bustamante, head accountant of the bank since its commencement, appointed manager.

The dividend declared at the first general



The Bank of Guanajuato, S. A., Guanajuato, Mexico.

meeting of share-holders amounted to seven per cent. of the paid-up capital.

In accordance with the vote of the general meeting of shareholders held on April 7, 1902, the capital of the bank was increased to $750,000 by the issue of 2,500 shares at a value of $100 each, which were paid on the first day of July, 1902.

JOSE P. BUSTAMANTE
Manager Bank of Guanajuato, S. A.

The depreciation of silver, and some credits that could not be realized, caused the bank considerable losses, during the year just mentioned. The board of administration, however, carried out its duties loyally, and stated to the general meeting of shareholders held on May 25, 1903, that there could be no dividend declared on the shares for the year 1902, and instead such amounts would be used for redeeming the losses felt through the exchange and the credits referred to. The shareholders approved cordially of the proposition and consequently no dividend was declared for the year 1902.

In the same year the Department of Finance granted the bank permission to establish branches and agencies in the neighboring states of Jalisco and Michoacán, thus an epoch of progress and expansion was inaugurated in these states that has given good results. On the first of January 1903, the Guadalajara branch was established, Federico G. Kunhardt being appointed manager and M. Guillermo T. Kunhardt, sub-manager.

In February, 1903, Joaquín Palau resigned his position as manager and José P. Bustamante was appointed general manager.

In September, 1903, the Zamora, State of Michoacán branch was established and Luis A. Herrera was appointed manager. The results for the year 1903 were most satisfactory, an eight per cent. dividend was declared to the shareholders, after separating ten per cent. of the profits for the increasing of the reserve fund.

In accordance with the vote of the general meeting of shareholders, which was held on July 27, 1904, the capital of the bank was increased to $1,000,000 by the issuing of 2,500 shares at $100 or $105 and passed to the first reserve fund. This increase of capital was extremely beneficial to the bank and permitted it to develop very freely, but it was the result of much hard work on the part of the directors, who had managed to bring it about when there was a great scarcity of money throughout the country.

The results obtained in 1904 were even better than in former years, a dividend was declared of eight and one-half per cent. per share after increasing the reserve fund with ten per cent. of the profits.

During the year 1906 the institution made greater progress than in any other period of its history, and events took place that were of great importance to the bank, as far as the future was concerned. The capital was further increased to $3,000,000 and the redemption of the 1,000 founders' shares that the bank had issued when it was established, was begun.

In the month of May, 1905, the currency reform took place, which from the start brought about good results. Wishing to take advantage of favorable circumstances the Bank of Guanajuato demanded permission from the Department of Finance to increase its capital to $3,000,000 and to redeem the founders' shares. The demand being granted, a syndicate was organized to guarantee the issue of the new shares, and the bank was obliged to have the shares quoted on the exchange list of one of the foreign stock exchanges of the first class. The extraordinary meeting of the shareholders which was held on Oct. 23, 1905, approved of the increasing of the capital, and the redeeming of the founders' shares. These financial operations were brought to a conclusion by the issuing of 20,000 shares at $100 each, being taken up at $110 a share. The amount arising from the first was used for meeting the expenses which arose from the increasing of the capital and also for the redeeming of the founders' shares, and the surplus was passed over to the reserve fund.

The statutes of the bank were reformed at a meeting which took place on Dec. 27, 1905, and an advisory board was formed with residence in the City of Mexico.

Actually the consulting board and the administrative board, is formed as follows:

Consulting board: D. Ramón Alcázar, D. Fernando Pimentel y Fagoaga y D. Ernesto Schroeder; administrative board, including as directors, D. Jesús Fernández, D. Augustín González, D. Manuel Antillón, Lic. D. Juan B. Castelazo, D. José P. Bustamante. On the board of council are: Ing. Ramón Alcázar, Jr., Ing. D. Manuel Balarezo, D. Federico G. Kunhardt, D. Geo. W. Bryant.

In the month of July, 1906, the bank's shares were quoted on the official list of the Paris stock exchange. This important event signified a great deal for the bank and its shareholders, for the Bank of Guanajuato was the first local bank to have its shares quoted on the official list of the Paris stock exchange.

At the present José P. Bustamante fills the position as director of the bank, Federico G. Kunhardt as manager of the branch in Guadalajara, Francisco Sánchez as manager of the branch in Irapuato and José Hernández as manager of the branch in Zamora.

The accountant of the head office is Salvador Patiño and cashier Juan A. Septién.

CURRENCY OF CHILE.

In transmitting the following translation of a law just published concerning the conversion of the paper currency of Chile into gold or its equivalent, making the paper peso worth 36.5 cents instead of 20 cents, its present value, Consul Alfred A. Winslow, of Valparaiso, reports that it is yet too soon to judge the effect of the law on general business:

Whereas the National Congress has given its approval of the following project of law: "Article 1 postpones the time for the conversion of the paper money from December 29, 1904, to January 1, 1915; but should the Chile peso reach the value of seventeen pence (34 cents) and maintain this rate for a period of six months, the President will have the right to order the conversion to take effect within six months therefrom. The other dates fixed by the same law are hereby postponed for a term of five years.

"The fund for the conversion, which by virtue of the law in force is devoted solely to the redemption of the fiscal paper, shall go on increasing. Said receipts shall come from the following sources: 500,000 pesos of eighteen pence, which the Secretary of the Treasury shall deposit monthly at the mint, and taken from the customs receipts and beginning January 1, 1910. The President may deposit these funds in Europe or in the United States, according to the conditions of the law of December 29, 1904. The fund shall be further augmented from the receipts of the sale of saltpeter lands and the sale of lands in the region of the Magellan Straits, which shall take place, according to law, before January 1, 1915.

"During the first semester of 1914, or before, if the conversion of the fiscal paper is decreed as per this law, the President of the Republic must transmit to Chile the funds destined for the conversion.

"Article 15 of the law of August 27, 1907, authorizing negotiations for a loan to the amount of £4,500,000 (about $22,500,000), destined to complete the conversion fund, is hereby set aside."

BANK CLERKS AND THEIR SALARIES.

An Upward Movement.

Banks in Buenos Aires have increased so considerably during recent years that the number of employes in this sphere of commercial activity forms a big percentage of the clerical population of the city. It may therefore be of interest to them to hear that in Great Britain, a move-movement is afoot for raising the salaries of bank clerks. It cannot be described as a trades union movement, for no scale of salaries is proposed, and it is felt that no effective combination could be made by the clerks. They appeal, therefore, to the directors on the grounds of fairness and justice, and it will be pointed out that, in view of their responsibilities and of the considerable qualifications now required, bank clerks are more poorly paid than almost any other class with similar work in the United Kingdom. If the clerks were acting alone their appeal would probably have little effect, but, fortunately, they are receiving powerful outside support. Many of the leading men in the city are supporting the claims of the clerks, and this is a fact which must have great influence with the directors.

Whilst this is all very true it must also be remembered that ninety per cent of the work done by the bank clerk is of the simplest possible nature. It calls for very little ability, entails practically no mental strain, and if done in an ordinary merchant's office would be entrusted to a junior clerk on $100 paper per month. The banks pay for honesty, steadiness, and sobriety, and as a rule they get it. This point of view is too often overlooked by the bank clerk when meditating over his salary. On the whole he has a very comfortable billet, absolutely sure, free from all responsibility, and as wages go, in this republic at any rate, he is very well paid for the work that he is called upon to perform.—*Buenos Aires Herald.*

ENGLISH CAPITAL IN LATIN AMERICA.

CONSUL Alfred A. Winslow, of Valparaiso, quotes from the South American Journal of London the following estimates of English capital invested in certain Latin-American republics, expressed in United States gold:

Argentina, $1,263,701,800; Mexico, $696,238,305; Brazil, $678,050,120; Uruguay, $221,824,005; Chile, $220,242,025; Peru, $116,145,000; Venezuela, $38,656,845; Colombia, $27,477,200; Costa Rica, $11,977,000; Honduras, $15,711,000; total, $3,290,023,300.

This immense sum is divided into the four comprehensive groups, that indicate well where England's strong hold on the trade of the countries in question lies:

Government and municipal bonds, $1,404,842,670; railroads, $1,338,107,700; commercial interests, $433,012,310; banks, $114,060,620.

To overcome the weight of this immense capital the American manufacturer must do some effective work. He cannot depend upon the superior merits of his goods alone. He must meet the consumer at least halfway. It is no easy task to capture this trade, as many American houses have ascertained, so it would be well not to enter the field unless thoroughly in earnest about it. The business is here, but there are European houses in the field after it to the end, and the foregoing shows some of the fortifications behind which those interests are fighting.

ONE OF MEXICO'S LEADING STATE BANKS.

LOCATED in Puebla, one of the largest cities in Mexico outside of the capital, the Banco Oriental de Mexico, S. A., ranks as one of the successful and important banks of our neighboring Republic. Its size and importance have of late been increased very materially by the merger with this institution of two other banks—the Banco de Oaxaca, S. A., and the Banco de Chiapas, S. A. In consequence the capital of the Banco Oriental de Mexico was increased from $6,000,000 to $8,000,000. On June 30, 1909, the total of the balance sheet was $36,730,135.07. The movement of cash into and out of the bank for the year 1908 exceeded $120,000,000.

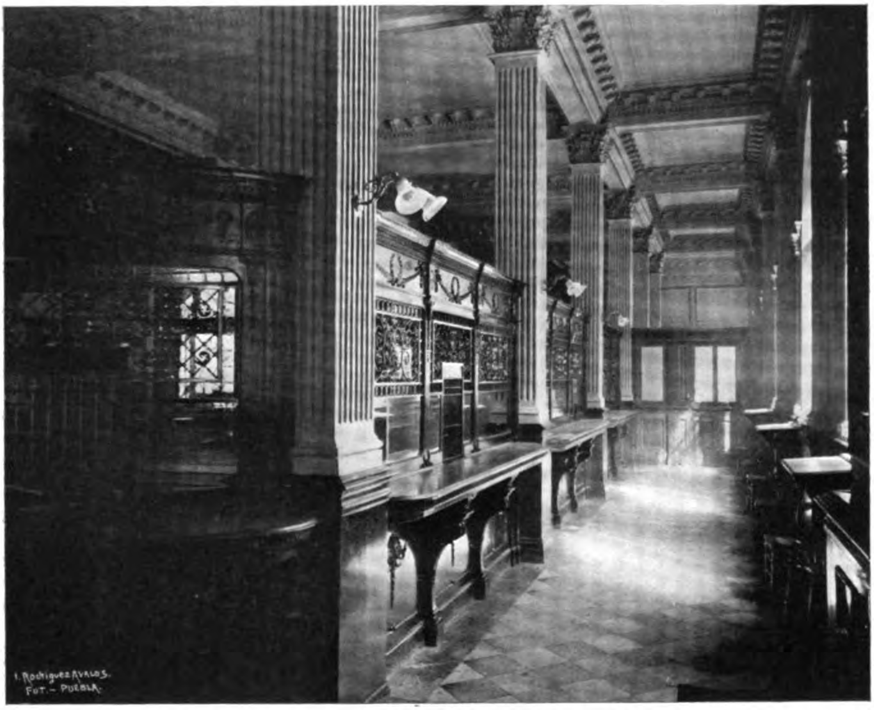
In addition to the capital of $8,000,000, the Banco Oriental has something over $1,000,000 in its reserve fund. It carried on June 30, 1909, cash amounting to $3,-145,753.08.

As may be seen from the illustrations herewith presented, the Banco Oriental is housed in a substantial modern bank building, suitably and elegantly equipped.

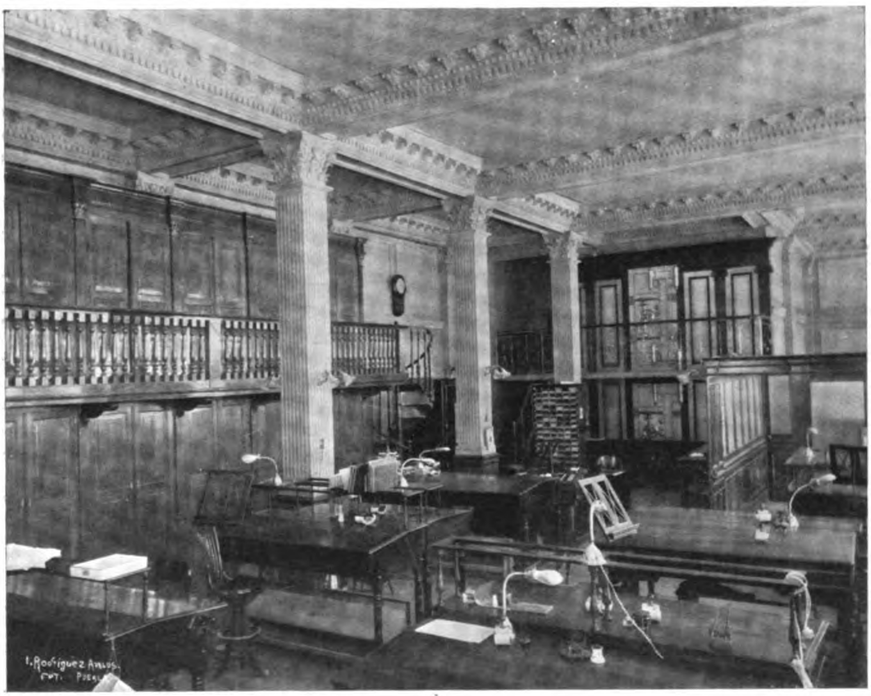
The president of the board of directors of the Banco Oriental is Senor Don Manuel Rivero Collada, one of the eminent financiers of the Republic, and a distinguished citizen, while the active management is entrusted to Senor Don Manuel Rangel, a banker of wide and successful experience.

Correspondents of this bank include all the State banks of Mexico, their branches and agencies, and in Mexico City, the following: Banco Nacional de Mexico, Banco de Londres y Mexico, Banco Central Mexicano, Descuento Espanol, Banco Internacional e Hipotecario, Banco Mexicano de Comercio e Industria, H. Scherer y Cia., H. Scherer, Jr. y Cia., and the International Banking Corporation. In the United States and other countries the correspondents include many of the best-known and largest banks of the world.

Banco Oriental de Mexico, S. A., Puebla, Mexico.



Tellers' Windows and Public Aisle in the Banco Oriental de Mexico, S. A.



Working Quarters of the Banco Oriental de Mexico, S. A.

MEXICAN NOTES.

—Still another bank, in which Americans are largely interested, has been opened in Mexico City. It will be known as the Mortgage and Loan Banking Company and is capitalized for $1,200,000, which will soon be increased. The officers are: President, Walter B. Hull; first vice-president, Louis Elguero; second vice-president, G. W. Johnson; third vice-president, J. Flores Magon; secretary, W. A. Parker. R. D. Pringle has been named general manager and W. H. Wezz manager of the banking department.

—The Mexican Title-Mortgage Company of Mexico City has issued two very valuable little pamphlets. Book "A" deals with the rights and obligations of foreigners and foreign corporations under the laws of Mexico, while Book "B" gives the most important features of the law regarding real estate, its transfer, mortgage and lease, and the most essential requisites of deeds, mortgages, leases and contracts of sale.

—Some time soon the Oriental Bank will establish a branch office in Tlaxiaco. This announcement was made by the manager of the Oriental Bank at Oaxaca.

—Mexico must, out of necessity, import heavy cargoes of grain to make good the deficiency caused by recent frosts there, and a large part of this grain will come from South America. There is no regular traffic from Rio de Janeiro and Buenos Aires to gulf ports of Mexico, and this fact has caused speculation as to how the grain will be delivered.

While the east coast states of Mexico are hardest hit by the frost famine and in sorest need of grain, transportation men of Mexico City still believe the chief movement will be along the west coast and to Salina Cruz. In this connection it is an interesting fact that about January 1 the railroad from Buenos Aires, on the Atlantic, to Valparaiso, on the Pacific side of South America, will be completed, and then it is certain that the great bulk of traffic will move via the west coast.

—Charge d'Affairs Fred Morris Dearing, at Habana, advises that a money-order agreement has been entered into between Cuba and Mexico, going into effect October 1, similar to the agreement now existing between the United States and Cuba. According to its provisions all Cuban and Mexican post-offices competent to issue money orders may issue on such post-offices in the other country, the same reciprocal treatment holding, naturally, for cashing the orders. Under the agreement amounts to be transferred to Mexico are to be stated in the money order in the official currency of Cuba, but will be made effective in Mexico at the rate of $2 per 100 cents or centavos and two centavos for each cent expressed. In the payments to be effected in Cuba the same system will be followed, the corresponding amount in value being paid

—At a session of the Mexican Congress on October 15, Francisco Fernandez de Harra, deputy from the State of Guanajuato, introduced a bill for the establishment of a central bank of issue in Mexico.

Mr. Fernandez de Harra claimed that twenty-four banks of issue in the republic, instead of issuing bank notes to the amount of three times their paid up capital, actually issued just about the amount of that, thus limiting the circulation of money in the country.

Mr. Fernandez de Harra used figures to demonstrate his argument and cited the fact that while the actual cash reserves of the twenty-four banks of issue mentioned, according to their last statement, was $87,302,160.37, the amount of bank notes which had been issued against this, instead of being something around $250,000,000, as the law would allow, is actually $91,424,045, or only a trifle over $4,000,000 more than their cash reserve.

The prosperity of the United States, he went on to claim, was originally attained by the establishment, in 1816, of the bank of the United States, and that the recent prosperity of France was due to the fact that after the Prussian war, the Bank of France was established, and that at one time it had bank notes outstanding to the amount of over twenty times its actual cash reserve! He stated that both of these countries were actually poorer at the time these events took place than is Mexico today.

—One of the most active of the Mexican cities outside the Federal District is Torreon, in the State of Coahuila. Here is located the Banco de la Laguna, which has a capital of $6,000,000, and on October 30 last reported total assets, $9,291,539.89. Some of the other items on that date were: reserve fund, $35,988.62; deposits and current accounts, $1,391,192.27; cash, $114,-136.42; assets immediately realizable, $86,-419.63; deposits in banks, $1,676,474.96.

The stockholders of the Banco de la Laguna represent some of the strongest financial interests of the Mexican Republic, while its officers are men well known in banking and commercial circles. They are: President, Juan F. Brittingham; vice-president, Luis Gurza; manager, Francisco Larriva; assistant manager, Mauro de la Pena.

—On the 30th of October the Banco Mercantil de Monterey of Monterey, Mexico, reported: Capital, $2,500,000; reserve fund, $262,083.88; deposits, $1,919,937.72; credits on current accounts, $1,241,475.63; cash, $878,254.05; securities immediately realizable, $799,398.30; total of balance-sheet, $13,296,063.26. José L. Garza is manager, and E. Miguel cashier.

—The United States and Mexico Trust Company, of which A. E. Stilwell is president, has elected three new vice-presidents and has decided to transfer its main office from Kansas City to New York. It has also established a commercial department in a building on the Cinco de Mayos, Mexico City, under the direction of W. E. Cook and J. M. Wheeler. The representation of more than a dozen of the biggest manufacturing firms in the United States and Europe has already been arranged. The new vice-presidents are C. C. Loyd, B. R. Merwin and B. B. Thresher. The trust company is fiscal agent for the Kansas City, Mexico and Orient Railway, of which Mr. Stilwell is the head.

GENERAL NOTES.

—Reporting from Buenos Ayres, Consul General R. M. Bartleman says that when the plans for the new railway from Tucuman to Catamarca, whose construction is expected to cost approximately $8,000,000 Argentine gold, are completed by the Ministry of Public Works, which will shortly occur, a bill will be laid before Congress authorizing the President to proceed with the construction of this line, which is to be part of a large plan of railway development to more closely unite all parts of this Republic.

—In addition to the American banking project in Nicaragua, recently announced, Consul Jose de Olivares, of Managua, now reports that French capitalists are also seeking a concession. The Nicaraguan Congress has been convened to decide which parties shall be authorized to establish a bank to guarantee and settle the equivalent in gold of the national bills.

—By the present banking law of Costa Rica banks of issue may circulate notes to the extent of their paid-up capital, holding a gold reserve of fifty per cent. of the issue. Consul John C. Caldwell writes from San Jose in regard to a modification of the law:

Congress by a decree of June 18 empowered, until December 31, 1919, the present banks of emission to issue notes with a reserve of forty per cent., the limit of reserve being thus reduced ten per cent. Any new bank of emission which may be established until that date will be subject to the old law, unless authorized by a special law to issue with the lower reserve granted to the present banks. On January 1, 1920, the old law, of a fifty per cent. reserve, is to again come into force.

The two oldest banks here—Banco de Costa Rica and Banco Anglo-Costa-Ricense—have already issued notes to the amount of their paid-up capital. The Banco Comercial de Costa Rica, established in 1905, has not yet issued to its full limit. A fourth, Banco Mercantil de Costa Rica, established within the past year, is preparing to become a bank of issue, and will undoubtedly be given the benefit of the forty per cent. reserve.

—The "*Dairio Oficial*" for July 23, 1909, publishes a law of the Uruguayan Republic providing for the coinage of $500,000 worth of nickel money.

The work is to be effected in a state (official) mint in the following proportions: $250,000 in 5-cent pieces (5,000,000 pieces); $200,000 in 2-cent pieces (10,000,000 pieces), and $50,000 in 1-cent pieces (5,000,000 pieces).

Tenders for the work are to be invited.

The department of industry and public works of Brazil has also called for bids for the establishment of a steamship service between Rio de Janeiro and Paraty, with calls to be made at the ports of Mangaratiba, Bahia do Abraho and Angra dos Reis.

—On September 7, the anniversary of the Independence of Brazil, the new series of Pan-American stamps created for postal exchange between Brazil and other States of the American continent was issued. These new stamps, which reduce the postage from 300 to 200 reis, bear at the top the inscription "Estados Unidos do Brazil" in white on a blue background.

—On June 30, 1909, the funds of the Government of Chile on deposit in the sixteen depository banks of the Republic, not including the current-account balance in the Bank of Chile, amounted to 27,471,898.69 Pesos. The following banks had deposits of over 1,000,000 Pesos: National Bank, 7,047,977 Pesos; Bank of Chile, 5,186,628 Pesos; Mortgage Bank, 3,408,579 Pesos; Bank of Santiago, 3,040,794 Pesos; Bank of the Republic, 3,090,237 Pesos; and the Spanish Bank of Chile, 2,695,806 Pesos.

—It is reported that Isidoro Hazera, who is now Minister from Nicaragua to Panama, will be appointed Minister to Washington in succession to Podolfo Espinosa, resigned.

—The London and River Plate Bank will shortly open a branch office at Parana, the capital of the province of Entre Rios, Argentine, as a result of the visit of the general manager, R. A. Thurburn, to that province. The Banco Frances, that already has a branch at Corcordia, has decided to establish one at Parana. The Banco Espanol purchases the Concordia Banco Popular, and as the Banco Italiano has for several years carried on branches in Entre Rios, there should now be no cause for complaint on the score of want of banking facilities in that progressive province.

—A committee of United States citizens at Buenos Aires has put into operation a device for eliminating the risks to American manufacturers of extending credit to foreign purchasers where the exporter has no representative. The committee has issued the following circular letter:

We beg to advise you that we have formed a committee, to be later enlarged, to carry into effect a plan suggested to us by the Hon. Charles H. Sherrill, our minister to Argentina, for opening the field of foreign trade to such American manufacturers as do not possess sufficient capital either for extension of credits or sending out salesmen. Certain of our compatriots here possess each a few customers of such satisfactory commercial standing as to make the aforesaid compatriots willing to pay cash against bills of lading for goods sent out to such customers. Each of such compatriots furnishes to our committee a short list of these select customers (disguising their names to protect himself from competitors here), stating the cash limit he will pay for each customer, and what line of goods each desires. You are requested to report this list of desired trades to the manufacturers in your card catalogue. The large manufacturer may not be willing to do this, but the small manufacturer will. The manufacturer quotes his price to us, and our member accepts or not, directly to the manufacturer. We are informed that the names contained in your card catalogue arè responsible houses; of course we do not expect you to guarantee them, but it would injure the development of this plan to extend American foreign trade if goods shipped proved not to be up to representation. Replies should be addressed to Secretary Chamber of Commerce Committee, North American Society, 531 Cuyo, Buenos Aires, Argentina.

—A. W. R. Morris has been appointed manager of the branch of the London and River Plate Bank, shortly to be opened in Tucuman, Argentine.

JAPANESE BANK FUNDS.

VICE CONSUL-GENERAL E. G. Babbitt, of Yokohama, sends the following condensation from a Japanese journal regarding banks in that empire:

While the net profits of some of the smaller Tokyo banks showed a falling off during the first six months of 1909 as compared with the 1908 period, business results on the whole were satisfactory. The Dai-ichi, the Tokai, the Tokyo and the Mitsu Bishi maintained their 10 per cent. dividend rates and the Dai-san its 12 per cent. rate.

The total amount of deposits at the associated banks in Tokyo, Yokohama, Nagoya, Kyoto, Osaka and Kobe at the end of June last showed an increase of $35,000,000 gold on the corresponding period of last year, and the reserves also showed an increase by $4,350,000. In short, the financial power of the banks in these cities has grown by nearly $40,000,000 compared with last year, inasmuch as the amount of loans has not only failed to advance, but has actually shown a diminution of $750,000.

With regard to the profitable employment of funds in their hands in the future, continues the Tokyo journal, the bankers would seem to be much perplexed. No fresh demand for capital has sprung up, neither is any likely to occur to a large extent for the present. On the contrary, there are factors tending to accentuate the inactivity of the market. They are confronted with the necessity of finding a fresh way of profitably utilizing the rapidly growing funds, and this is generally conceded to be a most difficult problem in existing circumstances.

CHINA'S NEW RAILROAD.

WRITING of the opening of the railroad from Peking to Kalgan and of the extraordinary demonstrations of popular and official exultation which accompanied it, the New York "Tribune" says that "though the road is at present only 122 miles long, it is of enormous commercial importance and of the greatest significance to China. It is the first important railroad in China to be built entirely by the Chinese. The rails and rolling stock were imported, but in other respects the enterprise is purely Chinese. It was paid for out of the earnings of the Northern Railways of China, without borrowing a dollar, and the work of building it has developed a fine force of young Chinese engineers who will be of great service in further undertakings. The road runs from Peking up the valley of the Yung-ting river, in a northwest direction, beyond the Great Wall to Kalgan. That city, in the northwest of Chi-li and near the borders of Shan-si, is one of the greatest centers of Mongolian trade. Although the road has been in operation less than a month, its volume of traffic is already large and highly profitable, and it promises to secure almost a monopoly of commerce between China and Mongolia. Surveys have been made for the extension of the road across Shan-si to the Hoang river, and thus almost to the border of Mongolia, opening to trade and industrial development a region of inestimable wealth. It is in Shan-si that the great coal and iron deposits are found, comprising 13,000 square miles of anthracite from eight to forty feet thick, and an almost equal area of bituminous coal."

FROM AN OFFICE WINDOW.*

By Donald Ritchie.

THE office was surely the smallest in Scotland. It stood at the top of the main street of a small town, whose possession of a bank was a proof of the care with which the directors had sought for business. The Window was in keeping with the size of the Office. It did not admit much light, and on the dark days of winter, so well known on the East Coast of Scotland, the gas-jets burned all day. But the discomforts of the small office and of the bad light were forgotten by the man whose fortune it was to obtain the window-desk, for from it, in the intervals of business, which was never very pressing, he could watch the scenes which were forever unfolding before his eyes.

The Office stood high, and commanded a view of the whole town as it clustered down to the water's edge. Behind the houses one could see rising the old grey Church. It had been built before William the Norman landed at Hastings, and it still rears its head, weather-beaten, scarred, with its once fine carving worn by innumerable tempests, but yet braving the gales as the black rocks at its feet fling back the shattering billows. In it generation after generation have worshipped the God who holds the sea in the hollow of His hand, and round it lie the bones of the women-folk and of some of the men. In it many and many a time there has risen in broken accents the cry "for those in peril on the deep."

On a summer morning, to one standing at the Office Window, it makes a beautiful scene,—the old grey Church and the black rocks, backed by the blue of a summer sky and the sheen of a summer sea; and long lazy days can be spent watching the gulls wheeling round the spire, and the ships gliding up to the great ports that lie farther up the Firth. The passing of the ships is a never-failing interest, so strong indeed that work is apt to be forgotten; but customers are never in a hurry here, and are as interested as the clerks in the incidents of the Firth. The only person for whom an eye must be kept open is the agent, who sit behind the glass door there—and watches the ships too.

Up and down the Firth in a single day go all kinds and conditions of craft. Now it is a fishing-boat with its brown sails flapping idly in the soft breeze; now a stately schooner, with her white wings all set, dropping slowly down to the wide ocean; again it is an old battered tramp, with its paint scorched by the suns of the tropics, or its sides scarred by the icebergs of the Northern seas, creeping home to be refitted; behind it is the spick-and-span yacht of an American millionaire, and farther off a German coal-boat; now there swings into view, with engines racing at full speed and the water flying in curves from her prow, a British torpedo-boat. The fleet is in the North Sea again, and one of those mornings the staff will be summoned with a shout, and on the far horizon keen eyes will be able to see a long line of dark grey vessels. They are the pride, the hope, and burden of Britain; but however they appear to the individual members of the staff, no work will be done as they draw steadily nearer, and at length pass with the great "Dreadnought" at their head. Only when the last has disappeared will the heads be withdrawn from the window, work resume its normal condition, and the customers who have been standing at the door saunter quietly in.

But all this is seen over the harbor which nestles at the side of the rock on which the Church stands. In it lies even a more absorbing interest than in the passing ships, for when the harbor is full of boats, do we not know every one? Have we not been told by the weather-beaten skipper of the heavy storms he has met and conquered, and of the courage and endurance of his neighbors? Do we not know the names of the boats, and the long history, the high hope, or the deep pathos that is hidden rather than revealed by the simple title of each? From the Window we have watched them as they crept home morning after morning, with light boats and heavy hearts. They had toiled all night and caught nothing, and the utter futility of the work entered into their souls; their heads drooped and their spirits flagged. But we have watched them, too, when the wind was piping through the riggings, and the gulls screaming among the masts, for a north-easter had risen, the moon was on the wane, and then, if ever, there would be herrings in the Firth.

We have watched with bated breath as boat after boat shot through the narrow passage between the piers, and, shaving closer and closer to the dread rocks, set their prows to the open sea. Danger? Oh yes! The sea round that harbor-head could tell many tales, and the cruel waves seldom go long without their toll. We have watched as they toiled home next morning, beating

*From the Scottish Bankers Magazine.

up against the wind, tired, weary, and worn out with the long battle with the sea and the tempest, but with a new light in their eyes and a glad ring in their voices; for were not the holds full of glittering fish, and had not the sea given to them bountifully! And the little town woke to life, and nothing was heard but the bustle and clatter of those who worked among the herring. We have watched far into the night, not from the Office-Window, but from the piers, by the light of an evil-smelling flaring lamp, the gleaming knives of the quick-fingered women as they cleaned and packed the fish.

We have watched, too, when the harbor was empty, and the biting east winds rose in their wrath, and the women, with shawls on their heads, gathered on the high ground round our Window, for there the first glimpse of the returning boats could be seen. The boats have come one by one, the crowd decreased, and then the women who were left went home with bleeding hearts, and day succeeded unto day, and the sea revealed not its secret. Then when Sunday came, the people gathered with an added solemnity in the old grey Church, and to the drone of the waves the minister spoke comfort to the hearts who were mourning for sons, and fathers, and husbands who had gone.

But the glory of our Window was that it commanded a view not only of the town and the sea, but of the country also. In the spring we could see the ploughman following his steaming horses up and down the long furrow, could admire the swing of the farmer as he scattered his seed, and could even, we imagined, smell the clean brown earth. In the summer we could watch the heat quivering over the fields, and the corn growing and ripening in the rays of the sun; and in the autumn we listened to the clatter of the reaping-machines and the merry voices of the reapers. But we have stood and watched, too, as the slanting rain beat down day after day, while the corn grew black in the fields, and the farmer at length turned his back on hope and began to prepare for another season.

Who would not have felt a love for a Window which revealed so much? Who would not envy the clerk whose fortune it was to sit by it? How many, sweating in sultry city offices, would give anything for three weeks' relieving in such an office? But alas, it is no more! The fiat has gone forth, and the old Office is condemned for its small size and its bad light. So we sorrowfully took leave of it, and now in a large hall, resplendent with polished counters and gilt rails, we stand gazing mournfully through a huge pane of plate glass, across a wide street, into a blank wall! The ways of some men are past understanding! The glory has departed from the Office-Window!

SIGNS OF SOLID WEALTH.

WALL street's view of the Steel Corporation's report is favorable, despite an apparent attempt to create a contrary impression by free selling upon alleged early information. Second thoughts are best, and the stock is up, not down, on the report. The increase of dividend is the least important fact. The increase of orders unfilled is prophetic, rather than historic, relating to future profits, just as dividends relate to past conditions. Even this does not exhaust the favorable augury. The trade might be in a "cut-throat" condition. Notoriously this is not so. The trust does not seek its profits over the bodies of competitors. The competitors are doing well also.

The report coincides with other favorable indications. The Agricultural Department has just put out its estimate of farm values for seven principal crops as of October. Barley alone shows a decrease of $4,-526,376. All other leading crops show increases to a total of $297,638,270. This allows only $723,000,000 for the cotton crop, which trade estimates based on later prices put at $875,000,000. Naturally our foreign trade began to revive in September and can be trusted to revive to any desired extent under any stimulus of the exchange market. They gnaw a file who explain their own embarrassment by reference to this market and seek to punish us by laying the lash over their own shoulders. Any clog in the credit machinery loses much of its dread significance when interpreted by these signs of solid wealth and prosperity. If England does not wish to do business with us, there are those who will. If England wishes to put unfavorable interpretations upon our conditions and insists upon a cash instead of a credit business, why, then, lay on, Macduff!—*New York Times.*

POPULAR LOAN COMPANY IN ABYSSINIA.

RESIDENT MINISTER Hoffman Philip, of Adis Ababa, reports that, on September 2, Emperor Menelik issued a proclamation relative to the establishment of a Popular Loan Company (Societe Populare de Credit) for the development of commerce and agriculture in Ethiopia, decreeing that deposits of money intrusted to the company shall not be liable to seizure, but that in the same manner as the holy monasteries of Debra-hibenos and Axium-Sion are inviolable sanctuaries so shall this company be a sanctuary for all money and documents confided to it.

MERCANTILE TRUST COMPANY OF ST. LOUIS—CELEBRATION OF TENTH ANNIVERSARY.

THE Mercantile Trust Company of Saint Louis celebrated the tenth anniversary of its formation on the sixteenth of November.

In view of the remarkable showing made by the company in the financial world, its officers, directors, army of employes and legion of customers, were fairly entitled to the celebration that made it a memorable event in the history of a most successful institution.

even of its keenest competitors. This young Lochinvar of the financial world came out to win success and it was not very long after its entrance in the lists that it had won a commanding place among the solid, substantial and enduring institutions of Saint Louis and the West.

From the start the cornerstone of its hopes and aims rested on a foundation not easily shaken. It had the means and the men necessary to the success of such an

Mercantile Trust Company and Mercantile Building, St. Louis.
Home of Mercantile Trust Company and Mercantile National Bank.

The record made by this company in the first decade of its existence, elaborated with detail, would make a splendid textbook in a university that aspired to teach the scientific and practical phases of modern banking. Its books tell an eloquent tale of what can, and has, been accomplished, in the exploitation and development of the resources and capabilities of a twentieth century trust company. From an exceedingly modest origin the Mercantile, by untiring effort, went on at a rapid rate, scoring one great triumph after another, and compelling the respect and admiration

undertaking, and though its pace was swift, the controlling forces at the helm neither overlooked nor turned a deaf ear to the rigorous demands of safe and conservative banking principles.

It sought the business that withstood the searchlight of scrutiny, and its rapid accumulation of assets showed that good accounts and revenue-producing patronage were fast coming its way. And so from year to year it grew, until now, at the close of its tenth year, it finds itself in possession of a surplus and undivided profits amounting to $6,576,242.07. This was the showing November 16, 1909.

The stockholders of the Mercantile Trust Company are also to be congratulated on this tenth anniversary, they having received in dividends since the company's organization, the splendid sum of $4,415,625.

The Mercantile's Start.

The Mercantile Trust Company began business November 16, 1899, on the street floor of the Columbia building, at the southeast corner of Eighth and Locust sts., directly across the street from the two large buildings now required by the Trust Company and the recently-organized Mercantile National Bank. The company, as outlined elsewhere, came into being with exceeding modesty. There were no criers or heralds abroad to announce its coming. The office of the Anderson-Wade Realty Company occupied the first floor of the Columbia building, and early in November some bank fixtures were placed in the front of the office suite, and the real estate men moved their desks to the rear. Next in order was the sign, "Mercantile Trust Company," which went up over the front door, taking the place of the realty board. Then came the business which has made the Mercantile one of the really great institutions of its kind in the United States.

FESTUS J. WADE

President Mercantile Trust Company; President Mercantile National Bank, St. Louis.

At its beginning it had but one clerk in the banking department, and he acted as paying, receiving, note and discount teller. In addition to these multifarious duties he found time to answer the telephone and help on the correspondence, but only for a brief season, as the business came in leaps and bounds, severely taxing the limited space arranged for the newcomer. The company to-day employs 203

PAUL BROWN
Vice-President.

GEO. W. WILSON
Vice-President.

WM. MAFFIT
Vice-President.

W. F. CARTER
Vice-President.

C. H. McMILLAN
Secretary.

people. The first day's deposits were $17,-051.19, and President Festus J. Wade considered it an auspicious beginning. The same Festus J. Wade is still president of the Mercantile, and though he is ten years older, he has never lost the smile he wore on the day of the opening when well meaning friends opened accounts, sent him flowers, and wished him success in his venture in the banking arena. He had previously won distinction and success in the realty business, and none of his friends ever doubted for a moment that the Mercantile would have anything else but a successful history.

When the fact is taken into consideration that the flurry which began in October, 1907, was lasting in its results and of extensive scope, the accompanying illustration

Nov. 16, 1899
$17,051.19

Nov. 16, 1901
$5,019,268.50

Nov. 16, 1903
$11,851,679.92

Nov. 16, 1905
$17,194,262.79

Nov. 16, 1907
$21,767,256.57

Nov. 16, 1909
$21,886,529.66

AND

Nov. 16, 1909
$4,829,550.82
OF
THE MERCANTILE NATIONAL BANK

EDW. BUDER
Treasurer.

showing the deposits speaks volumes for the confidence manifested in the Mercantile.

The success of the Mercantile Trust Company's policy of developing each department of its business is evidenced by the fact that the various departments now have a total patronage in excess of 60,000 persons. During the past twelve months the number of people entering the company's doors was, by actual count, 702,160.

Banking Department.

The Banking Department, handling current accounts, has shown a steady increase of deposits since the company's inception.



GEORGE SCHUCKHER
Manager Foreign Exchange Department.

JUDGE JACOB KLEIN
Counsel.

J. HUGH POWERS
Manager Bond Department and Assistant Treasurer.

From thirty depositors on the opening day it has grown to over eight thousand accounts. These embrace some of the largest firms and corporations in the United States.

The company's accounts from outside banks are large, and the number steadily increasing. This is accounted for to a large extent by the facilities the company has for the collection of items, a service which has been made a specialty by it.

Real Estate Department.

When the Mercantile began business it had but two departments, these were the Banking and the Real Estate, the latter was the business of the Anderson-Wade Realty Company, which was taken over by the Trust Company, and as subsequent developments proved it was an extremely valuable asset of the new institution.

Since the Mercantile began business its real estate department has sold real estate and collected commissions thereon of a total value of $45,639,610, and this splendid total does not include any of the company's business in rentals, leases or loans.

The company conducts the largest real estate loaning business in the West, and many millions of dollars placed on such security embrace loans on the most valuable downtown office buildings, hotels and business structures, as well as apartments, residences and vacant ground in the well-developed districts.

In the past two years it has made many loans on substantial business properties in the leading Western and Southwestern cities and has built up a large clientèle in Saint Louis and throughout the United States, who invest exclusively in real estate securities.

While its loans have aggregated many millions of dollars, it is a matter of gratification and pride to the company that no investor has lost a dollar, either of principal or interest, on any investment in real-estate securities made through this company.

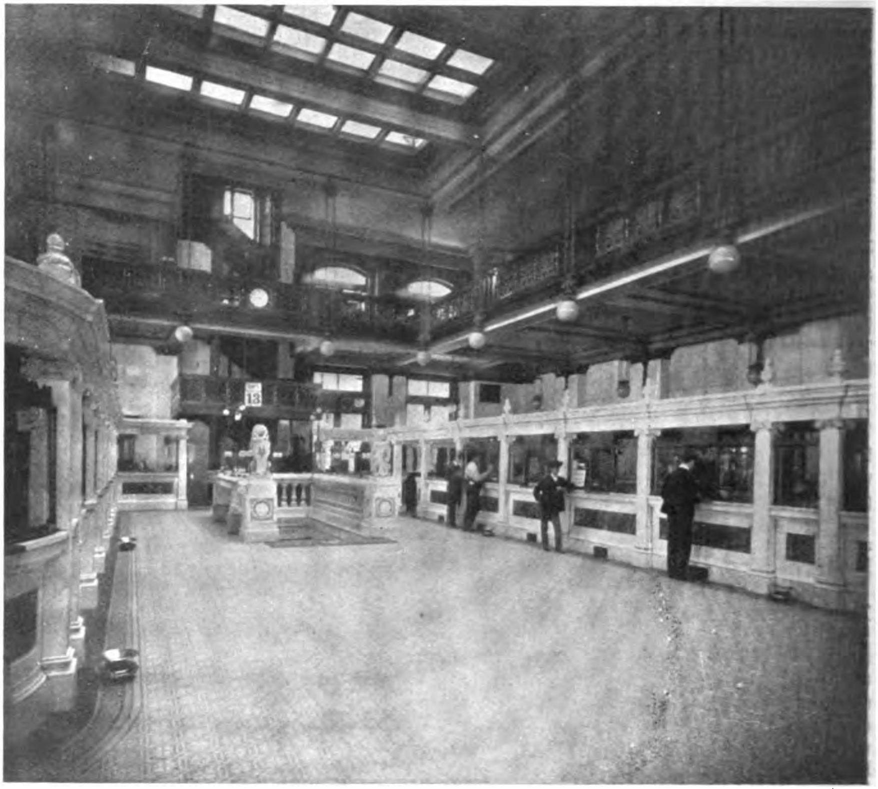
This department maintains the largest rent collection agency in Saint Louis. This branch of its business includes some of the most modern office buildings, hotel structures and commercial houses in the city, where the rentals vary from $175,000 per annum for one piece of property down through shops, flats, and residences to the modest tenement rooms where the rental runs as low as $1 per month.

Through the activities of the Real Estate Department many of the largest buildings in Saint Louis have been erected. Among the number are the Jefferson Hotel, Planters' Hotel, Grand-Leader Building, Rialto Building, Hargadine-McKittrick Building, and scores of other commanding structures in the downtown district.

Three active officers of the Mercantile devote their entire time and attention to this department, and they have a corps of fifty-four trained assistants. There are seven sub-departments in the real estate section. These are the sales, rent collections, loans, leases, corporations, appraisings, and auctions sales. The company buys and sells real estate strictly on a commission basis and owns no real estate save the office buildings at Eighth and Locust streets.

Trust Department.

The Trust Department of the Mercantile was created December 1, 1901, under the direct management of Virgil M. Harris, a leading member of the Saint Louis bar. This is another one of the Mercantile departments which has achieved success from the beginning. At the outset the trust estates taken in charge amounted to but $20,000. In the eight years of its existence the department has handled trusts and estates aggregating several hundred million dollars, without loss to the company or its patrons.



Main Banking Room.

The work of the trust department covers a wide range and requires the closest attention of a finely-organized staff of assistants. It includes the preparation of wills, mortgages and contracts, administration of estates, execution of trusteeships under wills and other instruments, certifications of bonds and notes, payment of coupons for corporations, handling of surety bonds in general, attention to escrows and special deposits, management of affairs for widows and orphans, and the transfer and registration of corporate stocks.

Associated with the Trust Department is the general counsel of the company, Honorable Jacob Klein, who for many years was a distinguished circuit judge and one of the best-known counselors in the West.

The operations of this department extend over a wide field, including a number of States in addition to Missouri.

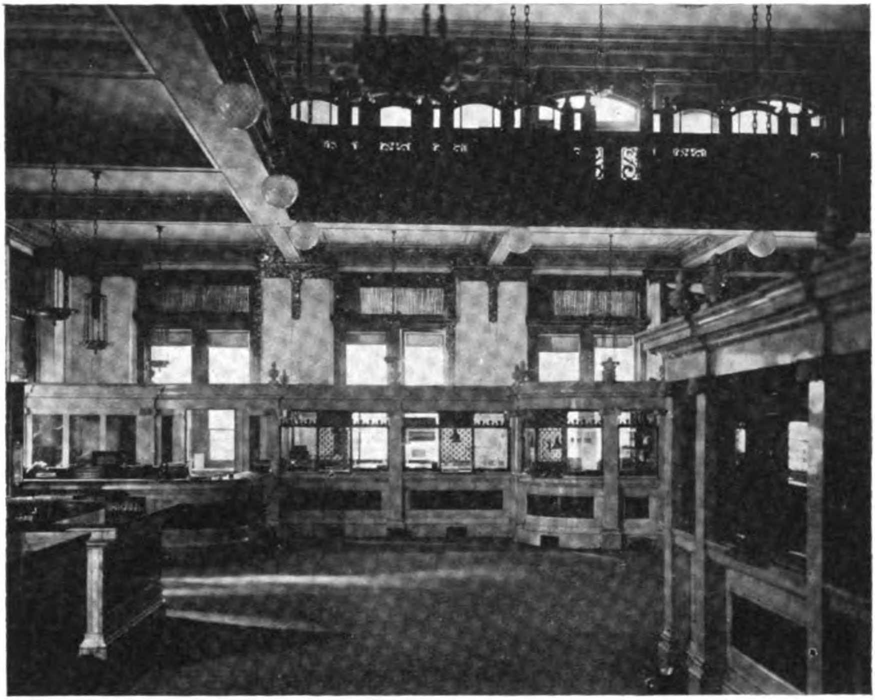
Bond Department.

The Bond Department was instituted in January, 1903, for the purpose of buying and selling bonds in addition to supervision of the company's own bond investments.

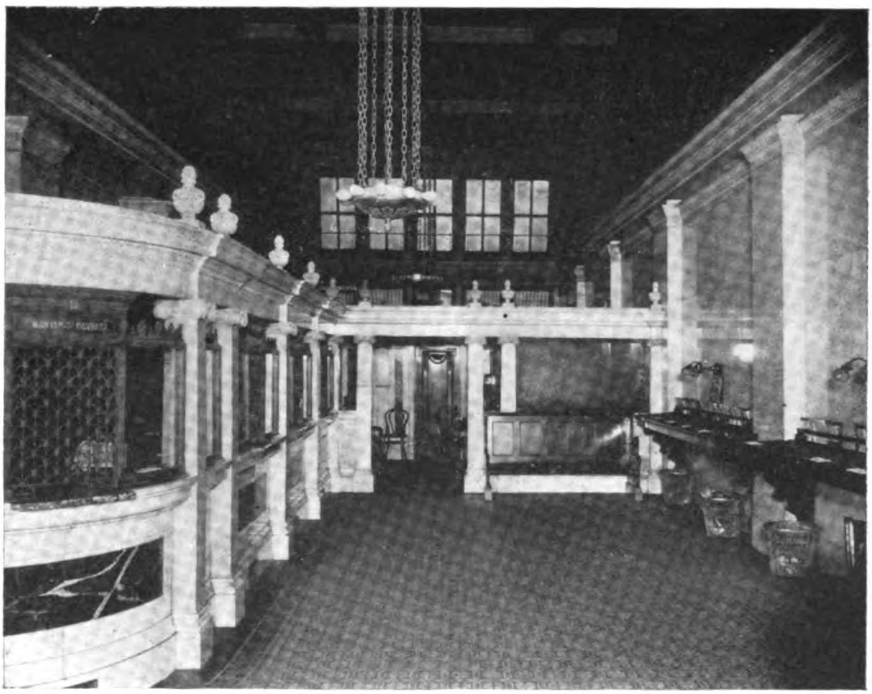
Its clients have increased rapidly since its inception, six and a half years ago and at present it has the largest individual investment business in Saint Louis. Its lists include the names of some three thousand customers to whom sales of bonds have actually been made and half of whom might be termed active buyers.

Through this department many desirable bank accounts are often secured to the company. It is likewise a source of business and profit to nearly all the departments of the company.

Since its origin the business of the department has totaled over eighty-five mil-



Corner of the Banking Room.



Savings Department. showing Women's Department in Rear.

JOHN H. KRUSE
Assistant Treasurer.

J. M. MURPHY
Assistant Treasurer.

W. J. DUGGAN
Auditor.

lions of dollars. It has participated in and originated large loans and has been particularly prominent in the distribution of Philippine Government securities.

From a one-man department the bond department now requires the active attention of Mr. J. Hugh Powers, its manager, and twelve assistants.

Foreign Exchange Department.

The Foreign Exchange Department was one of the results of the World's Fair, commemorating the Centennial of the Louisiana Purchase, and prior to the opening of this great event, in anticipation of a material increase in foreign exchange business, this was established as a special department and placed in charge of Mr. George Schuchker, who had previously been manager of the foreign exchange department of the National Bank of Commerce in New York city.

This branch of the Mercantile's business has also been a pronounced success. In order to create a satisfactory service for travelers' letters of credit, it was necessary to increase the connections with banks and banking houses in all parts of the world to a number exceeding three thousand.

The Mercantile now issues its own travelers' checks which in this country alone are handled by more than five hundred and fifty banks and bankers.

M. K. SALMON
Assistant Secretary.

J. B. MOBERLY
Assistant Secretary.

VIRGIL M. HARRIS
Trust Officer.

The chief feature of the department, however, is the purchase and sale of foreign exchange. The business of the department has reached a total of nearly one hundred millions of dollars, and maintains twenty active bank accounts in Europe.

Savings Department.

The Savings Department of the Mercantile began business in January, 1900, with deposits aggregating $1,187.62 from thirty

JAS. W. BELL
Manager Savings Department.

GEO. B. CUMMINGS
Assistant Trust Officer.

A. V. REYBURN
Mgr. Safe Deposit Department.

persons. Since the organization of this department the savings funds deposited up to November 16 amount to $33,742,853.36. Withdrawal checks paid out in that time amounted to $27,520,819.67, leaving a balance of $6,222,033.69 due to 36,912 depositors.

Three-fifths of the savings depositors are working people.

Safe Deposit Department.

The Safe Deposit Department was established in August, 1902. There are now four vaults with a capacity of over 17,000 boxes. These are considered models of the safety-vault builders' art, built of the best steel, and equipped with all the newest devices in time-locks and safety appliances. A safer place to store valuables could scarce be found.

This is another one of the departments that have made the Mercantile Trust Company such a successful institution. Demands on the accommodations of these vaults have been so heavy that several substantial additions to the vaults and supply of boxes have been made three times since the creation of the department.

The department is managed by Mr. Amedee V. Reyburn and a large corps of assistants.

Women's Department.

The Mercantile was one of the first trust companies to establish a Women's Department. Miss Julia Kennett, manager of this department is a woman familiar with every detail of the banking business.

This department was inaugurated in 1902 and that it was a valuable addition is shown by the constantly-increasing numbers of women depositors.

The Present Officers.

The present officers of the Mercantile Trust Company are Festus J. Wade, president; Paul Brown, vice-president; Geo. W. Wilson, vice-president; Wm. Maffitt, vice-president; W. F. Carter, vice-president; Edward Buder, treasurer; John H. Kruse, assistant treasurer; J. M. Murphy, assistant treasurer; J. Hugh Powers, assistant treasurer and manager of the bond department; C. H. McMillan, secretary; J. B. Moberly, assistant secretary; M. K. Salmon, assistant secretary; James W. Bell, manager savings department; Jacob Klein, counsel; Virgil M. Harris, trust officer; George B. Cummings, assistant trust officer; George Schuckher, manager foreign exchange department; Amedee V. Reyburn, manager safe deposit department, and W. J. Duggan, auditor.

The directors of the Mercantile are L. E. Anderson, James W. Bell, Paul Brown, James G. Butler, James Campbell, W. F. Carter, E. G. Cowdery, L. D. Dozier, David

Eiseman, Henry Griesedieck, Jr., R. C. Kerens, W. J. Kinsella, C. H. McMillan, William Maffit, George D. Markham, J. B. Moberly, Frank A. Ruf, Harry Scullin, John S. Sullivan, Festus J. Wade, J. S. Walker, and George W. Wilson.

The Mercantile National Bank.

The Mercantile National Bank is not yet a year old, having been organized January 14, 1909.

Its capital is $1,500,000, surplus and undivided profits $583,956.33. Its total resources November 16, 1909, were $8,451,-135.17, and its deposits on that date were $4,867,178.74.

The officers of the bank are: Festus J. Wade, president; Paul Brown, George W. Wilson, William Maffitt, W. F. Carter, vice-presidents; Edward Buder, cashier; John H. Kruse, J. M. Murphy, and J. Hugh Powers, assistant cashiers, and W. J. Duggan, auditor.

The directors are practically the same as those of the trust company.

Great business enterprises are built up by concentration of purpose, expressed through efficient organization and dependent upon system for success.

The Mercantile Trust Company has combined all of these forces and its success was wrought out along these lines and by the hammer of concentrated thought on the anvil of hard work.

The Bankers Magazine, its numerous readers, and all who stand for progress and stability in the financial world, extend to Mr. Wade and his associates their best wishes for the continued prosperity of the Mercantile Trust Company and the Mercantile National Bank.

THE ONLY NATIONAL BANK ABOVE FORTY-SECOND STREET IN MANHATTAN.

UP in the Washington Heights section of Manhattan, one of the finest residence districts in the city, there has been opened a modern, well-equipped banking institution, under the name of The Audubon National Bank of New York. Its exact location is at the corner of Broadway and One Hundred and Forty-third street, which makes it the only national bank north of Forty-second street.

Several months ago it became apparent that the various business men who had been attracted to the neighborhood were in need of banking accommodations at close range, and with every assurance of loyal support the Audubon National Bank was launched. By November 1, the new quarters were finished and the opening announced.

Since then the Audubon National has secured a lease on a large portion of the ground floor and vault space in the basement of the twelve-story apartment hotel to be erected at the northwest corner of Broadway and One Hundred and Forty-fifth street. The lease on the present quarters has two years to run.

David S. Mills, the president, has been the moving spirit in the process of organization and it is to him that the thanks of the community are due. Associated with Mr. Mills as organizers were Jacob Erlich, L. J. Halle and Emil Schwarz—names that are synonymous with the progress and growth of Washington Heights.

DAVID S. MILLS

President The Audubon National Bank, Washington Heights, Manhattan.

No better choice for president could have been made. Mr. Mills has spent the greater part of his life in the banking business and will bring to the new institution the very cream of his banking experiences.

Associated with him on the official staff of The Audubon bank is William Reimers, the cashier, who has been actively engaged in the banking business for about thirteen years and was formerly manager of the Washington Heights branch of the Hamilton Bank and lately manager of the Mutual Alliance Trust Company, head quarters at One Hundred and Sixteenth street.

On the board of directors are the following prominent men: Jacob Erlich, chairman, manufacturer; Alexander V. Blake, of Blake & Reeves, bankers; Louis J. Halle, importer; Emil Kaufmann, treasurer, George Borgfeldt & Co.; George W. Kavanaugh, manufacturer, Cohoes, N. Y.; Charles C. Lloyd, capitalist, ex-vice-president and treasurer Butler Bros.; J. B. Lorge, banker; D. S. Mills, president The Audubon National Bank; J. H. Parker, president Mutual Alliance Trust Co.; Emil Schwarz, of Benjamin Schwarz & Sons, hops; W. A. Sherman, capitalist; Maurice C. Sternbach, president Vari-Lace Mfg. Co.; B. F. Werner, cashier Irving National Exchange Bank.

The bank is open for business each morning at 8.30 o'clock, a departure from custom that will carry its appeal to all classes.

The management is to be congratulated upon the excellent statement of condition which was rendered by the bank on November 16, and which was practically the record of twelve days of banking operations.

Equipped with a capital of $200,000 and a surplus and undivided profits fund of $51,107.47, the Audubon National has secured deposits of $80,543.15 and has total resources of $331,650.62. Since November 16, up to the time of going to press, deposits had increased to over $110,000, representing a gain of thirty-five per cent. a week. Of this total demand and collateral loans constitute $195,000, loans and discounts $7.-940.50, United States bonds $50,444.44, and cash on hand and in banks $78,265.68.

There is every indication that the Audubon National Bank of Washington Heights, New York, will experience a steady and rapid growth from this day on.

WM. REIMERS

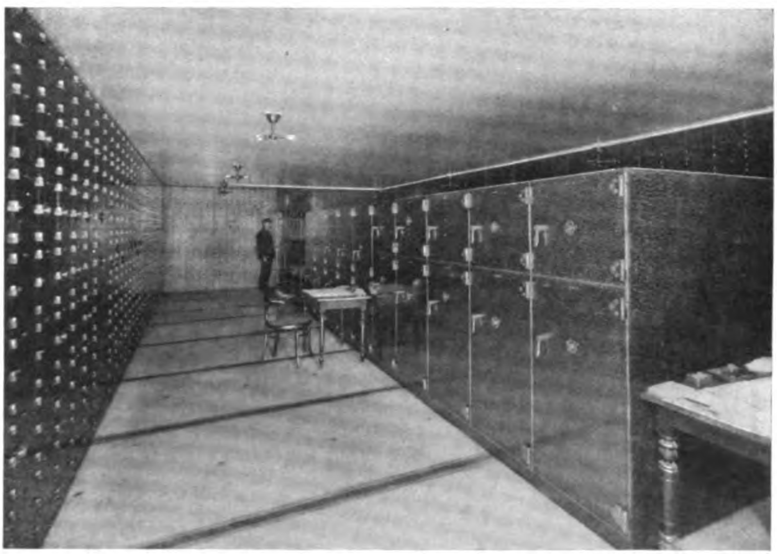
Cashier The Audubon National Bank, Washington Heights, Manhattan.

THIS department of THE BANKERS MAGAZINE is for the benefit of all readers interested in safety deposit. It is open to contributions from any source, the purpose being to make it a place of exchange for good ideas in this branch of the banking business. For reproduction in this department, we would be pleased to receive photographs of safe deposit vaults, customers' rooms, or copies of unusual safe deposit advertisements. We invite correspondence as to new methods of handling this business and approved means of increasing it.

WHERE THIEVES DO NOT BREAK THROUGH NOR STEAL.

By Russell Brittingham, Secretary and Treasurer of the North America Safe Deposit Co., New York.

SINCE the earthquake in San Francisco safe deposit vaults have been in the limelight. The whole business world eagerly watched to see how they stood that test. The contents of every vault were found in perfect condition.



North America Safe Deposit Co.'s Vault, New York.

The only safes that proved inadequate were the office safes. Their failure to stand the ordeal is due to the limitations naturally imposed on their construction by their size, isolation and the fact that they must be portable. Shortly after the San Francisco catastrophe I heard a man say, "I have had enough of office safes with my San Francisco experience. I lost a great many valuable papers."

Although vaults date back some forty or fifty years, very little has been written about them and to very many people a vault is a vault, and the construction and running of it a mystery. The typical modern safe deposit vault is built preferably below the street level. This assures a firmer foundation for the enormous mass of steel, a greater security in case of an attack by mob, and also protection against fire, as a fire could make no headway below ground.

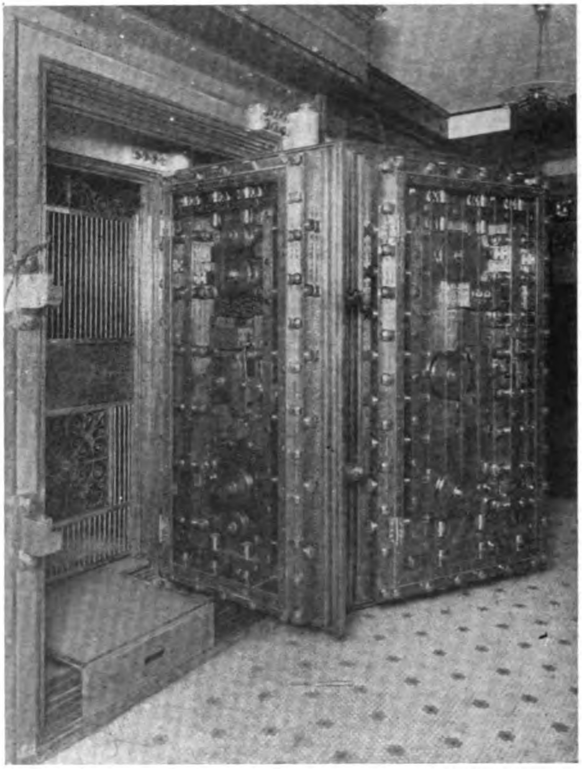
The plates of which the vault is built are either chrome or manganese steel. When chrome steel is used the plates are small and alternate with a softer steel until the desired thickness is attained. The whole is then bolted together in such a way that no two joints come in the same place, next to these plates is the fire proofing which is itself encased in steel or boiler iron.

Manganese steel has two characteristics which make it specially adapted for vault building. It is so hard and so tough that it resists both drill and explosive. When it is used the plates are much larger and are made so thick that only one is needed to give the desired thickness. These plates are locked together. Without is the fireproofing which is usually a foot or more thick.

The vault should rest on a foundation other than that of the building in which it stands so that its integrity may not depend upon that of the building. There is always a compartment below the vault, so that tunneling would be detected at once.

Great Precautions Taken.

The vault proper—that part within the grille—has two entrances. The second one is added for purposes of ventilation and to guard against a lockout, for a lockout—a serious matter anywhere—in the financial district would undoubtedly mean the embarrassment of a number of firms. Each entrance is provided with two doors, an inner and an outer. These massive steel doors never fail to impress the visitor for they are a foot or more thick and weigh from ten to thirty tons, but are so delicately poised that the slightest touch will move them. They each have two combination locks, and in addition, three or four clocks which act independently of each other, are connected with each outer door. If only one clock is in working order the doors can be opened. They are set each day and no matter what happens the doors will not open until the clocks run down. To guard against mistakes they are set by one man and verified by two others. An expert also looks them over at stated intervals and regulates if necessary.



Vault Door, North America Safe Deposit Co., New York.

The vault is guarded day and night by a competent corps of men and the work of the cracksman is still further provided against by a complete burglar alarm system in the form of a cabinet which entirely encases the vault, doors and all. Any failure on the part of the watchman to report to the electric company every thirty minutes

Coupon Boxes and Board Room, Germantown Trust Co., Philadelphia.

during the night, in itself, notifies them that something is wrong.

When a Key is Lost.

Within, the vault is fitted out with row upon row of boxes ranging in price from five dollars up. These miniature safes have either combination or key locks or both, to suit the fancy of the customer. Keys are always issued in duplicate, but the wise man will carry only one on his key ring. When he loses that the form gone through is as follows: The duplicate key is brought to the vault by the customer and the lock is opened, the key is then destroyed and the same lock is adjusted to a new key. The loss of both keys means that an expert must break into the safe, a difficult and expensive operation.

The subject of keys recalls a curious experience. A certain box was sealed up for non-payment of rent. Letters were written asking that the box be surrendered and the keys returned but all mail came back marked "not found." The matter was dropped until the keys, tagged with the number of the box and bearing the postmark of the post office nearest the vault (but otherwise unmarked) were returned by mail. Then of course the matter was taken up again and by dint of persistent inquiry this information was brought to light. After having settled his business affairs and having provided liberally for his wife, this customer had simply dropped out of sight as completely as if the earth had opened. Neither did the mysterious appearance of the keys furnish any clew to his whereabouts.

Interesting Incidents.

The work of managing a vault, the renting of new boxes, the keeping of old business and the responsibility of the care of other people's millions might perhaps prove either monotonous or irksome if it were not for the people one meets in the day's work. In the early morning hours bankers and brokers predominate. They hurry in and then out again followed by their boxes, sometimes six or eight chained together. But no matter how busy, most of them will stop at least to tell you the state of the market till their interest communicates itself and you find yourself following the fluctuations as if you were a heavy operator. When business is dull or the Exchange closed for the day the manager if at leisure—for he has other duties besides practising the gentle art of being affable—hears the clever story or the interesting experience. Some of the brokers are young, just beginning their careers. Others are men grown gray in "the Street," men who have lived through such days as "Black Friday" and the Northern Pacific Panic, when they either amassed a fortune in a few hours or lost their all in less time.

Here, too, in the course of the year one rubs elbows with men prominent in other kinds of business—the magnates and the kings—for innumerable other businesses besides that of the banker and broker are represented and each contributes its interest.

The private individual is largely represented as well. There is the man of leisure who comes in to settle up his affairs before he takes a trip around the world, and the customer who comes from the Pacific Slope once a year to cut coupons, preferring (to use a homely expression) not to keep all his eggs in one basket.

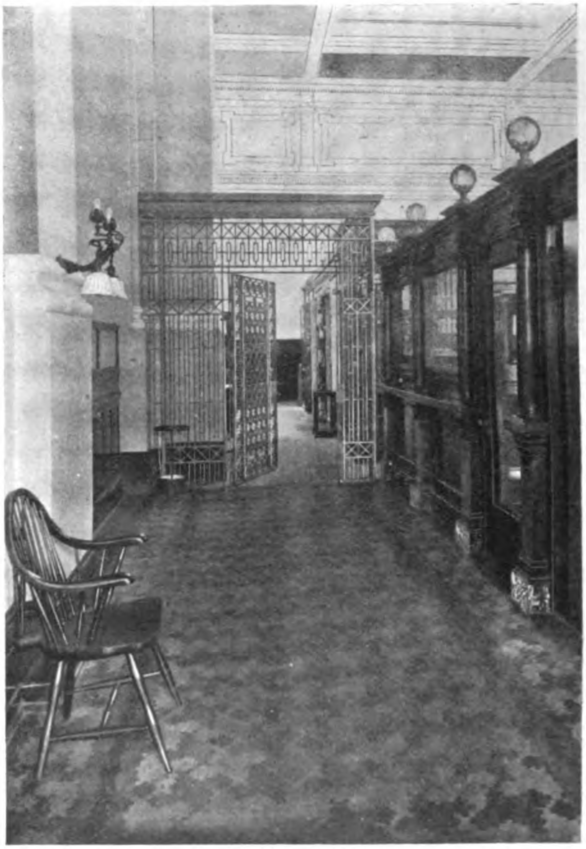
Careless People.

It sometimes happens that a man—a man, not a woman, mark you—leaves thousands of dollars' worth of securities on a table in a coupon room, and there have been cases where the only way to trace the owner was by the blotter he had used in signing his name.

Hardly more ashamed of himself is the man who cannot remember whether or not he has locked his box and telephones from his suburban home to make sure. But after all, we are all familiar with that state of uncertainty. Have you never had to make a pajama trip downstairs after the house was quiet to make sure you had locked the front door?

Customers show all sorts of preferences in the choice of their box numbers. With some, it is a date made famous by history, with others it must be thirteen, or numbers that aggregate 13, or perhaps anything but thirteen. With still others, the number which has proved itself their lucky number. All kinds of reasons govern the choice of positions. I have known a box on the bottom row to be rejected for fear whatever was kept in it would grow mouldy.

This intercourse with so many different kinds of people representing so many different interests brings in its train two things which are invaluable to a business man—an extended acquaintance, and an ample knowledge of men, and these together with a



Entrance to Safe Deposit Vaults, Germantown Trust Co., Philadelphia.

Storage Vault for Valuables, Germantown Trust Co., Philadelphia.

moderate supply of brains are the best capital a man can have in New York City to-day.

A GERMANTOWN VAULT.

A NOTABLE feature of the Germantown (Philadelphia) Trust Company business is its storage of valuables. For the convenience of its patrons there has been provided a large fire-proof vault, 70 feet long by 30 feet wide. As many as 700 trunks and packages have been cared for in one season. Not one of the many thousand packages and trunks thus stored has ever gone astray or been misplaced.

The three cuts reproduced herewith are from a booklet recently issued by the company advertising all of its facilities.

INCREASING SAFE DEPOSIT BUSINESS.

By Paul W. Muller, Assistant Secretary and Treasurer Passaic Trust and Safe Deposit Co., Passaic, N. J.

IT is a common mistake for bankers to consider the safe deposit department and the banking department of an institution as entirely separate, neglecting to use one department to help the growth of the other.

If either department suffers, it is more apt to be the safe deposit department, due, perhaps, to the fact that the banking department is the one more generally used by the public and consequently its advantages are more generally known.

Today, however, most of the modern country banks and trust companies are installing or have installed safe deposit vaults and this feature of the business is steadily rising in importance.

When the cost of an up-to-date vault is considered the neglect of any proper means of increasing the business of the department is a grave mistake.

Fifteen or twenty thousand dollars is invested in a safe deposit vault, every convenience and safeguard is provided, large sums are spent in advertising the good features in the local papers, by booklets, etc. "Come in and look us over" is in every "ad" and then the most promising material on hand, the present customers of the banking department, are allowed to pass in and out every day without ever being approached on the subject of a safe deposit box for their use, or at the best, in only a haphazard way.

It should be the rule that every customer of the bank in any way should be shown through the vault and have explained to him the burglar and fire proof construction and the advantages of such protection for his valuables. He should be made to feel that the protection offered is insurance and is as important to him and his family as life or fire insurance.

This duty should be performed by some officer who would find it to his advantage to have some knowledge of the mechanism of the time locks, the number of pounds of steel used, the weight of the doors, the number of bolts and any other item that might occur to him that would make an interesting story.

How many of your customers in the banking department have been in your safe deposit vault?

This treatment should apply to the man with the ragged coat as well as the man with the frock coat; appearances are often deceiving and the man with the shiny suit may need a safe deposit box as badly as the man with the fashion plate clothes.

The writer speaks from experience on this point, and has often been surprised at seeing a man of least promising appearance rent a box after inspection, the writer's surprise at renting him the box being no greater than the renter's at learning that for a small yearly rental he could have the same protection for his valuables that the company provided for its own.

There was a recent case of a customer of the banking department, who made a very poor front, being shown through the vault and renting a box; he became quite enthusiastic and has since induced two of his friends to come with us and we hope to obtain more business through him.

Indeed, this method of pushing the business applies particularly to the apparently poorer classes for it is probable that the business man or the man of better appearance is already more or less familiar with the advantages offered and is either neglectful or puts his faith in an office safe. This means that you must often follow up his inspection by stirring him up or convincing him that an office safe is not always what it seems, that the experience of owners of such safes in large conflagrations has often been a sorry one, that an expert safecracker would make comparatively short work of it, that a safe deposit box is the best protection posible.

On the other hand, the shabby man usually has no safe and the very struggle he has made to get together what he possesses makes him eager to hold it. His safe is an old cigar box or the mattress in his bedroom. At the first alarm, his thought is for his papers.

The proposition of renting him a box where he can put his papers and valuables and thus do away with the constant worry of guarding them is presented to him for the first time and the very novelty of the idea becomes a great aid in securing his patronage.

SAFE DEPOSIT ADS.

FOLLOWING are a few suggestive safe deposit advertisements:

SAFETY, CONVENIENCE, ECONOMY.

These are the strong points of advantage to be derived from the use of a private safe in our massive safe deposit vault.

This vault is made of several layers of the hardest kind of steel. It is put together by a process which makes it impervious to any attack that could be made upon it. The locks are perfect. One great advantage.

OF THE SAFE DEPOSIT VAULT

is that in keeping your valuable papers right here in the heart of the city you obviate the trouble and risk of carrying them back and forth or caring for them in your home or office.

Safe deposit box rental prices are from $—— a year up.

(The Blank National Bank.)

A COMMUNITY STRONG BOX.

The safe deposit vault has been aptly called "the community strong box."

Vastly better protection to valuables is afforded by the massive safe deposit vault of the Blank National Bank than practically any private individual could afford to have exclusively for his own use.

With a large number of individuals cooperating

THE SAFE DEPOSIT VAULT

of this bank is made possible—a place of perfect security at moderate cost.

We have a thoroughly burglar and fireproof vault where safe deposit boxes or private safes can be rented at as low a rate as $—— a year.

Surely this is a small price to pay for peace of mind and actual protection of your important papers and other valuables.

(The Blank National Bank.)

LOSS OUT OF THE QUESTION.

Loss is out of the question when your valuables are in a safe deposit box in this bank's strong vault.

We rent private safes as low as $—— a year.

This means that you can have absolute safety for your important papers and other valuables for less than a cent a day.

WITH A SAFE DEPOSIT BOX

you need never worry about the security of your valuables.

When such security as our wonderful vault affords can be had so cheaply, is it not the height of folly to take chances and carry your own risk?

(The Blank National Bank.)

Some Safe Deposit Ads.

ABSOLUTE SAFETY FOR $———.

It is the sheerest folly to allow bonds, stock certificates, mortgages, deeds, cash, jewels or other valuables to remain a moment unprotected from loss by fire, thieves or carelessness when for an extremely small expenditure you can insure their safety absolutely.

You can rent a safe deposit box in our impregnable, fire, burglar, mob-proof vault for as little as $——— a year.

With your valuables

IN A SAFE DEPOSIT BOX

you can have peace of mind about their safety.

When for such an amount—an infinitesimal fraction of the value of the property protected—you can have perfect protection, why do you run any risks?

Whether you feel the immediate need of a safe deposit box or not, come in any way, as we will be pleased to show you the vault and explain the features of its great strength.

(The Blank National Bank.)

THE CONVENIENCE

of having your securities, mortgages, bankbooks, insurance policies and other valuable papers right here in the business heart of the city is one of the greatest advantages of using our safe deposit vault. You avoid the necessity of carrying important papers to and from your residence and do away with the possibility of loss by carelessness, fire or theft. Another great benefit of the use

OF SAFE DEPOSIT

vaults is that when your valuables are thus safely locked up you have a sense of security, a peace of mind. This is worth a great deal to you—certainly as much as $—— a year, which is all that it costs you to rent one of the private safes and provide for the perfect protection of your valuables.

(The Blank National Bank.)

THE STANDING INVITATION

Better be safe than sorry! An ordinary safe at your home or in your office is a standing invitation to the housebreaker.

A safe deposit box in the vault of the Blank National Bank is the best place for you to keep securely valuable papers, jewels and other things of that nature.

The annual rental of a box is only $——, so that in regard

TO THIEVES AND BURGLARS

there is no doubt at all that a safe deposit box is the cheapest insurance in the world.

Our vault is one of the largest and strongest in this part of the State. It is of the most modern type and construction. Built of the hardest and thickest steel, it is drill-proof, air and water-tight, fire and burglar proof and is guarded day and night.

(The Blank National Bank.)

LESS THAN A CENT A DAY.

Can you afford to take chances on the safety of your valuable papers when you can have absolute safety for them in our safe deposit vault for only $—— a year?

What might the loss of one of those papers mean to you and how little it costs to prevent the possibility of loss!

Besides the actual protection of your valuables, there is another strong argument

FOR A SAFE DEPOSIT BOX

and it is the freedom from worry, the peace of mind which will be yours when you know that no harm can come to your valuables stored away in our great fire and burglar-proof vault.

Among the articles we can guard for you are:—Leases, deeds, abstracts, mortgages, contracts, partnership agreements, pension papers, naturalization papers, bonds, stock certificates, bank books, insurance policies, receipts, blue-prints, plans, precious stones, laces, heirlooms, rare books, plate, and many other such things.

(The Blank National Bank.)

KEEP YOUR INSURANCE POLICIES

where they will be secure. A prominent insurance man says that insurance companies have considerable trouble through carelessness of policy-holders in keeping their policies in insecure places, where they are liable to be destroyed by fire, lost or misplaced.

If you do lose a policy, it will cost you considerable trouble and expense to get a duplicate.

IN A SAFE DEPOSIT VAULT

like ours your policy will be preserved intact and you will never have to go to the expense of advertising a lost policy or executing a bond in double the amount of the face of the policy before getting a duplicate issued.

This is only one of many advantages of having a safe deposit box. Whatever you use it for, you are assured of perfect privacy as a renter of one of them. Annual rental, $———

(The Blank National Bank.)

PROTECT YOUR PROPERTY.

It is impossible for a private individual to have a safe deposit vault as secure and complete as that of the Blank National Bank, for the simple reason that that vault cost more than the average individual's entire property is worth.

But a large number of individuals co-operating makes possible this place of perfect security and renders the care and anxiety of watching and guarding valuables unnecessary.

Don't keep money or valuables around your house, office, or on your person. It's dangerous. Deposit your money in a strong institution like this, to earn from — to —, and rent a box in our Gibraltar-like vault for the safe keeping of your valuables. Rental from — to — a year.

(Blank National Bank.)

YOUR PEACE OF MIND.

The actual protection of your valuables—the guarding of them from loss or destruction—is not the only benefit you enjoy when you use a safe deposit box in our Gibraltar-like vaults.

It means something to you to be entirely free from anxiety about the safety of your property. It is worth a good deal to be able to dismiss from your mind ALL worry about the security of your important papers and other precious things.

Then why not insure both the safety of your belongings and your own peace of mind by renting a box in our safe deposit and storage vaults—one of the strongest in this part of the state?

Rental price is from $— to $— a year, according to the size of the box. Come in and let us show you the vaults. It is an interesting sight and you will be welcome, whether you rent a box or not.

(Blank National Bank.)

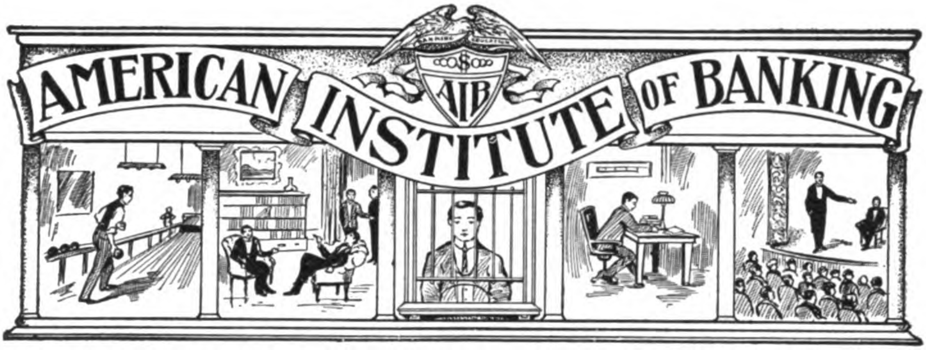
TWO KEYS FOR EACH BOX.

It takes two keys to open a box in our safe deposit vault. One is the master key, which we retain. It only half unlocks the boxes. The other is held by the renter of the box, and cannot operate the lock until our key has been used.

This is only one feature of the many details of safety which makes our vault one of the most secure places in this part of the state.

You will be interested in seeing what massive construction and great ingenuity have done to create an absolutely safe place for valuables. Visit our vault. We will be glad to show you the details whether you have any immediate use for a box or not. Come anyway and see what a lot of security you can get for —— a year.

(Blank National Bank.)



THIS department is conducted in the interests of the American Institute of Banking. From time to time articles of special value to members of the Institute will appear here and it is intended to publish as much news of the various chapters as possible. It is hoped that each chapter will appoint someone whose regular duty it shall be to correspond with THE BANKERS MAGAZINE for this purpose.

Group and individual photographs of officers and members, photographs of chapter rooms, accounts of banquets, debates, speeches and chapter progress are desired and practical suggestions and discussions are solicited from all members of the Institute. Manuscripts and photographs must reach us by the 12th of the month to be in time for the following month's issue.

ACCOUNTS, THE SAFEGUARD OF A BUSINESS.

By Frank Broaker, C.P.A., New York, Dean of "The Technique of Accountics, Inc."

THERE is an increasing interest on the part of bankers in the matter of expert accountancy. Many of the younger bank men are taking it up as a study in spare time.

In an address delivered before the American Association of Public Accountants at Atlantic City some time ago, Mr. James G. Cannon, vice-president Fourth National Bank, New York, said:

"I have always been deeply interested in the subject of accountancy, and I assisted, as far as possible, the gentlemen who, in 1896, procured the passage of the law in the State of New York 'To Regulate the Profession of Public Accountants.'

"In March, 1905, in an address at Atlantic City, before the New Jersey State Bankers' Association, I urged the bankers of the country to establish the custom requiring statements of the financial condition of the borrowers to bear the certificate of a certified public accountant, and in the same year I secured the adoption by the New York State Bankers' Association of a new form of property statement blank, in which the borrower is asked the question, 'Have the books been audited by a certified public accountant. . . . If so, name and date of audit.'

"The bankers need your assistance in all directions, and the benefits to be derived from an examination of business concerns by a certified public accountant is of inestimable value to both, and when a statement of a concern's assets and liabilities is presented to the banker, he gives it an added confidence from a knowledge that the statement has a true foundation.

"We must have more thoroughly qualified certified public accountants, who can give this added knowledge of the situation of firms and corporations, and the business should not be held in the hands of a few.

"A further study of those who were rejected shows that a large proportion of the rejections came through the topic of 'Practical Accounting,' 91 per cent. of the men presenting themselves in 1907 having failed on this topic."

By request, I reproduce herewith a portion of a lesson which "The Technique of Accountics" gives in a course conducted for the benefit of bank clerks and others interested in the subject referred to by Mr. Cannon.

A Practical Illustration.

A company of bicycle manufacturers makes up its accounts December 31, 1896, for the year. The following are the debits to the profit and loss account:

Raw material on hand Jan. 1, 1896..	$12,500
Finished machines on hand Jan. 1, 1896: 1600 wheels at $30........	48,000
Purchases of material..............	62,500
Labor, productive	82,500
Manufacturing expenses: Coal, repairs, paint, varnish, superintendent's salaries, unproductive labor and sundry expenses......	23,000
Agents' commissions	90,000
Branch expenses, rents, salaries and miscellaneous...............	40,000
Selling expenses: Travelers' salaries, discounts, rebates and miscellaneous	30,000
Bad debts	8,000
Depreciation of machinery and plant	5,500

The sales for the year were 6,000 wheels, yielding $540,000; the raw material on hand December 31, 1896, taken at cost was $4,000, and the finished wheels in stock ready for sale numbered 800. Prepare an account from the above, showing (a) num-

PROFIT & LOSS ACCOUNT

DR. 1st January — to —

1896				
Dec.	31	To Bad Debts	$ 8,000	
	"	" Machinery and Plant; reserve for depreciation	5,500	
	"	" Balance, carried down	169,153	60
			$182,653	60
	"	To Contingent Reserve, Stock of 800 finished wheels on hand Dec. 31, 1896 @ $33.94	$ 27,153	60
	"	" Balance, carried down	142,000	
			$169,153	60

MANUFACTURING & TRADING ACCOUNT

DR. 1st January — to —

1896						
Jan.	1	To Raw Material, on hand Dec. 31, 1895	$ 12,500			
Dec.	31	" " " for year	62,500			
			75,000			
		Deduct				
	"	Raw Material taken at cost	4,000			
		Consumption for manufacturing			$ 71,000	
	"	" Labor, productive			82,500	
	"	" Manufacturing Expenses, Coal, Repairs, Paint, Varnish, Superintendents' Salaries, Unproductive Labor, Sundry other expenses			23,000	
					$176,500	
	"	" Finished Wheels on hand Dec. 31, 1895 1600 @ $30			$ 48,000	
	"	" Balance, brought down representing cost of wheels manufactured 5200 @ $33.94			176,500	
		6800			224,500	
		Deduct				
	"	" Finished Wheels, on hand at cost 800 @ $33.94			27,153	60
		Cost 6000 wheels			$197,346	40
	"	" Balance, carried down			342,653	60
					$540,000	
	"	" Agents' Commissions			$ 90,000	
	"	" Branch Expenses; rents, salaries and miscellaneous			40,000	
	"	" Selling Expenses; travelers' salaries discounts, rebates and miscellaneous			30,000	
	"	" Balance, carried to Profit & Loss Account, net profit on sales			182,653	60
					$342,653	60

BICYCLE MANUFACTURING CO.

31st December, 1896. CR.

1896				
Dec.	31	By Manufacturing & Trading Account balance brought forward	$182,653	60
			$182,653	60
	"	" Balance, brought down, profit for year	$169,153	60
			$169,153	60
1896				
Dec.	31	" Balance, brought down, divisible profit for year	$142,000	

BICYCLE MANUFACTURING CO.

31st December, 1896. CR.

1896				
Dec.	31	By Balance, carried down, representing cost of 5200 wheels @ $33.94	$176,500	
			$176,500	
	"	By Sales, for year 6000 wheels	$540,000	
		6000		
			$540,000	
	"	By Balance, brought down, representing gross profit on trading	$342,653	60
			$342,653	60

ber of wheels manufactured, (b) the cost per wheel, (c) the gross manufacturing profit, (d) the final net result, including in the profit and loss account the stock of finished wheels on hand December 31 at their cost as shown by the accounts.

Conservative business expansion depends on sales in excess of cost and not upon an excessive manufactured production which represents dead capital investment. Proper management of a small capital is a greater

Frank Broaker, C. P. A.

assurance to investors than bad management of a large capital and broad credit.

Accounts are the safeguard of a business and many manufacturing concerns have realized, when too late for correction, that a mechanical book-keeping control of business affairs, in violation of practical principles, which govern the creation and maintenance of cost and factory accounts has led to a shortage in working capital and been the direct cause of financial disaster.

Cost and factory accounting is the most scientific and important in the realm of accountancy, and bankrupt sales bear mute evidence of the penalty for the disregard of its warnings.

A knowledge of technique and expression, being synonomous to "reason and common sense" is requisite before a solution can be scientifically and practically prepared.

To many book-keepers and business men the question will appeal as proper and satisfactory, "all that is necessary being to prepare an account, state the profit and declare a dividend;" but is the question proper and complete based upon a perfect system? The proposition, therefore, whether originated or prepared by the examiner from the books of a going concern, is important.

Dating of Inventory—An inventory is always taken and stated at the end of a fiscal period, i. e.: Dec. 31, not Jan. 1.

Utilization of Accounts.

Purchases of Material—The debit to profit and loss account of the total amount of the purchases of supplies is improper, and the theory that by crediting the profit and loss account with the cost of the raw material on hand at the end of the period it compensates for the excess charge by leaving a net debit representing net consumption, is mechanical and not practical. All items comprehended in an account should state positive not controvertive facts.

The merchandise account may be cited as an illustration of instruction given in educational institutions as a convenient method to impart the theory of double-entry. A review of the postings appeals strongly to the intellect as being radically wrong.

The account is charged with:

Inventory at commencement of period ....
Subsequent purchases ....
Return sales ....

This total does not represent cost.

The account is credited with:

Sales ....
Return purchases ....
Inventory of unsold goods......

This total does not state proceeds.

Labor, Productive—This account (as per the question) has been kept to record the charges to it of the total wages expended. The amount of wages unaccounted is transferred to "Labor, Unproductive," the balance being inferred to have been utilized in manufacturing. This result was evidently an estimate. It is therefore apparent that the actual cost of each bicycle was unknown and estimated. At the end of the year when the stock of materials was taken at cost, the amount of the difference (including the unproductive labor) then determined the cost of unaccounted expenditure for manufacturing 5,200 wheels, which is equivalent to selling goods without positive knowledge of cost.

SELLING EXPENSES—A rebate *is not* a selling expense but an allowance on a sale.

PROFIT AND LOSS ACCOUNT—With the exception of bad debts, and depreciation on machinery and plant, the latter being *reserved* out of the business profits when stated, for replacement of wear and tear values, *not one* of the accounts stated in the question is properly chargeable to profit and loss account.

Factory buildings, machinery, furniture and fixtures and general plant values, represent capital investment, not a current resource nor asset for the payment of current liabilities, and the value of this class of accounts (capital expenditures) should be protected by reserving out of earned profits, a proper percentage to protect capital investment which should not be withdrawn as a profit, but preserved intact.

(*a*) NUMBER OF WHEELS MANUFACTURED.

The sales for the year were....	6,000	wheels
The finished wheels on hand, at the end of the year, ready for sale numbered..........	800	"
Total number of wheels........	6,800	"
DEDUCT		
Finished machines on hand at the commencement of the period	1,600	"
Bicycles manufactured during the year	5,200	"

The cost of the finished wheels (1600 at $30) on hand at the commencement of the period having been stated in the question, it cannot again be pro-rated as a part cost of the machines manufactured during the year.

(*b*) THE COST PER WHEEL.

There were 5200 bicycles manufactured during the year, and the following expenditures are chargeable to arrive at the cost per wheel:

Raw material on hand Dec. 31, 1895	$12,500	
Raw material purchases year 1896	62,500	
	$75,000	
LESS		
Raw material on hand, taken at cost Dec. 31, 1896......	4,000	
Consumption of raw material........		$71,000
Labor, productive		82,500
Manufacturing expenses		23,000
Cost of 5200 wheels+................		$176,500

(*c*) THE GROSS MANUFACTURING PROFITS.

There is no such *profit* known to the well-informed expert, nor do the stated figures in the proposition permit of such a determination. A *profit* can only be stated after a sale has been made. The presumption that the sales department is a purchaser, (the *price* charged to it by the factory, which includes a factory profit), is incorrect and visionary; (it will be noted that the *factory price* is not given in the question) and the figures stated are not the *factory price*, but *sales proceeds.*

This method in high finance of making a profit on manufacturing before a sale is made, leads to bankruptcy and a conservative banker or capitalist would not knowingly loan against an inventory that included a fictitious factory profit which depended upon a future sale, for the reason that when credit is exhausted and the storerooms and sales-rooms are filled with manufactured goods, the creditors become the owners of an imaginary value termed *factory profit,*— the *creditors' loss.* In this way dividends are declared out of *factory profits,* and actually paid out of merchandise collateral loans received from credulous capitalists.

To determine "the gross manufacturing profits," the factory *price* per wheel and not the *sales proceeds,* $540,000 should have been stated, which would also have included in the account to be prepared, the *factory profit* on the 800 wheels unsold.

This question was undoubtedly prepared by the State Examiners of Certified Public Accountants to test the proficiency of the examinee who should have promptly noted the omission of the *factory price,* corrected the question and stated:

The gross trading profits on sales to be $342,653.60

(*d*) THE FINAL NET RESULT.

The result can only be stated after deduction of trading, management, fixed charges and extraordinary expenditures, and as well reserves to provide for impairment or renewal of capital expenditures.

TRADING EXPENDITURES.

Agents' commissions........	$90,000	
Branch expenses	40,000	
Selling expenses	30,000	160,000.00
Profit on trading..................		$182,653.60
		$182,653.60

PROFIT AND LOSS ACCOUNT.

Bad debts	$8,000	
Machinery and plant reserve for depreciation	5,500	13,500.00
Business profit for year............		$169,153.60

"Including in the profit and loss account, the stock of finished wheels on hand Dec. 31, at their cost, as shown by the account."

DEDUCT

Contingent reserve for inventory Dec. 31, 800 wheels at cost $33.94+	27,153.60
Final net results for the year available for dividends	$142,000.00

Contingent Reserve for Inventory.

The purpose of this reserve should be carefully reasoned as it is applicable in many but not all lines of business.

In many instances, manufactured stock, such as bicycles, hats (straw and felt), millinery, clothing, carpets, wall paper, remnants of dry goods (not staples), novelties, etc., will not realize the cost after the season of sale is over and an overstocked condition affects the earned business profits. When such articles are valued low to arrive at conservative results, preparatory to a division of profits, it is an estimate. New models, improvements, styles, etc., supersede the old.

It was intended by the question that as the bicycles on hand at the end of the year were a hazardous stock which would produce an unknown value, it was deemed conservative and expedient to reserve this cost out of the business profits.

Bad Debts—It might be inferred that bad debts are debited against the sales as a trading loss. Such a loss is chargeable against management in the profit and loss account. A sale is entitled to full credit for its *price*. A non-collection concerns the financial office.

Treatment of "Written Off" and Reserve Accounts.

A personal or value account when written off cancels an asset, whereas a "reserve" maintains intact the original value by withholding a part of the profit and providing for renewals of wear and tear, (Plant, Machinery, etc.)

The foregoing is a review of the proposition in which is included a mathematical demonstration of results but it is not an answer to the question, "prepare an *account* from the above, etc."

A certified public accountant's skill in technique and expression is best evidenced by the accounts scientifically prepared by him. Accuracy and simplicity should govern the arrangement of facts, so that even without a technical knowledge of accounting a business man may comprehend the details and final results without being plunged into a labyrinth of complicated and unintelligible figures which call for personal explanation or addendum report.

From the data submitted in the question, there can be but one conclusion. The company manufacturerd and sold bicycles, and the requisite account to be prepared and headed is a:

Manufacturing and Trading Account.

Cost and factory accounts, their systematization, arrangement, forms and usage were fully explained and dealt with in lesson three, and it is apparent, based upon the accounts presented in the question, that the system of costing was crude. Factory memorandum books only were kept, which were neither controlled nor connected with the financial accounts, therefore the cost was *estimated* as a basis of sale. This omission however does not preclude the presentation of a business accounting.

The Manufacturing Section is chargeable with the raw material, labor and expenses consumed in manufacturing which total amount is brought down at cost to the:

Trading Section — The 1600 finished wheels on hand at the commencement of the period are first charged in this section at inventory value Dec. 31, 1895, followed by the cost of the wheels manufactured during the year, brought down from the manufacturing section.

It should be reasoned that the 1600 wheels on hand at the commencement of the period (in the absence of explicit information) were first sold; the remaining 800 finished machines being part of those subsequently manufactured, which are deductible at cost from the 6800 (1600 plus 5200 manufactured) and which will exhibit the cost of the 6000 wheels sold, i. e.: 1600 at $30 and 4400 at $33.94, contra to the proceeds of sales, 6000 wheels.

The difference between the cost and proceeds represents a balance, *gross trading profit,* which is brought down to the next section contra to the trading or selling expenditures. The resultant balance is a *net profit on trading,* carried to profit and loss account, which closes the manufacturing and trading account.

Profit and Loss Account.

This account has long been abused and misused by the closing into it of every conceivable account at the end of a fiscal period. It was designed to present, on the credit side, profits from trading, ventures, departmental, and extraneous income, and to state on the debit side expenditures, such as management, fixed charges, bad debts, miscellaneous reserves, etc. Cost and proceeds and expenditures and income, showing respectively profit and revenue are different accountings, the *balances* from which are carried to the profit and loss acount.

BOSTON ACTIVITIES.

THE first fall meeting of the Boston chapter was held on Tuesday, October 12, and was attended by over three hundred members and their friends. From 7.30 to 8 o'clock selections were rendered by an orchestra.

Addresses were made by Hon. Clark

Williams, superintendent of banks, New York State; Prof. Samuel Williston, Harvard Law School; Hon. Arthur B. Chapin, bank commissioner of Massachusetts, and Mr. George E. Allen, educational director, American Institute of Banking. Charles B. Wiggin, president of the chapter, spoke in an optimistic vein as to the outlook for the coming year. He stated that the membership was now three hundred and fifty, and that there was a large amount in the treasury, due to sums which Boston banks have generously subscribed to further the work of the Institute. This is a very encouraging sign, as it shows the interest the banks have taken in our chapter work. He also announced that the president of the Bank Officers' Association, Herbert D. Heathfield, had extended an invitation to the members of Boston chapter to attend a meeting of that organization. This action on the part of the Bank Officers' Association indicates the cordial relations that exist between the two organizations.

Mr. Chapin gave an interesting talk on the many bills relating to banking that were brought before the committee on banking during the last session of the Legislature, and explained the procedure in each case.

Prof. Williston, who is one of the greatest authorities on commercial law, stated that while it was not expected that bank clerks should know all the laws, it was at least advisable that they should have a knowledge of the laws that were applicable to banking.

It might not be amiss to state here that Prof. Williston is delivering a course of sixteen lectures on "Negotiable Instruments" before the members of Boston chapter, the first lecture having been given on October 19.

Before making his address Mr. Williams spoke of the great regard he had for the American Institute of Banking, and said that in his opinion there was no agency in the United States to-day so well calculated to raise the standard of the banking profession as the American Institute of Banking.

In alluding to the panic of 1907, he stated that at that time there were in New York State $117,000,000 of assets belonging to institutions in a failed condition and that there was not now in prospect the loss of one dollar from that condition. In speaking of the New York State Banking Department he said that when he received the first civil service eligible list in 1908 there were ten men appointed, the first ten on the list, and seven of these men were members of the American Institute of Banking. In 1909, when a new eligible list was provided, numbers 1, 2 and 3 on that eligible list of forty names, were members of the American Institute of Banking. He closed his remarks by advising the members to be careful in choosing their associates, and to always act according to their best impulses and convictions. Mr. Williams' address was listened to with great interest, and he impressed us as a man who would "rather be right than be President."

That Mr. Allen, our educational director, was well remembered by the members, was attested by the reception he received when he arose to speak. In referring to the advantages that were to be derived from our study of banking questions, he laid particular stress on the fact that in order for the Institute to progress, the members must strive to develop themselves individually.

Seated on the platform during the speaking were Messrs. Francis B. Sears, vice-president of the National Shawmut Bank; George W. Grant, treasurer of the City Trust Company, Herbert D. Heathfield, president of the Bank Officers' Association; Alfred Ewer, National Bank Examiner, and Alonzo P. Weeks, cashier of the Merchants National Bank.

Previous to the meeting a dinner was tendered the speakers at the Exchange Club, at which about thirty prominent Boston bank men were present. These dinners are becoming a regular preliminary feature of the chapter meetings, and are productive of much good, as they give our bank men the opportunity to meet and become acquainted with the different speakers.

NATHAN M. HARRINGTON.

BALTIMORE YEAR-BOOK.

THE Baltimore chapter has recently issued a handsome year-book. It was compiled by President Raymond B. Cox. The book contains an outline of the past accomplishments and future prospects of the chapter, making particularly clear the work of the various committees. An introductory paragraph reads:

> In reviewing the history of Baltimore chapter, many elements appear to which may be credited its success. Among them, standing out preëminently at all times, never waning or faltering, is the active and hearty support which it has always received from the various financial institutions and their executives. This has given the work an impetus, and the workers an inspiration and an encouragement that is immeasurable. It has given the organization a dignity that might otherwise have been lacking and it has been a convincing fact to those who might have questioned the wisdom of its efforts. The organization and its members could not be too extravagant in expressing their appreciation of this interest in their welfare.

Raymond B. Cox, president of the chapter, got his start in banking in the Manufacturers' National Bank in 1901. In 1903 that bank was absorbed by the First National Bank, with which he has been ever since. The past few years he has served as head of the auditing department. On August 31st, 1909, his position was made official and he was created a junior officer with the title of auditor. The First Nationl Bank is the only bank in Baltimore which has an official auditor, and Mr. Cox is the youngest officer of the clearing-house banks. He first came into prominence in the Institute through the debates which he entered. He was captain of the winning team in each of the three following inter-city debates: Baltimore vs. Washington; Baltimore-

RAYMOND B. COX
President Baltimore Chapter.

Washington-Scranton vs. New York-Brooklyn-Philadelphia; Baltimore-Washington vs. Detroit-Chicago. He has attended the annual conventions for the past few years, taking a more or less prominent part in their proceedings, and through his activities in this work, has made many friends and acquaintances throughout the country.

PHILADELPHIA'S LIBRARY.

THE Philadelphia chapter, John C. Knox, president, has also issued a year-book. One of its most interesting features, with the exception of the complete list of members, is the catalog of books in the chapter library. As this may be of value to other chapters in building up their libraries, it is reproduced here:

Clearing House—J. G. Cannon; Funds and Their Uses—F. A. Cleveland; Modern Bank—A. K. Fiske; Principles of Political Economy—C. Gide; Business Law—F. R. White; Money and Banking—Horace White; Money and Currency—Joseph French Johnson; Corporation Finance—Greene; The Wealth of Nations—Adam Smith; Commercial Trusts—D. Passos; A B C of Foreign Exchange—Clare; Money and the Mechanism of Exchange—Jevons; Modern Trust Company—Kirkbride & Sterrett; United States Notes—John Jay Knox; Elements of Banking—Henry D. McCleod; The Work of Wall Street—Pratt; Stock Exchange (Eng. System)—Ingall & Wetres; The Bank and the Treasury—F. A. Cleveland; Modern Banking Methods—A. R. Barrett; Theory of Credits, 3 vols.—Henry D. McCleod; Canadian Banking System—Breckenbridge; International Exchange—Margraff; Fluctuations of Gold—Humboldt; Law of Payment—Grimandet; Economics—Arthur F. Hadley; Lombard Street—Bagehot; The Making of a Merchant—Harlow N. Higginbottom; Bills and Notes—Byles; Pratt's Digest of the National Bank Act; National Bank Organization; Theory and Practice of Banking—Dunbar; History of Banking in the United States—John Jay Knox; Principles of Money and Banking, 2 vols.—Charles Conant; Fifty Years of Wall Street—Henry Clews; The A B C of Banks and Banking—George M. Coffin; Foreign Exchange Text-Book—H. K. Brooks; Bank Catechism—William Post; Clearing Out-of-Town Checks in England and the United States—J. C. Hallock; History of the Currency of the Country and of the Loans of the United States from the Earliest Period to 1900—Register of the Treas.; Commercial Geography—C. C. Adams; The Outlines of Economics, Monopolies and Trusts—R. F. Ely; Albert Gallatin—John Austin Stevens; Alexander Hamilton—Henry Cabot Lodge; Andrew Jackson—Prof. Wm. G. Summer; Salmon P. Chase—Albert B. Hart; Wheat and the Markets of the World—Rollin E. Smith; History of Coinage and Currency in the United States—A. B. Hepburn; Financial Crises and Periods of Industrial and Commercial Depression—T. E. Burton; Money, Banking and Finance—A. S. Bolles; Wall Street and the Country—C. A. Conant; Economics for Beginners—Henry D. McCleod; Elements of Economics—Charles J. Bullock; One Hundred Years of American Commerce; Bank Bookkeeping—Practical Text-Book Co.; Statistics on Banking and Commerce in the United States and Other Countries—Pamphlet; Money and Prices in Foreign Countries; Reports Upon Currency Systems of Various Nations in their Relation to Price of Wages—U. S. Government; Bankruptcy Law of the United States of July 1, 1898. Amended to February 5, 1903—U. S. Government; Stored Goods as Collateral for Loans—U. S. Government; Select List of Books with Reference to Periodicals Relating to Currency and Banking—U. S. Government; Pennsylvania Business Law—John J. Sullivan.

VARIOUS CHAPTER EVENTS.

SPOKANE chapter entertained a large number of its members and their ladies at the first of a series of five dancing parties, Oct. 27. Wives of the presidents of the various banks in Spokane were patronesses and the committee in charge of affairs was composed of Charles A. Ham, J. O. Tiffany and A. S. Blum.

At a recent meeting of Seattle chapter, Prof. A. G. George gave a lecture on the "New and Old Klondike."

The Cincinnati chapter opened its new quarters in the Atlas National Bank building October 9. Among the guests of honor were James T. Roach, of the Garfield National, of New York City, and Franklin Alter, of Cincinnati. Edgar Stark, of the Union Savings Bank and Trust Company, gave a talk on "Loyalty." E. J. Lyons, of the First National, gave an account of his trip to Seattle. F. J. Lowe, of the Union, sang, with Mr. Farbach at the piano, and Edward Seiter, of the Fifth-Third National, told about the convention of the National Association at Chicago.

At a recent meeting of the Chicago chapter, James I. Ennis, gave a lecture on Commercial and Banking Law and covered the essentials of a contract, mutual assent, capacity of parties, consideration, and form required. He treated his subject in a thorough and agreeable manner. In opening his lecture Mr. Ennis remarked that there are many in the banking profession, as well as in other professions and in business who seem satisfied with what they know or profess to know, and refuse to put in a little of their spare time on study, with the ultimate result that they lose the faculty of concentration of mind, and when a change in position or an opportunity for something good comes along and they are forced to acquire a little knowledge to fit themselves for such a promotion, they cannot apply themselves. Hereafter Mr. Ennis' class will convene on first, third and fifth Wednesdays. As vice-president to fill the vacancy made by the resignation of Mr. Wheeler, Everett Mann of the First National Bank was chosen.

The principal address at the opening meeting of the Baltimore chapter was made by Pierre Jay, first vice-president of the bank of the Manhattan Company of New York, and former bank commissioner of Massachusetts. Mr. Jay dealt with the savings banks, their uses, some defects and remedial legislation. He said that savings deposits, whether in State banks, savings banks, trust companies or national banks, should be treated as trust funds and the accounting for them should be made separately by the segregation of savings from commercial deposits. The only way the postal savings scheme can be prevented, he said, is by the present banks adopting a plan whereby the banking needs of those remote from the savings banks can be met. The great success of co-operative banking in England, he said, is likely to cause its application in this country.

A HOME ACCOUNT BOOK.

"BRADSTREET'S Practical Accounting for Home Expenses" is a practical cash book for home use. It is arranged by months and ruled in lines and columns for the days of the month, and the receipts and disbursements made by the average housekeeper. Special provision has been made for a summary of accounts each month. The book is good for three years and at the end of any week, month or year a clear analysis of all outlays is given in the most concise form.

We recommend the use of this book by any man who wants to save money systematically. This account book brings your expenses before you regularly. They are classified and compared with those of previous months. A study of this comparison points out where the leaks are as no other method can.

This book is published by Judd & Judd. The price of the book is $1.00. The Bankers Publishing Co., will forward it to any address upon receipt of price.

SPEED CONTEST AT ATLANTA.

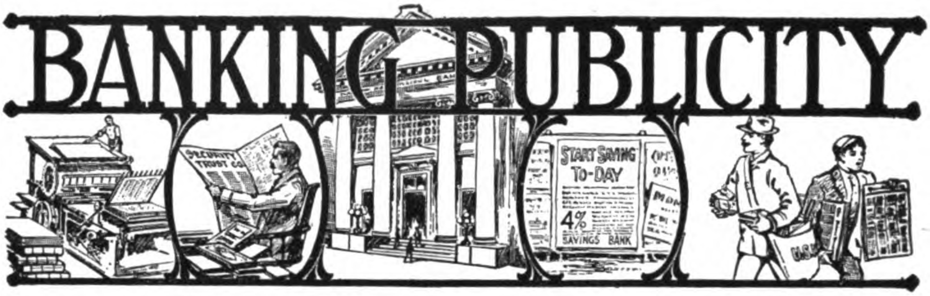
THE first of the speed contests on Burroughs machines to be held this season took place at Atlanta, Ga., on August 24.

The Atlanta chapter had the contest under the auspices of Salesmanager Walker of the Atlanta office of the Burroughs Adding Machine Company.

The contest was held on 250 checks and the winner, A. F. Krober, correctly added and listed the checks in the time of 4.56, the second man J. H. Freeman of the Lowry National Bank did the work in 6.05.

Mr. Krober was presented with a handsome watch fob by the Atlanta agency and Mr. Freeman received a scarf pin. In addition to the other prizes the officials of the Fourth National Bank gave Mr. Krober a fine watch.

The Burroughs Atlanta Agency has arranged for speed contests to be held by the Augusta and Savannah chapters, after which a three-cornered contest will be held among the three chapters for the championship of the state.



THIS department is for the benefit of those interested in promoting the business of banks, trust companies and investment houses by judicious advertising. Correspondence is desired. The purpose is to make this department a clearing house for the best ideas in financial publicity. Send inquiries, suggestions, information concerning results of various methods and campaigns, and samples of advertising matter for comment and criticism, to Publicity Department, Bankers Publishing Co., 253 Broadway, New York.

Conducted by T. D. MacGregor.

SYSTEMATIC ADVERTISING.

How the Franklin Society for Home Building and Savings Gets Results From Newspaper Publicity in New York.—By H. A. Theis, Second Vice-President of the Franklin Society.

UP to January, 1908, the advertising of the Franklin Society was carried on in the same careless manner so common among banks and trust companies. At that time, this department of the institution was reorganized with the result that in less than two years there has been an increase in deposits of more than fifty per cent., with only a slight increase in expenses, the sudden change having been due in most part to a systematization of advertising disbursements which had hitherto been spent without careful study and supervision. A system of advertising in order to be successful must be planned in successive stages beginning with the insertion of the ad. and ending with the taking care of the inquirer who is ready to become your patron. If any one step is faulty, the whole campaign suffers. A good advertiser must be a good organizer, for around him the building up is centered. I believe that all advertising pays but the advertising man who can make the dollar last longest is the most successful. I have no doubt but that the advertising appropriation of the average bank and trust company could be spent so as to give as much general publicity as they now derive from their cards and yet be very productive of actual results, at the same time preserving every bit of conservative dignity.

Before going into the details of the reorganization which meant a sudden substantial increase in the receipts of the Society, it might be well to say a few words about the institution itself.

The Franklin Society is a building and loan association which has discarded all the complicated forms of obligatory monthly deposits, deferred dividends, etc., of the old time associations. It has adopted a simple pass book upon which payments can be made as and when one pleases. The earnings are declared semi-annually and paid in cash. In short the account can be understood as easily as one in the most up-to-date mutual savings bank. The funds entrusted to it are invested in small, monthly payment first mortgages on homes in New York City and its immediate vicinity. The policy of simplicity has also been extended to the borrower. The mortgage he signs is simple in terms and readily understood by the ordinary layman. In the metropolitan district the demand for this kind of mortgage is almost unlimited. As a matter of political economy the financing of the building of homes represents a powerful constructive policy. As a matter of security, nothing could be safer than carefully selected first mortgages on homes in this locality. With this mortgage as the basis of security it should be an easy matter to attract capital in small amounts. And this we attempted to do with a systematic educational advertising campaign with the gratifying results already referred to.

Distinctive Copy Used.

The first thing done was to select a form of advertisment that would give general publicity and at the same time allow space for advertising talk which would bring direct results. A mortise cut was adopted and kept without material change, though the copy inside was changed occasionally. The ads. were written to produce earnest inquiries and supported by an interesting series of follow-up letters and booklets. The next thing done was to select mediums. Twelve dailies and several national magazines were chosen. Leaving out the magazines, the following was our experience with the newspapers. The compiling of these figures was made possible by means of keying each "ad." A ledger account was opened for each medium to which was charged the cost of advertising, and credited the accounts traceable to it. A careful record of each inquirer and the letters together with the literature sent is kept on a prospect card, reproduced in the August, 1908, BANKERS MAGAZINE. The bulk of the Society's advertising is done around January and July, the natural periods of reinvestment. At the end of each period a statement is made up showing the results. For two periods the same papers were used. At the third period all papers which had not produced results were dropped and their portion added to the others. Four papers were dropped in this way, and the remaining eight retained to this day.

A CUMULATIVE EFFECT.

On page 994 is a statement showing the results of the first and third periods, the results of the third period having been accomplished at a substantially smaller expense. It must be remembered that these figures represent only the first deposits and that the average account is nearly doubled at the end of the first year.

H. A. THEIS

Second Vice-President The Franklin Society for Home Building and Savings, New York.

Besides the actual results obtained as shown by this table, which in themselves would justify the expense, we have on our files the names of more than two hundred interested persons. It is fair to assume that a number of accounts not traceable to advertising were nevertheless produced by it. Furthermore, the insertions in the New York dailies put the name of the Society before the eyes of thousands more. The marked increase in the third period is undoubtedly due as much to the previous advertising as to the current campaign of that time.

IMPORTANCE OF SUPERVISION.

Taking the eight papers individually for the full four periods during which they

I do not doubt that this would be true in the long run. In beginning an advertising campaign, then, it only remains to select the papers which bring immediate results. In short time the publicity created by these papers will put others in line to produce immediate results.

STATEMENT OF TEN DAYS' NEW BUSINESS.

	—First Period—			—Third Period—		
Sum total of new accts.....			$15,850			$42,850
No. of new accounts........	120			195		
No. of newspaper insertions	67			75		
No. of inquiries	150			225		
No. of new accts. traceable to advertising	35			105		
Sum total of these accts....		$6,825			$29,900	
No. of accts. opened from old inquiries	17			15		
Sum total of these accts...		2,400			4,350	
Sum total traceable to advertising			$9,225			$34,250

have been used, the statement shows that there is little difference among them in the ratio of results obtained to expense. It would appear from this that all the New York papers will produce results proportionate to their charge for advertising and

The cost of advertising is large and much money can be saved or wasted. It should be constantly watched and supervised. In fact, the supervision is as important as the creating and placing of advertising. Very few realize this.

Some Ideas in These.

ADVERTISING CRITICISM.

Comment on Advertising Matter Submitted for Criticism.

W. F. BENING, advertising manager of the Sacramento Bank, Sacramento, Cal., writes:

I am sending herewith for comment and criticism two pieces of advertising that I got out during the past few months.

One is a card that was inserted in the pass books of our depositors calling their attention to a new form of account—a checking account bearing interest. The bank had never before made a practice of handling checking accounts.

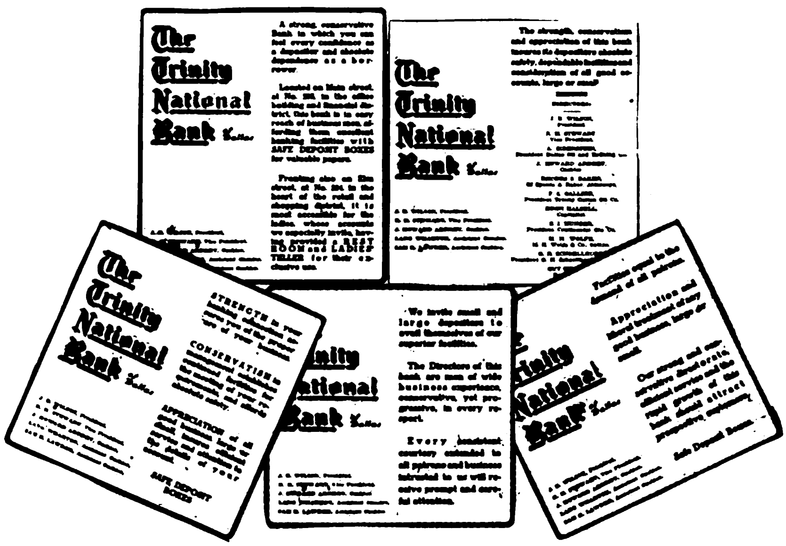
The other is a booklet containing our statement and dividend notice, at the same time exploiting the general features of our business.

I have marked two of them in blue pencil, on which I would thank you to give us you special advice, as the two advertisements are worded differently and carry practically the same thought to the public.

If you answer through your magazine, I would be glad to have you call my attention to the issue in which it will appear, and if it is your custom to answer letters of this nature by mail, I thank you in advance for the courtesy of your reply.

Our answer was:

I would make the following observations on your advertisements. The general typographical arrangement of your ads. is very good. The liberal use of white space and the



Good and Bad Points Both.

regular use of your name-plate are good features, but I think the ads. would be improved if, in each case, you had an interesting head-line, preferably one containing a complete statement or idea. I think perhaps the longest advertisement submitted is the best as it gives some very concrete facts concerning your institution such as your two entrances, your safe deposit boxes, your special facilities for women customers, etc. I think that the person who writes your ads. could afford to make a careful study of the rules of rhetoric and grammar in order to improve the clearness of his writing; for instance, consider the paragraph in the shortest advertisement:

"The strength, conservatism and appreciation of this bank insures its depositors absolute safety, dependable facilities and consideration of all good accounts, large or small."

There is a mistake in grammar, as the verb should be plural instead of singular—

As both of the above mentioned pieces of literature were used in connection with a quite extensive advertising campaign, their specific value could not be very readily obtained.

Both the booklet and the card mentioned are good, the only criticism being in regard to typography. In our opinion too much of the matter was printed in Italics, making it hard to read.

Lang Wharton, assistant cashier of the Trinity National Bank of Dallas, Texas, wrote us:

I have been much interested in the advertisements submitted to you for criticism. As this bank has only been established about eight months, we have never advertised extensively, and having done our little amount unprofessionally, we would appreciate your comment on the clippings enclosed.

A Few Emblems.

"insure" instead of "insures." The paragraph is not entirely clear as there are two ways in which one could take the word "appreciation" in this connection. It might mean either the bank's appreciation of its customers' support or the customers' appreciation of the bank's service. It is also not clear how strength, conservatism and appreciation would necessarily insure consideration of all good accounts.

I notice a seeming lack of knowledge of the shades of meaning of a word in the first paragraph of the long advertisement already referred to where he speaks of "absolute dependence as a borrower."

According to the most common meaning of the term, absolute dependence might mean that the borrower was absolutely dependent upon your bank, that he could secure a loan no where else, whereas, the idea your ad. writer intended to convey undoubtedly was that your institution is a safe and dependable one from which to borrow money in time of need. In another ad. appears this paragraph:

"Every consistent courtesy extended to all patrons and business intrusted to us will receive prompt and careful attention."

In this case, all that is needed is proper punctuation. If a comma had been used after the word "patrons" it would be perfectly clear. As it stands, the idea that one gets is that "every consistent courtesy which is exended to all patrons and business entrusted to us will receive prompt and careful attention."

There is a sameness in the ideas developed in your various ads. It would be better to go into the matter more thoroughly and take up a wider range of topics in your advertising.

A young student of advertising in a western bank recently sent us some ads. for criticism. Our comments were rather severe so we refrain from publishing the ads. or the person's name. But possibly some of the paragraphs of criticism may be of value to other students so we reproduce a few sentences:

In general, I would say that your ads. all contain good points, but in most cases they contain something which detracts from their force or dignity, but your ad. writing shows no fault which cannot be remedied with a little more experience and study of the subject. You have the proper idea in regard to head-lines, although in some cases you have not worked it out satisfactorily. Your headlines are unusual and that is a very desirable point because an unusual heading attracts attention to the advertisement and this is very desirable because if an advertisement is not seen and read by as many people as it might be, it falls short of its purpose, but after you have attracted attention by your head-line, your copy must be logical and convincing or the reader is only amused and not led to take any definite and favorable action.

It is possible to have a heading which is unusual and striking but at the same time not undignified or ridiculous.

A good way to do when you are writing an ad. is to sit down and think what you have to advertise and then imagine that you are writing a letter to a personal friend who you think could advantageously use the service you have to offer, and then write just as strongly, convincingly and sensibly as you can. The first draft of your ad. will be too long but you can cut it down by striking out an unnecessary word here or by condensing a sentence there. It would be a good idea for you to study a good book on rhetoric and also to keep your eyes open in regard to advertising in general. Study the advertisements in the good magazines as they are the best advertising that is now being done.

We reckon this Georgia burglar has been robbing a battleship. He's got a searchlight and a 13-inch gun, anyway. If that's

Look Out There!

the way the housebreakers go after them down that way the bank does right to call attention to its burglar-proof vaults in the most strenuous manner.

AN EXCELLENT BOOKLET.

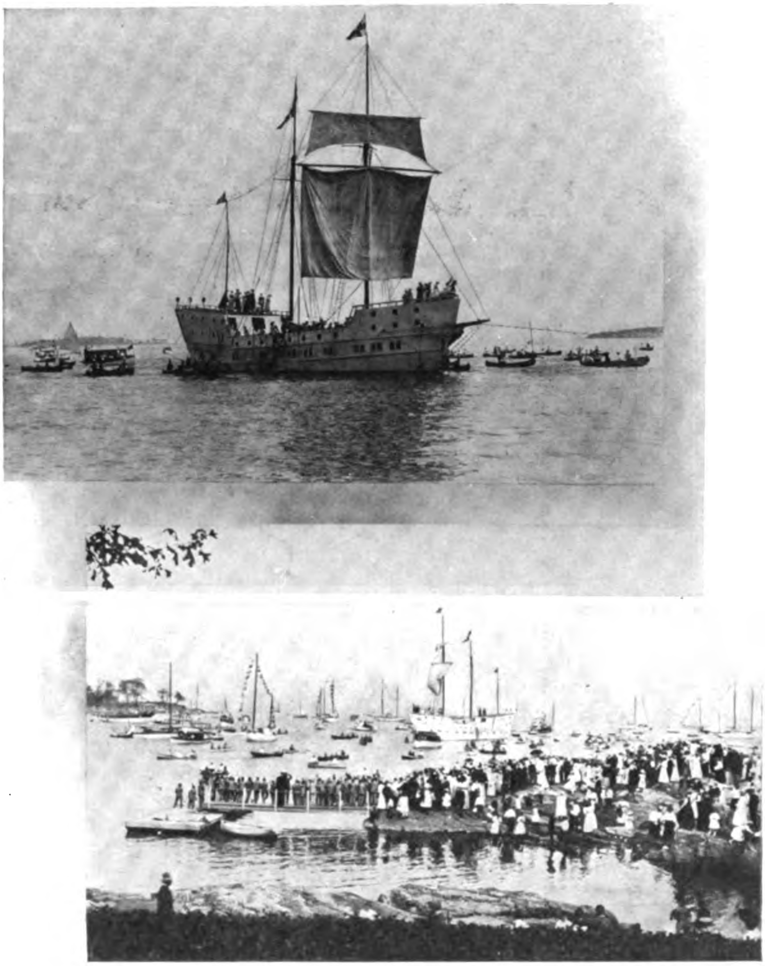
How the National City Bank of New Rochelle Celebrated an Anniversary.

THE NATIONAL CITY BANK, of New Rochelle, N. Y., recently celebrated the tenth anniversary of its establishment and the incorporation of the city

The introduction reads as follows:

In the same year that New Rochelle became a city, the National City Bank offered its services to the community.

Now that both city and bank are celebrating their tenth anniversary, it seems appropriate that a condensed record of their remarkable development should be made in



Scenes from the Historical Water Pageant at New Rochelle, June 12th, 1909.

Arrival of the Huguenot Ship in New Rochelle Harbor, 1688.

by getting out a handsome booklet, three cuts from which are reproduced herewith.

The booklet is handsomely printed, illustrated and bound. It consists of 64 pages of historical and statistical matter, bearing upon the subject indicated by the title of the booklet, "Modern New Rochelle and the National City Bank."

permanent form, both for the present interest of such a record, and for its possible future usefulness.

The National City Bank therefore presents this volume to its patrons, with sincere appreciation of the part they have performed in the history of its own gratifying progress.

The booklet has articles contributed by

Note Issued by the Old Bank of New Rochelle. Reproduced by Courtesy of William W. Bissell, Esq., President of the New Rochelle Trust Co.

the chief executives of three city administrations.

Henry M. Lester, president of the bank, has given a copy to each of the public school teachers in New Rochelle. The booklet is greatly prized on account of its historical matter. He will be pleased to send a copy to anyone interested.

HOLIDAY ADVERTISING.

Now is the time for Christmas and New Year's Copy.

WE are reproducing a few samples of last year's holiday advertising, in order to give our readers a few thought starters for their own Christmas and New Year's ads.

Last New Year's the Royal Bank of Canada sent out a neat little folder with this simple greeting:

The General Manager and Staff of the Royal Bank of Canada, Head Office, Montreal, Extend Hearty Greetings.

Ed. T. Kearney of the Bank of Dakota County, Jackson, Neb., sent out Christmas and New Year's letters as follows:

CHRISTMAS.

To Our Good Friends:

Just a word of Christmas cheer—to the best customers on earth—bar none.

"The Bank that ALWAYS treats you RIGHT" is closing the best of the twenty-three long, pleasant, profitable years spent in Jackson.

Its business increases yearly—in all lines. Deposits now are nearly $10,000 more than one year ago.

It keeps getting new customers, and loses no old ones. Once a customer, always a customer here.

It is learning more about good banking each year—how to treat you better.

It has unequalled facilities for caring for your business RIGHT. Kearney methods and inventions that make easier and safer our dealings for both.

It guarantees to one and all these things: Everything in banking and insurance that you can get anywhere at as low or lower rates.

Absolutely safety for your deposits here. "As safe as a Government Bond," means just that. Reason? Loaning to farmers almost exclusively (safest borrowers on earth), less than $50 losses since starting, ample capital, surplus and backing, and the "know how" that comes only with age, experience and success.

Always here—the promptness, accuracy and courtesy you like to receive. Things done by us are done quickly, done pleasantly and done RIGHT.

Just know that whether you have business or not, we are always glad to see you enter our door. The writer's one aim in life is to give the people of Dakota County a GOOD bank, one they can be proud of, receive the best treatment in, and fully recommend to their friends. (We get our new customers from the "say so" of pleased customers. May we count YOU as one?)

To you then our grateful thanks for your many kindnesses, for the good words you say, for the new customers you send, and from the heart, earnest wishes for you and for yours—a Merry Christmas, a Happy New Year, with many joyous returns of the days.

An '09 Calendar and purse are here for our customers. A purse that will never be empty, if you deposit your savings here. Four per cent. interest paid on time deposits.

Faithfully yours,
ED. T. KEARNEY.

Harbor of New Rochelle, Landing Place of the Huguenots in 1688.

Good Holidays' Copy.

New Years.

To Our Friends:

A happy and prosperous New Year—to you and yours. Now is the time, when one feels like wiping the slate clean—and beginning all over again. Let's you and I do that. If we have a grudge against any living being—forget it—'tis not worth bothering about. If we've and bad habit or habits (and we all have) wipe them from the slate of our manhood and womanhood. If our business has not prospered during 1908—dig in HARD and make 1909 the banner year. In short—take off the dirty old mantle that clings to all frail mortal men, and don the brand new—spotless—shining cloak EVERYBODY can wear in 1909, if they but choose. Here in good old Dakota County, where bountiful crops await all who sow and cultivate and reap, where social business, even political life is nearly all one could wish for, where church and school offer every opportunity for man and child to be better and wiser—here where health and wealth and happiness abound, should there be many happy hearts, this bright New Year.

Resolve—one and all—to do better during 1909 than you did in 1908—better for yourself—for your family—for your friends—for the poor and needy—for all humanity. Let Jan. 1, 1910, unfurl a glorious record—so you can truly say "I have just closed the best year of my life." Here's hoping we can ALL truly say that.

Gratefully yours,

"The Bank that ALWAYS treats you RIGHT."

. Bank of Dakota County,

Jan. 1, 1909.

Jackson, Nebraska.

ADVERTISING WISDOM.

ADVERTISING does not jerk—it pulls. It begins very gently at first, but the pull is steady. It increases day by day and year by year until it exerts an irresistible power.—*John Wanamaker.*

Bankers were a long time in learning and appreciating the value of the earning capacity of printers' ink. Formerly it was "undignified" for a bank to advertise. It was against the code of banking ethics. Now advertising is recognized as a part of the bank's necessary business equipment. The bank has something to sell. It has a merchantable commodity to offer to the public. It has its integrity and its financial soundness. Banks are no longer hiding their light under a bushel. They are telling people about themselves, as they should do. —*H. S. Witham, Atlanta, Ga.*

Between salesmanship and advertising is the closest relationship known. Closer than a team under a single yoke; closer than friends, closer than brothers; yes, it is closer than man and wife, because there cannot be any separation or divorce, Every salesman is an advertiser, and every ad. is a salesman. Advertising is salesmanship plus publicity; salesmanship is advertising plus getting the order signed.

It is like a chemical compound which contains the other and is itself the thing contained.

Nitrogen or glycerine are each wonderful explosives, but when combined the most powerful explosive known. The same with salesmanship and advertising; each is a power alone, but when combined the effects are tremendous. It takes knowledge to mix them and nerve to touch them off, but the results are worth while. When you get down to this thing of advertising or salesmanship—because I treat them together—bear in mind that the sale does not take place in the man's pocketbook; it does not take place in a man's orderbook; the sale first takes place in the man's mind.—*Hugh Chalmers, Detroit, Mich.*

SOME GOOD BOOKLETS.

THE BANKERS' TRUST COMPANY of Houston, Tex., has issued a splendid booklet on trust company service entitled, "We Attend to Other People's Business." The book is well printed in two colors. The points it takes up are: Service, Legal Department, Collections, Loans, Executor, Court Trustee, Real Estate Department, Agent, Investment Administrator, Gold Debenture Certificates, Escrow, Money on Deposit, Auditing by Expert Certified Public Accountant, Money Orders, Guardian, Registrar, Fiscal Agent, Trustee, Transfer Agent, Assignee and Receiver, Insurance, Abstracts and Titles, Attorney in Fact.

"The Right Spot" is the title of a good leaflet issued by the Bank for Savings in Seattle. The point to the title is explained by this paragraph:

We are in the RIGHT SPOT in this location. It is the centre of the retail business district, therefore the centre of attraction for the wage-earners of this city. We want to be where we can be easily found by those who wish to put their savings in the RIGHT SPOT and deposit with a bank whose business is SAVINGS ONLY.

The anniversary number of the "Progressive Banker," issued by the employes of the City Bank and Trust Company of Mobile, Ala., last month, was a particularly handsome one. It commemorated the tenth anniversary of the institution, which now has deposits amounting to $2,742,759.34. The booklet is illustrated with pictures of the officers and employes, the building, etc. It likewise contains historical matter and a description of the bank's facilities.

AN ACROSTIC AD.

TO those interested in acrostic advertising we commend the following used on its envelopes by the Chehalis County Bank, Aberdeen, Wash.:

ABERDEEN!

On Grays Harbor
Population 18,000
Pay Roll $18,500 per day
Ocean Transportation
Rail Transportation
Terminal Freight Rates
Unexcelled Schools
No Better Climate
Industrial Centre
Timber, Agriculture, Manufacturing
Your Opportunity is Here—Write Us.

GOOD BOOKS FOR ADVERTISERS.

"HOW to Write a Business Letter" is the title of a good book by Charles R. Wiers, who is chief correspondent of one of the largest mail order houses in the United States. In this book he explains the methods by which the successful professional letter-writer works—how he digs out the points to be met, how he develops them, how he frames up the letter plan.

The model letters reproduced are very valuable for any students of correspondence or advertising, as these two branches of business are closely allied.

In the 125 pages of this book are thousands of good suggestions. Every man who writes letters or employs correspondents can profit by a study of this book. The price is one dollar. The Bankers Publishing Company will have it forwarded to any address on receipt of the price.

Ross D. Breniser of Philadelphia has prepared under the title of "Thirty Years of Mail Order Trading" a series of ten lectures upon the history, science and skill

Good Pittsburgh Copy.

displayed in the mail order business within a quarter century. They are not published in book form, but in separable sheets, so that they can be more easily kept up to date. The course is like that of a correspondence school in some respects. The mail order business is one of the most important features of advertising. Any man who is looking for real information on the mail order business will find it in this interesting course, which tells a great deal about mail order methods, ideas and plans. The price for the complete set of lectures is $5.00.

HOW BANKS ARE ADVERTISING.

Note and Comment on Current Financial Publicity.

As part of its follow up a prominent trust company in New York, sends out on behalf of its bond department a reply post card requesting information as follows:

Municipality ....
Amount of Bonds Contemplated during 1909..
Amount of each Bond......................
Purpose of Issue ....
Date of Bonds.................Due..........
....
Sale to take place about ....
Fiscal Officer ....
Attorney for Municipality ....
Information furnished by...................

A southern loan and trust company uses this reply blank as one of its enclosures:

Gentlemen:—Find herewith $........, with which I wish to open an account with your bank to draw interest. Please send pass book to the following address:

Name ....
R. F. D. or Street...........................
Post Office ....
State ....

Send what you have. Remember money deposited here is protected by our guarantee. If you don't like the plan let us know and the money will be returned.

The Illinois Trust & Savings Bank, Chicago, has issued a unique booklet calling attention to the remarkable progress of the bank to the position it occupies to-day among Chicago financial institutions. The flap of the booklet is in the form of a depositors' account book, folding over a design representing the portico of the bank building, with the familiar quotation "The bank behind the book."

The book contains a valuable three per cent. interest table.

The First Penny Savings Bank, Philadelphia, Pa., advertises for loans, as follows:

We shall be pleased to receive applications for first mortgage loans upon improved real estate within the city limits. Whenever you have any to offer, prompt attention will be given.

One of the pieces of advertising matter used by the Citizens Savings & Trust Co., Cleveland, O., is a folder called, "A Record of Growth." It reads:

The Citizens Savings & Trust Company of Cleveland, O., respectfully invites your attention to the record of substantial growth made by the bank during the past year.

DEPOSITS.

July 1, 1909	$39,944,738.98
July 1, 1908	34,844,731.81
Gain	$5,100,007.17

The esteem in which this bank is held by the public is a direct result of its financial strength and the fact that it combines large capital and surplus with those principles of safe management which place banking upon a safe foundation.

The Chase State Bank of Faribault, Minn., sends out a good illustrated booklet telling about Faribault.

The Dollar Savings Bank of Bellaire, O., gives some good talking points on a card, thus:

THE DOLLAR SAVINGS BANK

Bellaire, Ohio,

Has been organized twenty years.
Has paid a dividend every year.
Has a Capital and Surplus of $110,000.
Has earned a Surplus of $60,000.
Has paid its Stockholders in dividends more than $50,000.
Has never had a severe loss of any kind.
Has nearly 2,500 customers on its books.
Has a Board of Directors that directs
Has all its notes and securities passed upon by an Executive Committee.
Has deposits of the people amounting to more than $600,000.
Has the welfare of its customers at heart and looks after the small depositor.
Has all its employes bonded and its funds insured against a day-light hold-up or burglary.
Has always made a specialty of loans to the worthy middle class.
Has its books audited by a competent Audit Company.
Has its notes and securities audited periodically by a committee of its directors.
Owns the building it occupies and the property known as the Gorby corner, 32d and Belmont streets, and solicits the accounts of growing young business men as well as all persons of good standing.

The Germantown Trust Co., Philadelphia, Pa., issued a good illustrated booklet in connection with its recent twentieth anniversary. The record of the institution's growth in recent years is as follows:

Year.	Deposits.	Assets Not including Trust Funds.	Trust Funds Kept separate.
1894	$703,937	$1,052,962	$228,424
1899	1,828,097	2,277,841	2,154,572
1904	3,147,606	4,288,316	2,433,795
1909	4,191,927.62	5,529,685.42	5,010,147.53

Geography and History.

The Northern Trust Company Bank, of Chicago, features a special department as follows:

In this bank EVERYBODY is made to feel at home. The officers are always accessible, ready and glad to give careful attention to anybody's needs—however small.

A special consulting bureau has been established, in charge of a competent man, to whom any person may apply for dependable information and counsel regarding the care and investing of money. The services of

MELLON NATIONAL BANK, PITTSBURGH

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS SEPTEMBER 1ST, 1909

RESOURCES

Loans and Discounts	$22,009,325.31
Overdrafts, secured and unsecured	200.41
U. S. Bonds to secure circulation	3,050,000.00
U. S. and other bonds to secure U. S. deposits	400,000.00
Premiums on U. S. Bonds	28,650.00
Bonds, securities, etc.	10,626,677.15
Due from national banks (not reserve agents)	1,117,661.41
Due from state banks and bankers	620,630.66
Due from approved reserve agents	4,251,077.32
Checks and other cash items	1,309.38
Exchanges for clearing house	641,156.98
Bills of other national banks	225,315.00
Fractional paper currency, nickels and cents	21,160.54
Lawful money reserve in bank, viz: Specie . . . $3,366,553.50; Legal ten'r notes 825,710.00	4,192,263.50
Redemption fund with U. S. Treasurer (5% circulation)	152,497.50
Due from U. S. Treasurer other than 5% redemption fund	103,500.00
Unearned discount	1,938.66
Total	$47,443,363.82

LIABILITIES

Capital Stock paid in	$4,000,000.00
Surplus Fund	2,600,000.00
Undivided profits, less expenses and taxes paid	232,496.09
National bank notes outstanding	2,923,797.50
Due to other national banks	10,708,048.43
Due to state banks and bankers	1,774,701.89
Due to trust companies and savings banks	4,902,946.94
Individual deposits subject to check	15,985,109.64
Savings deposits	2,767,534.13
Time certificates of deposit	720,875.69
Certified Checks	4,477.50
Cashier's checks outstanding	50,450.65
United States deposits	90,283.01
Deposits of U. S. disbursing officers	309,716.99
Accrued interest on deposits	99,162.48
Reserve for taxes	30,962.88
Foreign Bills of Exchange	242,800.00
Total	$47,443,363.82

A Clear Statement of a Strong Bank.

this bureau are freely offered to YOU, whether a customer of this bank or not. You incur no obligation whatever.

The First National Bank of Englewood, Chicago, for some of its correspondence uses a combination letter head and statement folder—letter head and typewritten letter on one sheet and the printed statement on another. E. M. Phillips of this bank writes us:

You are no doubt aware of the practice followed by a large number of banks of sending out letters to patrons who have discontinued their business relations. We are enclosing herewith a sample of the letter used by this bank, which we would be pleased to have you present to your readers for criticism, if desirable.

The letter is as follows:

It is with a sense of regret that we note the recent discontinuance of your account in our Commercial Department. Should its termination, by chance, have been occasioned by a lack of due courtesy on the part of any of our employes, we trust that you will not delay in advising us.

We appreciate in proper measure your past consideration and confidence. We want the First National Bank of Englewood to continue uppermost in your esteemed opinion and good-will. Should you find it convenient to renew business relations with us we assure you that your interests will ever receive our vigilant care, and your desires our prompt attention.

Yours respectfully,
V. E. NICHOLS, Cashier.

This is a difficult problem to meet—how to handle a depositor who wants to withdraw. This courteous note could certainly do no harm and undoubtedly would do good, directly or indirectly.

The Bank of Palm Beach, Fla., is a new institution. It recently acknowledged popular support by publishing this ad.:

The support given the new bank has been splendid. In no spirit of vainglorying do we say this but rather to acknowledge our appreciation. It is not the mere act of receiving so many dollars for deposit—but the evidence behind the deposit that we are strong in the confidence of the public: This is especially gratifying to us.

CURRENT OPINION

CHICAGO BANK FAVORS THE CENTRAL BANK IDEA.

A CIRCULAR issued by the National City Bank of Chicago advocates the establishment of a central bank of issue. It says:

The creation of a central bank of issue as a cure for the defects of our financial system is of such importance that a brief review of the proposition may be of interest to our clients:

The business of banking is probably as sound in this country as in any other. Our individual banks are, as a rule, prudently, honestly and capably managed. During normal times they deserve and enjoy the confidence of the public which they efficiently serve. Yet only two years ago they practically suspended because the system—that is the relation of one bank to all the others—had collapsed. This occurred while there was more gold in the country than existed in several of the other leading commercial nations combined, and while nearly all of the twenty or more thousand banks in the United States were sound, solvent and in normal condition. With over $900,000,000 of gold in the United States Treasury and several hundred millions more in the country, we imported at great cost about $100,000,000 chiefly from the coffers of the Bank of England, which itself only held $165,000,000.

The loss on investments and to general business by such a panic as that of 1907 is beyond computation. When we consider that we have had several such panics within the memory of living men, and that other and poorer countries possess the means of avoiding such conditions, we naturally ask what is wrong or lacking in our financial system as compared to theirs?

In times of trouble our reserves scatter. Theirs are massed. Our currency is rigid and cannot be quickly expanded to meet an emergency. Their currency is capable of instantaneous expansion. Our chief gold reserves are in the United States Treasury unavailable as a basis for such expansion. Their reserves are in great central banks—immediately available for currency expansion. Besides, under our national banking system, a bank in a non-reserve city with deposits of, say $1,000,000, keeps six per cent. or $60,000 in its own vault, and nine per cent. or $90,000, to its credit with a reserve city bank. In the reserve city bank, however, the $90,000 is merely a deposit against which it keeps an actual reserve of about $20,000. When trouble comes, therefore, and the bank in the non-reserve city decides to increase its cash reserves from six to eight per cent. it calls upon its reserve agent for $20,000 cash, and when the reserve city bank has forwarded that amount, it has parted with all the actual reserve it has belonging to the non-reserve city bank, and it still has a deposit liability on its books of $70,000 against which it holds no reserve whatever.

As it is a very natural and prudent thing for banks in non-reserve cities to increase their cash reserves by at least two per cent. when trouble threatens, nearly all try to do so at the same time, and the result is that the threatened trouble becomes a reality. In short, when financial trouble threatens in any other great country the system provides relief and the danger is avoided, whereas, unfortunately, with us every step we take increases the trouble and helps it along until it is beyond control.

Financial stringency existed in all the leading countries in 1907. Suspension of specie payments and actual panic occurred only in the United States. They stopped abruptly at our borders, and Canada and even Mexico knew nothing of them. Manifestly, we need something! There is little difference of opinion on that score. But when we begin to discuss the remedy we have a wide divergence of views.

Many favor asset or credit currency similar to that prevailing in Canada. The Canadian system of asset currency is excellent when joined to the branch banking system. But it is felt that it would be almost impossible to apply it to a system containing thousands of individual banks. The difficulty is that of providing adequate redemption facilities, without which the danger of currency inflation could scarcely be avoided. Several schemes to meet this difficulty have been suggested, but the best of them seem rather unwieldy.

The proposal which seems to be gaining most ground is to establish a great semi-government bank to be added to our present system. To this bank would be transferred at once the Government deposits now in national banks, and later a large part of the reserves of the banks in the central reserve, and possibly also the reserve cities. Like everything else, the bank would have to be an evolution. Years would pass before it would work into its proper position and exercise its full powers. Gradually, it is hoped, the United States Treasury could be done away with, and the Government taken out of the banking business. Then all Government funds would be deposited with the central bank. Its branches would take the place of our sub-treasuries. It would be a bank of banks, where other banks could rediscount their bills, or borrow on securities, receiving therefor currency to be issued by the central bank. This currency would be partly secured by a gold reserve and partly by the general assets of the bank.

If the $900,000,000 gold in the United States Treasury in 1907, held against an equal amount of notes, had been in a central bank it would have formed a sufficient basis for the issue of an additional $900,000,000 of currency, for fifty per cent. reserve against currency would be ample. For such additional issue the central bank would, of course, receive acceptable banking assets. A far smaller amount, however, than $900,000,000 would have averted the panic. It seems clear that such an institution would provide the elasticity to our currency which we so much need, not only in times of stress, but every crop-moving season.

There are many details which would require careful study, but to many competent to judge, the central bank idea seems to be the correct solution of the difficulty. The fact that all the other important countries of the world have adopted it ought to give it weight. Even little Switzerland came to it four years ago, and Japan, after adopting a system copied from ours, has established a central bank patterned after the Imperial Bank of Germany.

There seems some danger that the bank would not pay unless it entered into competition with existing banks for regular commercial business; but we must remember that central banks are not expected to earn large dividends.

We predict a long campaign of discussion before the right course appears clear to the American people; but it seems to us that the arguments advanced for a central bank are well worthy of the most earnest study.

A WORD OF WARNING ON INCREASED GOVERNMENT EXPENDITURES.

B. F. YOAKUM, chairman of the board of directors of the Frisco-Rock Island system, had occasion recently to warn the people of Texas against extravagance of the national government. In an address at Dallas Mr. Yoakum said that the same business rules that govern railroad operations should be adopted by the government's administrative forces. He spoke further as follows:

If these business methods were applied to the Government, cutting off useless and constantly increasing expenses, this Government could be run as cheaply as it was at the commencement of the Spanish war, since which time the annual operating expenses have increased $300,000,000. The public Treasury is being drained until the Government is now issuing bonds to pay expenses and devising new methods of taxation.

I believe in fair and equitable taxation, be it inheritance, income, or otherwise, but I believe in keeping our tax money at home for good roads and State purposes, rather than sending it to Washington to add to the extravagance fund of the Federal Government, the necessity for which is increasing with alarming rapidity.

Increasing Governmental expenses and political and military extravagance are leading us to the condition of foreign nations. Every farmer is interested in correcting this, and if every farmer would write to his Representative in Congress to encourage development and discourage extravagance, no more effective or better work could be accomplished.

The number of Government employes is increasing more than four times as rapidly as the number of farmers. If the same ratio of increase continues, it will be but a few generations until we have as many Government employes as farmers.

The manufacturers are organized, transportation is organized, the bankers have a systematic method of handling their business. The producers of the raw agricultural material (the annual production of which amounts to eight billion dollars, cotton alone approximating six hundred million dollars) are not working under a systematic organization through which they can co-operate to their best advantage.

ANOTHER CENTRAL BANK PLAN.

A. J. FRAME, president of the Waukesha (Wis.) National Bank, and a well-known student of banking in an address before the Twilight Club of Appleton, Wis., outlined his plan for a central bank as follows:

I believe the destruction of the great United States bank in 1836 by Andrew Jackson a justifiable act, because that bank with its branch system was monopolizing the whole banking functions in too large a degree and was a menace to the independent banks of the country.

Why not adopt the world's proved best method (barring the branch banking feature as entirely unnecessary and which will not be tolerated in the United States) to wit: First, capital, say $100,000,000; second, ownership: to popularize the measure, take voluntary subscriptions of national and state banks of the country in sums not less than five per cent. nor more than ten per cent. of the capital of each. Any stock not taken voluntarily by banks should then be offered to the public, but in no case should any bank or individual acquire or hold in excess of $250,000 (or less if thought best), of such stock in order to prevent monopolistic control. I see no reason for the government to contribute, because without it political interference would be practically eliminated.

SUGGESTION FOR CONTROL.

To what extent should the government control? An honorary board of twenty-five directors, without pay, except for expenses and $10 to $25 per day attending quarterly or semi-annual meetings. Six to go out each year, thus making service four years each. The Secretary of the Treasury to be the twenty-fifth. Directors to elect the president, vice-presidents and active heads for terms of not less than ten years each, preferably for life. Other officials, etc., appointed in the usual manner. No officer or director to be eligible who has not actively served at least ten years as an officer or director in a national or state bank in the United States. The twenty-four directors to be elected as follows: At each annual State Bankers' Association convention, a nomination of one director should be made on a majority vote as cast by its stockholders in the state, either in person or by proxy. All nominations to be listed by the reserve bank and mailed to each stockholder of record, thirty days in advance of the annual meeting. The six having the highest number of votes cast to be elected. Politics would thus be fully eliminated. The Comptroller of the Currency to have the same supervision as over national banks.

PAY NO INTEREST.

If it is thought best not to abolish the present United States Treasury system (probably an impolitic thing to attempt to do) then have all the surplus funds of the Government, in excess of daily normal requirements, deposited in the national reserve bank. Banks desiring may open accounts. The three central reserve city banks might also deposit up to 12½ per cent. or one-half their required cash reserves. All to be counted as reserves under the present law, but no interest should be paid on deposits of any nature, thus practically eliminating competition with existing banks. The bank should have the right to issue $100,000,000 of untaxed notes, and excess to pay five per cent. therefore on conditions similar to the Imperial Bank of Germany.

That existing banking privileges be not disturbed, I see no reason why the reserve bank should not purchase and hold its full capital and surplus, also part of its untaxed currency issues in United States, state, county or city bonds, and only use its deposits in generous reserves and the balance loaned on quickly convertible paper. Then for the elastic problem the untaxed currency could be used to move the crops and the taxed for times of abnormal pressure. The repayment of extra loans made by the reserve bank to relieve pressure, in reserve bank or other notes, would effectively and automatically impound excessive issues without any expensive redemption machinery whatever, thus preventing inflation and its concomitant evil, the exportation of gold under the Gresham law.

A "surplus fund" should be gradually accumulated up to 20 per cent. of capital and semi-annual dividends declared. One-half of the excess over four per cent. dividends should be paid into the United States Treasury, until six per cent. is paid to stockholders, then all excess profits should be converted into the United States Treasury. Such government profits to be in lieu of any taxation upon the bank.

These conditions would ensure dividends and government profits practically from the start. Then let us at once commence correction of economic evils that have crept stealthily upon us, by first retiring the greenbacks.

TEXAS BANKS.

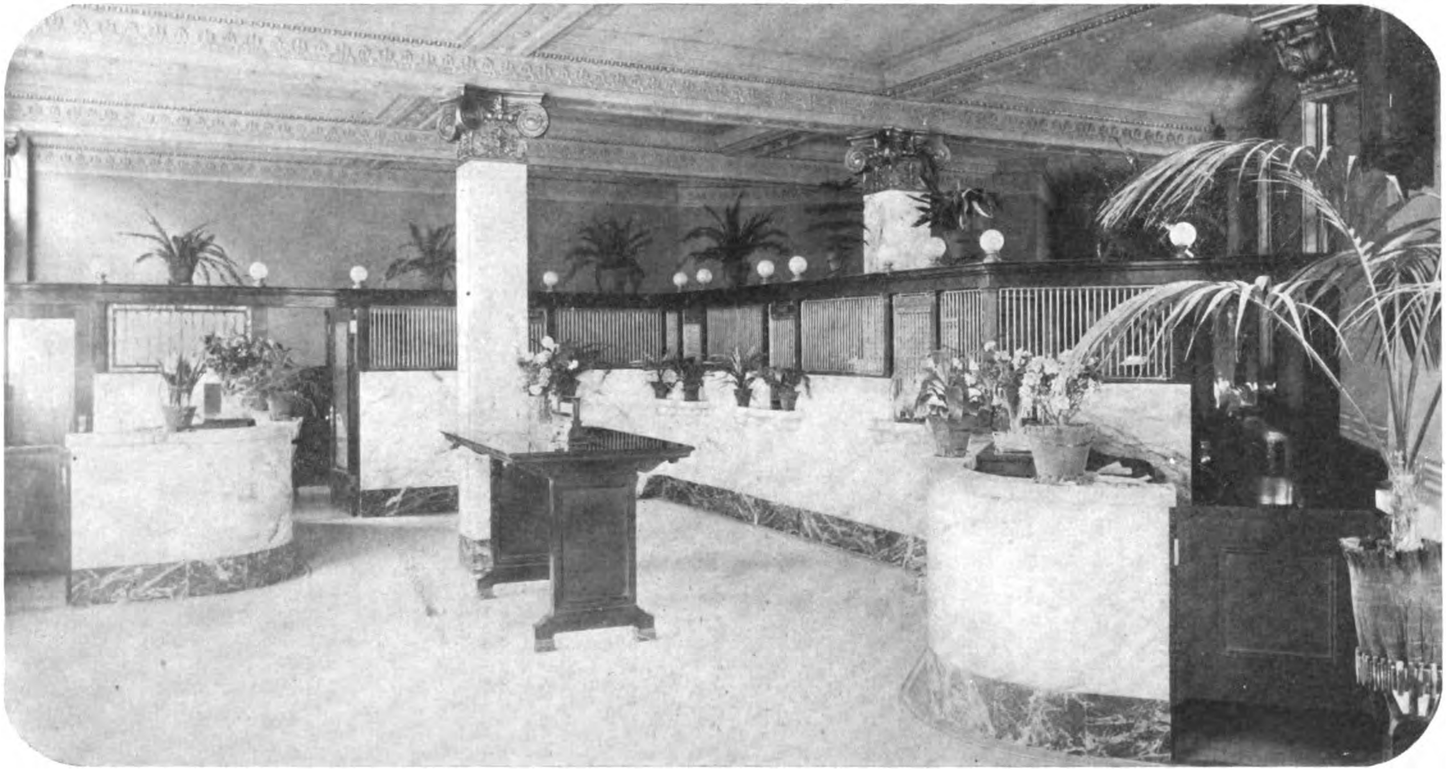
Deposits More Than Double in Six Years—Recovery from Depression of 1907.

PERHAPS there was no state whose banking facilities were more hard hit by the panic of 1907 than Texas, but it is apparent that that state has not only recovered the lost ground, but its banks make a considerably better representation to-day than two years ago. On Sept. 1 last, Texas had increased the number of national and state banking institutions by 217 more than in August, 1907, with $8,916,900 more capital and $4,177,268 more surplus and undivided profits.

The deposits in the banks of Texas had diminished $25,081,106 by the December following the panic, and by July, 1908, were $38,985,978 less than at the end of August, 1907; but after July, 1908, deposits started on the upgrade and reached the high water mark of $224,602,519 by Feb. 5, 1909, or a gain of $72,074,135. Each subsequent statement, however, has shown a falling off in deposits, the difference by Sept 1 being $18,852,935, but with a total of $204,749,584 and a net gain in two years of $13,235,222 over the ante-panic period.

Loans and discounts show the contraction that began concurrently with the falling off of deposits after the panic—the reduction in loans having aggregated $33,647,028 down to May, 1908, since which latter period the banks uninterruptedly increased their loans by $49,695,709 up to September 1, aggregating $204,129,521 on that date, or $16,048,681 more than before the panic.

The banking capital, surplus and undivided profits in November, 1903, amounted to $44,558,769, while on September 1, 1909, these items had increased to $86,843,183. In six years the total deposits in Texas banks have more than doubled. In 1903 they were $105,532,789, while by the statements for February 5, this year, the total deposits in Texas banks were $224,602,519.



An Artistic Interior of the Commercial National Bank of Madison, Wis., and worthy of a place in the "Modern Banks" Department. It was designed and executed by the old reliable house of A. H. Andrews & Co., of Chicago.

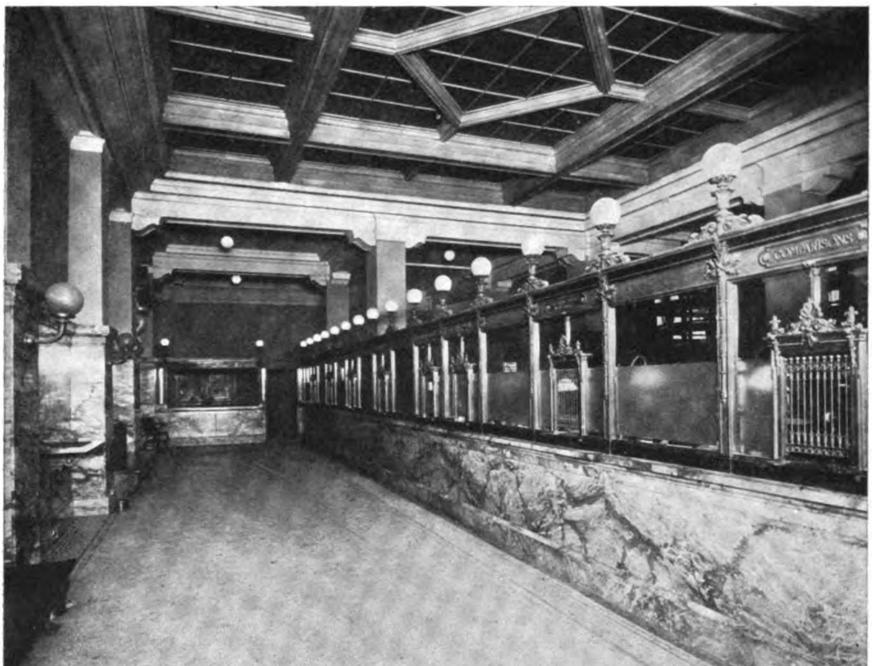
MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

A TYPICAL NEW YORK BANKING FIRM.

THE BANKERS MAGAZINE presents this month some especially fine interior illustrations of the banking house of J. S. Bache & Company and some remarkably good photographs of the members of the firm and important men associated with them.

This firm is of long standing and one of the strongest and most conservative in the "Street." In addition to these two elements of strength and conservatism, the efficiency of service in this great house is another reason for the tremendous growth of its business.

All departments are run with the utmost precision. No matter how large a business is being done, there is no confusion, the plant being designed to handle the maximum volume of orders. During the big markets of recent years, a record of nearly 200,000 shares of stock bought and sold in one day, stands to the credit of this firm. One house handling such enormous transactions must be broadly equipped in the way of ample capital and modern operating equipment.



Exterior of Banking Rooms.

In addition to its Stock Exchange business, the firm in its banking department,

Offices of Members of the Firm.

The Customers' Room.

undertakes large operations of a conservative character in the financial railroad world.

The most recent of these was the conduct of the procedure by means of which the control of the Wisconsin Central Railroad was turned over to the Canadian Pacific through its subsidiary line, the Minneapolis, St. Paul & Sault Sainte Marie Railroad.

Jules S. Bache

This operation was carried on successfully, resulting in placing the Wisconsin Central practically as a subsidiary to the main line of the Canadian Pacific, to the benefit of the latter, and also with satisfactory and profitable results to the stockholders, both common and preferred, of the Wisconsin Central Railroad.

The New York Offices.

The New York offices of the firm occupy about 15,000 square feet of space, on the first floor of 42 Broadway, extending through from Broadway to New street.

At the left of the entrance, overlooking Broadway, and slightly elevated, stand the partners' desks and the private office of the senior head. Immediately opening into the lobby is a reception room, to the right of which is located the bond department. From here a passage leads to the rear of the main floor where the banking and other departments are located. These are also accessible from the public lobby and elevators, which makes it unnecessary to pass through the reception room and passage.

The illustrations show these various working departments, including the portion set aside for the manager and his assistants, the foreign exchange department, the cashier's department, the investment department, the margin department, bookkeepers' department, etc., etc.

Order and Wire Department.

One of the most interesting of these various divisions of the business is the order and wire department. This occupies a space probably thirty feet square, with glass partitions extending to the ceiling.

William J. Wollman.

Thus is subdued the noise from the many telegraph instruments within.

This department is the heart of the business. Its main feature, the order desk, is arranged in the form of a great horseshoe, with six order clerks inside the enclosure, and ten telegraph operators outside, so that all face each other. The order clerks stand while they work and have before them "Buy" and "Sell" sheets,

Herbert A. Scheftel.

George B. Thurnauer.

Leopold S. Bache.

Samuel S. Hessberg, Resident Partner at Albany

Hubert A. Hensley, General Manager.

Theodore Bernstein, Cashier.

Frank J. Murphy, Manager Order and Wire Department.

William C. Cornwell, Editor Weekly Financial Review.

arranged with alphabetical divisions. No verbal orders are accepted, everything being written out on an order blank if from the customer's office, or upon a telegraph blank if it comes over the wire. Each order is time-stamped when received, and again when executed. In case of delay, error or dispute, this method has proved invaluable in fixing responsibilities. There are three private telephones direct from this order desk to the floor of the New York Stock Exchange, and others to the Cotton, Produce and Coffee Exchanges. All orders for 100 share lots or over, as well as cancellations and changes are sent over one telephone wire to the Stock Exchange. All reports of executions, etc., are received from that floor over another instrument. The third telephone is for odd lots.

From the telegraph tables radiate one of the most extensive private wire systems in this country—a system whose arms supplemented by other private wire connections reach out for business from one coast to the other, North and East, West and South, for the firm has branch offices, correspondents, or wire connections, in practically every important city in the United States. From these wires the bulk of the business originates. Consider the magnitude of a day's trading involving 200,000 shares of stock, bales of cotton running into the hundred thousands, and grain into the milion bushels, and you will gain a slight idea of the enormous strain put upon this department in the days of big transactions.

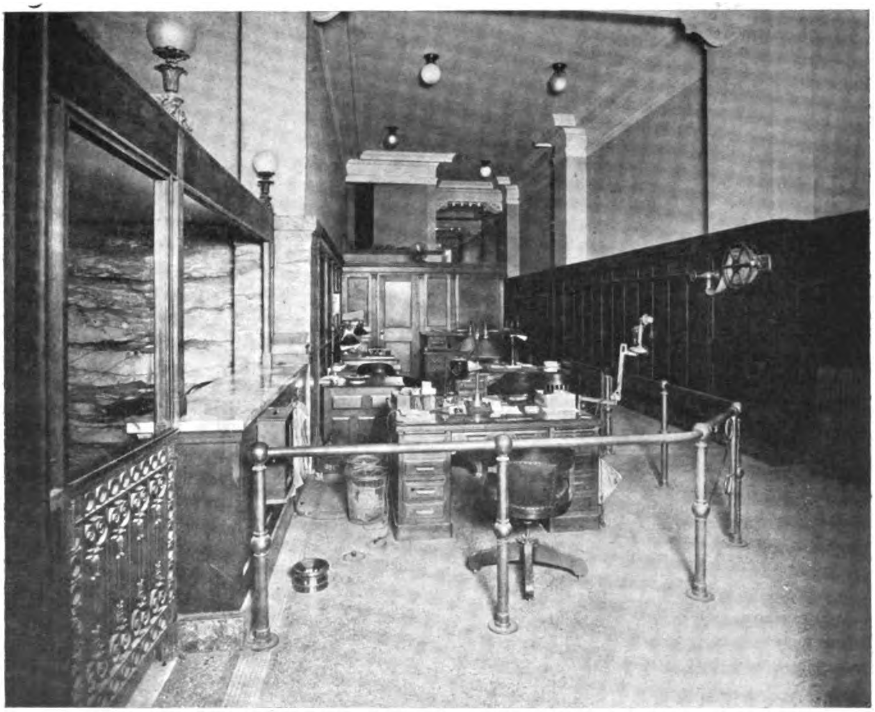
The Wire Room.

The Weekly Financial Review.

Correspondence in the Investment department is carried on with clients in all parts of the country and in many foreign countries, and to each of these is sent regularly the Weekly Financial Review, which has become one of the best known and widely quoted authorities in its field. The following description of this issue from a leading paper is of interest:

The Bache 'Weekly Financial Review' is known all over the United States wherever people are interested in the financial situation. Its four small pages have probably contained each week for the last two years more wisdom, common sense, and intelligent conclusion as to the significance of current happenings in the world of money and business than any other publication of its

Office of the Investment Department and Weekly Financial Review.



Manager's Office.

size and scope. It is written in a style conveying straightforward statement combined with picturesque forms of expression which at times become graphically poetical. Its ideas and opinions are expressed in the fewest possible words with sentences shorn of all unnecessary verbiage. This has given it an interest which has held the attention of all classes of business people, even those who ordinarily avoid financial articles because they are bored by them. The 'Review' treats the situation from the standpoint of all events affecting it—political, financial, or commercial. Its views are unprejudiced, non-partisan, and uninfluenced by private interest, and are fearlessly stated. It is quoted weekly by three or four hundred newspapers in part or entire, the great Western dailies especially giving it prominence, and the influential Pacific Coast newspapers frequently founding financial editorials upon its opinions.

The Weekly Review reaches each week over 8,000 people who have applied for it in the United States, Canada, Cuba, the Philippines, Porto Rico, England, France, Germany, Italy, Spain, India and Asia. Its circulation is increasing steadily and has been augmented by hundreds of thousands who read it regularly in the newspapers which quote it. Its sound opinions on financial matters and practical information bearing on the investment situation have made the firm of J. S. Bache & Co. everywhere known for conservatism and good judgment.

In the foreign department letters of credit and foreign bills of exchange are handled and a large business is done daily, in the execution of orders, with leading firms and correspondents in the great cities of the world.

An Interior View.

In addition to membership on the New York Stock Exchange, where four seats are held, J. S. Bache & Company are membeers of the leading exchanges throughout the country, such as Boston, Philadelphia and Chicago, also of the New York Produce Exchange, Chicago Board of Trade and the Coffee Exchange. The firm has eight branches located at important points throughout the United States. It is distinctly a commission house for the public, and because it is used so largely by the people all over the country, its operations are perhaps more truly indicative of the position of the public in the market at any given time than those of almost any other house.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 253 BROADWAY, NEW YORK.

Patty of the Palms. By Adam C. Haeselbarth. New York: The Kenny Publishing Co. (Price, $1.25 net.)

This is a novel of Porto Rican life. The author, who is now on the editorial staff of the New York "World," but was formerly a United States official in Porto Rico, has succeeded in producing a book of real interest, not only on account of its charming love story, but also because of its strong discussion of Porto Rican social and political life as it exists under the American protectorate. For this reason the book can be read with profit and pleasure by the general reader as well as by those interested in insular affairs.

Chile: a Handbook. Compiled by the International Bureau of American Republics, Washington, D. C.

This volume comprises much valuable information respecting the Republic of Chile, its area and population, government, resources and industries, and is embellished with numerous illustrations. A special chapter is devoted to Finance and Banking.

Le Marche Financier, 1908-09. Arthur Raffalovich. (Eighteenth year.) Paris, Alcan, 1909.

The eighteenth annual publication of M. Raffalovich contains the usual wealth of matter regarding the financial and economic situation in all its varied phases in the principal countries of the world. Mr. Raffalovich has applied the pruning knife to a certain extent to the size of the volume, but it still counts 645 pages, of which England, Germany, France, the United States and Russia absorb more than two-thirds. The year under review, ending about the beginning of last summer, was a year of financial quiet and reorganization, and showed many contrasts with the record of the previous year of panic and upheaval. M. Raffalovich and those who collaborate with him in the work do not limit themselves to purely stock market or banking matters, but go fully into statistics of foreign trade and even such internal economic and political incidents as the measures of President Roosevelt against the railways and the trusts and the influences which resulted in the choice of President Taft. The usual chapter occurs at the close, dealing in detail with the movements of the precious metals and changes in the coinage and banking laws of different countries. One of the interesting features of this chapter is a careful synopsis of the report of the special commission appointed by the German Government to deal with the extension of the bank charter. This is only one of many features difficult to find elsewhere between two covers and which make the book of high value for reference to economists as well as practical financiers.

Forgeries and False Entries. By Wm. E. Hingston. Boston: The Roxburgh Publishing Co. Price $1.00, postpaid.

This is a book that every bank man ought to read. It is interesting and to the point. Mr. Hingston is one of the leading experts in this country, having qualified in the various United States and State courts in practically every noted civil, criminal and capital case that has been tried in New England during the past decade, where the services of an expert in his line was in demand. It follows therefore that a book from his pen treating on experts' experiences, delving for concealed assets, tracing false entries, locating forgeries and the authors thereof, and the things that an expert notes as exceptional from out of over one thousand cases, must be of interest to every lawyer, banker, custodian of funds, or investor and speculator, large or small.

BANKING AND FINANCIAL NOTES

NEW YORK CITY.

—William H. Taylor, formerly vice-president of the Bowling Green Trust Company, has been elected chairman of the executive committee of the Mercantile National Bank.

—F. C. Walcott, vice-president of the Knickerbocker Trust Company, who on June 1 became associated with the banking firm of William P. Bonbright & Co., of 24 Broad street, has taken up active duties with this firm. Francis Henderson, trust officer of the Knickerbocker Trust Company, succeeds Mr. Walcott as vice-president, continuing his duties as trust officer.

—Henry C. Swords has been chosen treasurer of the stock exchange to succeed the late F. W. Gilley. Mr. Swords has been a member of the exchange since 1877. His election to this office left a vacancy in the governing committee, since the treasurership carries with it an ex-officio membership in that body, and William H. Remick was elected to fill the vacancy. Mr. Remick, who is a member of the firm of R. L. Day & Co., has been a member of the exchange since 1906.

—As usual, the Liberty National Bank, in responding to the last official call for statements, rendered an excellent report of its operations. The capital and surplus remain the same—$1,000,000 and $2,000,000—but deposits are now $6,870,721.97, and loans and discounts total $13,770,403.68. The total resources are now $24,705,015.88.

—The United States and Mexican Trust Company is planning to move its main office from Kansas City to New York. The company is fiscal agent for the Kansas City, Mexico & Orient Railway, and Arthur E. Stilwell, head of the Orient road, is president of the trust company. At a recent meeting, Charles C. Lloyd and B. R. Merwin of New York and B. B. Thresher of Dayton, O., were elected vice-presidents, and L. K. Brown, assistant secretary. The company has $500,000 paid in capital, surplus of $485,000 and a sale of $500,000 more stock, at 125, was authorized recently. The company is to have local boards in Kansas City, Mexico City and London, as well as New York.

—On the day of the last official call, November 16, the Market and Fulton National Bank had on its books $8,317,163.17 of loans and investments. A surplus and profit fund of $1,686,749.68 was reported. Deposits are now $9,487,707.60.

—T. DeWitt Cuyler of Philadelphia has been elected to the board of directors of the Metropolitan Trust Company.

—The stockholders of the Fourth National Bank will hold a special meeting on Dec. 16, to authorize an increase of $2,000,000 in the bank's capital stock, from the present figure of $3,000,000. The new stock will be offered for subscription to the stockholders at $200 a share, by which the bank's capital and surplus will both be increased by $2,000,000. This will bring the Fourth National's capital and surplus up to $10,000,000, in addition to which it has undivided profits which will bring the amount of the bank's own resources considerably above the ten million dollar mark. The latest statement of the bank shows surplus and undivided profits of $3,324,700. This move is in keeping with the present-day tendency, the purpose being to better equip the bank to handle increasing business.

—The last report from the Hanover National Bank for November 16, is one of the best that institution has ever issued. Total resources are now $119,631,357.54; loans and discounts, $49,869,679.22; deposits, $104,128,357.33; surplus, $10,500,000, more than three times the amount of capital.

—On November 16 the National Park Bank reported deposits of $107,203,568.45. Its loans and discounts on that date amounted to $75,381.499.53, and undivided profits to $2,912,516.28.

—James M. Donald, vice-president of the Hanover National Bank of this city, has resigned from membership in the committee appointed to take up the question of foreign exchange reforms. Emil Carlebach, of J. & W. Seligman & Co., takes Mr. Donald's place.

—George W. Adams has resigned as cashier of the National Reserve Bank, and Thomas J. Lewis, one of the vice-presidents of the bank, has been appointed cashier to fill the vacancy, and will hereafter act as vice-president and cashier. Mr. Adams has had a banking experience which extends back from the time he first entered the profession, nearly or quite forty-five years. He has given up his position with the National Reserve Bank on account of ill health, and it is said that he will retire from active business.

—On November 16 the Irving National Exchange Bank reported deposits of $25,120,060.59, loans and discounts of $18,419,861.69, a surplus of $1,000,000; undivided profits of $516,330.15 and total resources of $29,466,614.22.

—Clark Williams has resigned as New York State Superintendent of Banks, having been appointed by Governor Hughes to fill the unexpired term of the late Charles H. Gaus as State Comptroller. Mr. Williams will serve until January 1, 1911. His appointment as State Superintendent of Banks occurred during the panic of October, 1907, and his occupancy of the office was marked by a number of reforms in the banking laws, passed at his instance at the 1908 session of the Legislature, one of the most important of these perhaps being the enactment of the measure which places under the direct control of the Banking Department the liquidation of insolvent banking institutions. Mr. Williams went to the Banking Department from the Columbia Trust Company of New York, of which he had been vice-president. Prior to serving in that capacity he had been identified for eleven years with the United States Mortgage & Trust Co., whose employ he entered in 1894, and of which he was successively assistant secretary, assistant treasurer, treasurer and vice-president. Mr. Williams was a member of the committee chosen by Governor Hughes last year to report on speculation in securities and commodities.

—A gratifying report of condition comes from the Merchants National Bank under date of November 16. Loans and discounts total $13,506,170.31; the surplus fund is $1,000,000; deposits, $21,965,523.89, and total resources, $27,658,973.38.

—If the plan to consolidate the Mechanics National and the National Copper Bank is ratified by stockholders of both banks, the resulting institution, to be known as the Mechanics' and Metals' National Bank, will have a capital of $6,000,000 and approximate assets of $100,000,000. Gates W. McGarrah, president of the Mechanics' National and President Charles H. Sabin of the National Copper Bank are personal friends, and in the make-up of the officers of the enlarged institution, Mr. McGarrah will be president and Mr. Sabin, first vice-president, although both will share the duties and powers of president. The business of the Mechanics' and Metals' National Bank will be carried on at 33 Wall street, the present offices of the Mechanics Bank. The National Copper Bank is now located at 115 Broadway.

—A national bank capitalized for $150,000 is being organized in Flushing, L. I. It will probably be opened by January 1.

—In recognition of faithful services, National Bank Examiner Percy H. Johnston, of Lebanon, Ky., has been appointed a bank examiner at large. He will still retain his Kentucky district.

—On December 1, the Italian-American Trust Company of 520-522 Broadway changes its title and becomes the Savoy Trust Company. Since T. K. Sands, formerly vice-president and cashier of the Bank of Richmond, Richmond, Va., became connected with the Italian-American Trust Company, which was on October 1, the deposits have increased from less than $800,000 to over $1,600,000.

NEW ENGLAND STATES.

—At the regular quarterly meeting of the board of management of the Bank Officers' Association of Boston, held November 10, Frank H. Wright, assistant cashier of the Second National Bank of Boston, was elected a director. Daniel G. Wing, president, First National Bank; John W. Weeks, vice-president, First National Bank; Arthur P. Stone, vice-president, Commonwealth Trust Company, and James J. Phelan, vice-president, Federal Trust Company, all of Boston, were elected honorary members.

—The Mutual National Bank of Boston, which has just been granted a certificate to begin business, has leased the banking quarters formerly occupied by the Metropolitan Bank at No. 4 Postoffice square. The bank proposes to introduce some mutual feature between stockholders and depositors which will be distinct from the policies of other national banks in Boston. It will have a capital of $200,000. C. H. W. Foster, the well-known financier and trustee, will be president; Edmund D. Codman, railroad man, lawyer and trustee, will be vice-president, and Walter S. Crane, cashier.

—Early next year the Security Safe Deposit & Trust Company and the National Security Bank, both of Lynn, Mass., will be merged into a new banking institution, to be known as the Security Trust Company. The national bank was organized in 1881 and capitalized for $100,000. On September 1 it had deposits of $1,526,796. The trust company was organized in 1890, and on September 1 it had deposits of $1,934,121. Benjamin F. Spinney has been the president of the two institutions, and it is probable that he will lead the new trust company, with Luther S. Johnson as vice-president.

—A charter has been granted to the East Taunton, Mass., Co-operative Bank, which will serve the cotton mill employes of that section of Taunton.

—For October 30 the Rhode Island Hospital Trust Company of Providence reports total resources of $40,781,382.72, a capital of $2,000,000, a surplus of $2,000,000, a guaranteed fund of $20,000 and deposits of $36,356,084.18. A dividend of $60,000 was payable on November 10.

—General Lucius A. Barbour has been elected president of the Charter Oak National Bank of Hartford, Conn., to fill the vacancy caused by the death of James P. Taylor. He is the senior director of the bank and was its teller for several years.

—Charles E. Curtis has resigned the presidency of the City National Bank of New Haven, Conn. He is succeeded by Eli Whitney, a namesake and grandson of the inventor of the cotton gin.

—Important changes will take place in the Vermont Loan & Trust Company of Brattleboro, Vt., January 1. F. J. Holman of Spokane, Wash., president of the concern, has sold his stock to H. L. Whithed and F. W. Wilder of Grand Forks, N. D., treasurer and secretary, respectively, and they in turn have disposed of part of their holdings to Frank B. Putnam of Brattleboro and R. R. Rogers of Spokane. Mr. Holman will sever his connection with the company January 1 and will come east as soon as possible, planning to spend considerable time in Brattleboro, where he formerly lived. Messrs. Whithed and Wilder will continue to look after the company's interests in Grand Forks, while Mr. Rogers, who has been associated with Mr. Holman for thirteen years, will take charge of the Spokane office. The eastern office in Brattleboro will continue in charge of Mr. Putnam, who has been connected with the company for seventeen years—since 1900 as general agent, and is thoroughly conversant with the business.

—The National Bank of Gardiner, Me., which on December 15 will take over the business of the Gardiner National Bank and the Oakland National Bank, which have voted to liquidate for the purpose of consolidation, has been organized with sixty shareholders and a capital stock of $50,000. The officers and directors are: President, E. L. Russell; vice-president, Henry Farrington; cashier, Herbert M. Lawton; assistant cashier, Fred N. Hamblin; directors, O. B. Clason, Frederick Danforth, William G. Ellis, Frank M. Putnam, E. L. Russell, Wm. E. Maxcy, E. S. Lincoln, Henry Farrington.

—A meeting of the shareholders of the Naumkeag National Bank of Salem, Mass., was held November 11, and it was unanimously voted to liquidate at $165 a share. The Naumkeag, the Asiatic and Salem banks will now consolidate and form the Naumkeag Trust Company, the Asiatic and Salem having liquidated some time ago for that purpose.

EASTERN STATES.

—On November 6 the Union Trust Company of Pittsburgh reported a reserve fund of $6,636,393.75, a surplus fund of $25,000,000, and an undivided profit fund of $1,294,598.18. Total resources are now $60,016,817.13.

—The annual meeting of the Fidelity Title & Trust Company of Pittsburgh was held on November 11. The following directors, whose terms had expired, were re-elected for a term of three years: John R. McGinley, D. Leet Wilson, J. Stuart Brown, Wilson A. Shaw and David B. Oliver. The regular quarterly dividend of five per cent. was declared. On November 6 the Fidelity Title & Trust Company reported resources of $17,826,912.90.

—In response to the current call for statements from the Comptroller of the Currency, the First National Bank of Pittsburgh reports deposits of $24,217,374.76; this is an increase of $6,602,782.18 since the corresponding call of 1908.

—Directors of the Mellon National Bank of Pittsburgh have added $100,000 to surplus of that prosperous institution, from the earnings. The surplus is now $2,800,000. The capital is $4,000,000 and the total resources, $21,929,626.95.

—At its annual meeting the American Deposit & Trust Company of Pittsburgh elected the folowing directors: William Zoller, Harry White, Samuel A. Taylor, William L. Bond, Jr., Joseph Zeuger, G. J. Schondelmeyer, Richard Pollard, William A. Stone, Peter Murphy, O. P. Cochran.

—J. S. M. Phillips, cashier of the Fourth National Bank of Pittsburgh, has been elected secretary of Group Eight, Pennsylvania Bankers' Association, to fill the vacancy caused by the retirement of J. E. Haines.

—The Safe Deposit & Trust Company of Pittsburgh reports resources of $10,853,-739.88, a surplus fund of $7,500,000, undivided profits of $295,945.93 and $27,197,-737.52 of trust funds.

—Creditable, indeed, is the latest statement of condition rendered by the Bank of Pittsburgh, N. A. It shows this institution to have deposits of $16,298,892.34; a surplus fund of $2,400,000; loans and discounts of $9,999,141.48, and total resources of $23,-905,536.33.

—Eugene P. Balderson has been elected cashier of the Northern National Bank of Philadelphia, in place of the late Bernard Taylor.

—For November 16 the Girard National of Philadelphia, reports as follows: Loans and investments, $28,965,285.92; cash and reserve, $7,315,328.67; surplus and net profits, $4,011,908.01; deposits, $37,645,-025.07; total resources, $44,735,233.08.

—John T. Henderson, of Newberger, Henderson & Loeb, has been elected a director of the Continental Trust Company of Philadelphia, to succeed Ephraim Brice, deceased.

—William R. Dougherty has been elected a director of the Rittenhouse Trust Company of Philadelphia, succeeding J. H. Casanave, who resigned on account of ill health. Four other directors were re-elected for three years: George R. Meloney, Frank B. Off, S. S. Pennock and Dr. Robert Walker.

—Significant of the expansion in business in Philadelphia and vicinity, the Philadelphia Saving Fund Society, one of the largest in the world, reported an increase of 5,000 depositors up to November 1, compared with January last. This restores the total to the level of January, 1908.

—In response to the comptroller's call of November 16, the Franklin National Bank of Philadelphia reports its loans and discounts as $22,591,337.61; due from banks, $4,637,699.89; cash and reserve, $8,046,-103.80; exchange for clearing house, $2,258,-776.83; capital $1,000,000; surplus and net profits, $2,488,653.29; circulation, $539,500; deposits, $33,505,764.84. Recently the sum of $250,000 was added to surplus account making that fund $2,250,000.

—The board of directors of the North Philadelphia Trust Company has declared a regular semi-annual dividend of three per cent., payable on demand to stockholders of record November 1, 1909. The board also voted to add $15,000 to the surplus of $60,000, making surplus and undivided profits to date of $85,200, which has been earned during the last six and a half years.

—The Farmers and Mechanics' National Bank of Philadelphia has paid out $12,-917,000 in dividends since its organization 102 years ago.

—At the regular meeting of the board of directors of the Merchants' National Bank of Philadelphia, Freas Brown Snyder was appointed assistant cashier, vice W. P. Barrows, resigned.

—The Corn Exchange National Bank of Philadelphia, besides declaring a dividend of five per cent., semi-annual, has added $50,000 to the surplus, making that fund $1,300,000.

—George W. Chambers has been chosen to succeed the late Edward H. Brennan as president of the Central National Bank of Wilmington, Del. Willard A. Speakman has become vice-president of the institution.

—Organization of the new City Bank of Syracuse, N. Y. has been perfected by the election of the following officers: John Dunn, Jr., president; Warren C. Brayton, first vice-president; Evans S. Kellogg, second vice-president; George L. Tickner, cashier. The bank has a directorate of thirty well-known business men, only three of whom are from out of town. Vice-president James S. Sherman of Utica, Clifford S. Sims, vice-president of the Delaware & Hudson Railroad company and director of the Albany Trust Company and of the Manufacturers' Bank of Troy and Senator Louis W. Emerson of Warrensburg are the out of town directors. The capital is $200,000.

—Application was made on November 16 for a charter for the Broome County Trust Company to begin business in Binghamton, N. Y., with a capital of $200,000 and surplus of $100,000. Vice-president Sherman, Congressman G. W. Fairchild, Vice-president Converse of the Steel Corporation, and bankers in New York and Utica are interested in addition to local capitalists.

—The Commercial National Bank of Syracuse, N. Y., whose home is shown here, has had a most successful year. It was established in 1891 and has a capital, surplus and undivided profits of over seven hundred and ninety thousand dollars. The

bank's quarters are on the second floor of the Syracuse University building.

MIDDLE STATES.

—S. E. Bliss, former vice-president, has been elected president of the Metropolitan Trust & Savings Co. of Chicago. Co. E. R. Bliss, general counsel of the Chicago City Railway Co., has been added to the directorate.

—In the consolidation of surety companies recently effected at Chicago, the Consolidated Casualty Company of Chicago secures more than $150,000 additional resources by taking over the National Casualty Insurance Company of Louisville, Ky. In addition, it secures some of the leading men of Kentucky as stockholders and strengthens itself in many ways. C. C. McChord, who was president and general counsel of the National Casualty Insurance Company of Louisville, becomes vice-president and director of the Consolidated Casualty Company, with headquarters at Louisville. Mr. McChord was for many years a member of the State Railroad Commission of Kentucky, and also for a long time president of the National Association of Railroad Commissioners.

—At the annual meeting of the stockholders of the First National Bank of Chicago, to be held in January, a proposition to increase the capital stock of the bank from $8,000,000 to $10,000,000 will be voted upon. The new issue of 20,000 shares will be offered at $200 per share, and, if approved, will be made about April 1. In order that the present ratio of four shares of the First National Bank stock to one share of the First Trust and Savings Bank, which is owned by the bank, may be maintained the directors of the trust company have recommended an increase in capital stock from $2,000,000 to $2,500,000, which will be met by the transfer of accumulated earnings to capital account. The two concerns have deposits aggregating about $160,000,000.

—The People's Stock Yards State Bank of Chicago, capitalized at $300,000, and with a surplus of $60,000 to start, has opened for business at West Forty-seventh and South Ashland. The new bank has purchased the assets of the Union Stock Yards State Bank and the People's Trust and Savings Bank and assumed their liabilities. Deposits of nearly $2,000,000 were transferred. H. C. Laycock is cashier and J. A. Nylin assistant. The directors are: Edward Morris, who will probably be elected president; Julius Oppenheimer, H. N. Otte, Arthur Meeker, Frank J. Kohn, J. A. Spoor, C. F. Claussen, William J. Rathje, R. J. Schlesinger, H. C. Laycock and C. M. McFarlane. Messrs. Rathje and Schlesinger have been chosen vice-presidents.

—F. A. Crandall has been elected vice-president of the National City Bank of Chicago. He has been an assistant cashier since the organization of the bank about three years ago. A. W. Morton succeeds Mr. Crandall as assistant cashier.

—W. W. Keller, cashier of the Commercial National Bank of Tiffin, O., has been elected a director to succeed F. W. Conradt, deceased.

—The Citizens Bank and Savings Company of Pleasant Ridge, O., held a reception in their new banking rooms, November 6. The officers of the bank are: C. B. Smith, president; P. J. McHugh, vice-president; H. B. Hayden, secretary and treasurer, A. R. Kattenhorn, cashier.

—Charles Bartlett, assistant cashier of the Fourth National Bank of Cincinnati, O., has been elected cashier, H. P. Cooke, heretofore vice-president and cashier, having retired from the latter office.

—Hon. J. S. Stearns has purchased the entire cash holdings of Geo. N. Stray in the First National Bank of Ludington, Mich., and succeeds him as president of the bank.

—The Peoples' State Bank of Detroit, Mich., has absorbed the United States Savings Bank of that city and thereby increased its resources to over $30,000,000.

—N. A. McMillan was recently elected president of the St. Louis-Union Trust Company and John D. Filley received the office of chairman of the board. Mr. McMillan entered the institution in 1897 as vice-president and he now takes Mr. Filley's place, who steps down after two years as president. Other officers elected were: vice-presidents, John F. Shepley, R. S. Brookings and H. C. Haarstick; chairman of the committee on trust estates, John F. Shepley; counsel, A. C. Stewart; trust officer, Isaac H. Orr; secretary, Thomas H. West, Jr., assistant secretary, F. X. Ryan; treasurer, F. V. Dubrouillet; assistant treasurer, J. S. Walker.

—The American Trust Company, its principal stockholders St. Louisans, has been incorporated with a capital stock of $1,000,000. The principal shareholders in the company are J. C. Van Riper, G. W. Niemann, G. L. Edwards and Murray Carleton, 2,000 shares each; R. L. Rinaman and C. Marquard Foster, 500 shares each; James N. Franciscus and Henry Miller, 200 shares each; W. J. Holbrook, Norris B. Gregg and J. A. Farish, 100 shares each. The company will do a general trust company business.

—A merger of large banking interests has been effected in Shenandoah, Ia., with the consolidation of the Shenandoah National and the Commercial National of that city. The last report made to the Comptroller of the Currency showed that the Shenandoah National had deposits of $341,373.98, and the Commercial National had deposits of $335,189.26, making a total line of deposits of $676,563.24 in the two banks. The capital of the consolidated bank will be $100,000 and the surplus $30,000. The new bank will be known as the Shenandoah National.

—John H. Hogan has resigned as cashier of the Commercial Savings Bank of Des Moines, Iowa, to become cashier of the German Savings Bank of that city.

—Stockholders of the German-American Bank of Minneapolis, will meet Tuesday, Dec. 14, to vote on increasing the bank's capital stock from $100,000 to $200,000, with retention of the present surplus fund of $100,000. The business interests of North Minneapolis regard the German-American Bank as an index to their solidity, as shown in the increase of deposits from $1,040,000 in 1904, to $2,389,000 at present.

—The Minneapolis Trust Company will increase its capital from $250,000 to $1,000,000. Stockholders will receive $250,000 of stock paid for out of the surplus. They may exercise an option to buy of the second $250,000 shares equal in number to that which each holds at $110 a share. The overplus of the second quarter million stock and the third $250,000 will be sold by a committee to be appointed by the president to such persons as the committee may deem best.

At a meeting of the stockholders on Nov. 9, the plan mentioned heretofore in regard to the increase of capital was unanimously recommended for action by the directors; out of 2,500 shares, there were voted 1,913¼ shares.

—H. M. Scovell, president, and his associates, have sold control of the First National Bank of Goodhue, Minn., to Cliff W. Gress of Cannon Falls, Minn., and associates. The new officers are: Cliff W. Gress, president; Charles F. Sawyer, vice-president; W. R. Sawyer, cashier.

SOUTHERN STATES.

—A number of changes have taken place in the Virginia Trust Company of Richmond, Va. James N. Boyd resigned from the presidency November 1 and H. W. Jackson, former cashier of the Commercial National, of Raleigh, N. C., was named by the stockholders to succeed him. Mr. Boyd was then elected vice-president, with John M. Miller, Jr., vice-president and cashier of the First National of Richmond, second vice-president. By a unanimous vote the capital stock of the company was increased from $500,000 to $1,000,000, it being the intention of the officers of the company to provide a trust corporation sufficient to handle the large amount of business which now goes to Baltimore, Philadelphia and New York. The new president of the company has severed his business connections in North Carolina and has moved to Richmond.

—It was stated last month that the Peoples' National Bank of Lynchburg, Va. had adopted a resolution calling for the issuance of $50,000 additional capital stock for which subscribers would pay $150 a share, thereby adding $25,000 over the amount of capital to surplus. We take this opportunity to correct that statement, which should read that the shares of new stock will be taken up at to $250 per share, thereby increasing capital to $300,000 and surplus to $400,000.

—On November 16, the Citizens National Bank of Raleigh, N. C., reported deposits of $978,544.89; loans and investments of $798,544.15; surplus and profits, $180,730.14; and total resources of $1,359,275.03.

—Edmond B. Crow has been elected cashier of the Commercial National Bank of Raleigh, N. C., to take the place of H. W. Jackson, who has become president of the Virginia Trust Co. of Richmond, Va. Mr. Crow has been in the employ of the bank since its organization in 1891, and has reached the cashiership by progressive steps.

—At a recent meeting of the directors of the Appomattox Trust Co. of Petersburg, Va., William L. Zimmer was elected president, succeeding Charles Hall Davis, resigned, and W. A. North was appointed acting cashier, to fill the vacancy caused by the resignation of Carter R. Bishop. Mr. Zimmer is a new member of the directorate, with which the retiring president continues to be identified.

—A syndicate composed largely of stockholders of the Citizens' National Bank of Macon, Ga., has secured controlling interests in the Central Georgia Bank of that city and will operate the same from now on. W. W. Williams, J. T. Moore and E. N. Jelks resigned as directors of the Central and in their place Messrs. Sam Guthman, W. R. Cox and E. W. Stetson were elected.

—At a special meeting of the stockholders of the First National Bank of Lancaster, S. C., on Nov. 2, a resolution was unanimously passed increasing the capital stock from $25,000 to $50,000. A forty per cent. cash dividend was declared and the increased stock ordered to be sold to present stockholders at $140 per share, the premium on the increased stock to be placed to surplus account. This will give this institution a capital of $50,000 and a surplus of $25,000. This bank was organized four years ago and the dividend declared is equal to ten per cent. per year since its organization. The management of this bank is in most capable hands, Charles D. Jones being president; R. E. Wylie, vice-president, and E. M. Croxton, cashier. They have one of the handsomest banking houses in the state.

—A new banking house, with a capital stock of $50,000, will shortly begin business in Birmingham, Ala. The concern is to be known as the Union Bank and Trust Company, and will have full power of corporation. The new company will carry on a general banking and trust business with offices in Birmingham. The authorized capital stock is $50,000, divided into 500 $100 shares of common stock. The full amount of this capital will be paid in when the company begins business. The incorporators of the concern are Charles M. Spencer, who is authorized to receive applications for stock in Birmingham; Ector H. Smith and Enos R. Stewart. The officers are: Ector H. Smith, president; Enos R. Stewart, vice-president; Charles M. Spencer, cashier.

—Announcement is made that on January 1, the First National of Jennings, the First National of Lake Arthur, the Calcasieu Trust and Savings Bank of Lake Charles, and the First National of Welsh, all in Louisiana, will be consolidated under the name of the Calcasieu Trust and Savings Bank. The capital and surplus of the latter, now $100,000, will be increased to $250,000. The executive head of the bank and of the Calcasieu National, with which it will be closely affiliated, will be Frank Roberts, for eighteen years cashier of the Calcasieu National, and now its active vice-president. Arthur Knapp has succeeded Frank Roberts as cashier of the Calcasieu National. Edgar N. Hazzard is cashier of the Calcasieu Trust and Savings Bank. The affiliated banks will have capital and surplus of $500,000 and resources of over $3,000,000.

—For November 16, the South Texas National Bank of Houston, reported deposits of $3,547,110 a surplus and earned profits fund of $353,613; loans and discounts of $2,586,316, and total resources of $4,585,723.

—The First National Bank of Nashville, Tenn., for November 16, reports a capital of $500,000; surplus, $362,661.21; unpaid dividends, $10,267; loans and discounts, $3,506,200.16; and deposits, $4,859,072.27.

WESTERN STATES.

—The Farmers' State Bank of Oklahoma City, Okla., has decided to give up its State charter and organize under the Federal laws. The conversion of the institution, which has a capital of $100,000, has been approved by the Comptroller of the Currency. The change will be effected under the name of the Farmers' National Bank.

—Helena, Ark., is to have a new $100,000 bank. Joseph L. Solomon, local manager for the Lesser-Goldman Cotton Company, is organizing the institution, which is capitalized at $100,000, practically all of which has been subscribed. The entire stock will be local, except $10,000 taken by the Lesser-Goldman Cotton Company of St. Louis. S. C. Moore, of the firm of C. L. Moore & Brother, is to be president of the bank, which will occupy the corner of the new Solomon five-story skyscraper, which is being erected by Joseph L. Solomon, and which is expected to be completed by Jan. 1.

—F. E. McGurrin has been chosen vice-president for Utah of the American Bankers' Association. The Salt Lake Security & Trust Company is one of the four trust companies in the United States thus represented.

—The Central State Bank of Oklahoma City, Okla., known as the successor to the Columbia Bank and Trust Company which failed, has been accepted as a member of the Kansas City Clearing House. At the close of the second weeks' business the deposits had increased to almost $200,000.

—P. P. Weber, cashier of the First National Bank of Kellogg, Idaho, has received notice that the charter has been granted and that the new bank may open for business and Jabez Norman, vice-presidents. The bank has opened handsomely fitted quarters.

—The Federal State and Savings Bank of Denver, has moved into new quarters on the corner of 17th and California streets. The safety deposit vaults downstairs are handsomely and attractively fitted up and the banking room fixtures are in mahogany, bronze and white English veined marble. The officers are: W. T. Ravenscroft, president; A. J. Bromfield, vice-president; J. Mignolet, cashier.

—J. J. Browne is president of the Coeur d'Alene Bank and Trust Company under its new name. F. F. Johnson of Wallace is president; J. H. Weber and Ewin McIntosh are vice-presidents. These officers with R. A. Jones, constitute the board of directorate. The assistant cashiers are T. R. Jones and W. E. Bartu. The company is erecting a concrete building which will be occupied as soon as completed.

of Coeur d'Alene, Idaho, whose home is shown here. The other officers are: Guy C. Browne, vice-president; Boyd Hamilton, cashier; H. L. Richardson, assistant cashier. The institution has a capital of $50,000, a surplus of $6,000 and deposits of $210,000.

—The Colorado State and Savings Bank of Denver has just completed its first year and as a fitting recognition of that fact, it has increased the paid in capital to $50,000, declared an eight per cent. dividend and elected H. M. Hollman, a vice-president and director. The deposits are now considerably over one hundred thousand dollars.

—Howard F. Crocker has become president of the Columbia Savings and Loan Association of Denver. Orrin McNutt is secretary; E. W. Genter, George McLean

—On Monday, November 1, the Pueblo Savings Bank of Pueblo, Colo., became the Pueblo Savings & Trust Co. The institution begins business under its new name with its paid-in capital increased from $50,000 to $100,000. The existing shareholders have doubled their holdings of stock, paying cash for the same. In its statement for June 23 the institution reported surplus and undivided profits of $22,535 and deposits of $1,381,222. Alva Adams is president.

—E. W. Graves, cashier of the consolidated National Bank of Tucson, Ariz., will shortly assume the duties of cashier of the First National Bank of Douglas, Ariz.

PACIFIC STATES.

—The Colton State Bank at Colton, Wash., of which M. Schulthels, Jr., is president, with James C. Langley as vice-president, shows remarkable gains in deposits, which are to-day in the neighborhood of $123,000.

—At a meeting of the stockholders of the new National Bank of Commerce which will shortly open in Spokane, officers and directors were elected. It was expected that that new bank would be open for business on November 15. F. M. March was elected president; Dana Child, of Child Bros. & Day, vice-president; and M. M. Cook, cashier. These, together with the following are the directors of the new institution: C. H. March, E. J. Cannon of Cannon & Lee, attorneys; Geo. H. Day, of Child Bros. & Day; George Chew, Austin Ready, H. W. Bonne, W. G. Mulligan, C. P. Orr, H. G. Robbins, N. S. Pratt, and E. J. O'Shea. The bank has a capital of $200,000 and a surplus of $25,000. In accepting the position of cashier, Mr. Cook resigned as cashier of the First National of Hillyard. The directors of the bank have accepted his resignation, and have elected Edmund Burke as his successor. Mr. Burke has been connected with the credit department of the National Harvester Company.

—M. M. Cook, formerly cashier of the First National Bank of Hillyard, Wash., has been appointed in the same capacity in the new National Bank of Commerce of Spokane, which opens for business with a capital and surplus of $225,000 in November. Edmund Burke succeeds Mr. Cook as cashier at Hillyard, while the latter continues to hold his interests in the bank and be active in its management as a director.

—Robert Dunbar Brooke has been elected assistant cashier of the Fidelity National Bank of Spokane, of which his father, George S. Brooke, is president. He was born at Sprague, Wash., in 1884, and since he was 15 years of age has spent his vacations in the employ of the bank and has filled every clerical position. He was graduated from the Hill Military Academy of Portland, Ore., in 1903, and afterward was in the employ of the bank for two years, and entered Stanford University and graduated from the engineering course in the spring of 1909, when he joined the bank staff.

—Dexter Horton and Company, the well-known banking house of Seattle, reports for Nov. 16, total resources of $13,402,511.72. Deposits on that date were $12,009,205.77, and the surplus and undivided profits fund was $393,305.95.

—Charles A. Elder has been re-elected president of the Globe Savings Bank of Los Angeles.

—The Broadway Bank & Trust Company of Los Angeles, will be Nationalized before January 1. Of the nine institutions in the Los Angeles Clearing-House Association the Broadway is the only one operating under a state charter. The bank has a capital of $250,000, and surplus and undivided profits amounting to $205,800. Warren Gillelan is president and R. W. Kenny is cashier.

BANKS CLOSED AND IN LIQUIDATION.

CALIFORNIA.

Palms—Branch of Citizens State Bank of Sawtelle; closed, November 15.

COLORADO.

Sulphur Springs—Bank of Grand County; in hands of a receiver, November 14.

IOWA.

Sioux City—Iowa State National Bank; in liquidation, November 2.

MASSACHUSETTS.

Amesbury—Amesbury National Bank; in liquidation, November 8.

Salem—Asiatic National Bank; in liquidation, October 12. Naumkeag National Bank; in liquidation, November 11.

MICHIGAN.

Pontiac—Bank of Leonard; in hands of receiver, October 19.

NEBRASKA.

Powell—State Bank; closed, November 12.

OKLAHOMA.

Temple—First National Bank; in liquidation, November 15.

PENNSYLVANIA.

Philadelphia—American Trust Co.; closed, November 17.

Windber—Windber National Bank; in liquidation, November 1.

TEXAS.

Ballinger—Citizens National Bank; in liquidation, November 1.

Celina—First National Bank; in liquidation, October 19.

San Marcos—Wood National Bank; in liquidation, October 20.

PUBLISHERS ANNOUNCEMENTS

WE MOVE INTO BIGGER OFFICES.

DURING the past month, the BANKERS PUBLISHING COMPANY moved from its old office at No. 90 William street, where it has been for a number of years, to larger and better quarters on the eighth floor of the Postal Telegraph Building, No. 253 Broadway, facing City Hall Park. On account of the steady increase of our business, we have felt for some time the need of more room. We have been very fortunate in securing a suite of offices in the well known Postal Telegraph Building which is exactly suited to our needs. The BANKERS MAGAZINE will welcome a personal visit (at its new office) from any of its friends who care to call on us while in this part of the city. The building is conveniently located to subway and elevated lines, the Brooklyn Bridge terminal, Broadway surface cars, etc.

$25 FOR ONE VOLUME.

A CUSTOMER who wanted to complete his file of THE BANKERS MAGAZINE from 1846 to the present recently paid us $25 for a single bound volume of the magazine—for the year 1848. It was just by chance that we happened to have an extra volume of the magazine for that particular year.

"WELL WORTH THE PRICE."

WE enclose herewith draft to renew our subscription to THE BANKERS MAGAZINE. We are very much pleased with the magazine and consider it well worth the price.

ROSENDALE STATE BANK,
Rosendale, Wis.

"RARE AND PROFITABLE."

SPEAKING of "Banking and Commerce," by Mr. George Hague, recently published by The Bankers Publishing Co., the "Scottish Bankers' Magazine" of Edinburgh says:

This book, a well-printed and well-bound quarto of some four hundred pages, is a mature piece of work from the pen of the former general manager of the Merchants' Bank of Canada, and while perhaps it will appeal more especially to banking men in the Dominion, it ought also to be of considerable interest to members of the profession on this side of the Atlantic.

Banking works in the nature of autobiography are none too numerous, and we gladly welcome the present addition which chronicles the fifty years' experience of a notable Canadian financier. From an apprentice clerk in the Rotherham Branch of the Sheffield Banking Company, Mr. Hague worked his way to the eminent position from which his survey is made, and his experience is therefore drawn from both continents. Thirty-six chapters are devoted to professional expositions, while six are more particularly personal in character, and in these he details, with pardonable egotism, his experiences, which are both wide and varied. Experientia docet is his motto.

Of the main sections in the book the contrasts drawn between the Canadian banking system and the home methods are particularly interesting. There is also some good writing and sage reflections on such topics as "Bank Investments as Reserves," "Loans to Municipal Corporations," "Financial Panics," and suchlike. Mr. Hague devotes his observations almost exclusively to the loan aspect of banking, although perhaps to home managers the deposit problem with a continued low barometer in rates is the more perplexing question.

Gilbart is evidently the model of the work before us, and the moralizings of the Canadian banker are in some respects quite worthy to rank with the great banking classic of England. After reading the book from cover to cover we can only remark with the Pilgrim on leaving the Interpreter's House—"Rare and Profitable."