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Western Municipal Bonds

FUTURE BOND ELECTIONS

October 5.—Bayard, Nebr., \$40,000 school building bonds; \$36,500 bonds for the purpose of funding, paying and redeeming valid outstanding school warrants.

October 8.—Gary, Minn., \$2,000 refunding bonds.

October 21.—Greeley, Iowa, Consolidated Independent School District, \$12,000 for the purpose of completing and equipping the new school house and purchasing additional land for school site.

October 22.—Modesto, Cal., \$80,000 improvement bonds.

November 5.—Pendleton, Ore., \$20,000 water extension bonds.

November 5.—Park County, Mont. (P. O. Livingston) \$50,000 bridge bonds.

November 5.—Broadwater County, Mont. (P. O. Townsend), \$30,000 bridge bonds.

November 5.—Helena, Mont., \$250,000 bonds for the purpose of building a terminal grain elevator at Great Falls.

FUTURE BOND SALES

October 5.—Madras, Ore., North Unit Irrigation District, \$50,000 bonds; denominations \$100; 6¼ year; 6 per cent. A. D. Anderson, Secretary Board of Directors.

October 5.—Comertown, Mont., School District No. 43, \$4,000 site and building bonds; denominations \$1,000; 10-20 year; not to exceed 6 per cent.; certified check \$500. A. E. Reinertson, Clerk.

October 7.—Buffalo, Wyo., School District No. 5, \$2,000 building and school furnishing bonds; denominations \$50; 15 year; 6 per cent. Archibald T. Cooke, Clerk.

October 8.—Salinas, Cal., Kind City School District, \$32,000 bonds; denominations \$1,000; 1-32 year; 6 per cent.; certified check for 10 per cent. T. P. Joy, Clerk.

October 8.—Manganese, Minn., \$30,000 waterworks bonds; denominations \$500; 10-20 year; 6 per cent.; certified check for at least one per cent. I. C. Dimmick, Clerk.

October 12.—Glenrock, Wyo., School District No. 15, \$15,000 funding bonds; denominations \$1,500; 1-10 years; 6 per cent. W. L. Fenex, Clerk.

October 12.—Clyde Park, Mont., School District No. 55, \$1,396.00 building bonds; denominations \$100; 10-15 year; not to exceed 6 per cent.; certified check \$50. E. C. Russell, Clerk.

October 14.—Columbus, Mont., Joint School District Nos. 72 and 60, Stillwater and Sweetgrass Counties, \$700 site and building bonds; denominations \$100; 5-10 year; not exceeding 6 per cent.; certified check, \$70. B. K. Armstrong, Trustee.

October 16.—Minneapolis, Minn., \$25,000 workhouse bonds; denominations \$50, \$100, \$500 and \$1,000; 1-30 year; 4 per cent.; certified check 2 per cent. Dan C. Brown, City Comptroller.

October 22.—Madras, Ore., North Unit Irrigation District, \$50,000 bonds; 6 per cent. A. D. Anderson, Secretary.

BOND NOTES

Phillips, Neb.—At a recent election it was voted to issue \$35,000 high school bonds.

Tyler, Minn.—An issue of \$20,000 court house bonds will be placed on the market soon.

Highmore, S. D.—At a recent election it was voted to issue \$5,000 electric lighting bonds.

Des Moines, Iowa.—An issue of \$44,526 paving bonds has been authorized by the City Council.

Bend, Ore.—At a special election an issue of \$20,000 bonds were authorized, to be used for fire fighting equipment.

Minot, N. D.—The City Commissioners have authorized an issue of \$116,000 5 per cent., 20 year water reservoir bonds.

Columbus, Mont.—The proposition to issue \$19,000 waterworks refunding bonds was carried at a recent election held here.

Willmar, Minn.—Independent School District No. 47.—Refunding bonds to the amount of \$15,000 have been awarded the state.

Kalispell, Mont., School District No. 36.—Bonds amounting to \$2,000 have been awarded the State Board of Land Commissioners.

Hawley, Minn.—Kalman, Matteson & Wood of St. Paul

have been awarded an issue of \$50,000 5½ per cent. school bonds at par.

Greeley, Neb.—Water improvement bonds to the amount of \$10,000 was authorized at an election held August 30 by a vote of 99 to 21.

Mankato, Minn.—At the election just held, the proposition to issue \$100,000 school building bonds was carried by a vote of 814 to 186.

Prairie & Custer Counties, Mont., School District No. 42.—The State Board of Land Commissioners have been awarded \$1,500 bonds at par.

Lewistown, Mont., School District No. 157.—An issue of \$1,600 bonds have been awarded the State Board of Land Commissioners at par.

Sanders County, Mont. (P. O. Thompson Falls).—Ferris & Hardgrove of Spokane were the successful bidders for \$75,000 funding bonds.

Colesburg, Iowa.—Wells-Dickey Company of Minneapolis were the successful bidders for an issue of \$16,000 school building bonds at par.

Prineville, Ore.—The proposition to issue \$78,350 road bonds will be voted upon at a special election to be held here in the near future.

Hardin, Mont., School District No. 27.—Kaiman, Matteson & Wood of St. Paul have purchased an issue of \$13,500 6 per cent. 10-20 year bonds.

Lewistown, Mont., School District No. 21.—The State Board of Land Commissioners was the successful bidder for an issue of \$7,000 6 per cent. bonds.

Shasta County, Cal., Happy Valley Irrigation District (P. O. Olinda).—An issue of \$260,000 6 per cent. bonds will be offered for sale on October 28.

Big Horn County, Mont., School District No. 29 (P. O. Hardin).—Bonds to the amount of \$2,500 have been sold to the State Board of Land Commissioners at par.

Cascade County, Mont., School District No. 5.—The Wells-Dickey Company of Minneapolis have been awarded an issue of \$2,000 6 per cent., 10-15 year bonds at par.

Malheur County, Ore.—Warm Springs Irrigation District.—It is reported by the Capital Issues Committee that the issue of \$750,000 bonds would not be allowed.

Forman, N. D.—Crete-Cogswell Drain No. 11.—An issue of \$127,019.91 bonds is being offered for sale; denominations \$1,000. Sealed bids will be received until October 8.

Hennepin County, Minn., Con. School District No. 142 (P. O. Minneapolis).—The Wells Dickey Company purchased an issue of \$25,000 5 per cent., five year, school bonds at par.

Glendale, Cal.—Municipal District No. 2.—The William R. Staats Company of Los Angeles was the successful bidder for \$44,000 6 per cent. bonds at a premium of \$3.50—100.12.

Tacoma, Wash.—Word has been received by the City Council that the Government has approved an issue of \$300,000 bonds for the purpose of acquiring the Lake Cushman power site.

Musselshell County, Mont., School District No. 12 (P. O. Roundup).—The State Board of Land Commissioners were the successful bidders for the issue of \$1,800 6 per cent. bonds at par, offered on July 8.

Underwood, N. D.—The Minnesota Loan & Trust Company, of Minneapolis, was the successful bidder for an issue of \$5,000 fire hall bonds at par, less \$150 for expenses, 97, a basis of 6.26 per cent.

Clintonville, Wis., School District No. 1.—An issue of \$70,000 5 per cent., 11 year bonds have been awarded the Hanchett Bond Company of Chicago at par, less \$1,300 for expenses—98.14, a basis of 5.23 per cent.

MINNESOTA HAS \$11,105,730 ON HAND

The Minnesota state cash box held \$11,105,730 at the beginning of October business, according to State Treasurer Henry Rines.

The total is compared with the record balance of \$11,833,600 a month ago and the corresponding treasury figure of \$8,478,458 on October 1, 1917.

A balance of \$6,424,389 is credited to the revenue fund from which salaries and like state items are paid.

COUNTY—CITY—SCHOOL BONDS

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COSTING LESS TO MOVE FREIGHT

Washington—Loading freight cars closer to capacity and increasing the size of freight trains under government control of railroads, together with the shortening of routes made possible by unified management, has made decided economies in cost of moving traffic, according to a statement made by the railroad administration.

An increase of 1,897,376,211 in revenue ton miles, or 5.6 per cent., in June, 1918, as against the same month of 1917, and a decrease of 273,248,170 nonrevenue ton miles in the same period was reported. This was accomplished while the number of train miles was decreased 661,139, or 1.2 per cent., and loaded freight car miles decreased 71,118,405, or 5.2 per cent. Increased freight was hauled, the statement said, with a decreased use of railroad equipment.

GOVERNMENT'S GREAT NEW POWDER PLANT

Jacksonville, Tenn.—The powder plant being built by Government and operated by du Ponts 17 miles from Nashville, will be turning out 1,000,000 pounds of smokeless powder every 24 hours by January 1 next. Steam power plant, attached to enterprise, said to be largest in world, will ultimately consume 5,000 tons of coal daily and furnish about 100,000 horsepower. Village will house 25,000 employes.

TO REPLACE HUN-DESTROYED SHIPPING

New York—Allied and neutral shipyards must turn out 48,557,080 deadweight tons of shipping to make good prediction of Chairman Hurley of Shipping Board that construction would overcome submarine sinkings and place tonnage of world on normal basis by autumn, 1922. Experts in charge of shipbuilding program are confident that this can be accomplished.

FORD MOTOR'S TANK ORDER

Boston—It is understood that Ford Motor Company has taken order for \$150,000,000 of tanks. Production of tanks by England and United States will be pushed at an enormous pace next year. The Ford order is simply part of a big program.

ASIATIC IMPORTS AT NEW YORK

New York—Asiatic imports at New York totaled \$52,378,007, against \$27,002,318 last year. Shipments included rub-

ber, tin and hides, as well as other foodstuffs. Japan was largest shipper with \$21,256,701.

MORE IRON CONSERVATION EFFECTED

Washington—Further restrictions designed to conserve iron, steel and rubber have been put into effect by the War Industries Board. These effect the manufacture of pipe, tanks, fire hydrants, kitchen stoves and utensils and solid automobile tires.

ELECTED PRESIDENT OF THE BANK OF NORTH AMERICA

Philadelphia—Charles H. Harding, for many years vice president and director of the Bank of North America, has been elected president of the bank, succeeding the late Harry G. Michener. Mr. Harding is the eleventh president the bank has had in its 137 years' existence.

HOYT NOW VICE PRESIDENT NATIONAL CITY COMPANY

New York—Directors of the National City Company have elected Allen G. Hoyt a vice president and Samuel W. Baldwin as assistant treasurer. Mr. Hoyt will continue in charge of the public utility department.

WISCONSIN BANK RESOURCES INCREASE

Madison—Resources of Wisconsin banks have increased \$23,756,555.94 during the past year, according to the statement issued by the state banking department.

IOWA FIRST STATE OVER THE TOP IN LIBERTY LOAN

Des Moines—Iowa is first state to complete quota of Fourth Liberty Loan subscriptions, its allotment of \$157,000,000 having been subscribed.

GOVERNMENT BONDS

Price range for week ending October 2, by C. F. Childs & Co., Chicago and New York:

United States Government Bonds				
	High	Low	Last Sale	Yield
2s, Consols	99 ³ / ₄	99 ³ / ₄	99 ¹ / ₂	2.03*
2s, Panama	99 ³ / ₄	99 ³ / ₄	99 ¹ / ₂	2.02
3s, Conversion	92	88	90	3.55
3s, Panama	92	88	90	3.45
4s, Old	107 ³ / ₄	106 ¹ / ₂	107 ⁵ / ₈	2.74*
Liberty Loan 3 ¹ / ₂ s	100.40	100	100.04	3.32
Liberty Loan 1st 4s	95.94	95.44	95.88	4.30
Liberty Loan 2nd 4s	96	95.52	95.84	4.38
Liberty Loan 4 ¹ / ₂ s	96	95.66	96.24	4.78

*Based upon assumed maturity.

United States Territorial Bonds				
Philippine 4s	95	85	92	5.00
Hawaiian 4s	97	85	92	3.00
Porto Rican 4s	98	85	93	4.90
District of Columbia 3.65s	100	90	94	4.10

Foreign Government Bonds				
Amer. For. Sec. 5s, August 1, 1919			97 ⁵ / ₈	7.00
Anglo French 5s, October 15, 1920			94 ⁷ / ₈	7.90
Argentine Gov. 6s, May 15, 1920			96 ¹ / ₂	8.30
British 5 ¹ / ₂ s, November 1, 1919			99 ⁵ / ₈	6.00
British 5 ¹ / ₂ s, November 1, 1921			96 ³ / ₄	6.90
British 5 ¹ / ₂ s, February 1, 1919			99 ⁵ / ₈	6.40
Gov. of Canada 5s, August 1, 1919			97 ¹ / ₂	7.50
Gov. of Canada 5s, April 1, 1921			95 ³ / ₈	7.10
Gov. of Canada 5s, April 1, 1926			94 ¹ / ₂	5.00
Gov. of Canada 5s, April 1, 1931			94 ¹ / ₂	5.70
French Republic 5 ¹ / ₂ s, April 1, 1919			101 ¹ / ₈	4.90
Russian Gov. 5 ¹ / ₂ s, February 14, 1926			†125	....
Russian Gov. 5 ¹ / ₂ s, December 1, 1921			56
Switzerland Gov. 5s, March 1, 1920			101	4.50

†Per 1,000 roubles net.

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DEPOSITS IN BANKS OF SPOKANE

Spokane—Despite Spokane's having raised \$13,000,000 within a year for various war activities, individual deposits in Spokane banks are only \$2,000,000 less than they were a year ago. In other words, Spokane individual depositors are actually \$11,000,000 better off than they were a year ago and bankers have estimated that Spokane citizens have saved \$10,000,000 in the year. Figures taken from clearing house reports show individual deposits of \$34,000,000 on September 1, 1917, and \$32,000,000 on September 1, 1918.

Checking accounts stand approximately the same as they were a year ago; the decrease is in time deposits, or savings accounts.

BANK TRANSACTIONS

Washington—The Federal Reserve Board's sixth weekly statement of total debits to individual accounts, reported through the Federal Reserve banks by 139 of the country's active clearing houses, was made September 28. Transactions cover the weekly periods ending Wednesday, September 18 and 25:

City—	Debits to Individual Account September 18	September 25
New York	\$3,014,507,000	\$3,077,011,000
Chicago	610,176,000	527,579,000
Philadelphia	282,786,000	277,000,000
Boston	219,705,000	200,072,000
St. Louis	139,877,000	136,202,000
Minneapolis	107,739,000	113,331,000
Detroit	105,211,000	98,369,000
Kansas City, Mo.	103,855,000	100,411,000
Baltimore	73,294,000	76,175,000
Buffalo	60,532,000	58,231,000
Milwaukee	54,625,000	49,102,000
New Orleans	52,791,000	54,256,000
Cincinnati	51,334,000	51,442,000
Omaha	59,811,000	76,350,000
Los Angeles	53,995,000	46,382,000
Duluth	52,535,000	63,802,000
Seattle	48,579,000	51,368,000
Portland	43,604,000	51,126,000
Denver	26,395,000	25,303,000
St. Paul	33,357,000	35,696,000
Salt Lake City	11,686,000	15,530,000
Sioux City, Iowa	10,769,000	11,012,000
Spokane	9,865,000	9,742,000
Fargo	3,581,000	4,800,000
Grand Forks	.....	1,468,000
Great Falls	3,275,000	3,602,000
Superior	2,235,000	2,145,000
Billings	2,011,000	1,832,000
Helena	1,920,000	2,009,000
Aberdeen	1,890,000	1,937,000
Grand total for U. S. (139 cities)	\$6,215,371,000	\$6,191,861,000

BANK CLEARINGS

Bank clearings in the United States for the week ending September 26, according to Bradstreet's, aggregate \$6,151,050,000, against \$6,276,564,000 the previous week and \$5,651,443,000 in the corresponding week last year. Canadian clearings aggregate \$190,555,000, as against \$181,622,000 the previous week and \$180,824,000 in corresponding week last year. Following are the returns for the week, with percentages of change shown as compared with the corresponding week last year:

		—Per cent.—	
		Inc.	Dec.
New York	\$3,258,351,000	.....	3.5
Chicago	516,040,000	9.6	.....
Philadelphia	402,022,000	24.8	.....
Boston	274,755,000	21.5	.....
Kansas City	204,208,000	32.7	.....
St. Louis	160,261,000	23.0	.....
Pittsburgh	135,542,000	53.1	.....
San Francisco	112,749,000	13.6	.....
Cleveland	89,248,000	23.2	.....
Twin Cities	77,777,000	.....	.....
Baltimore	75,021,000	76.8	.....
Detroit	66,014,000	30.9	.....
Cincinnati	55,065,000	34.5	.....
Omaha	54,842,000	42.7	.....
New Orleans	54,198,000	33.7	.....
Minneapolis	61,638,000	56.6	.....
Milwaukee	28,941,000	16.1	.....
Seattle	46,434,000	93.0	.....
Portland, Ore.	32,486,000	93.4	.....
Denver	22,791,000	13.1	.....
Duluth	22,024,000	106.0	.....
St. Paul	16,139,000	10.7	.....
Salt Lake City	12,852,000	.....	6.6
Spokane	9,324,000	39.8	.....
Des Moines	8,783,000	15.2	.....
Sioux City	8,102,000	.....	18.1
Aberdeen	2,173,000	63.0	.....
Helena	1,916,000	19.0	.....
Grand Forks	1,653,000	9.0	.....
Billings	1,094,000	.....	.....
Total, United States	\$6,151,050,000	8.8	.....
Total outside New York	2,892,689,000	27.2	.....
Dominion of Canada			
Montreal	\$91,798,000	21.8	.....
Toronto	61,872,000	8.8	.....
Winnipeg	36,885,000	.....	24.2
Total	\$190,555,000	5.3	.....

STREET RAILROAD INCOME CUT DOWN NEARLY HALF

Net income of the Twin City Rapid Transit Company for August was 42.02 per cent. smaller than it was in August, 1917.

According to the statement of revenues and expenses issued by the company gross revenues have decreased 4.74 per cent., as compared with the same month last year. Net revenue showed a decrease of 15.78 per cent.

Comparison of the first eight months of this year with the same period last year shows a decrease in net income of 51.82 per cent.

The statement follows:

	Month of August	
	1918	1917
Gross revenues	\$808,224.43	\$848,477.88
Operating expenses	575,741.22	572,426.45
Net revenue	232,483.21	276,051.43
Fixed charges and taxes	166,595.02	162,411.94
Net income	65,888.19	113,639.49
Eight Months Period		
Gross revenues	\$6,472,756.28	\$6,882,599.75
Operating expenses	4,651,208.47	4,548,104.74
Net revenue	1,821,547.81	2,334,495.01
Fixed charges and taxes	1,269,662.76	1,189,094.08
Net income	551,885.05	1,145,400.93

7-CENT FARE FOR TRENTON, NEW JERSEY

Trenton—The Public Utility Commission on September 27 voted to allow the Public Service Railway Company to increase its fare to seven cents where five cents is now charged. The order becomes effective on October 15 and is to be operative until March 31 next year. After April 1, 1919, the company will be allowed to charge six cents. The increase is in addition to the charge of one cent for each initial transfer allowed by the commission in an order last July.

NORTHERN STATES POWER COMPANY EARNINGS

Earnings of Northern States Power Company for the month of August, 1918 and 1917, are reported as follows:

	1918	1917
Month of August—		
Gross earnings	\$657,188	\$526,392
Net earnings	261,751	261,551

NEW VICE PRESIDENT OF THE AMERICAN INTERNATIONAL CORPORATION

Boston—Matthew C. Brush, formerly president of the Boston Elevated Railroad, has been elected a vice president of the American International Corporation. He was formerly president of the Boston Elevated Railroad.

NEW SECRETARY FOR WELLS-FARGO & CO.

New York—George G. O'Brien has been elected secretary of Wells-Fargo & Co., to succeed C. H. Gardiner, resigned. Mr. O'Brien will continue to act as treasurer.



Loan Correspondents

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Undivided Profits 7,500,000

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Ass't Manager

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OLDEST BANK AT THE HEAD OF THE LAKES

COMMERCIAL WEST

A WEEKLY JOURNAL

DEVOTED TO

BANKING, GRAIN AND INVESTMENTS

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SATURDAY, OCTOBER 5, 1918

The American Passion to Win the War

At all the meetings of the American Bankers Association held in Chicago last week, there was just one predominant feature, one that stood out above all else, and that was the win-the-war spirit, which came to the surface on the slightest provocation.

Not only in resolutions passed, in the various addresses by prominent speakers, but in the instantaneous response of all bankers present to any news of war victories, there was evidence of just one great desire among the American people, and that was the passion to win a complete victory over the foe and do it in the quickest possible time.

This patriotic flame is greatly intensified now that the American sporting blood is aroused and the determination to win out at whatever cost is seen on every hand. All enthusiastic baseball fans from President Wilson to the smallest "newsie," now exhibit this enthusiasm of the sportsman to win. When you have such a spirit and sentiment aroused throughout the country and founded on a just cause and the highest ideals, you have set in motion an invincible power which will stop at nothing short of a complete victory.

That the American bankers are thoroughly absorbed in the great task of putting over this war program to a speedy conclusion, is shown in their refusal at this time to indorse a plan for a million dollar Bankers Insurance Company. They evidently considered it most unpatriotic to even ask the Capital Issues Committee at Washington, to pass upon a million dollar corporation, even though it held out some inducements of possible savings in insurance rates paid by bankers.

Aside from that, we think the counsel of Mr. Ingwersen and Mr. Newcomer was sound, and that the great American Bankers Association should not now or at any other time indorse any stock selling plan, or in any way mix up with commercial enterprises. The action of the convention on this matter establishes a safe guide and precedent for future years, and should help to keep the activities

of the association free from commercial business, which properly belongs to individuals or corporations.

The Great Problem of Transportation

One of the most important addresses delivered at the American Bankers meeting in Chicago last week was that of Harry A. Wheeler, vice president of the Union Trust Company of Chicago, on "Our Merchant Marine and Railroads." Mr. Wheeler's discussion of this all-important topic showed deep study and much careful consideration of the transportation question, both of today and as it will confront us after the war.

Mr. Wheeler's address was largely a plea for maintaining the great principle of individual initiative, which has been the chief factor in building up American industries and in developing to stability our financial structure, and not be led astray by socialistic theories or the panacea of government management, which has been forced upon the country by the necessities of war. As Mr. Wheeler pointed out, the Federal Reserve system has greatly strengthened our banking facilities and enabled us to finance the war, without any strain on the financial mechanism. The next most important matter is to place the transportation system on a scientific basis, and in this system he includes both the railroads and the merchant marine.

When the war is over we will have a vast tonnage of merchant vessels, but vast dead tonnage of boats is of no account, unless we have foreign commerce to keep it busy. The unescapable inference from this is that a vast foreign trade must be developed after the war.

While Mr. Wheeler believed that government regulation of railroads was here to stay, he was firmly convinced of the economic soundness of returning the railroads to private ownership and management when the time for government management has expired. Under such conditions the management can always appeal to a regulating authority, while the managing and regulating authority are in the hands of the Government there is no chance for such an appeal.

Mr. Wheeler's address is well worth careful study by all those interested in the economic and industrial welfare of the country.

Points Cleared Up for National Banks

The passage by Congress of the Phelan bill clarifies certain points in regard to national banks that have been in the twilight zone of uncertainty. The three features of this bill related first to the right of national banks to have trust departments, the right of officers and directors of national banks to borrow from their own banks, and as to the amount of reserve to be carried by a national bank, located in the outlying district of a Central Reserve or Reserve City.

Under the new law the Federal Reserve Board will have the final say as to whether a national bank may engage in the trust business or not. The new law provides that officers and directors may borrow from their own banks, but only by the ap-

proval of the majority of directors. The new law states that outlying national banks are required to carry only 10 per cent. reserve instead of the former reserve of 13 per cent.

The Menace of Paternalism

An address that commanded close attention and received much favorable comment at the American Bankers Association convention in Chicago, was that of Otto H. Kahn, the eminent New York banker, on "The Menace of Paternalism." Mr. Kahn's clear and prophetic mind can foresee that there is a possibility, and a great probability, of a "war after the war" unless we guard against the danger of paternalism becoming a permanent policy in this country.

Mr. Kahn insisted that this war after the war has already begun, although it is the general understanding that all these internal economic and social problems would be postponed until after we had won a victory over our external enemy. He stated that those who are making this economic war are composed of the motley army ranging from the American variety of demagogue Bolsheviks, and various gradations of self-seeking destructionists, well meaning utopianists, intolerant and impetuous young writers, strong in their assurance of superiority, iconoclastic theorists, as well as over-worked and often underpaid and consequently somewhat acidified college professors.

All this varied group are arrayed against those who believe that the accumulated wisdom of the centuries of human experience is wisdom still, for the latter see an enlightened individualism is the soundest and most effective instrument for the advancement and happiness of humanity.

Mr. Kahn pointed out that few things have brought more harm upon the world than attempts to force mankind into ways of thought and action to which human nature does not respond. Here he had in mind the Prussian autocratic and paternalistic form of government. Mr. Kahn professed the most complete confidence in the sober, common sense of the American people, and believed they would not long follow the fancies and theories of the so-called advanced theorists or the catch phrases of agitators. The present danger of paternalism, as he saw it, was not in the deliberate will of the people, but that under the emotional stress of the war and patriotic impulse, paternalistic tendencies and modes of thought may gain a footing and create serious problems upon the return of normal conditions.

Touching upon the doctrine of the socialists who were the strongest advocates of paternalism, he quoted Samuel Gompers, who said to the socialists: "Economically you are unsound, socially you are wrong, industrially you are impossible."

Mr. Kahn gave his hearers some sound advice on the subject of Federal Taxation, and laid down these principles: That no tax should be so burdensome as to extinguish or seriously jeopardize the source from which it derived its productiveness; that in war time the practice of thrift was of more importance than ever to the nation; that taxation

should be as widely diffused as possible, no matter how small the rate, if only to give the greater number of citizens an interest to watch governmental expenditure and an incentive to curb governmental extravagance.

Mr. Kahn warned his hearers that a picture of bureaucratic paternalism fastening its shackles upon a nation which went to war to preserve liberty is not a fanciful one. Through the accident of war, paternalism at present rules supreme. This is inevitable, as the one supreme task of the nation is to win the war. When the war is over we should return to individualism, if we will avoid disasters that have overtaken autocratic European governments, and maintain the prosperity that has placed America in its present commanding position.

Valuable Statistical Booklet

Under the title of "Twenty-four Billions" the Bankers Trust Company of New York has recently issued a booklet of statistical tables which are of special interest to Liberty bond buyers and contributors to war charities. This booklet estimates the annual income of the 23,500,000 families of this country at 60 billions, and a striking feature is brought out that 40 billions of this is distributed among families receiving incomes under \$2,000 a year.

On the basis of an equitable distribution of bond purchasers according to income, this booklet estimates that four and one-half billions of bonds should be purchased for the year by these smaller incomes, which in the aggregate amount to 40 billions.

According to this table about one-half of the \$300,000,000 which is to be contributed to the various war charities should also be charged up to this group, where the annual incomes are \$2,000 per year and under.

Incidentally such a scientific analysis of the distribution of incomes shows how utterly false is the contention of the radical socialists, that a few multimillionaires are grabbing the bulk of the income of the country. According to this table, the families with incomes of \$250,000 a year and upwards in the aggregate only absorb about one billion of the income out of the 60 billions for the entire country, while 45 billion is distributed among families receiving under \$5,000 a year.

A Billion Dollar Grain Crop

The grain crop of the four northwestern states, now well under way to the terminal markets of Minneapolis and Duluth, will foot up to over a billion and a quarter dollars, according to figures prepared by the statistical department of the Northwestern National Bank of Minneapolis. These figures include all the principal grains, but do not include farm crops outside of grain or live stock products.

The heavy movement of grain to market is reflected in the banking statistics, Minneapolis bank transactions running \$113,000,000 last week, and Duluth transactions over \$63,000,000.

Farmers of the Northwest have made a splendid response to the appeal of the Food Administration for increased crop production, and the billion dollar grain crop of the Ninth Reserve district will contribute mightily towards helping solve the food problem for the allied world.

The Income Tax and Farmers' Bookkeeping

The Wall Street Journal remarks that it is a very slim pretext for tax legislation to exempt the farmer from paying income taxes simply because he does not keep books.

This excuse is no longer valid in Minnesota, as the Bankers Association of this state has made it a

special business to distribute many thousands of account books, designed especially for the use of farmers. This book was prepared by the Agriculture Department of the University of Minnesota, and distribution was made through country bankers who have bought these books in large quantities and given them to their farmer customers.

The value of farm products for this crop year will, no doubt, exceed that of 1917 which was reported by the United States Agriculture Department at around 13 billions, Congress will be grossly negligent if it does not frame the new revenue law so as to make it possible for the farmers to pay their equitable share of income taxes.

THE BULL'S-EYE BY THE SHARPSHOOTER

In the Standard dictionary that lies on my desk are some leaves picked in the St. Croix Valley last Saturday afternoon—green red-oak leaves with scarlet centers; a cottonwood leaf of golden yellow; a sumac leaf of blazing scarlet, a maple leaf of yellow, pink tipped and a white oak leaf of russet red. Had I picked specimens of all the shades of colors in the forest leaves I saw that afternoon there would have been one leaf for every word in the dictionary. The variety was as nearly infinite as any mortal would care to follow up.

* * *

A tree in turning its foliage from green to drab—if the process is not an unconditional surrender to drab—may pass through a charming catalog of tints. The sugar maple is one of these fortunate trees. We saw some of these round headed trees with flaming red branches in a mass of green; some yellow as gold; some yellow with a light pink overlay on the top as though some fairy air brush had sprayed the pink pigment on from above. Some of these yellow headed maple trees were green tinted from below and pink tinted from above. And here and there in the groves would be a maple that blazed like the burning bush that Moses saw in the Sinai wilderness—only that these maples stood in a charming and most habitable setting, a finer grove decked country than Moses or any of his ancient tribe ever clapped eyes on.

* * *

Anyone during a hundred-mile ride through any of these Northwest states may come home if he will, with the idea that this is a rather ragged world. But if he drives in the

last week of September he may admit that the world then has on her glad rags and all the spangled contents of her best bandbox. The hand of man can hardly make a muss that the foliage of autumn cannot glorify to some extent. Sumacs, goldenrods and asters left along the unkept roadside become a decoration fit for the route of a king. We speak here of kings in the refined abstract, such as are mentioned in children's story books.

* * *

But scold man as we may for spoiling landscape, how much of human interest one would lose if man had not been about with his plow, his axe, his hammer and his scythe! The untamed wild has its charm and glory and all that; but one can hardly find anything in the primeval landscape to compete with a bumper crop of corn nicely put up in shock along long straight, weedless rows of stubs, and at the back of the field about 80 rods away, a bordering grove of colored maple, oak and poplar. Then add to this a sumac and fall-flowered fencerow in the foreground flanking the macadam road on which you stand and at the right hand, say, a swamp with the wavy grass rippling in the breeze, and back of the swamp a tamarac grove; or better yet one of the sky-blue ponds of the Minnesota type, in the sandy shallows of which a herd of Guernsey cows are washing their stockings, chewing their gum and dreaming dairy dreams. Say, you can't beat that in any primeval section of the planet, nor yet anywhere else! I have a pretty stiff faith that we shall see something like that in Heaven. I should greatly regret to think that I shall have to bid everlasting good-bye to Guernsey cows and maple trees when I go to Paradise.

MINING RUSHED ON MINNESOTA IRON RANGES

Duluth—Mining operations and exploratory work on the Cuyuna range properties are being actively pushed, due to the heavy demand from eastern steel companies. Onahman Iron Company has sold an amount ranging from 750,000 to 1,000,000 tons to be delivered over a five-year period. This is the largest single individual sale of Cuyuna manganese ore ever put through. The price was not announced, but it was on a sliding scale and the basis is satisfactory to the sellers.

This sale is expected to give a big impetus to the manganese iron ore industry on the range. Shipments of these ores will set a new high record this season. W. H. Locker, vice president of American Manganese Manufacturing Company has asserted that the company's shipments of ores to the East will aggregate 500,000 tons, compared with 200,000 last year.

Minnesota range operators are making preparations for increased output in 1919. Interstate Iron Company, the mining division of Jones & Laughlin Company, has arranged to build a large iron ore washing plant near Calumet, Minn., to treat ores of the Hill-Annex mine. It is understood that its capacity will not be far below that of the Oliver Mining Company plant located near Coleraine, Minn., which has a capacity for treating 1,000 tons of ore an hour.

The season's shipments from the York mine, placed at 170,000 tons, have been going to Republic Iron & Steel Company. Townsite ore is being taken mainly by Bethlehem Steel Company.

Leading operators of iron properties in the Lake Superior district concede that ore shipments for the present season will show a material falling off from last year's total and the impression is that they will not total over 59,000,000 tons. Some authorities place the aggregate at about 57,000,000 tons, and say it will depend upon the action of the War Industries Board.

An official of the Shenango Furnace Company has announced that shipments from its mines will be cut off by November 10 although no definite statements have as yet been made by other independent operators, it is understood that they are counting upon operations closing down much earlier than last season.

REGULAR NORTHERN STATES POWER DIVIDEND

Northern States Power Company declared a regular quarterly dividend of 1¼ per cent. on the preferred stock, payable October 21 to stock of record September 30.

RATE INCREASES

The Minneapolis General Electric Company has placed in effect an increase in electric rates amounting to approximately 10 per cent.

Raising Twenty-Four Billion for the War

Excerpts From a Pamphlet Prepared by the Bankers Trust Company of New York.

Attention is called to the fact that out of the total estimated world population of about 1,700,000,000 human beings, there is scarcely a group which is not materially affected by the conflict. Nineteen nations, with combined populations of 1,145,000,000 people are fighting for the cause of liberty; five other nations, with populations aggregating 11,500,000, have severed diplomatic relations with Germany. On the other hand, only four nations, with combined populations of 146,000,000, are fighting under the leadership of Germany for the autocratic principle of government. A roll call of the nations as to whether they favor the democratic or autocratic principle of government, would bring the answer "for Liberty" from the representatives of over 72 per cent. of the inhabitants of the globe, while only six per cent. would answer "No."

The Cost

On August 1st, four years had elapsed since the beginning of the war. The Trust Company's statisticians estimate that the direct money cost of the war in that period has been about \$145,000,000,000, something over two-thirds borne by the Allies and about one-third by the Teutonic nations. The loss of life has been estimated at nearly 8,000,000, and men permanently disabled so as to be no longer fitted for military service at over 8,500,000. The casualties are divided in about the ratio of 58 per cent. to the Allies and 42 per cent. to the Teutonic nations. The disproportion between the money cost to the Allies and to the Teutonic nations is striking—but attention is drawn to the fact that prior to the war Germany had prepared a vast amount of material, which it had collected over a period of years, the money value of which—in order to correctly balance the account—should be added to their expenditures since war began.

The Present Situation

It is stated that the present alignment of the nations is about as follows: Nineteen nations are actively allied for liberty, having a nominal man-power of over 200,000,000, of which number about 20,000,000 are estimated to be actually in service or in training—that is to say, less than ten per cent. of the nominal man-power of the Allies is at present being utilized. On the other hand, it is estimated that the Teutonic Allies have possibly as many as 24,000,000 men enrolled, out of a total possible man-power of about 33,000,000—so that our enemies have enrolled about 73 per cent. of their possible man-power. Nor is this all—included in their total number of men estimated to be available for military service, there are probably very many men who belong chiefly to the Slavic races, not at all in sympathy with the Teutonic aims, and ready at the first opportunity which offers to take up arms against their masters.

The Task

The budgets of the Liberty Allies for the fifth year of the war call for the expenditure of around \$50,000,000,000. Approximately half of this amount, or \$24,000,000,000, must be provided by the United States. The problem for which this pamphlet endeavors to offer a solution is—how this great amount of money can be raised, and how the burden shall be equitably pro-rated among the 23,500,000 families of our country.

Taking as a starting point the data upon which the revenue bill, which has just passed the House of Representatives by unanimous vote, was based, it is estimated that the corporations other than banks will provide \$6,000,000,000; the banks about \$5,500,000,000; while \$3,000,000,000 to \$3,500,000,000 it is estimated will come from indirect taxation; leaving over \$9,000,000,000 which must be provided from individual incomes. The revenue bill places a heavy burden of taxes upon the corporations—an amount aggregating something over \$4,000,000,000—it also places the weight of the personal income tax on those receiving the larger incomes. Necessarily, therefore, the burden of the bond-buying must be borne by individuals receiving the smaller incomes.

A striking fact developed in this pamphlet is that of the 23,500,000 family groups into which our 106,000,000 population naturally falls, 23,140,000 having incomes of \$5,000 or less receive 76 per cent. of the national income which is conservatively estimated to be sixty billion dollars and 21,175,000 of these families—receiving incomes of \$2,000 or less—are credited with receiving over two-thirds of the entire national income.

In conclusion, attention is called to the fact that the very destinies of the nation—perhaps of the world—depend upon the loyal response of each one of us to the call for subscriptions to the Liberty Loans. While the banks and corporations must do their full share, and also the families and the individuals of wealth and of great wealth, for the great sum of \$6,000,000,000—fully one-fourth of the entire \$24,000,000,000 required—the Government will be dependent upon the recipients of incomes of \$10,000 or less; and for over one-fifth of the amount required—for nearly \$5,000,000,000—it must look to the members of the families receiving incomes of \$2,000 and under.

The pamphlet is accompanied by a table which gives the estimated contribution for each family group from those receiving incomes of \$1,000 up to those receiving incomes of \$5,000,000 and over.

The most important items are retabulated here

Financing the War

For the Fiscal Year Ending June 30, 1919

Column I. Family income group.	II. Average percentage contributable by each family in group.	III. Average amount contributable by each family in group.
1,000— 2,000	11.00	209
2,001— 3,000	18.50	518
3,001— 4,000	24.50	931
4,001— 5,000	28.00	1,316
5,001— 6,000	31.50	1,795
6,001— 7,000	33.60	2,184
7,001— 8,000	36.00	2,700
8,001— 9,000	38.00	3,230
9,001— 10,000	40.00	3,800
10,001— 15,000	43.60	5,460
15,001— 20,000	47.75	8,356
20,001— 25,000	50.50	11,362
25,001— 30,000	52.75	14,506
30,001— 40,000	55.50	19,425
40,001— 50,000	58.00	26,100
50,001— 60,000	59.75	32,862
60,001— 70,000	61.25	39,812
70,001— 80,000	62.50	46,875
80,001— 90,000	63.50	53,973
90,001— 100,000	64.50	61,275
100,001— 150,000	66.50	81,795
150,001— 200,000	69.25	120,495
200,001— 250,000	79.80	159,300
250,001— 300,000	72.20	199,994
300,001— 400,000	73.60	253,920
400,001— 500,000	75.30	337,344
500,001—1,000,000	77.80	531,374
1,000,001—1,500,000	80.40	889,224
1,500,001—2,000,000	82.50	1,403,325
2,000,001—3,000,000	84.20	2,070,478
3,000,001—4,000,000	85.75	2,966,092
4,000,001—5,000,000	86.75	3,915,895
5,000,001—and over	90.00	9,255,000

To use the table find your family income in Column I. Multiply by the percentage in Column II. Deduct your income tax liability. The balance will be the quota of bonds to be bought during the year. Take one-third of the amount this time. For example:
Income, \$5,000. Multiply by 28% \$1,400
Deduct income tax (new bill)..... 180

Balance for bonds, one year..... \$1,220
Fourth Loan—one-third, say..... 400

An interesting feature of the full table is a column which indicates the proportionate amount of our income required in order that \$300,000,000 may be raised for the great war charities on an equitable basis.

Another interesting feature of the pamphlet is a chart indicating in graphic form the percentages of income applicable to taxes, to Liberty Bonds or War Savings Stamps buying, and to the war charities.

The pamphlet is issued for free distribution as an aid to men and women who desire to contribute systematically to the success of the war financing. Thus it is hoped that it may be possible to strike such telling blows against the Teutons during the next year that they will be ready before the end of the year to accept a peace dictated by the Allied nations. This shall be a peace in connection with which there shall be reparation—so far as reparation can be made—for the misery which the Teutons have brought upon the world—a peace which shall carry with it effective guarantees of future good behavior.

NEW GREAT LOCK AT SAULT STE. MARIE

Sault Ste. Marie—The fourth great government lock, the largest in the world, which connects the upper and lower levels of Lakes Superior and Huron, has been virtually completed, lacking only the installation of the 1,100-ton steel gates to permit the passage of large iron ore, copper and wheat cargoes.

The foundations of the lock are built into the solid rock floor of the St. Mary's River falls. Installation of the ponderous gates to span the 80-foot width of the lock chamber will start at once and will be completed early next summer. These gates will permit the lowering or raising of steamers from the level of one lake to that of the other, a height of 20 feet.

Excavating for the new lock, which will cost \$3,500,000 completed, started in 1912, and in 1915 the first concrete was poured for the walls, which are 1,700 feet long, 75 feet high and taper down from eight to 26 feet in thickness.

There are four other great locks at St. Mary's rapids, three on the American and one on the Canadian side, but none compares in size with the new one.

The cost of handling freight through these locks is but 1.4 mills per freight ton. Last year freight valued at \$1,196,922,183 and totaling \$89,813,898 tons, passed through the canals. There were 22,885 vessel passages.

The locks are protected by 20 coastguard boats plying the river 60 miles below and 20 miles above the rapids. Companies of soldiers equipped with rifles and machine guns patrol the district.

INTEREST RATES ON RAILWAY DEPOSITS

Washington—William G. McAdoo, Director General of Railroads, today announced fixed rates of interest to be paid by banks on all funds of the Railroad Administration which they hold. The rate will be two per cent. per annum on moneys payable by check on demand, and three per cent. on deposits payable after 30 days' notice. Interest rates on railroad deposits have varied from two to six per cent.

Mr. McAdoo in his formal announcement says:

"All banks and trust companies in which funds of the United States Railroad Administration or of the various Federal treasurers are deposited will be notified that in future they will be required to pay interest at the following rates:

"On deposits payable by check on demand, two per cent. per annum.

"On time deposits payable after 30 days from date or after 30 days' notice, three per cent. per annum.

"These rates will apply to all railroad deposits in all banks, except in special cases where, because of the smallness of the account or the particularly fluctuating character of the balance, it may be considered proper not to require the payment of interest.

"An investigation recently made shows that the rates of interest allowed by banks which pay interest on railroad deposits has ranged all the way from two per cent. to five per cent. per annum, and the higher rates paid have been used by some banks as an excuse for excessive rates charged to customers."

The fixed rate makes it impossible for banks to compete for railroad deposits by bidding up the interest. This, it is felt, will have a very important effect upon the money situation.

MANY BILLIONS DISBURSED BY THE UNITED STATES TREASURY

New York—Since we entered the war, at the beginning of April, 1917, the United States Treasury has disbursed over \$28,000,000,000. This includes \$8,300,000,000 of certificates paid off, so that the true disbursements during that period are close to \$20,000,000,000. Of this amount, \$6,400,000,000 represent actual loans to the Allies. In our own account, therefore, we have spent about \$13,500,000,000 on the war so far.

During the last three months of the fiscal year 1916-1917

total disbursements, aside from certificates paid off, were \$1,200,000,000. Of this amount, \$885,000,000 was advanced to the Allies.

For the full fiscal year 1917-1918, that is, for year ended June 30, last, total disbursements, aside from maturing certificates, were \$13,300,000,000, of which \$4,700,000,000 went in loans to the Allies. For July, August and 23 days of September of this fiscal year, our disbursements proper amounted to \$5,300,000,000, with \$832,000,000 loans to the Allies.

Gross receipts shown since our entrance into the war exceed the gross disbursements by \$977,200,000. Of the gross receipts nearly \$24,000,000,000 was received from loans; that is, bond issues and certificates. If the amount of \$8,300,000,000 of matured certificates is deducted, there remains a net amount of \$15,600,000,000 that has so far been raised by loans. This represents the three bond issues and the certificates of indebtedness still outstanding.

The remainder of the receipts, coming from customs, duties, internal revenue collections and taxes, amounted in the full period to over \$5,000,000,000.

To summarize, the United States has spent to date since we entered the war a total of \$19,882,000,000, of which \$6,455,000 has been loaned to the Allies, leaving \$13,400,000,000 spent for our own account.

To meet these expenditures \$15,600,000,000 has been raised through loans and \$5,000,000,000 has been raised through revenue.

The extent to which these figures may be attributed directly to war expenses is indicated from the fact that in normal times the expenditures of the Government have been in the neighborhood of \$1,000,000,000 per year.

ESSENTIAL INDUSTRIES FINANCE CORPORATION


New York—Announcement has been made of plans for the organization of the Essential Industries Finance Corporation, which will aid in the financing of public utility companies and industries necessary for the prosecution of the war. The company will be incorporated under the laws of New York state, and will begin business with an initial capital of \$3,000,000, consisting of \$1,000,000 of stock, \$1,800,000 of 10-year debentures and \$200,000 surplus.

Of the \$1,000,000 of stock, \$200,000 will consist of Class A shares, which will be limited in respect to dividend returns, and \$800,000 of Class B shares, with no restrictions. The A stock will be sold at par, while the B stock will be sold at \$125 a share, the additional \$25 a share providing the \$200,000 surplus.

Eugene V. R. Thayer, president of the Chase National Bank, will be president of the new corporation, and Frederick Strauss of J. & W. Seligman & Co. and Gerhard M. Dahl, vice president of the Chase National Bank, will be vice presidents.

It is intended that the Essential Industries Finance Corporation, as loans are made by it to public utility and other companies, shall avail itself of the provisions of the War Finance Act by borrowing money from the War Finance Corporation, rehypothecating the notes and securities received by it in respect to advances made. It is planned that the capital of the Essential Industries Finance Corporation shall be increased from time to time as the business of the company expands. Its capital will probably reach \$20,000,000 ultimately, on which basis it will be able to borrow about \$50,000,000 from the War Finance Corporation, thus making available \$70,000,000 for loans to public utility and other companies requiring financial assistance.

The interests connected with the new company that will be represented on the Board of Directors are the following: Chase Securities Company, Guaranty Trust Company, Central Union Trust Company, First National Bank, J. P. Morgan & Co.; J. & W. Seligman & Co., E. W. Clark & Co. (Philadelphia), General Electric Company, Westinghouse Electric and Manufacturing Company, and United Gas Improvement Company, Philadelphia.



Fort Dearborn National Bank

Capital and Surplus, \$4,000,000.00

UNITED STATES DEPOSITORY A GENERAL BANKING BUSINESS

WILLIAM A. TILDEN..... *President*

NELSON N. LAMPERT... HENRY R. KENT..... JOHN FLETCHER GEO. H. WILSON..... MARCUS JACOBOWSKY... CHARLES FERNALD ... E. C. TUBBS..... <i>Cashier</i>	WM. W. LE GROS..... CHAS. L. BOYE..... WM. L. MCKEE..... R. J. MCKAY..... WM. E. McLALLEN..... EDWARD N. HEINZ..... Ass't Cashier and Mgr. Foreign Exchange Dept. WM. J. FICKINGER.....
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A COMPLETELY EQUIPPED FOREIGN EXCHANGE DEPARTMENT

Utilities Receive More Attention

Chicago, October 1—La Salle Street anticipates as a result of last week's banking conferences in Chicago the position of public utilities will be materially strengthened. Leading bankers who attended the convention agreed to urge national, state, and local authorities to recognize the unusual and onerous conditions with which public utilities are contending, and to give prompt and sympathetic hearing to the petitions of each utility for relief.

Insull States Views

On the other hand it is unlikely Chicago will follow the lead of New York and establish a corporation to extend financial assistance to public utility companies. This opinion was expressed by Samuel Insull, president of the Commonwealth Edison Company and chairman of the Peoples Gas Light & Coke Company directorate, upon his return from Washington. "The utilities of the Middle West," Mr. Insull said, "are in a strong financial position. All they need is increases in rates. With their rates adjusted they can meet maturing obligations and take care of necessary financing without outside aid.

House Cleaning Requested

There is likely to be a nationwide house cleaning of security markets as a result of investigations pursued by big banking interests with reference to the efficacy of blue sky laws in various states. Delegates of prominence to the American Bankers' convention agreed to pledge the support of the association to the capital issues committee of the Government to stamp out the sale of fraudulent securities, prevent the exchange of Liberty Bonds for such securities, and to purge the curb of doubtful emissions and shady brokers.

With the refusal of Judge Smith to enjoin the election commissioners from putting the traction ordinance proposition on the ballots for a referendum vote at the next election, the position of all the securities of the surface and elevated railroads of Chicago has been much improved. It is the belief in La Salle Street that chances favor an affirmative referendum vote, and with the city council and the majority of the people of the city supporting the measure it is considered the legislature will give proper consideration to the wishes of the community. This in brief is the reasoning of investment interests. The operation of the ordinance will mean after a few years the elimination of value of all the stocks or certificates of the Chicago Railways Company and the common stock of the Chicago City and Connecting Railways and a large part of stocks of the Chicago elevated railways.

Traction Basis Improved

The tractions were firm all week in the face of a dividend reduction, Chicago City common rising a fraction and the senior issue improving a point. Directors of the Chicago City Railway Company declared a quarterly dividend of one per cent. payable September 30 to stockholders of record September 26. The last quarterly dividend of the company was two per cent. The reduction follows similar action by other Chicago traction companies. Nearly all the stock of the City Railway Company is held by the Chicago City and Connecting Railways Company, which recently deferred dividend action.

Peoples Gas was the feature of trading on the Chicago

Stock Exchange, the price moving up five points. The movement was led by active buying on the buyers' interpretation of the possible outcome of the injunction proceedings. The stock has been purchased for some time past by investors who sold out 50 points higher.

Swift's Issues Active

Swift shares were handled in a larger volume than for several weeks at an advance of six points to 110 on a rumor that the management contemplated issuing an additional 15 per cent. of stock at par. It was pointed out that Swift now has \$22,500,000 of its shares in the treasury as the result of the decent distribution of Swift International, the foreign property, to its stockholders.

Stewart-Warner shares advanced four points, absorptive buying continuing. The company has paid off all the notes given to retire the preferred stock issue. About 50 per cent. of the company's capacity is understood to be devoted to government work. The balance sheet as of October 1 probably will show net liquid assets of approximately \$5,000,000, and net tangible assets of about \$75 per share on the \$10,000,000 capital stock, exclusive of patents, trademarks and good-will.

Traction Dividend Renewed

After a lapse of more than four years directors of the Emerson-Brantingham Company decided to resume payments on the preferred stock. At a meeting in Chicago the old quarterly rate of 1¼ per cent. was declared, which will be payable November 1 to stockholders of record October 19. There is now an arrearage of 28 per cent. on the seven per cent. preferred stock, which is a cumulative issue. With the dividend announcement the stock advanced four points to 68. The common stock was quoted 18 bid and 19 asked. Transactions on the Chicago curb in general were aided by this movement. Moline Plow common improved to sales at 99. Preferred was quoted 90@91. Avery preferred was unchanged at 95@97, and the common at 100@102. Butler Brothers was slightly easier at 167@168. Kellogg Switchboard and Supply changed hands at 160. Great Lakes Dredge and Dock was neglected at 58@59. Linderman Steel continued in excellent demand with sales between 14½@14¾. Public Utility securities continue very flat and trading was in small volume.

Bond Demand Fair

There was a fair demand all week for bonds, and recent issues of merit were steadily maintained. In the bond department of the Chicago exchange, Connecting Railways 5s sold off ½ and the bonds of the Chicago Railways Company were 1½ points below the previous close. A few Peoples Gas Light and Coke Company bonds sold at 87. This is the first quotation in several months. The bonds have always ranked high as a Chicago investment and dropped but little below par when the stock exchanges were closed in 1914. There was a sale of Northwestern "L" 5s at 70, the first transaction in months.

Byllesby Shares Solid

The bond department of H. M. Byllesby & Co. renders investment service of all kinds, but specializes in utility securities, particularly those of properties under Byllesby management. Gross earnings of the companies under Byl-

Buy More Liberty Bonds!

LEE, HIGGINSON & CO.

lesby management in 1917 were \$19,341,587. Net earnings were \$8,523,325. The Byllesby companies include Standard Gas and Electric Company, Northern States Power Company, Louisville Gas and Electric Company, Arkansas Valley Railway Light and Power Company of Colorado, the Oklahoma Gas and Electric Company, San Diego Consolidated Gas and Electric Company, Western States Gas and Electric Company of California.

Problems Which Will Come With Peace

When in the providence of God, sustaining the gallant forces of the liberty-loving peoples of the earth, peace shall come, we shall have many trying and important problems of reconstruction, restoration, readjustment to meet and solve, and they will require all of the patience, all of the experience, all of the good judgment that the American people can command. These problems must be met with an open mind, an honest heart, and a broad vision to the end that the liberty, the justice, the democracy for which we fight, shall be vouchsafed to our people.

But for the present our one task is to help win this war. The aims and purposes for which we entered the war, and to the consummation of which we shall wage it to the end, have been clearly stated and aptly phrased by the President. In the pursuit and accomplishment of the nation's purposes as he has outlined them, the President may be assured of the continued support of the Congress and of the country.

The Nation's Heart Is With Our Boys

Today the nation's heart is over yonder in sunny, shell-torn, war-racked, blood-stained, heroic France. Over yonder along that grim and shifting battle line where hangs the fate of freedom and ordered liberty. Over there with that million and a half of our boys. A mighty host of the stoutest hearts and truest souls ever marshalled on earth. Those boys under our starry standards bear the nation's soul, the nation's will, the nation's unalterable purpose to win a victory for the right. Until victory shall crown our cause every energy, every activity, every effort of the nation will be centered on the winning of the fields for which our glorious men and our gallant Allies contend and the just cause for which they fight.

Behind them we store up the limitless supplies of all things needful to their enterprise. Across the boundless expanse of ocean between us and that host of ours, with the aid of our faithful Allies, moves the unending line of convoyed troops and supply ships. The sea wolves race and snarl, but can not impede the ceaseless flow of men and munitions to those fateful battlefields.

Our Work at Home

At home the anvils ring, the forges glow, the ceaseless din of the steam hammers sound a distant echo to the rattle of the machine guns on the firing line. The farmer plows and reaps in the summer wind and sun, the miner toils in the gloomy galleries of the mine, the woodsman swings his ax, the herdsman and flock master pursue their daily round of toil, the engineman drives his ever-speeding train, the pilot guides his plowing, straining ship, all that we may increase, sustain, and fortify that gallant host yonder amid the hills and on the plains of France.

In every center of industrial activity, in field and farm

and forest, in mine and mill, in the marts of trade, in palace, and farm and cottage home, in city tenements, the one absorbing thought and purpose is the cheer and comfort and support of our heart's host over there. The press, the pulpit, the schools, the lyceums, the sewing circles, and the family hearths and homes are all enlisted in the war. Above all the ceaseless activities of a hundred million souls in every walk and avocation of life the dominant inspiring note that colors and shades, solemnizes and inspires is the master impulse to support those in position of responsibility, and to hearten, strengthen, and increase our enlisting, training, embarking, and embattled hosts, to the end that out of it shall come a victory for justice, righteousness, and peace. To this cause may we all be unselfishly dedicated.—Hon. Frank W. Mondell of Wyoming, in address in the House of Representatives, September 14, 1918.

FRANK E. PEABODY, BOSTON BANKER DEAD

Boston—Frank E. Peabody, a member of the banking firm of Kidder, Peabody & Co., of this city, died September 28, at his summer home at Marblehead. Mr. Peabody was 62 years of age and a director in many large corporations.

Until McAdoo Cries,

“Hold — Enough”

BUY LIBERTY BONDS

WELLS - DICKEY COMPANY

Minneapolis

St. Paul

Regina

Continental and Commercial National Bank

OF CHICAGO

Capital, Surplus and Profits \$35,000,000.00

ARTHUR REYNOLDS, Vice President
RALPH VAN VECHTEN, Vice President
ALEX. ROBERTSON, Vice President
HERMAN WALDECK, Vice President
JOHN C. CRAFT, Vice President
WAL. T. BRUCKNER, Vice President

GEORGE M. REYNOLDS, President
JOHN R. WASHBURN, Vice President
WILSON W. LAMPERT, Cashier
HARVEY C. VERNON, Assistant Cashier
GEORGE B. SMITH, Assistant Cashier
WILBER HATTERY, Assistant Cashier
H. ERSKINE SMITH, Assistant Cashier

DAN NORMAN, Assistant Cashier
GEO. A. JACKSON, Assistant Cashier
R. G. DANIELSON, Assistant Cashier
JOHN F. CRADDOCK, Mgr. Credit Dept.
JOS. McCURRACH, Mgr. Foreign Dept.

Continental and Commercial Trust and Savings Bank

Capital \$3,000,000

The capital stock of this bank and the capital stock of the Hibernian Banking Association (\$2,000,000) are owned by the stockholders of the Continental and Commercial National Bank of Chicago

Surplus \$1,500,000

Wilson Stirs Bankers' Enthusiasm

Chicago, October 1—President Wilson's New York address on Friday stirred Chicago and visiting bankers to a high pitch of patriotic enthusiasm and was instrumental in healing many political differences prior to the departure of out-of-town delegates to the convention. "It was a speech such as a child could understand," said N. N. Lampert, vice president of the Fort Dearborn National bank, "and which I hope Germany will understand. She will then know the true temper of America, that we will not falter, hesitate, or abate a jot of our war effort until the Allies are in a position to enforce a peace which will be permanent and which will prevent Germany or any other power forever from attempting to impose her will upon the world."

Of President Wilson's address, introductory to the Liberty Loan drive. President Maddox of the American Bankers' Association, said: "It stated perfectly the nation's purpose. Our 19,000 members are going to prove by united work that they approve its every word as our unconditional surrender doctrine. We are going to help all Americans pile up such material victories over here that they will echo with equal effect the thunder of our victorious guns in France, thunder which soon is to roll over German soil."

Amity Follows Bankers.

A spirit of amity pervaded convention headquarters on Saturday. Retiring President Charles A. Hirsch left for Cincinnati with this militant declaration: "For all our army of members I can only repeat that we are going to work to brush aside every shred of personal selfishness, every bit of political partisanship, and we are going to labor unitedly and to the uttermost for one objective, our nation's glory and the welfare of all our people."

"We've had a week of talk and now we are going to make that talk good with our deeds," declared Robert F. Maddox, newly elected president of the American Bankers' Association, as he departed for Atlanta. "Unitedly behind President Wilson, as our national commander in chief and the spokesman of the Allied world, we are going to rip off our coats and work over here, as our boys are fighting over there, to the utmost. Individually, we are going to give to the uttermost, both in money and in work. We are going to cooperate with America's farmers on a scale that must aid in the production of even greater crops next year. We are going to fight waste and campaign for economy. Further, we are going to work aggressively, by cooperating with our manufacturers and planning future conquests for our export trade, toward aligning every force to keep America at the forefront of the world's nations when the end of the war shall come. And that end must witness Prussian autocracy on its ragged knees, with its hands held high in absolute surrender."

Country Deposits Gain.

As a result of last week's banking session there will be a drastic shift in the banking business dealt with. For years many of the largest banks, especially in the larger cities, have been known as bankers' banks, smaller banks in all sections of the country keeping deposits there for business convenience. These smaller institutions received

interest, as does an individual depositor. With the growth of the federal reserve system, however, the percentage of bank deposits in bankers' banks has been decreasing. It is found nevertheless that the individual deposits have been increasing so as to more than preserve the balance. The aim will be to stimulate the latter as the former continues to shrink.

Farmers Buy Bonds.

A canvass of country bankers and the heads of savings institutions, who attended the bankers' convention disclosed that the Fourth Liberty Loan will be abundantly bought by farmers and industrial workers. These bank officers are sanguine to a man, and their outlook is confident. Crops have been bountiful as a whole and prices highly satisfactory to the farmer and the farming community. Labor in the urban districts is fully and profitably employed. Both the constituencies are saving as never before. Hence it is confidently assumed that the new loan will show an increase of several millions in individual subscriptions.

Chicago District Busy.

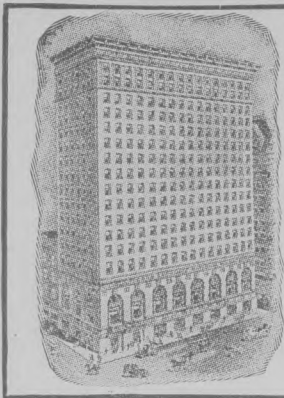
An analysis of the six issues of Liberty Loan anticipation certificates shows that with few exceptions the banks in the Chicago Federal Reserve District have met with the requests of the Treasury Department in a highly patriotic manner. The national banks have been the most responsive. Certificates are held by 1,121 out of 1,124 of these banks, a percentage of 99.7. The state banks number 3,392. Of this number 3,298 have taken certificates, a percentage of 97.2. Of the 967 private banks, 817 are subscribers, giving these banks a percentage of 84.5. This distribution, which shows 93.8 per cent. of the three classes of banks hold certificates, is considerably broader than any other of the 12 Federal Reserve districts, and is directly due to the intensive selling campaign worked out by M. A. Traylor, director of sales. From the standpoint of total subscriptions, Chicago stands third among the 12 districts, being led by Cleveland, which occupies first place, and New York.

Chinese Loan Wanted

John Jay Abbott, vice president of the Continental & Commercial Trust & Savings Bank, says the Chinese loan will be one of the strongest issues ever floated in this country. In effect, it will be a loan extended by the United States, Great Britain, France and Japan as nations, and its security will be backed by these powers, which constitute the four richest nations in the world. Negotiations for the issue are still in an embryo state, but are progressing satisfactorily. Until matters have been finally disposed of, the size of the loan, its interest rate and the time of its maturity will not come up for discussion, according to Mr. Abbott, who last week returned from conferences on the loan in the East. The Continental is the only Chicago bank in the group of banks participating actively in the negotiations. The remainder are New York institutions.

Federal Notes Increase

Federal Reserve notes issued in the Seventh district last week reached a new high mark of \$358,815,935, an increase of more than \$11,000,000 for the week, the weekly state-



The Corn Exchange National Bank

CAPITAL AND SURPLUS \$10,000,000
CHICAGO

ERNEST A. HAMILL,
CHARLES L. HUTCHINSON,
DON A. MOULTON,
OWEN T. REEVES, JR.,
J. EDWARD MAASS,
NORMAN J. FORD,
FRANK W. SMITH,
JAMES G. WAKEFIELD,
LEWIS E. GARY,
EDWARD F. SCHOENECK,
JAMES A. WALKER,
CHARLES NOVAK,

President
Vice Pres't
Vice Pres't
Vice Pres't
Vice Pres't
Vice Pres't
Secretary
Cashier
Ass't Cashier
Ass't Cashier
Ass't Cashier
Ass't Cashier

DIRECTORS

WATSON F. BLAIR
CHAUNCEY B. BORLAND
EDWARD B. BUTLER
BENJAMIN CARPENTER
CLYDE M. CARR
ERNEST A. HAMILL
CHARLES H. HULBURD
CHARLES L. HUTCHINSON
MARTIN A. RYERSON
J. HARRY SELZ
EDWARD A. SHEDD
ROBERT J. THORNE
CHARLES H. WACKER

FOREIGN EXCHANGE
LETTERS OF CREDIT
CABLE TRANSFERS

ment of the Federal Reserve District, Bank of Chicago shows. The increase conforms with that of the last four weeks, which totals \$44,000,000. Banks in the district were again rather liberal borrowers at the Reserve Bank, the total of bills discounted for members advancing to \$241,661,450, an increase of \$3,151,838 over the previous week. The bank was a relatively good buyer of bills in the open market, the increase being \$3,061,373. This item usually stands at less than 10 per cent. of bills discounted for members. The Treasury Department drew down its balances by \$2,235,710.

Bank Clearings Decrease

Chicago bank clearings last week were \$508,137,961, compared with \$535,818,524 the previous week and \$467,731,403 in the corresponding period last year.

Time money business is practically at a standstill, with no new money lending, and while few loans are renewed, the majority are being paid at maturity at request of lenders. Borrowers are bidding six per cent for mixed collateral loans, and 6½ per cent. on all industrial loans on all dates.

Two private bankers were sentenced to the penitentiary for terms of one to three years by Judge Crowe in the Criminal Court. They are George Stamaties and George Douray partners in the Greek-American Bank, which failed four years ago with an approximate loss of \$200,000 to the depositors.

Bank Tax is Reviewed

Representatives of banks in Chicago in a hearing before the Board of Review presented their views as to the percentage of horizontal reduction on assessed capital stock and surplus and undivided profits the board should grant. The amount requested by the banks covered a scale of 20 to 30 per cent. The Continental & Commercial National Bank is assessed by the Board of Assessors to the amount of \$27,000,000 on capital stock, surplus and undivided profits; First National Bank, \$20,900,000; the Illinois Trust & Savings Bank, \$16,700,000, and the Merchants Loan & Trust Bank, \$11,730,000.

Creditors of the defunct Graham & Sons Bank, who filed objections to the liquidating composition offered by the Grahams won in the legal contest over the method of testing the merits of the proposed composition before Federal Judge Carpenter today. The bankrupts, represented by Attorney John D. Black, objected to an order requiring the referee to report his conclusions inasmuch as he has already expressed an opinion in a previous report that the proposed composition is not to the best interests of the creditors. "Our sole object in what we have done has been that of expediting matters," Attorney Black said in answering the charges. "Within 60 days after the composition has been confirmed we expect to pay 25 cents on the dollar. Enough to pay 28 cents on the dollar has already been collected."

TO RAISE TELEPHONE RATES IN NORTHWESTERN DISTRICT

Omaha—W. B. T. Belt, vice president and general manager of the northwestern group of the Bell Telephone Company, which includes Minnesota, northern Nebraska, Iowa,

North and South Dakota, has announced that there would be an increase in phone rates in these states, although at this time he could not state the exact rates.

L. B. Wilson, commercial superintendent of the Minneapolis exchange, has made the statement that the company had been considering an upward revision of rates for some time, but added that he could give no definite information as to the amount of the increase.

"It has been perfectly obvious for a long period," said Mr. Wilson, "that we would have to increase our revenue in this territory very substantially. A definite program had been formed at the time the Government took over the telephone companies and government control has delayed an adjustment of rates.

"The carrying out of the plan to raise the rates had been halted until the company found how the Government would reimburse the companies."

Wisconsin National Bank

of MILWAUKEE

United States Depository

Capital Stock - - - - - \$2,000,000.00
Surplus and Undivided Profits 1,757,817.42
Deposits - - - - - 35,963,754.56

Officers

L. J. Petit, President
Herman F. Wolf, Vice Pres't
Walter Kasten, Vice Pres't
J. M. Hays, Cashier
Franz Siemens, Ass't Cashier
Herman W. Bskuche, Manager Savings Department
William K. Adams, Ass't Cashier
F. K. McPherson, Ass't Cashier
A. V. D. Clarkson, Ass't Cashier
Fred R. Sidler, Ass't Cashier

B/L BANK of CHICAGO



Our officers desire to personally welcome at our bank visiting bankers in attendance at the American Bankers Association Convention, September 23rd to 28th. We will keep open house all week.

UNION TRUST COMPANY

CHICAGO

Strictly a Commercial Bank
Established 1869

Central Trust Company of Illinois

125 WEST MONROE STREET, CHICAGO

Capital	- - - - -	\$ 6,000,000
Surplus and Profits	- - - - -	2,500,000
Deposits	- - - - -	50,000,000

Accounts of banks and bankers received upon favorable terms.

Thoroughly equipped to handle all business pertaining to banking and invites the accounts of banks, corporations, firms and individuals

Four Thousand American Bankers Meet in Chicago

Win the War Spirit Dominates Everything in the Big Bankers Meeting in Its 44th Annual Convention

Chicago—The forty-fourth annual convention of the American Bankers Association was held in Chicago September 23rd to 28th. Contrary to the general expectation, that the pressure of war business and particularly of the Liberty loan campaign about to start would prevent the usual number of bankers from attending, the attendance was well up to former years, and registration showed an attendance of over 4,200.

Win-the-War Spirit Predominant

An interesting and varied program was carried out, many speakers of prominence addressing either the general convention or the various sections. Most of the important addresses will be found printed in this issue and others will follow in later issues of this journal. The key note, to use a stereotyped expression, of the entire convention proceedings was the win-the-war spirit. Every time any speaker touched on this subject, the response was instantaneous and enthusiasm unbounded. To carry on the war to an early and successful conclusion was the only consideration right now.

Judge Lindsey Stirs the Bankers

Probably the most enthusiasm was stirred up by the spirited address of Judge Ben Lindsey of Denver, who had spent many months on European battlefronts, and is now making speaking campaigns throughout the country in the interests of the Fourth Liberty Loan. The Judge is an

effective speaker at all times, but under the stimulus of the war, and his close contact with all phases of it at the front, he was a whirlwind and brought the audience to their feet on many occasions. His address was a rapid change from the humorous to the pathetic and back again, and calloused men, hardened with the long years of rough experience in the business world, found themselves in tears many times while the Judge played upon their sympathy and patriotic emotions.

Secretary Daniels Warmly Received

On Friday afternoon the principal address was by Secretary of the Navy Daniels, who brought the congratulations and lavish compliments of the Administration to the bankers of America, who have so successfully financed the war and made it possible for America to bring pressure to bear at the critical moment, and swing the tide of events towards final victory for the Allies.

The Secretary referred to the splendid record made by the army at the front, as well as to the marvelous accomplishment of the Navy in convoying transports and sending close to two million men across the Atlantic without loss. The Secretary said that if any one had told him a year ago in April that such a thing could be done, he would have considered it an absolute impossibility, in view of the intensive submarine warfare then in progress. To accomplish the seemingly impossible certainly reflects the highest credit upon the Navy Department.

The Secretary aroused great enthusiasm among the bankers as he referred to the various successes at the front and when he announced the recent peace feeler of Bulgaria, the audience rose to its feet and cheered for many minutes. It was a most inspiring occasion and will long be remembered by all bankers present.

Now Two A. B. A. Vice Presidents

A notable change was made in the constitution of the American Bankers Association when it was voted, after an animated discussion, to endorse an amendment to provide for two vice presidents, a first and a second. This action was evidently in line with the desire to satisfy the state bankers whose membership far outnumbers the national banks, as the second vice president nominated was a prominent state banker of San Francisco. The idea is that the rotation in office will continue as before and the vice president succeed to the presidency, and the second vice president become first vice president, and then the following year move up to the presidency.

Association Refuses to Endorse Insurance Plan

The long discussed insurance matter which has been before the Association for the past seven years or more, was finally disposed of. The report of the Insurance Committee was received, and placed on file, without recommendation, and the Insurance Committee abolished, after thanking it for the painstaking work carried on for years.

Chairman Moerlenpaugh of the Committee made an eloquent plea for the endorsement by the Association of the plan for a Bankers Casualty Company, and he was



ROBERT F. MADDOX

President Atlanta National Bank, Atlanta, Georgia, and
President the American Bankers Association



A SPECIALIZED BANKING SERVICE

IN 1863, the First National Bank of Chicago received the eighth charter issued by the Comptroller of the Currency. During the fifty-five years which have elapsed, through strict adherence to the soundest banking principles and a constant endeavor to render a service commensurate with the requirements of its clients, it has attained its present position.

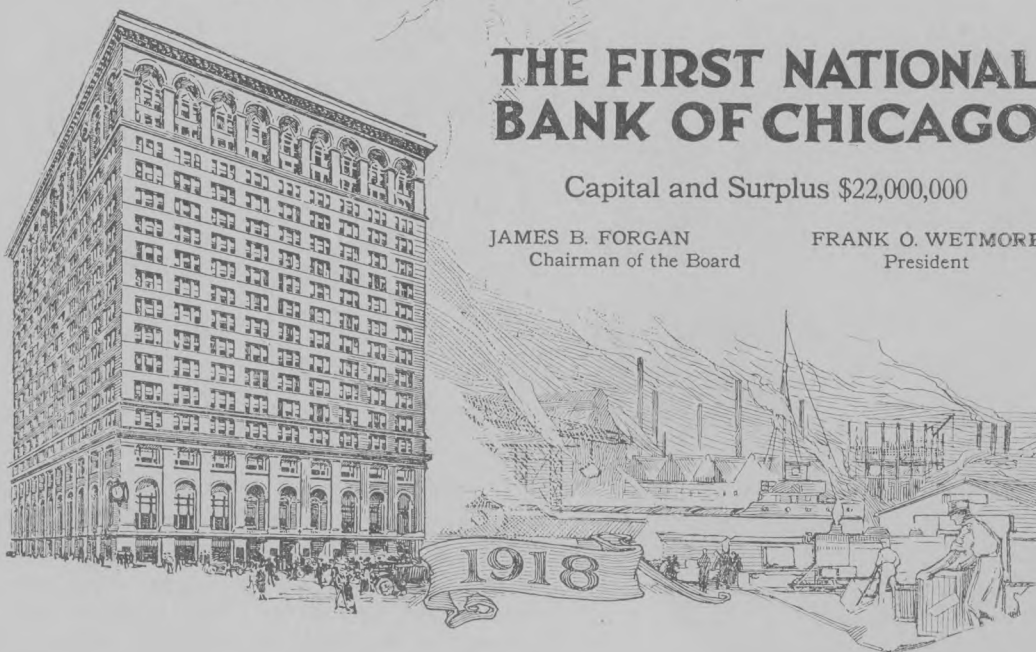
TODAY, it offers a specialized banking service based on the experience gained during these years of progress and development, and invites calls and correspondence from banks and bankers, individuals, firms or corporations desiring complete and satisfactory financial service.

THE FIRST NATIONAL BANK OF CHICAGO

Capital and Surplus \$22,000,000

JAMES B. FORGAN
Chairman of the Board

FRANK O. WETMORE
President



ably seconded by Peter Goebel, ex-president of the Association, but after listening to the short addresses by Waldo Newcomer, president of the National Exchange Bank of Baltimore, J. H. Ingwersen, president of the Peoples Trust & Savings Bank, Clinton, Iowa, and recently announced as becoming vice president of the First National Bank of Duluth, and W. C. Gordon, vice president of the Farmers Savings Bank of Marshall, Missouri, a large majority of the delegates voted to avoid having the association guarantee or endorse the organization of a bankers casualty company.

The Compelling Reasons

These gentlemen pointed out that the Association could not afford to appear as sponsor for any commercial enterprise involving the selling of stock, and should keep its activities well within the limits of the constitution and its consistent practice of more than 40 years. Some of them also thought it would be most inconsistent at this time to even ask the Capital Issues Committee at Washington, to consider a million dollar Bankers Insurance Company, when all activities are centered on the war, and bankers everywhere are following the suggestion of the Federal Reserve Board, and discouraging all new enterprises not directly supporting the war program. This argument seemed to turn sentiment strongly against approving action and Mr. Newcomer's resolution to refuse endorsement prevailed.

If there is a Bankers Insurance Company organized, it will now be simply a matter for the bankers taking the initiative and selling stock and organizing a company without the backing of the Association, or without its being under its auspices of endorsement in any form whatever. Whether this matter will be pressed by the organizers, who have been on this committee and who are especially interested in having such a company formed to handle bank insurance business, is a matter for them to decide or for the Capital Issues Committee at Washington to pass upon. The final vote on the insurance matter was decided upon by a standing vote by of about three to one in favor of keeping the Association free from business or commercial enterprises.

General Convention Opens Thursday

The Thursday morning session began with an invocation by Bishop Thomas Nicholson. President Hinsch then read

a telegram of greeting to him from President Wilson, as follows:

"Please present my cordial greetings to the bankers and express to them the gratification which I have felt in common with the whole country at the splendid spirit and efficiency with which the bankers of the country have assisted the government in the all important matter of the loans."

Upon motion of Mr. Goebel, President Hinsch was instructed to send the following telegram in reply:

"The delegates representing the membership of the American Bankers Association, in convention assembled at Chicago, September 26, receive with deep appreciation your inspiring message of September 25. Every ounce of energy and every resource at the command of the bankers of the nation are pledged to the cause of human freedom and independence. We will loyally support and follow your lead as commander in chief in the mobilization of every effort and every resource of America, to the end that all the power and strength of this great land shall be made available for war upon the common enemy until victory for the Allied armies shall have been attained and the world made safe for democracy."

Governor Lowden Welcomes Bankers

"I want to say to the bankers of America," said Governor Frank Lowden of Illinois, "that until Germany admits the plain truth that this war was her war; that she was the aggressor; that this war was waged in pursuance of a half-century old conspiracy, the only answer she is entitled to from America is that magnificent answer which President Wilson made last week to the Austrian prime minister.

Governor Lowden said the German "peace offensive" will be "as futile as the five offensives on the battle lines which they have conducted since spring." He also told his audience that it rested with them to see to it that the wealth of America is translated into terms of money with which to prosecute the struggle, and advised the association to work for universal military training.

Fenton Wins Applause

W. T. Fenton, vice president of the National Bank of the Republic, then welcomed the bankers on behalf of the Chicago bankers and Chicago Clearing House Association and took occasion to praise the Federal Reserve Bank law and President Wilson for forcing its passage. He aroused applause when, saying Chicago is the third largest city in the civilized world, he remarked, "And when I say 'civilized world' I do not include Germany."

Response by Vice President Maddox

On behalf of the Association Robert F. Maddox, first vice president, responded to the two addresses of welcome.

"We fully appreciate," he said, "the seriousness and the importance of the work in which we are engaged, and while we realize that the march to Berlin has started, the end is not yet. We are resolved to stand by our splendid president and his administration until the insults to our flag are avenged; the wrongs done our citizens righted, and the cause for which we and our Allies are fighting is crowned with victory.

"We who have sons on the battle front would welcome peace and would be glad for the time to come when all those now overseas may come safely back to America. But we realize that in their hearts there beats the determination to conquer every enemy of American liberty and break through every line, and we would be unjust to them and unworthy of our country if we should allow their noble effort to fail, or those who have fallen to have done so in vain."

President Hinsch Delivers Annual Address

President Charles S. Hinsch then delivered his address as head of the Association, in which he reaffirmed the loyalty of the bankers to President Wilson in the prosecution of the war.

The bankers will support the nation, he declared, "not merely to their last dollar, but to their last unit of credit." He also declared against a negotiated peace, and said



RICHARD S. HAWES

Vice President Third National Bank of St. Louis, and First Vice President American Bankers Association

Continental AND Commercial National Bank OF Chicago

CAPITAL, SURPLUS AND UNDIVIDED PROFITS - - - \$36,000,000

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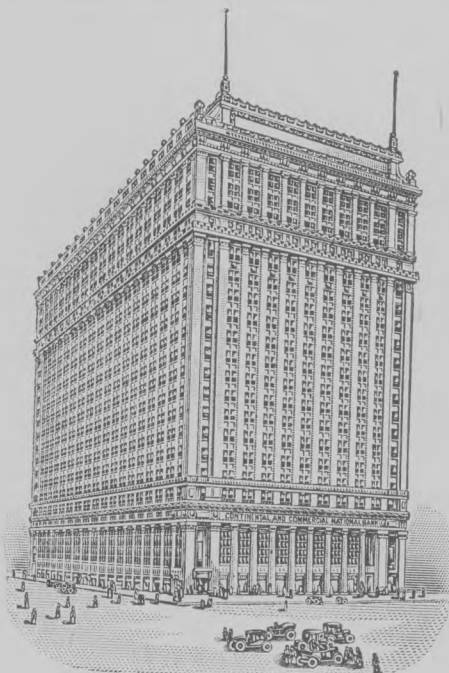
George M. Reynolds, President

Arthur Reynolds - Vice President	Harvey C. Vernon - Assistant Cashier
Ralph Van Vechten - Vice President	George B. Smith - Assistant Cashier
Alex. Robertson - Vice President	Wilber Hattery - Assistant Cashier
Herman Waldeck - Vice President	H. Erskine Smith - Assistant Cashier
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William T. Bruckner - Vice President	George A. Jackson - Assistant Cashier
John R. Washburn - Vice President	Reuben G. Danielson - Ass't Cashier
Wilson W. Lampert - Cashier	John F. Craddock - Mgr. Credit Dept.

Joseph McCurrach, Manager Foreign Department

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Continental and Commercial Trust and Savings Bank, Chicago

CAPITAL, SURPLUS AND PROFITS - - - \$6,000,000

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Arthur Reynolds - Vice President	Henry C. Olcott - Mgr. Bond Dept.
Charles C. Willson - Cashier	Robert J. Hercock - Assistant Cashier
William P. Kopf - Secretary	Albert S. Martin - Assistant Cashier

The entire capital stock of the Continental Trust and Savings Bank (\$3,000,000.) and the Hibernian Banking Association (\$2,000,000.) are owned by the stockholders of the Continental and Commercial National Bank of Chicago

Combined Resources of these Affiliated Banks Over \$400,000,000

President Wilson's Peace Terms
in pamphlet form will be sent you
on request

MIDLAND NATIONAL BANK
Minneapolis

"nothing should be considered but an unconditional surrender."

Governor Harding of the Reserve Board

In reviewing the work of the national banks in war time, Governor W. P. G. Harding congratulated the banks for their prompt cooperation in taking their quota of the Treasury certificates of indebtedness, thus enabling the Government to meet all its obligations.

McAdoo Telegram Read

A telegram was read from Secretary of the Treasury McAdoo to President Hinsch as follows:

"Will you please convey my cordial greetings to the members of the American Bankers Association now in session at Chicago and assure them of my warm appreciation of their continued cooperation in carrying forward successfully the great financial operations of the government? They have done splendid work for Liberty loans in the past, and I know they will with even greater patriotism and enthusiasm help make the Fourth Liberty Loan a success. Hearty good wishes for a successful meeting and for a fruitful outcome of your deliberations."

Reply by Bankers

On motion of F. O. Watts, President of the Third National Bank of St. Louis, the following reply was sent by President Hinsch:

"The members of the American Bankers' Association, assembled in convention at Chicago, have received your greetings and they instruct me to tender to you, the courageous leader of the financial forces of our country, their great appreciation for the message, and they at the same time reaffirm their determination to use every means at their command to make the Fourth Liberty Loan the most forceful of all expressions from a free people to furnish all credits and materials necessary to the government for a speedy and complete victory."

Joseph Chapman Calls Attention to Billion Dollar Crop of Northwest

At the meeting of the national bank section on Wednesday, Joseph Chapman, vice president of the Northwestern National Bank of Minneapolis, stated that the great grain crop of the Northwest, now moving to the Minneapolis and Duluth terminal markets, would foot up to over a billion dollars. The fact that this crop movement brings no financial strain upon the banks, was pointed out as proof of the value of the Federal Reserve system.

Governor Harding Discusses Reserve System

Governor W. P. G. Harding of the Federal Reserve Board, talked at length upon the general war situation and the part being played by the Reserve system in financing the war and in war industries. He stated that "the Federal Reserve Board, from the time when it became evident that this country would be forced into the war, has spared no pains to fortify the position of the Federal Reserve banks, in order to enable them to meet all legitimate demands which may be made upon them and to

render the greatest amount of assistance to the member banks in the performance of their war time duties to the government."

The Governor counseled the bankers to continue their conservative policy on granting credits and said "credit extended for non-essential purposes involves the use of labor, of transportation, of material, and of reserves which ought to be kept free for purposes of the government. Unrestricted credit means unnecessary competition with the government, and tends to impede and delay its operation, and needlessly advances prices.

"At a time when the supreme business of the country is war, it is idle to talk of business as usual, for our accustomed business and personal habits cannot in many cases be continued without interfering with the government's work and the consequent infliction of serious injury upon the nation. Uncle Sam, at this time, is a world banker—he is extending credits in large amounts to foreign countries associated with him in the war and his power to continue to play the part of "Uncle" in the financial sense depends upon the extent of his resources in men, goods and gold, and the avoidance of unnecessary credit."

Bankers Favor Resolution of J. B. Forgan

J. B. Forgan, chairman of the First National Bank of Chicago, offered a resolution asking Congress to legalize contributions made by national banks to war activities so they can be charged up to the expense account, which was unanimously adopted. Such action is important in view of the 300 million to be asked of the American public this fall for the various war relief organizations.

Action by State Bank Section

President Charles H. Sabin of the Guaranty Trust Company of New York, attracted the attention of newspaper reporters when he protested against the unfairness of the statement of Comptroller of the Currency Williams in regard to bank failures. In the session of the state bank section on Wednesday, Mr. Sabin made this remark:

"The Comptroller of the Currency recently issued a statement that for the first seven months in 1918 there was not a single national bank failure in the United States, whereas in the same time twenty-two state banks and trust companies in fourteen states have failed.

"State bankers naturally resent as incomplete a statement of that kind, as tending to discredit state institutions and injure their standing."

Mr. Sabin then showed that state bank and trust company failures affected only .02 per cent of the resources of state institutions, and that there were no state bank failures in forty-four states in the period mentioned."

E. D. Huxford of Cherokee, Iowa, president of the state bank section, startled his hearers with the suggestion that the ideal banking system would be brought about by the total abolition of federal chartered institutions, except the Federal Reserve banks, and the placing of the banking fabric of the nation in state chartered institutions



TRANSACTING the largest commercial business and having the greatest volume of bank deposits of any State Bank or Trust Company in the West, The Merchants Loan and Trust Company Bank of Chicago employs the most approved, modern methods to insure the expeditious handling of the accounts of its city and out-of-town depositors. Through its Commercial, Savings, Trust, Bond, Farm Loan and Foreign Exchange Departments, this Bank offers liberal accommodations and unexcelled facilities in all branches of banking.

THE CHARACTER OF THIS BANK IS REFLECTED IN THE PERSONNEL OF ITS BOARD OF DIRECTORS

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WE INVITE INQUIRIES IN REGARD TO ANY FEATURE OF OUR SERVICE

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"Identified with Chicago's Progress Since 1857"

Capital and Surplus
\$12,000,000

Member
Federal Reserve
System

112 W. Adams St.
CHICAGO



which should be members of the Federal Reserve system, and only thus far amenable to Federal restrictions.

The resolutions of the state bank section were in substance as follows:

Advocate shipping of all gold in the banks to Federal Reserve banks "where only it is of value in providing the basis for note issues and upholding the monetary and general financial structure of the country.

"Advise every state bank with capital stock of \$100,000 or over to 'make a careful study of its condition in relation to the Federal Reserve system.'

"Ask that all state bank supervisors or commissioners 'make their calls for statements of condition at the same time and of the same date as those of the comptroller of the currency.'

"Advocate an advance minimum fee of 15 cents upon all collections and 25 cents for requests for ratings."

The resolutions go on to declare such statements as that of the comptroller "either directly or by inference, tend to shake the public confidence in state banks and create a false impression as to the condition and stability of state banks."

The Main Resolutions

Aside from the purely formal resolutions of thanks to Chicago for entertainment, to officers, and others who have aided in promoting the success of the convention, the resolutions commit the Association:

To a pledge of the banking strength of the country to united support of the President and those associated with him in the great task of the hour.

To have all members do their utmost in placing the Fourth Liberty Loan, and recommending to members to continue to cooperate fully with the secretary of the treasury in all government financing.

To have its members urge elimination of waste and extravagance, that the needed supplies for our armed forces may be made more plentiful and the purchase of Liberty bonds encouraged, thereby adding to the economic stability of the nation.

To urging its members to assist the campaign for the seven agencies engaged in aiding the nation's fighting men, which begins November 11.

To support, by every means in their power, the devel-

opment of export trade; to encourage manufacturers to enter upon this field of distribution, and to provide, as rapidly as possible, adequate facilities for financing export operations that the nation's great merchant marine may be profitably continued after the war.

In addition to these purely patriotic resolutions, the resolutions ask the senate finance committee, in considering the revenue bill, to allow merchants, in invoicing their stocks of goods on hand to determine their incomes, to make reasonable allowance for the rise of prices of commodities.

They also pledge the support of the Association to the capital issues committee of the government to stamp out the sale of fraudulent securities, and to prevent the exchange of Liberty bonds for such securities.

They urge the Government, in view of the decreasing production of gold, due to the war, to take steps toward maintaining the production of gold on at least its pre-war scale.

They also urge national, state, and local authorities to recognize the unusual and onerous conditions with which public utilities are contending, and to give prompt and sympathetic hearing to the petitions of such utilities for relief.

Election of Officers

The officers elected for the ensuing year were as follows: President, Robert F. Maddox, president of the Atlanta National Bank, Atlanta, Georgia; first vice president, Richard S. Hawes, vice president of the Third National Bank of St. Louis; second vice president, John S. Drum, president of the Savings Union Bank & Trust Company of San Francisco, and treasurer, James D. Hoge, vice president of the Union Savings & Trust Company of Seattle. Later the executive council re-elected General Secretary F. E. Farnsworth of New York, Assistant Secretary W. G. Fitz Wilson, and Thomas B. Paton general counsel.

NEW FINANCE CORPORATION WILL AID PORTLAND POWER COMPANY

New York—It has been stated that in all probability the first public utility company to receive financial aid from the Essential Industries Finance Corporation, now in the process of formation, would be the Portland Railway, Light and Power Company of Portland, Ore.

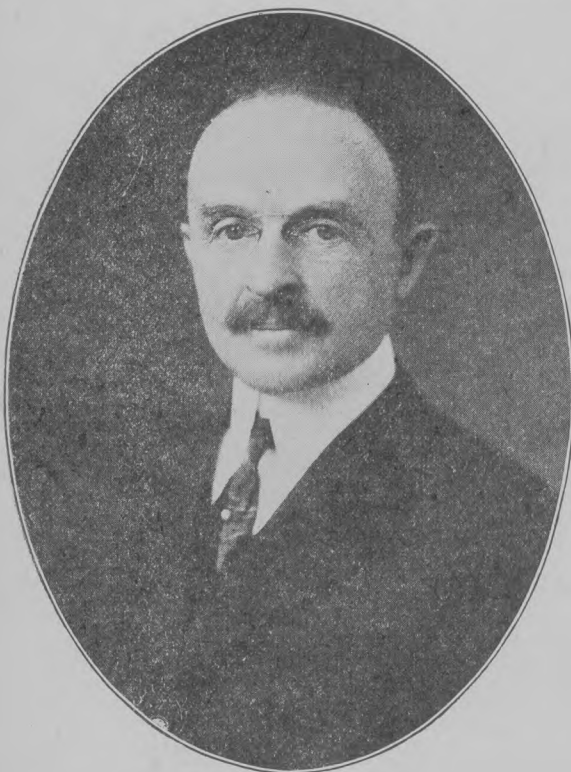
The Portland Railway, Light and Power Company owns and operates practically all of the street railways in Portland, Ore., and vicinity; and it also does most of the electric light and power business of that city. The company has \$4,000,000 of notes due on November 1. These notes matured on May 1 last, but were extended for six months at six per cent. The notes originally matured May 1, 1917, but were extended for one year.

The company has outstanding \$15,000,000 of common stock, on which 75 per cent. has been paid in; and \$5,000,000 each of first and second preferred stock, the second preferred being noncumulative. Besides the notes the company has outstanding \$34,646,000 of bonds.

The business of the company is of a character which is essential to the prosecution of the war by reason of the fact that it supplies transportation, light and power to the shipyards and other war industries.

ADDITIONAL BANKING FACILITIES FOR ARMY MEN

New York—The London City & Midland Bank, which has established branches at all the camps where American troops are stationed in England, has made arrangements to enable American officers having accounts with the bank, to cash their cheques free of charge in France at any branch of the Bank of France or of the Societe Generale and at the Banque Francaise pour le Commerce et L'Industrie, Paris; in Italy at any branch of the Banca Commerciale Italiana, and in the near East at any branch of the Imperial Ottoman Bank. Customers have the advantage of using all or any of the 1,000 offices of the bank for their business connections and for their mail, which will be carefully distributed.



JOHN A. LYNCH

President National Bank of the Republic of Chicago,
President Chicago Clearing House Association
and Chairman of the Executive Committee
American Bankers Association

On the Day after Christmas of the Last Year of World Peace

— a general letter went out from this bank, of which the following was the first paragraph:



"The banks of the country for several years past have appealed to Congress for legislation that would give the country an elastic currency. There is no denying the fact that the bankers themselves are responsible for having developed a sentiment antagonistic to our old banking system, and the result is the measure which has now become a law. So far as we are concerned, we accept the verdict as the best one that could be obtained under the circumstances, and we have promptly signified our intention of joining the system of Federal Reserve Banks. The law as passed has in it the principles of scientific banking."

Constructive in its conception of banking—constructive in the help and counsel it extends to bankers and business men

The National Bank of the REPUBLIC OF CHICAGO

OFFICERS

JOHN A. LYNCH,	President	THOS. D. ALLIN,	Assistant Cashier
WILLIAM T. FENTON,	1st Vice-Pres. and Mgr.	LOUIS J. MEAHL,	Assistant Cashier
ROBT. M. McKINNEY,	2nd Vice-Pres.	WM. C. FREEMAN,	Assistant Cashier
OSCAR H. SWAN,	Cashier	CHAS. S. MACFERRAN,	Assistant Cashier
WM. B. LAVINIA,	Assistant Cashier	WALTER L. JOHNSON,	Assistant Cashier

RESOURCES: THIRTY-SIX MILLION DOLLARS

Work of the American Banker in War Time and After

Charles A. Hinsch, President of the American Bankers Association. Excerpts from the President's Annual Address at the 1918 Annual Convention, Chicago

The American Bankers Association enlisted for the war on April 6, 1917, and it has been fighting ever since. It is going to keep on fighting, not to the last dollar, but to the last unit of credit that our superb banking organization can provide.

We hereby reaffirm and renew our pledge of loyalty to the President, and rededicate our lives and fortunes to the attainment of a victorious peace. No peace that Germany will approve will satisfy America; we must not conclude a negotiated peace; nothing should be considered but an unconditional surrender. This war cannot, must not, end until the menace of the Hun is removed for all time.

Liberty Bonds and War Savings Stamps

The banks of the nation have patriotically responded to the call for service, and have been potent factors in marketing ten billions of Liberty bonds. In response to the call of Mr. Vanderlip, the American Bankers Association undertook the task of enrolling the banks as selling agents for the sale of War Savings Stamps and Thrift Stamps.

For five months the association conducted a bureau in Washington for this purpose and 18,000 banks were enrolled in this service. At least 7,000 additional banks agreed to sell these securities, but declined to qualify as agents.

This is the greatest Thrift Campaign ever inaugurated and will have far-reaching effects. The habit of thrift once contracted will not readily be surrendered, and it is to be hoped that this movement will result in converting a nation of spenders into a nation of savers.

Never in the 45 years of its existence, has the American Bankers Association been so well equipped for great service as now.

Association Membership

The membership of the association is now 19,043, a gain of 1,715 members for the year. That point has now been reached where we may truthfully say that the banks of the country need the association fully as much as the association needs the banks. If the best interests of the banking fraternity are to be served and the nation is to be given the most effective banking service, the banks must stand together, work together and strive for common ends. Never was unity of purpose so necessary. Never was cooperation so imperative as now. Nothing can resist the dynamic force of cooperation properly directed.

Efficiency and Service

The demand of the hour is for efficiency in every line of endeavor, in service to the nation, to our Allies, and to those with whom we come in touch in industrial pursuits.

In harmony with this spirit the American Bankers Association, in its desire to render the greatest possible degree of efficient service to its membership, will present to you through its Committee of Coordination of Activities, a number of amendments to the constitution, constructive in character, which, if adopted, we believe will result in a greater degree of cooperation among the several sections of the Association, and a coordination of the activities of the various state associations with the American Bankers Association.

Federal Reserve Campaign Committee

The American Bankers Association in June, 1917, was instrumental in securing the passage of amendments to the Federal Reserve Act designed to meet all the objections which had been raised by state banks to membership in the Federal reserve system.

In recognition of the necessity of mobilizing the financial resources of the nation, to enable the Government to successfully prosecute the war to a victorious conclusion, the American Bankers Association appointed a committee to cooperate with the Federal Reserve Board, and with the officers of the several Federal Reserve banks, with a view of conducting an educational campaign, having for its object the bringing into the Federal reserve system all the eligible non-member banks.

The committee has a representative in each Federal reserve district, with authority to appoint assistants in each state in the district.

American Trade Acceptance Council

In recognition of the necessity of conserving and utilizing the credit facilities provided by the Federal Reserve Act, the American Bankers Association in cooperation with the United States Chamber of Commerce, National Association of Credit Men and National Association of Manufacturers formed a joint committee known as the American Trade Acceptance Council. This organization has conducted an intensive campaign of education during the past year, calling attention to the advantage and necessity of converting open book accounts into liquid credit instruments known as trade acceptances. The results attained have been most gratifying.

Cooperation

Freed from the restraints imposed by law and the Interstate Commerce Commission, the railroads have increased their carrying power; under the trained command of business men, ships are being launched and munitions are being produced. The Government has called in business men to conduct the multifarious enterprises connected with war. The Government, instead of restraining business, is now encouraging it to speed up the war. May we not hope for a continuation of this spirit of cooperation between the Government and business at the conclusion of the war?

However, out of the chaos into which the nation was plunged, is coming the semblance of order. Americans are following their natural creative bent. They are working for new ends—to create an industrial machine behind the war machine—and from new motives—to produce what is needed for the joy of it as well as the necessity.

It is all intensely democratic in its spirit and in its desire to serve for the common good. The draft is democratic—the Liberty Loans are democratic. The conservation of food is democratic. At every turn the test to be applied is not whether any single act is the result of the exercise of centralized authority, but whether it indicates the will of the people. Democracy is ascendant in the minds of men. A note of partisanship has a jarring sound. It makes a discord in the effort for social harmony.

In this great drive for order in the world—for the elimination of every shred and remnant of autocracy—the great organizations of business men are working in cooperation. On these organizations rests the responsibility of leadership. To their ingenuity we look for the plans that will bring social peace and satisfaction. To these composite representatives of action we must look for the initiation of the movements and the execution of the works that will make this nation worthy of its destiny.

It is most fortunate that in these circumstances the American Bankers Association has stepped out of its isolation and has joined hands with the Chamber of Commerce of the United States, with the National Association of Manufacturers, with the National Association of Credit Men, with the Foreign Trade Council and with the International High Commission, in the development of enterprises and ideas which give promise of general advantage.

Non-Partisan League

The extreme manifestation of social unrest is found in the so-called Non-Partisan League. Price fixing is now one of the most alluring arguments of its advance agents. Appealing to the farmer's normal prejudices, against the supposed exploiters of his toil, the agents point convincingly to the fact that the price of his wheat has been fixed, but the price of cotton and oil has not. The war, they declare, has been made in the interests of predatory wealth and profiteers, so why not beat the enemies of honest toil by paying Mr. Townley \$16 and joining the league for two years?

The avowed purpose of this organization, now strong in 16 states, is political control by a class for a class and

J. P. MORGAN & CO.

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Securities Bought and sold on Commission.

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cooperative selling and buying. They already control many newspapers and they propose running stores, elevators, banks and courts.

They are too shrewd to attempt to launch a new political party; their scheme is to secure control of the dominant political party of the city, county and state where they are operating. With the millions at their disposal, this plan has been easy of accomplishment, and they are practically in control of the state of North Dakota. This movement should be curbed, before it assumes the proportions of a prairie fire.

National Spirit

Against these various manifestations of discontent and determination for social and economic change, there are evidences of intelligence, loyalty and devotion which are reassuring. To the men of the drafted army and all others, we may turn in the confident expectation of finding democracy of purpose. In attending 18 state conventions of bankers, I found opportunities to visit several of the concentration camps and aviation fields. At all of them there was displayed the same sturdy Americanism, the same enthusiasm, the same devotion to country that is exemplified in every dispatch from the battlefields of Europe.

Federal Reserve System

The banking business is not immune to these changes that are taking place before our eyes. Now and then we thank Providence for the reserve system. It has been the salvation of the country. When all the forces of transportation, industry and agriculture had to be stimulated, reconstructed and reorganized, when citizens had to be turned into soldiers over night, we have been spared the need of revising our banking system.

The Federal Reserve Act has provided the facilities for the opening of new fields, the opportunity for developing foreign business, the certainties that have succeeded the uncertainties, and the numerous advantages without which it would be impossible for us even to think of competing in world markets.

A New Era

The new era for business is not going to begin when the war ends—it has already begun. It began when the war began, even for us. Commerce and production are the aims of the nations and commercial domination has been the aim and purpose of Germany. Peace as the result of military adjustments might be simple, but peace as the result of the settlement of commercial differences and spheres of control, will be difficult or impossible without a military victory. Every discussion of possible terms of peace makes still clearer Germany's purpose to retain the foundation of her commercial power, which goes hand in hand with her military power, so that, if she is to cease to be a menace to the peace of the world, Germany must be overcome commercially as well as militarily. The single alternative is that she be so placed and give such guarantees, if that is possible for a nation with no sense of respect for a solemn treaty, that she may be accepted again as a member of the league of nations.

Commercial and Industrial Expansion

This country stands then firmly committed to a great policy of commercial and industrial expansion, if not as a matter of desire, then as a matter of necessity. It is as inevitable as it was that we would become participants in the war, whether we wanted to or not. If this is not our policy, we must admit we are willing to surrender our position in the world and lapse into the state of a second rate and decadent nation.

The maintenance of this position demands of us an assembling of our forces and a coordination of our efforts not only as great but even greater than has been made necessary by the war. In this scheme the Government looms large as the influence which alone can give us the compact organization necessary to meet the competition of other nations organized down to the last refinement of efficiency.

Future of the Railroads

The banks of the nation are vitally interested in the future of the railroads and are anticipating the consummation of contracts with the United States Railroad Admin-

istration, which will be in harmony with the assurance of the President when the properties were taken over, that the stockholders could rely on receiving a square deal from the Government. The railroads would thus be placed in a position where they could count with absolute certainty upon the amount of revenue available for the payment of dividends and other fixed charges. The recent advance in freight and passenger rates was convincing proof that the railroads were justified in the demands they have made during the past several years for an advance in rates.

Problem of the Business World

The problem of the business world, in view of the tendencies of the times, is such utilization of centralized direction as will be beneficial to business. The problem of Government is such a directing influence over business as will be beneficial to the country. In this there is community of interest rather than conflict. In any event, it is the situation that confronts us whether we like it or not; it will continue to confront us for the period of the war and some months thereafter.

In this connection a further demonstration of the tendency toward government direction is found in the Capital Issues Committee and the War Finance Corporation. These were frankly organized for war purposes, but already they have found opportunities for service and action rather different from anything that was originally intended. Chiefly they have shown the possibilities that may be attained by banks organized for service.

British Trade Corporation

Prophecy is idle, but in looking over these enterprises, we are reminded that England has gone much farther. The British Trade Corporation with an authorized capital of \$50,000,000 was incorporated under royal charter over a year ago. This corporation is the authorized agent of the Government and may act for the Government whenever the latter desires that "British capital shall participate in financial operations and requires an agent for the representation of British interests so far as relates to trade or finance."

The Trade Corporation insures credits and so makes possible longer credits to foreign buyers of British goods; it gives financial support to British enterprise in any part of the world; it finances inventions and inventors and through its commercial intelligence department provides information as to trade opportunities and finances them. Its purpose is not particularly to make profit for itself but to increase industry and commerce and so make profit possible.

Thus, England is preparing for world business. Our experience in point of trade necessity parallels England's. We are in fact traveling the same road and in many ways are applying similar methods in an effort to reach the same destination. The life of our War Finance Corporation is fixed. Our railroads are under government direction for the term of the war and 21 months thereafter. It was the same in England originally, but a few months ago the chairman of the British Committee on Trade and Industrial Reconstruction advised the public that the same control would have to be submitted to after the war ends.

None of these questions can be considered independently. Every single line of activity runs into all others. Every question is tied up with all the others—questions of banking, financing, transportation by land and sea and by lake, river and canal as well, questions of industrial and agricultural production, of wages, efficiency, of social content and social unrest, and the still subtler questions concerned with the health, vigor, education and morality of the people—all are linked up together.

So it is that we cannot conduct the war without also conducting "the war after the war." It is not permitted that we live only for the day. Prudence demands that the work of this week and this month be so ordered that the work of next week and next month be developed rationally and normally. Whatever our inclinations, we find ourselves inevitably looking forward.

We see, therefore, that in our zeal for war essentials we must not wholly destroy what are loosely classed as non-

THE NORTHWEST STATES

ARE IN THE PROCESS OF TURNING INTO CASH

A BILLION DOLLAR CROP

The Northwestern National Bank of Minneapolis is helping to finance the movement of this great production. It is giving closest attention to grain drafts which now are so numerous in Minneapolis remittances and prompt collection of which is so important.

The officers and directors of this bank have confidence that with this great accretion of new wealth the Northwest will do its full duty to the government in responding to financial needs and that general business, subject to such temporary limitations as war-time necessity may in some instances impose, will remain healthy and active.

Based on terminal prices at this time—using average freight rates to terminals from each state, minimum primary market valuations reach these totals.

Value of crops of wheat, oats, barley, rye, corn and flaxseed:

Minnesota	\$439,915,380
North Dakota	338,716,240
South Dakota	376,170,150
Montana	89,137,760
	\$1,234,939,530

The Northwestern National Bank

MINNEAPOLIS, MINNESOTA

Resources

\$66,000,000

essentials. These must be curtailed; they must be compelled to mark time, but only the direst need would justify their destruction. A secure foundation must be left under them or the future will be freighted with distress and disaster.

Upon the banker rests a grave responsibility in this trying hour, and the future welfare of our country depends largely upon the ability of the banker to convince his patrons of the necessity of abstaining from a declaration of large dividends. Abnormal profits should be used in the liquidation of outstanding bonds and other fixed or floating indebtedness; liberal depreciation reserves should be set up, covering plant, machinery and inventories.

Bankers can be largely instrumental in the adoption of efficient methods of cost accounting and should insist upon receiving financial statements audited by certified accountants.

If these policies are adopted the business of the nation will be placed on a high plane of efficiency, and we will be prepared for any eventuality.

Our Wonderful Opportunity

It is our privilege to live in the most eventful era of the world's history. What a wonderful opportunity for the development of our national spirit, for service, for sacrifice, for achievement, and to prove ourselves worthy of the lofty ideals cherished by our forefathers!

We have emerged from our policy of isolation, and have assumed a new relationship in the family of nations. America has proven to mankind that we are not the sordid, mercenary people we have been pictured. I am proud of the role that has been assumed by the banks of the nation; they have given ample evidence of their willingness to serve in this great cause, without hope or expectation of reward. America has a great mission to perform, with the advent of peace, in the reconstruction period to follow. It will fall to our lot to bind up the wounds of mankind, to assuage the grief of the bereaved and afflicted, to feed the hungry, clothe the naked, house the homeless. Problems will be presented for solution that will tax our inge-

nunity and skill to the uttermost. We must give sober thought to these changed conditions, lest we find ourselves as poorly prepared for peace as we were for war. We will be brought face to face with situations requiring business sagacity and humanitarianism, with opportunity for commercial and financial achievement unparalleled in the world's history.

Must Be Leadership

If there is to be victory in this latter struggle, there must be leadership—leadership in business and industry—leadership in politics, leadership by men without fear, who will not be influenced by favor—by men not representative of party or faction, but firm in their allegiance to the highest ideals of the republic.

WEALTHY NEW YORK BANKER ENLISTS AS PRIVATE

New York—George F. Baker, Jr., vice president of the First National Bank of New York, has enlisted as a private in the artillery branch of the army, and is to report for duty at Camp Zachary Taylor, Ky., in a few days, where he will pass through the ordinary experiences of a recruit, with the expectation of working for a commission later. He is one of the wealthiest privates in the service.

The First National now has one-third of its officers serving in the army. The institution, besides sending so many of its men to the war, has bought for its own account and for its depositors and other clients \$1,250,000,000 Liberty Bonds and Treasury certificates.

EXPORTATION OF COIN AND BULLION

Washington—The War Trade Board announce that applications for licenses to export coin, bullion, currency, or evidence of indebtedness should be made to any Federal Reserve Bank and not to the War Trade Board. The export control of coin, bullion, currency, or evidence of indebtedness is within the jurisdiction of the Treasury Department and not within that of the War Trade Board.

Year's Progress of American Bankers Association

From the Annual Report of General Secretary Fred E. Farnsworth

At the spring meeting of the executive council it was decided to inaugurate a campaign for "Twenty thousand members by August 31, 1918." Owing to the fact that there were only three months of the fiscal year remaining when the campaign began, the goal aimed at was not reached; but nevertheless we closed our fiscal year, August 31, with 19,043, as compared with 17,328 at the end of the fiscal year 1917, a gain of 1,715. It must be remembered that a membership campaign requires careful preparation and takes time to get under way; hence I regard the gain made as an exceptionally fine showing and I am convinced that we have not yet received the full benefit of the efforts made during the campaign and that further substantial additions to our roll may be expected in the course of the coming year.

Increase of Membership by States

Analyzing the increase in membership by states, we find that Illinois comes first with 106 new members, a total of 1,145; Texas is second with 105 new members, a total of 728; Minnesota stands third with 104 new members, a total of 675; Nebraska is fourth with 99 new members, a total of 658; Iowa is fifth with 98 new members, a total of 1,003; South Dakota sixth with 93 new members, a total of 419; North Carolina is seventh with 87 new members, a total of 301; Wisconsin follows with 78 new members, a total of 501; then comes Ohio with 57, a total of 765; Indiana with 56, a total of 477; Kansas with 49, a total of 869; North Dakota with 47, a total of 405; Tennessee with 44, a total of 300; Montana with 43, a total of 351, and Oklahoma 43 new members, with a total of 614.

As last year, Illinois stands first in its membership in the association with 1,145, New York is second with 1,100, Pennsylvania third with 1,011, Iowa fourth with 1,003; Kansas comes fifth with 869; Ohio is sixth with 765, Missouri seventh with 746, then follows Texas with 728, California with 683, Minnesota with 675, Nebraska with 658 and Oklahoma with 614.

Alaska enjoys the distinction of having every bank a member of the association; the District of Columbia has only one bank not an A. B. A. member; Nevada only two non-members and Arizona but four non-members; Delaware and Rhode Island must supply nine and six, respectively, to come within the full-membership column.

Few Delinquents for the Year

The delinquents for the year 1916-1917 were 171 with a membership at the beginning of the year of 16,016. At the beginning of the fiscal year of 1917-1918, the membership was 17,328—1,312 more members and 27 fewer delinquent members. Can anyone question the loyalty of our membership?

Gratifying results are also shown in the usual list of losses in membership by failures, consolidations and liquidations. For 1916-1917 the list was 137; and for the years 1917-1918 the list was 132. The total net losses as shown in the reports for delinquents, failures, consolidations and liquidations were 308 for the year 1916-1917 and 276 for the year 1917-1918.

NEBRASKA STATE BANK DEPOSITS

Omaha—There are over 500,000 depositors in the state commercial and savings banks in Nebraska, and they have to their credit the gross sum of \$246,800,000, or an average of \$475 per depositor. Deposits have increased in the past year nearly \$22,000,000. Secretary Tooley, of the State Banking Board, reports 934 banks and the total gives an average to each state bank of over a quarter million of deposits.

MINERAL CONTROL BILL PASSED

Washington—With the adoption by the Senate September 28 of the conference report, enactment of the mineral control bill providing for government stimulation of production and distribution of certain minerals needed in connection with the war was completed. The measure now

The aggregate resources of our membership is estimated at 26 billion dollars.

Division of banks in the association August 31, 1918, were: National banks, 6,227; state banks, 8,667; private banks, 858; trust companies, 1,661; savings banks, 1,531; state secretaries, 49, and A. I. B. chapters, 50.

Membership and Resources

The membership and resources of the association have increased as follows:

	Paid Membership	Annual Dues
September 1, 1875.....	1,600	\$11,606.00
September 1, 1885.....	1,395	10,940.00
September 1, 1895.....	1,570	12,975.00
August 31, 1905.....	7,677	127,750.00
August 31, 1906.....	8,383	137,600.00
August 31, 1907.....	9,251	150,795.00
August 31, 1908.....	9,803	162,507.00
August 31, 1909.....	10,682	175,352.00
August 31, 1910.....	11,405	188,934.00
August 31, 1911.....	12,072	198,530.00
August 31, 1912.....	13,323	213,752.50
August 31, 1913.....	14,100	229,324.48
August 31, 1914.....	14,720	233,915.00
August 14, 1915.....	15,010	245,651.00
August 31, 1916.....	16,016	264,529.17
August 31, 1917.....	17,328	302,705.00
August 31, 1918.....	19,043 (estimated)	\$332,490.78

Income

Interest on bonds and corporate stock.....	\$4,730.00
Interest on bank balances (estimated).....	2,200.00
Estimated annual dues for fiscal year ending August 31, 1919.....	332,490.78

Making total income, year ending August

31, 1919 \$339,420.78

Finances

The report of the treasurer shows a cash balance of \$6,449.22, as compared with \$3,098.58 in 1917. There is no deficit in the actual running expenses of the association for the past fiscal year. As will be seen, the receipts exceed the actual expenditures; and there are no outstanding bills, all current expenses having been paid.

Roll of Honor

The general offices of the association have undertaken to compile statistics showing the number of men who have left banking positions to enter the nation's service in the army and navy. For this purpose, blanks were sent to all banks in the United States, member and non-member, and from the reports received up to and including August 28, 1918, it appears that out of the 4,220 banks making the returns 4,220 have supplied a total of 15,422 men. These are divided as follows: Army, 13,015 of whom 1,859 are commissioned officers; navy, 2,427 of whom 190 are commissioned officers. The banks were also asked to report the names of those who had lost their lives in the service, and these names, comprising the bankers' "Roll of Honor," are being published every month in the Journal, together with the statistics previously referred to. Thus far, the reports show that 411 men have lost their lives in the service.

goes to the President. Under its provisions, a revolving fund of \$50,000,000 is provided and the President given authority to create one or more corporations to develop or aid in mining and distribution.

FOOD REQUIREMENTS OF BELGIUM AND NORTHERN FRANCE

Washington—Feeding captive population of Belgium and northern France next year will cost America \$280,000,000, according to estimate of Food Administrator Hoover. We will ship during 1919 to stricken sections 42,500,000 bushels of wheat, barley, rye and corn for bread; 2,200,000 bushels of beans, 3,300,000 of rice, 26,400,000 pounds of corned beef, 27,000,000 of pork products, 66,000,000 of soap, 26,000,000 of coffee, 18,000,000 of cocoa, 55,000,000 of condensed milk and 40,000,000 of sugar.

UNSURPASSED

For Conscientious Service
 For Considerate Attention
 For Complete Facilities
 For Constructive Banking

The Thoroughly Satisfactory
MINNEAPOLIS CORRESPONDENT
 For Northwest American Financial Institutions

First and Security National Bank

Capital and Surplus Ten Million Dollars

IN THE TWENTY-STORY FIRST NATIONAL-SOO LINE BUILDING
MINNEAPOLIS

Department of Banks and Bankers
 P. J. Leeman, Vice President
 S. H. Bezoier, Asst. Cashier, C. B. Brombach, Asst. Cashier

The Chase National Bank

OF THE CITY OF NEW YORK,
 57 Broadway

CAPITAL ----- \$ 10,000,000
 SURPLUS and PROFITS ----- 14,591,000
 DEPOSITS (August 31, 1918) ----- 298,254,000

OFFICERS

A. Barton Hepburn, Chairman of the Advisory Board
 Albert H. Wiggin, Chairman of the Board of Directors

Eugene V. R. Thayer, President

Samuel H. Miller, Vice Pres't	Charles D. Smith, Ass't Cashier
Edward R. Tinker, Vice Pres't	William P. Holly, Ass't Cashier
Carl J. Schmidlapp, Vice Pres't	George H. Saylor, Ass't Cashier
Gerhard M. Dahl, Vice Pres't	M. Hadden Howell, Ass't Cashier
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Charles O. Slade, Ass't Cashier	Robert I. Barr, Ass't Cashier
Edwin A. Lee, Ass't Cashier	Sewall S. Shaw, Ass't Cashier
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James N. Hill	Frederick H. Ecker
Daniel C. Jackling	Eugene V. R. Thayer
Frank A. Sayles	Carl J. Schmidlapp
Charles M. Schwab	Gerhard M. Dahl
	Andrew Fletcher

WE RECEIVE ACCOUNTS OF
 Banks, Bankers, Corporations, Firms or Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

Foreign Exchange Department

OUR SERVICE TO BANKERS

IX. THE NEW TAX LAW

Our tax authorities are now at work revising our booklet "1917 Federal Income and War Tax Laws" which met with such great favor among tax-payers during the last tax-period.

Copies of the revised booklet, including a digest and interpretation of the new law and all Treasury Decisions affecting it, will be available soon after the passage of the Act.

Applications for the booklet will be placed on file and filled as soon as the book is available.

HALSEY, STUART & CO.

INCORPORATED - SUCCESSORS TO
N. W. HALSEY & CO., CHICAGO
 209 SOUTH LA SALLE STREET

NEW YORK PHILADELPHIA BOSTON ST. LOUIS
 DETROIT MILWAUKEE

The Trust Companies and the Federal Reserve Bank

Edmund D. Hulbert, President of the Merchants Loan & Trust Company of Chicago, before the Joint Meeting of the National Bank, Savings Bank, State Bank and Trust Company Sections of the A. B. A. at Chicago

After four years of trial the Federal Reserve Act stands as one of the most successful and beneficent pieces of legislation ever enacted by Congress. What it has done for the country in promoting war finance cannot be computed. What it has done to relieve the bankers of the country from the killing burdens and anxieties heretofore always incident to disturbed conditions, we all appreciate. It can safely be said that the banking business of the country has been carried on during the past four years, notwithstanding the unprecedented world disturbance, with less worry, foreboding and fear than the bankers of the United States have experienced in any other four years of their lives.

Now, that is a very strong statement, Mr. Chairman, but I think most of the bankers here will agree with me. So far as I am personally concerned, I cannot remember any four years since I have been a responsible officer of a bank when I have had less anxiety as to the possibility and certainty of meeting all calls from depositors and borrowers as I have during the last four years.

Equilibrium Easily Maintained

It has been demonstrated financial panics can be nipped in the bud and normal conditions restored with rapidity under the operation of this system. There is no doubt that on at least one occasion since the system has been in operation we would have been forced to issue Clearing House Certificates under the old regime, and we all know that recovery from that kind of shock is slow. As it was the banks converted over \$200,000,000 commercial paper into reserves in one day and met the emergency. No one, outside of the banks in the Central Reserve cities knew that a crisis had occurred. Most of this loan was repaid to the Federal Reserve banks inside of ten days and as a shock absorber the efficiency of the system was demonstrated perfectly.

Expansion and Inflation Must Be Held in Check

We must not forget, however, that there is a limit to the powers of Federal Reserve banks to rediscount and that the forces of expansion and inflation will in time reach any limit if unchecked. It is therefore of vital importance that the Federal Reserve banks be kept working well within their resources. It seems to me there is some ground for anxiety on this point. The amendments to the act since its passage have thrown the entire burden of carrying reserves on the Federal Reserve banks and at the same time the act is being administered in such a way that rediscounting is made tempting for profit making purposes.

Errors As to Reserves

The settled custom of making the Federal Reserve bank rate lower than current bank rates is contrary to that of the older countries where the limitations and proper functions of central reserve banks are better understood. In England, for example, the Bank of England rate is always kept at a point where there is little or no profit in rediscounting. Previous to the war rediscounting by the commercial banks of England was practically unknown. One of the greatest perils of our old system was the practice of permitting country banks to count credits with reserve city banks as part of their lawful reserves, and, inasmuch as the reserve city banks could and did loan at least 75 per cent of these deposits, it followed that a considerable part of what country banks counted as reserve had no existence in fact.

Rediscounting Rates

It seems to me there is now a possibility of running into an even more dangerous practice, as the only legal reserve a member bank can have is a credit on the books of the Federal Reserve banks. Statements of Federal Reserve banks have been published which showed loans in excess of their combined capital and deposits, the difference being made up with Federal Reserve notes, that

is the Federal Reserve banks, instead of having a reserve power of their own, were borrowing from the public to meet their obligations. Of course, none of us want to propose any further changes in the law while the war is on, but I think we may be permitted to suggest that in the interest of safety, Federal Reserve rates be raised to a point where rediscounting will be unprofitable.

These low rates are perhaps part of the propaganda designed to induce state banks to join the Federal Reserve system but so far as any observation goes state banks and trust companies are more concerned about other matters.

Position of the Trust Companies

So far as trust companies are concerned, many of them seem to be troubled by the fear that the government may attempt to standardize the trust business carried on by member banks just as it has endeavored to standardize the commercial business carried on by national banks. They understand, of course, that withdrawal from the system is always open to them, but fear some loss of prestige from such action. My answer is that no trust company has, so far as I know, entered the system for the purpose of gaining prestige and if a time ever comes when the government attempts to interfere with the powers of trust companies as defined by the various states, anybody who desires to withdraw will have plenty of good company.

National Bank Act

We know, of course, that the present administration has taken a very clearly defined position on this point. What the government is concerned in is the mobilization of reserves and the control of our common stock of gold, and no interference will be attempted with the legitimate operations of banks and trust companies organized under state laws. I do not think we need anticipate any hostile action on the part of future administrations. Our experience with the National Bank Act has demonstrated the undesirability, if not impossibility, of running all the banks of this country on the same rigid lines. It is absurd to prohibit a national bank in Iowa from loaning money on a farm just because we do not want national banks in New York City to loan money on skyscrapers, but that is just what the old National Bank Act did. The result of that policy is that there are less than eight thousand national banks in the country and more than twenty thousand state banks, although it was expected and intended when the National Bank Act was passed that national banks should supplant state banks altogether. It looks now a good deal more as though the tendency would be for state banks holding memberships in the Federal Reserve system to supplant national banks. Service to the community is, in the long run, what determines which shall survive and that a state bank holding membership in the Federal Reserve system is in a better position to serve the people of its own territory than a national bank would be is hardly open to discussion. There is now no power possessed by the national bank, except the unimportant one of issuing circulation, not possessed by the state bank and, in addition, the state bank exercises all the powers granted by its state charter framed to meet the special needs of that community. It also has the advantage of both state and Federal supervision.

Trust Business a Highly Specialized One

We, of course, sympathize with the desires of our national bank brethren to offset this tendency by exercising trust powers, but I am afraid if they succeed they will be disappointed in the results. The trust business is a highly specialized business having little relation to commercial banking and the comparatively short life of the national bank charter will be a bar to trust business of much importance. When the Merchants Loan and Trust Company started its trust business, it had a 50 year charter. This was soon found too short and was changed to a 99-year

Illinois Trust & Savings Bank CHICAGO



Pays interest on Time Deposits, Current and Reserve Accounts. Deals in Foreign Exchange. Transacts a General Trust Business. Has on hand at all times a variety of excellent Securities. Buys and sells Government, Municipal and Corporation Bonds.

Organized 1873

N. E. COR. LA SALLE AND JACKSON STS.

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| CHAUNCEY KEEP, Vice President | | W. H. GEDDES, Assistant Cashier |
| HENRY A. BLAIR, Vice President | | C. F. MONAHAN, Assistant Cashier |
| JAMES C. HUTCHINS, Vice President | | J. M. MILLS, Assistant Cashier |
| EUGENE M. STEVENS, Vice President | | WILLIAM H. HENKLE, Secretary |
| J. I. COOPER, Cashier | | F. M. SILLS, Assistant Secretary |
| F. I. COOPER, Assistant Cashier | | F. F. TAYLOR, Assistant Secretary |
| E. S. LAYMAN, Assistant Cashier | | MORRIS BERGER, Assistant Secretary |
| J. W. KNIGHT, Assistant Cashier | | WILLIAM L. ROSS, Manager Bond Department |

Directors

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| HENRY A. BLAIR | CHAUNCEY KEEP | CHARLES H. SCHWEPPE |
| STANLEY FIELD | CHARLES H. MARKHAM | EDWARD F. SWIFT |
| FREDERICK T. HASKELL | JOHN J. MITCHELL | FRANK D. STOUT |
| JAMES C. HUTCHINS | JOHN G. SHEDD | |

CAPITAL SURPLUS AND UNDIVIDED PROFITS

\$16,400,000.00

charter. This also was found to be too short and has since been changed to a 999 year charter, under which it is now operating.

Some Sour Grapes

A high government official has tried to cheer up our friends a little lately by giving out a statement that 22 state banks and trust companies have failed this year and no national banks. I do not believe even that will turn the tide. If this statement was intended to discredit state banks and trust companies, an unfortunate time was chosen. State banks and trust companies control today a good deal more than one-half of the banking resources of the country and manifestly the welfare and credit of these banks is vitally necessary to the prosecution of the war.

Lord Cluneliffe, governor of the Bank of England, said the most impressive thing to him in America was the way in which the vast number of banks in the country were working together to support the Government in its time of trial. He said that up to a very recent period no such harmonious action had existed among the banks of England. I wonder what he thinks of the attempt by the Government official to discredit some 20,000 banks who have shown such loyalty and patriotism. Fortunately, neither the credit nor the loyalty of these banks will be in any way diminished by this action.

Previously Unwritten History

If you will pardon the digression, I want to take advantage of this opportunity to get some unwritten history into our records.

The Federal Reserve Act was, of course, an outgrowth of innumerable plans for currency reform, but it is not generally known that it was Woodrow Wilson who laid out the ground plan for the act and that there was never any fundamental departure from his original plan. Mr. Wilson was in Chicago shortly before his first inauguration and at that time he outlined to a Chicago banker his plan for a reform of our banking system. The plan as then disclosed

(Continued on Page 55)

Drovers National Bank OF CHICAGO

Officers

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|----------------------|----------------|
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| MERRILL W. TILDEN, | Vice President |
| GATES A. RYTHER, | Vice President |
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| HARRY P. GATES, | Ass't Cashier |
| DALE E. CHAMBERLIN, | Ass't Cashier |
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Directors

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Capital and Surplus, \$1,000,000

For over Thirty-five Years Rendered Quick and Efficient Service to its Correspondents

Relations Between Federal Reserve Banks and Members

Joseph Chapman, Vice President Northwestern National Bank, Minneapolis, Before the National Bank Section, A. B. A. at Chicago

Since this war has broken out, bankers have had very little time to attend to their own business. We are attending to the business of the Government every day in the year. In that connection, let me say that after having planned for a whole year to spend this week in Chicago I finally succeeded in getting away last night, and I am going back tonight—not to attend to the bank business, but government business; and I presume every man in this room feels a little guilty about being here at this time when we know we ought to be home attending to Uncle Sam's business for him. In the Ninth District things are possibly a little worse than in the other districts, because we close our campaign next Saturday, the 28th. In three days after that time we are going to have our allotment all in and subscribed.

Federal Bank and Its Members

The relations between the member banks and the Federal bank: There are some of us who feel that possibly that relationship is not all it should be, but I want to call attention briefly to a thought that has been running through my mind for the last year. The most fortunate thing that ever happened to the bankers of America was the passage of the Federal Reserve Act, not in war time, but in peace time. Do you realize what has happened to every other business in America? You know what has happened to the railroads; to the steel manufacturing; to the shipyards; to the farms. Everything regulated, almost on the spur of the moment, and the regulation not always justified. Our situation does not seem to bother the people down at Washington. Gentlemen, the only thing that was right in America when war broke out was the banking situation, and it has not changed. We were ready for war. Other business had to be adjusted to the war. After talking to other business men, and knowing their worries and their problems, I want to say, gentlemen, that we have a snap. Now, what kind of a relationship is this? I should say it was a cordial relationship, or an intimate relationship. We are here from all sections of the United States. Each man knows conditions in his own district. I know something about conditions up in the Northwest, where we had a partial crop failure last year, but where today we have one of the largest crops we have ever raised. I know what it is to go from deepest gloom to highest joy. I also have some inkling of what we would be up against in the Northwest at this moment if it was not for the little old Federal Reserve Act. We are going to put through Minneapolis and Duluth this year, as the result of this crop, over one billion dollars' worth of farm products. That is something unparalleled in our history. It comes exactly at the right time.

How a Good Bank Grows

In 1907 we had a nice crop, but our buyers in the country had to stop buying grain for 20 days because the banking machinery of the country fell down; and that was in peace time. Now, they are buying grain every day, and we are in the greatest war that the world has ever seen. How does it come about? I want to give you just a few figures from the little bank up in Minneapolis, because it is typical of all the banks. In 1916 that little bank up there discounted 320 pieces of paper. It was a baby, just growing. That amounted to \$6,322,000. In 1917 it discounted 11,127 pieces. That amounted to \$80,134,000. So far, up to September 23 of this year, they have discounted up there 28,148 pieces, amounting to \$310,806,000. That's how we are able to finance the farmers, so that we could handle that billion dollars' worth of farm products that are going to feed our Allies and our boys in France. Now, during that same time the Federal Banks of the United States discounted for their members in 1916 \$27,700,000 worth of paper. Up to September 14, 1917, during that year, they discounted \$167,333,000 worth; and up to September 13 of this year \$1,613,000,000 worth.

That is the machinery, gentlemen, under which the

financial part of this great war is going to be won. It could not have been won without the banking system of America having been geared up to the pitch that we now have it. Therefore, our Allies, and we in America, if we are going to have democracy and civilization preserved, have got to pay some little debt of gratitude to the Federal Reserve Bank. There are some things about the relations of the national bank to the Federal Bank that I would like to talk about, but I am going to give my time to another speaker.

There are half a dozen things we might talk about, but I am just going to call attention to two things at this time that we are all interested in. First is the matter of being able to diagnose a man's case and see whether he is essential or non-essential. Even the governor admits that is not very easy to do, and there are many bankers who believe that the only place to regulate that is at the source, and the only way to regulate credit, and cut it off gradually, so that there will not be disaster, is to raise the rate. But on account of what the Government is doing, you can very clearly see that the Federal Board does not feel that way about it, although it may have to come to that.

To Run Banks Good Men Required

The other thing is just as important a matter, affecting us in each one of our banks, national and state. I refer to the order of General Crowder, in which he says, after placing bank employes in a deferred class, that the banks must go to the local boards and present the case of each man separately, whom they want exempted. Now the boys working in the banks are just as patriotic as any others, and they are not going to claim exemption for themselves. We will have to do it for them. Therefore, I was going to inquire whether or not it would be possible to ask General Crowder, in view of the fact that the banks of this country, through the Federal Reserve Bank, are the official agents of the Government, in view of the fact that there are going to be 13 men examined by the draft boards, in view of the fact that during this period we will have to carry on a Liberty Loan campaign, and in November we will have a drive for the Y. M. C. A., the Y. W. C. A., the Jewish Relief Society and a half dozen others all combined, in which we will have to train the machinery for,—I was going to inquire whether it would not be good business to ask General Crowder, in view of the situation, to defer calling those boys for examination until after all these things have taken place. I think there is going to be the greatest confusion anyway on this draft proposition. I believe it is a reasonable request, if we put it in the right way; not saying, "We are going to ask that these boys be exempted because they work in a bank," but "Please defer calling them for examination until the matters of government finance for this year are out of the way." You know that there is not a bank in the country that has not lost its best men. We are now getting along fairly well with women, but we cannot run a bank entirely with women yet. I would like to see the bankers of America given a chance to turn around, inasmuch as they are working for the Government, and have that further disability put off until after November.

UNITED STATES LAUNCHED 1,956,455 TONS OF SHIPPING IN 12 MONTHS

Washington—The United States established a world's record for shipbuilding during the 12 months ended September 25 when the total tonnage of ships launched was 1,956,455 tons.

In 11 months ending August 1, British yards turned out 1,512,640 tons, the aggregate of the two countries being 3,469,095, which exceeds the world record made in 1913, when ships launched throughout the world aggregated 3,332,882 gross tons.



SCANDINAVIAN TRUST COMPANY

56 Broadway
NEW YORK

Statement of Condition at Close of Business September 10, 1918

ASSETS		LIABILITIES	
Loans and Discounts.....	\$20,421,950.64	Capital	\$1,000,000.00
Overdrafts	2,240.46	Surplus	1,500,000.00
Bonds and Securities	4,998,662.87	Undivided Profits	305,571.01
Cash on Hand and in Banks.....	3,737,758.93	Reserve for Unearned Interest, Taxes, etc.	294,860.00
Accrued Interest and Accounts Receivable	66,790.48	Accrued Interest Payable.....	40,744.15
Customers Liabilities under Letters of Credit and Acceptances, etc.....	227,899.28	Deposits	25,101,228.22
		Letters of Credit and Acceptances.....	227,899.28
		Bills Payable with Federal Reserve Bank	500,000.00
		Rediscounts with Federal Reserve Bank	485,000.00
	<hr/>		<hr/>
	\$29,455,302.66		\$29,455,302.66

OFFICERS

ALEXANDER V. OSTROM.....President
B. E. SMYTHE.....Vice President
MAURICE F. BAYARD.....Treasurer
DANFORTH CARDOZO.....Secretary
C. C. KELLEY.....Assistant Secretary
E. J. WHALEN.....Assistant Secretary

DIRECTORS

Johs. Andersen
Knut Bachke
Philip G. Bartlett
Charles E. Bedford
James F. Bell
John E. Berwind
E. R. Brown
William R. Coe
Gerhard M. Dahl
S. E. Dahl
W. Edward Foster
Samuel L. Fuller
Edward F. Geer

J. Andersen & Company
Andresens Bank, Christiania
Simpson, Thacher and Bartlett
Vice President Vacuum Oil Co.
Vice President Washburn-Crosby Co.
Vice President Berwind-White Coal Mng. Co.
First Vice President Amer. Surety Co.
Chairman Johnson & Higgins
Vice President Chase National Bank
Centralbanken for Norge, Christiania
Treasurer Amer. Sugar Refining Co.
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Attorney
Bennett, Hvoslef & Co.
Hayden, Stone & Company
President Utah Copper Co.
Treasurer Atlantic Gulf &
West Indies Steamship Lines
President
Genl. West. Agt. Nor.-Amer. Line
President Finance & Trading Corp.
Guggenheim Brothers
Simpson, Thacher and Bartlett

MEMBER FEDERAL RESERVE BANK OF NEW YORK

IN anticipation of the next Liberty Loan, banks will employ their surplus so that it will be released at the proper time.

Send for our list of short-time paper—three to six months.

Schanke & Company
INVESTMENT BANKERS
Mason City, Iowa

Attractive Investments

We offer subject to prior sale, the following

First Mortgage Farm Loans SIX PER CENT

Loan No.	Amount	Value	Security
6283.....	\$1,200.00	.....	\$4,750.00
6194.....	275.00	.....	3,900.00
6196.....	700.00	.....	2,400.00
6344.....	500.00	.....	2,400.00
6265.....	800.00	.....	3,000.00
6268.....	2,000.00	.....	6,200.00
6269.....	1,500.00	.....	4,000.00
6270.....	1,000.00	.....	3,000.00
6273.....	1,000.00	.....	4,000.00
6274.....	400.00	.....	1,500.00
6277.....	1,200.00	.....	2,500.00

Fergus Falls National Bank

FERGUS FALLS, MINN.

Capital and Surplus, \$150,000.00

(Established 1882)

J. S. Ulland, President

F. J. Evans, Cashier

Kalman, Matteson & Wood

MUNICIPAL AND CORPORATION BONDS

Pioneer Building
ST. PAUL

McKnight Building
MINNEAPOLIS

Stock and Bond Quotations

MINNEAPOLIS BANK STOCKS

	Div. Rate Pct.	Bid	Asked
Northwestern National	*12	250	260
First and Security National	*12	260	270
Midland National Bank	6	177	180
St. Anthony Falls	8	...	165
Hennepin County Savings	10	260	...
North American	12	220	...
Metropolitan National	6	120	125
Mercantile State	6	115	120
Merchants & Manufacturers State	10	175	...
Central State	10	...	150
Union State	8	140	...
South Side State	12	250	...
Camden Park State	10	160	...
Minneapolis State	10	175	...
Millers & Traders State	6	145	...
Bankers National Bank	...	100	106
Gateway State	8	145	150

*3 per cent. extra dividend.

DULUTH BANK STOCKS

	Bid	Asked
First National	300	...
American Exchange National	270	...
City National	170	...
St. Louis County State	105	...
Western State	140	...
Northern National	145	...

MINNEAPOLIS CORPORATIONS

	Div. Rate Pct.	Bid	Asked
N. W. Fire & Marine Ins.	10	...	180
Minneapolis Brewing, com.	6	60	...
Minneapolis Brewing, pfd.	6	85	...
Minneapolis Threshing, com.	7	150	180
Minneapolis Threshing, pfd.	7	99	102
Tri-State Tel. & Tel., pfd.	6	75	...
Twin City Telephone, pfd.	7	90	...
Rogers Lumber, pfd.	7	100	102
Crown Iron, pfd.	7	98	...
North American Telegraph	6	90	94
N. W. Knitting, pfd.	7	102	105
Minneapolis Steel & Mach., 1st pfd.	6	90	...
Minneapolis Steel & Mach., 2nd pfd.	8	100	...
Minneapolis Steel & Mach., com.	...	180	...
Pillsbury Flour Mills	...	115	...
Real Estate Title Ins.	...	115	...
Minneapolis Syndicate	...	110	...
Russell-Miller Milling, pref.	6	99	100

ST. PAUL BANK STOCKS

	Div. Rate	Bid	Asked
Merchants National	10	240	250
Capital National	6	150	155
American National	6	130	140
National Bank of Commerce	6	140	162
Scandinavian American	10	260	...
St. Paul State	20	500	...
Ramsey County State	...	...	260
Capital Trust & Savings	5	250	...
Peoples Bank	6	129	181
National Exchange	...	133	185
Western State	...	...	150
Commercial State	...	...	150
Swedish American	10	150	...
Mounds Park State Bank	...	150	...
Great Northern State	...	125	...

ST. PAUL CORPORATIONS

	Div. Rate	Bid	Asked
Tri-State Telephone, pfd.	6	80	85
West Publishing, com.	10	408	...
West Publishing, pfd.	6	100	110
St. Paul Fire & Marine Insurance	12	150	500
St. Paul Cattle Loan Company	...	150	...
Foot, Schulze & Co. pfd.	...	100	101
St. Paul Union Stockyards	...	80	100

LOCAL BONDS

	Pct.	Bid	Asked
Twin City Rapid Transit (1919)	5	99	99 1/2
Twin City Rapid Transit (1928)	5	92	92 1/2
Twin City Rapid Transit (1938)	5	94	95
Minneapolis General Electric	5	91	95
Minneapolis Gas Light (1930)	5	86	94
Donaldson Realty	5	95	98
First National-Soo Bldg.	5	98 1/2	100
Shevlin-Clarke	5	99 1/2	100 1/2
Minnesota & Ontario	6	97	99 1/2
Powell River	6	...	101
Pillsbury & Washburn (1928)	5	79	...
St. Paul Gas Light (1918)	6	99	100
St. Paul Gas Light (1944)	5	85	90
Twin City Telephone	5	...	6 per cent. basis
Northern States Power (1941)	5	...	87
Northern States Power (1926)	5	87	91
St. P. City Ry. Cable Con. 5s, 1937	...	92	95
St. Croix Power Co. 1st 5s, 1929	...	87	90
St. P. Un. Stk. Yds. Co. 1st Mfg. 5s, 1946	...	95	97
St. P. Un. Depot Co. 1st 6s, 1930	...	...	4.75B
St. P. Un. Depot Co. Consol. 5s, 1914	...	...	4.75B
St. P. Un. Depot Co. Consol. 4s, 1944	...	...	4.75B
Twin C. Tel. Co. 1st 5s, 1911 to 1926	...	6.00B	5.50B
Minn. Trans. Ry. Co. 1st 5s, 1946	...	98	100
Wis.-Minn. Lt. & Pr. Co. 1st and Ref. 5s, 1944	...	...	86 1/2
St. Paul Bridge & Ter. Ry. 1st 6s, 1929	...	98	100
Duluth St. Ry. Co. 1st 5s, 1930	...	88	91
Duluth Street Ry. Co. Gen'l 5s, 1930	...	...	89

CHICAGO BANK STOCKS

Quotations for September 30 by John Burnham & Co., 41 South La Salle Street, Chicago:

	Bid	Asked	Book Value
Adams State Bank	125	...	106
Aetna State Bank	...	105	115
American State Bank	176	181	170
Austin National Bank	105	110	131
Austin State Bank	215	...	137
Bowmanville National Bank	175	...	143
Calumet National Bank	205	...	185
Calumet Tr. & Sav. Bk.	180	200	130
Capital State Sav. Bk.	106	111	118
Central Manufacturing District	198	205	150
Central Trust Company	165	170	138
Chicago City Bank	243	248	210
Chicago Savings Bank	146	145	138
Citizens State of L. V.	130	140	121
City National of Evanston	360	...	361
City State Bank	145	150	124
Continental & Commercial	266	269	220
Corn Exchange National	435	...	379
Depositors State & Savings	150	160	142
Drexel State Bank	150	160	150
Drovers National Bank	226	233	155
Drovers Trust & Savings	315	...	232
Englewood State Bank	154	160	128

LANE, PIPER & JAFFRAY (INC.)

COMMERCIAL PAPER

1208 FIRST NAT-SOO LINE BLDG., MINNEAPOLIS

CORRESPONDENTS

BLAKE BROTHERS & CO., NEW YORK & BOSTON

MCLUNEY & COMPANY, ST. LOUIS

W. T. RICKARDS COMPANY, CHICAGO

	Bid	Asked
First National Bank	453	460
First National (Englewood)	340	345
First National (Englewood)	340	345
Fort Dearborn National	208	212
Fort Dearborn National	208	212
Fort Dearborn Trust	190	...
Franklin Trust & Savings	145	155
Fullerton & Southport	...	100
Garfield Park State Savings	128	133
Greenebaum Sons Bank & Trust	...	290
Guarantee Trust & Savings	147	152
Halstead Street State	119	123
Harris Trust & Savings	575	...
Hill State Bank	...	105
Home Bank & Trust Co.	160	167
Hyde Park State Bank	137	142
Illinois Trust & Savings	...	445
Independence State Bank	125	140
Irving Park National Bank	151	...
Jefferson Park National	173	...
Kaspar State Bank	285	292
Kenwood Trust & Savings	275	...
Lake View State Bank	105	108
Lake View Trust & Savings	173	180
Lawndale State Bank	...	245
Liberty Trust & Savings	155	160
Lincoln Trust & Savings	...	120
Live Stock Exchange National	238	245
Madison & Kedzie State	145	150
Market Trust & Savings	108	112
Mechanics & Traders	125	129
Mercantile Trust & Savings	160	165
Merchants Loan & Trust	463	...
Michigan Avenue Trust	108	112
Mid-City Trust & Savings	225	...
National Bank Republic	155	160
National City Bank	145	150
National Produce Bank	160	166
Noel State Bank	160	163
North Avenue State Bank	100	105
North Side State Savings	...	105
Northern Trust Company	263	268
Northwestern Trust & Savings	...	235
Oak Park Trust & Savings	...	240
Peoples Stock Yards State	298	305
Peoples Trust & Savings	270	280
Pioneer State Savings	100	105

Send Your St. Paul Business Thru the

AMERICAN NATIONAL

"The Strong Bank for Everyone"

ST. PAUL



Pullman Trust & Savings	180	200	220
Ravenswood National Bank	130	130	129
Reliance State Bank	150	160	114
Schiff & Co. State	275	300	166
Security Bank of Chicago	295	...	258
Sheridan Trust & Savings	150	160	131
63rd & Halsted State	115	120	116
South Chicago Savings	230	...	188
South Side State Bank	155	162	143
South West State Bank	111	...	126
South West Trust & Savings	118	123	119
Standard Trust & Savings	153	157	162
State Bank of Chicago	400	406	377
State Bank of Evanston	325	...	312
State Bank W. Pullman	250	...	125
Stockmen's Trust & Savings	145	150	144
Stock Yards Savings	400	...	196
Stony Island Trust & Savings	105	110	113
Union Bank of Chicago	108	120	124
Union Trust Company	300	325	226
United State Bank	103	110	120
Washington Park National	275	...	193
West Englewood-Ashland	140	150	123
West Side Trust & Savings	230	305	148
West Town State Bank	115	120	130
Woodlawn Trust & Savings	245	255	198

Goodyear Tire & Rubber, 2nd pfd.	99 1/2	101 1/2
Great Lakes Dredge & Dock	57	59
Hercules Powder Company, com.	229	233
Hercules Powder Company, pfd.	106	109
Holland St. Louis Sugar Company	10 1/4	11
Hotel La Salle, pfd.	110	120
Hotel Sherman, pfd.	95	100
Hupp Motor Company, com.	2 7/8	3 1/4
*Hurley Machine Company, com.	75	80
*Hurley Machine Company, pfd.	88	90
Inland Steel Company	200	205
Ins. Exch. Bldg. Corporation, pfd.	95	97
Kellogg Switchboard & Supply	158	165
King Paper	14 1/4	15 1/4
Linderman Steel	14 1/2	15
McCord Mfg. Company, com.	33	36
McCord Mfg. Company, pfd.	90	95
Michigan Paper	12 1/2	12 7/8
Middle West Utilities, com.	16	20
Middle West Utilities, pfd.	38	42
Middle West Utilities Div., scrip	45	55
Moline Plow Company, com.	95	105
Moline Plow Company, 1st pfd.	90	91
*National Grocer Company, com.	95 1/2	96 1/2
National Grocer Company, pfd.	90	92
Northern States Power, com.	43	46
Northern States Power, pfd.	80	83 1/2
Northern States Warrants	2 1/2	3 1/2
Northwestern Yeast Company	260	270
Otis Elevator Company, com.	50	54
Otis Elevator Company, pfd.	75	78
Pacific Gas & Electric, com.	32	34
Pacific Gas & Electric, pfd.	77	79
Paige-Detroit Motor Company	15 1/2	17
Pick, Albert & Co., com.	160	167
Pick, Albert & Co., pfd.	101	105
Public Service Company, com.	75	80
Public Service Company, pfd.	78	82
Safety Car Heating & Lighting	54	60
Semet-Solvay Company	165	175
Shaw, W. W. Corporation, pfd.	88	90
Shaw, W. W. Corporation, com.	60	63
Simmons Company, pfd.	94	95
*Smyth Company, John M., pfd.	97	100
Solvay Process Company	220	240
Stover Manufacturing Company, pfd.	94 1/2	97 1/2
Sullivan Machinery Company	133	138
United Light & Railways, com.	28 1/2	30
United Light & Railways, pfd.	58 1/2	60 1/2
United States Gypsum Company, com.	30	32
United States Gypsum Company, pfd.	86 1/2	88
*Utah-Idaho Sugar Company	7 3/4	8 1/4

CHICAGO SECURITIES

Quotations for September 30, by John Burnham & Co., 41 South La Salle Street, Chicago:

	Bid	Asked
American Chiclé Company, com.	31 1/2	33 1/2
American Chiclé Company, pfd.	57	65
American Fork & Hoe Company, com.	103 1/2	105 1/2
American Fork & Hoe Company, pfd.	110	115
American Hominy Company, com.	55	60
American Hominy Company, pfd.	73 1/2	77
American Laundry Company, com.	50	52
American Laundry Company, pfd.	100	105
American Light & Traction, com.	177	181
American Light & Traction, pfd.	91	93
American Public Utilities, com.	...	20
American Public Utilities, pfd.	35	40
American Type Founders, com.	36	39
American Type Founders, pfd.	80	85
Atlas Powder Company, com.	165	169
Atlas Powder Company, pfd.	87	89
*Avery Company, com.	92	95
*Avery Company, pfd.	94	96
Babcock & Wilcox Company	109 1/2	111
Barnhart Bros. & Spindler, 1st pfd.	75	80
Bates Exp. Steel Truss	105	...
Beatrice Creamery Company, com.	175	185
Beatrice Creamery Company, pfd.	100	105
*Benjamin Electric Mfg., 1st pfd.	98	100
Bordens Condensed Milk Company, com.	93	95
Bordens Condensed Milk Company, pfd.	95	100
Brunswick-Balke Collender, pfd.	98	100
Bucyrus Company, com.	11	12
Bucyrus Company, pfd.	62	64
Buda Company, pfd.	95	96
Burroughs Adding Machine Company	243	248
Butler Brothers	167	169
By-Products Col. Corporation	112	114
Charcoal Iron, com.	7 1/2	8
Charcoal Iron, pfd.	6	6 3/8
Chicago Mill & Lumber, pfd.	99	101
Chicago Railway Equipment	102	105
Cities Service Company, com.	207	210
Cities Service Company, pfd.	71	72 1/2
Columbia Sugar Company	10	10 1/2
Commonwealth Power, Railway & Light, com.	19	22
Commonwealth Power, Railway & Light, pfd.	36 1/2	39 1/2
Commonwealth Power, Railway & Light, scrip.	50	65
Consumers Company, com.	44	45 1/2
Consumers Company, pfd.	78	80
Continental Motors Corporation, com.	5 1/2	6
Creamery Package Company, com.	71	73
Deere & Co., pfd.	93 1/2	94 1/2
E. I. du Pont de N. Co., com.	284	288
E. I. du Pont de N. Co., debentures	88	88 3/4
Elgin National Watch Company	140	142
Emerson Brantingham Company, com.	17 1/2	19 1/2
Emerson Brantingham Company, pfd.	68	70
Flestone Tire & Rubber, com.	103	105
Flestone Tire & Rubber, pfd.	94	96
*First State Pawners Society	100	102
Fox River Butter Company, com.	...	175
Fox River Butter Company, pfd.	95	100
Goodyear Tire & Rubber, com.	153	156
Goodyear Tire & Rubber, 1st pfd.	100	101

J. W. HANKS AUDIT COMPANY
 538 Security Building MINNEAPOLIS
 10-11 Batavian Bank Building LACROSSE, WIS.
Auditors and Public Accountants
 AUDITS SYSTEMS INVESTIGATIONS
Income Tax Service

Capital \$300,000
John F. Sinclair Company
 310-312 McKnight Building
 MINNEAPOLIS, MINNESOTA
6% Farm Loans
Municipal Bonds
Banks and Bank Stocks
 Money always ready for good farm mortgages
Safety Service

CHICAGO LaSalle and Monroe **John Burnham & Co.** **CHICAGO** Tel. Long Dist. 173
Unlisted Securities
 Public Utilities Bank Stocks Bonds
We have a department for the Exclusive handling of Insurance Stocks
CHICAGO Chicago **CHICAGO** New York **CHICAGO** Tel. Long Dist. 173
Private wire connections with many west and northwest cities



Farm Mortgage Loans Wanted

The Mortgage Department of the Merchants Trust and Saving Bank is in the market for loans of any size to be secured by

Farm Property

Consult our Mortgage Department for full particulars. You can secure favorable rates and prompt service.

Merchants Trust and Savings Bank

Merchants Bank Building
SAINT PAUL, MINN.

New Banks and Changes

MINNESOTA

Dotson.—A charter has been granted the Farmers State Bank with a capital of \$10,000.

Rothsay.—Andrew Larson has resigned his position as assistant cashier of the Farmers State Bank.

Essig.—Albert Gag has accepted the cashiership of the State Bank of Essig, succeeding Erwin E. Spelbrink, who has resigned.

Duluth.—J. H. Ingwersen, formerly president of the Peoples Trust and Savings Bank of Clinton, Iowa, has been elected vice president of the First National Bank.

Minneota.—At a recent meeting of the board of directors of the Farmers & Merchants National Bank, H. J. Tillemans was elected president to succeed A. J. Kile, who resigned.

Minneapolis.—At a meeting of the directors of the State Deposit Bank, held very recently, J. Franklin Ebersole was promoted from cashier to vice president, and Arthur V. Smith from assistant cashier to cashier.

Round Lake.—H. C. Miller of Luverne, has purchased the interests of W. D. White in the Farmers State Bank. Mr. White has resigned as cashier of that institution and leaves for Union Grove, Wis., where he has accepted the cashiership of the State Bank of Union Grove.

Willmar.—Russell Spicer and J. M. Spicer have sold their stock in the First National Bank to C. W. Odell, cashier, and other associates of the bank. Mr. Odell was elected president, and Miss L. B. Noren was promoted from assistant cashier to cashier. J. Albert Peterson has been appointed assistant cashier.

NORTH DAKOTA

Stanton.—The German State Bank has changed its title to the Union State Bank.

Woodworth.—The First National Bank has applied for a charter to succeed the First State Bank with a capital of \$25,000.

Minot.—The Second National Bank has announced the election of two new assistant cashiers; Miss M. N. McKenna of Cloquet, and Thomas Forde.

Wildrose.—A large company of farmers from the community of Wildrose have purchased the controlling interest in the Security State Bank. Mr. A. M. Baukol will remain as cashier.

Emerado.—The directors of the recently organized Guaranty State Bank have elected the following officers: George Lee, president; A. J. Ulvedal, vice president, and H. R. Pressnell of Wales, cashier.

New Rockford.—W. M. Roberts, president, and T. L. Beisker, vice president of the First National Bank, have sold their interests to Martis Aas, of Frazee, Lewis Mortenson and their associates. Mr. Mortenson has been elected president and Mr. Aas vice president.

WISCONSIN

Colfax.—P. K. Risberg of Blair, has accepted the cashiership of the Bank of Colfax.

Nelson.—W. J. Eberwein has been elected cashier of the First National Bank to succeed Edmund Giebel.

Hilbert.—The directors of the State Bank of Hilbert, at a recent meeting elected J. W. Crupe, vice president.

Alma.—The German-American Bank has amended its articles of incorporation, changing its name to the American Bank.

Knapp.—A charter has been issued to the First National Bank with a capital of \$25,000 to succeed the State Bank of Knapp.

IOWA

Keystone.—The German State Bank has changed its title to the Iowa State Bank.

Atkins.—Alex. Runyon of Vinton has accepted the cashiership of the Farmers Savings Bank.

Cherokee.—At a recent meeting of the directors of the Steeles Bank elected M. F. Steele assistant cashier.

Carroll.—Nicholas New has been elected vice president by the directors of the Commercial Savings Bank.

Roland.—A charter has been issued to the First National Bank with a capital of \$30,000 to succeed the Roland Savings Bank.

MONTANA

Butte.—The South Side State Bank has been incorporated with a capital of \$25,000.

Brockton.—C. P. Lohmiller, president of the First National Bank has disposed of his interest to Charles Trinder.

Geysler.—M. H. Foltz, formerly assistant cashier of the Square Butte State Bank, Square Butte, has been elected assistant cashier of the First State Bank.

NEBRASKA

Bartley.—Ruth L. Smith has been appointed assistant cashier of the State Bank of Bartley.

McCook.—J. G. Schobel has accepted the assistant cashiership of the First National Bank, succeeding Thomas Cowger.

Hoskins.—Ed. F. Winter has been appointed assistant cashier by the directors of the Hoskins State Bank.

Lincoln.—The State Bank of Havens has been incorporated with a capital of \$10,000. The following officers have been elected: W. Chamberlain, president, and M. Shonsey, vice president.

COLORADO

Bovina.—The Farmers State Bank has been organized with a capital of \$15,000.

Walden.—A charter has been issued to the First National Bank with a capital of \$25,000, succeeding the Stock Growers Bank.

UTAH

Park City.—At a recent meeting of the board of directors of the First National Bank elected the following officers: Thomas Kearns, president; James Farrell, vice president; W. W. Armstrong, cashier, and Jerome Paxton, assistant cashier.

WASHINGTON

Ephrata.—A charter has been granted the First National Bank with a capital of \$25,000.

Port Angeles.—U. K. Loose has been elected cashier of the Port Angeles Trust & Savings Bank to take the place of Benjamin N. Phillips, who has enlisted.


CALIFORNIA

Puente.—The Puente National Bank has applied for a charter with a capital stock of \$25,000.

Garden Grove.—The Bank of Garden Grove has been converted into the First National Bank, and a charter has been issued with a capital of \$25,000.

ILLINOIS


Minier.—Henry P. Brenneman has been elected president of the Minier State Bank by the board of directors.



The National Bank of the REPUBLIC

OF CHICAGO

OFFERS exceptional service in exceptional times to banks and bankers requiring CHICAGO facilities. Capital and surplus \$3,000,000.



JOHN A. LYNCH.
W.M. T. FENTON, 1st Vice Pres. & Mgr.
ROBT. M. McKINNEY, 2nd Vice Pres.
OSCAR H. SWAN, Cashier
WM. B. LAVINIA, Asst. Cashier

President
THOS. D. ALLIN,
LOUIS J. MEAHL,
WM. C. FREEMAN,
CHAS. S. MacFERRAN,
WALTER L. JOHNSON, Asst. Cashier

Asst. Cashier
Asst. Cashier
Asst. Cashier
Asst. Cashier
Asst. Cashier

Catlin.—The board of directors of the First National Bank have promoted R. Puzey from vice president to president, and elected Thomas A. Taylor vice president.

Springfield.—At a recent meeting of the board of directors of the Ridgely National Bank, Franklin Ridgely was promoted from cashier to president to succeed the late William Ridgely. J. A. Johnson was elected cashier and Mrs. Margaret P. Reinbach assistant cashier.

BANKING NOTES

Hensel, N. D.—The State Bank has increased its capital from \$10,000 to \$21,000.

Maxwell, Neb.—The Maxwell State Bank has increased its capital from \$10,000 to \$25,000.

Clarkfield, Minn.—The Clarkfield State Bank has increased its capital from \$30,000 to \$50,000.

Ghent, Minn.—The capital stock of the First State Bank has been increased from \$12,000 to \$25,000.

Fond Du Lac, Wis.—The Commercial National Bank has increased its capital from \$125,000 to \$250,000.

Aneta, N. D.—The capital stock of the Farmers & Merchants Bank has been increased from \$10,000 to \$20,000.

Wilmington, Cal.—The First National Bank has amended its articles of incorporation and increased its capital from \$25,000 to \$50,000.

Great Falls, Mont.—The West Side Bank, recently organized, has moved into its new quarters on Fifth Street and First Avenue southwest.

Pessenden, N. D.—The articles of incorporation of the Wells County State Bank have been amended, increasing the capital from \$10,000 to \$15,000.

Littlefork, Minn.—H. Stubbe of International Falls has the contract for the remodeling and repairing of the First State Bank building, and work has already begun.

Kimball, S. D.—E. K. Lumbard has purchased the concrete building owned by C. R. Tinan and it is his intention to remodel this to make a modern banking building for the Lumbard Bank.

58,000 BUSINESS PLACES IN PHILADELPHIA

Philadelphia—There are 58,000 business places in Philadelphia which employ a million workers; 10,000 manufacturing plants have an annual output of a billion dollars, the twelve leading lines being as follows:

Woolen and Worsted Goods.....	\$54,900,000
Printing and Publishing.....	45,800,000
Foundry and Machine Shop Products...	38,600,000
Sugar Refining	37,600,000
Women's Clothing	30,100,000
Men's Clothing	29,000,000
Hosiery and Knit Goods.....	23,900,000
Leather (tanned, curried, finished)....	23,500,000
Carpets and Rugs (other than rag)....	22,600,000
Cotton Goods	22,500,000
Petroleum Refining	22,500,000
Slaughtering and Meat, Packing.....	22,000,000

CHANGES IN THE FIRM OF C. D. BARNEY & CO.

New York—J. Horace Harding, Jay Cooke and Henry Sanderson will retire as active partners of the firm of Chas. D. Barney & Co. on January 1 next. The business will be continued under the same firm name with Mr. Harding and Mr. Sanderson as special partners, and Henry E. Butler and John P. Grier—both members of the New York Stock Exchange—who have been connected with the firm 20 and 10 years respectively, as active partners in the New York house, and with Edward H. Lewis and Philsmon Dickinson as resident partners in Philadelphia.

IOWA BANK DEPOSITS INCREASE

Des Moines—Total deposits of \$509,900,607, an increase of \$13,450,345 over June 29 this year and \$43,296,345 over September 11, 1917, are shown in the statement of condition of 922 savings banks, 361 state banks and 24 trust companies in Iowa at the close of business September 7 reported to the State Banking Department.

BANK POSITIONS

We have several openings for experienced Cashiers in country banks in North and South Dakota, one or two openings for experienced men to take charge of banks just being organized. Can use several experienced young women as Assistant Cashiers, Bookkeepers and Stenographers in country banks.

BUSINESS SERVICE COMPANY

(Banking Department)
McKnight Building MINNEAPOLIS

We buy and sell all issues of

GOVERNMENT BONDS

We remit for all Bonds on date of receipt

C. B. Enkema & Company

236 Security Building, MINNEAPOLIS, MINN.

FARM LOANS

If interested write for this Company's terms, which include lowest rate, WITHOUT COMMISSION or commission mortgage features; long term and prepayment privileges.

HENRY ROTHSCHILD

Special Loan Agent

Northwestern Mutual Life Insurance Co.

of Milwaukee, Wis.

414 Capital Bank Building ST. PAUL

Baumgarten & Company

Bonds Mortgages

Bank Stocks

Commerce Building

(Below the Federal Land Bank)

Saint Paul

We buy and sell controlling interest in country Banks

Correspondence strictly confidential

Your Bank Help Needs

must be secondary to those of the Government. We think that we can tell you of men or young women, with or without experience, who will be able to handle the executive or clerical work in YOUR BANK.



Write for qualifications of such persons.

BUSINESS MEN'S EFFICIENCY BUREAU

James F. Ells

Morton M. Newcomb

(H. F. Hine, Manager Bank Department)

902 Plymouth Building

MINNEAPOLIS, MINNESOTA

First National Bank DULUTH, MINN.

Officers
 Albert L. Ordean, President Walter J. Johnson, Ass't Cashier
 David Williams, Vice Pres't William W. Wells, Ass't Cashier
 John H. Dight, Cashier Willis A. Putman, Ass't Cashier

Capital \$1,000,000.00
Surplus 1,000,000.00
Undivided Profits 900,000.00

FARM LOAN
DEPARTMENT

The Menace of Paternalism and Bureaucracy

Otto H. Kahn, of Kuhn, Loeb & Co., New York City, in an Address Delivered Before the Convention of the American Bankers Association, Chicago

The qualities, conduct and achievements of our army are the just admiration of our comrades in arms, as they are the just pride of America. Wherever American troops have fought thus far, they have either held the line or advanced, but never gone back. Our young army has been tested in many a battle, and wherever it has fought it has proved itself a worthy custodian of American honor and a zealous artisan of American glory.

Now, gentlemen, what is the underlying cause for the phenomenon that our boys, taken from the most diversified walks of life, brought up in surroundings and in a spirit which are the very negation of martial disposition, became in an incredibly short space of time soldiers of first rate efficiency; that our business men, farmers, mechanics, college boys are making competent, indeed excellent officers; that our West Pointers, taken from small army posts or office positions in Washington, were found qualified generally not only to command large bodies of troops, but that amongst them were discovered men fitted when the emergency arose, to plan and execute the business undertaking of war on a stupendous scale with a high degree of organizing and administrative ability (even though these men would be the last to dispute that a considerable share of the credit for the results accomplished is due to those who, at the very start of the war, eagerly volunteered from civil life)?

I have heard this debated a good many times lately both in England and France, and the consensus of replies is this: "You in America have always been a nation of private enterprise and individual initiative. You have had no caste, or fixed class, either aristocratic or bureaucratic. You have given almost unlimited, perhaps too unlimited scope to ambition, ability, force, imagination, hard work. You had a healthy skepticism of governmental capacity to do things well.

"Under the stimulus of these conditions you have produced a race—daring, keen, quick-witted, adaptable, self-reliant. The American of today, as we see him in the officers and men of your forces and in the business men we have met, is the product of generations of sturdy individualism."

The Frenchman would point out that France has had experience of bureaucracy, governmental centralization and paternalism for several generations. That system had lamed enterprise, atrophied commercial daring, retarded the development of the country.

In Russia, bureaucracy and paternalism, plus weak, corrupt and inefficient autocracy, had led to revolution, chaos and anarchy.

In Germany, bureaucracy and paternalism plus militarism and junkerism had resulted in bringing untold misery upon the world at large and inevitable disaster in the end to the German people.

Paternalism Has Failed

In short, my French interlocutors would coincide that whenever, wherever and however the system of governmental omnipotence had been tried it had failed in a greater or lesser degree; that France had given it a sufficiently long test to be weary of it, and that after the war the tendency of the French people would be to turn more towards individual effort and to stimulate personal initiative.

On the other hand, it cannot be gainsaid that there are a good many persons in France, as in Great Britain and America, who firmly believe that the era of individualism,

or as they prefer to call it, capitalism, has come to an end, and that an entirely new kind of social structure will be reared after the war.

They were very active, zealous and eager, these militant preachers of a new day. They possess the fervor of the prophet allied often to the plausibility and cunning of the demagogue.

They pour the vials of scorn and contempt upon those benighted ones who still tie their boat to the old moorings of the teachings of history and of common sense appraisal of human nature. And being vociferous and plausible, they are unquestionably making converts. They are offering the vista of a catching program to a popularity-seeking politician.

They are perturbing the minds of a good many who honestly seek—as every right minded man should—to bring about a better and more justly ordained world. They have not been without producing a certain effect even in high places.

Nothing is easier than to start, nothing moves faster when once started, than economic fallacies. Nothing is harder than for sober unvarnished truth, loaded down with the weight of the realities of existence, to catch up with those fallacies. It invariably does in the end, but meanwhile the fallacies on their long start and rapid flight may have wrought vast harm, as we have recently seen exemplified in Russia.

We hear a good deal nowadays of "The War After the War." That discussion, to an extent, it seems to me, is premature.

A Real "War" After the War

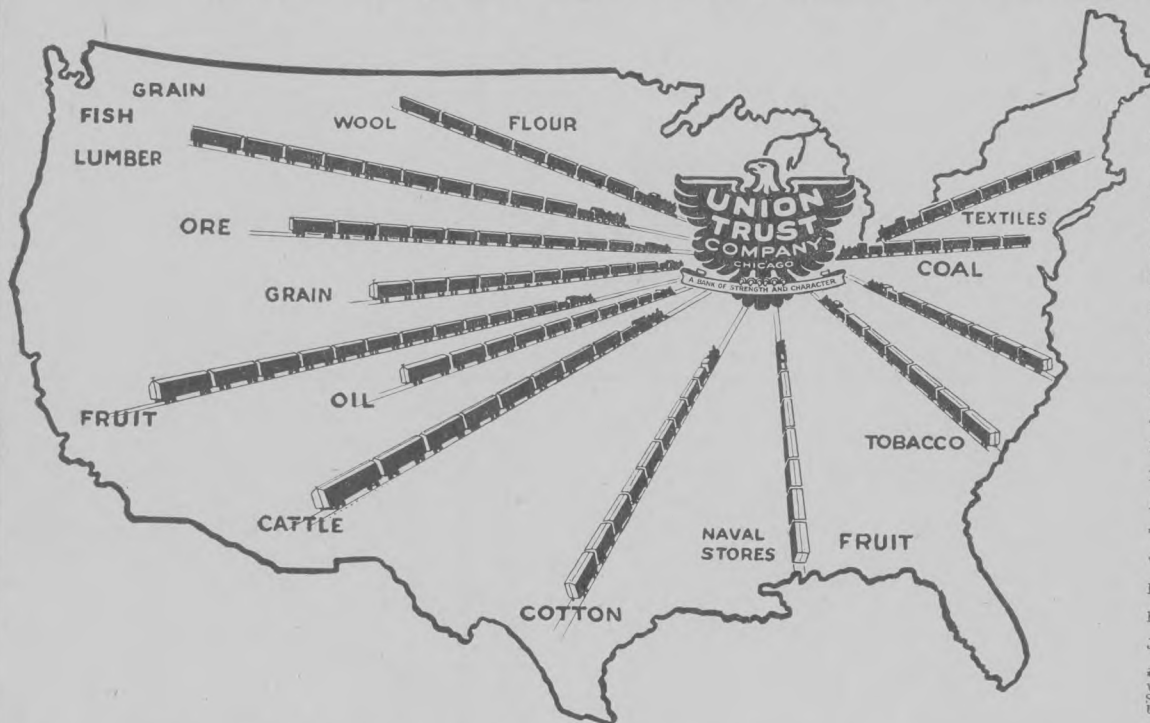
But there is one "war after the war" for which the lines are now being drawn, and which indeed the attacking party has already started, although it was the country's general understanding that until the war against our external enemy is won, internal conflicts should be postponed: That is the war of the motley army ranging from the American variety of destructive Bolsheviks in various gradations to self-seeking demagogues, well-meaning utopianists, intolerant and impetuous young writers strong in the assured consciousness of their mental and moral superiority, iconoclast theorists and, alas! too often, overworked, underpaid and consequently somewhat acidified college professors and other teachers against those who believe that the accumulated wisdom of centuries of human experience is wisdom still, and who see in individualism, ordered, enlightened, progressive, sympathetic and adjusted to the changing needs and social conception of the age, the soundest and most effective instrument for the advancement and the happiness of humanity.

When I speak of individualism, I do not mean the harsh doctrine of the so-called Manchester school of the Nineteenth Century which, with a somewhat naive faith in the automatic and beneficent self-regulation of human forces, bade the individual to exploit his opportunities to the unrestrained limit of his strength and the devil take the hindmost.

The individualism to which I adhere, spells neither reaction nor greed, selfishness, class feeling or callousness. No less than those who carry their hearts visibly aching for the people and aflame against their oppressors, into magazine articles, political assemblies and upon lecture platforms; no less than they are we desirous for the well-being and contentment of the masses of the people.

The individualism we believe in gives incentive to every man to put forth his best effort, while at the same time

The B/L Bank of Chicago



- OFFICERS**
 F. H. RAWSON President
 F. L. WILK Vice-President
 H. A. WHEELER Vice-President
 C. R. HOLDEN Vice-President
 C. B. HAZLEWOOD Vice-President
 F. A. YARD Vice-President
 F. P. SCHREIBER Cashier
 R. F. CHAPIN Secretary
 C. P. KENNING Assistant Cashier
 A. C. BOETTIGER Asst. Secretary
 J. S. GLEASON Assistant Cashier
 E. A. HOEFT Assistant Cashier
 H. L. BENSON Assistant Cashier
 ALBERT SECKEL Assistant Cashier
 *H. L. WHEELER Assistant Cashier
 W. R. CURTIS Asst. Secretary
 F. W. LOCO Mgr. Savings Dept.
 E. V. BACHARACH Auditor
 J. J. ANTON Asst. to Officers
- *On leave of absence for War Service, First Lieut. Signal Corps., Eng. Div. U. S. A.

Our service to banks includes that of a special department for handling direct B/L drafts on Chicago and all shipping points, either for collection or IMMEDIATE CREDIT. Write for terms.

UNION TRUST COMPANY, Chicago

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- | | |
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CAPITAL
\$1,250,000.00

SURPLUS AND UNDIVIDED PROFITS
\$880,000.00

The
LIVE STOCK EXCHANGE NATIONAL BANK
 OF CHICAGO

OPERATING IN THE INTERESTS OF THE
LIVE STOCK INDUSTRY

*A War Industry of First Importance
 Your Patronage Will Assist This Work*

EXCHANGE BUILDING

UNION STOCK YARDS

It is to Your Advantage to Relieve Yourself of the Burden of Responsibility.

We act as Administrator, Executor, Guardian, Trustee, Receiver and Agent. Our Real Estate Department cares for, manages and handles all classes of real estate. Our Bond Department handles Government, Municipal, Industrial and Corporation Bonds. We co-operate with bankers and individuals on matters pertaining to the making or the administering of trust estates.

Write for Our Trust Booklet.

Northwestern Trust Company

Capital and Surplus
\$1,100,000

344 Jackson Street
SAINT PAUL, MINNESOTA

Affiliated with the
First National Bank

it recognizes fully the right and the duty of the state to impose upon business reasonable supervision, restraint, and regulations to take measures destined to raise the general level of popular well-being, to protect particularly those least able to protect themselves, to prevent exploitation and oppression of the weak by the strong, and to debar privilege and unfair or socially harmful practices.

And we further believe that in addition to, and over and above the limitations imposed by the state there are restraints which a man's conscience should impose upon his actions in affairs. It is not enough to be "law-honest" or "money-honest."

I am far from saying that material reward is the only incentive to business effort, but experience has shown and common sense observation confirms that, excepting such callings as men take up because of an "inner urge" from a natural bent or altruistic motives, or because they desire primarily position, public office, or political power, the vast majority of people require, in order to put forth the maximum of effort and venturing, an incentive largely, though not solely, of a tangible kind.

In an emergency, of course, at the call of the country, every right-thinking man will not only forget all thought of reward, but will be ready for every sacrifice. He will work and strive fully as hard, and far harder than he would for his personal advantage and spend himself without limit, from motives of patriotism or public spirit.

Individualism frankly denies that the world can be run on a theory which presupposes the existence of mental, moral and physical equality between men. Equality before the law, equality of political rights,—yes, equality of opportunity, as far as humanly possible,—yes. But, an inscrutable Providence has bestowed upon His creatures, animate as well as inanimate, inequality of natural endowment, and from that springs and must necessarily spring inequality of results.

"Do you realize that if all incomes above \$100,000 were confiscated, as has been urged by some, the resulting sum would barely cover our war expenditures for one month? Do you know that if all incomes above even \$10,000 were taken and distributed amongst those earning less than \$10,000, the result, as far as I can figure out, would be that the aggregate income of those receiving that distribution would be increased barely ten per cent.?"

The People Will Decide Correctly

I have complete confidence in the sober common sense of the American people. I believe that when they have been placed in possession of adequate information, when the pros and cons of a proposition have been fully discussed before them and by them, they can always be relied upon to reach sound conclusions.

The menace which I see is not in the deliberate will of the people, but in the fact that under the emotional stress of war, under the patriotic impulse of the time, under the actual or fancied necessity of the war situation tendencies are tolerated and modes of thought and action permitted to gain a footing unopposed, which are apt to create very serious problems upon the return of normal conditions.

In what I am going to say I wish very distinctly and

earnestly to disclaim any intention of criticising our present Government. It would be most unbecoming and improper to do so before this non-partisan gathering in which politics can have no place.

What I mean to bring out is not any sins of omission or commission of the present Administration, but unavoidable frailties and shortcomings which are inherent in the very essence of all government and which emphasize the need, particularly in a democracy, of confining the business functions of government to activities which private enterprise cannot undertake equally as well as or better than the state, or which, in the interest of the maintenance of free institutions, private enterprise ought not to be permitted to undertake.

Liberty and Governmental Efficiency

Liberty necessarily limits governmental efficiency. That is part of the price which we pay for freedom. We do not begrudge the price. We are prepared to pay any price for the supreme blessing of being free men—if necessary, even the price of our very lives as many of those did, who procured for us the great legacy of liberty. But why unnecessarily bid up the price against ourselves by extending the scope of governmental activities beyond the field which naturally belongs to them?

Government, in its very essence, is the negation of competition. It is, by the very fact of its being, whatever its name or kind, the monopoly of monopolies. It cannot but be affected by those short-comings which spring from the absence of competition and the exercise of monopoly.

Why, then, should a people which rightly discounts monopoly and rightly believes in the principles of competition, enlarge the operations of governmental agencies further than is required for the recognized purposes which a free government is meant to serve?

I do not fail to recognize that certainly during the period of reconstruction, and probably more or less permanently, both here and in Europe, the scope of state activities is bound to increase and must concern itself with and intercede in, matters which heretofore were left entirely to private enterprise. But this concern and intercession should be such as not to eliminate, or lame, private enterprise, but to make it more effective. Nor do I fail to recognize, but, on the contrary, I welcome unreservedly—as I am sure we all do—the prospect that in the times which will follow the profound upheaval of the war, the standard by which men will be judged and rewarded will be, more strictly, exactly and farreachingly than heretofore, that of work done, duty performed, service rendered.

Idlers and Social Slackers

The world will have no place for idlers and social slackers. Rank will reside not in birth or wealth—neither, I trust, will it reside in an office holding caste—but in useful achievement.

From Governmental paternalism to socialism is not a very long step.

The menace, however, of bureaucratism and socialistic paternalism with their insidious effect upon the very fibre and marrow of the race, confronts us now.

While bureaucracy and efficiency can go together under an autocratic regime, it is impossible in the very nature of things for bureaucracy to go together with efficiency in a democracy. Nor, indeed, can paternalism and liberty exist side by side.

Bureaucracy is either wasteful, stagnant and inefficient or it is, as in Germany, ruthless in its methods, oppressive in its spirit and poisonous in its effect. It resents progress, vision and innovation because these are disturbing and antagonistic to the very essence of its being—routine.

In our own case the soil for the growth of the noxious weeds which spring from the seed of bureaucracy is particularly fertile, for a variety of reasons. Washington is heavy with the atmosphere of politics and pervaded, as no other capital I know, with the spirit and the very flavor of things governmental.

Fatal to the attainment of governmental efficiency of a high order, is the custom of changing officials with a change of administration.

The Federal Trade Commission was created but four years ago. Yet, not a single one of the original appointees remain today on the commission.

As bearing upon the question of transferring business functions from private control to government control, I need hardly enter into the subject of the vastly increased cost.

The Railroads

The history of our railroads in the last ten years shows the effect of paternalistic control.

Individual enterprise has given us what is admittedly the most efficient railroad system in the world. It has done so whilst making our average capitalization per mile of road less, the scale of wages higher, the average rates lower, the service and conveniences offered to the shipper and the traveler greater than in any other of the principal countries. It is true that in the pioneer period of railroad development, and for some years thereafter, numerous things were done, and although generally known to be done, were tolerated by the Government and the public, which should never have been permitted. But during the second administration and upon the courageous initiative of President Roosevelt these evils and abuses were resolutely tackled and a definite and effective stop put to most of them. Means were provided by salutary legislation, fortified by decisions of the Supreme Court, for adequate supervision and regulation of railroads.

The law enacted under President Roosevelt's administration was not allowed to stand for a sufficient length of time to test its effects. The enactment of new railroad legislation in 1909, established, for the first time in America, paternalistic control over the railroads.

Hampered, confined, harassed by multifarious, minute, narrow and sometimes flatly contradictory regulations and restrictions, state and federal, that great industry began to fall away. Initiative on the part of those in charge became chilled, the free flow of investment capital was halted, creative ability was stopped, growth was stifled, credit was crippled.

The theory of governmental regulation and supervision was entirely all right. No fair-minded man would quarrel with that. But the practical application of that theory was wholly at fault and in defiance of both economic law and common sense. It was bound to lead to a crisis. It is not the railroads that have broken down, it is our railroad legislation and commissions which have broken down.

Emergency of War

The Government, in the emergency of war, probably wisely and, in view of the prevailing circumstances, necessarily, has assumed the operation of the railroads. The Director General of Railroads, rightly and courageously, proceeded to do immediately that which the railroads for years had again and again asked in vain to be permitted to do—only more so. Freight rates were raised 25 per cent., passenger rates 50 per cent., many wasteful and needless practices heretofore compulsorily imposed were done away with. The whole theory under which intelli-

(Continued on Page 60)

STANDARD TRUST & SAVINGS BANK

Member Federal Reserve System
Member Chicago Clearing House Association

September 6th was the eighth anniversary of this bank, which has occupied its present quarters since May 26, 1917. The consistent growth of its deposits is shown as follows:

May 26, 1911	\$3,193,630
May 26, 1912	4,546,465
May 26, 1913	4,604,604
May 26, 1914	5,718,331
May 26, 1915	6,042,918
May 26, 1916	6,875,765
May 26, 1917	8,199,704
May 26, 1918	8,988,258

In Establishing relations with our depositors we aim to make the connection mutually advantageous

DIRECTORS

W. J. Carney	F. J. Lewis	A. R. Marriot
Robert F. Carr	Charles S. Cutting	William H. Colvin
George H. Taylor	P. D. Castle	Jacob Mortenson
William F. Merle	R. A. Cavanaugh	Frederick A. Hill
Fred F. Bullen	James B. Beckett	James M. Miles
	Charles S. Castle	

Banking, Savings, Investments and Trust Departments

President, Charles S. Castle Vice President, James M. Miles
Cashier, Henry C. Stevens Ass't Cashier, Ward C. Castle
Secretary, H. W. Hawkins

**105 West Monroe Street
CHICAGO**



Bankers of the Northwest

The large and steady outlet that we have for first mortgage loans on Minnesota, North and South Dakota, and Montana farms keeps us constantly seeking additional connections with Bankers in this territory.

The mortgage loan facilities this Company offers should appeal to those Bankers who desire to place farm mortgages with an institution that can absorb quantity with quality.

Applications are promptly considered and, if accepted, are closed without delay.

Call or write our Mortgage Loan Department for further details.

The Minnesota Loan and Trust Company

405 Marquette Avenue,
MINNEAPOLIS, MINN.

THE BANKERS NATIONAL BANK

MINNEAPOLIS, MINNESOTA

Capital and Surplus \$1,200,000

Member Federal Reserve System

Member Minneapolis Clearing House Association

The Bankers National bank is ALL that the name implies

"WHERE BANKING SERVICE IS ALWAYS GOOD AND COURTESY IS UNDERSTOOD"

The Merchant Marine and the Railroads

Harry A. Wheeler, Vice President Union Trust Company, Chicago, Before the National Convention of the American Bankers Association

In order that you may acquit me of indiscretion in the choice of a subject, or of lack of appreciation of the extent of its ramification, I must confide in you that this subject is of your president's choosing rather than mine, and I am obeying orders to present for your consideration some observations that may perchance furnish a little food for thought, even though they offer no conclusion or point to no solution.

The subject is in reality "Transportation." The inquiry is with regard to its present and future development and control.

Transportation,—rail, inland water, and overseas,—has, as a result of war emergency, been lifted out of the field of academic discussion and today constitutes a problem of the most vital character to all classes of our people. The solution demands impartial study, flexible thinking, and a willingness to abandon some cherished ideas for the sake of truth and progress.

New Conditions Necessitate Changes

Conditions that influenced our thinking with respect to development, ownership, control, operation, or regulation, have so far changed as to compel the abandonment of declarations that were once most common regarding the possibility and effect of public control, and we are confronted with a new set of facts which overthrow our old barriers of thought, force a suspension of pre-war conclusions, and compel a new survey of the field and an adjustment not to theories but to outstanding though to some unpalatable facts.

Transportation lies at the root of national prosperity. It is of paramount importance in war time in carrying out the war program, but with the return of peace, it becomes the foundation stone beneath our economic structure.

If we could put our problems with respect to both merchant marine and railroad in the form of laboratory exhibits and analyze them with scientific impartiality, we would, at least, come to know the problems better and the solution would be more in keeping with public welfare than with either political or private interest.

Our Want of a Merchant Marine

As a nation we have no reason to be proud of our merchant marine policy as expressed in legislation of the decade prior to 1914. If our legislative course was destructive, the fault was not wholly with the law makers, who doubtless believed that they were accurately registering public sentiment, but with the lack of consciousness of the necessity of a merchant marine as contributing to our national prosperity.

To produce a creditable overseas service involved the settlement of a number of highly controversial questions upon which we were divided politically, and geographically without regard to politics. The interior was quarrelling with the coast over mail subventions and subsidies. The coast was pointing to labor differentials as between the United States and other maritime nations and asserting that ships could neither be built in American yards nor sailed under our flag until the differentials had been removed or equalized. Sellers of raw materials for export exceeded sellers of finished products, and bottoms flying foreign flags were available to carry our raw products abroad while finished products must await the pleasure of

competitive countries to provide us with deliveries to markets awaiting our products.

Three Controlling Factors

We lost sight of three controlling factors:

1—That permanent or enduring national prosperity depends not upon selling our raw products and buying back the finished commodities, but in converting our raw products and retaining both profits at home.

2—That if we would add to the variety of raw products for conversion, we must be able to provide for their transportation to our own shores and in the same bottoms return our finished manufactures to the countries from whom we buy.

3—That subvention and subsidy are expensive as between competing nations and never can be depended upon to equalize permanently existing differentials in cost of ships and of operation.

Successful building of merchant ships depends upon standardization, upon willingness to exercise the same courage, ingenuity and skill that have characterized our development of other industries, and upon getting into the consciousness of the people, not the reasons why we cannot succeed, but the confidence that we can and must overcome all obstacles, not by artificial and temporary aids, but by efficiency and skill as the only paramount levelers of competitive conditions.

Successful Operation of Ships

Successful operation of merchant ships depends, not upon cheap labor and subvention or subsidy, but upon efficient and well paid labor in whom the spirit of team play can be instilled and whose interest in winning lies in something more than multiplying profits to the employer.

Successful operation of merchant ships depends upon quick turn around and the number of ton miles constituting the year's work rather than the number of days at anchor or at berth awaiting discharge or receipt of cargo. This necessitates port facilities of modern type and co-operation of land transportation agencies working in close harmony with vessel movement.

Successful operation of merchant ships depends upon abundant available cargo for round trip, and with our lack of appreciation of export trade, our short-sighted policy in solicitation, in adapting our productions to the demands of our would-be customers, and in our inadequate and often unintelligent facilities for financing export operations, we find one of the most difficult of all obstacles to the maintenance of a successful American Merchant Marine.

Demands of War Solve Problems

Part of our problem is being solved for us by the demands of war. Whereas in 1916 our merchant marine has dwindled to two and one-half million dead weight tons of ships, two million tons of which were in coastwise trade, we have today, by one authority, more than four million tons of our own and three million tons seized and chartered, while another authority estimates the American Merchant Marine controlled by the Shipping Board at 2,185 vessels, aggregating nine and one-half million tons, while the ship program comprises 2,300 contract ships of 13½ million tons, while the ship program comprises 2,300 contract ships of 13½ million dead weight tons. In other words, our American Merchant Marine, when the present

program is fulfilled, will consist of more than 20 million dead weight tons, or about the equivalent of Great Britain's merchant shipping at the beginning of the war.

Our Problem Now

Our problem is, how shall we use this new instrumentality which the emergency of war has placed in our hands?

Ships have no value except as cargo carriers. If a nation has no ambition to acquire foreign markets for its production, or if it uses foreign markets only as a dumping ground of its surpluses, it cannot sustain a merchant marine, nor does it deserve one.

It will require more intensive education and propaganda than we have conducted in the past to make the search for foreign markets a practice rather than a plaything. It involves training our boys to go to foreign lands and live,—to carry with them, not a line of samples only, but a consciousness that they are the advance agents of the nation, establishing commercial relationships which are to persist and which some day, when conditions are depressed at home, will save their business from loss or disintegration.

Upon the American banker as an individual more than upon any other factor rests the responsibility for encouraging and even pushing out into larger fields the timid or self-satisfied producer whose adviser you are.

Under What Flag Our Shipping?

Under what flag shall this great merchant marine we are building sail? Today under the Stars and Stripes. That flag a few short months ago was so seldom seen in a foreign port as to make it a novelty. Now across Western and Southern Europe it is being carried in the interest of human liberty by the truest, bravest and fittest army that ever trod the soil of old Europe. Those men and that flag represent to the war-ridden peoples whom they have come to succor and defend the unselfishness and ideals of the crusader,—Liberty, national integrity, honor, salvation, and, please God, on the sea from this day forward, as on the land, that symbol we love and for which no sacrifice is too great, shall be the symbol in commerce of the same high purpose as that which carries it across Europe's bloody battlefields.

Under what control, Federal or private, shall it be operated? That question, involving so much of American policy, must be approached with an open mind, and upon the right solution will depend whether success and progress, or failure and retrogression, accompanies this return of America upon the high seas.

The Railroad Problem

Now, turn with me for a few minutes to the railroad problem.

Our national policy in the decade prior to the war, with respect to development and operation of our steam railroad facilities, was almost as destructive as our merchant marine policy.

I will not discuss the abuses and faults that gave rise to such a policy. That unlovely chapter in our history is closed, finis has been written upon its closing page, and except as we turn the page, from time to time, to study past errors for the purpose of avoiding a repetition of an unwholesome experience, we should be content to lay the volume aside and forget the wrongs and bitterness and prejudices that are therein contained.

The President's proclamation on December 26, 1917, assuming possession and operation of all of the railroads in continental United States, terminated forever the old railroad order, and the return of the properties to private ownership, if this shall come at the end of 21 months from the close of the war, will be preceded by the enactment of new laws and new agencies of control and regulation will be created out of the experience of the months or years in which complete centralization of control by Federal authority shall continue.

Traffic rivalry has been suspended, traffic individuality destroyed, and it follows that the property and the going business which the Government is to convey to the owners cannot be physically or commercially the same as that originally borrowed.

If the properties cannot be restored to the owners substantially as borrowed, then an opportunity is offered for working out a new status to terminate the borrowing by the Government that will correct mal-adjustments of the past and provide a system better adapted to the needs of the country in the years to come.

With the advantage of a new point of departure in our transportation system, we are also confronted with the danger of making some calamitous blunder, and the decision may determine whether or not the America of the future is to be an America of individual self-reliance and opportunity.

Three Basic Economic Factors

There are three basic factors in our economic life,—the banking and credit system, transportation and industry. By rare good fortune, the first of these had been adjusted on an exceptionally satisfactory basis before the war. This provides the sub-structure essential for any durable edifice affecting the two other prime factors. Transportation comes next, or rather transportation and industry come now together, for they have common elements to be dealt with, notably the sweeping inhibitions of the Sherman Act.

Immediately before the war, defects in the system of railroad operation had been the subject of organized study and recommendation for their correction. Much was learned from the administration of the Railroads' War Board. More will be learned from the present regime. Keeping our grasp upon the thread of discussion before the war, with the popular mind, because of what has occurred, open to new conceptions, the hour is here for framing a constructive plan to be perfected and put in effect as soon as practicable upon the return of peace.

Drafting legislation is essentially the duty of the committees of Congress. Inasmuch, however, as legislation is responsive to public opinion, the statesman is entitled to all the aid that business men can give him, and there are a number of general principles which it may be useful to suggest with what light we have.

Public Interest in Management

For the sake not only of being well served with transportation, but of rededicating ourselves all along the line to the American principle of individual initiative, should we not rely first and last on the investment public to furnish railroad capital and to employ railroad managers? What are some reasons for adhering to that policy?

Our citizens as users of transportation will cling tenaciously to their hard-won right of appeal from the railroad operator to some regulatory authority. Such an appeal can be effective only if the Government does the regulating and a functionary outside the Government is the operator. A government officer cannot be said to "regulate" his subordinates. When a political power both regulates and operates, policies proceed from the top down. In that case, you have bureaucratic rigidity, mediocrity and

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National Banks in War Time—Their Problems and Work

W. P. G. Harding, Governor of the Federal Reserve Board, Before the National Bank Section of the American Bankers Association at Chicago

In these stirring times our thoughts are constantly with our sons and brothers who are in the fighting lines in France, or who are keeping watch upon the high seas. We are thrilled by the accounts of their military prowess, our hearts are gladdened by their constant advance against a formidable enemy and we are inspired by their courage and unswerving determination to overcome the enemy.

Within a short while there will be more than two million men in khaki on the other side to support the gallant troops of England, France, Belgium, Italy and Greece, and the Czecho-Slovaks, in their battles to free the world from the curse of German militarism and autocracy; and we know that their numbers will be steadily increased until the full fruition of our hopes and aspirations shall have been attained. But human activities in this great war are not confined to the military fronts; the battle lines are not alone in Siberia, in the Balkan Peninsula, in northern Italy, in Lorraine, Picardy and Flanders, but they extend throughout the civilized world. There is an American front, manned by millions of men and women who constitute the great home guard, and who must furnish the munitions and supplies and the transportation facilities for those who are actually exposed to the shot and shell and poisonous vapors of the enemy. Without the work which is being done at home, and which must be carried on in constantly increasing measure, the efforts of our soldiers and sailors could not be long exerted.

Important Work of American Bankers

Important sectors of our home front are held by the bankers of America, who are on the financial firing line, and it is of their work and of their problems which I wish to speak. The national banks of the United States have in other times and in other wars proved their loyalty and efficiency. In fact they were born in the midst of the convulsions of a country torn by civil war and their creation is due to the desperate needs of the nation in those dreadful days.

Through the establishment of the national banking system not only was a market afforded for United States bonds, but facilities were provided for the issuance of a national currency capable of circulating without discount in all sections of the country. So rapidly did the national banking system grow that in 1865, shortly after the close of the Civil War, there were 1517 national banks, having aggregate assets of \$1,359,867,074, included in which were United States bonds to secure circulation of \$272,634,200 and about \$75,000,000 government bonds held as investments.

Monumental Financing Without a Stringency

In 1898, when we were at war with Spain, consciousness of our banking strength undoubtedly had much to do with the ease with which \$200,000,000 of three per cent. bonds were sold to the public at a substantial premium; but the national banks coordinated under the Federal reserve system are now engaged in the most stupendous work they have ever undertaken, and in according to the national banks their meed of praise, I do not wish to slur nor underestimate the importance of the work which has been done by the state banks, savings banks and trust companies as well. There is no question, however, that through the operation of the Federal Reserve System the vast fiscal undertakings of the Government have been successfully carried out thus far without any undue disturbance to our financial structure and without a money panic or crisis of any kind.

American Banking Problems

The problems of the American banker have always been more complex and difficult than those of banks in other countries and their work is more varied and exacting. This is due, in part, to our wide expanse of territory and to the amount of pioneering which has to be done incident to the building up and development of a new country. It is due also to the fact that the spirit of American institutions de-

mands independence of action and that the tendency in this country has been toward a large number of independent banking units, most of them of small and moderate capital, rather than toward a compact group of highly capitalized banks conducting their operations throughout the country through the medium of branches. The need of some means of coordinating this large number of independent banks, of reserving a portion of their resources for the common defense of the financial front, the necessity for providing a more elastic currency which could expand and contract in accordance with business requirements, and of establishing a broad discount market, are some of the causes which led to the establishment of the Federal Reserve System.

Fourth Liberty Loan

The Liberty Loan organizations are about to begin the campaign for the Fourth Liberty Loan. The success of this campaign depends upon the cooperation of the banks,—not upon a half-hearted or complacent acquiescence on their part in the plans adopted, but upon their active, incessant and aggressive cooperation, given in a genuine American spirit worthy of the cause for which the loan is to be raised. For weeks past most of you have been taking your allotments of Treasury Certificates of Indebtedness which are issued in anticipation of this loan, just as you have done in the case of the certificates which anticipated previous loans. In order to meet your allotments you have been obliged no doubt to reduce your regular discount lines and to decline to take paper which, in ordinary circumstances, would have been attractive to you. But you have made it possible for the Government to meet its financial requirements and you have also provided means, to the extent of certificates held, of taking care of the payments that you will be called upon to make for the Liberty Bonds which will be subscribed for by your customers. The opinion and advice of every good banker on financial matters is constantly being sought; your influence is great, and your value as an educational force is incalculable. Banks are the great distributing agencies through which the bonds pass into the hands of the public and it is desirable, wherever practicable, that the bonds should be placed with the customers of banks, and with those who are not depositors, rather than taken for investment by the banks themselves.

Liberty Loan, a Popular Loan

The Liberty Loan is essentially a popular loan. No issue since the first has full exemption from income taxes. The second, third and fourth loans therefore, pay a higher return in the hands of men of moderate means than they do when held by the millionaire. The discount rates at Federal Reserve banks are so adjusted as to enable banks to lend at approximately the rate borne by the bonds, with a small margin of profit. Previous issues have been widely distributed, and each issue has shown a larger number of subscribers than the preceding one, the number in the case of the Third Liberty Loan being more than 17,000,000. The Comptroller of the Currency is authority for the statement that of the total amount of bonds issued up to this time only four per cent. were held on June 29th as investments by the national banks, or 2.29 per cent. of their resources, while they were carrying at the same time loans secured by Liberty Bonds amounting to \$475,000,000, or 2.56 per cent. of their resources.

Amendment of the Federal Reserve Act

Upon the recommendation of the Federal Reserve Board, Congress amended the Federal Reserve Act in several important particulars on June 21, 1917. The effect of these amendments has been to bring into the system a large number of state banks, besides enabling the Federal Reserve banks more effectively to control the country's gold which had been widely diffused, having been used for purposes of circulation and held in vaults of member and non-member banks. As you know, all the lawful reserves of

member banks are now kept on deposit with the Federal Reserve banks, and as Federal Reserve notes may be issued without limit against deposits of gold or gold certificates, the gold holdings of the Federal Reserve banks have been augmented to an amount exceeding \$2,000,000,000, and the discounting power of the Reserve banks has thereby been greatly increased. Both the member and non-member banks have been urged repeatedly to transfer their gold as it accumulates to the Federal Reserve banks, and the appeal has not been in vain, for the response has been very general and gratifying.

Mobilizing Our Gold

In the vaults of the reserve banks gold is available either as a basis of new note issues or as a means of extending their loaning facilities, while in circulation or distributed among the 25,000 or more commercial banks, it is of no more value than any other form of currency. There still remains in circulation and in bank vaults however, about \$900,000,000 in gold certificates and coin, most of which can be deposited and should be deposited, their place to be taken as far as necessary by Federal Reserve notes. In mobilizing the gold of the country into the vaults of the Federal Reserve banks, it is not the intention to increase the volume of loans beyond the amount actually required, but these are war times, and any inability on the part of Federal Reserve banks to respond to legitimate demands made upon them would be disastrous. It is clear that in proportion as the gold holdings of the Federal Reserve banks are increased, the ability of such banks to extend accommodation to other banks or to issue notes is enlarged. As reserve holdings are curtailed, the lending power of the banks is correspondingly reduced.

No Confiscation of Bank Deposits

The national banks of the country can render good service at this time by informing the people in their respective communities of the absolute falsity of the statements which have been made occasionally and which appear to be the result of a deliberate propaganda, that it is the intention of the Government to confiscate bank deposits. Such a statement is absurd upon its face, but is well calculated to alarm the ignorant, and, although it has been denied and denounced in the strongest terms by the Secretary of the Treasury and other high authorities, it is evident, from the proportion of the money paid out every week in payrolls which does not return to the banks, that large amounts in the aggregate are being hoarded or carried upon their persons by workmen who are now receiving unusually high wages. Banks should give especial attention to the problem of bringing into sight any money hoarded in their communities, and should urge its investment in war savings stamps or Liberty Bonds, as well as the establishment of bank accounts. There is good reason to believe that the present is an opportune time, in industrial communities especially, for organizing systematic campaigns for bringing concealed money into the vaults of the banks, or for effecting its exchange for government obligations.

Granting of Credits

One of the most important functions of any bank is the granting of credits. This is a power which should be exercised with prudence and discretion in any circumstances, but under present conditions there are many new and perplexing features to be considered. As the paramount business of this country at present is war, and as the Government is the largest purchaser of all essential commodities, it is clear that the banks of the country should do their part, not only in aiding the Government to obtain the funds and credits needed, but that they should so readjust their own lending operations as to contribute most effectively toward supplying the Government with necessary articles and commodities. War expenditures are essentially different from any which are ordinarily made in times of peace. Instead of contributing toward a permanent addition to the national wealth, the large payments which the Government is making for the maintenance and equipment of our military and naval establishments involve waste and destruction,—inevitable concomitants of war. This process neces-

sarily tends to inflation, which, together with concentrated demand and the need for quick deliveries, brings about rapid advances in the price of necessities. Infinities such as are dealt with in higher mathematics, have no place in the arithmetic of war financing, even though the figures run into the billions. The supply of credit, of goods, and of man power is limited, and as far as possible these resources should be conserved and set aside for the use of the Government, whose abnormal demands—inevitable and necessary in the present circumstances—must be counteracted by greater economy on the part of our civilian population, whose efforts should be directed toward decreasing the normal waste incident to our business pursuits and to our every day life.

Credit for Non-Essential Purposes to be Avoided

Credit extended for non-essential purposes involves the use of labor, of transportation, of material, and of reserves which ought to be kept free for purposes of the Government. Unrestricted credit means unnecessary competition with the Government, and tends to impede and delay its operation, and needlessly advances prices.

At a time when the supreme business of the country is war, it is idle to talk of business as usual, for our accustomed business and personal habits cannot in many cases be continued without interfering with the Government's work and the consequent infliction of serious injury upon the nation.

Looking Toward the Future

The far sighted banker does not content himself by considering merely present problems, but he turns his eyes to the future and endeavors to lift the veil in order that he may see the shadow of coming events and make his plans accordingly. Many thoughtful bankers feel, therefore, that the preservation of our economic strength is of the greatest importance in making provision for that period of readjustment which will follow inevitably the re-establishment of peace. By refraining from buying luxuries and by restricting the use of necessities to the actual requirements of health and reasonable comfort, a reserve purchasing power can be created which will be of the greatest value in bridging over our industries during the period of reaction and reconstruction which will follow the war, when "swords will be beaten into plow shares" and Mars will give place to Mercury and Ceres.

An intelligent and prudent use of credit will be an important factor in strengthening the national resources during the period of the war, in aiding its successful prosecution, besides maintaining our economic strength for the time when our armies will return to the employments of peace. It is important, however, that a wise discretion should be exercised and that there should be a careful discrimination between essential, less essential, and non-essential credits.

Capital Issues Committee

The problem of non-essential credits is, however, not entirely one for the consideration of the banks. The question will be determined for them in many instances by the Capital Issues Committee and by other governmental bodies such as the War Industries Board, which has large powers in the determination of the character and quantity of production and of priorities in the delivery of materials and goods.

In normal times great enterprises and large developments are the result of credits previously arranged by bankers, but the military necessities of today have changed the order so that in many cases developments are predetermined, and bank credits are adjusted to conditions instead of creating them, thus becoming an effect instead of a cause. Your problems, gentlemen, are by no means confined to placing proper restrictions upon non-essential or less essential credits, but they include means of sustaining through adequate credits, the vast number of enterprises and industries whose operations are essential or contributory to the conduct of the war and to the health and necessary comfort of the public.

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Ten Years' Work of the A. B. A. General Counsel

Thomas B. Patton, General Counsel, A. B. A., in Annual Report to the Association Convention, Chicago

The office of general counsel was created 10 years ago and the present incumbent elected to fill the position. Prior to that time on the initiative of Lewis E. Pierson, now an ex-president of the association, there had been created two important committees of the association, one upon bills of lading to promote a better form of bill and more adequate laws governing such instruments and a standing law committee, to promote uniformity and adequacy of state laws affecting banking business and your counsel had acted in an advisory capacity to those committees. Thereafter the work of these committees continued and increased and their respective functions were finally absorbed by the committees on Federal and state legislation, respectively. The work of the bills of lading committee had its fruition in the adoption and recommendation by the Interstate Commerce Commission of a uniform bill of lading, in two forms, for straight and order shipments, the order or negotiable form being so framed as to safeguard against frauds previously common and, later, after the specific bills of lading committee had gone out of existence, in the passage by Congress of a Federal bill of lading law incorporating as one of its main features the principle of liability of the carrier to bona fide holders of order bills where the carrier's agent mistakenly, collusively, or as matter of accommodation, issued to the shipper a bill of lading reciting the receipt of goods which never had been received. The manifold subjects of legislation which yearly receive the constant attention of the committee on Federal legislation and with which your counsel in his dual capacity as counsel and secretary of the committee is in a measure identified, need not be dwelt upon.

Activity in Legislative Matters

In the matter of state legislation, the work of promoting, under the auspices of the committee on state legislation, the passage of the Negotiable Instruments Act has progressed until this law is now on the statute books of every state in the union with two exceptions, Georgia and Texas; the Uniform Act on Warehouse Receipts has, beginning with the year 1907, been passed in 40 states; beginning with the year 1910 the Uniform Bills of Lading Act has, down to the present time, been passed in 19 states and the Uniform Stock Transfer Act, also recommended by our association and having its first enactment in 1910, has now been passed in 10 states. In addition special acts to more adequately punish fraud and make certain banking transactions safer have been framed and their enactment procured in a considerable number of states. The bill to punish the making of false statements to obtain credit, framed jointly by the counsel for the National Association of Credit Men and General Counsel of this association in 1909, has been passed in 34 states; the bill relating to derogatory statements affecting banks drafted by general counsel in December, 1907, aimed to suppress and punish persons who maliciously circulate slanders upon banks—a kind of evil to which these institutions are peculiarly subject—has now been passed in 24 states. The bill limiting the time of liability of a bank to its depositor for payment of forged or raised checks, after return of vouchers, has been passed to date in 23 states with varying time limits ranging from 30 days to one year. The bill to punish the giving of checks or drafts against insufficient funds, commonly known as the "Bad Check" bill has been passed with more or less modification of provision in 34 states, the latest enactment being, as already shown in this report, in the state of New York. Without going into further detail, bills on a number of other subjects—relating to the competency of bank notaries, the non-payment of checks through error, the punishment of burglary with explosives and the payment of joint and trust deposits—framed by the general counsel have been passed in a considerable number of states.

Service Rendered Members

During the 10 years' service more than 3,000 written opinions have been rendered to members upon legal ques-

tions arising in their business and there has been a variety of detailed work for committees and officers of the association.

During the last two years it has been the policy of the committee on Federal legislation and also of the committee on state legislation to organize the committee work on an enlarged basis of efficiency by extending the organization of the committees on Federal and state legislation, respectively, and the creation of auxiliary committees known as the Federal legislative council and the state legislative council, having a representative in each state, which representative, in turn, forms a sub-committee in his own state to more effectively carry on the work. This policy of extension has been sanctioned by appropriate amendments to the constitution. Upon general counsel, as secretary of the legislative committees, has devolved much of the detailed work and correspondence essential to the proper organization and effective operation of these enlarged committees.

Greater Work in the Future

For the future, it is expected to continue the lines of work now carried on and to enlarge the field of operations as time will permit. There are still many subjects of conflict in the decisions of the different states governing banking transactions which can be simplified and the rule made uniform by the enactment of state statutes, the drafting and urging of which it is hoped to accomplish; also a digest of state banking statutes, classified as to subject and kept up to date by yearly additions would be most valuable.

The advent of the war has presented many changed conditions and many new problems and the legal effect of war legislation upon the banking business has created much additional work in the general counsel's office. The revenue legislation, as to which the change of unjust provisions has been urged, as well as the interpretation of the law on many doubtful points; the Soldiers and Sailors Civil Relief Act and its effect upon remedies upon negotiable paper and other obligations of soldiers and sailors held by banks; the selective service acts and the question of the application of the law to bank officers and employees in vitally essential positions of service—all of these subjects have presented new fields of activity. But these are all temporary matters and when the war is won, our country and its Allies victorious and democracy triumphant which is as inevitable as the rising of the sun, there will dawn a new and better era with America, ennobled by self-sacrifice and disciplined by hardship and habits of economy, standing foremost among the nations of the earth in both moral and economic greatness.

NORTHERN PACIFIC SPECIAL MEETING CALLED

New York—The Northern Pacific Railway Company gives notice of a special meeting of the stockholders to be held at the company's office in New York, October 25, to consider the ratifying of a contract with the Director-General of Railroads. Official announcement is made that the directors have considered the standard form of contract proposed by the Government and the results that will be obtained by the company when it shall become effective in all details. The directors believe that it is to the best interest of the company to execute the contract and they recommend its approval by the stockholders.

MORE TREASURY CERTIFICATES OFFERED

Washington—The seventh and probably the last issue of certificates of indebtedness preceding the Fourth Liberty Loan announced by the Treasury will be for \$500,000,000 dated October 1, maturing on January 30, bearing 4½ per cent. interest and having the same terms as similar past issues. Subscription books will close on October 8. This will make a total of about \$4,500,000,000 certificates to be redeemed out of proceeds from the Fourth Loan.



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Service Charges Reviewed by a Reserve City Banker

Clay H. Hollister, President Old National Bank, Grand Rapids, Mich., Before Clearing House Section, American Bankers Association

We have been asked to deal with one phase of the exchange or service charge question—namely—its effect on the Reserve banks as distinct from Federal Reserve, central Reserve or country banks, or in other words, analyze the effect on the intermediate agent who stands between the country bank and the larger outside commercial world. The conditions surrounding the country banker who seeks to build up his business by getting Tom, Dick and Harry to draw checks upon him so that his bank will be known favorably, is like to a bank which was commended to me recently because it had always cashed every check that my friend had received upon it. To get this reputation, which is earned at the customer's expense, and add to it all glory that is earned by its own effort and get people coming in the front door, that is the first step. The real hope underlying it all is that somehow these front door parties may prove worth while and will let some of their prosperity filter into the bank.

Reserve Banks Want Business

The Reserve Bank is just as eager for business—goes out after country bank accounts—makes first a proposition to the country bankers that gives the Reserve banker a small profit, then modifies it to suit the taste, adding salt or sugar, but no vinegar and finally lands the account on a basis satisfactory to the country banker.

A country banker with pride tells us that he has 387 commercial accounts totaling \$57,700 and that 142 of these accounts average below a \$10 balance. He says "The small depositor in rural districts I deem the very fibre root which supports the trunk and branches of the financial tree and when the city bank compels the small depositor to buy a bank draft, postal or express order to pay his bills they are striking at the very hand that feeds them." This same logic obtains in the minds of those Reserve bankers who think that out of the multitude of new bank accounts they get and the volume of items they handle will come the glorious victory.

Soft Words Makes Easy the Way

To such reserve bankers and they are few who have been able first to inveigle with soft words, then to charm while the operation of classifying, card indexing, averaging, and dissecting was going merrily on, and then to finally hold their victims under totally different terms than those originally dreamed of by the correspondent—to such we bow in admiration. We hope they have done the trick and that the Federal Reserve Bank won't get them. But here is the way this refinement in service appears to the country banker—one of them writes:

"Our city correspondents will tell us that they make all of our collections at par, without cost to us, but do they? Our last month's interest account from one correspondent shows 'deductions to cover loss of time incurred in collecting outside items credited upon receipt' of \$128,000 for three days. Does that look like collecting at par? While our customers, whom we take these checks of, get credit at once.

Accounts Which Do Not Produce Profit

But most reserve bankers are not of this class, for either in lack of volume of business which can be controlled simply or in the quality of their accounts which do not produce loanable margins that are simply making one hand spend all its time snatching the burden from the other. Sometimes as a juggler they toss one charge in the air while each hand grasps another, but eventually all get down on the carpet.

Different Classes of Transactions

The classes of items handled which may be said to compose the bulk of transactions involved in our discussion are as follows:

- 1—Trade acceptances.
- 2—Drafts drawn either with or without attached documents requiring presentation to drawers.

3—Checks of individuals upon banks or checks or drafts of banks upon each other.

Trade acceptances, in our judgment, should bear a collection or exchange charge on the part of the remitting bank. This charge should be moderate in order to stimulate the use of acceptances and further because the acceptance, when properly used, becomes one of the most easily handled of items.

Drafts drawn either with or without documents attached involving either the sending of notices, presentation to drawee or both—in almost every case involve a distinct service and therefore should yield a charge to the remitting bank. This charge should be based upon the extent of service required.

Checks of individuals upon banks when sent to pay obligations outside of the town of the drawee bank should yield a small charge to the remitting bank. The same rule should apply to checks or drafts of banks upon each other except where those checks or drafts are upon the larger centers of trade such as the central reserve cities and Federal Reserve banks.

Service Should Be Paid For

Banks are organized for profit. They may vary in service rendered, but they are entitled to pay for such service as they do render.

The opening of a checking account by a bank with a customer is a service to that customer.

The bank furnishes a safe depository for his funds.

It furnishes him all stationery necessary to transact his banking business—including deposit slips, check books, monthly statements of account, pay-roll slips, money containers, etc.

It gives the customer a legal receipt for any money he pays by check.

It enables the customer sitting at his own desk to pay bills anywhere in the country as easily as though they were payable in his own town.

This is definite tangible service that every bank renders to every commercial depositor—many banks do very much more than this in numerous ways.

Different Methods of Collecting Costs

The customer we say should pay for this service and a charge may be allowed by him in either of the following ways:

(a) By keeping with his bank a balance sufficient to allow the bank to first receive from him and its other customers return enough upon its use to repay the cost of the services enumerated above—then in addition a small profit.

(b) If his balance is necessarily small he should pay a fixed monthly fee based on the average cost of similar accounts or if he uses his account freely for paying outside bills, he should permit a charge upon every check so used. As an example of accounts that do not do this I have cited perhaps an extreme case in another paragraph, of the country banker who prides himself that he has 142 commercial accounts that average a ten dollar balance. If we assume that 10 per cent. only of this balance is kept by the banker as a reserve, we can see that the banker receives 54 cents a year, or one cent a week for each account providing he loans his money at six per cent. Out of that he must keep his customer's true account, protect it from fraud or misuse, furnish him stationery as noted above, pay postage, get a return on his own investment in bank and fixtures, clerk hire and overhead.

Small Balances Not Profitable

A banker in Cass City, Michigan, says: "Just today, I cashed a check for 75 cents, drawn on a bank in Montana, think of it, sending a check from Montana, to pay some lodge dues, the bankers do the rest." Of course banks that take accounts like this make their good customers pay the cost of handling the poor ones—they expect the

METROPOLITAN NATIONAL BANK

MINNEAPOLIS, MINN.

Capital and Surplus \$600,000

We have a constantly growing list of correspondents secured by solicitation and retained by service

Geo. B. Norris, President
 J. W. Barton, Vice President
 Chas. E. Wyant, Cashier
 M. D. Chandler, Ass't Cashier
 J. D. Husbands, Ass't Cashier
 F. S. Johnson, Ass't Cashier

few good ones to carry the volume of poor ones—they must charge excess interest to cover this expense or else they must be satisfied to take as a profit less than the going rate of interest would bring them, if other services were properly paid for, or if, by making friends with the small customer you help to draw his friends to you, some of whom may be profitable, which at best is intangible. A country banker, but a friend of the reserve banker, pleads for fair treatment for the latter. He says: "One fault lies largely in the fact that many country banks do not maintain sufficient balances as they should, but try to take advantage of, and work the city correspondent to the limit."

Summing Up the Situation

The banks in this country have developed the greatest number of individual and separate banking offices in the world. They are essentially democratic institutions as compared with those in countries having the branch bank system. They, too, have fostered and developed the use of checks by individuals far more than in any country of the world. This use of checks has an important bearing upon the use of money and of reserves. Even though this use may be of the greatest value in providing a self liquidating secondary currency, its convenience to the maker of the check is such that he should pay for its use. His home bank should see that he pays either by direct charge or by indirect profit on his account, but this should be carefully figured so that a profit is made on each account. When the home bank has done this, what shall we say of the Reserve banks? Their business is greater in volume and involves bank accounts, in addition to ordinary commercial accounts, and they in their turn should receive pay for their service by the use of compensating balances. They may be able to scale some fees from a part of this sort of business that passes through their hands, but the most of their compensation must come from substantial balances kept by the banks whose items they handle.

Reducing Handling Costs

To reduce the cost of handling checks and to place the burden where it properly belongs there might be established in reserve centers, country clearing houses. These should be near enough to their clients so that mails could reach them in not over eight hours. These clearing houses could be operated by joint membership of all banks in the district and used simply in a cooperating way for clearing purposes. The Federal Reserve banks could place in charge of each country clearing house a representative to link up the operation of it with the Federal Reserve Bank. Each country clearing house might receive from member banks a balance not subject to interest which the country clearing house might in turn deposit with the neighboring reserve city banks. This balance would constitute a fund to protect the clearing house from loss—in addition to this, member banks should make daily settlements of clearing house balances by drafts on some neighboring reserve city bank. Rules covering details could easily be formulated. In this plan every country clearing house could receive and collect direct all checks in its designated zone.

This plan would relieve reserve banks from handling much detail and would leave steadier balances in their hands from correspondents and from the country clearing house. In our judgment the saving in detailed handling, postage, and in time of collection would be very great. The Reserve Bank's balances would be as large as before the shift, for the country clearing house would distribute its funds not in transit in Reserve banks.

It seems more scientific and efficient than present methods and might work out to greatly simplify the task of liquidating promptly the floating check currency. It would

(Continued on Page 61)

Farm Mortgages

We are prepared at all times to loan money at current rates on improved farms in Minnesota, North Dakota and Montana.

Applications will be given prompt consideration.

We invite correspondence from banks and others who desire to establish a permanent connection for placing their loans.

Capital Trust and Savings Bank

Capital and Surplus \$500,000.00

JEROME W. WHEELER, President
 JOHN R. MITCHELL, Vice President

SAINT PAUL MINNESOTA

NORTHWESTERN FIRE & MARINE INSURANCE CO.

Minneapolis, Minnesota

Financial Statement January 1st, 1918

Assets	\$1,340,135.15
Liabilities	757,007.71
Cash Capital	400,000.00
Net Surplus	183,127.15
Surplus to Policyholders.....	583,127.15

Fire, Lightning, Tornado, Hail and Automobile Insurance

OFFICERS

C. T. JAFFRAY, President
 E. C. WARNER, Vice President
 ISAAC HAZLETT, Vice President
 JOHN H. GRIFFIN, Vice President & Secretary
 WM. COLLINS, Treasurer & Assistant Secretary
 H. J. GIBSON, Assistant Secretary

DIRECTORS

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 A. A. CRANE, Vice Pres. First and Security Nat'l Bank, Mpls.
 EARLE BROWN, Capitalist and Banker, Minneapolis
 ISAAC HAZLETT, Banker, Minneapolis
 G. W. BUFFINGTON, Attorney, Minneapolis
 C. T. JAFFRAY, Pres. First and Security Nat'l. Bank, Minneapolis
 R. W. WEBB, Vice Pres. Minneapolis Trust Company, Minneapolis
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MINNESOTA SCHOOL OF BUSINESS



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"The school that has made good for forty years"

Expert training for Secretarial, Commercial and Government Positions.

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Banks and Bank Stocks

If you wish to BUY or SELL
Majority or Minority Interest
We can be of real Service to you.

**FARM MORTGAGES**

We have on hand ready
for immediate delivery

6% Judith Basin Farm Mortgages

North Dakota Crop Acreage Officially Estimated

Bismarck—The 1918 acreage of spring wheat was 6,305,379, as against 6,114,191 in 1917; durum, 1,800,020, as compared with 1,384,682, and winter wheat, 57,691, as against 44,503, a total wheat acreage of 8,172,090 for 1918, as compared with 7,545,376, according to a report which has been compiled in the office of Comptroller of Agriculture and Labor John N. Hagan.

The flax acreage for 1918 was 765,213, as compared with 1,198,369 in 1917; barley, 1,915,943, as compared with 2,514,594, and rye, 1,906,369, as compared with 1,318,809. Potatoes were grown on 82,720 acres in 1918, as compared with 69,913 in 1917.

These figures are compiled from reports filed by the township assessors. In 1917, according to these reports, there were 648,273 horses and 983,075 cattle on North Dakota's 70,149 farms.

THE NORTH DAKOTA-MINNESOTA DAMAGE SUIT

Fargo—An angle of the suit started by North Dakota and South Dakota against Minnesota, for \$1,000,000 damages for injury wrought to lands of the two states by Minnesota drain projects emptying into the Red River, will be argued before the Supreme Court of the United States on October 14. The North Dakota and South Dakota lands affected are at the corners of the two states fronting on the Red River.

NORTH DAKOTA FARMER MAKES GOOD

Kindred—Ten thousand dollars' worth of grain has been sold by Ole Thoen, of Kindred, from a quarter section of land that he purchased only a year ago for \$8,000. He almost cleared the whole price of the land in the season's net profit, which, of course, was somewhat under the \$10,000 gross receipts.

WANTS OIL COMPANIES TAXED ON YEAR'S SALES

Bismarck—In his biennial report, State Auditor Karl Kositzky recommends that oil companies operating in North Dakota be required to keep a record of the gallons of oil and gas handled each year and that they be taxed a certain sum on this volume of business. Mr. Kositzky would also tax at a flat rate all vending machines, peanut and pop-corn wagons, stamp machines and other money-making devices.

TO HELP DROUTH-STRICKEN FARMERS

Bismarck—Farmers of the drouth-stricken section of North Dakota, Montana and Washington are to be aided in their spring planting of wheat through loans from a fund of \$2,350,000, provided by the Government through the land banks at St. Paul and Spokane.

The loans for spring planting will be limited to \$5 an acre on a maximum of 100 acres. The allotment for the

three states are: Montana, \$1,550,000; North Dakota, \$600,000, and Washington, \$200,000.

UNION LIGHT, HEAT & POWER COMPANY RATES

Fargo—The Old Colony Trust Company, New York, mortgagee of the Union Light, Heat & Power Company, which asks that Judge C. F. Amidon of the Federal court set aside the injunction of District Judge A. T. Cole restraining the light company from increasing its rates for steam heat beyond the ordinance rate, must show the court, according to a ruling of Judge Amidon, that it has power to set aside a contract between the Union Light, Heat & Power Company and the city of Fargo.

The trust company, in its order, held that the fact the light company was being forced to furnish heat at a loss jeopardizes its security.

Judge B. F. Spalding, assistant city attorney, in his address to the court, declared that as the light company's heat franchise was granted in 1903, the trust company in accepting its mortgage in 1916 was in possession of all facts and could not reasonably expect that a contract entered into 13 years previous should be abrogated just because unforeseen conditions had made it unprofitable.

FARGO BANK CLEARINGS HIT NEW MARK.

Fargo—Fargo bank clearings for September were \$14,527,069.68, the highest for any previous month in the history of the Fargo Clearing House Association, and approximately one and three-quarter millions over September, 1917, when monthly clearings were \$12,800,989.

ORGANIZE BRANCH OF FEDERAL FARM LOAN ASSOCIATION

Grand Forks—A meeting held recently resulted in the organization of a Grand Forks branch of the Federal Farm Loan Association. Five directors were named: O. E. Hunt, Robert Westacott, O. O. Holmen, George Stead, and S. A. Berg. Samuel Torgerson was elected secretary-treasurer.

HEAVY CATTLE SHIPMENTS FROM KILLDEER

Killdeer—During the last week 150 carloads of cattle have been shipped from the Killdeer branch of the Northern Pacific. Three trainloads, consisting of 83 cars, with a total value of about \$350,000, were shipped in one day, making a new record for Killdeer, whose previous high mark was 63 cars for one day. Heavier beef in better condition never has left this market.

DEVELOPING NEW OIL FIELDS

New York—The effect of intensive oil-drilling operations undertaken earlier in the year under the stimulus of good prices and a heavy war demand, is being reflected almost daily in news from producing fields. The Prairie Oil and Gas Company, the Texas Company, the Texas and Pacific Coal and Oil Company, and others have "brought in" a number of important wells in the new North Texas field, while the Empire Fuel and Gas Company and competitors in Kansas has largely increased production. In Mexico several enormous gushers have been reported.

LEAF TOBACCO AVERAGES 25 CENTS PER POUND

Danville, Va.—Sales of leaf tobacco on this, the largest bright-tobacco market, aggregated 3,416,454 pounds for the five weeks ended September 21 offerings being mostly primings. The quantity sold averaged 25 cents per pound.

Northwestern Investment Co.

Kenmare, North Dakota

6% FIRST FARM LOANS 6%

Write for particulars of our
Choice Farm Mortgages

N. H. K. JOHNSON, Vice President

<p>Officers: J. C. Bassett, President Isaac Lincoln, Vice Pres. Alex Highland, Vice Pres. W. W. Bassett, Cashier Clyde Bowman, Ass't Cashier Floyd Yeager, Ass't Cashier</p>	<h2 style="margin: 0;">ABERDEEN NATIONAL BANK</h2> <h3 style="margin: 0;">ABERDEEN, SOUTH DAKOTA</h3> <p style="margin: 0;">Capital \$100,000.00 Surplus and Profits \$125,000.00</p>	<p style="margin: 0;">We know the needs of Country Bankers. Try Us.</p>
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Municipal Ownership Agitation at Sioux Falls

Sioux Falls—A movement for municipal ownership of an electric light plant in Sioux Falls "to supply the present demand for electricity for heating, illuminative and power purposes at a rate lower than the one now existing" has brought about the circulation of a petition asking the city commission to take steps toward this end. The petition bears the signatures of about 100 businessmen.

The petition is said to be the direct result of the raise in rates by the Northern States Power Company in July which action was strongly protested at the time and resulted in the officials meeting with the Minnehaha county council of defense. At these meetings a tentative agreement was reached which resulted in a 40 per cent. raise in electric light rates to big consumers being for the time accepted.

The present petition asks the city commission to pass a resolution submitting to the voters at the next spring election a proposition to bond the city for \$300,000 at five per cent. interest, for a municipally owned plant.

LAST MENNONITE COLONY PROPERTY IN SOUTH DAKOTA SOLD

Scotland—The last Mennonite colony in South Dakota to be sold in accordance with the determination of the Mennonites of the state to move to western Canada because they do not want their young men to serve as soldiers, is what is known as the Maxwell colony, near here. The Maxwell colony was one of the most progressive in the state. The buildings are large and substantial and are equipped with electric lights from a central plant operated by power at the flour mills. The colony lands consisted of 3,200 acres, and a large part of it is fine, level farming land.

SOUTH DAKOTA HAS TEN THOUSAND CARS OF SURPLUS POTATOES

Pierre—The state market commissioner reports a good demand for South Dakota grown potatoes coming from the northwest states generally, especially from southern Iowa, and eastern Kansas and Nebraska, but not confined to that territory alone. So far as that department can learn the situation, the state will have about six million bushels, or 10,000 carloads to send out this fall above the local needs of the state.

BIG PAY FOR CORN HUSKERS IN SOUTH DAKOTA

Pierre—Farmers have decided it will be necessary to pay from eight to 10 cents a bushel for good huskers. A star performer can husk and crib 100 bushels a day and good workers can turn out 80 bushels. Corn is plentiful in South Dakota this year, compared with poorer crops in some states south.

BONESTEEL APPOINTED BANK EXAMINER

Huron—V. C. Bonesteel, cashier of the James Valley Bank here has been appointed national bank examiner for South Dakota to succeed Thomas Campbell, who has become cashier of the First National Bank of Huron.

GOLD, SILVER, COPPER AND LEAD MINED IN SOUTH DAKOTA IN 1917

Washington—Metal mines in South Dakota, according to the United States Geological Survey, produced \$7,364,233 in gold, 186,765 ounces of silver, 10,707 pounds of copper, and 68,081 pounds of lead in 1917, having a total value of \$7,526,905, as compared with \$7,460,644 in gold, 215,205 ounces of silver, and 35,406 pounds of lead in 1916. The total value of the output in 1916 was \$7,604,692.

PRICE OF CREAM HIGH IN SOUTH DAKOTA

Pierre—The cream market is feeling the effect of advanced prices as well as is the market of other farm prod-

ucts. Checks for \$10 and more for five gallon cans, and over \$20 for 10 gallon cans are reported from west river points, this being just about double the price of three years ago.

HAMLIN COUNTY BANKS PROSPEROUS

Bryant—Never before were the residents of this (Hamlin) County so prosperous as at present. The current statements of the various banks of the county show aggregate deposits of more than \$3,000,000, breaking all former records.

EPIDEMIC AMONG HORSES IN SOUTH DAKOTA

Pierre—Live stock insurance companies report a very disastrous epidemic among the horses of South Dakota largely due to a disease caused by forage. It is stated that some 1,200 horses already have died.

Drake-Ballard Company

ESTABLISHED 1880

CAPITAL AND SURPLUS \$750,000

Farm Loans

Prompt and Efficient Service

Write us

PALACE BUILDING - MINNEAPOLIS

\$25,000.00

City of Minneapolis Bonds

Sealed bids will be received by the Committee on Ways and Means of the City Council of the City of Minneapolis, Minnesota, at the office of the undersigned, WEDNESDAY, OCTOBER 16th, 1918, at 3:00 o'clock p. m., for \$25,000.00 Workhouse Bonds.

The above bonds will be dated October 1, 1918, and become due and payable at a time not less than one year nor more than thirty years from the date thereof, as desired by the purchaser thereof, and will bear interest at a rate not exceeding four per cent. (4%) per annum, and to be payable semi-annually, and no bid will be entertained for a sum less than 95 per cent. of the par value of said bonds and accrued interest upon same to date of delivery, and each proposal or subscription must designate clearly the date on which it is desired that said bonds shall be made payable.

The right to reject any or all bids is hereby reserved.

A certified check for Two Per Cent. of the par value of the bonds bid for, made to C. A. Bloomquist, City Treasurer, must accompany each bid.

The issuance of these bonds has been approved by the Capital Issues Committee.

Circular containing full particulars will be mailed upon application.

DAN C. BROWN

City Comptroller

Minneapolis, Minn.

Farm Mortgages for Sale

Made on improved farms in good agricultural districts in Montana and Wyoming. We are on the ground and make our own inspections and appraisals. We have invested our own money in all mortgages offered.

Send for our list

Bankers Loan & Mortgage Company

BILLINGS, MONTANA

Incorporated under the laws of Montana

Capital \$500,000.00

OFFICERS

T. A. SNIDOW, President
FRANK O'MEARA, Vice President
LEE N. GOODWIN, Secretary
HERMAN J. WITT, Treasurer
CLYDE McLEMORE, Ass't Treasurer

Montana Gets Large Sum From Public Forests

Helena—Governor Stewart has received from the United States Treasury Department a warrant for \$76,597.56 due the state for receipts from national forests located within this commonwealth. The list of forests and the apportionment follows: Absaroka, \$2,232.59; Beartooth, \$3,472.88; Beaverhead, \$7,989.60; Bitter Root, \$5,633.12; Blackfeet, \$1,182.62; Cabinet, \$1,129.45; Custer, \$3,882.66; Deer Lodge, \$6,655.18; Flathead, \$9,608; Gallatin, \$1,874.48; Helena, \$5,225.72; Jefferson, \$5,686.86; Kootenai, \$1,504.66; Lewis and Clark, \$1,324.73; Lolo, \$5,028.70; Madison, \$8,112.10; Missoula, \$4,626.21; Sioux, \$1,428.

TOTAL OF 101,004 MEN REGISTERED IN MONTANA

Helena—Complete returns from all counties in Montana to Adjutant General Greenan show that Montana registered under selective draft September 12 a total of 101,004 men between the ages of 18 and 45 inclusive.

The registration falls nearly 16,000 below the estimate of the Government for the quota and about 14,000 below the estimate of General Greenan. The figures show that there were 81,589 full fledged American citizens registered, 8,190 declarants and 11,225 non-declarant aliens. There were 98,437 whites and 494 colored, the remainder being orientals and mixed races.

MONTANA NO PLACE FOR SLACKERS

Helena—From now on deserters from the army and those who have failed to show up for military service, or registrants who have failed to file questionnaires or appear for physical examination, are to have tough sledding in Montana.

The Montana council of defense has issued what is known as Order No. 16, dealing with persons who are in jail because of misdemeanors who may be released if they go to work. If they cease work they will be returned to jail.

The scarcity of labor in the state of Montana is the necessity for the promulgation of the following order:

"Authority is hereby granted and given to the county attorneys of the various counties to release from imprisonment any person confined in a county jail upon conviction for the commission of a misdemeanor; provided that said person shall be so released for the purpose of working at some essential occupation. The time during which said person is engaged in some essential occupation shall apply upon and reduce the term of imprisonment in the same manner and to the same extent as if said person were actually confined in said jail. A person so released who discontinues working after a release, as aforesaid, shall be returned to the county jail to complete his sentence, and it is hereby made the duty of any one employing such a person to notify the sheriff, or any police officer, when any such person so released shall discontinue working."

AMERICAN BOLSHIEVIKI AT WORK IN BUTTE

Butte—While there have been as many men working in the mines during the past several months as at any time, the production of copper has not been nearly as great, due to the fact that the men will not work like they did in for-

mer times. So independent are they that if a foreman or shift boss complains about the amount of work done, they will go to the surface and ask for their time. As a sample of the work being done by the miners today as compared to the time before the I. W. W. crowd started to impede the production of copper, it may be stated that the average amount of ore mined during a shift of eight hours by each man was one and seven-tenths tons, while today it does not average one ton.

A few weeks ago the I. W. W. crowd put in circulation dodgers asking the men to quit work in revenge for the conviction of the wobblies in Chicago, and also for the conviction of Eugene Debs. They further asked the men not to return until they were given six hours a day, hoisted and lowered on the company time, and the rustling card abolished. At first the miners paid little attention to the circulars, but intimidation gradually got in its work, and some of the mines were reduced to barely sufficient to keep operations going, while not a single mine had a full working force. The I. W. W. crowd would watch the soldiers on guard on the streets leading to the mines, and when an opportunity came, some men going to or returning from work would be assaulted and the assailant make his escape. When men who were working could not be reached, the houses of the men would be visited and their wives threatened if they allowed their husbands to work. It may be stated that a perfect reign of terror prevailed. It was thus that the force of men at the mines was reduced. Nine-tenths of the men are satisfied with conditions and are willing to work, but they are afraid of bodily injury. It would seem that martial law is the only remedy, and it looks as if it must come to that if the copper is to be produced. The I. W. W. leaders have lots of money, and the general supposition is that it is coming from German sources.

SURVEY FOR COOKE CITY RAILROAD COMPLETED

Livingston—Jerome G. Locke, chief engineer of the Cooke City Transit Company, has returned to Livingston from Yellowstone Park, where he has had charge of a survey crew during the summer, locating a route from Gardiner to Cooke, which is a distance of 55 miles. According to Mr. Locke the permanent survey is almost completed, which runs through the northern part of the park. The work of cross sectioning will be completed before snow flies.

STATE OF WYOMING SHOWS PROSPERITY

Cheyenne—The assessed valuation of Wyoming increased more than \$50,000,000 in 1918 over 1917, according to figures made public by the state auditor. The state's answer to the appeal for more foodstuffs was the tripling of her cultivated area during the present year, augmenting her cultivated areas from 5,000,000 to 11,000,000 acres.

There are 100,000 more cattle in Wyoming this year than last, the total for 1918 being 872,101. Horses increased 22,000 head, mules 1,000, while sheep showed a slight decrease. Hogs show an increase of 1,000 head.

6% MONTANA FARM MORTGAGES

Our first mortgage farm loans are carefully selected and secured by farms in the most desirable localities in Montana. We loan our own funds. Every loan is personally inspected by an officer of this company.

First Mortgage Loan Company of Montana

Capital \$500,000.00

REFERENCES
 First National Bank, St. Paul, Minn. American Bank & Trust Co., Great Falls
 First National Bank, Great Falls Commercial National Bank, Great Falls

GREAT FALLS, MONTANA

Capital employed in manufacturing and business shows a jump from \$10,000,000 to \$13,000,000, and the value of automobiles has increased to \$5,000,000 from \$3,000,000.

Mine and oil outputs show increased valuations of more than \$3,000,000.

Converse County shows the biggest increase in valuations, the total of 1918 approximating \$10,000,000 over last year, with Natrona second in a showing of an \$8,000,000 increase.

IDAHO BEANS ENRICH MANY FARMERS

Caldwell—The bean crop of the Gem district tributary to this city is estimated at 48,000 bushels, with a valuation of \$180,000. Approximately 1,200 acres have been planted to the crop by the farmers of the district, who it is predicted will secure an average yield of 40 bushels to the acre, which at present prices means a return of \$150.00 per acre and the crops to them. The crop this year is largely of the Mexican red variety. One notable instance of the profitableness of the crop is that Frank Gillian, a farmer of the district, will realize \$3,400 from a crop of 23 acres of beans grown on a 40-acre farm which he purchased as sage brush land last fall at \$50 per acre or for the total sum of \$2,000.

MOUNTAIN STATES TELEPHONE COMPANY IMPROVES SERVICE AT BILLINGS

Billings—The telephone company is spending around \$50,000 for extensions and replacements in the Billings exchange. J. N. Whittinghill, district manager, says that even under a rigid restrictive war program when shipments of materials have been uncertain and disappointing, and when conservation of labor and materials is urgent, this work is necessary in order to meet the essential needs of the community.

TO BUILD PHOSPHATE PLANT NEAR GREEN RIVER, WYOMING

Green River—Preliminary work looking to the erection of a million dollar potash plant is under way here, in the construction of a spur track to the site south of town. The big plant has been promoted and financed by F. W. Boyer, the well-known banker of Rock Springs and Salt Lake.

For years it has been known that the big leucite deposits in western Wyoming and eastern Utah were available as a source of potash, but not until the war's demands did this locality come in for attention.

The War Minerals Purchase Bill

Helena—Mining men of Montana are much interested in what is known as "The War Minerals Purchase Bill," the measure passed by the House, and now up to the President for his signature. A great revival of mining in Montana and other mining states is expected to be the result of the passage of the act.

The act provides for the national security and defense by encouraging the production, conserving the supply and controlling the distribution of certain ores, metals, minerals and metallurgical products, alloys and chemical products, and gives to the Government power to contract therefor, to requisition and to sell the same, and makes an appropriation to carry out the purposes of the law.

The Metals Named

The metals and substances named as essential to the national security and defense, whose production and distribution during the war are to be subject to government control, include the following: Antimony, arsenic, ball clay, bismuth, bromine, cerium, chalk, chromium, cobalt, corundum, emery, flour-spar, ferro-silicon, fullers earth, graphite, grinding pebbles, iridium, kaolin, magnesite, man-

ganese, mercury, mica, molybdenum, osmium, sodium, platinum, paper clay, phosphorous, potassium, pyrites, radium, sulphur, thorium, tin, titanium, tungsten, uranium, vanadium, zirconium, and such other rare or unusual elements as the President may determine to be necessary.

Montana Manganese

Montana is one of the chief sources of supply of manganese, extensive mines having been developed which serve to meet much of the demand caused by the war. Large deposits of pyrites have also been found in the general search for precious metals and many other unusual minerals have been found in widely separated parts of the state.

The bill authorizes the President to enter into, accept, transfer, and to assign contracts for the production of and purchase of the minerals and metals named; to provide storage facilities for them; to provide or improve transportation facilities, and to use, distribute or allocate said necessary minerals, or to sell the same at reasonable prices; provided, that no contract of purchase shall cover a period longer than two years after the termination of the war. Property required by the Government may be requisitioned if insufficiently developed or operated, and any idle mineral land or deposit, smelter or plant, or part thereof.

Just Compensation

The bill provides that just compensation shall be made for all property so taken, and if agreement as to price cannot be had with the owner, the act provides that the President shall determine its value and pay the owner 15 per cent. of the valuation, the owner being given the right to sue the United States to recover such further sum as added to the withheld 25 per cent., will make such amount as will be just compensation.

Appropriation to Carry Out Plan

The sum of \$50,000,000 is appropriated to carry out the purposes of the act. It will constitute a revolving fund to be used over many times and is expected to bring to the use of the Government quantities of minerals needed for war purposes which private enterprise has not developed. The entire \$50,000,000 is to be used for the purchase and distribution of minerals, a separate appropriation being made to cover the cost of putting the law in operation and keeping it effective.

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Capital and Surplus \$400,000.00

Charles J. Kelly, President C. C. Swinborne, R. W. Place, Ass't Cashier
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We specialize in high grade cattle and other livestock paper and will be pleased to furnish detailed information on request.

LIVE STOCK SECURITY COMPANY



A letter of Introduction from the Bank at home will ensure To the new settler a friend and adviser when he arrives in Canada

THIS BANK HAS 134 BRANCHES IN THE WESTERN PRAIRIE PROVINCES

Farmers about to settle in Western Canada will
find our Managers well qualified as farmer-bankers.

THE CANADIAN BANK OF COMMERCE

CAPITAL PAID UP \$15,000,000

RESERVE FUND \$13,500,000

TOTAL ASSETS, 30TH Nov. 1917 \$344,375,232.

Head Office, Toronto

Established 1867

Canada's Important Part in the World War

Toronto—The monthly letter of the Canadian Bank of Commerce, says:

"On July 31 deposits by the public were \$160,792,000 greater and current loans \$76,116,533 greater, than a year ago. As the proceeds of the harvest are marketed there should be a steady increase of savings available for investment. The increase in loans during the year indicates care in the granting of credits, and must, in view of the steady advance of commodity prices, be regarded as quite moderate.

"The Director of Public Intelligence states that between the outbreak of war and March 31 last, Canada had established credits on behalf of the Imperial Government to the amount of \$532,816,397. In addition, through the Minister of Finance, Canadian banks have advanced to the imperial government \$200,000,000. On the other hand Great Britain has advanced to Canada for the maintenance of Canadian troops overseas, \$534,450,826.

"Up to March 31 last the total outlay of Canada for the war was approximately \$875,000,000, including expenditures in Canada, Great Britain and France. From the people of Canada the Government has borrowed \$756,000,000 since the beginning of the war and from Great Britain and the United States \$307,000,000. Part of the loans made in the United States have been repaid. The net debt at the close of the fiscal year, that is, on March 31 last, will be found when the accounts are closed, to amount to \$1,200,000,000, as compared with \$336,000,000 immediately prior to the war. During the past two fiscal years a surplus of revenue over ordinary and capital outlays amounting to \$113,000,000 has been applied to war account. The revenue for the year ending March 31, 1915, the first year of the war, amounted to \$133,000,000, and that for the year ending in March last to \$261,125,459. After providing for pensions and interest on the war debt, the surplus for 1917-18 was \$81,400,000."

BOND HOUSES TO HELP IN THE VICTORY LOAN

Ottawa—Following the course adopted last year, Minister of Finance White has practically commandeered, for the purposes of the forthcoming loan, the bond and stock exchange houses in Canada, from October 7 until early in December. Such recognized bond and stock houses will be employed on the loan by the Dominion Executive Committee, and will be reimbursed on the basis of the operating expenses and to the extent that they are actually engaged in the work. A final analysis shows that the total actual expenses in connection with floating of the last loan was .64 of one per cent.

ONLY ENGLISH AND FRENCH PAPERS CAN BE PUBLISHED IN CANADA

Winnipeg—An order in council has been passed by the Canadian government suppressing publication of newspapers published in enemy languages in Canada. Such papers, if they wish to continue, must be printed in English

or French. This order will affect half a dozen German publications in western Canada, chief of which is now the Northwestern, printed in Winnipeg. Recently the leading German paper in western Canada, the Courier of Regina, suspended publication. The order will affect papers published in Hungarian and Ruthenian.

VALUE OF CROPS IN CANADIAN NORTHWEST

Winnipeg—The Farmer's Advocate of Winnipeg has issued a bulletin stating that recently compiled figures indicate a value of \$592,057,000 for wheat, barley, oats, and flax produced in Manitoba, Saskatchewan, and Alberta. A postscript was added which said that later figures on the wheat crop indicated 25,000,000 bushels more than had been reckoned upon in making up the tabulation. The value of the cereals and flax in these provinces last year was \$623,885,300, and in 1916 it amounted to \$514,691,000.

WONDERFUL CLAIMS MADE FOR A NEW KIND OF WHEAT

Calgary—Dominion officials and agricultural experts of big corporations have had their attention called to the grain experiments made this summer by Richard Allan McCluskey of Calgary. McCluskey claims to have produced a wheat which yields more than 100 bushels to the acre. It is a cross between an Egyptian wheat and the hard Canadian variety and the heads are said to measure from five to six and one-half inches in length. The heads, it is claimed, contain as high as 85 kernels.

CANADA'S FOREIGN TRADE

The August return shows that the foreign trade of the dominion is still on the downward trend—exports for the month being \$90,000,000 as against \$146,000,000 in August, 1917; and imports being \$79,000,000, as against \$91,000,000 last year. The falling off in total trade is, therefore, about \$69,000,000. Taking the five months of the fiscal year to August 31, the total trade this year is \$864,000,000, as against \$1,128,000,000 in 1917; the decrease being \$264,000,000, or nearly 24 per cent. The principal decreases are in the exports—agricultural products showing a decrease for the five months of \$122,000,000, or 50 per cent.; and manufactures a loss of \$92,000,000, or about 30 per cent. A comparatively light yield of wheat in western Canada last year is partly responsible for the decrease in agricultural exports. Also, it is said that scarcity of shipping facilities has impeded the export movement. Gradual decline of the munition industry accounts for decrease of manufactured exports, the falling off in orders from Great Britain as yet being only in part offset by new contracts from the United States. The low estimates now being made of the 1918 wheat crop of western Canada, point to further contraction of our agricultural exports; but if the bulk of the crop is rushed out before January, this factor of a small western crop may not affect the trade returns importantly until the turn of the year.—The Monetary Times.

THE TRUST COMPANIES AND THE FEDERAL RESERVE BANKS

(Continued from Page 31)

was fundamentally the same as the Federal Reserve Act which subsequently became law. The machinery was much the same as that suggested by Professor Laughlin of the Chicago University as a substitute for the Aldrich plan, but the principles involved were, of course, entirely different.

It developed at this interview that Mr. Wilson had been a student of finance and banking for years before he was thought of in connection with the Presidency. The Chicago banker, however, expressed his disapproval of the plan emphatically on the ground that the compulsory purchase of the stock of the Federal Reserve banks by the national banks would be an unheard of exercise of arbitrary power by the Federal Government and that without this the plan would fall to the ground, as it was too unattractive from a banking standpoint to lead banks to join the system voluntarily.

Constructive Legislation

While the fundamentals of the plan were never departed from the greatest possible credit is due Congressman Carter Glass of Virginia, for the commercial soundness and sanity of the completed act. After the act was passed, some financial experts said it was a miracle that such a technically sound and able law could have been enacted by Congress. There was no miracle about it, unless it be considered a miracle that a rather obscure congressman of no great experience in financial matters developed an almost unerring instinct for the sound and constructive in finance and an unsurpassed courage to withstand the onslaughts of the demagogue and doctrinaire.

Few have any conception of the determined efforts that were made to get untried and dangerous schemes into the bill and what it cost to defeat them. Mr. Glass carried this fight gallantly to a finish and collapsed with exhaustion only after the bill became law. The act was passed in November, 1913, but as late as October of that year the democrats in Congress were either lukewarm or antagonistic to it. The united opposition of the banks of the country as expressed at the Chicago conference in August and by this association at its Boston convention in October, coupled with the fierce onslaught of Elihu Root in the Senate, had their effect and it was only the iron will of President Wilson that brought it to a vote. As it was, two democratic senators, members of the currency and banking committee which had charge of the bill, finally refused to vote for it.

Credit to President Wilson

I therefore wish to record the statement that to Woodrow Wilson alone is due the credit of planning the Federal Reserve Act and forcing it to passage, and to Carter Glass more than to any other one man is due the credit of making it a sound, beneficent, workable law.

There is no apology to be made, however, for the action of the banks either at the Chicago conference or at our Boston convention. What was contended for was, First, that membership in the system should be optional. Second, That as the banks furnished all the capital they were entitled to some voice in the management and should have the appointment of three out of seven of the Federal Reserve Board. Third, That a small portion of the reserves of the country banks might be kept with banks in the reserve cities. Fourth, that credit currency issued by banks should not be government obligations.

There is nothing in all this inconsistent with the patriotism and good faith always shown by the associated banks of this country.

INTERNAL REVENUE COLLECTIONS FOR THE PAST FISCAL YEAR

Washington—Internal revenue collections from all sources for the fiscal year ended June 30, 1918, amounted to a total of \$3,694,703,334.05, an increase of \$2,885,309,693.61 over the preceding year, according to a statement submitted by the commissioner of internal revenue to the

Secretary of the Treasury yesterday preliminary to his annual report.

Collections from income and excess profits taxes were \$2,839,083,585.53, compared with \$359,685,147.50 from income tax from corporations and individuals for 1917. The total revenues from income and excess profits taxes in 1918 was 7.9 times as great as the revenue from the income tax of 1917.

All states report increased collections from these taxes in 1918. The smallest increase was in Utah, where \$1,330,000 was collected in 1917 and only \$2,505,000 in 1918. West Virginia showed the largest, being 23.7 times as great as in 1917, the actual increase being from \$1,921,000 to \$45,549,000. The five states reporting the largest collections were New York, Pennsylvania, Illinois, Ohio and Massachusetts in the order named. The southern states with one or two exceptions exceed the average gain for the country as a whole.

Miscellaneous taxes, heretofore designated as ordinary receipts, amounted to \$855,619,748.52, an increase of \$405,911,255.58.

The tax on distilled spirits for beverage purposes was \$232,872,375.13 and on distilled spirits for nonbeverage purposes \$12,270,433. The total taxes on spirits, including rectified wines, champagne, liquors, cordials, etc., amounted to \$317,553,687.33, an increase of \$125,442,368.52.

Tobacco taxes produced \$156,188,659.90, compared with \$102,576,988.14 in 1917. Admission taxes yielded \$26,357,359.72, club dues \$2,259,056.57, and automobiles and motorcycles \$23,981,268.35. Other excise taxes, including piano players, motion picture films, jewelry, sporting devices, perfumes, cosmetics, chewing gum, cameras, yachts, etc., amounted to \$12,995,732.31.

Due to delays in settling estates, the estate tax has not been as fruitful as hoped for. Collections, however, amounted to \$47,452,879.99.

The exact amount expended for collection cannot be stated until all the accounts have been received and adjusted. Such expenses, however, approximate \$11,975,000, compared with \$7,699,031 in 1917. The cost of collection was the lowest in the history of the bureau, amounting to only \$3.24 a \$1,000 collected, or .324 per cent.

OIL COMPANIES AFFECTED BY GOVERNMENT ORDER

Casper—Sixteen oil firms are directly affected by the ruling of the Secretary of the Interior in taking over holdings in the Salt Creek field, and as a result, activities in this flourishing oil territory have died down materially. Outside the allotment area a few firms are going ahead with the work as usual, but inside the boundary line the drilling wells are shut down on all sides. The order affects many royalty holders directly, who did not figure in the firms who are operating in the Salt Creek field and who have held royalty interests through early validating claims, and these will have their royalties automatically shut off by the action of the Government. Among the firms who are affected by the order are the Midwest, Hanley & Bird, New York Petroleum Company, Northwestern Oil Company, Wyoming Crude Oil Company, Boston-Wyoming Oil Company, the Mountain and Gulf, Federal Oil, Reed Affiliated companies, and Development Company, Economy Oil Company, Stocks Oil Company, Pioneer Oil Company, Success Oil Company, Central Wyoming Oil and Development Company, and the Wyoming Oil Fields Company.

NEW CANADIAN NORTHERN DIRECTORATE

Ottawa—D. B. Hanna will be president of the reorganized Canadian Northern directorate. The other members are: Robert Hobson, president of the Steel Company of Canada; Frank Jones, vice chairman of the War Trade Board; E. R. Wood, of Toronto; E. T. Riley, Winnipeg; C. M. Hamilton, Weyburn, Saskatchewan; A. J. Mitchell; Major Bell, deputy minister of railways.

BANKERS CONVENTIONS 1918

Nebraska Omaha Oct. 23-24

Business Want Department

A medium for the sale of Stocks and Bonds, Real Estate, Farm Lands, Stocks of Merchandise; for the man who wants a Bank Position, or a Location for a Bank, Investment or other Business.

Rates for advertisements in this department are 2 cents per word each insertion. Words displayed in capitals, four cents per word. Initials, name, address, location and abbreviations count as one word each. Copy paragraphed, fourteen cents per line. CASH OR POSTAGE STAMPS MUST ACCOMPANY ALL ORDERS. All answers to advertisements under key numbers must be accompanied by three-cent stamp. Address Commercial West Company, Minneapolis, Minn.

BUSINESS CHANCES

Safe Deposit Boxes For Sale
For Sale.—Nest of 100 new Diebold safe deposit boxes, never been uncrated. Address "B17" Commercial West. (20-14)

Bank Wanted
All or controlling interest in Minnesota or Montana bank. Will assume active management. Best references. Fifteen years' experience. Everything confidential. Box 13, Anoka, Minn. (20-14)

Money to Loan on Farms
We can give you money for farm loans at a reasonable rate of interest. Better come in now and let us arrange for your loan before conditions change. FERGUS FALLS NATIONAL BANK, (20-14) Fergus Falls, Minn.

Bank Fixture For Sale
One complete bank fixture of quarter-sawed oak. Used two years; condition good as new. Blueprint and description on application to SECURITY STATE BANK, (20-15) Waseca, Minn.

BUSINESS CHANCES

Bank Fixtures For Sale
First class set of quartered oak bank fixtures, desks, chairs for sale cheap. Will sell all or any part. First National Bank, Beaver Creek, Minn. (18-1f)

North Dakota Bank For Sale
For Sale—Controlling interest in a Northwestern North Dakota bank with a very large and good territory. This is a fine proposition and will bear close investigation. Address "L13" Commercial West. (18f)

Bank Fixtures For Sale
One medium vault door; one quarter sawed oak bookkeeper's desk in splendid condition; about 35 feet of bank counter, quarter sawed oak; also some quarter sawed oak partitions, all at a bargain. Address "X32" Commercial West. (20-14)

Exceptional Bank Offerings
Controlling interest in "surplus" national bank with deposits of over \$750,000 in good Minnesota town of 5,000. Largest bank in district. Earning 20 per cent. Ill health in family of president reason for selling. Also 140 shares in \$25,000 national bank with \$380,000 deposits in excellent agricultural district in Minnesota. A 25 per cent. dividend payer. I. B. WARD & CO., 1135 First National-Soo Line Bldg., (20-14) Minneapolis.

SITUATION WANTED

Wanted.—Position as bookkeeper by young lady; speaks French fluently. Address "V20" Commercial West. (20-14)

SITUATION WANTED

Banking Position Wanted.—Eight months' experience as assistant cashier in national bank; age, 25 years; single; exempt from military service. Address "E14" Commercial West. (20-15)

Wanted.—Position as assistant cashier by young lady with five years' experience in country bank; perfectly familiar with all inside work; speaks French fluently. Address "T12" Commercial West. (20-14)

Wanted.—Position by young man, draft exempt, formerly cashier national bank; familiar with insurance, posting machine and stenographic work. Address "F30" Commercial West. (20-14)

Wanted.—Cashiership in Minnesota, Nebraska, Iowa or South Dakota bank by young man with five years' experience. Now employed as assistant cashier and in the fifth class in draft. Bohemian community preferred, but will consider others also. Address "C8" Commercial West. (20-14)

Wanted.—Position as cashier in a western bank, prefer Montana or North Dakota. Have had several years' experience in North Dakota bank. Can write and speak the Norwegian language and give best of references as to my experience. Address "D21" Commercial West. (20-16)

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Federal Reserve System as Viewed by an Eligible Non-Member

M. J. Dowling, Olivia, Minn., Before the American Bankers Association Convention, Chicago

The Federal Reserve Law, as amended, offers no reason for an eligible bank to be a non-member. We must look elsewhere for the reasons that have kept eligible banks from joining the system.

I have come to the conclusion that there are five reasons. These five are to be found in the personnel of the Board which interprets and administers the law.

There are but two remedies. One, obviously difficult to secure, is a change of personnel to include at least one member selected from state bankers, preferably from a town of 5,000 or less. Another should represent the small national banks. Two should come from large commercial centers and the fifth could profitably be selected because of his knowledge of international banking. The other remedy can be applied by Congress. It would consist of so amending the phraseology of the law as to make mandatory the intent of the framers and not leave any portion subject to double entendre.

Had Congress followed the suggestions of the Committee of Twenty-Five last year in place of retreating in the Conference Committee, there would have followed an old fashioned revival meeting style of response of sinners seeking salvation by the eligible non-members.

Service Without Compensation

The strongest indictments that can be returned against the Federal Reserve Board are their determination to compel service without compensation; their inability to see that concessions should be made to meet the requirements of more than one half of all the banking institutions of the country; their sweeping disregard of the legislative needs of more than 12,000 banks located in communities of less than 1,000 population each; their unwillingness to meet and measure the problems of eligible non-member banks located in agricultural, mining and industrial communities, each requiring a different rule for rediscount and all requiring more elasticity in the care of their legitimate needs and finally their appeal to patriotism rather than to reason in their campaign for membership. An appeal to patriotism brings every redblooded American to attention.

The White House letter of October 13th last year, sent

out by Governor Harding two days later, met with instant response from many eligible non-members who feared to meet the taunt of "slacker." That bugle blast would have brought every eligible bank into the system if the large majority had not felt that their patriotism was "all wool and a yard wide" and in quality as good as that of the membership. There is no need for me to champion the cause of the state banker when his patriotism is called in question. His actions have spoken for him. He has borne his full share of the financial war burdens of the nation. He has parted with his gold reserve, his silver and gold certificates and his proportion of manpower now on the battle fronts of Europe and in our training camps here. He has purchased his full share of the government certificates of indebtedness and of the bonds of each and every issue. He is paying his war taxes cheerfully and setting aside his own business affairs, has diligently turned his working force into volunteer work for our country.

Will Get Into the Band Wagon

If force, taunts, reprisals and regrets are to form the avenues leading to the system, I venture the prophecy that the travel will be light. On the other hand, if compensation follows service, legislation follows needs, representation on the board follows membership, kindly interest follows inquiry, common sense leads interpretation and reason follows rules, then and not until then will the eligible non-members climb into the band wagon and join in the community singing with vim and vigor.

DANIELS FAVORS INCOME TAX IN NAVY

Washington—Secretary of the Navy Daniels has written to Senator Simmons, chairman of the Senate finance committee, protesting against exemption of naval officers serving abroad from income taxes. He says neither the men nor the department desire the exemption.

RESTRICTING USE OF PLATINUM

Washington—Use of platinum in the manufacture of jewelry or for other non-essential purposes is prohibited by regulations issued by the War Industries Board.

Part of Our Service to Our Government Is To produce food and to help keep the immatured stock on the farm

If you are in need of hay and feed we can furnish you names of parties who have feed and hay for sale, or if you have a surplus in your locality, we can furnish you names of parties who desire hay and feed.

WE LOAN MONEY TO GROW CATTLE AND SHEEP

Stock Yards National Bank
SO. ST. PAUL, MINN.

St. Paul Cattle Loan Co.
SO. ST. PAUL, MINN.

Review of the Live Stock Markets

South St. Paul, September 30—Moderated receipts of cattle at this market at the opening of the week enabled sellers to check downward price tendencies which prevailed last week. Killing stock sold steady to strong and in spots higher in spite of packers' efforts to cheapen cost further. Stockers and feeders opened for the week on a strong to quarter higher basis while veal calves broke another half dollar and topped at \$16.50. Hogs and sheep started the week steady with fairly liberal supplies on hand.

Fat cattle values suffered a sharp break last week as the result of too liberal shipments. The big fall movement is on and all markets have been swamped with supplies. Prices have gone down rapidly, with good beef material fully \$1 lower than two weeks ago, while the common kind of killing stock looks \$2 lower. For the week, the decline was rated at 50 cents to \$1 and more in some cases.

Word has been received here that no Minnesota shipments will be permitted to enter South St. Paul beginning October 12 from Saturday noon to Monday at 3 p. m. This means an embargo on all state shipments every week for the period named. In this manner it is hoped to check this congestion and the piling up of supplies.

Cattle trade was featureless. Grass steers good enough to earn \$13 @ \$14 were scarce, although strictly choice toppy rangers are quotable at \$16@16.75. The \$8@12.50 spread is catching the big bulk of natives with trade on real, trashy and off-color stuff at \$5.50@7.50. Butcher cows and heifers have been hard hit and are landing in the \$6.50@8 spread mainly. The good kinds capable of earning \$8.50@9.50 have been far in the minority. Cannery and cutters are selling at \$5.25@6.25 generally with shelly cows down to \$5.

Bulls dropped 25@50c with most business at \$6@8, with few here of a caliber that could get much above the \$8.50 mark. Real light offerings sold down to \$5.50 and lower. Top calves are \$1.00 lower than a week ago, selling at \$17. Weiners are bringing \$5.50@6.

Sellers had to accept severe cuts in rates on all classes of stockers and feeders. Medium to common types of steers and she stock experienced the most decline and were rated 75c to \$1.25 off. Good to choice weighty steers of the kind that have been selling at \$11.50@13 were 25@50c lower. The \$7.50@8.50 spread was well filled with a much better grade of stock than a week or two ago while sales at \$6@6.50 on she stuff represented cattle of considerable quality. Good range stuff has not gone begging, however, and is on a stronger basis than natives.

Dairy cow business is centering on the good to choice springers at \$90@110 with backward cows and inferior grades going over the scales mostly. About 185,000 cattle and calves arrived at this market in September.

Hog prices have receded from the high point of two weeks ago and are 50@75c lower. From \$19@19.25 is

catching the bulk of arrivals though a little premium is being paid for choice, light weight droves weighing around 175@190 pounds. Rough, heavy types up to 300 pounds and more earn the least money. Pigs and feeders have been trimmed heavily and are \$2@2.50 lower than a week ago. Choice feeders are quoted around \$17@17.50 with light, boar pigs at \$10@12. Hog receipts are coming a little heavier, last week's average being close to 3,000. The hog market for the week follows:

Tuesday, range, \$18.75@19.25; bulk, \$19.20@19.25; Wednesday, range, \$19.10@19.25; bulk, \$19.20@19.25; Thursday, range, \$18.80@19.00; bulk, \$18.95@19.00; Friday, range, \$19.00@19.25; bulk, \$19.10@19.15; Saturday, range, \$19.00@19.25; bulk, \$19.10@19.15; Monday, range, \$19.00@19.25; bulk, \$19.10@19.15.

Packers are discriminating against heavy, buck lambs but other kinds are holding fully steady. Receipts continue liberal.

CHICAGO

Chicago, September 30—Prime heavy grades were 10c higher but native steers suffered a sharp decline with the common, light grades being hit the hardest. Most of the offerings below the choice class were 50c to \$1 lower and the common, light grades were \$1.50@2.00 lower. Top for the week was \$19.60, standing a dime higher than last week. There were several lots at \$19@19.50, including some 1,000 lb. yearlings at \$19.25. Sales between \$18@18.75 were relatively scarce while the proportion passing \$17 was the smallest of the season.

Current quotations follow: Beef cattle, good, choice and prime, \$15.50@19.60; common and medium, \$10@15.50; butcher stock, heifers, good and choice, \$8.50@13.50; common and medium, \$6.75@8.50; cows, good and choice, \$8.25@13; common and medium, \$6.65@8.25; bulls, bologna and beef, \$7.50@13; cannery and cutters, \$5.65@6.65; stockers, good, choice and selected, \$10.50@13.75.

Hogs suffered a sharp reduction last week and closed 25@50c lower. The market scored a little upturn at the close of the week and held strong with packing grades mostly 10c higher today. Current quotations: Heavy, \$19.20@20; medium and light, \$19.65@20; packers, heavy, \$18.50@19; medium and mixed, \$18.75@19.35; light hogs, \$19.60@19.95; pigs, \$17.75@18.50; roughs, \$18@18.50.

Fat sheep and yearlings were 50@75c lower for the week and native lambs were off \$1@2. Killers and feeders were mostly 25@50c lower Monday; extreme top on lambs 75c off. Current quotations: Lambs, choice and prime, \$16@17; medium and good, \$14@16; culls, \$8@12; feeders, \$12@14.50; ewes, choice and prime, \$11@11.50; medium and good, \$9.50@11; breeding, \$11.50@18.

SIOUX CITY LIVESTOCK

Sioux City, September 30—Supplies were far too heavy for the demand and there was a weak tone to the trade at the close last week. Beef steers closed 50@75c lower and it was hard to get clearance. Some long yearlings brought \$16.50 but few ripe beeves were offered. Strong weight range steers sold up to \$14.50. Not many steers from the ranges sold about \$13, however. A big consignment cashed at \$10.50@12 with light kinds going down from \$10. Butcher stock was off 50@75c and \$1 in cases. Cows and heifers are selling at \$7@8.50 with cannery and cutters at \$5.50@6.75; bulls at \$7@8 and veals at \$7@12.50. Bulk of the hog crop sold at \$18.65@18.90, with a few choice lots at \$19@19.25. The market was 40@50c lower.

GRAIN AND MILLING

Office of the Commercial West, October 3—Much interest is taken in the report of expert B. W. Snow as to the wheat situation October 1. Mr. Snow basing his estimate upon final threshing returns showing an average yield of 15.8 bushels per acre, places the winter wheat crop at 572,000,000 bushels, which is 16,000,000 bushels more than the government estimate for September 1. Mr. Snow places the total spring wheat crop at 362,000,000 bushels, which is 19,000,000 bushels more than the government estimate of September 1, making the total wheat crop for the country 934,000,000 bushels, which is 35,000,000 bushels above the government figures. It appears from threshing returns indications throughout the West and Northwest, that Mr. Snow's figures will closely approximate what will be shown by the final government report.

Mixed Flour Law

Recently the Commercial West commented upon the possibility of a repeal of the mixed flour law, which was suggested by the Food Administration. An Associated Press report states that Secretary McAdoo has joined with the Food Administration in an appeal to Congress for a repeal of the law for the duration of the war, so that flour can be milled in this country in accordance with the agreement made between the United States and the allied countries. In the war revenue bill, an effort was made in the House to repeal the law but met with failure. Now it is proposed to introduce a special bill.

Opposed by the Millers

The millers of the United States have gone on record in opposition to a repeal of the measure. The reasons stated are that the law would open wide the doors to deception and would result in the consumer being victimized by adulterated flour produced by unscrupulous millers. A repeal of the law would allow millers to utilize corn, rye, barley and other grains in the production of flour with the result that there would be no uniformity, and bakers and housewives would find it difficult to produce a uniform, good loaf of bread from the different productions. At a meeting of millers of the Northwest held in Chicago, resolutions were passed opposing a repeal of the law and also at a meeting of the soft wheat millers at Toledo, during the last week in September, similar resolutions were passed. It is believed by the better element of the milling trade that no good can come out of a repeal of the law, and that without a repeal millers will work in perfect harmony to carry out the desires of the Food Administration as to wheat conservation.

To Raise the Minimum Price of Wheat

Another development of the week is a renewal of the effort to have action taken fixing the price of wheat for 1919 at \$2.50 per bushel. It is proposed by the supporters of this proposition to have a special committee appointed for the purpose of investigating the cost of wheat production. It appears to those who are conversant with grain growing, that the regulations promulgated by President Wilson as to the minimum price of wheat is fair, and the rate sufficiently high to make wheat growing a profitable crop. The fact that big business has extensively entered into the growing of wheat with little hopes of getting a higher price than the government minimum fixed, should be sufficient evidence that there is money in wheat growing at the present price. Reports are coming in from different sections of the Northwest showing the enormous profits made by wheat growers this year, where, in many cases the receipts from crops have been sufficient to pay in profits the entire cost of the land upon which the crops were grown.

Regulation of Coarse Grain Prices

As to regulation of prices, various opinions are expressed, many of them influenced by individual interests. The president of the National Milling Company in a letter to the Northwestern Miller makes the suggestion that a fixed price should be placed on corn and upon barley, as well as

upon wheat. In the letter it is also noted that the total milling capacity of the United States is approximately 200,000,000 barrels yearly, and that the output of wheat flour is not greatly in excess of 130,000,000 barrels or 65 per cent. of the capacity of the mills. In the manufacture of substitutes, it is necessary that the mills turn out approximately 32,000,000 barrels during the year, which means more than 108,000 barrels of corn and barley flour a day. Just at the present time the mills are not equipped to turn out mixed flour of the victory kind to supply 50 per cent. of the home consumption, not taking into consideration the requirements for export and it will require fully six months' time to make alterations in the mills which will enable the millers to comply with the Government Food Administration regulations.

The flour output in Minneapolis the past week was 413,520 barrels, which is about 8,000 barrels more than produced during the corresponding week a year ago, but 80,000 barrels less than produced for the corresponding week of 1915.

The receipts of wheat at Minneapolis for the week ending September 28 were 4,675,000 bushels, or about 1,500,000 bushels more than for the corresponding week a year ago.

Seeding for Next Year's Crop

Preparations for fall seeding are extensive in all wheat growing sections. In western Kansas between 300,000 and 400,000 acres more than last year will be sown on account of the assistance given the farmers for seed buying. There is a possibility that the Kansas wheat crop next year will be the greatest in history should soil and weather conditions be normal.

The Harvest in Canada

The harvesting and threshing of wheat is progressing in Canada. A late estimate as to production in the three northwestern provinces show an increase of some 25,000,000 bushels above the highest estimate made early in September. It is believed now that the crop will closely approximate 200,000,000 bushels. Accurate figures are difficult to secure. However, there is a much more hopeful outlook for all Canadian crops.

Grain Corporation Seeking Money

The news comes from the East that the United States Grain Corporation in its buying of wheat for the Government has found it necessary to go into the open market for money to secure the crops, its capital of \$150,000,000 being inadequate to handle the grain interests. The financing has been carried on by the drawing of drafts secured by bills of lading, warehouse receipts and acceptance of bills by banks and trust companies. So far about \$50,000,000 has been secured in this manner, and it is expected that the amount will be largely increased. The New York bankers have placed no limit upon the amount of acceptances issued by the corporation.

Oats

It now appears that the oat crops in the United States will be the second largest on record. October 1 threshing reports indicate one bushel per acre yield greater than the September 1 report, and upon this basis B. W. Snow figures the crop at 1,536,000,000 bushels, which is 59,000,000 bushels greater than the government September 1 estimate. The grain this year is of exceptional quality. In the face of this optimistic report, prices are weakening and during the week there were declines in the different markets, one of the reasons being the inadequate storing facilities at the bigger terminal points, and the slow movement in the export trade. Last week the oats exports amounted to 2,914,000 bushels, compared to 3,657,000 bushels the week before. However, the exports were slightly in excess of the shipments for the corresponding week a year ago.

Corn

It has developed that the reports circulated a few weeks ago relative to damage by frost were considerably exaggerated.

gerated. In fact, October has been entered with a marked improvement in conditions throughout the entire corn belt, with the exception of a few isolated points, places where frost damage was purely local and the aggregate damage insignificant. The crop is about matured and the quality is excellent. Shipments of new corn have already been made from southern Nebraska points and from Kansas. In Iowa the crop is in good condition and quality high.

B. W. Snow in his reports makes the corn condition for the entire belt at 67.5 per cent. There has been a noted improvement in Missouri, Nebraska, Iowa, South Dakota and Minnesota. Mr. Snow estimates that the corn crop will amount to 2,700,000,000 bushels, which is 29,000,000 bushels greater than the government September 1 estimate. The Northwestern National Bank of Minneapolis has issued an estimate of the Minnesota crop, placing corn at 109,593,000 bushels, and the South Dakota crop at 109,777,000 bushels.

Rye and Barley

The Northwestern National Bank places the total crop of rye for the states of Minnesota, North Dakota, South Dakota, and Montana at 37,295,000 bushels, North Dakota leading with 21,399,000 bushels. The rye market has been comparatively dull. There is only a fair demand for milling purposes. Receipts at five principal rye markets for last week were 1,219 carloads, compared to 922 carloads for the corresponding week last year. Prices have declined from one to two and one-half cents in the different markets.

Barley continues to fill the place of ordinary interest. Receipts for last week were 1,372 cars at six different markets, just about half the receipts for the corresponding week last year. The barley crop for the four leading northwestern grain states as reported by the Northwestern National Bank aggregates 114,219,000 bushels, Minnesota leading in production with 43,358,000 bushels, North Dakota second, with 37,538,000 bushels South Dakota third, with 31,444,000 bushels, and Montana with 1,879,000 bushels.

Flax

In its weekly letter the Archer-Daniels Company says under date of September 28:

"Extreme estimates of United States and Canadian crops are 24,000,000 bushels. If we estimate 2,000,000 retained for seed and 2,000,000 for Canadian consumption, will 20,000,000 bushels provide the oil needed in the United States before another crop? With practically no accumulation of seed or oil in the mills before November 1, with lake navigation closing about December 1, what should be the value of November flax which will decide the cost of winter oil, and how much seed can the eastern mills secure in the next 60 days at any price?"

FARMERS ARE MARKETING EARLY

New York—In its financial letter dated October 1 the American Exchange National Bank of New York says:

"At the beginning of the Fourth Liberty Loan campaign the financial situation has been much improved by the early marketing of grain and other farm products. Deliveries of wheat at primary points have been so heavy that the railroads have been forced to declare temporary embargoes in some parts of the country. Wheat and other small grains have been harvested with highly satisfactory results, but excessive drought in some parts of the corn belt has reduced the size of that crop. Farmers realize that it pays them best to market their wheat as quickly as possible, because the price is fixed. They grasp the advantages of turning their products into cash as soon as possible."

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 Current Commercial News Forum
 Miscellaneous Information Transportation
 Postal Telegraph Building,
CHICAGO

J. Rosenbaum Grain Co.

The Menace of Paternalism and Bureaucracy

(Continued from Page 41)

gent, effective and systematic cooperation between the different railways had been made impossible formerly, was thrown into the scrap heap.

The question of the disposition to be made of the railroads after the war is one of the most important and far-reaching of the post-bellum questions which will confront us.

My concern is not for the stock and bond holders. They will, I have no doubt, be properly and fairly taken care of in case the Government were definitely to acquire the railroads.

Nor do I speak as one who believes that the railroad situation can be restored just as it was before the war. The function, responsibility and obligation of the railroads as a whole are primarily to serve the interests and economic requirements of the nation. The disjointed operation of the railroads, each one considering merely its own system (and being under the law practically prevented from doing otherwise) will, I am sure, not be permitted again.

The American System

The relinquishment of certain features of our existing legislation, the addition of others, a more clearly defined and purposeful relationship of the nation to the railroads, involving amongst other things possibly some financial interest of the Government in the results of railroad operations, are certain to come from our experiences under government operation and from a fresh study of the subject, in case the railroads, as I hope, are returned to private management.

Personally, I believe that in its underlying principle, the system gradually evolved in America but never as yet given a fair chance for adequate translation into practical execution, is an almost ideal one. It preserves for the country, in the conduct of its railroads, the inestimable advantage of private initiative, efficiency, resourcefulness and financial responsibility, while at the same time through governmental regulations and supervision it emphasizes the semi-public character and duties of railroads, protects the community's rights and just claims and guards against those evils and excesses of unrestrained individualism which experience has indicated.

It is, I am profoundly convinced, a far better system than government ownership of railroads, which, wherever tested, has proved its inferiority except, to an extent, in the Germany on which the Prussian Junker planted his heel and of which he made a scourge and a horrible example to the world; and the very reasons which have made state railways measurably successful in that Germany are the reasons which would make government ownership and operation in America a menace to our free institutions, a detriment to our racial characteristics and a grave economic disservice.

I have spoken of the treatment of our railroads in the past ten years as "punitive paternalism." In some respects this same term may be applied to our existing and proposed war taxation. It penalizes success. It penalizes success. It penalizes thrift practiced in the past and discourages it for the present. It penalizes certain callings and sections of the country and favors others. In some provisions it may be said almost to bear the earmarks of vindictiveness.

My criticism does not refer to the proposed 80 per cent.

war profits tax. Indeed, I have from the very beginning advocated a high tax on war profits.

The Principles of Taxation

Amongst the principles of correct and effective taxation, which are axiomatic, are these:

(1) No tax should be so burdensome as to extinguish or seriously jeopardize the source from which it derives its productivity. (2) In war time, when the practice of thrift is of more vital importance than ever to the nation, one of the most valuable by-products which taxation should aim to secure is to compel reduction in individual expenditures. (3) Taxation should be as widely diffused as possible, at however small a rate the minimum contribution may be fixed, if only to give the greatest possible number of citizens an interest to watch governmental expenditure, and an incentive to curb governmental extravagance.

It may safely be asserted that our war taxation runs counter to every one of these (and several other) tested principles.

Whilst in the case of the rich we discourage saving by the very hugeness of our taxation, or make it impossible, we reach the same undesirable result by opposite means in the case of those with more moderate incomes. The enormous preponderance of saving which could and should be effected does not lie within the possibilities of the relatively small number of rich people, but of the huge number of people with moderate incomes. Moreover, while the rich, in consequence of taxation, limitation of profits, etc., have become less able to spend freely since our entrance into the war, workingmen and farmers, through increased wages, steadier employment and higher prices of crops, respectively, have become able to spend more freely.

Workingmen are in receipt of wages never approached in pre-war times, many of them making incomes a good deal higher than the average professional man, while the profits of business, generally speaking, are on a declining scale and certain branches of business have been brought virtually or even completely to a standstill.

The Distribution of Incomes

Of our total national income, estimated at, say, \$40,000,000,000 annually, it is safe to say that not more than \$2,000,000,000 goes to those with incomes of, say \$15,000 and above, whilst \$38,000,000,000 goes to those with lower incomes. Yet, we decline to employ one of the most effective means to compel saving, i. e., consumption and similar taxes such as every other belligerent nation without exception has imposed.

I know it is not popular to say things in criticism of war burdens of a financial nature. One's motives are liable to be misunderstood or misinterpreted, and he is very apt to have it scornfully pointed out to him how small relatively is the sacrifice asked of him, compared with the sacrifice of position, prospects, and life itself, so willingly and proudly offered by the young manhood of the land. It is a natural and effective rejoinder, but is not a sound or logical one.

Heaven knows, my heart goes out to our splendid boys, and my admiration for their conduct and achievements and my reverence for the spirit which animates them knows no bounds. But I am acquainted with hundreds of business men who bemoan their gray hair and their responsibilities, which prevent them from having the privilege of fighting our foe arms in hand. And I know no American business man worthy of the name, who would not willingly give his life and all his possessions if the country's safety and honor required that sacrifice.

But to win the war and to deal with the problems incident to, and resulting from it, bravery and patriotic devotion alone are not sufficient. Reason must check emotion, reflection must curb impulse. The effort of sober thought is called for and the moral courage to speak one's convictions, provided they are those of a loyal American. It is easy to float with the prevailing surface currents of the day, and tempting to attune one's utterances to sentiments which are sure to meet with popular applause. But

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the value of an exchange of views lies in the difference of views honestly held and presented. It is through free discussion, through the meeting of conflicting opinions in the public forum, that the truth is sought and ascertained in a republic.

Paternalism a Real Danger

The picture of bureaucratic paternalism fastening its shackles upon a nation, which went to war to preserve liberty, is not a fanciful one. Through the accident of war, paternalism at present rules supreme. That is inevitable in war time. The one and supreme task before the nation is to win the war. No personal or business consideration must be permitted to stand in the way of the necessities of that task, and no one must for one moment hesitate to submit to them.

We are not criticising or complaining of the present facts, we are thinking of the future. Officialdom is in possession. It is entrenched in power beyond what it dared to hope for in its fondest dreams. And power is sweet. Officialdom and those who feed at its table will not easily give it up.

It is but human nature that they should come really to believe and endeavor to induce the people to believe that it is for the best to leave in the Government's charge permanently much of that which has been confided to it in the stress of the emergency of war.

Bureaucracy has, and will have, an array of plausible arguments to support its plea.

Paternalism, under a variety of names and disguises, will have the support of the vast army of those who live or hope to live on its huge patronage. It will have to support of the popularity-seeker, the opportunist and the demagogue, and of many who are rightly desirous to further social justice, but do not go to the effort of painstakingly studying and critically examining in the light of reason and experience, the ways and means which are available to that end "without doing more harm than good."

The movement will be countenanced by many who do not sufficiently appreciate, in the face of the lessons of all history, ancient and modern, that the only free government which ever has lasted, or ever can last, was and is a government which gives the broadest scope to the individual, limited only by equally broad but wisely conceived regard for the general welfare.

Liberty means neither uniformity nor the rule of mediocrity. Liberty is strong enough and conscious enough of its strength not to fear but to foster individual capacity. If political liberty is not the sum of individual liberties, fairly ordered and reasonably restrained, it is not liberty at all.

It would be a tragedy, if it were to be permitted that whilst our boys are fighting for liberty, the great and splendid structure of ordered and enlightened freedom and covenanted individual rights, which was handed down to all Americans should be invaded by that most insidious foe of liberty, paternalism, with its allies and close relatives, bureaucracy and socialism.

It would be a grievous affliction if under the emotional stress and turmoil produced by war, our people were to tolerate doctrines to take a footing on our soil, which their sober wisdom heretofore has scornfully rejected as will-o'-the-wisps and as un-American. It would be bitter irony of fate if whilst democracy triumphed on the bloody fields of war that arch representative of the paternalistic system and spirit, Germany, our own governmental and social conceptions and practices were to be infected with the poison of paternalism and bureaucracy.

We must stand together, counsel with each other and work together. We must give voice to our convictions. We must become a militant phalanx in the cause of that which we profoundly believe to be right and wise and just and making for the greatness of America and the happiness and welfare of her people. The problems of the immediate future loom large before us. That nation which will best know how to combine the dictates of social justice with incentive and protection to individual effort will secure the prize of world leadership no less

than of opportunity, well-being and contentment for the masses of its own people.

SERVICE CHARGES REVIED BY A RESERVE CITY BANKER

(Continued from Page 49)

put it up to each bank, large or small, to make a service charge for service rendered to their customers. That is where the chief hitch in the plan lies, but is it not as well to face this squarely now? With the extension of the Federal Reserve Bank—its constant growth in membership, its ability to serve its members—and its insistence on getting par collection facilities—are we not facing the fact that sooner or later we must spread our expense where it belongs and not fool ourselves into thinking that we somehow will play even under the old practice.

Doing a Patriotic Service

We say—let the Federal Reserve Bank help us in handling detail—it is quite likely that at least a portion of the expense of the country clearing house might be absorbed by them so far as their own member bank dealings are concerned. Reserve banks who would thus rid themselves of much detail would have sounder balances and could probably afford to treat correspondents with greater liberality in service and in payment of interest on balances.

The Federal Reserve Bank by its influence through these country clearing houses upon the methods of country banks could assist them in recommending a service charge from customers. They could act as the parent bank as the branch bank system does in establishing policies. This might also help the Federal Reserve Bank to find a place to use some of their large excess earnings for the benefit of member banks.

If a plan like this can be inaugurated and the relation of banks to their customers and of customers to the check problem can be fully discussed and explained so that the customer realized that he should bear his part of the burden—the whole matter will solve itself. As it is now each party to the transaction seeks to dodge his burden and shift it onto the other fellow. Perhaps the customer thinks he is doding now when in reality the charge he should pay directly to his home bank is paid by him indirectly in the added cost of the goods he buys. If each customer pays his share as a service charge—that charge can be made very small. Every merchant, in selling wares, in no matter how small quantities, exacts a charge. Bankers have become very careless in collecting service charges and are themselves to blame for present conditions. They vie with each other in giving service for nothing.

We recommend this restatement of the old story to you as intelligent bankers. If only we could have President Wilson ask bank customers to volunteer to pay service charges to their banks what a wonderful piece of patriotic service it would be!

NATIONAL BANKS IN WAR TIME—THEIR PROBLEMS AND WORK

(Continued from Page 45)

Your attention is directed to the great importance of increasing our supplies of foodstuffs, of cotton and wool, of coal, and of all manufactured articles of an essential character, and it is hoped that you will extend your credit lines with this object in view as far as may be consistent with the principles of sound banking and business prudence. While it is desirable that you should remain free to exercise your own discretion as regards the security of loans and the details of your business, it is necessary nevertheless, that we should all work together in carrying out a general policy. The exigencies of the times require that banking policy must be determined in Washington to a greater extent than would normally be the case, but every confidence is felt that the splendid patriotism which has been manifested in the past by national bankers in the hour of the nation's peril, will continue to be exhibited today when our country is engaged in the greatest war of all history, and that through your cordial and effective co-operation complete victory will crown our military undertakings, to be followed by a lasting and American peace.

Trade Restrictions Encircle Board

Chicago, October 1—New restrictions encircle operations on the Chicago Board of Trade, which was treated to three drastic rulings last week by the Government. Important action, aimed to check profiteering on food materials, was announced by John J. Stream, chairman of the coarse grain committee of the national food administration, who was in Chicago for several days obtaining information in connection with the grain trade and its allied interests. "This is no time for any one to take big profits on anything," he said. "Big profits cause industrial unrest, and the idea is to have cooperation and a tranquility of feeling. Grain exchanges have been notified to clean house and keep operations of their members within reasonable bounds, or they will have to suffer. It is not right for any one member or act of members to do things that will be against the regulations of the exchange or those of the food administration."

Maximum Prices Opposed

The administration also ruled against the impost of maximum grain prices, and directors of the Board of Trade endorsed the passage of a measure providing that all contracts will be permitted to run to maturity unless the food administration requests a cessation in trading. This action is one of the most important since the war begun and is a big victory for Updike and other members of the exchange who have held that buyers and sellers should be obliged to live up to their contracts, except where there is evidence of manipulation. At present there are no maximum prices on grain futures, but there are on pork, lard and ribs. This ruling does not apply to the contracts for provisions for the balance of this year, but it means that January products and subsequent deliveries can be traded in without maximum price restrictions.

Settlement Price Fixed

From now on section 1 of rule 23, by which, in case of default, a committee is appointed to fix a settlement price, based on the true commercial value of the commodity on the day of maturity of the contract, will be in full force and effect, irrespective of section 3 of rule 23, the penalty emergency measure. This rule also calls for a penalty of not less than five nor more than 10 per cent. of the value of the commodity, which the seller must pay to the purchaser in case of default.

Prohibition Is Unnecessary

"The board of directors has been instructed by the United States Food Administration to refrain in the future from exercising its power to prohibit trading for present or future delivery in any of the commodities traded in on this exchange, and also its power to fix a maximum price for any such commodity, in accordance with section 3 of rule 23 of the rules of this association, and to see that all contracts are permitted to run to maturity, without such interference, except at the request of the United States Food Administration.

Speculation Not Desired

"The United States Food Administration has further instructed that if it be disclosed at the maturity of contract, or at any time during the current month, that there does exist any account or accounts having contracts of sale, or any account or accounts having contracts of purchase, for the purpose of manipulation, or without being eligible for a license, or upon the receiving or delivering of the commodities called for by such contracts, without actually having possession of a United States Food Administration license.

Delivery Terms Clear

"And, further, on contracts of sale, the ability and facility for making delivery as contemplated by contract, and also on contracts of purchase, a lawful purpose in the receiving of the commodity called for, such purpose being the filling of contracts of sale actually made in conformity with the law, grain for feeding purposes, but not beyond the 60 day requirement; grain for manufacturing purposes, but not incommensurate with the business requirements, a reasonable amount for a reasonable time for the actual necessities, of the holder of a contract of purchase and his de-

pendents, or for the requirements of grain and provision merchants in the proper conduct and for the purposes of the business, but not incommensurate with their requirements for distribution for consumptive purposes, such condition or conditions would be considered a violation of the food control law."

Shipping Conditions Change

Regulations governing shipments to this market were also changed, and all applications for permits to ship grain to Chicago hereafter must come from the country shipper and not from the Chicago consignees. All permits to ship grain to Chicago which already have been issued are valid and shippers will be permitted under such permits to ship to any consignee at Chicago regardless of the name of the consignee on the permit. This action was taken at the conference between the grain control committee of the railway administration and the to-arrive committee of the Board of Trade. It also was decided to cancel all applications heretofore made for permits by consignees which have not yet been issued.

Markets Are Weak

Corn and oats broke sharply last week under the favorable character of war news and large stocks reported by the Government. Commercial stocks of wheat in the United States on September 1, exclusive of farm holdings, as reported by the Department of Agriculture, were 114,382,000 bushels; corn, 16,716,000 bushels; oats, 64,684,000 bushels; barley, 16,299,000 bushels; rye, 4,150,000 bushels. Comparison with last year show wheat equal to 296.6 per cent.; corn, 208.6; oats, 140.1; barley, 84 per cent.; rye, 152.8 per cent.

Liquidation General

Heavy and general liquidation led to semi-demoralization in corn. There was limited buying support until the current deliveries had declined well under the \$1.40 level, and at the inside figure prices were 7@8c lower for corn and ½@⅝c for oats. There has been a great deal of liquidation by commission houses and short selling by the pit element, and some who have been very bearish from the start of the decline were disposed to regard prices as low enough for the time being, especially on November corn. Prices are off 13½@16c from the high point of the previous week, and in the last three days dropped over 11c for October and 9½c for November corn. With November corn under \$1.40, some who have been bearish covered and await a rally before putting out fresh lines, regarding the market as oversold. Under existing conditions it is regarded as a big guess either way.

Corn Trade Bearish

A majority of traders can see nothing but lower prices for corn futures for the present, although they look for rallies from shorts covering every day or two. It has been a liquidating market for several weeks and all upturns have been followed by declines to lower levels than before. Prices are down to the lowest on the present break, and the only support appears to come from profit taking shorts and holders of bids. Some of the commission houses who have been long are said to be well out of their holdings, while pit traders are regarded as short, although many covered on Saturday's decline.

New Corn Moving

Some country shippers are asking for bids on new corn for shipment by the middle of November. Buyers are scarce, and no bids heard of. It was the gossip among some of the receiving houses that from the way in which country shippers were asking for permits to make shipments of corn that farmers must have suddenly experienced a change of heart. There were many who appeared to have determined to hold their old corn, but the embargo resulted in a desire to sell. The trade generally look for a good movement, probably fully up to the capacity of the elevators to take care of.

Frost Damage Slight

Little or no damage to corn by recent frosts was shown by the weekly crop report. In northern Indiana 76 per

cent. of the crop is now safe and 70 per cent. in the central part of that state. Even in Nebraska, where killing frost occurred generally, very little was affected. In Iowa 86 per cent is now safe, and five per cent. seriously damaged. In Kansas grain sorghum on low ground were seriously damaged, and possibly not over 50 per cent. will mature seed. Cutting is progressing in all sections. It is generally expected that the crop will move early. A central Illinois dealer said he would ship new white corn to market before the middle of October.

Oats Trade Bearish

The speculative mind has become as bearish on oats as prices recede and military operations abroad become more favorable to the Allies, as it was recently bullish, and many see nothing but lower prices. Their theory is that farmers will construe the news from all parts of the war zone as indicating a speedy termination of the fighting and a lowering of values, so that they are expected to sell oats more freely. There are a few conservative traders who are not carried away by the news and believe the war will last many months and there has been break enough for the time being. The Northwest is selling more freely and hedging business is also coming from that section. It was understood that the largest buyers had withdrawn from the cash market temporarily owing to the light receipts and the advance in car lots to a premium over October. When there are increased receipts they expect to reenter the market.

Favor Low Bids

Many traders are favorable to buying oats on breaks, as the Federal Government and the seaboard exporters continue to take the cash offerings. It was said that oats were bought last week for use at domestic as well as the overseas camps. Bids were close to the market, and the business done was much larger than reported. To some specialists, the market appeared overbought, while to others it was regarded as oversold on the small breaks. It was noticeable that offerings were absorbed by commission houses, presumably against cash sales by those having hedges. That cash houses should be able to buy October oats freely on a declining market in the face of reports of the largest cash business of the season was due to free selling by pit traders, scattered longs, and closing of spreads by traders who have been long oats and short corn. They had profits and were disposed to even up.

Wheat Receipts Checked

No immediate increase in the movement of wheat to Chicago is expected. It is generally understood that the grain control committee is not inclined to issue permits, as the large quantity at terminals has caused the trouble. Additional plowing continued in many sections of the winter wheat belt with favorable weather. Further increases in area are reported from spring and winter belts. More than 10,000 tractors are being used by the wheat growers of Kansas in the preparation of soil for fall plowing. Great areas of virgin sod are being plowed in the western half of the state for the drilling of wheat. The area sown will approximate 10,000,000 acres. The goal set is 200,000,000 bushels of wheat in Kansas for 1919, according to Secretary J. C. Mohler of the State Board of Agriculture.

At the annual meeting of the Board of Trade Mutual Benefit Association, Adolph Kempner was elected chairman of the executive committee and J. M. McClean, A. J. White, J. J. Bagley and J. E. Brennan members of the committee. The association has 884 members, a net loss of 33 for the year. Policies are worth about \$2,780 at present.

Robert B. McClean of Winnipeg and F. S. Hughes were elected to membership in the Chicago Board of Trade. George E. Walsh, George B. Conover, and J. M. Flynn applied for membership, and R. F. Nicolai and Peter Rosenthal posted memberships for transfer.

Lieut. Joy C. Bournique, whose name appeared in the casualty list last week, is the first member of the Chicago Board of Trade to lose his life in the war. He was a nephew of J. F. L. Curtis of Clement, Curtis & Co., and of L. G. Bournique of Taylor & Bournique.

Buying of rye and barley for the Allies is to be done by the food administration in the same way as in oats.

"I would not be surprised to see close to 1,000,000 bushels of rye delivered on October 1," said a well posted rye specialist. "The stocks in local elevators are accumulating and it is difficult to find an outlet for the grain. Prices are too high to attract export business and seaboard bids are below \$1.60 track here."

Henry Wilbur Paret, a member of the firm of Shearson, Hammill & Co., and of the Chicago Board of Trade, died in New York.

SNOW'S LATEST CROP REPORT

Chicago—The B. W. Snow report for October 1 makes condition of corn 67.5, showing material improvement in Missouri, Nebraska and in the Ohio Valley and some loss of prospect in the northern part of the belt. Frost damage is very local and in the aggregate is not material. The crop matured early and quality is good. The last report of condition indicates a crop of approximately 2,700,000,000 bushels. Final threshing returns show a winter wheat yield of 15.8 bushels per acre and a total crop of 572,000,000 bushels. Spring wheat yield shows three-quarters of a bushel greater than previously indicated and makes a total crop of 362,000,000 bushels. The spring wheat crop is the largest ever produced, due to a moderate rate of yield upon a very large acreage. Final yield of oats about one bushel per acre greater than last month's government indication, making a crop of 1,536,000,000 bushels, or the second largest on record. The quality of all grain this year is unusually high.

GOVERNMENT WEATHER AND CROP REPORT

Corn harvest made rapid progress. Weather mostly favorable for seeding of winter grains except too dry in most north central districts and in the far northwest. Some frost damage to late truck and potatoes, but harvesting of potatoes and fruit made satisfactory progress. Pastures improving except in the Southwest and portions of the Northwest.

GRAIN ON TRACK AVAILABLE ON CONTRACTS

Chicago—Proposal to make grain in cars on track available on contracts in case of emergency has been passed by vote of Chicago board members.

MONEY VALUE OF NORTHWESTERN CROPS

The Northwestern National Bank of Minneapolis has made a compilation showing the yield of the leading grain crops in the states of Minnesota, South Dakota, North Dakota and Montana, for the present year. The bank's figures follow:

	The Crop—In Bushels				
	Minnesota	North Dakota	South Dakota	Montana	Total
Wheat	73,763,000	94,589,000	71,938,000	31,719,000	272,009,000
Oats	129,393,000	66,331,000	72,395,000	19,040,000	287,159,000
Barley	43,358,000	37,538,000	31,444,000	1,879,000	114,219,000
Rye	7,585,000	21,399,000	8,190,000	121,000	37,295,000
Corn	109,593,000	12,390,000	109,779,000	2,656,000	234,418,000
Flax	2,506,000	8,328,000	1,410,000	3,218,000	15,462,000
	366,198,000	240,575,000	295,156,000	58,633,000	960,562,000
	The Crop—In Money				
	Minnesota	North Dakota	South Dakota	Montana	Total
Wheat	\$152,589,410	\$193,907,450	\$141,782,840	\$59,287,670	\$547,567,370
Oats	81,617,590	41,125,220	44,884,900	13,708,800	181,336,510
Barley	32,084,920	25,901,220	22,639,680	1,183,770	81,809,590
Rye	10,770,700	29,744,610	11,220,300	154,880	51,890,490
Corn	153,430,200	16,974,300	150,397,230	3,346,560	324,148,290
Flax	9,422,560	31,063,440	5,245,200	11,456,080	57,187,280
	\$439,915,380	\$338,716,240	\$376,170,150	\$89,137,760	\$1,243,939,530

SPECIAL CHICAGO MARKET LETTER

Chicago, October 1—Corn prices have had a violent decline but the situation is as weak now as it was when the price was higher. The wonderful war news, particularly the Bulgarian surrender was the dominating influence and the decline has brought about a rather thorough liquidation of long speculative holdings, but the old corn on the farms still remains to be liquidated and we regard this as the real key to the situation. We have raised this year a good crop of good corn. The farmers know it and they are anxious to dispose of their old corn because of its poor quality and have their crib room available for storing the good quality new corn. Were it not for the restriction imposed on shipments from the country the receipts of corn at the market centers would be much heavier for there is lots of old corn still on the farms—much more than the trade had believed. The farmers want to and will sell it regardless of price. They do not want to keep poor stuff and market good stuff any more than any other sensible person would want to own poor quality when good quality is soon obtainable. No one wants to own this poor quality old corn and the question is how low would it put prices before it is all disposed of. There is very little desire upon the part of speculators to buy corn because they do not want this poor stuff any more than any one else does, therefore prices decline very easily on limited selling pressure. The weather has been very favorable for curing the corn crop and much of it is cut. Next week some new corn will be ready for market. With the new corn competing with the old corn to find a buyer it makes the situation unfavorable to values.

Were it not for the very weak situation in corn there would be much in the oats situation to encourage believers in values, because the demand for oats is good all the time. The cash article is bringing 1½c to 2c premium over the October and there is everything to indicate that before another crop is raised, every bushel of oats will be needed, but there is a sympathy between corn and oats because they can be more or less substituted for one another, therefore it is unreasonable to think that corn can continue to decline without dragging oats prices down. Some grain traders act as if they believed the war is over. We are not so optimistic. The end is certain, but it is not yet. The kaiser is not yet on his back and helpless. He will be there in time.—W. G. Press & Co.

BANK VIEW OF GRAIN SHIPMENTS

In its monthly review the Northwestern National Bank of Minneapolis says:

"Farmers have been selling wheat very freely and the quantity brought into the Minneapolis market has been nearly twice as great as a year ago. Only the ability of transportation and mill and storage facilities to handle it measures the movement. So heavy has it been both in the Northwest and in winter wheat territory that notwithstanding the most complete advance preparation, the best start for several years and 30 days of virtual freedom from troubles or complaints, instances of the backing up of the crop in the country now are being reported. Of spring wheat the first 15,000,000 bushels were brought into Minneapolis in the first 23 days of the new crop movement, while a year ago the quantity to that time was under 9,000,000 bushels. The beginning of the crop year in 1917 brought a liberal inflow of coarse grains but wheat has moved more liberally instead this season. Notwithstanding the smaller coarse grains total 25 million bushel line was passed in Minneapolis in the first 21 days in receipts of all grains, compared with something less than 20,000,000 in the like time a year ago."

TRADING ON THE CHICAGO BOARD OF TRADE

Chicago—Secretary John R. Mauff announced: After October 1 all trading in bids and offers made subject to deferred acceptance in October commodities shall cease. The prohibition against such trading in current month commodities shall apply until further notice beginning with the first day of each month. Weekly privileges must not be permitted to overlap into the current month but should

terminate with the final date of the preceding month regardless of the week. This action does not affect weekly privileges expiring October 5.

REPEAL OF MIXED FLOUR LAW ASKED BY McADOO

Washington—Secretary McAdoo has joined with Food Administrator Hoover in asking Congress to repeal for the duration of the war the mixed flour law so that such flour may be milled in this country in accordance with the agreement entered into between the United States and its co-belligerents.

CLOSING OATS AND CORN FUTURES

October Oats						
	Sept. 26	Sept. 27	Sept. 28	Sept. 30	Oct. 1	Oct. 2
Minneapolis	.70½	.69½	.69¼	.66½	.66¾	.....
Chicago	.73¾	.73	.72¾	.70¼	.69¾	.....
Chicago Corn						
	Sept. 26	Sept. 27	Sept. 28	Sept. 30	Oct. 1	Oct. 2
October	1.47½	1.42¾	1.39½	1.36	1.33½	.....
Minneapolis Cash Standard Oats						
September 26						.71 @.72
September 27						.70½ @.71
September 28						.69¾ @.70¾
September 30						.67 @.68
October 1						.67¾ @.68¾
October 2						.....
Duluth Cash Oats						
	Sept. 26	Sept. 27	Sept. 28	Sept. 30	Oct. 1	Oct. 2
Duluth	.71¾	.71	.64¾	.67¼	.67¼	.....

WHEAT RECEIPTS—CARS

	Minneapolis		Duluth		Chicago		Winnipeg	
	1918	ago	1918	ago	1918	ago	1918	ago
Sept. 26	498	335	809	102	230	57	596	881
Sept. 27	623	378	665	70	222	56	691	943
Sept. 28	609	378	820	180	143	51	734	1,367
Sept. 30	960	707	878	101	93	34	683	1,308
Oct. 1	570	367	1,145	159	209	162	839	1,175
Oct. 2	543	313	706	96	78	78	610	1,249

MINNEAPOLIS DAILY RECEIPTS OF COARSE GRAIN

	Oats, Cars.	Barley, Cars.	Rye, Cars.	Corn, Cars.	Flax, Cars.
Sept. 26	110	108	81	49	24
Sept. 27	116	162	80	46	39
Sept. 28	149	136	75	72	53
Sept. 30	266	213	82	112	60
Oct. 1	95	99	55	51	18
Oct. 2	..	..	..	..	..

DULUTH DAILY RECEIPTS OF COARSE GRAIN

	Oats, Cars.	Barley, Cars.	Rye, Cars.	Flax, Cars.	Year ago.
Sept. 26	6	7	48	17	8
Sept. 27	16	7	55	14	5
Sept. 28	12	9	55	17	6
Sept. 30	18	12	66	30	50
Oct. 1	35	20	125	35	3
Oct. 2	12	6	73	31	8

CLOSING FLAX PRICES

	Sept. 26	Sept. 27	Sept. 28	Sept. 30	Oct. 1	Oct. 2
Minneapolis cash	3.98	3.94	3.91	3.90½	3.89¾	.....
Duluth cash	3.98	3.95	3.92	3.91½	3.90¾
September	4.05	4.00½	3.98	4.12	.....
October	3.96	3.92½	3.91	3.90½	3.89¾
November	3.93¾	3.90½	3.88½	3.89	3.87

CLOSING OATS PRICES

Daily Closing Prices of No. 3 White Oats in Minneapolis

	Sept. 26	Sept. 27	Sept. 28	Sept. 30	Oct. 1	Oct. 2
September 26						.70½ @.71½
September 27						.69¾ @.70¾
September 28						.69¼ @.70¼
September 30						.66½ @.67½
October 1						.66¾ @.67¾
October 2					

CLOSING BARLEY PRICES

Choice Barley, Minneapolis

	Sept. 26	Sept. 27	Sept. 28	Sept. 30	Oct. 1	Oct. 2
September 26						.91 @.96
September 27						.91 @.96
September 28						.90 @.94
September 30						.88 @.92
October 1						.87 @.91
October 2					

CLOSING RYE PRICES

No. 2 Rye in Minneapolis

	Sept. 26	Sept. 27	Sept. 28	Sept. 30	Oct. 1	Oct. 2
September 26						1.55½ @1.56½
September 27						1.53 @1.54
September 28						1.55½ @1.56½
September 30						1.57 @1.58
October 1						1.56 @1.57
October 2					

CHICAGO COARSE GRAIN

September 28—Corn, Nos. 2, 3 and 4 yellow, nominal. Oats, No. 3 white, 72½ @73¾c; standard, 73½ @73¾c. Rye, No. 2, nominal.

THE MERCHANT MARINE AND THE RAILROADS

(Continued from Page 43)

stagnation. When the political power regulates and a non-political functionary operates, the policies proceed from below, out of current experience, and, under a workable practice, meet interference only when they conflict with the general interest or with particular rights. Then we can have supervision, but we shall also have elasticity, robust growth and progress.

Virtue of Competition

Again, will our people willingly give up competition? They have seen in the war an elimination of duplication and a pooling of facilities. They recognize the advantage of these innovations and will resist any attempt to re-establish waste. This whole matter, however, is going to be settled on the basis of actualities, and means will be found for preserving whatever form of competition between railroad corporations is necessary to assure continuous advance in the art. The career in railroading should be open for promotion inside each corporation without other influence than that of merit as judged by a responsible chief executive or his deputies; or for transfer from one corporation to another which is entirely free to compete for services of valuable men.

Will not the people insist again upon competition between regional populations? They may rightly demand, subject to Federal control, which must be paramount, an organized and weighty influence in negotiating or adjudicating advantages desired for the industrial contest with the people of other localities. State lines do not correspond to traffic areas. Concurrent jurisdiction of nation and state has not operated satisfactorily and is involved in the uncertainty of continual litigation before the Supreme Court. The people of local communities may ask for some arrangement under which, while submitting to an ultimate Federal authority, they can have in matters of regulation affecting them strong local initiative and a wide measure of local autonomy.

More Railroad Construction Needed

If we are to rely upon the investment public to furnish railroad capital, war loan campaigns have given several million of our people their first taste of investment. Granted public confidence in railway earnings, these newcomers to the realm of thrift may become an important factor. We stand at a juncture analogous to that when the locomotive was new and localities made great sacrifices in their desperate deal to obtain for their neighborhoods this improvement over the canal and the post road. Today provision of railway facilities is behind the demand. The people of localities are calling for additions, betterments and new mileage. Coupling the two motives of investment and community prosperity, these new sons and daughters of thrift may supply in our day the place of the Federal, state, county and municipal bond issues which were used in the last century to induce railroad facilities, a material enlargement of the number of shareholders would bring into play much individual influence for focusing the public mind of each region upon the affirmative project of developing railway facilities.

Inducing the Public to Invest

But how shall the public be induced to invest in railroads? By making adequacy of facilities the principal aim in regulation of rates and service. This means attraction of capital by permitting earnings which will pay a return that attracts. That involves acquisition of mechanism and personnel, Federal and local, to perform a function of regulation never yet performed in our Government, because no functionary has ever been explicitly delegated by Congress to perform it. That function is to sanction revenues sufficient to meet all authorized expenses plus a margin calculated to sustain credit, and since authorized expenses include wages, and adequacy of facilities embraces continuous operation, it is a part of this function to regulate wages, to make railway labor responsible in its organized capacity, and to maintain interstate traffic free of interruption from large scale strikes.

Our willingness to make adequacy the chief aim of regulation is as good a test as any of what kind of an America

we are headed for. If transportation facilities are adequate, other things being favorable, the United States can compete, hold her position, and aspire to world leadership; if transportation facilities are inadequate, the whole structure of commerce is undermined and the national position put in jeopardy. Adequacy is to be assured by exercise of the old-fashioned virtues of foresight and provision.

I believe the bankers, in union with other business interests, will in a businesslike way equip themselves with whatever of organization and of leadership they need in order to cooperate helpfully and effectively with the general public in the diffusion of intelligence and the exchange of views, and with the political authorities in the translation of the popular will into statute.

When our banking system became obsolete and great danger of financial collapse confronted us, you joined with others in the creation of an organization known as the National Citizens' League, for the promotion of a sound banking system, that through the development of certain sound principles gave to the country the educational basis for the Federal Reserve Law, and by informing the public upon the underlying principles of sound finance, brought definite relief to a highly controversial and technical subject.

The Coming of New Ideas

Second only to sound finance, is the importance of wisely solving the future control of our transportation instrumentalities, and I make bold to offer for your consideration the duplication, in this field of study and research and determination, of the machinery that served us so well in those other days.

Cherished ideas, supposedly unbreakable precedents, and fixed policies, have been shattered over night by the emergency of war.

Powers to deal with lives, property and things have been conferred upon executive authority that constitute the highest form of autocracy in the midst of a democratic country.

Controls that in pre-war days could have been introduced only after a social and economic cataclysm have come to pass without a ripple of surprise or a murmur of protest.

Old things and old notions have passed with the discard.

Such are the by-products of war, and these things we must acknowledge, accept and work with in the days when by accommodation, adjustment and reorganization we rebuild our economic structure to the music of a new civilization and in recognition of the new relationship which will direct our domestic and international intercourse when victory has crowned our arms.

VALUATION OF AUSTRALIAN WOOL CLIP


Washington—Howard A. Treat, secretary to commercial attache, at Melbourne, writes that for the first time the whole of the Australian wool clip has been valued on a scientific basis. Some 664,000,000 pounds have been handled, and the result, based on the all-round flat rate of 15½d. per pound, is stated to be 14.68d. Last season the appraisements worked out at 14.15d., which shows an increase for this season of 9.5 per cent.

The new clip has already commenced to move into Sydney, 8,355 bales having been received from July 1 to July 18, inclusive. Freight is still a problem and not much relief is in prospect, but some relief will be afforded by the government stores.

PRICE OF FOOD IN AUSTRIA

New York—A London copyrighted dispatch to World says staple foodstuffs throughout Austria have increased in price since war started in the following proportions: Beef, 677 per cent.; mutton, 1,614 per cent.; pork, 2,320 per cent.; flour, 3,233 per cent.; lentils, 4,900 per cent.; beans, 3,500 per cent.; potatoes, 1,614 per cent.; wine, 2,233 per cent.; an average increase of 2,385 per cent. One Austrian paper says anyone who has less than \$100 a week dies from hunger, that the state is hurrying to destruction and with it the whole population.

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ENORMOUS CONSUMPTION OF CIGARETTES

New York—It is expected that over 40,000,000,000 cigarettes will be manufactured and sold by American companies in the current year. This is a gain of about 20 per cent. over 1917.

The fiscal year of the tobacco industry ends June 30. For the 12 months ended June 30, 1918, the output of cigarettes totaled 36,950,334,804 as compared with 30,529,193,538 in the previous fiscal year. On the other hand, the manufacture of cigars, chewing and smoking tobaccos, and snuff, shows a slight falling off. These figures prove that the great demand of our troops overseas is for cigarettes rather than other forms of tobacco goods.

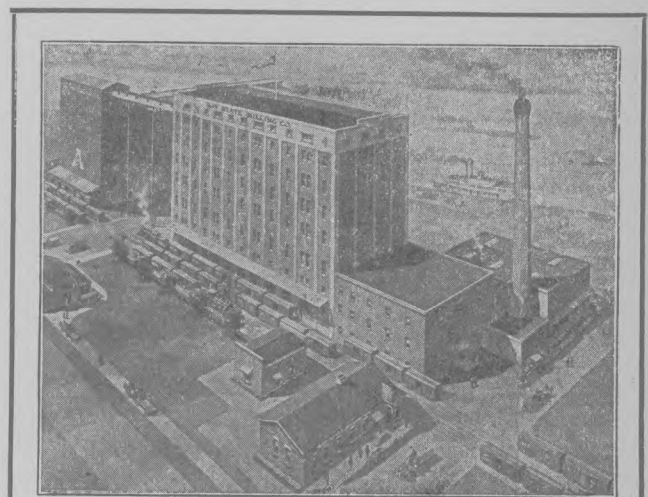
The cigarette business in this country has increased 160 per cent. since 1913, the last full year before the start of the war. On the other hand, cigar output has stood still during the same period, while the increase in other forms of tobacco goods and snuff has been nominal.

MIDWEST STRIKES BIG WELL IN WYOMING FIELD

Denver—The Midwest Refining Company, drilling in the Salt Creek field on patented land, has just completed a well which is flowing at the rate of 8,000 to 10,000 barrels of oil a day. The oil is coming from the second Wall Creek sand, and it thus proves a second strata of oil in that field. The sand extends into the Big Muddy field, where two wells now are being drilled to it. The wells heretofore drilled in Big Muddy have all been to the first Wall Creek sand.

TEXAS BEEF AWAITS TRANSPORTATION

Fort Worth—Texas has thousands of cattle ready for the eastern market if transportation can be had to ship them. The dry season in Texas and other southwestern states has had a very bad effect on the stock industry, and thousands of cattle will die within the next few weeks if measures are not taken to bring relief.



This cut shows the plant of the **BAY STATE MILLING CO.** WINONA, MINN. replacing their plant destroyed by fire in August 1911.

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