

## ICHABOD CRANE HAD A FLASHLIGHT

By JOHN G. LONSDALE  
President American Bankers Association

WE ALL remember the story of Ichabod Crane and the headless horseman. There was the dark form by the side of the road—



John G. Lonsdale

thundering hoofs on the Sleepy Hollow highway—and Ichabod fleeing in confused terror before this terrible monster.

If Ichabod had only known that his hobgoblin was an inventive rival disguised with a pumpkin head, he would have had a good laugh and gone on with the business of vanquishing his competitor.

What Ichabod really needed was a modern flashlight. Then he would have discovered the trickery at once. Many business men need the flashlight of analysis to uncover the hobgoblins in their business and then they might sit back and laugh at their rivals who hesitate to investigate and learn the truth.

At this time, when business and banking are making strenuous efforts to have a clear vision ahead, it is especially important that the power of research and analysis be employed to their fullest extent. When these twin brothers of good management have been pressed into service in all fields, I am confident we shall see a further lessening of periods of stress. However, I believe business in general has learned the valuable lesson that any prosperity that is not leavened with a little adversity would not seem basically safe or sound.

## RESERVE SYSTEM'S DIVIDENDS ANALYZED

Bankers Find Increased Payments to Member Banks Would Be Small Inducement.

Various proposals that member banks in the Federal Reserve System should participate more largely in its net earnings through an increase in the dividend rate above the present fixed 6 per cent "would be a very small financial inducement" to them. It is declared in a recent study of this subject by the Economic Policy Commission of the American Bankers Association. This is shown, the commission says, by a theoretical forecast, on the basis of the past six years, of additional earnings that would be disbursed to member banks during the next six years under two plans introduced in bills before the United States Senate.

"The Fletcher bill provides that Federal Reserve Bank earnings, after present 6 per cent dividends to members and completion of a 100 per cent surplus, should all be distributed as extra dividends to the stockholder banks," the report says. "If the earnings of each Federal Reserve bank were distributed among its own members there would be no extra dividends in the Boston, New York, Philadelphia, Cleveland, Chicago and San Francisco districts during the next six years, but the other six Federal Reserve Banks would pay annual extras at the following rates: Richmond, 6.08 per cent; Atlanta, 4.09 per cent; St. Louis, 3.50 per cent; Minneapolis, 9.51 per cent; Kansas City, 5.48 per cent; Dallas, 4.83 per cent.

"If the earnings were pooled and paid out to all members in all districts each member would receive an average annual extra dividend of .78 per cent. Under this plan no franchise tax as now would be paid by the Federal Reserve Banks to the Federal Government.

**Another Plan Analyzed**  
"The Glass bill would provide that, after present 6 per cent dividends, one-half the remainder should be paid to member banks as an extra dividend with the residue going to surplus and Federal Government as franchise tax. The average annual extras to members would be as follows: Boston District, 2.51 per cent; New York, .48 per cent; Philadelphia, 2.05 per cent; Cleveland, 2.09 per cent; Richmond, 3.26 per cent; Atlanta, 4.67 per cent; Chicago, 3.20 per cent; St. Louis, 2.02 per cent; Minneapolis, 4.75 per cent; Kansas City, 2.74 per cent; Dallas, 3.31 per cent; San Francisco, 1.87 per cent.

"If these extra funds were pooled the result would be an extra average annual dividend of 1.73 per cent for each member. Under this plan the system would still pay as now an annual franchise tax, amounting to \$1,941,996 on the average."

By way of concrete instance, the report says, a member bank having capital and surplus of \$200,000, therefore holding Federal Reserve Bank stock amounting to \$5,000 on which it is receiving \$360 under the present 6 per cent dividend arrangement, would with the addition of each 1 per cent to the dividend rate receive an additional income of \$60 a year.

"If each member bank will figure out for itself the dollar-and-cents gain it would enjoy we are confident it will be agreed that the gains are small as against the economic disadvantages which can be pointed out," it concludes.

## SEES HEAVY CLAIMS ON FUTURE BANKERS

American Bankers Association Official Declares That Banking Changes Creating Large Bank Systems Will Call for Broader Social Viewpoints.

Larger scale group or branch banking will inevitably bring a new era of banking organization and operations to the United States and bankers will have to develop "new" conceptions, new administrative methods and new economic views," Rudolf S. Hecht, Chairman of the Economic Policy Commission of the American Bankers Association, recently told the members of the American Institute of Banking.

The institute is the educational section of the association and he emphasized the point that the new era in banking demanded "that we must step-up our education so that banking shall be fortified for new responsibilities."

**What the Future Calls For**  
"We must broaden our social conception of banking," Mr. Hecht said. "Not only for the technical operations of the new banking must we fit ourselves, but both as individuals and an organized profession we must charge ourselves with serious consideration of the social problems that are involved. Already we hear murmurings and fears and doubts as to whether the changes that are coming about in banking in the extension of group and branch systems do not constitute the looming of a new financial menace, a monopolistic threat not only to the individual unit banker, but to the financial liberty of society in general. I am stating these things merely as facts that must be taken into consideration in our studies.

"Public opinion cannot be ignored by any business, least of all by banking, which is admittedly semi-public in character and is, therefore, subject to special supervision by the constituted authorities. If banking develops tendencies that give rise to public fears, we must so conduct ourselves as to reassure all doubts.

"For this is true,—that business succeeds only by serving society—that no business can permanently prosper which does not both render service to the public and at the same time convince the public that it is rendering that service. Banking, therefore, must take cognizance of what the public is saying of this new era in its development.

"It must be part of the technique of modern banking administration, whatever form our enlarged institutions take, to avoid the creation of monopolies, or even the appearance of such a centralization of financial power as to be able to exercise an undue influence over public or private finance or other lines of business. The public's right to the safeguards of fair competition must be observed.

**Must Preserve Individual Initiative**

"It must also be a part of our management that individual initiative and opportunity shall be maintained. If America has outstripped other nations in the distribution of the benefits of its progress, it is due to the fact that there are no barriers of social caste or business tradition against advancement for character, ability, and initiative. American business has learned that it serves itself best by encouraging by every practical means individual ambition and initiative, and hurts itself most by repressing or neglecting them. Competition for efficiency, both within an organization and between organizations, will prevent any institution from long enduring in which maintenance of opportunity and recognition of initiative are not controlling principles of management. As heads of the greatest of our financial and industrial institutions stand men who started from the humblest of beginnings. Through all the grades of executive authority and reward stand men in positions in keeping, generally speaking, with their individual merits. I personally, see no reason for fearing that the enlarged banking organizations which the future may hold would necessarily supply future bank employees with any less opportunity for achievement than unit banking.

"Again, a major consideration of administration in any multiple form of banking organization must be its public relations in every community it touches. Its foremost consideration must be actually and visibly to serve the economic upbuilding of that community. No system will be long tolerated whose local members work, or are suspected as working, to draw economic strength from one place to enlarge the financial power of another. The local unit bank has always been part and parcel of the communities where it lives—and no system can last which does not make it a major principle of operating technique to serve, and not exploit, the communities into whose business lives it enters."

**Growth of Banking Education**  
DENVER, Colo.—At the American Institute of Banking convention held here last month the growth in the effort among bank employees to provide themselves with banking education was shown by the fact, as reported by one speaker, that 12 years ago the institute had 80 study chapters, today 208, and that its enrollment in the study courses had grown from 11,000 to 45,000, or an increase of over 300 per cent. The graduates number nearly 14,000. The institute is the educational section of the American Bankers Association through which bank workers are given instruction in theoretical and practical subjects relating to their business.

## NOTICE OF SALE OF PERSONAL PROPERTY

Under and by virtue of section 2435 of the Consolidated Statutes of North Carolina, for charges for repairs thereon and materials furnished therefor at the request of the owner, Mrs. Roy Painter, I will, on the 7 day of July, 1930, at 2 P. M., at my shop in Sylva, Jackson County, North Carolina, offer for sale and sell to the highest bidder for cash at public auction, the following described property:

One 15 jewel Benrus Watch, Movement Number \_\_\_\_\_

This the 24th day of June, 1930.  
RAYMOND GLENN

## NOTICE OF SALE OF PERSONAL PROPERTY

Under and by virtue of section 2435 of the Consolidated Statutes of North Carolina, for charges for repairs thereon and materials furnished therefor at the request of the owner, Charley Reid, I will, on the 7 day of July, 1930, at 2 P. M., at my shop in Sylva, Jackson County, North Carolina, offer for sale and sell to the highest bidder for cash at public auction, the following described property:

One 7 jewel Waltham Watch, Movement number 18601772.

This the 24th day of June, 1930.  
RAYMOND GLENN

## NOTICE OF SALE OF PERSONAL PROPERTY

Under and by virtue of section 2435 of the Consolidated Statutes of North Carolina, for charges for repairs thereon and materials furnished therefor at the request of the owner, J. B. Beaugart, I will, on the 7 day of July, 1930, at 2 P. M., at my shop in Sylva, Jackson County, North Carolina, offer for sale and sell to the highest bidder for cash at public auction, the following described property:

One 7 jewel Waltham Watch, Movement Number 21219705.

This the 24th day of June, 1930.  
RAYMOND GLENN

## NOTICE OF SALE OF PERSONAL PROPERTY

Under and by virtue of section 2435 of the Consolidated Statutes of North Carolina, for charges for repairs thereon and materials furnished therefor at the request of the owner, J. W. Deitz, I will, on the 7 day of July, 1930, at 2 P. M., at my shop in Sylva, Jackson County, North Carolina, offer for sale and sell to the highest bidder for cash at public auction, the following described property:

One 7 jewel Elgin Watch, Movement Number 18248793.

This the 24th day of June, 1930.  
RAYMOND GLENN

## NOTICE OF SALE OF PERSONAL PROPERTY

Under and by virtue of section 2435 of the Consolidated Statutes of North Carolina, for charges for repairs thereon and materials furnished therefor at the request of the owner, R. G. Wilson, I will, on the 7 day of July, 1930, at 2 P. M., at my shop in Sylva, Jackson County, North Carolina, offer for sale and sell to the highest bidder for cash at public auction, the following described property:

One 7 jewel Elgin Watch, Movement Number 13070990.

This the 24th day of June, 1930.  
RAYMOND GLENN

## NOTICE OF SALE OF PERSONAL PROPERTY

Under and by virtue of section 2435 of the Consolidated Statutes of North Carolina, for charges for repairs thereon and materials furnished therefor at the request of the owner, Charley Bennett, I will, on the 7 day of July, 1930, at 2 P. M., at my shop in Sylva, Jackson County, North Carolina, offer for sale and sell to the highest bidder for cash at public auction, the following described property:

One 15 jewel Regina Watch, Movement Number 3816073.

This the 24th day of June, 1930.  
RAYMOND GLENN

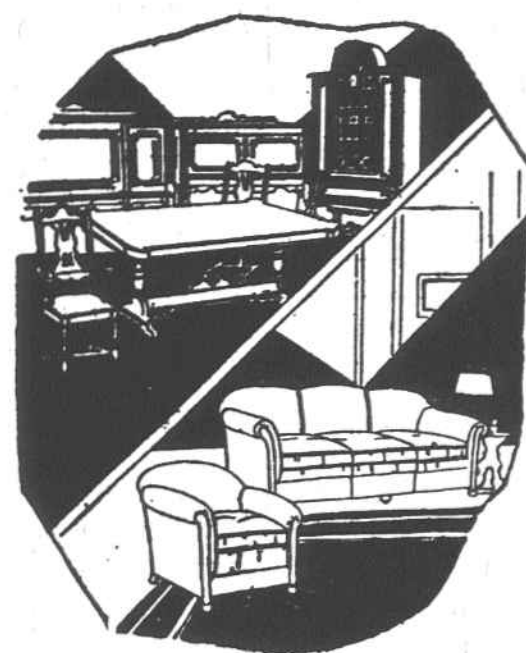
## NOTICE OF SALE OF PERSONAL PROPERTY

Under and by virtue of section 2435 of the Consolidated Statutes of North Carolina, for charges for repairs thereon and materials furnished therefor at the request of the owner, Lee Mathis, I will, on the 7 day of July, 1930, at 2 P. M., at my shop in Sylva, Jackson County, North Carolina, offer for sale and sell to the highest bidder for cash at public auction, the following described property:

One 7 jewel Elgin Watch, Movement Number 9262956.

This the 24th day of June, 1930.  
RAYMOND GLENN

DR. W. KERMIT CHAPMAN  
DENTIST  
Office with Drs. Nichols/  
over Sylva Pharmacy

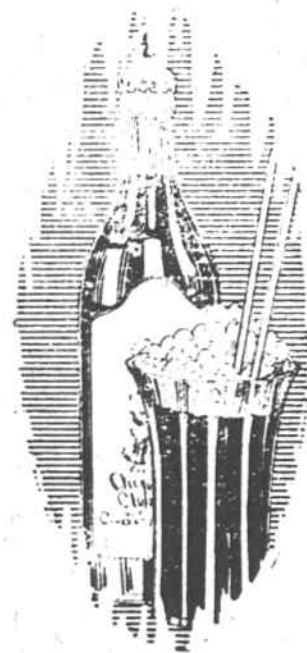


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