

VOL. XLIV

NO. 25

WAYNESVILLE, NORTH CAROLINA

THURSDAY, MAY 31, 1934

STRONGER BUSINESS AND STRONGER BANKS

By F. M. LAW
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DURING the crisis when confidence was shattered, bankers were properly concerned in liquidity. Their main thought was to prepare to meet any demand for withdrawal of funds. They were more interested therefore in collecting loans than in making them. For this they cannot be justly blamed. It was a proper procedure. Now that confidence has been so largely restored banks will naturally resume a more normal lending policy. This does not mean they will or should extend loose or unsound credit, but that in the utmost good faith bankers will perform their proper part in recovery by a sympathetic and constructive attitude in the making of sound loans. Nor should commercial banks make capital or long time loans, for the reason that their loans are made from funds derived from deposits payable for the most part on demand.

When the return of confidence is further on its way, business men will need for credit in making their plans. Then good borrowers, who for the most part have been so conspicuously absent from the market, will return. They will be warmly welcomed by the banks.

Business Men's Fears

Business men have not yet laid all their fears. They worry about what Congress may or may not do. They concern themselves about a trend toward control of business by government. They fear taxes beyond their power to pay. These are real sources of worry and when they are reassured along these lines they will be more inclined to take a fresh look at the future and to make plans to go forward.

As a matter of fact there are tangible evidences of recovery. The Federal Reserve Board officially has stated that prices, wages, business activity and production were back to the highest peak since early in 1931. Commercial failures in the United States are being cut almost in half as compared with the same period last year. It has been reported that the decline in export and import trade was definitely checked in the middle of 1933 and replaced during the last half of the year by a substantial recovery movement.

Among favorable factors is the improved condition of the banks. It is doubtless true that the banking structure of the country has never been in a sounder, stronger and more liquid condition than it is today. My authority for that statement is the Comptroller of the Currency. No longer is there any fear or thought of bank runs. Depositors once more know that their money is safe and the banker, thrice armed in the knowledge of his own strength, is looking forward.

Banks Repaying Loans From R. F. C.

Although banks and trust companies have been the largest borrowers from the Reconstruction Finance Corporation, they have exceeded all other classes of borrowers in the rapidity of their repayments. Since the inception of the R. F. C. in February, 1932, loans have been authorized by it to 7,080 banking institutions in the amount of \$1,295,000,000. Of this sum \$442,000,000 was not taken by the borrowers, the actual advances being \$1,553,000,000.

Repayments against these advances through April 30, 1934, aggregated \$925,000,000, or about 60 per cent. The ratio of repayments for all classes of borrowers has been only about 37 per cent. These rapid repayments by the banks are taken by competent observers as a strong indication of returning normal financial and banking conditions.

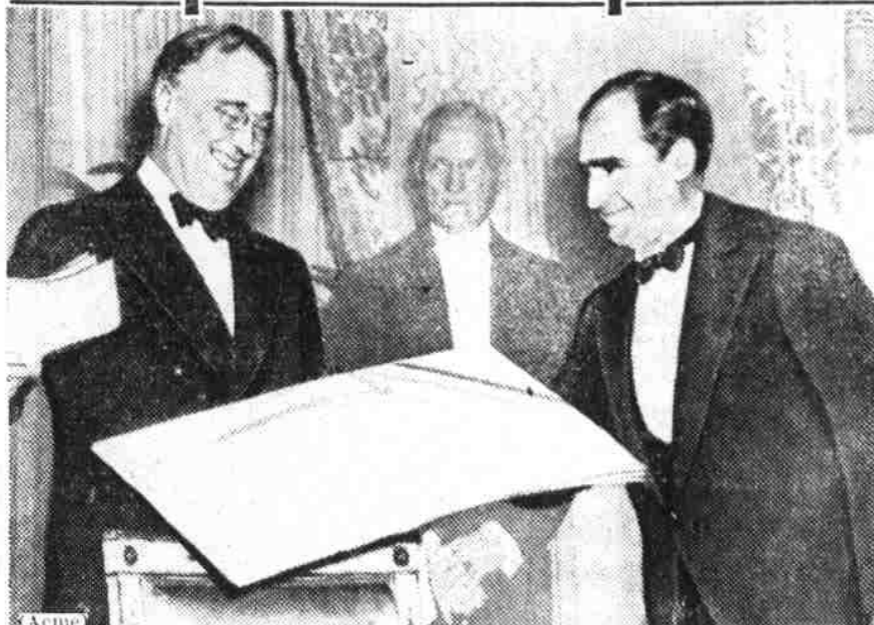
Bankers Finance Scholarships

The American Bankers Association Foundation for Education in Economics has since its establishment in 1928, awarded 354 college loan scholarships. The total loans repaid in that period being \$262,000 and the amount now outstanding \$86,900. The total investments of its funds are \$540,000.

Black Frosts

"Black frost" is a term originally used in reference to a frost or killing freeze at a temperature above the dew point and not accompanied by white hoar frost deposits. Such frosts usually turn the exposed vegetation black, but this is not supposed to have given it its name. This term is ignored by the weather bureau which designates such frosts as light, heavy or killing.

People and Spots in the Late News



ADMIRAL CARY GRAYSON, right, hands President Roosevelt three-foot check for \$1,003,000 gathered at nation-wide Birthday Ball for President under national committee of leaders headed by Henry L. Doherty. Fund is nation's gift to endow Warm Springs Foundation for Infantile Paralysis. In rear, General Pershing.



AGAIN IN THE NEWS after 400 years, Jacques Cartier is to be remembered this summer in a series of fetes in Quebec marking anniversary of his discovery of Canada in 1534. More than 16,000 miles of modern highways in Quebec are being put into fine shape for expected record tourist travel to Gaspé peninsula, Trois Rivières, Montreal, Quebec City and other spots where fetes will be held.



CHIEF IN BRAIN TRUST promoted, Prof. Rexford G. Tugwell takes new post of Under-Secretary of Agriculture.

PUBLIC OPINION AND THE BANKS

By F. N. SHEPHERD
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WHILE banking today appears in a wholly distorted light in the eyes of some, the more reasoning elements in our population undoubtedly have a less justified view than would appear from certain irresponsible orators, often posing as spokesmen for that indefinite quantity called "the mass of our people."

Anti-social acts on the part of some bankers formerly have been the subject of spectacular exposures, but I can say without reservation that they were in no way typical of the acts and attitudes of the vast majority of their fellow bankers. The public mind was shocked into the belief that these untypical instances were far more representative than they really were, and this belief has been encouraged by political and demagogic elements.

The Bankers Today

The bankers who are in charge of our banks today represent men who withstood the temptations and avoided the economic pitfalls of the great boom. If they had not they would not be there, or their banks would not have been able to survive the rack and ruin of the economic hurricane, by which even many banks and bankers, whose conduct was above reproach, have been destroyed. The other types of bankers, those that fell below the high standards of professional ethics and business prudence that characterized those that remain, have passed out of the picture. But they have left for those that remain a difficult heritage of suspicion and ill will.

How irrational this is, when we reflect that not more than three or four per cent of our entire population suffered personal loss because of what any banker did or neglected to do, whereas literally millions of bank depositors did not lose a single cent as a result of banking difficulties and really owe a vote of confidence and thanks to their own bankers who were true to the highest conceptions of their stewardship and brought their institutions and their customers safely through the greatest business disaster the world has ever seen. It has been a peculiar feature of the psychological distortion of the times that many who owe nothing but gratitude to their bankers joined in blaming the banker far out of proportion with any rational consideration of the facts.

EXAMINATIONS FOR TRUST INSTITUTIONS

FEDERAL examination of trust departments is the latest development in banking supervision and trust companies and banks operating trust departments are welcoming this development because it fills a long-felt want. It is stated by the Trust Division of the American Bankers Association.

Despite the growing importance of American trust business in recent years examining officials have never given to trust departments the attention paid to commercial banking departments, this authority points out. Now the Federal Reserve System, in conjunction with the Comptroller of the Currency, has undertaken to bring the examination of trust departments up to the level of commercial bank examinations, it says.

Experts in trust work are being employed by the various Federal Reserve Banks. These experts will head the special staffs of trust examiners in the twelve Federal Reserve Districts. Special staffs are already at work in some of the Reserve Districts, including Boston, Atlanta, Richmond and Chicago. The Federal Reserve will examine the trust departments of state-chartered members of the Reserve System.

Uniform Supervision

Meanwhile, the Comptroller of the Currency has built up over the past two years a staff of special examiners for the trust departments of national banks. All national banks are members of the Federal Reserve System. Since nearly all state-chartered trust institutions are members of the Reserve System the new plan will bring about what amounts to Federal examination for the trust business.

Meteorologists estimate that 44,000 thunderstorms occur on the earth daily.



STATUE of the Great Commoner William Jennings Bryan, unveiled in Washington, President Roosevelt Speaking.



TO CELEBRATE ITS RECOVERY, Florida observes state-wide All-Florida Pioneers' Day to honor three Henry's—(left) the late Henry M. Flagler, railroad builder and south Florida developer; center, Henry L. Doherty, credited with leadership in bringing about recent phenomenal recovery; right, the late Henry B. Plant, railroad builder.



SAMUEL INSULL, under charges in collapse of utilities empire, returned to U. S. as prisoner and released in \$200,000 bail.



QUEEN OF THE AMERICAN TURF this year, Mrs. Isabel Dodge Sloane, right, whose horse Cavalcade, left, won Kentucky Derby and second in Preakness to stable mate, High Quest. Sloane horses also won Florida Derby, Wood Memorial and other noted races.



KLARA MAYR, who plays part of Mary Magdalene in 300th anniversary of Passion Play at Oberammergau this Summer, plans to emigrate to America.

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