

EXPENSE BIG ITEM

Federal Reserve Bank Operating Cost Near Earnings.

UPKEEP ITEM GROWS LESS

San Francisco District Bank Has Expense Far Below Average of That for Entire System—Report Covers 7 1/2 Months.

What the Federal reserve banks have cost and what they have earned is set forth in a detailed report issued by the Federal Reserve Board covering the operations from November 18, the date on which the banks opened, to the end of the fiscal year, June 30, 1915, and a half month thereafter. There is also included a statement of the preliminary cost of organization. A resume of the report has been prepared with special relation to the operations of the Twelfth district bank at San Francisco. The total paid up capital of the Federal Reserve Bank at San Francisco is \$15,175,000. The San Francisco bank, with its capital of \$3,322,000, ranks fourth in size.

The earnings of the 12 banks aggregated \$11,588. San Francisco was sixth in rank with \$3,947 to its credit. The earnings for the month of June alone for the Federal Reserve Bank at San Francisco were \$182,747, and for San Francisco \$12,325, making it sixth in rank in this respect. The excess earnings for the seven and a half months was \$14,471.

Expense Reduction Made. The current expenses for the system aggregated \$84,117. San Francisco spent \$71,338 and was fourth from the top. For June the expenses of the system totaled \$12,432 and \$1639 for San Francisco. The Twelfth district bank evidently made a heavy reduction in its expenses for the summer months, as on this showing it is the lowest but one of the 12 for June.

Salaries Chief Expense Item. The principal item of expense was for bank officers' salaries. For the entire system this item totaled \$70,927, and for San Francisco, \$23,654, it being the fourth highest from this point of view.

The second principal expense was for the clerical staff. This aggregated for the system \$23,838, with \$15,416 for San Francisco, the fifth highest in this regard.

Items of banking quarters was the third highest expense. New York City is in the lead with this item. It spent \$25,082 in seven months or at the rate of \$40,500 a year. Chicago went next with \$14,646 or at the rate of \$23,560 a year, and San Francisco third with \$11,149, the annual rate being \$18,580.

For equipment the regional banks have spent \$202,136. San Francisco's share was \$90. Only one district bank spent less on this account.

Some Service Donated. Fees aggregating \$182 were paid to members of the advisory councils of the various districts, except in the cases of New York, Richmond, St. Louis and San Francisco, which districts are self-governing.

The earnings of the banks were derived principally from rediscounting commercial paper. For the seven and a half months the entire system earned in this way \$31,678. San Francisco ranked fifth in this respect, having earned \$1,511 on municipal warrants, and \$3861 on warrants was the second principal item in the earnings of the banks, the total aggregating \$236,729.

PEACE PLAN IS DEvised. Henry Clews to Submit Method to European Financial Agencies.

Henry Clews, the eminent New York banker and president of the American Peace and Arbitration League, has devised a plan for restoring peace in Europe, which he proposes, through their respective financial agencies, to submit to the European powers.

His plan, which is presented for serious consideration, is to sell to France, Belgium and Italy an equivalent of its real value and return from France to Belgium, which would be declared a free port; Germany to pay over to Belgium the amount of the loan from France to restore Belgium; the colonies to be returned to Germany to be England's and Japan's to be Italy's; and Italy to agree to give up its colonies and to be compensated by the other nations. Constantly to be a free port; to appease Russia, Turkey to acquire and America and Serbia to agree between themselves to settle their differences by an international public force of the world, and any single power in the world. All the above nations to be guaranteed for a period of 50 years at least, agreeing to advance their armies to reduce their respective liabilities incurred by the war. All these nations to agree to work in unison to maintain peace, not only amongst themselves, but throughout the world.

OREGON BANKERS HELP OUT. Practice of Permitting Overdrafts Being Discontinued.

TO BE OVERLOOKED

Acceptances Believed Way to Free Cash Now Tied Up.

BANKS MAKE BEGINNING

Credit of Merchant to Stand More Severe Test and Opposition to Plan Expected, but Method is Thought to Help Finances.

CONDITION OF FEDERAL RESERVE BANK AT SAN FRANCISCO. Assets: Gold coin and gold certificates in own vaults \$3,293,000; In gold-settlement fund 1,233,000; In gold-redemption fund 21,000; Legal tender notes, silver, etc. 5,000; Total reserve \$4,552,000. Liabilities: Capital paid in \$3,322,000; Deposits (net) 12,383,000; Total liabilities \$16,705,000.

There is no change in banking and business practice to which the Federal Reserve Board is giving more attention at this time than to the idea of making the trade acceptance popular. Through its publications and the public appearance of its members it is constantly urging their use. Many beneficiaries, far-reaching results, they say, will follow their use.

Another advantage to be found in the regulations which went into effect July 15. The Board does not require a financial statement of the condition of borrowers whose notes are offered for discount at the Federal Reserve Bank in sums of less than \$500, or one-tenth of the capital stock of the company offering the paper.

Revenue Stamps Not Required. An additional item in favor of the trade acceptance is that it need not bear the customary amount of revenue stamps that must accompany the ordinary promissory note.

TRUST COMPANIES IN PLAN. New York and Kansas City Concerns Pay Over \$130,000 as Members.

The formal entrance of the Broadway Trust Company of New York City into the Federal Reserve system took place on August 11, when the institution paid into the New York Federal Reserve Bank half of its subscription to the capital stock of the reserve bank.

Several Would Be Commissioner. PENDLETON, Or., Aug. 15.—(Special.)—Inspector D. E. Wood, of the Postoffice Department, is advising the accounts of Postmaster Mark Pedersen, of East Side, Mr. Pedersen has been postmaster at East Side for three years and is a one-armed man. Two years ago W. J. Leaton, City Recorder, East Side, also a man with one arm, was convicted of embezzlement and sentenced to an indeterminate term in the State Penitentiary.

Postoffice Inspector Makes Audit. MARSHFIELD, Or., Aug. 15.—(Special.)—Inspector D. E. Wood, of the Postoffice Department, is auditing the accounts of Postmaster Mark Pedersen, of East Side, Mr. Pedersen has been postmaster at East Side for three years and is a one-armed man. Two years ago W. J. Leaton, City Recorder, East Side, also a man with one arm, was convicted of embezzlement and sentenced to an indeterminate term in the State Penitentiary.

WAR BIG TRADE AID

Continued Prosperity With Peace Is Predicted.

MUNITION ORDERS HEAVY

Heavy Purchases by United States Predicted by Henry Clews and Stimulus to Exports Is Expected With Advent of Peace.

So long as war orders continue to pour into the country, says Henry Clews, the New York banker, industrial stocks will continue to soar and business in all lines affected by the stimulus of many machinery and manufacturing plants will improve.

Profits Held Exaggerated. "There is much exaggeration as to both profits and size of some of these orders, but large profits are unquestionably in sight for a few special concerns, and meanwhile the speculative spirit has been thoroughly aroused after a long period of low prices. This concern with orders are inevitably large consumers of semimanufactured materials, tools, etc., and their subcontracts with producers of raw materials are chiefly responsible for the present activity in the iron and steel trade, which is daily expanding. This industry is facing a veritable boom.

Conditions Often Not Known. The danger of this sort of borrowing to the creditor of the concern and to the banks, it is asserted, is that the condition of affairs of the concern is never discovered until it is too late. The plan of giving a commission only to those who will give trade acceptances and meet them promptly. It is also believed the trade acceptance is a stop-gap expedient, a form of borrowing which is dangerous to all general creditors of a borrower.

BANK STUDY PLAN GROWS. Special Training Given for Work in South America.

FEDERAL MINES VIEWED. High Company Official Says Properties in Mexico to Resume.

SHIPPERS' VIEWS AWAITED. Washington Commission to Publish Data on Rate Increase.

THE BANK OF CALIFORNIA NATIONAL ASSOCIATION. Capital Paid in \$8,500,000. Surplus and Undivided Profits \$8,256,734.83.

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Some of the largest wholesale houses in Portland, who have never before recently given acceptances, are now co-operating with the needs of manufacturers of limited capital and giving general credit to their customers.

Trade Discounts May Be Abolished. The trade acceptance, it is believed, will influence the present expensive practice of allowing cash discounts, and perhaps ultimately result in abolishing it. A committee of Portland jobbers, members of the Portland Association of Credit Men, is seeking a substitute plan for the giving of cash discounts. The committee is considering the plan of giving a commission only to those who will give trade acceptances and meet them promptly.

Advantages Are Explained. The Federal Reserve banks are offering inducements to member banks to secure trade acceptances and to discount such paper with them. They offer a lower rate of interest, equal to 1 per cent profit for the bank, for this class of discount.

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Your Best Friend. Is the money you have when you need it. It is the influence which keeps the world friendly towards you. It makes you independent of borrowing and of paying back. LIBERAL RATE OF INTEREST PAID ON SAVINGS by The United States National Bank. Third and Oak Sts., Portland, Or. Capital and Surplus \$2,000,000.

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THE BEST EVIDENCE OF OUR CONTINUAL AND RAPID GROWTH IS THE GREAT NUMBER OF SATISFIED CUSTOMERS WHO ARE DOING BUSINESS WITH US. THE NORTHWESTERN NATIONAL BANK.

The Bank of Personal Service WHILE AWAITING the opportunity of some profitable investment deposit your money in our Savings Department and make it earn 4 per cent interest for you. We invite you to call and talk this over with us. Merchants National Bank Under Government Supervision. Founded 1886. Washington and Fourth Streets.

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Commerce Safe Deposit and Mortgage Co. has for sale a small amount of First Mortgage Bonds, netting investors 6 1/2%. Phone or call for details regarding these high-class securities before they're all sold. Main 3067. 91 3d St.

FRENCH LINE. Compagnie Generale Transatlantique. SAILINGS FROM NEW YORK TO BORDEAUX. LA TOURAINE... Aug. 21, 3 P. M. CHICAGO... Aug. 28, 3 P. M. ESPAGNE... Sept. 4, 3 P. M. ROCHAMBEAU... Sept. 11, 3 P. M.

COOS BAY. EUREKA AND SAN FRANCISCO. S. S. SANTA CLARA. SAILS THURSDAY, AUG. 19, 6 P. M. NORTH PACIFIC STEAMSHIP CO. Ticket Office 1124 3d St. Freight Office 1124 3d St. Phone 2200, A 522.