PROGRAMME OF CHARLOTTE COUNTY TEACHERS' INSTITUTE, THIRTY-FIRST SESSION TO BE HELD AT ST. ANDREWS, SEPT. 27 AND 28, 1917

FIRST SESSION, THURSDAY, 10.00 A. M.

Enrolment, Appointment of Committees, etc., President's Address.

SECOND SESSION, 2.00 P. M.

PAPER—Nature Study, School Gardens, etc,
Miss Gertrude C. Coughlin, St. Stephen.
Discussion opened by Principal A. B. Brooks, St. George.

PAPER—"Primary Hand Work."
Miss Florence A. Osborne, Milltown.
Discussion opened by Miss Shaw, St. Andrews.

PUBLIC MEETING, 7.30 P. M.

Addresses by His Honor Lieutenant Governor Ganong, Chief Superinteneent Carter, Inspector McLean, Mayor Greenlaw, Dr. Broad, Chairman St. Andrews School Board.

THIRD SESSION, FRIDAY, 9.00 A. M.

PAPER—English Composition, Grades 6, 7 and 8,
Miss Sara McCaffrey, St. Andrews.
Discussion opened by Miss Grace Coughlin, Milltown.

PAPER—Writing,
Miss Hellen Young, Bocabec.
Discussion opened by Miss Emma Veazey, St. Stephen.

PAPER—"The War,"
James Vroom, M. A., Secretary St. Stephen School Board.

FOURTH SESSION, 2.00 P. M.

READING—Expression, etc.,
Miss Margaret Lynds, Normal School, Fredericton.

PAPER—High School Mathematics,
Principal Gilbert, St. Stephen.
Discussion

Election of officers, etc.

Usual travelling arrangements will be made.

MISS EDNA A. GIBERSON, St. Andrews,
President.

F. O. SULLIVAN, St. Stephen,
Secretary-Treasurer.

MR. BALFOUR SEES NEED FOR SECRET DIPLOMACY

NOT A "CRIMINAL OPERATION," HE SAYS

British Foreign Secretary Regards It As Usual Practice Of Individuals Extended Into Public Life.

THE much-discussed subject of "secret diplomacy" was discussed by Arthur J. Balfour, British Foreign Secretary, in a recent debate in Parliament. In reply to a criticism from Major Davies that the Foreign Office was "run in a shroud of mystery," Mr. Balfour defended such a course as necessary to a large extent. He said:

"If there has been, as there has been, an attempt to keep foreign policy out of party politics, and in consequence not so many debates and discussions on foreign affairs, it is because there has been since those days no great cleavage in this House on questions of foreign policy. I think that is a most fortunate state of things. But even in ordinary times debates on foreign affairs were inevitably hampered by the fact that the responsible Government could not, from the nature of the case, speak about foreign affairs as they can on a franchise bill or a local government bill on some domestic interest. There must be reticence. Even in private life, if everything was said everywhere and by everybody, domestic life would become impossible. The relations between different members of the human family are as difficult and as delicate as those in the domestic sphere, with even more disastrous consequences if mismanaged.

NEED OF SECRECY

"There is no attempt or desire on the part of any Government to keep secrets unnecessarily, either from this House or from the Government. If you are to have free communication between the Foreign Minister and the Ambassadors of other countries they must be sure that he won't come down to this House and blurt out things which were not intended to be blurted out. I think it was Lord Grey, my predecessor, who in a debate on this subject said he could tell the House what happened at the Foreign Office, but he could only do it once. Certainly he would never have an opportunity given by the representative of any foreign country to do it a second time.

"There are critics who appear to think that diplomacy is a sort of conflict. A diplomat often fails because circumstances are too strong for him, but the whole energy of a diplomat, certainly in a country like this, is entirely directed not to making quarrels, but to healing quarrels, not to creating difficulty, but to preventing difficuly, not to provoking war, but to stopping war, and that business is far better done in most cases, not by proclaiming your policy at Charing Cross, but by confidential conversation with those who can convey views to other Governments and smooth over difficulties, great or small, which, if ignored or if treated in a wrong way, may become festering sores of a most dangerous character.

"If it is impossible in peace time, now much more it is impossible in war time to be always explaining everything to everybody. We have in war no diplomatic relations with our enemies; our relations are purely with our friends. There never was a time when the circumstances made the relations with neutrals more important. The path of neutrals is only a little less thorny and difficult than the path of belligerents. They suffer greatly by the war. It is really absurd for my honorable friend to suggest that this question could best be treated by perpetual debates on international relations. I do not think that anything would be gained by that.

FOREIGN RELATIONS COMMITTEE

"My honorable friend suggested that we should do much better if we had a Parliamentary Foreign Relations Committee. We at all events in this country have always gone on a different system, and I do not believe, so far as one is in a position to compare our system with those which prevail in foreign countries, that on the whole our system is less fitted to carry out the public interests to the best advantage. You could not, of course, have the system confined to foreign affairs. Even if confined to foreign affairs, you could not have it without making another fundamental alteration in the whole of the Parliamentary Constitution of this country. In this country our practice is that a Minister can only speak in the House to which he belongs. Certainly it would be an innovation if he habitually went before a committee of the other House to discuss the policy of his department.

"My honorable friend suggested that had the house been taken into the confidence of the Government before the war, the war would not have burst upon the country as an unexpected thunderbolt. I believe him to be quite wrong in that respect. I do not believe that the Government in June, 1914, had the slightest notion that there was any danger ahead. My honorable friend said the French had the advantage of the Foreign Affairs Committee. I do not believe there is any evidence that the French Government, with all its committees, expected war. I see nothing in the illustration which he has given to the House which would suggest for a moment that in that respect we should have been better prepared for the great issues we have since had to meet had Parliament been subjected to a daily lecture from the Foreign Minister then in power and been shown every document which passed between him and any foreign Chancellor.

A PROFOUND ILLUSION

"I think there is in the public mind a profound illusion as to this so-called secret diplomacy. Secret diplomacy is not, as I have tried to explain, a criminal operation intended to cover up dark transactions which lead to division among mankind; it is merely the practice of ordinary beings in the ordinary course of life which they conduct to the best of their ability and under the ordinary rules governing private individuals in the doing of such work as they have got to do. It is an extension of that to the intercourse between nations, and I do not believe the rules governing the two are fundamentally different, although luckily in private life we do not always have to issue subsequently Blue Books explaining and recording all the letters which have passed between controversialists, or giving all the reasons which produced unhappy differences of opinion in the domestic circle.

"That is a development of modern institutions which I hope will be confined entirely to public life. We issue Blue Books to members, and they give a faithful record of the broad outline of what is passed. The revelations then made are made with the utmost care, so as to prevent mischief ensuing from their perusal. To reveal from day to day what is ultimately revealed with all due precautions in the Blue Book would really be insanity, and I cannot conceive how any man acquainted with public affairs or the methods by which international relations are carried on would suggest it as a practical policy for sane Governments."

MARTINDALE CASE, AND OTHERS

UNIQUE ASPECTS OF THE LATEST DEFAULT BY A BANK OFFICIAL —REMINISCENCES OF THE ALVORD AFFAIR AND OF SOME NOT SO WELL KNOWN—THE METHODS USUALLY PURSUED

ANNOUNCEMENT last Tuesday evening by the Controller of the Currency that the late Joseph B. Martindale, president of the Chemical National Bank of New York, had been found a defaulter for $300,000, and that he had committed forgery to conceal his thefts, created a sensation in this city, where Martindale had been highly regarded as a banker. The money was obtained by manipulating the account of a large depositor for whom Martindale had acted for years as adviser and agent. It was Martindale's practice to withdraw money from this account, either through a forged check or a debit slip signed by himself as president.

On the presentation of such a check or slip, the defaulter received cash from the paying teller in amounts of $5,000 or more, which he appropriated to his own use. Martindale would then tell the depositor that he had withdrawn money from the Chemical account to deposit with a trust company, apparently verifying this statement by showing the depositor an entry on his trust company passbook which he, Martindale, had made himself. Through forging the depositor's name to demand notes, Martindale procured some $80,000 from the bank. By this means the banker carried on his stealings for sixteen years, escaping detection by manipulating the statements at the end of each month, so as to have the accounts properly balanced.

This defalcation was unlike any other ever discovered in a New York bank, in that the money was taken from a depoitor's account and not actually from the bank. Although other banks have been looted by their presidents, the Martindale case is also unique in the fact that it constitutes the only known case where an official, who was at the time a defaulter, has been raised to the presidency of his institution. This is also the first instance in very many years where the president of one of the greatest New York banks has been found to be a defaulter.

THE ALVORD DEFALCATION

It was wholly unlike the Alvord defalcation of seventeen years ago. Cornelius L. Alvord was only a note and exchange teller, when he stole $690,000 from the First National Bank of this city. It was Alvord's custom to take out of the mornings mail, of which he was in charge, a sufficient number of cash items to cover the amount of his shortage and add them to the exchanges for the clearing-house received the previous day. Investigation of the exchanges by the bank examiner showed the total amount correct, but it was discovered later that $690,000 of the items had been taken from the morning receipts and listed with the previous day's exchanges, the amount of the morning additions being reduced that much, so that the sum of the two aggregated the correct amount. When Alvord was seen to have changed the clearing-house slip later in the day, inquiry was made at the clearing-house, where it was found that the two items of "previous day's exchanges" and "morning additions" did not correspond with the list checked by the bank examiner. A count of the current day's cash and checks in the hands of a third teller disclosed the shortage. The bank made good the $690,000 at once through recourse to its "contingent fund," so that the bank's undivided profits account was not reduced at all by the defalcation. In 1895 the Old Shoe & Leather National Bank was robbed of $354,000 by Samuel C. Seely through the bank's failure to adopt a system of double-entry bookkeeping.

In nine cases out of ten every bank failure or important defalcation is accounted for by loans made to insiders. During the first nine months of 1907, it was found that Charles W. Morse had at times loaned himself, either directly or through dummies, who acted for him, 17½ per cent. of all the loans and discounts that the National Bank of North America showed. Morse was convicted on Nov. 5, 1907, on the two charges of making false entries on the books of the bank, which he then served as vice-president, and of misapplying the bank's funds. He received a fifteen-year sentence to the Atlanta Penitentiary, but was subsequently pardoned by President Taft.

PENNSYLVANIA INCIDENTS

Some of the worst failures caused by the misapplication of bank funds have been reported in Pennsylvania. One was the failure of the Federal National Bank of Pittsburgh, in October, 1903, which led to the subsequent closing of the First National Bank, of Allegheny. The suspension of the Federal, according to its officers, was due to the circulation of "malicious rumors." They subsequently admitted that the bank had loaned $140,000 on the notes of the Eastern Tube Company, which had passed into a receiver's hands. Two years later the Enterprise National Bank, of Allegheny, closed its doors. This failure was highly sensational, as the cashier committed suicide the following day. The president declared that the bank had been wrecked by politicians and it was discovered that the institution had made large loans to concerns in which politicians, who had given it large deposits of State funds, were interested.

The People's Bank, of Philadelphia, closed its doors on March 25, 1908, following the suicide of its cashier, John S. Hopkins. This bank had also received large deposits of State and city funds, which it used to carry along the Guarantors Finance Company, through which loans of $791,000 had been made to insiders. This bank had long been the favorite depository for politicians. In 1898 the late Matthew S. Quay, then a United States Senator for Pennsylvania, sent it this telegram:

"If you buy and carry 1,000 'met' for me I will shake the plum tree."

The Senator later telegraphed:

"Get out at a profit. I check on you for $7,000."

This bank, although having a capital of only $150,000, held $505,000 of State funds. Only a few months before this failure another Philadelphia bank, the Chestnut Street National, was forced to close. It held $525,000 of State funds.

The most sensational Philadelphia bank failure of recent years, however, and one which exited great interest in Wall Street, was the collapse of the Real Estate Trust Company on August 26, 1906. The trouble here was due to heavy loans made by its president to a reckless real estate promoter. The failure was a bad one and the president, who had been a man of high standing, killed himself.

USING A BANK'S SFCURITIES

In 1903 there were several bank suspensions of sensational interest. The Union Trust Company of Baltimore, capitalized at $1,000,000, and the Maryland Trust Company, capitalized at $2,125,000, closed their doors on October 19. These suspensions resulted from heavy investments in underwritings, which were secured by unmarketable collateral. There were also notable "runs" on several St. Louis trust companies in the same month. The situation in the case of these companies was aggravated by the large number of savings depositors.

The local crash in 1884 was caused largely by two important New York bank failures. President Eno, of the Second National Bank, was discovered to have abstracted securities from its down-town safe-deposit box, and used them in unlucky stock speculation. President Fish, of the Marine Bank, acting under the hypnotic influence of young Ferdinand Ward, brought about the downfall of his institution in the same year by over-certifications. There was also the sensational looting of the Milwaukee Avenue Bank of Chicago by its president, Stensland, who ran away, but was subsequently brought back from Europe. Stensland faced the music, and afterwards worked hard to make restitution.

In many such cases a charge of over-certification has figured. The only instance where a bank president was heavily fined for this offence was in the case of William S. Kimball, who was president of the Seventh National Bank of this city, at the time of its failure on June 27, 1901. Kimball pleaded guilty to over-certifying the checks of Marquand & Co. for $1,426,299. Kimball, who had been formerly a national bank examiner, was made to pay a fine of $5,000.—*New York Evening Post* Sept. 15.