

FEDERAL RESERVE BOARD APPOINTED

Organization Meeting is Expected to Take Place in Washington Tomorrow Afternoon

CAREER OF MEMBERS

Five Appointive and Two Ex-officio—American Secretary of Treasury Says it is Phenomenal Way United States Has Stood Titanic Shock of Last Fortnight.

Washington, D.C., August 12.—President Wilson has arranged to receive the Federal Reserve Board tomorrow afternoon, after which the work of organization will proceed.

Not until the Federal Reserve Banks in the twelve districts have been fully organized and the work of the organization committee completed, however, will the Board be able to take over actively the administration of the new banking system.

The various members have already taken the oath of office, following which Secretary of the Treasury McAdoo, addressing the board, said:

"You have now a great opportunity to render a signal public service. The importance of this board, the real importance of your work, has not yet been fully realized, for it takes years for the significance of such big legislation as creation of this board to permeate the public mind.

"You gentlemen are to form the bulwark against financial disaster in this nation and the basis for financial development at home and expansion abroad.

"The crisis precipitated by the European war now is real in hand, and organization of the federal reserve system already has advanced so far that you may assume your new duties without fear of encountering danger at this time. Financial structure of the nation is strong, and I regard as phenomenal the way this nation has stood the titanic shock of the last fortnight."

Mr. McAdoo was replied to by Charles S. Hamlin, governor of the board, who said: "Speaking for all members of the board, I can say we all realize the great responsibility that has been given into our care by President Wilson upon advice of the secretary of the treasury and that we will discharge our duties to the best of our ability."

Frederick A. Delano of Chicago will be chosen vice-governor.

Following is a sketch of the five appointive members of the Federal Reserve Board, and the two ex-officio members, who are the Secretary of the Treasury, William G. McAdoo, and the Comptroller of the Currency, John Skelton Williams.

Frederick A. Delano.

Frederick A. Delano has been identified with the operating side of railroad management all his life. He was born in Hong Kong, China, September 19, 1863, but comes of a New England family and is a graduate of Harvard University.

Mr. Delano began his railroad service as machinist apprentice in the Burlington shops at Aurora, Ill., and after two years was put in charge of that road's pit inspection test. In 1889 he became assistant to the second vice-president and then successively superintendent of the Chicago terminal and superintendent of motive power. In 1901 he became general manager of the Burlington.

During a part of 1905 Mr. Delano was consulting engineer to the War Department and the Philippine Commission. On May 1, 1906, he took the first vice-presidency of the Wabash Railroad and in October of the same year the presidency. In December, 1911, when the road passed into the hands of receivers, he was appointed one of them. Last December he resigned the presidency and receivership of the Wabash to become president of the Chicago, Indianapolis & Louisville, commonly called the Monon.

Railroad men regard Mr. Delano as a student and thinker as well as man of affairs. He was selected a member of the presidents' committee in charge of the recent campaign of the eastern roads for a rate increase and represented thereon particularly the railroads in Central Freight Association territory, which the Commerce Commission granted a part of the advance they requested. His testimony is frequently referred to in the commission's opinion in the eastern rate case and it is evident that the commission accepted him as a high authority on commercial and railroad conditions in the territory between Pittsburgh and the Mississippi river.

Paul M. Warburg.

Paul M. Warburg, for many years prominent as an exponent of currency reform, and credited with being the real author of the Aldrich plan, is recognized as responsible for many of the good features of the present law.

He was born in Germany, August 10, 1868, was educated in Hamburg, and spent two years in England and one in Paris. After travelling around the world he visited this country in 1893 and again in 1895. He has been a resident of the United States for nine years and a citizen for four years.

Mr. Warburg's first financial schooling was gained in the house of H. M. Warburg & Co., in Hamburg, founded by his ancestors in 1738. With natural aptitude for finance as a study he has aimed to fit himself as an expert in banking and foreign exchange. Bringing to the heterogeneous American problem the mind trained in the old world school, he has long been recognized as one of the highest practical banking authorities in this country on all matters having to do with the fundamentals of finance.

Mr. Warburg is a member of the firm of Kuhn, Loeb & Co. He married a daughter of Solomon Loeb, one of the founders of the firm.

Charles S. Hamlin.

Charles Sumner Hamlin was born in Boston, August 30, 1861; graduated from Harvard 1883 (A. M. 1886) Harvard Law School, 1885 (LL.D. Washington & Lee University 1897); has since practiced law in Boston.

Alternate to Democratic Convention 1892; Democratic Assistant Secretary of Treasury 1893-97; special commissioner of United States to Japan 1897; commissioner at convention between Russia, Japan and United States, 1897; commissioner at convention between Great Britain and United States to determine fur-seal fishery controversy, 1897; member board Paris Exposition Commissioners from Massachusetts, 1898; delegate Democratic National Convention, 1904; member of executive committee Civic Federation of New England, 1905; American Bar Association delegate to International Arbitration Convention, New York, 1907; lecturer on Government, Harvard, 1902-03; author, Index Digest of Interstate Commerce Laws, 1907; also several pamphlets on Statistical and Financial subjects. Appointed Assistant Secretary of Treasury in 1913.

W. P. G. Harding.

W. P. G. Harding, who was president of the First National Bank of Birmingham, Ala., is a practical banker. He rose from the ranks, starting as a clerk

REMAIN IN ORGANIZATION DURING LABOR TROUBLES

Stand Taken by Associated Hat Manufacturers Against a Number of Its Members Is Upheld by the Connecticut Courts.

The Supreme Court of Errors of Connecticut at New Haven in a decision filed recently upheld the right of the Associated Hat Manufacturers to compel its members to observe a rule of the Association and remain in the organization during labor troubles. The opinion was handed down in a test case brought by the Associated Hat Manufacturers against the Baird-Untelid Co. of Bethel.

It was charged that during the labor troubles in Danbury in 1909 the defendant concern had violated a regulation of the organization which stipulated that "no member of the Association should resign from membership during a cessation of work ordered by the Association."

Members of the Association bound themselves to pay \$5,000 for violation of or failure to comply with the regulations, prohibitions, decisions or orders of the Association.

The defendant and fourteen other concerns which withdrew in 1909 claimed that they had complied with the regulations of the Association by giving sixty days' notice of their withdrawal, but the organization contended that this provision in its by-laws applied only in times of peace.

The matter was heard in the Superior Court of Connecticut about two years ago and was carried by agreement of counsel to the Supreme Court for decision.

Under the latter's decision the plaintiff is awarded \$5,000 with interest from July 14, 1909.

It is estimated that, under the ruling, about \$75,000 may be collected from the other firms who took like action with the Baird-Untelid Co.

These firms were: The Lee Hat Co., Hawes von Gall Co., Lee Sott Hat Co., Simon and Kane, Delohery Hat Co., S. C. Holley and Co., A. A. Holston Co., Beltaire Hat Co., S. A. G. Hat Co., H. McLachlan Co., Hoyt-Messinger Co., Danbury Hat Co., Plex Hat Co., all of Meriden, and the Edwin Short Hat Co. of Bethel.

GREAT INROADS ON WORLD'S HAT TRADE

American Manufacturers See Chance to Seize Opportunity Afforded by the War

PLANTS RUNNING FULL TIME

This is a Condition That Has Not Been Enjoyed in the United States for Some Time Past—May Run Short of Chemical Dyes Made in Germany.

New York, August 12.—With Austria, Germany and England, the principal foreign makers of men's headgear, at war, local manufacturers see an opportunity to make great inroads on the world's hat trade. Already large hat makers are approached by buyers who heretofore have handled nothing but foreign makes, and local factories soon may be operating at capacity, a condition not enjoyed for some time past.

Twenty years ago the American hat manufacturer would have viewed with satisfaction the breaking out of hostilities in Europe. Then practically all ingredients used in their manufacture were produced in this country. But now chemical dyes have taken the place of the wood stains used in the nineties, and practically all of the former used in hat making are produced in Germany. Unless American chemists come to the rescue, hat manufacturers fear that a run from three to six months at capacity will exhaust the dye supply now available. The head of one of the largest hat producing concerns in the vicinity of New York says that at the outbreak of hostilities he scoured the domestic market for dye stuff, and was able to secure a supply sufficient for three months only. Prices averaged 10 per cent over a month ago, and a further rise is expected.

All of this means higher prices for men's hats. The manufacturer above referred to predicts an early advance in the wholesale figure of at least 15 per cent, possibly 20 per cent. He also says that if the European conflict is of long duration American supremacy in the hat markets of the world will be so firmly established as to defy successful competition in the future.

and advancing through the successive steps. The Birmingham Bank of which he is president has deposits of \$12,000,000, capital of \$1,500,000, and is the largest institution in the southeastern states. He is about 50 years old and was under consideration for appointment to the United States Senate to fill the unexpired term of Senator Joseph F. Johnston, for which Frank E. Glass was appointed. Mr. Harding has had close business relations with New York bankers and his appointment met their hearty approval. Like Mr. Warburg he makes a personal sacrifice in accepting membership on the Federal Reserve Board, and only took the position after it had been strongly urged upon him.

William G. McAdoo.

William Gibbs McAdoo, Secretary of the Treasury, was born near Marietta, Ga., October 31, 1863. He was the son of William G. McAdoo, who was a judge and soldier in the Mexican and Civil Wars. Mr. McAdoo studied at the University of Tennessee and was admitted to the bar at 21, practicing law in Chattanooga until 1882, when he removed to New York. While practicing law here, he took up the defunct Hudson River tunnel scheme, and with the aid of powerful banking support, organized the company which completed the work, and was its president from 1902 to 1913. He was a delegate to the Baltimore convention in 1912, and vice-chairman of the Democratic National Committee during the campaign of 1912.

John Skelton Williams.

John Skelton Williams, Comptroller of the Currency, was born in Powhatan County, Va., July 6, 1865. He was educated at Richmond, Va., and at the University of Virginia. He was president of the Seaboard Air Line from 1899 to 1904. In 1901 he was elected president of the trust company section of the American Bankers' Association. In March, 1913, he was made Assistant Secretary of the Treasury, and in January, 1914, was appointed by President Wilson as Comptroller of the Currency.

A. C. Miller.

Adolph C. Miller is Assistant Secretary of the Interior. He has had no practical banking experience, but is acquainted an economist and student of banking. He is forty-eight years old, has degrees from Harvard and the universities of Paris and Munich,

SURPLUS OF IDLE CARS DECLINES

American Railway Association Reports First Appreciable Decrease of This Summer

SURPLUS COMPARISONS

About Half of the Surplus Decrease Reported Was Due to the More Active Demand For Box Cars—Possible Effect of War on Car Movements.

New York, August 12.—The fortnightly bulletin of the American Railway Association states that on August 1, there was a net surplus of idle cars on the lines of the United States and Canada of 196,665, compared with 226,441 on July 15, a decrease of 29,776. The gross surplus was 198,993, against 228,384, while the shortage increased from 1333 to 2333.

During the two weeks the net surplus of box cars declined from 83,126 to 71,034, while the coal car surplus showed an appreciable decrease, the total of 87,174 on August 1 comparing with 93,217. Flat cars surplus stood at 5,719, against 6,518 on July 15.

This is the first substantial decrease in the idle cars surplus of the summer. It was due, and ordinarily should be continued through October and November, when the low levels of the year are usually reached. The European war, however, may upset normal trends of car surplus. A partial paralysis of traffic to the seaboard on account of the blotting out of the export trade would probably check, temporarily at least, the ordinary declines in the surplus of available equipment, unless export freight should continue to move to the seaports and become congested by lack of vessels.

About half of the shrinkage in the idle car total was due to a better demand for box cars. This would naturally be explained by the movement of grain to market, particularly in the southwest. The figures show a substantial increase in the need for coal cars, and this class of rolling stock was not far behind the box cars in its surplus decline.

Since the middle of April the net decrease in the total of idle cars has been about 16,000, while last year the totals on August 1 and April 15 were about the same, although the net surplus of cars then was very much below this year's figures.

Following is a table showing the surplus and shortages at various recent dates:

	1914	Surplus	Shortage	Net Surp.
August 1	196,665	2,333	198,993	196,665
July 15	226,441	1,842	228,384	226,441
July 1	220,875	1,331	223,306	220,875
June 15	232,594	69	233,304	232,594
May 31	242,572	779	243,351	242,572
May 15	239,466	764	240,230	239,466
May 1	330,333	1,654	331,987	330,333
April 15	313,324	455	313,779	313,324
April 1	314,125	2,013	316,138	314,125
March 15	132,010	7,145	139,155	132,010
March 1	159,480	5,573	165,053	159,480
February 14	199,355	2,331	201,686	199,355
February 1	211,966	2,282	214,248	211,966
January 15	227,274	2,385	229,659	227,274
January 1	190,521	1,671	192,192	190,521
December 15	197,513	5,968	203,481	197,513
December 1	67,446	10,212	77,658	67,446
November 15	46,059	23,407	69,466	46,059
November 1	38,276	49,118	87,394	38,276
October 15	37,198	41,994	79,192	37,198
October 1	41,994	31,620	73,614	41,994
September 15	61,753	31,594	93,347	61,753
September 1	73,576	15,270	88,846	73,576
August 15	69,253	14,825	84,078	69,253
August 1	69,716	11,261	80,977	69,716
July 15	76,289	6,875	83,164	76,289
June 30	70,749	7,036	77,785	70,749
June 14	71,749	7,036	78,785	71,749
May 31	60,291	9,383	69,674	60,291
May 15	61,289	10,975	72,264	61,289
April 15	63,977	14,178	78,155	63,977
April 1	70,715	12,217	82,932	70,715
March 15	68,799	10,804	79,603	68,799
March 1	67,988	29,223	97,211	67,988
February 15	68,529	27,148	95,677	68,529
February 1	62,700	39,517	102,217	62,700
January 15	62,945	24,785	87,730	62,945
January 1	63,220	24,791	88,011	63,220
December 31	60,569	33,601	94,170	60,569
December 14	26,614	61,000	34,386	26,614
November 30	26,135	62,536	36,401	26,135
November 21	22,383	73,475	51,092	22,383
November 7	19,387	71,156	51,769	19,387

* Net deficit.

A year ago at this time the net surplus of cars totaled 58,445, a decrease of 11,000 as compared with the previous fortnightly report.

PAYMENT OF \$140,000

Litigation Started a Dozen Years Ago Was Settled by This Payment to R. H. Macy and Co.

By the payment of \$140,000 to R. H. Macy & Co. by the American Publishers' Association and the American Booksellers' Association, litigation started a dozen years ago was ended.

The Supreme Court of the United States handed down a decision in favor of R. H. Macy & Co. last December, but no award of damages was made at that time.

Frederick R. Couderc was appointed referee, to assess the damages, but before any hearings were held Charles L. Bernheimer, Chairman of the Arbitration Committee of the Chamber of Commerce, succeeded in having the parties agree on \$140,000 as the amount of damage suffered by R. H. Macy & Co. Judgment was accordingly entered for that amount in the United States Supreme Court in settling the suits.

The actions were brought to contest the right of publishers to arbitrarily fix the price at which books should be retailed.

ROADS CANNOT DISCRIMINATE.

Philadelphia, August 12.—The Pennsylvania Public Service Commission handed down a decision at Harrisburg that railroads cannot give lower rates to coal companies or other producers owning their own cars than to shippers who use the railroad's cars.

and has taught economics and finance at the University of California, Cornell and the University of Chicago. He is the author of several publications on finance and holds a professorship in finance in the University of California. He was an adviser of the framers of the Federal reserve act and has since been in close consultation with the Reserve Bank Organization Committee in plans for putting the new system into operation.

SOUTH AFRICAN FARMERS MADE TOUR OF ENGLAND

Were Entertained in London by Bank That Has One Hundred and Eighty-three Branches in Cape of Good Hope and Adjoining Colonies.

The Standard Bank of South Africa Ltd., of London, entertained the fifty agricultural delegates from South Africa, who are visiting Europe as the guests of Sir Owen Phillips at a grand banquet at the Piccadilly Hotel.

The farmers, as they modestly describe themselves, had just completed a tour of the farming districts of England and Scotland, and the banquet preceded their departure to the Continent, Holland being the next country on their itinerary.

The Rt. Hon. Lord Welby, a director of the bank, presided and delivered a felicitous speech of welcome, and in his toast, "Property to the Farmers of South Africa," he referred eloquently to the growth and agricultural development of South Africa.

J. A. Neier, Chairman of Committees in the Union House of Assembly, speaking for his associate farmers, gave an interesting review of conditions, needs and possibilities of farming in the South African country.

An informal exchange of views followed between the delegates and the leaders of South African finance and commerce present.

The occasion brought a large number of distinguished people together. The vice-chairs were filled by Sir David M. Barbour, Robert E. Dickinson, James F. Finlay, Sir Charles Fremantle, Horace Peel and the Rt. Hon. Lord Sydenham—all directors of the Standard Bank.

The Standard Bank of South Africa is banker to the Government of Good Hope and the British Government in the Cape Colony and Transvaal, and it maintains over 183 branches in Cape Colony, Natal, Transvaal, Orange River Colony, Basutoland, Rhodesia, British Central Africa and East Africa.

NEW HAVEN SUIT HAS BEEN SETTLED

United States Government Consents to a Peaceful Dissolution of the Property

PRESIDENT HUSTIS RESIGNS

On Saturday he Becomes President of the Boston and Maine—Chairman Elliott Has Been Elected President of the New Haven.

New York, August 12.—An agreement has been reached between the New Haven and the Government, by which the suit for dissolution will be settled out of court. This announcement was made after the close of a meeting of directors held in New York late yesterday afternoon.

The statement by the New Haven directors follows: "A meeting of Board of Directors of the New York, New Haven and Hudson River Railroad Company was held this afternoon at the Grand Central terminal. After the meeting, President Hustis said an agreement had been reached, in pursuance of the hope expressed in his statement of July 31st that a way might be still found to accomplish a peaceful dissolution of the property."

The agreement is substantially a renewal of the original agreement between the Attorney General and the company, except as to the Boston and Maine stock, and is in accordance with the vote of the stockholders at New Haven on April 21st, 1914, authorizing a settlement with the government.

President Hustis said in conclusion that this arrangement, having been accepted by the Attorney General, has been ratified by the Board of Directors at the meeting and that members highly appreciated the courtesy of the Attorney General and his co-operation in their endeavor to solve the problem without inflicting unnecessary loss upon the shareholders and to effect a rehabilitation of the property in the interest of the public.

"President Hustis resigned as a director of the New Haven, and on Saturday, he becomes president of the Boston and Maine. Chairman Elliott was thereupon elected president of the New Haven. The resignation of John L. Billard was accepted."

EXCUSE FOR NERVOUSNESS

Kronprinzessin Cecilie Was Anxious to Avoid a Rule of Law Known as "Vindictive Retaliation."

(Wall Street Journal.) A vessel worth \$5,000,000 and carrying a consignment of \$10,000,000 in gold is so rich a prize that its officers may well be excused for nervousness in the face of threatened war. Yet, there was little danger for the Cecilie.

In Wheaton's International Law there is an interesting account of the report of the English law officers of the crown in answer to the Prussian memorial of 1153.

The English authorities point to the fact that French vessels taken before the war of 1791 had begun were, during the progress of the war with France and afterwards, restored to their French owners by judgment of the British Admiralty Courts. There was no attempt to confiscate property thus taken.

"Neither governments nor individuals should take advantage of their own wrong. This is why the English courts held their own government must restore to French owners, then at war with them, whatever property was wrongfully taken possession of before actual hostilities."

There is, however, a rule of law known as "vindictive retaliation." This is to the effect that property taken wrongfully before war may be detained as a sort of hostage, and its disposition will depend upon the treatment the courts of the enemy's country accord to captured property. If the enemy condemns and confiscates property thus taken, the English courts will do the same. Otherwise, the property must be restored to its owners.

It was this chance that the Kronprinzessin Cecilie avoided. On Jan. 1, 1914, there were 18,072 motor vehicles in Germany, compared with 77,789 on Jan. 1, 1912.

Officials of Cape Cod Canal Co. discredit possibility of a boycott by big coastwise steamers because of excessive rates. The present rate, officials declare, are temporary, and intended to remain in force only while company is working out the problems of a project that is new both financially and physically.

THIRTY BANKS NOW CONTROL DEPOSITS

Form Organized Group That May Be Called Financial Hierarchy of Britain

SOME OPPOSE AMALGAMATIONS

But These Manifestations Are Only Temporary Outbreaks of Local Patriotism in Opposition to Steady and Irresistible Spread of World Finance.

London, August 12.—The London City and Midland's absorption of the Metropolitan Bank once more draws attention to the fact that absorption and amalgamation has gone on continually ever since the joint stock banks first arose in this country.

A banking authority as far back as 1836 wrote as follows: "Banks are rapidly extending in all directions. New companies are daily forming and an increased number of branches and agencies are spreading throughout England, even in small towns and villages."

That writer, like other contemporary observers, saw natural selection at work, and remarked upon it without knowing that it was. "A principle of competition exists," said he, "which leads to the extinction of all private banks and to their conversion into banking companies."

Down to the year 1837 a total of 111 private banks had been merged in the joint stock banks. Between 1838 and the end of 1913 the total number of banking offices in the United Kingdom rose from 2,008 to 9,116. Between 1877 and 1913 no fewer than 1,841 offices were opened in places which had previously been without banking facilities altogether. But simultaneously the number of independent institutions has been steadily diminished.

In the twenty-three years to December 31, 1911, the number of joint stock banks in England and Wales decreased from 104 to 43, while simultaneously the number of branches rose from 2,263 to 5,382. Private banks, in the same period, were reduced in number from 38 to 1. During the seventy-six years to the end of 1913 no less than 114 separate banks passed out of existence, and in some cases their capital disappeared from the aggregate banking capital of the Kingdom.

It is, in fact, a financial paradox that the augmentation of banking facilities, especially during the last quarter of a century, actually synchronizes with large diminutions of banking capital in the United Kingdom, as a result of these amalgamations and absorptions. In 1878 the total banking capital of the United Kingdom was diminished by \$473,395, in 1897 by \$1,228,885, and in 1907 by \$2,290,600.

Some Aspects of Bank Amalgamation.

The net result is that to-day it is a fact that 75 per cent. of the total banking deposits of the United Kingdom are controlled by an organized group which consists of less than 30 banks. This is the financial hierarchy. Such a consolidation is bound to impose its will upon the comparatively unorganized proportion—25 per cent.—which remains outside.

In a few instances, of course, successful efforts have been made by influential customers of a bank to prevent the loss of its identity by amalgamation with another institution. This was the case in 1910, when proposals for the absorption of the Lancashire and Yorkshire Bank by a London institution were rendered abortive by the strong opposition of the customers of the bank before the shareholders had been consulted on the matter.

Such manifestations are really only temporary outbreaks of local patriotism, in opposition to the steady and irresistible spread of world finance. The process is inexorable. As commerce and industry are aggregated into masses which grow larger every year, under the operation of Gumplovicz's law, banks